

UK Political Update: 14-18 February 2011

The House of Lords will rise on 17 February and the House of Commons on 18 February for half-term Recess. They will return on Monday 28 February.

Week in Review – announcements and consultations

Chancellor announces a banking agreement while raising Bank Levy rates for 2011

On 9 February the government [announced](#) a politically sensitive [agreement](#) with the UK's biggest banks on lending, the size of their 2010 bonus pool, pay disclosure and support for regional growth and the Big Society.

This statement by Barclays, HSBC, Lloyds Banking Group, RBS and, with respect to lending, Santander (together "the banks"), follows a period of discussion between the Government and the banks, known as Project Merlin.

Lending to businesses

The banks stated a capacity and willingness to make available £190 billion of new credit to business in 2011, up from £179 billion actual lending in 2010. £76 billion of this new lending capacity will be to small and medium-sized Enterprises (SMEs). The banks' aggregate gross new lending will be collected and published on a quarterly basis by the Bank of England.

Pay and Disclosure

The aggregate 2010 bonus pool will be lower for the UK-based staff of the banks (excluding Santander) than in 2009. The Remuneration Committee Chair of each bank, responsible for pay and bonuses, will write to the FSA to confirm that their firm's 2010 pay settlements are consistent with the statement by the banks.

The pay of the five highest paid 'senior executive officers' will be published annually on an unnamed basis, in addition to the pay of the Executive Directors already published on a named basis in annual accounts. The banks will voluntarily publish this information in 2011, covering pay in 2010. The Government will consult with a view to introducing similar disclosures on a mandatory basis for all large banks from 2012 onwards.

Supporting Regional Growth and the Big Society

The banks will provide £1.2 billion to support regional growth and the Big Society. This includes £200m of additional capital over two years to set up the Big Society Bank.

Key Issues

Week in Review – announcements and consultations

People on the Move

This Week in Parliament

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The remaining £1 billion will be new capital available as soon as it is needed for the Business Growth Fund. Announced by the UK Business Finance Taskforce in October 2010, the Fund's objective is to increase the amount of equity investment allocated to potentially high-growth SMEs and to make it easier for these businesses to get access to funding.

Increase in the Bank Levy rate for 2011

On 8 February, the Chancellor [announced an increase in the rate of the UK bank levy](#) to be charged in 2011. This change will increase the revenue from the levy in 2011 by £800m to £2.5 billion.

The Government initially announced that a reduced rate of 0.05 per cent would apply in 2011, recognising the uncertain market conditions prevailing at the time. The Government no longer considers this necessary. Therefore, from 1 March the rate of the levy will be 0.1 per cent for 2 months, to offset the lower rate of 0.05 per cent charged in January and February, before moving to 0.075 per cent.

This increase in the rate of the levy will mean that it raises £2.5 billion in 2011, the same as the target revenue for future years. Previously the 2011 yield was forecast to be £1.7 billion.

Government launches trade and investment white paper

On 9 February, Business Secretary Vince Cable published a [strategy for trade and investment](#).

Particular emphasis is placed on supporting small and medium enterprises (SMEs) to expand and export. The Government will:

- Improve and expand the trade finance and insurance products it offers – boosting support for businesses who want to export, particularly SMEs – and bringing the UK broadly into line with the services provided in other countries;
- Increase UK Trade and Investment's focus on emerging markets and launch: a new online service offering access to sales leads around the world; a new online peer-to-peer exchange to enable companies to help themselves and help each other; and a new high profile award for companies which are ready to export, but need encouragement to take the next step; and
- Lobby European partners to radically improve the regulatory environment in the Single Market for SMEs - including exempting SMEs from unnecessary EU regulation such as certain accounting requirements.

The Paper also sets out a range of other actions, including:

- Working to finalise the Doha round of trade negotiations;
- Pursuing a programme of EU Free Trade Agreements with key trading partners including India, Canada, Singapore, the South American Mercosur countries (Argentina, Brazil, Paraguay, Uruguay) and hopefully also Japan; and
- Assisting developing countries to benefit from trade and investment by pushing for global trade rules that support their needs.

Communications Consumer Panel calls on Ofcom to set up a video relay service for deaf and partially hearing consumers

On 4 February, the Consumer Panel [called on Ofcom to look at how to introduce a video relay service](#), and improve access to the existing text relay services for deaf, partially deaf or speech impaired people.

Panel Chair Anna Bradley said that Ofcom's initial research into users' views of existing text relay and other communications services, entitled "[Ofcom Relay Services](#)" and conducted by Opinion Leader, "has highlighted two important things - some people are finding 'work-arounds' to meet their needs, while others are very clear about the improvements they need that could transform their lives. We now want Ofcom to implement changes to text relay and look at creating video relay, although we are conscious that the costs are substantial. These services will be particularly critical for some people, so we would like Ofcom to talk with consumers about how best to deliver the service in a way that ensures it reaches those who need it most".

Ofcom is expected to publish a full consultation document on relay services in the spring of 2011.

People on the Move

BIS - Foresight Project

Dame Clara Furse Non Executive Director of Nomura was appointed, on 7 February 2011, as Chair of the Lead Expert Group for the latest Foresight Project The Future of Computer Trading in Financial Markets.

Institute for Government

Peter Thomas Director of Strategy and Change, Ministry of Justice was appointed as Director of Transforming Whitehall.

