

IFoA Briefing: 2022 Queen's Speech

This briefing summarises the key legislative proposals, relevant to the work of actuaries, for the next parliamentary session, as announced at the Queen's Speech on Tuesday 10 May 2022. In a speech in the House of Lords marking the State Opening of Parliament, The Prince of Wales (stepping in for Her Majesty) highlighted a series of laws that ministers intend to pass in the coming session. This includes a number of Bills carried over from the previous "session" of Parliament, which ended in April.

About the IFoA

The Institute and Faculty of Actuaries (IFoA) is the UK's only chartered professional body dedicated to educating, developing and regulating actuaries based both in the UK and internationally.

The IFoA regulates and represents over 30,000 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.

Draft Audit Reform Bill

The Government will introduce a Draft Audit Reform Bill¹ which will set out proposed legislation on the future of audit, corporate governance, accountancy and actuarial regulation. This represents the next stage of the process for reform in this area following the 2021 White Paper from the Department for Business, Energy and Industrial Strategy Restoring trust in audit and corporate governance - which set out proposals for the future of actuarial regulation. You can read the IFoA's response to the White Paper [here](#). The Government is yet to provide a response to the White Paper or set out a clear timetable for the Draft Bill.

The purpose of the draft Bill is to:

- Rebuild trust in the UK's audit, corporate reporting and corporate governance system and the insolvency regulatory framework.
- Ensure accountability for those with key roles in that system.
- Increase resilience and choice in the statutory audit market.

The main aims of the draft Bill include:

- Strengthening the UK's position as a global leader in corporate governance by improving confidence in the UK market, better protecting jobs and investments, and reducing the cost of capital for well-run companies.
- Improving protection for the UK against risks to jobs, pensions, and suppliers from unexpected company collapses, by improving scrutiny of the largest non-listed companies and strengthening the insolvency framework to increase confidence in the system.
- Increasing competition in the audit market by supporting the growth of challenger firms to reduce the dominance of the largest audit firms, giving businesses greater choice and making the market more resilient.

The main elements of the draft Bill are:

¹ Draft Bills are issued for consultation before being formally introduced to Parliament. This allows proposed changes to be made before the Bill's formal introduction. Most Draft Bills are examined either by select committees in the Commons or Lords or by a joint committee of both Houses.

- Establishing a new statutory regulator, the Audit, Reporting and Governance Authority, that will protect and promote the interests of investors, other users of corporate reporting and the wider public interest.
- Giving the new regulator effective powers to enforce directors' financial reporting duties, to supervise corporate reporting, and to oversee and regulate the accountancy and actuarial professions.
- Providing new measures to open up the market, including a new approach of managed shared audit in which challenger firms undertake a share of the work on large-scale audits, with a view to boosting competition and choice in the audit market.
- Bringing the largest private companies in scope of regulation in the definition of 'public interest entities', recognising the public interest in companies of this size.
- Reforming the regulation of Insolvency Practitioners to give greater confidence to creditors and strengthening corporate governance of firms in or approaching insolvency so that 'asset stripping' can be more effectively tackled.

Commenting on the Queen's Speech at the State Opening of Parliament today (10 May 2022), Louise Pryor, President at the Institute and Faculty of Actuaries (IFoA) said:

"We are disappointed that the Government has not committed to a clear timetable for the reform of actuarial regulation in the Queen's Speech. However, we are hopeful the proposed draft legislation will be published shortly. This will, at least, keep progress moving on reforms to the Financial Reporting Council and actuarial regulation.

"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.

"We look forward to continuing our engagement with Government on this important issue to ensure future regulation does not negatively impact our members and, more importantly, the public at large."

