

Westminster returns: The biggest political and legislative challenges in the next 6 months

H/Advisors Cicero overview

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Foreword



After an unusually quiet summer recess, Westminster is kicking it up a gear with reshuffles, resignations and *another* by-election and that was week one. As we enter week two, it's clear the next six months aren't any quieter as events continue to derail the Government's news agenda. From crumbling schools to spies, can Prime Minister, Rishi Sunak put things back on track?

He's going to have to work hard as recent polls suggest Labour is more trusted than the Conservatives on 15 issues including the economy and immigration. He will have a series of opportunities to show he's tackling the cost of living, but they don't come without challenges. The upcoming **Conservative Party Conference (1-4 Oct)** is overshadowed by a pending post-conference reshuffle, an ambitious **King's Speech (7 Nov)** but with reduced Parliamentary time to deliver and an **Autumn Statement (22 Nov)** delivered alongside rising inflation.

Whatever the outcome, one thing is clear – it is politics that will be driving the agenda as politicians gear up for a General Election.

At our 'Back to School Breakfast' with Katy Balls (The Spectator), Harry Cole (The Sun), and George Parker (FT), Katy and Harry argue that a May poll may make more sense for Rishi Sunak than holding on until Autumn 2024. There is a sense in Number 10 that if the polls can be narrowed to a ten-point Labour lead, 'the game is on' for a campaign focused on culture wars and tax cuts.

This comes at odds with Keir Starmer and his newly reshuffled Shadow Cabinet which will instead be focusing on issues such as net zero, housing and planning reform.

Both leaders are streamlining the issues they prioritise and using time pressures to justify their approach. For business leaders, messaging will need to be carefully curated to appeal to two leaders with very different priorities.

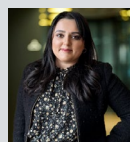
At H/Advisors Cicero, we break down what these differences look like and what challenges and opportunities they present in several sectors including:

- Financial Services (P3)
- Tech (P4)
- Energy (P5)
- Health (P6)

We've also mapped out the biggest political milestones of the next six months (P7) so you can plan your next campaigns accordingly. If you would like our support to do this or to be added to our events mailing list, please get in touch via the details below.



Banner images: Photo by UK Parliament/Jessica Taylor



Financial services



Whilst this summer has seen one of the quietest recesses in ten years, HM Treasury is looking to hit the ground running with a busy pipeline of financial services policy initiatives, including those that came out of last year's Edinburgh reforms. Growth and competitiveness remain key government priorities, as well as making the UK an attractive place for investment. But the key question for the next few months is to see how many of the Government's wide-ranging reforms reach implementation before attention turns to campaigning next year.

The Government will focus on reforms in areas where there is a "benefit of Brexit" such as the Solvency UK regime, the revamp of the short selling rules and changes to the wholesale markets framework inherited from the EU's MiFIR rules. Innovation will also be a key theme, with the initial report from the Accelerated Settlement Taskforce and the launch of the digital securities sandbox, both set to come in the next few months. But firms need to be vigilant on slipping timelines: some reforms could be a slow-burn that will come into force – at least partially – post-election, such as Solvency UK or Basel 3.1. These could be pushed down the parliamentary agenda in favour of those demonstrating delivery and tangible benefits, which could carry more weight politically.

Cost of living issues, as well as the UK's investment culture, will continue to be key features of the landscape. The FCA is expected to publish a policy paper on the Advice Guidance Boundary Review in the Autumn, as well as their next steps on the new regime for asset management and bringing investment consultants into the regulatory perimeter. This feeds into the Government's ambition to encourage individuals to take more responsibility for their future financial well-being, and by extension ensure that those that are, are reaping the rewards by creating an environment where their investments work harder.

Expect ongoing tensions between the Government and regulators as Ministers seek to water down rules that are seen to be holding the sector back. Proposals for pared back rules on senior manager responsibility, ringfencing for banks, as well as Basel rules that could limit the ability of firms to finance SMEs will all be potential flashpoints. The regulators may feel emboldened to push back given we are entering potential 'lame duck' Government territory, though any potential change in Government may see many of the same political drivers re-emerge. Although the post-Brexit Future Regulatory Framework was designed as a more technocratic process, politics could yet derail important rules for the sector. Expected consultations on the Green Taxonomy – a victim of delays – as well as bankers' bonuses, could attract political opposition that forces policymakers to re-consider.

