

Election 2010: Queen's Speech

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Having published the Coalition's programme for government last week, the new Liberal Conservative Government today set out its legislative priorities for the forthcoming parliamentary session in the Queen's Speech. The first Queen's Speech of any new government is always its most important, as it seeks to make a strong start, pass priority legislation and frame the political debate. Under the strapline of "freedom, fairness and responsibility," today's Queen's Speech contained 22 Bills which the Government intends to introduce over the next 18 months.

Yet after the honeymoon comes the reality. In contrast to the harmony on display in the No10 rose garden, today's Queen's Speech debate took place in a House of Commons chamber that displayed flashes of party tensions – proposer Peter Lilley MP disparaged the Liberal Democrats, and while seconder Don Foster MP for the Liberal Democrats took a more measured approach, his fellow MPs looked uncomfortable, particularly when the Prime Minister spoke.

The Prime Minister said that he hoped that the Academies Bill, clearly the flagship Bill, would be passed before the summer. Academy Schools, first introduced by Labour under Tony Blair in 2000, receive private sponsorship and are semi-independent of local authority control. This proposed legislation would enable more schools, and for the first time primary schools, to become Academies, with all schools judged "outstanding" by Ofsted being pre-approved. Separately, an Education and Children's Bill will introduce a "pupil premium" so that more money follows the poorest pupil.

There is every indication that there will be a contrasting approach in tone and content in the education and health departments – radical reform under Michael Gove MP, quiet consolidation under Andrew Lansley MP. The purpose of the Health Bill is to strengthen the voice of patients and role of health-care professionals in NHS decision making and establish an independent NHS Board. Although it will not require primary legislation, the Government will create a new public health service, whose funding will be protected through ring-fenced budgets.

It will be the Liberal Democrat MPs who will find most to cheer in the Parliamentary Reform Bill, providing for fixed-term Parliaments, a right of recall in respect of MPs and a reduction of the size of the House of Commons. It is this legislation which provides for a referendum on electoral reform, offering a choice between the existing First Past The Post System and the Alternative Vote. Yet it is not without controversy, particularly the proposal to require 55 percent of MPs to vote for a dissolution Parliament.

The Freedom (Great Repeal) Bill restricts the scope of the DNA database, regulates CCTV and places the restrictions on the storage of Internet and e-mail records. Although much of the content will be popular with civil liberties campaigners, there may be some public opposition as the detail of the legislation and implications for tackling crime and protecting local communities is discussed.

An Energy Security and Green Economy Bill raises more questions than it answers. The only certainty at this stage appears to be that it will contain provisions to promote energy efficiency in homes and businesses. No10 this afternoon indicated that the legislation *may* also cover such matters such as the regulation of emissions from coal-fired power stations, reform of energy markets and the creation of a Green Investment Bank. This uncertainty is a clear indication that much work still needs to be undertaken between the Coalition partners to develop a comprehensive and coherent energy policy. This is even more so in the case of nuclear energy, with post-election statements on public subsidies and a complex process for resolving the policy causing the nuclear industry concern.

The Decentralisation and Localism Bill abolishes the Infrastructure Planning Commission and returns decision-making powers on housing and planning to local councils. Although the government promises a fast-track process for “major infrastructure projects,” it remains to be seen how this will work in practice.

A Financial Services Regulation Bill will put control and oversight of regulation back in the hands of the Bank of England. Yet it is clear that the detail and scope of the legislation is yet to be finalised. Significantly it is the Treasury, rather than Vince Cable MP’s Department for Business, that is in the lead. The Postal Services Bill will enable the Government to sell a minority of shares to third parties, a move which could spark controversy and opposition from trade unions.

Yet the Gracious Speech also highlighted the fact that this government will not solely, or even mainly, be judged by the legislation it introduces, but by the way in which it tackles the budget deficit. At the start of the speech the Queen said, “The first priority is to reduce the deficit and restore economic growth.” The first steps to tackle the deficit were taken yesterday, as George Osborne MP, the Chancellor of the Exchequer and David Laws MP, the Chief Secretary to the Treasury, announced £6.2 billion of spending cuts in a press conference held at the Treasury. The Chancellor said that £500 million of the savings would be re-invested in further education, apprenticeships and social housing.

The decision to make an announcement of this importance at the Treasury rather than to Parliament invited some criticism. Although analysts were expecting that savings of £6 billion would be identified by the new Government, the nature of the cuts went further than Ministers had previously indicated. Much of the detail only started to emerge from departments after Osborne and Laws made their initial statement.

During the election campaign, the Conservative Party indicated that such sums would be comprised of “efficiency savings” identified by advisers Sir Peter Gershon and Dr Martin Read. However, it now appears that the Conservatives had overestimated the savings that could come from IT projects and a freeze in civil service recruitment. As a result, the Government has made spending cuts that will be far from painless - 10,000 University places will be scrapped, the Child Trust Fund will be phased out and one-to-one tuition for children who fall behind in numeracy and literacy will end. Further cuts will have to be made by local government with a reduced grant to Local Authorities and in as yet unspecified “lower priorities” in departmental spend.

