



Queen's Speech 2022:

A look ahead

Are the Government delivering?



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Overview

As we enter the latter half of this Parliament, with the next general election starting to loom, this Queen's Speech represents an important opportunity for the Government to show it is delivering on its promises, and voters' priorities. Showcasing substance on the levelling-up agenda and tackling the cost-of-living crisis are top of the priority list, though neither are straightforward, especially given the Treasury's reluctance to release new money.

The picture is further complicated by the Prime Minister's reduced authority and precarious standing due to the ongoing 'Partygate' scandal. There is real reluctance to include measures that could alienate any particular part of the Conservative Parliamentary Party, which further reduces the Government's options. Nevertheless, there are a number of Bills competing for inclusion in this speech with a long list of promised initiatives and outstanding manifesto promises still to be delivered.



We can expect a wide range of topics to be covered from energy security, transport and financial services through to media regulation, education and levelling up. Many of these Bills will be focused on regulatory reform and creating new policy mechanisms that can deliver on Government priorities. It will also be interesting to note which issues are omitted as they have now moved into the 'too politically difficult' pile – the abandoned Planning Bill from last year's Queen's Speech is one such example.

The Government will hope that anything that is included benefits from a relatively uninterrupted parliamentary session. This past year has seen delays to many Bills included in the last Queen's Speech due to continued pressure on parliamentary time as a result of Covid, as well as fears of rebellions and Cabinet disagreements. They will be hoping for a clearer run in the next twelve months in order to demonstrate real progress on the issues that matter to voters in the run up to the next general election.

Ahead of the Speech next week we have taken a more detailed look at issues that are likely to be included, highlighting the key measures we expect to see and providing context to the policy debate.

Transport: Delivering manifesto promises

The Government has big ambitions when it comes to transport. In its 2019 manifesto, the Conservative Party promised a “transport revolution”, committing to upgrade railways, local bus networks, roads, and cycling infrastructure.

Vote-winning policies

It's easy to see why the Government is so determined to show action in this area. As well as driving economic growth — a key priority in the midst of the current cost-of-living crisis — transport has a wide range of social benefits that matter deeply to voters, connecting communities and provide access to work, leisure and amenities.

With the next general election looming, the Government has a narrow window to show delivery against its ambitions, some of them via a new Transport Bill in 2022.

1-in-10

There's clear public support behind action — a recent WA Communications poll found that 1-in-10 Brits believe transport should be amongst the Government's top priorities this year — and transport is a deeply political issue for many.

The phrase “London-style” public transport has become a rallying cry for political leaders in the North of England such as Manchester Metro Mayor, Andy Burnham, who has consistently criticised the Government's failure to invest in infrastructure in the North of England.

As the Conservatives attempt to hold onto so-called ‘Red-Wall’ seats in the North of England at the next election, demonstrating that they have made progress on upgrading the transport infrastructure in these areas will be crucial.

What is likely to feature in the Transport Bill?

It's likely that the Queen's Speech next month will include a Transport Bill with a strong focus on rail, with legislation set to introduce Great British Railways, the new body overseeing all aspects of the UK's rail sector. But Department for Transport sources have told us that other modes of transport could also feature — creating a Bill that serves as an omnibus of different issues.

This potential approach of drawing lots of issues into a single Bill isn't without precedent. The Scottish Transport Act (2019) followed this model, cramming a range of issues from bus services to vehicle emissions into a single piece of legislation.

In addition to a focus on rail, the bill could include provisions around micro-mobility, the move towards electric vehicles, and transport accessibility. In particular we could see action to clarify the legal status of e-scooters (currently only allowed under licensed trials but increasingly widely used despite this legal ambiguity).

Whilst this presents an important opportunity for those seeking to influence the Government's transport agenda — providing a vehicle for a wide range of topics to secure a place in legislation — there is a real risk that the Bill itself could take longer to be introduced as a result of its potentially broad scope.

Meanwhile, the Treasury's reluctance to approve new spending whilst it attempts to rebalance the public finances will likely have implications for those parts of the bill that require significant new spending commitments.

The Queen's Speech should fire the starting gun on a new Transport Bill, delivering some elements of the Bill could be difficult and will likely rely on sustained pressure and support from those seeking to shape its passage through Parliament.