Businesses should continue engaging with the Government, underlining the need for their priority reforms. Delays could leave rules in political limbo over a General Election and its aftermath.



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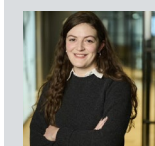


September will see discussions about the UK's evolving tech legislation resume. The controversial Online Safety Bill, having first been floated under Prime Minister Theresa May and introduced in March 2022, is finally nearing the end of its Parliamentary passage after some difficult years. The drama is not over yet; regulatory issues will have to be ironed out next, with Ofcom waiting for the Bill to pass before finalising its regime. The Government has now conceded that it will not use its powers to scan end-to-end encrypted messages for harmful content, accepting that it is not currently "technically feasible" to do so. Given the wide-ranging scope of the Bill and the varied tech interests amongst Parliamentarians, it is unlikely that this will be the last concession the Government has to make.

Meanwhile, the less contentious – but similarly technical – Data Protection and Digital Information (No 2) Bill is working its way through Parliament. Unlike the Online Safety Bill, there is no rush to pass it, but the next six months will be challenging regardless. The niche nature of the legislation means that it has faced little opposition in the House of Commons, but this will change once it reaches the Lords. Technical issues with the Bill – including concerns about maintaining data adequacy with the EU and changes to rules on Subject Access Requests – will be scrutinised in much greater detail by Peers.

When Conference season is over next month, attention will then turn to November's AI Safety Summit. All eyes will be on the invite list when it is published, and of note will be the inclusion (or not) of Chinese government officials. Despite Foreign Secretary James Cleverly's recent visit to Beijing, the UK's position on China remains muddled. Hawks within the Conservative Party argue that it would be dangerous to include the country in discussions about the security of emerging technologies, whilst their more dovish colleagues contend that a "global" summit must involve the largest nation on earth. Prime Minister Rishi Sunak will be hoping for a smooth-running summit – not only because of his personal interest in AI, but also because of his hopes for the UK to host an international AI regulator in the future.

Following the recent Shadow Cabinet reshuffle, much of the next six months on the Labour side will see Peter Kyle finding his feet as the new Shadow Science, Innovation and Technology Secretary. The former Shadow Northern Ireland Secretary was not an obvious choice for his new role, having no background in or outside of Parliament in the subject area. His previous work in social exclusion and young people's issues may mean he is more comfortable responding to social issues regarding technology (e.g., child protection and AI-related job loss) than technical or strategic matters.



Energy



The newly appointed Secretary of State, Claire Coutinho, comes to post with quite the in-tray. Coutinho is operating in a highly politicised environment, with the Net Zero debate, and more importantly, how to fund the transition, emerging as a political fault line that has thrust the issue to the top of the agenda in the runup to the General Election.

Following a surprise by-election result in Uxbridge and South Ruislip where an environmental issue, the Ultra Low Emission Zone, was successfully weaponised by the Conservatives, senior party figures have pressured the Prime Minister to go further and rethink the Government's broader Net Zero strategy, as Conservative strategists sense Net Zero as a possible "wedge" issue that could put them on the side of swing voters.

This debate has not been confined to the Government – with some disquiet in Labour circles over the decision to water down the financial commitments in their flagship climate initiative – the Green Prosperity Plan.

The Government's decision to issue a new round of oil and gas licences in the North Sea and the lack of a substantive response to the Biden administration's Inflation Reduction Act has cast uncertainty on the UK's near-term climate targets, with investor confidence waning against a seemingly inconsistent policy programme.

Last week, the Government published the latest Contracts for Difference auction results, the main mechanism for supporting low-carbon electricity generation. They were largely overshadowed by the news that no offshore wind developers submitted new bids, posing a serious threat to the Government's target of 50GW of capacity by 2030.

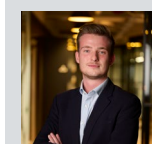
Against this backdrop, the Energy Bill returned to the House of Commons for its final reading, which has become a lightning rod for internal Tory divisions over green issues.

Coutinho and her Department have had to yield to MPs, making a series of compromises and amendments to fend off backbench rebellions. The Government published a Written Ministerial Statement committing to changes in the planning rules to reverse the de facto ban on onshore wind. Though, as ever, the devil will be in the detail and its overall impact has already been branded as negligible by green groups.

