

Queen's Speech 2022

A Queen's Speech to set up the next election

The government has set out a legislative agenda that it hopes will take it into the next general election by reminding voters why they backed them at the last one.

Central to that re-election campaign will be demonstrating that Brexit is starting to provide dividends and contribute to the growth needed to tackle the cost-of-living crisis, a theme that the government is keen to push in the face of rising inflation, higher taxes and stuttering growth.

To that end, a new Financial Services and Markets Bill will introduce significant reforms to capital markets designed to boost competitiveness, investment and innovation in addition to changes to the rules on the insurance sector inherited from EU membership.

A Brexit Freedoms Bill will allow retained EU law to be more easily repealed, while new legislation will be introduced to prepare for the newly signed Free Trade Agreements with Australia and New Zealand. The long-awaited Procurement Bill will aim to shake up how contracts are awarded, with the promise of more access for SMEs, while the Data Reform Bill commits to simplifying GDPR rules and supporting data sharing.

In the wake of the war in Ukraine, an Economic Crime and Corporate Transparency Bill will strengthen the powers of Companies House, enable crypto assets to be seized and increase transparency requirements. The Energy Security Bill will introduce more control for government and regulators with the aim of increasing resilience, homegrown supply and innovation in low carbon technology.

The newly re-nationalised Great British Railways will be established through a Transport Bill that also commits to incentivising greater uptake of both electric and self-driving vehicles.



With the election in sight, previous controversial planning reforms have been replaced with promises in the new Levelling Up and Regeneration Bill for a stronger voice for communities in the planning system and more devolution through County Deals and directly elected leaders. Changes through the Social Housing Regulation Bill and Renters Reform Bill commit to improving oversight of landlords and strengthening renters' rights.

The Prime Minister insisted that after the challenge of the pandemic the new programme would "get our country back on track and ensure that we deliver on the promises we made at the start of this Parliament", while Labour leader Sir Keir Starmer criticised a government that he said was "out of ideas and out of energy".

That clash of narratives sets up the long run into the next general election, with further political dividing lines also drawn through the Public Order Bill that strengthens police powers against protesters, 'anti-woke' limits to councils' powers to change street names, and a renewed commitment to push ahead with plans to privatise Channel 4.

But while this Queen's Speech is likely to be the last substantial programme the government puts forward in this Parliament, with almost 40 bills packed into the coming session there is plenty for those businesses and sectors facing changes to engage on over the next 12 months.



Fraser Raleigh
Director, Advocacy

Financial services: Bringing clarity to the City's Post-Brexit future?



This Queen's Speech is arguably the first to set out a clear vision for UK financial services post-Brexit. The Financial Services and Markets Bill and the Economic Crime and Corporate Transparency Bill announced in the programme promise to deliver policy and regulatory reform that will maintain the City of London - and the rest of the UK- as an "open and global financial hub" at the forefront of technology and innovation. The Bills also strengthen powers to tackle illicit finance and reduce economic crime, issues that have risen to the top of the agenda in the wake of Russian sanctions.

UK financial services, including those involved in banking, capital markets, asset management and insurance sectors, have faced a degree of regulatory and market uncertainty following Brexit and Covid. Recent attempts to improve market access with the EU via an equivalence regime have stalled and the government has sought instead to push regulatory divergence in order to "seize the benefits of Brexit", focusing on new and emerging areas of finance, such as fintech and green finance, where the UK can become a world leader. These Bills will legislate on a range of reviews and consultations that have taken place in the past two years.