Energy: Addressing rising energy prices

Significant increases in the cost-of-living combined with the Ukraine crisis have put the country's approach to energy in the headlines. This has intensified pressure on the Government to respond with legislation that will prompt further investment in - predominantly low carbon - domestic generation and grid modernisation to reduce the UK's dependency on international oil and gas.

The need for sustainable energy

The last piece of substantive legislation in this area was the Energy Act 2013, which saw the creation of the Contracts for Difference Regime under Electricity Market Reform. The Act was successful in turbo-charging investment into renewables and putting the UK on track to meet the first three of its Carbon Budgets.

However, nearly a decade on, the world has significantly changed and there is a need for substantive legislation if the country is to successfully balance security, affordability, and sustainability.

Existing Government commitments

The Government is acutely aware of this, and the Johnson administration has delivered a total of seven energy-related strategies since late 2020.

This includes:

- The Energy White Paper
- The Ten Point Plan for a Green Industrial Revolution
- The Heat and Buildings Strategy
- The Transport Decarbonisation Plan
- The UK Hydrogen Strategy
- The Net Zero Strategy
- And, most recently, the Energy Security Strategy

It is therefore highly likely the Government will seek to enshrine elements of these strategies into new legislation over the course of the next parliamentary session.

Taking this work forward

Notably, April's Energy Security Strategy saw the Government increase targets for hydrogen, offshore wind, nuclear, and storage to increase the UK's resilience, but was comparatively light on the detail of 'how' targets would be delivered.

To deliver these targets, the Government will be expected to introduce a Bill that creates the right regulatory environment and financial mechanisms to pull through higher levels of private investment and spur on innovation.

Beyond this the Government is likely to come under further pressure in the coming months to provide additional support for those most impacted by rising energy costs.

55%

of respondents to WA's recent poll ranked energy as one of the top three priorities for Government in 2022.

The next few months will present an important opportunity for businesses to position themselves as effective partners to Government, and to shape legislation, as it drives forward its ambition for clean, affordable, and secure power.



Food and drink: Promoting food security and sustainable food are key priorities for the Government

The food and drink industry, like every other, has experienced great upheaval over the past two years. The last two years have brought many challenges and complications including the fallout from Brexit and Covid-19 that resulted in large scale supply chain issues and workforce disruption. Issues that are continuing to impact the sector.

Tackling high fat, sugar and salt foods

Last year's Queen's Speech saw the inclusion of new restrictions to govern the placement and promotion of foods that are high in fat, sugar and salt (HFSS) under the Health and Care Bill, which are set to come into force in October 2022. The legislation will impose media and promotional restrictions on HFSS foods including volume promotions such as buy-one-get-one-free and two-for-one. This legislation broadly aligns with public opinion.

WA polling indicates that over half the population either somewhat or strongly agree that the promotion of healthier foods should be increased significantly through better product placement in shops and online.

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Supporting the farming industry

The Government's independent review of its National Food Strategy for England, published in July 2021, makes reference to making the best use of land through increased support for farmers to help them transition to more sustainable land use, as well as to ensure that taxpayer money is spent on healthy and sustainable food.

The report fails, however, to provide a detailed roadmap in how we will achieve the necessary level of environmental sustainability for our food and drink.

With net zero 2050 at the forefront of Government, industry, and the wider public's minds, there is increasing pressure for legislation surrounding the promotion of plant-based products, sustainable practices, a reduction of air miles behind our food and drink, and recyclable packaging.

Rising cost of food

Alongside energy costs, rising food prices are at the centre of the cost-of-living crisis.

77%

In a survey carried out by WA, 77% of respondents said that when food shopping, they regularly consider price as a main factor when choosing what to buy. In February 2022, Kantar reported that the average annual grocery bill was on track to rise by £180 this year.

Households are now set to face an even sharper rise in food prices as the war in Ukraine will likely continue to cause major supply chain disruption of key ingredients including wheat, sunflower oil, fish and fertiliser. This will inevitably impact on the UK's level of food security, and pressure is already mounting on the Government to address this in conjunction with overall inflation and energy price increases.

Looking forward to this year's Queen's Speech and beyond, the Government has a lot to focus on. Yet with so many competing policy priorities, outside and within the scope of the food and drink sector, knowing where to start will be the first challenge.



Health: What next for recovery and reform?

The Government's priorities on health are clear. More than two years after the first lockdown started, there is an acute pressure to help health and social care systems cope with the continued burden of the pandemic while resuming normal service.