The Government made similar concessions on solar farms, oil boilers, and sustainable aviation fuels. The more climate sceptic wing of the Party, led by Net Zero Scrutiny Group Chair Craig Mackinlay, secured a commitment to water down the introduction of a hydrogen levy on households to support the nascent technology.

The Bill looks very different from when it was first introduced to Parliament over 14 months ago – indicative of the shift in Government priorities from one of purely decarbonisation towards energy security off the back of the Russian invasion of Ukraine.

In the end, the Bill survived just about intact through its Commons passage, where it will now head to the Lords to consider any changes from MPs. It is indicative of the Government's broader energy policy - one of mixed messaging, compromise and a lot of kicking the can down the road.



Health

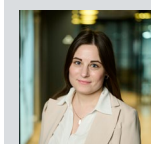


England is used to headlines about the NHS in crisis, but the most significant are reserved for the winter months when seasonal illnesses impact vulnerable populations and reduce the availability of healthcare practitioners. With little change in the overall state of the health service since last year and no inspired plans to mitigate the risk of winter, it seems inevitable that Ministers in the Department of Health will need to bat away the same headlines this year. That job is likely to be made harder by the Government's ongoing dispute with the British Medical Association (BMA). Industrial action is taking place through the Autumn as junior doctors and consultants hold joint strikes for the first time in the history of the health service. With millions of appointments and operations set to be affected, Labour will focus attention on what Government has done to avert the risk of strikes after a parliamentary answer suggested that Ministers have not met with BMA consultants since March or with junior doctors since mid-May.

In the meantime, another problem is brewing for the Government as the 'Concrete Crisis' threatens to spill over into other areas of the public sector. Whilst initial reporting focused on the use of structurally deficient concrete used in school buildings, the media is starting to look at the use of concrete in the construction of hospitals. Should concrete be found, there's an open question of what this means for access to hospitals and other places providing medical support. Questions about infrastructure spending and the likelihood of walls and floors crumbling seem destined to dominate the autumn; an unhelpful spectre for a Government keen to reset after months of being painted by Labour as the stewards of broken Britain.

As part of his planned reset, it is speculated that Prime Minister has scheduled a full cabinet reshuffle this winter with Health Secretary Steve Barclay rumoured to be vulnerable after a patchy first year with the brief. Healthcare lobbyists will see any new appointment as an opportunity to refresh relationships with a department which, except for the Major Conditions Strategy, has been light on proactive policymaking in recent months. No rumours yet on possible candidates for the role but we can expect the names to start flying around after party conference season.

During the challenging six months ahead, the Government is going to have to contend with a reinvigorated shadow health team. Keir Starmer's reshuffle has balanced the health and social care portfolio amongst more opposition Ministers, creating a direct shadow structure and shifting the burden of the secondary care from the shoulders of Wes Streeting whose capacity has long been overstretched. As a strong media performer, an unleashed Shadow Health Secretary will be looking to perpetuate the narrative that the NHS is going downhill just as the inevitable winter crisis bites.



What to expect in the next six months

Date	Event
19 Sept - 16 Oct	Parliament is in Conference Recess
23 - 26 Sept	Liberal Democrat Party Conference in Bournemouth
25 Sept - 1 Oct	UK National Inclusion Week
October	Black History Month in the UK
1 - 4 Oct	Conservative Party Conference in Manchester
5 Oct	Rutherglen and Hamilton West by-election
8 - 11 Oct	Labour Party Conference in Liverpool
10 Oct	World Mental Health Day
11 Oct	Coming Out Day
12 or 19 Oct	Mid Bedfordshire by-election (date TBC) Tamworth by-election could coincide (date TBC)
15 - 17 Oct	Scottish National Party Conference in Aberdeen
November	Global Investment Summit (date TBC)
November	Men's Health Awareness Month (Movember)
1 - 2 Nov	AI Safety Summit at Bletchley Park, Buckinghamshire
2 Nov	National Stress Awareness Day
7 Nov	State Opening of Parliament (King's Speech)
11 Nov	Remembrance Day
12 Nov	Remembrance Sunday
13 - 19 Nov	Trans Awareness Week
19 Nov	International Men's Day
20 Nov	Transgender Day of Remembrance
22 Nov	Autumn Statement
16 Nov - 16 Dec	Disability History Month
30 Nov - 12 Dec	COP28
3 Dec	International Day of People with Disabilities
19 Dec - 8 Jan	Parliament is in Christmas Recess

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