Specific measures in the Financial Services and Markets Bill include:

- **Financial Regulation:** The Government promises that the Bill will establish "a coherent, agile and internationally respected approach to financial services", implementing measures from the Financial Services Future Regulatory Framework (FRF) Review. The long-term impact of this regulatory reform could be significant, through changing the objectives of the PRA and FCA to make "growth and international competitiveness" a key part of their remit.
- **Capital Markets:** The Bill will reform the rules that regulate the UK's capital markets to promote investment. Specifically, this means implementing the proposals from the UK Wholesale Markets Review which will change listing rules to attract more fast-growing companies to London's exchanges.
- **Fintech and cryptocurrency:** The Bill pledges to harness "the opportunities of innovative technologies in financial services, including supporting the safe adoption of cryptocurrencies". This will likely involve legislating for measures contained in the Kalifa Review of UK Fintech and the government's recent plans to make the UK a global cryptoasset technology hub.
- **Access to cash and scam protection:** The government has emphasised that the Bill will ensure continued access to cash across the UK, implementing last year's consultation on this issue. The Bill also pledges action on protecting people from scams.

The Bill is also expected to legislate on changes to Solvency II, which will reform prudential rules for the insurance sector, as well as the Review of the UK Funds Regime.

Specific measures in the Economic Crime and Corporate Transparency Bill include:

- **Companies House Reform:** The Bill will strengthen the Registrar of Companies' powers to become an active gatekeeper over company creation and custodian of more reliable data. This involves new powers to check, remove or decline information submitted to, or already on, the Company Register. Companies House will also be given more effective investigation and enforcement powers and introduce better cross-checking of data.
- **Identity verification:** The Bill will introduce identity verification for people who manage, own and control companies and other UK registered entities.
- **Seizing and recovering crypto assets:** The Bill includes new powers to seize crypto assets (the principal medium used for ransomware) and a new civil forfeiture power.
- **New transparency rules on limited partnerships:** The Bill will tackle the abuse of limited partnerships by strengthening transparency requirements.

Other relevant Bills for financial services firms include the Data Reform Bill, promising to reform some of the "excessive paperwork" of GDPR regulation and the UK Infrastructure Bank Bill, which will put the new British state-owned investment bank on a statutory footing with a clear mandate to support regional growth and help achieve Net Zero.



Gareth Jones
Director, Advocacy



Henry Adefope
Associate Director,
Communications

Government promises energy security and a green future



As was heavily pre-briefed in the run up, the main 'green' element of the Queen's Speech was the long-anticipated Energy Security Bill. Described as a Bill to "deliver the transition to cheaper, cleaner and more secure energy", it will be the first of its kind in over a decade and will set out further detail on how the UK will achieve its Net Zero ambitions.

The announcement of an Energy Bill follows the Prime Minister's recent Energy Security Strategy, designed to respond to the energy price crisis exacerbated by Russia's invasion of Ukraine. This Bill is the mechanism through which the commitments made in that Strategy will be delivered.

It is unsurprising then, that the reaction from both the media and the energy sector has been fairly muted. While the Energy Strategy included measures to boost wind, nuclear and hydrogen production, it also - more controversially - paved the way for the UK to expand North Sea oil and gas production. Moreover, civil society groups - not to mention Labour - were keen to paint it as a missed opportunity to cut consumer energy bills in the short term by supporting home insulation at pace and implementing a windfall tax on the big energy companies.

The feeling from both the green energy industry and environmental campaigners is that they remain to be convinced that the Bill will go far enough or that it will make the leap from setting targets to demonstrating how these will be achieved. Responding to the announcement, Labour leader Sir Keir Starmer again raised the Conservative Party's well-publicised disputes over onshore wind and the government's consequent scaled-down ambitions for what many would argue is the cheapest and quickest way to boost renewable power to help energy bills.

However, this interpretation is not universal. The proposals have been warmly welcomed by Ofgem CEO Jonathan Brearley, who said the Bill will provide "a clear direction of travel to boost our clean home-grown energy, reduce reliance on global fossil fuels, and drive us towards a secure and carbon neutral future".

Ofgem has reason to be pleased - the Bill looks set to establish a new Future System Operator, an independent strategic body with responsibilities across both the electricity and gas systems, to drive progress towards Net Zero while maintaining energy security and minimising costs for consumers.