The need to show progress is made even more urgent after the new Health and Social Care Levy was introduced as planned in April, despite huge media, political and public pressure to delay. Despite general support for ongoing increased investment in health and care services, the hit from the Levy on pay packets on top of the cost-of-living crisis means the NHS is under increasing scrutiny to deliver on recovery ambitions.

This is a time for delivery. There is therefore no major health legislation anticipated for the new Parliament.

The system will already have plenty to deal with following 2021/22's flagship health legislation designed to largely undo the 2012 Lansley reforms and foster stronger integration between local health, public health, and social care systems.

The integration measures in the Health and Care Act have already been delayed through slow and hard-fought progress through Parliament. However, the Act was finally passed at the very end of the last session, and Integrated Care Systems (ICSs) are finally expected to go live in July 2022.

The Act also enables the formal merger of NHS England and NHS Improvement. Alongside this, a major reorganisation of other NHS bodies is happening – merging NHS X with NHS Digital and bringing Health Education England under NHS England. The intention is to allow more alignment and control over workforce planning and digital implementation. But inevitably, such significant reform creates turbulence and instability, and could impact the ability of the system to ramp up activity.

While legislation is expected to be minimal, a number of important policy papers and strategies are expected from the Government. These will help to set the context for the next phase of policy development in areas that the Government is keen to show progress, and will include:

- A new Cancer Plan, defining a plan to drive up outcomes in cancer diagnosis, treatment and care over the next decade
- A Health Disparities White Paper, outlining steps for tackling health inequalities
- A Women's Health Strategy, building on the 2021 Vision and the 110,000 responses to the consultation

NHS England is also preparing for a refresh of the 2019 Long Term Plan to reflect the new realities post-pandemic.

Finally, several of Number 10's leading figures are from the NHS – including COO Samantha Jones and Head of Delivery Unit Emily Lawson. This means both that the NHS has true champions at the heart of Government, and that NHS England is now dealing with senior figures who know how it works from the inside.

With NHS recovery likely to be a major issue as we head into the next election – and an issue that the Government cannot afford to fail on – NHS England is likely to find itself under increasing scrutiny to deliver.



Financial services: Overhaul of financial services regulation set to be unveiled

The much-anticipated overhaul of the UK's regulatory landscape for financial services is set to be included in the Queen's Speech, with innovation, increasing competition, and addressing challenges across the market front of mind for Chancellor Rishi Sunak. With it will come a long-awaited shake up of the regulatory landscape.

It is understood that Ministers are looking at up to 19 potential measures which will include:

Continued post-Brexit reform

The long expected regulatory changes included in the proposed Financial Services Bill, which Chancellor Rishi Sunak said last year said would herald a "Big Bang 2.0" in the City, follow the conclusion of the Treasury's Future Regulatory Framework (FRF) Review this spring.

Measures to boost competition will include an easing of capital requirements for the insurance industry, which are a part of the EU's Solvency II directive, and changes to share-listing rules to make London a more attractive destination for tech start-ups to go public.

Digitalisation and innovation

Following a reassertion of the Government's fintech ambitions for the UK at FinTech Week, the Queen's Speech is also likely to include measures to recognise Stablecoins as an official form of payment and establish a financial market infrastructure (FMI) sandbox, to allow firms and start-ups to explore cryptoassets and develop their own forms of payment infrastructure.

Green finance and net zero

In the wake of COP26, measures to support the financial services sector to meet net zero targets through green, sustainable investments are also likely. This will include a new requirement to disclose the impact on the environment through implementing the Sustainability Disclosures Requirements (SDR) and the introduction of a sustainable investment label so consumers can see the impact of their investments.

Consumer finances

Central to any Financial Services Bill or wider fiscal measures in the Queen's Speech will be consumer finances, with the Government under immense pressure to curb perceived consumer detriment. Measures to regulate the buy-now-pay-later sector are anticipated, following HM Treasury's consultation on this issue earlier this year, alongside legislation to protect access to cash.

Having already confirmed that both areas will be legislated for this year, it is likely the Government will set out its plans during the Queen's Speech.

How will it be received?

The Bill is likely to go down well with Conservative backbenchers as it will open up competition and promote effective use of capital, however with pressure mounting on the Government to address the cost-of-living crisis and to regulate the sector to support the financial stability of consumers, it is likely calls for action in this space will be forthcoming.