Financial Services and Markets Bill

We welcome the Government's Financial Services and Markets Bill, including the aim of supporting a competitive marketplace for the effective use of capital, and ensuring financial services regulation aligns with a post-Brexit world. In particular, we are pleased to see that the Bill will:

- Reduce excessive red tape in the financial sector to increase further the attractiveness of the UK to invest and do business;
- Harness the opportunities of innovative technologies in financial services. For example, we welcome the Government's goal to make the UK a global hub for cryptoassets, while ensuring investors understand the risks they are taking, and that there is robust but flexible regulation.
- Support individuals' confidence in financial services by ensuring continued access to cash across the UK and protecting people from scams We support the Bank of England having the legal mandate to make the required changes to ensure the sustainability of the cash infrastructure. We continue to encourage HMT to initiate and deliver a comprehensive transition programme, to ensure as many people as possible are equipped to use electronic payments for a sustainable future. Without this, vulnerable groups that still rely on cash could be further hit if the growing cost of using cash is passed on to them.

More specifically, we also support HMT's underpinning objectives for Solvency UK, including a prudential regulatory regime which:

- Fosters innovation and international competitiveness;

- Provides appropriate policyholder protection / soundness of firms;
- Facilitates long-term infrastructure and 'green' investment;
- Increases access to new insurers, widening consumer choice.

Levelling Up and Regeneration Bill

The Government has confirmed that “a Bill will be brought forward to drive local growth, empowering local leaders to regenerate their areas, and ensuring everyone can share in the United Kingdom’s success.”

The purpose of the Bill is to improve the planning system to give communities a greater say over developments, and ensuring they are accompanied by new infrastructure and affordable housing. A new type of combined authority - the ‘County Deal’ - will be established to enhance accountability for these new powers and increase local authority’s ability to “reflect local preferences”.

The Government has also announced that it will produce an annual report detailing its progress against the 12 levelling up [“missions”](#) announced in February.

Higher Education Bill

The Higher Education Bill is intended to provide “Reforms to education which will help every child fulfil their potential wherever they live, raising standards and improving the quality of schools and higher education.” The most relevant part of the Bill for our profession is:

- Ensuring that the post-18 education system promotes “real social mobility, helping students onto pathways in which they can excel, and is financially sustainable” to help support people get the skills needed to meet their career aspirations and to help grow the economy.

The Bill will introduce a Lifelong Loan Entitlement, a new way of providing loan support for post-18 study. This will provide individuals with a loan entitlement equivalent to four years of post-18 education (£37,000 in today’s fees) that they can use over their lifetime for a wider range of studies, including shorter and technical courses. The Bill also will seek to address the Government’s concern over “uncontrolled growth of low-quality courses”.

UK Infrastructure Bank Bill

The UK Infrastructure Bank (UKIB) is a British state-owned investment bank. The Bill would ensure that UKIB can become fully operational. This includes having the full range of spending and lending powers to partner with the private sector to unlock additional investment in infrastructure, and being empowered to lend directly to local authorities.

UKIB’s objectives would be to support regional and local economic growth and deliver net zero.

The first is related to the Government’s Levelling Up agenda, since geographical disparity infrastructure has been identified as a key driver of economic disparities. UKIB will focus on investments in under-invested areas where it can take a lead in the market and encourage more private finance into these areas.

The Government notes that as a long-term institution UKIB can help tackle barriers to private sector investment and build investor confidence to grow important new industries like Carbon Capture, Usage and Storage.

On net zero, the Government identifies a priority for low carbon investment to scale up quickly, since the UK’s core infrastructure - including power, heat and transport networks - accounts for over two-thirds of UK carbon emissions.

We welcomed the creation of UKIB and support these measures to establish it on a stronger footing.

Data Reform Bill

The Government is proposing to take advantage of post-Brexit flexibility to create a 'world class data rights regime'. It criticises the existing GDPR regime as over-complex and prescriptive. It anticipates significant benefits in terms of reduced costs and higher productivity. The general philosophy behind the legislation is an outcomes based approach rather than box-ticking compliance. We have supported a similar shift elsewhere e.g. the FCA's Consumer Duty proposals. The Bill would also make it easier for public bodies to share personal data to improve service delivery. This may be an area where we would be keen to understand what safeguards are planned.