Green transport was a smaller but still present feature of the legislative programme. Transport Secretary Grant Shapps said that the new Transport Bill would action the promises of the Williams-Shapps Plan for Rail and bring the UK's railways "under single, accountable national leadership" through a new body called Great British Railways that will ensure operators deliver "simpler, modern fares". He further pledged that the Bill will support the UK to become "a hub of innovation with a world-leading electric vehicle charging network, cleaning up our air and creating green British jobs".

Elsewhere, the Queen's Speech saw the announcement of a Bill to put the UK Infrastructure Bank on a statutory footing, with objectives to support regional and local economic growth and deliver Net Zero, marrying the government's decarbonisation objectives with its levelling up agenda. Also confirmed was an Economic Crime and Corporate Transparency Bill to further strengthen powers to tackle illicit finance and reduce economic crime.

Despite many expectations to the contrary, however, green finance appears to be absent from the new Financial Services and Markets Bill, leaving it to be seen whether the role of finance in achieving a Net Zero economy will be strengthened, as more detail about the content of the Bill emerges.



Imogen Shaw
Senior Account Manager,
Advocacy



Andrew Adie
MD, Communications
and Head of Green
and Good



Putting the post-Brexit building blocks in place



Those expecting a bonanza of announcements on international trade and Brexit freedoms – especially following the loudly publicised Benefits of Brexit publication earlier in the year and recently signed Free Trade Agreements – may have felt disappointed with the Queen’s Speech at first glance.

Instead, the new legislative programme sees technical changes to implement the Australia and New Zealand deals – the Trade (Australia and New Zealand) Bill - and the re-announced Brexit Freedoms Bill to allow regulatory divergence and remove the principle of the supremacy of retained EU law. Both very much technical legislative processes, despite the political fanfare.

A deeper dive shows that this fulfils the manifesto commitment to “seize the benefits of Brexit”, but the proof will be in the detail on where “£1 billion of burdensome EU red tape” is saved, when businesses generally are facing higher costs.

The Procurement Bill – promised in last year’s Queen’s Speech – and the Bill of Rights have been a long time coming. Procurement reform is a Whitehall reform favourite, with the Bill putting into action the 2020 green paper on Transforming Public Procurement, which the government responded to in December 2021, benefitting small business as the OJEU process is removed.

The Bill of Rights delivers Justice Secretary Dominic Raab’s long-standing ambition to replace the Human Rights Act. It follows a consultation earlier this year and - among other things - promises to enshrine the freedom of speech.

Freeports have been a key part of the government’s levelling up agenda linked to Brexit. Aimed at driving economic activity back to the UK’s regional ports, the government has committed to Wales and Northern Ireland each receiving its own. These will add to the eight in England announced in last year’s Spring Budget and the two ‘Green Freeports’ agreed with the Scottish Government earlier this year.

Only those able to read the smoke signs over Whitehall initially grasped the significance of the opaque references to “new imagination and flexibility” on Northern Ireland. Translation: while not explicitly announced in the speech, the government confirmed media rumours of an announcement to come on unilateral changes to the Northern Ireland Protocol, which many fear will start a trade war with the EU. Reaffirming the government’s stance that changes to the Protocol are essential, the briefing accompanying the Queen’s Speech sets up a fight, stating: “We will continue to talk with the EU but we will not let that stand in the way of protecting peace and stability in Northern Ireland”, raising the prospect of moves from Foreign Secretary Liz Truss to scrap parts of the Protocol by triggering Article 16.

Part paper saving post-COP26, part dragging government into the 21st century, the Electronic Trade Documents Bill aims to digitise trade documentation. By removing the onerous and arduous task for exporters of physically printing and holding myriad declarations and certifications, the aim is to ease the burden and hasten trade. Not only is this better for the environment, it is also expected to save businesses billions each year.

While these are far from that bonanza which some expected, the re-release of the government’s Brexit and Trade greatest hits does provide a clear sense of the direction of travel over the coming year. What’s more, while seemingly mundane, it provides more of the pragmatic building blocks – after so many years of rhetoric – that a post-Brexit Global Britain requires.