Labour is likely to seek amendments to the anticipated Financial Services Bill which focus heavily on consumer protection, particularly considering rising inflation, increased household costs and a "more vulnerable" electorate. From a regulatory perspective they will be looking for pragmatic next steps and have set out that they want balanced regulation that supports financial stability as well as competitiveness.

Key statistics

- **66%** of people believe the cost-of-living crisis should be the top priority for the Government
- **55%** of people believe that technology and innovation are delivering better services for consumers
- **73%** of people prefer to access their cash using an ATM
- **60%** of people are concerned about bank branches closing

Competition law: New Competition Bill will promote consumer rights and increase regulation of digital platforms

The forthcoming Competition Bill will put on a statutory footing the Government's plans to improve consumer rights and bolster market competition, building on the work of recent reviews and consultations.

New powers for the UK's competition regulator, the Competition and Markets Authority (CMA), are a likely part of this bill, with digital markets set to be a particular priority.

Responding to the Penrose Review

In February 2021, the Penrose Review – commissioned by the Government and published by Conservative MP and Anti-corruption Champion John Penrose – called for swift changes to the UK competition regime, saying that “the system needs to be updated, improved and refreshed.”

The Review recommended that the Government pursue new competition co-operation agreements with other countries (now that it does not benefit from the EU's agreements) with a view to sharing best practice.

It also recommended strengthening the CMA's powers, including powers to impose greater penalties for non-compliance with investigations, and called for an “end-to-end” review of the CMA's investigation process, with the aim of reducing the length of cases from years to weeks and ensuring that the system is easily understood by non-experts.

The Government has committed to responding to the Penrose Review; its recommendations align with much of the Government's thinking on competition policy, so are likely to appear in its legislative agenda.

Focus on digital markets

There is likely to be a clear focus on digital markets in the Competition Bill. In April 2021, a Digital Markets Unit (DMU) was set up within the CMA to monitor and regulate the behaviour of digital platforms with significant market power.

At present, the DMU has been operating in “shadow form” on a non-statutory basis, but the Government has committed to introducing legislation to formalise its authority. The DMU will have a duty to promote competition and innovation in digital markets, holding powers to regulate, investigate and ensure compliance from digital firms. These include proposals that would designate companies with “substantial market power” as having “strategic market status”. Such companies would be subject to an enforceable code of conduct, and to potentially greater interventions in their M&A activities.

Brexit: Government keen to demonstrate the successes of Brexit by removing Brussels red tape

The Brexit Freedoms Bill was announced by the PM on in January this year with the aim of revoking the special status of EU law in the UK's legislative framework. The 'Benefits of Brexit' Policy Paper, published concurrently with the PM's announcement, outlines that the objectives of the Bill will be "allowing changes to be made to retained EU law more easily" – and to legislatively affirm the supremacy of UK law over retained EU law across the board.

Key measures of the Brexit Freedoms Bill

The Bill marks the culmination of the 'Review of Retained EU Law', first announced in September 2021, and is likely to target the ten growth sectors identified by the Taskforce on Innovation, Growth and Regulatory Reform, with the goal to "transform the UK into the best regulated economy in the world".

As part of this, it's expected that the Government will reform the UK financial services regulatory system, which they feel has become "too rigid and detailed" as a result of the EU's regulatory philosophy.

The Bill is also likely to target an overall reduction in disclosure and transparency requirements for business, with Chancellor of the Duchy of Lancaster Steve Barclay stating that the reforms "will cut £1 billion of EU red tape" – though in practice, it is unclear whether this goal will be met.

Although the Bill forms a key part of the Government's push to demonstrate the benefits of Brexit to the public, it is likely to be controversial. Attorney General Suella Braverman has said the reforms will target retained EU laws "that were the result of unsatisfactory compromises – some of which the UK voted and lobbied against but was required to adopt without question".

How will the Bill be received?

The Government has already faced criticism for its plan to introduce a 'fast track' for removing EU legislation without full parliamentary scrutiny, especially from the devolved nations: Welsh Minister for the Constitution Mick Antoniw likened the reforms to "driving a coach and horses through the concept of mutual consent", while his Scottish counterpart Angus Robertson called it a "post-Brexit power grab".

Meanwhile, the Labour Party has argued that the Bill lacks ambition and fails to use the UK's post-Brexit legislative freedom to respond to pressing political issues, such as rising energy costs.

Who are WA

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Primary survey data from research conducted by WA from 4-7 March 2022, with 1,028 UK adults, aged 18+, representative of the UK by age, gender and region.



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