Energy Security Bill

The purpose of the Bill is to deliver the commitments in the [British Energy Security Strategy](#) and the [Ten Point Plan for a Green Industrial Revolution](#) to build a more secure, home-grown energy system that is cleaner and more affordable. The Bill is intended to:

Clean energy

- Increase UK energy security by supporting a low-carbon energy system and reducing UK dependence on gas over the long term
- Attract billions in private investment and support tens of thousands of new, skilled jobs with the introduction of new financing models for low-carbon hydrogen and carbon capture technology
- Create a new pro-innovation regulatory environment for fusion energy
- Enable the first ever large-scale hydrogen heating trial to inform the role of hydrogen in heat decarbonisation in 2026.
- Support industry to step up investment in electric heat pumps by providing for a new market standard and trading scheme.

Consumers

- Protect consumers from unfair pricing by extending the price cap beyond 2023
- Appoint Ofgem as the new regulator for heat networks

Security

- Establish a new Future System Operator, providing strategic oversight across electricity and gas systems. It will drive progress towards net zero, energy security and minimising consumer costs.
- Reduce the risk of fuel supply disruption by giving Government the power to give directions to, require information from, and provide financial assistance to core fuel sector businesses to ensure resilience and continuity of fuel supply.
- Introduce competition in Britain's onshore electricity networks
- Facilitate the safe, and cost-effective clean-up of the UK's legacy nuclear sites, ensuring the UK is a responsible nuclear state.

Transport Bill

The purpose of the Bill is to improve transport across the UK, delivering safer, cleaner services. The Bill will:

Rail

- Create a new body, Great British Railways, with a clear mandate, goals and budgets set by the Government, who will reserve powers of direction.
- Transfer contracting powers for passenger services to Great British Railways. Introduce new passenger service contracts focussed on getting the trains running punctually and reliably.
- Enable efficiencies and economies of scale across the rail sector, which is currently difficult to achieve in today's fragmented system.

Clean transport

- Keep the UK at the forefront of transport innovation to decarbonise transport, transform the way we travel, and better connect communities.
- Install more electric vehicle charge points to enable switch to zero emission vehicles.
- Introduce new laws that safely enable self-driving and remotely operated vehicles and vessels.

Draft Mental Health Act Reform Bill

The purpose of the draft Bill is to ensure patients suffering from mental health conditions have greater control over their treatment and receive the dignity and respect they deserve. It will also make it easier for people with learning disabilities and autism to be discharged from hospital.

The draft Bill will:

- Amend the definition of mental disorder so that people can no longer be detained solely because they have a learning disability or because they are autistic.
- Change the criteria needed to detain people, so that the Act is only used where strictly necessary: where the person is a genuine risk to their own safety or that of others, and where there is a clear therapeutic benefit.
- Give patients better support, including offering everyone the option of an independent mental health advocate, and allowing patients to choose their own 'nominated person', rather than have a 'nearest relative' assigned for them.
- Help address the existing disparities in the use of the Act for people from ethnic minority backgrounds – especially for detentions and for the use of Community Treatment Orders.
- Improve support for offenders with acute mental health needs and new powers to discharge patients into the community while ensuring the public is protected.
- Increase the frequency with which patients can make appeals to Tribunals and provide Tribunals with a power to recommend that aftercare services are put in place.
- Introduce a statutory care and treatment plan for all patients in detention. This will be written with the patient and will set out a clear pathway to discharge.

Next Steps

As is customary, the House of Commons will spend up to five days debating the Queen's Speech, with each day focusing on different policy theme. Moving forward, the Policy and Public Affairs Team will be updating members on a regular basis as these legislative proposals develop.

The IFoA's press response can be found [here](#) and a blog providing further analysis can be found [here](#).

Further Information

For more information on the IFoA's policy work, or should you wish to discuss any of the points raised in the briefing, please contact Henry Thompson, Head of Public Affairs via:

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