Yet these spending cuts are only the start. The real extent of the scale of action needed to tackle the deficit will only emerge during the emergency budget on 22 June and in the Spending Review to take place in the autumn. The biggest issue facing the new Government – tackling the deficit – received remarkably little scrutiny during the election campaign, something all of the political parties can share some responsibility for. The fate of the Government may lie less in what legislation it passes over the next few years and more in how it deals with this sensitive issue and the response of the public to it. MPs from all sides know that the stakes for party and country have rarely been higher.

LEGISLATION – KEY POINTS

FINANCE

Financial Services Regulation Bill

- The Bill aims to ensure that aggregate risk and imbalances in the economy are properly monitored and managed, thereby helping maintain financial stability.
- The Bill will provide the Bank of England control of macro-prudential regulation and oversight of micro-prudential regulation.
- Despite initial speculation there is no mention of a levy on the profits of UK banks.

Office for Budget Responsibility Bill

- The Bill will establish an independent fiscal agency producing the official fiscal and economic forecasts.
- The Bill will establish the Office of Budget Responsibility (OBR) which will provide borrowing and economic growth forecasts for the Treasury. A three-person Budget Responsibility Committee, chaired by Sir Alan Budd, will head the OBR.
- An interim body will publish forecasts in advance of the emergency Budget and will also assess the long-term sustainability of the public finances and the public sector balance sheet.

National Insurance Contributions Bill

- The Bill will increase rates of NICs by 1 percent from April 2011 and possibly make further changes that promote enterprise and fairness.
- The Bill will ensure that employees on the main rate earning under £20,000 would pay less NICs.
- The Bill will extend to England, Scotland, Wales and Northern Ireland (although a separate provision in the Bill will be required for Northern Ireland).

Equitable Life Payments Scheme Bill

- The Bill aims to make it possible to make payments to Equitable Life policyholders and other individuals who previously suffered losses.

- The Bill will provide HM Treasury statutory authority to incur expenditure in making payments to Equitable Life policyholders.

Pensions and Savings Bill

- The Bill will implement the findings of the review of the current timetable for increasing the State Pension age.
- The Bill will ensure the future affordability of the State Pension, including the restoration of the link between earnings and the basic State Pension.
- The Bill aims to take forward proposals to significantly cut the number of health quangos, helping to cut the cost of NHS administration by a third.

GOVERNMENT AND PARLIAMENTARY REFORM

Parliamentary Reform Bill

- The Bill aims to provide for a greater public say over how they are represented in Parliament, improve the reputation of Parliament and provide for more parliamentary control over the Government.
- The Bill will propose a referendum on a choice between First Past the Post and Alternative Vote as the system for electing the House of Commons, and change the electoral system for the House of Commons to Alternative Vote.
- The Bill will establish fixed-term elections for Parliament, held every five years.
- The Bill proposes that 55 percent of MPs will be required to vote for dissolution of Parliament between scheduled elections.
- The Bill will provide for a reduction in the number of seats in the House of Commons and more equally sized constituencies through changes to the rules for boundary reviews to enable the Boundary Commissions to draw up the new constituencies during the current Parliament.
- The Bill will provide constituents with the right to “recall” MPs between elections.
- A review of reform of the House of Lords may be included in a separate draft Bill later in the year.

Public Bodies (Reform) Bill

- The Bill will ensure greater accountability, transparency and efficiency in Government by reducing the number and cost of public bodies (quangos).
- The Bill provides ministers the powers to abolish, merge or transfer quangos back into Departments.
- The Bill will review the functions of all public bodies every three years, as opposed to the current practice of every five years.

LOCAL GOVERNMENT

Local Government Bill

- The Bill will revoke structural change orders that established Exeter and Norwich as Unitary Councils from the 1st April 2010 and prevent the implementation of the Suffolk unitary proposals that remain outstanding.
- The Bill will prevent any further orders to be made implementing unitary proposals received before the Bill's commencement date.
- The Bill will, where any Councillor's term of office has been extended by one year by any order, allow such extension to continue.
- The Bill applies to England and Wales only.

Decentralisation and Localism Bill

- The Bill aims to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions.
- The Bill will abolish Regional Spatial Strategies as well as the Infrastructure Planning Commission.
- The Bill will allow communities to bid to take over local state-run services, abolish the Standards Board regime and the Home Improvement Packs, as well as provide residents the power to instigate local referendums on any local issue and the power to veto excessive council tax increases.

- The Bill will establish Local Enterprise Partnerships to replace Regional Development Agencies, which are joint local authority-business bodies brought forward by local authorities to promote local economic development.

