



IFoA Briefing: King's Speech 2023

This briefing summarises the key legislative proposals and policy intentions, relevant to the work of actuaries, for the next parliamentary session as announced at the State Opening of Parliament on Tuesday 7 November 2023 by His Majesty the King.

About the IFoA

The IFoA regulates and represents over 32,000 members worldwide, overseeing their actuarial education at all stages of qualification and development throughout their careers. We set examinations, continuing professional development, professional codes and disciplinary standards for our members.

Overview

In his first State Opening of Parliament as monarch, the King asserted that **the Government's focus for the next parliamentary session was on increasing economic growth**. Ministers would do this by continuing to take action to bring down inflation and by helping businesses to fund new jobs and investment. The Government would also, he said, continue to support the Bank of England to return inflation to target by taking 'responsible decisions' on spending and borrowing.

Overall, the speech covered an array of areas relevant to the work of actuaries and the IFoA, including:

Health

The Government will introduce legislation to create a **smokefree generation** by restricting the sale of tobacco so that children currently aged fourteen or younger can never be sold cigarettes, and restricting the sale and marketing of **e-cigarettes** to children.

Mental Health

The Government confirmed it was investing at least £2.3 billion of additional funding a year by March 2024 so an extra two million people can get **mental health** support, and we're continuing to roll out our mental health support teams in schools and colleges across the country so that 50 per cent of pupils are covered by 2025.

Emerging Industries

The Government will introduce new legal frameworks to support the safe commercial development of emerging industries, such as **self-driving vehicles**, introduce new competition rules for digital markets and encourage innovation in technologies such as **machine learning**.

Energy

Ministers will seek to attract 'record levels of investment' in **renewable energy sources** and reform grid connections, building on the United Kingdom's track-record of **decarbonising** faster than other G7 economies.

Legislation will also be introduced to strengthen the United Kingdom's energy security and reduce reliance on 'volatile international energy markets' and 'hostile foreign regimes' – helping the country to transition to **net zero** by 2050.

Environment

The Government will continue to lead action on tackling climate change and biodiversity loss, support developing countries with their energy transition, and hold other countries to their environmental commitments

Education

The Government **will introduce a new Advanced British Standard that aims to merge technical and academic routes into a single qualification**. Proposals will be implemented to reduce the number of young people studying ‘poor quality university degrees’ and increase the number undertaking ‘high quality apprenticeships’.

Relevant Bills

Automated Vehicles Bill

The King said the new Bill would “support the safe commercial development of emerging industries, such as self-driving vehicles”. It will establish the legal framework to allow autonomous vehicles to operate on the country’s roads. Ministers will be given the power to authorise cars which can drive themselves safely.

Firms will be held accountable for mistakes, with punishments including fines and possible criminal charges. However, drivers will be given immunity from prosecution.

The Government hopes the Bill will lead to driverless bus companies operating commercial services for the public by 2030.

Data Protection and Digital Information Bill

The Data Protection and Digital Information Bill aims to take advantage of the UK’s departure from the European Union by facilitating the creation of a new UK data rights regime, while taking tangible steps to harness the benefits of secure data use for everyone through innovation and technology.

The Bill also aims to reduce burdens on businesses (especially SMEs), removes unnecessary barriers placed on scientific researchers. The Government believes this will boost the economy by £4.7 billion over 10 years, and enables innovations that advance the strength and prosperity of society – such as machine learning.

Tobacco and Vapes Bill

The Bill includes plans to ban the sale of child friendly flavours and packaging and make sure vapes are kept behind the counter.

The legislation will also bring into law the Prime Minister’s commitment to end smoking by ensuring no child born after January 1, 2009 can buy cigarettes.

Under the measures the legal age for buying cigarettes will rise by one year every year for the current generation.

Ministers will also explore introducing a new tax on vapes, similar to tobacco duty, as part of a crackdown on their growing use, especially amongst youngsters.

Offshore Petroleum and Licensing Bill

The Government believes the Offshore Petroleum Licensing Bill will make the UK more energy independent by increasing investor and industry confidence with regular annual oil and gas licensing.

The King said the Bill’s emissions tests will ensure that future licensing supports the transition to net zero. With this legislation, there has been a marked shift in the Government’s approach to net zero to one of ensuring the target is reached without unduly burdening families and businesses and, by increasing the use of the UK’s own secure energy sources like renewables, nuclear and oil and gas.

Notable Omissions



Draft Audit Reform Bill

Following the Independent Review of the Financial Reporting Council in 2018 by Sir John Kingman, the Government has since consulted on measures to strengthen audit, accounting and corporate governance, as well as the regulation of UK actuaries. The Government responded to the consultation with its White Paper titled '*Restoring Trust in Audit and Corporate Governance*' in May 2022. Following this, the Queen's Speech in the same year included proposals to publish a "Draft Audit Reform Bill". It was speculated that the draft Bill would appear in the 2023 King's Speech following comments from the Business and Trade Secretary, Kemi Badenoch MP, throughout 2023 that the legislation on audit reform would be brought forward when "parliamentary time allows". However, this did not come to pass.

Commenting on the lack of legislation, Kalpana Shah, President at the Institute and Faculty of Actuaries (IFoA), said:

"Five years on from Sir John Kingman's independent review of the Financial Reporting Council (FRC), we are disappointed that the Government has, once again, not committed to a clear timetable for the reform of actuarial regulation with no draft audit bill signalled in the King's Speech. This means reforms to the FRC and actuarial regulation are now well underway without any statutory underpinning, requiring us to work in a grey area of oversight for an unspecified period, which we do not believe is in the public interest."

"Actuaries are essential to a well-functioning financial system. The work they do on a daily basis in the public interest ensures that people receive the pensions they are entitled to, that insurance products are priced accurately for customers and that companies hold sufficient capital to pay claims to their customers. The ongoing lack of regulatory clarity undermines our profession and our members' ability to protect the financial interests of the public."

"Given the proximity to the next general election, it is unlikely that we will see any further progress in the near future. In the interim, we will continue to engage with the Government and regulators, including the FRC, on this important issue to ensure delays to legislation do not negatively impact our members and the public. We will also take some time to reflect on our position and provide a further update in due course."

Pensions Reform Bill

In his July 2023 Mansion House Speech, Chancellor Jeremy Hunt announced measures to boost returns and improve outcomes for pension fund holders. He stated that "all final decisions" will be made ahead of the autumn statement. Commentators had originally suggested that the Chancellor's plans for pension reform might represent a credible Bill for the second half of the coming parliamentary session. However, such ideas did not come to fruition with the next potential window for implementing pension reform measures in the autumn statement.

--

Should you wish to discuss any of the points raised in the briefing, please contact Charlie Wynne via: (charlie.wynne@actuaries.org.uk).