

Queen's Speech Puts Forward Proposed UK Legislative Reform

18 November 2009

Introduction

Traditionally in the United Kingdom, the reigning monarch delivers a speech at the annual State Opening of Parliament, setting out the policies and proposed legislative agenda of the Government in the new parliamentary session. Although the speech is formally delivered by the monarch, the content of the speech is entirely drawn up by the Government and approved by the Cabinet department. The proposed legislation is often referred to in general terms, as specific details have yet to be provided; however, the proposals are still of interest if they represent a change of direction by the Government on a particular issue.

Queen's Speech

Earlier today at the State Opening of Parliament, the speech by Queen Elizabeth (commonly referred to as the "Queen's Speech") contained descriptions of 13 bills and two draft bills, a few of which are discussed below. It primarily focused on restoring faith in the economy and included measures to reform financial regulation in the UK. In addition, special attention was given to education and the health of the elderly.

The proposed bills have already been referred to in the media as "populist bills" and have been heavily criticised as a political attempt by the Labour Party (the party currently in power at Westminster) to appeal to voters ahead of the General Election which has to take place by June 2010 at the latest. Because of the tight timetable, it may well be that there is not enough time to introduce legislation before the election takes place next year.

As part of her speech, the Queen announced:

"My Government will continue to reform and strengthen regulation of the financial services industry to ensure greater protection for savers and taxpayers. Legislation will be brought forward to enhance the governance of the financial sector and to control the system of rewards."

Financial Services Bill

To illustrate its firm commitment towards corporate governance reform, the Government announced that it intends to introduce a **Financial Services Bill**. (Full details of this bill are to be published on 19

November; we will provide an update on this in due course.) It is understood that the Financial Services Authority (FSA)—the financial regulatory body in the UK—is to be given increased power to regulate financial institutions and will have the ability to step in and void overly risky employment contracts and remuneration practices.

The bill also proposes the introduction of a new statutory Council for Financial Stability to replace the existing Standing Committee, which is to be chaired by the Chancellor of the Exchequer and made up of representatives from the Bank of England, the Treasury and the FSA. This Council is to be tasked with analysing risks in the financial sector, to ensure that the recent economic turmoil is not repeated in the future.

The bill also requires financial institutions to hold larger capital reserves and to prepare what have been described as “living wills” to ensure recovery and resolution plans are in place that make it safer and easier for banks to be wound up in the event of a future financial crisis.

Fiscal Responsibility Bill

In addition, the Government has proposed measures to deal with the spilling national debt (which is now around £825 billion) in the Fiscal Responsibility Bill; this bill commits the Government to halving the deficit over the course of the next four years.

It is understood that the Government intends to fast track the Financial Services Bill and the Fiscal Responsibility Bill through Parliament so that they become legislation as soon as possible.

Equality Bill

The Government also confirmed that the Equality Bill—the aim of which is to create greater equality between people of different genders, races, religions and social classes—is to be carried over from the previous parliamentary session and will be debated in the coming weeks by Parliament.

Agency Workers Bill

The Queen also announced the introduction of a bill to implement the Agency Workers Directive 2008/104/EC into UK legislation. (See our article, “New Consultation on Implementing the Temporary Agency Workers Directive,” published in our November 2009 *International Perspectives* newsletter, available at http://www.morganlewis.com/documents/m/Newsletters/2009/LEPG-Intl/LEPG_International_NL_091510_uk_temp-agency-workers-directive.html.) The bill proposes to allow temporary agency workers to be paid equally to permanent employees, including giving agency workers equality as regards their terms and conditions of employment such as pay, working hours and holidays and other basic conditions after 12 weeks in a job. The legislation will not come into effect in the UK until 2011.

In addition, temporary agency workers will be entitled to information about vacancies at the end user to give them the same chance as other workers to apply for a permanent role, and should also be provided with equal access to on-site facilities such as childcare and transport services from their first day with an end user.

If you would like further information regarding the issues raised in this LawFlash, please contact either of the following Morgan Lewis attorneys:

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