JUSTICE

Police Reform and Social Responsibility Bill

- The Bill aims to increase police accountability through directly elected individuals.
- The Bill will create a dedicated Border Police Force, as part of a refocused Serious Organised Crime Agency.
- The Bill will overhaul the Licensing Act to give local authorities and the police stronger powers to deal with alcohol related violence, as well as ban the sale of alcohol below cost price.
- The Bill will give local councils the power to shut down shops or bars selling to children.

Identity Documents Bill

- The Bill will scrap ID cards within one month of Royal Assent and require the destruction of all personal information gathered from cardholders to cancel the National Identity Register.
- The Bill proposes the re-enactment of criminal offences relating to possession of false identity documents and to possession of apparatus to create false documents.
- The Bill proposes to close the Office of the Identity Commissioner.

Freedom (Great Repeal) Bill

- The Bill aims at reducing government imposition on citizens and strengthening the accountability of bodies receiving public funding.
- The Bill will tighten regulation on the use of CCTV cameras and remove limits on right to peaceful protest.
- The Bill will extend the scope of the Freedom of Information Act to provide greater transparency.

- The Bill will limit the amount of time that DNA profiles of innocent people can be held on a national database.
- The ID card scheme and the National Identity register will be abandoned, and the second generation biometric passports will be halted.

ENERGY

Energy Security and Green Economy Bill

- The Bill aims to deliver a national programme of energy efficiency measures to homes and businesses.
- The Bill may introduce powers to regulate the emissions from coal-fired power stations, as well as reform energy markets to deliver security of supply.
- The Bill may place a framework to guide the development of a smart grid that will reform the management of supply and demand for electricity.
- The Bill may require energy companies to provide more information on energy bills in order to ensure fair access to energy supplies.
- The Bill may create a Green Investment Bank to support investment in low-carbon projects.

HEALTH

Health Bill

- The Bill aims to drive up standards in care, create a patient led NHS focused on delivering health outcomes and reduce bureaucracy in the NHS.
- The Bill will establish an independent NHS Board to allocate resources and provide commissioning guidance, and to allow GPs to commission services on behalf of their patients.
- The Bill will improve efficiency and outcomes by strengthening the role of the Care Quality Commission and developing Monitor into an economic regulator to oversee aspects of access and competition in the NHS.
- The Bill aims to take forward proposals to significantly cut the number of health quangos, helping to cut the cost of NHS administration by a third.

WELFARE

Welfare Reform Bill

- The Bill aims to simplify the benefits system in order to improve work incentives and reduce the scope for fraud and error.
- The Bill will reduce unnecessary administration of benefits.

EDUCATION

Education and Children's Bill

- The Bill will reform Ofsted and other accountability frameworks to ensure that teachers are held properly accountable for the core educational goals of attainment.
- The Bill will introduce a slimmer curriculum giving more space for teachers to decide how to teach.
- The Bill will introduce a year-6 reading test, whilst providing teachers the powers to improve behaviour and tackle bullying.

Academies Bill

- The Bill aims to provide schools with more freedom on curriculum within a framework where they are clearly accountable for the outcomes they deliver.
- The Bill will enable more schools to become Academies and will remove the requirement to consult the local authority before opening an academy.
- The Bill will retain the existing legal requirement for funding agreements to last at least seven years. Under the Bill, Academies would be funded at a comparable level to maintained schools.
- There would be no expansion of selection but grammar schools and other schools which select or partially select pupils will be able to continue to do so.
- The Bill will automatically make all new Academies charities.

DEFENCE AND SECURITY

Armed Forces Bill

- The Bill aims to provide the legal basis for the UK's Armed Forces.
- The Bill will renew the legislation governing the Armed Forces and make provision for other defence matters.
- The Bill will also include: changes to the Court Martial powers; provisions relating to Service personnel policy; service police matters, include provisions for strengthening the independence for Service police investigators; as well as a number of provisions for other defence matters.

Terrorist Asset Freezing Bill

- The Bill aims at putting the UK's terrorist asset freezing regime on a secure legislative footing, as temporary legislation currently in place expires on 31 December 2010.
- The Bill will set out the framework for effectively implementing asset freezing in the UK, as required by the United Nations.
- The Bill will expand the scope of existing legislation to cover new organisations thought to present threat to security. It will set out the legal test for freezing assets, the process for making decisions, the scope of the prohibitions, exemptions provisions, and the criminal offences and appeal mechanisms.

FOREIGN AFFAIRS

European Communities (Amendment) Referendum Lock Bill

- The Bill aims at increasing democratic and parliamentary control, scrutiny and accountability over EU decision-making.
- The Bill will ensure that any proposed future Treaty which transfers competences or areas of power from the UK to the EU will be subject to a referendum. No government will be able to join the Euro without a referendum.
- The Bill will ensure that the Government will be required to pass primary legislation before it can give final agreement to a ratchet clause – also known as passerelles or “bridging clauses.”