Sabine Tyldesley
Associate Director,
Advocacy and Head
of Trade



Richard Bicknell
Senior Consultant,
Communications

Levelling up and devolving down: a plan for local growth?



Following the publication of the white paper earlier this year, the Queen's Speech announced a new Levelling Up and Regeneration Bill to drive local growth, with the aim of empowering local leaders to regenerate their areas and ensure that growth spreads across all parts of the UK. The planning system will also be reformed to give residents more involvement in local development, and legislation will be introduced to improve the regulation of social housing, strengthen the rights of tenants and ensure better quality and safer homes.

Also announced was the establishment on a statutory footing of the UK Infrastructure Bank, to support economic growth across the regions, plus a new integrated rail governing body, Great British Railways, which will be delivered through the Transport Bill.

Key to the effectiveness of the Levelling Up and Regeneration Bill will be the interplay between the large and smaller elements of it.

In order to realise the potential of a place, the major challenge has always been how big-ticket infrastructure items are forward funded. A state-owned infrastructure bank has the potential to de-risk projects by providing facilities such as enhanced public transport connectivity, new bridges, stations or large-scale remedial works, making them attractive and feasible for private investment and unlocking a location's potential for regeneration where it may otherwise be overlooked.

This ability to attract major funds, twinned with proposals for County Deals, a new model of local governance to aid the rejuvenation of their wider communities, could help to provide much needed momentum to deliver schemes that will provide tangible examples of regeneration-led economic levelling up.

One of the lesser discussed elements of reviving our high streets - currently experiencing a 13.5% vacancy rate - and closely watched by commercial developers and investors, is the changes to business rates. Given the reforms mooted were announced in the Autumn Budget, the Non-Domestic Rating Bill won't be a surprise to anyone in the property sector, but there will be disappointment that the government won't go further in overhauling the system.

More significant for the levelling up agenda is the 12-month relief on increases to rateable value arising from improvements made to a property, and relief for low-and-no carbon energy. Because of the relatively low rents that landlords of regional offices bring in, the capital expenditure required to make the improvements needed to meet ESG standards can be difficult. These changes will help (although likely not nearly enough) to avoid a glut of stranded assets that force businesses to move to bigger cities to find high enough quality offices that people want to work in.

Meanwhile, the government has announced proposed new legislation to protect private and social renters. The Social Housing Regulation Bill focuses on improving the ability of social tenants to hold landlords to account – long-anticipated by the sector and hard to argue with – while many in the sector will be breathing a sigh of relief that the mooted extension of right to buy for housing associations hasn't yet appeared. For private renters, measures include plans to abolish 'no fault' evictions, while making it easier for landlords to evict tenants where there are repeated problems.



Ben Monteith
Senior Consultant,
Communications



Drew Aspinwall
Associate Director,
Advocacy Local

Best of the Rest

The Queen's Speech announced significant changes across a range of other sectors, from digital regulation to education and skills.

Some Bills have already begun their passage through Parliament in the last session and will re-start now, while some will be published in draft for further scrutiny.



Digital, Culture and Media

Online Safety Bill
Media Bill
Product Security and Telecommunications Infrastructure Bill
Draft Digital Markets, Competition and Consumer Bill



Business

Draft Audit Reform Bill



Health

Draft Mental Health Act Reform Bill



Education and skills

Schools Bill
Higher Education Bill
Higher Education (Freedom of Speech) Bill



Environment and animal welfare

Genetic Technology (Precision Breeding) Bill
Animal Welfare (Kept Animals) Bill



Transport

High Speed Rail (Crewe-Manchester) Bill
Harbours (Seafarers' Remuneration) Bill



Justice and home affairs

National Security Bill
Modern Slavery Bill
Draft Victims Bill
Draft Protect Duty Bill



Equalities

Conversion Therapy Bill



Northern Ireland

Northern Ireland Troubles (Legacy and Reconciliation) Bill
Identity and Language (Northern Ireland) Bill



Social security and public bodies

Social Security (Special Rules for End of Life) Bill
Boycotts, Divestment and Sanctions Bill

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