Gareth Morgan Director of Business and Finance, Penrose was appointed Director of Finance and Operation.

Alun Evans Civil Servant Cabinet Office was appointed as a Senior Fellow.

Ofsted

Baroness Morgan of Huyton Adviser to the global board of ARK was appointed, on 8 February 2011, Chair of Ofsted.

Sport Honours Committees

Lord Coe of Ranmore KBE Chair, London Organising Committee for the 2012 Olympic Games and Paralympic Games was appointed the new Chair of the Sport Honours Committee in succession to Lord MacLaurin.

Select Committees - Membership

Science and Technology Committee

Stephen McPartland (Conservative, Stevenage) will replace Alok Sharma (Conservative, Reading West).

Home Affairs Committee

Michael Ellis (Conservative, Northampton North) will replace Aidan Burley (Conservative, Cannock Chase).

International Development Committee

Sam Gyimah (Conservative, East Surrey) will replace James Clappison (Conservative, Hertsmere).

This Week in Parliament

House of Commons – selected forthcoming business

14 February

- Budget Responsibility and National Audit Bill (Lords): Second Reading

15 February

- Parliamentary Voting System and Constituencies Bill: Money resolution followed by consideration of Lords' amendments
- Public Services (Social Enterprise and Social Value) Bill: Money resolution
- Debates on: fuel duty stabiliser and rebate for remote rural areas; housing needs in London; government policy on pupil premium and pupils with English as an additional language; and funding for technology innovation in wave power

16 February

- Ten Minute Rule Bill: Criminal Justice (Amendment)

- Debates on: economic regeneration in Glasgow; role of the Infrastructure Planning Commission; government policy on pubs and planning; future of financial mutuals; and incinerators in Hertfordshire and government waste management strategy

17 February

- Motions relating to:
 - draft Social Security Benefits Up-Rating Order 2011
 - draft Guaranteed Minimum Pensions Increase Order 2011
- Debate on: Transport Committee 3rd report on Priorities for Investment in the Railways

House of Lords – selected forthcoming business

14 February

- Parliamentary Voting System and Constituencies Bill: Third Reading
- Debates on: ending the provision of hard copies of annual reports and accounts by companies; asylum seekers needing medical care; ring-fencing a proportion of funding to British Film Institute for the production of films for children; and government plans to implement their new mental health strategy

15 February

- Pensions Bill (Lords): Second Reading
- Debates on: review of prisoner transfer agreements; impact on universities of changes to the student immigration system; and Heathrow Airport

16 February

- Parliamentary Voting System and Constituencies Bill: Consideration of Commons Amendments and Reasons if required
- Postal Services Bill: Second Reading
- Debates on: relationship between Chancellor and Governor of the Bank of England; bilateral defence co-operation with France; and criteria for granting Tier 1 Post-study Work visas

House of Commons – forthcoming Public Bill and other General Committee meetings

14 February

- European Committee B: EU documents relating to a Commission Report on the functioning of the Interinstitutional Agreement on budgetary discipline and sound financial management, No. 10346/10 and Addenda 1 and 2, relating to a Commission Communication: "More or less controls? Striking the right balance between the administrative costs of control and the risk of error", No. 10561/10 and Addendum, relating to a Draft Regulation on the Financial regulation applicable to the general budget of the European Union (recast) and European Union Document No. 15759/10, relating to the European Court of Auditors' Opinion

15 February

- Localism Bill Committee
- Health and Social Care Bill Committee
- Police Reform and Social Responsibility Bill Committee
- European Committee B: EU documents relating to the Commission Communication: The EU Budget Review

17 February

- Health and Social Care Bill Committee
- Police Reform and Social Responsibility Bill Committee
- Localism Bill Committee

House of Commons – forthcoming Select Committee meetings

14 February

- Communities and Local Government: Localism
- Justice: Access to Justice: Government proposed reforms for Legal Aid

15 February

- Armed Forces Bill
- Energy and Climate Change: Electricity market reform
- Business, Innovation and Skills: Rebalancing the economy: trade and investment
- Transport: Impact on transport of recent adverse weather conditions
- Health: Complaints and litigation
- Public Accounts: BBC digital media initiative
- Culture, Media and Sport: Football governance
- Home Affairs: Implications for Justice and Home Affairs area of accession of Turkey to the European Union

16 February

- Science and Technology: UK Centre for Medical Research and Innovation; and strategically important metals
- Public Administration: Funding of the voluntary sector
- Justice: Access to Justice: proposed Legal Aid reforms
- Defence: The Strategic Defence and Security Review and the National Security Strategy
- Environmental Audit: Sustainable development in the Localism Bill
- Environment, Food and Rural Affairs: The draft National Policy Statement on Waste Water

17 February

- International Development: The humanitarian response to the Pakistan floods
- Armed Forces Bill

House of Lords – forthcoming Select Committee meetings

15 February

- HIV and Aids in the United Kingdom: HIV and Aids in the United Kingdom
- Science and Technology Sub-Committee I: Behaviour change

16 February

- Constitution: House of Lords Appointments Commission
- EU Sub-Committee D: Agriculture, Fisheries and Environment: Innovation in EU agriculture
- EU Sub-Committee F: Home Affairs: The EU Internal Security Strategy

Joint Committees

15 February

- Human Rights Joint Committee: The human rights implications of UK extradition policy

This Client briefing does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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