OTHER BILLS

Scotland Bill

- The Bill aims to strengthen the devolution settlement in Scotland by implementing the recommendations outlined in the final report of the Commission on Scottish Devolution.
- The Bill aims to increase the financial accountability of the Scottish Parliament.

Postal Services Bill

- The Bill enables the disposal of shares in the Royal Mail to third parties that could raise equity for reinvestment in the business.
- The Bill will explore potential changes to the regulatory framework for post services, whilst ensuring that Post Office Limited will remain in public ownership.
- The Bill will provide measures to resolve the problems surrounding the Royal Mail's pension deficit.
- The Bill will explore options for employee engagement at Royal Mail, seeking to improve staff relations with management.

Airports Economic Regulation Bill

- The Bill is aimed at increasing the competitiveness of UK airports and improving passenger experience, after having ruled out new runways in the South-East of England.
- The Bill will reform the framework for the economic regulation of airports to benefit passengers and drive investment in airport facilities.
- The Bill will allow the removal of unnecessary regulation in order to help competition to thrive and deliver benefits for passengers.
- The Bill aims at reducing unnecessary bureaucracy and political involvement in the regulatory process.

DRAFT LEGISLATION – KEY POINTS

Draft Bills will not begin their formal parliamentary progress this Parliamentary year and so will not be passed into law in the next 12 months. Instead, they are opportunities for Select Committees to examine legislation in detail, making proposals before the Government launches its final plans.

Parliamentary Privilege (Draft Bill)

- The draft Bill is part of the Government’s programme of political reform to increase accountability and transparency.
- The Bill will define the extent of parliamentary privilege whilst still ensuring that it still protects freedom of speech within Parliament.
- The draft Bill will build on a report by a Joint Committee of both Houses of Parliament in 1999 which identified problems and made recommendation on how parliamentary privilege should be reformed.
- The Government will be publishing a draft Bill in the course of this session.

High-Speed Rail (Draft Bill)

- The Bill would ensure that the network includes links to Heathrow and potentially other airports to provide an alternative to short-haul aviation.
- The construction of a high speed rail line will require the introduction of a hybrid High Speed Rail Bill in due course.

REDUCING THE GOVERNMENT DEFICIT

Initial details of the £6.2 billion of savings from Government spending in 2010-2011 to tackle the £156 billion deficit were outlined this week, ahead of a Spending Review later this year. The details were agreed in discussion with Secretaries of State over the last week, following advice from Treasury and the Bank of England. The proposed saving areas can be found below:

- £1.15 billion in discretionary areas like consultancy and travel costs.
- £95 million through savings in IT spending.
- £1.7 billion from delaying and stopping contracts and projects, including immediate negotiations to achieve cost reductions from the major suppliers to government.
- £170 million from reductions in property costs.
- £270 million from ending lower value RDA spending.
- At least £120 million from a recruitment freeze across the civil service for the rest of 2010-11.
- £600 million from cutting the cost of quangos.
- £520 million by reducing other lower value spend.
- £1.165 billion of savings will be made in Local Government by reducing grants to Local Authorities to reflect their contribution to the £6.2 billion.
- The Government will also remove the ringfences around over £1.7 billion of grants to local authorities in 2010-11, to give them greater flexibility to re-shape their budget.
- £320 million from reducing and then stopping government contributions to the Child Trust Fund. The Government intends to introduce legislation to scale back payments from August this year and then stop payments from 1 January 2011.
- £320 million from ending ineffective elements of employment programmes, including ending further rollout of temporary jobs through the Young Person's Guarantee (the 'Future Jobs Fund') and removing recruitment subsidies from the 'Six-Month Offer'.

Schools, Sure Start and spending on education for 16-19 year-olds will be protected from these in-year cuts. Efficiency savings made within schools, Sure Start and 16-19 education will be recycled within their respective budgets.

As set out in the coalition agreement, the great majority of £6.2 billion savings will be used to reduce the deficit. A total of £500 million out of the £6.2 billion of savings will be used to invest in other projects including the following:

- £50 million of Government investment in Further Education colleges, which they will be able to leverage up to create a £150 million fund to provide capital investment to those colleges most in need.
- £150 million to fund 50,000 new apprenticeship places, focused on small and medium enterprises.
- £50 million for action to tackle backdated business rates bills, including a freeze on payments for 2010-2011.

Efficiency and Reform Group

The saving will be driven by an Efficiency and Reform group chaired by the Chief Secretary David Laws and Cabinet Office Minister Francis Maude to oversee the implementation of many of the savings announced. As well as helping departments to deliver savings, the group will oversee an immediate freeze on non-critical spending on consultancy, advertising, and recruitment of non-frontline civil service staff.