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Global Advisory

Sunak Plays It Safe

AN EGA REPORT
NOVEMBER 2023



THE KING'S SPEECH

While King Charles III was on the way to Parliament this morning for His first State Opening, a British MP was kidnapped by Palace Guards. Held captive by the King's men for well over three hours, she was eventually released back to the safety of House of Commons.

Fear not: far from a worrying story about a breakdown in Parliamentary security, this is but a mere quirk of the constitutional arrangement between the Monarch and the Government of the United Kingdom, which dates back to the days when Kings arriving at Parliament ran the risk of having their heads lopped off in front of angry mobs of reformist MPs. Over time, the Palace developed a policy of temporarily kidnapping a senior Government MP as an insurance policy – just in case. Thankfully, it is a rather tamer affair these days: upon arrival, the MP's kindly captors would have offered her a cup of tea and a scone. In Queen's Speeches of recent years, some abductees have sworn that politely declining the tea gets you a glass of champagne; this morning, Palace sources would neither confirm nor deny this to EGA.

The State Opening of Parliament is the start of the parliamentary calendar year ('Session'), of which there are usually four or five between general elections. The Government serves at His Majesty's pleasure, and so it is the King who delivers the Speech, but make no mistake: its content is written by the Government. This is the vehicle through which the Government sets out its legislative programme for the forthcoming Session, and this year is no ordinary State Opening: it is, bar something extraordinary, the last Session before the general election, a fact which dramatically affected its content.

Just over a month ago, Rishi Sunak delivered his speech to Conservative Party Conference, where he pitched himself as the 'change candidate'; did today's Speech reflect this ambition? When EGA sampled the mood of the parliamentary party, many were derisory. A former Cabinet Minister told us this afternoon that the Speech amounted to 'fiddling while Rome burns: the Prime Minister is not a leader but a technocrat. As usual, he offered not vision, but management.'

There is also the small matter of Sunak's relationship with the King Himself. Unlike His mother, King Charles has spent a significant proportion of His time in public life making His views on politics well-known – not least on the environment. In a world where Sunak wins the election – an unlikely prospect, but a possibility nonetheless – the weekly audience with His Majesty may be rather awkward if the Prime Minister's programme of rolling back the green agenda is implemented in law.

WHAT DID HE SAY?

Today we heard a King's Speech that gives rise to two fundamental questions: will any of these policies make it onto the statute book before the next general election? And will they make any difference to the Conservatives' dire polling figures, with the party consistently around 20 points behind Labour?

The content of the Speech was characterised by measures which had already been promised, such as plans to prevent anyone aged 14 years or younger today from ever legally purchasing cigarettes in England, in a bid to create the first ever 'smoke free generation' – but already announced by Sunak at Conference. Similarly, the Offshore Petroleum Licensing Bill, which legislates for annual oil and gas licensing bids in the North Sea was announced in September; and the Media Bill, which will abolish a key piece of press regulation law that left newspapers liable for costs on both sides in libel cases, was announced in March.

The lack of measures not previously trailed was widely noted by political commentators, amid a general sense that this was a missed opportunity for Sunak to advance the case that he represents a radical break from 30 years of status quo. Sky News' Beth Rigby questioned the scale of his ambition, noting that this King's Speech had the fewest Bills since 2014; in contrast, Boris Johnson's 2022 Queen's Speech had 38 Bills.

Of course, Sunak and his team would argue that a small number of targeted Bills which actually get passed is worth more than a longer list which remains aspirational. However, even going on that logic, The Sun's Harry Cole described it as a 'damp squib with little really there to excite the Tory troops, ahead of a brutal year of pre-election campaigning against a soaring Labour.'

Measures which had been in the frame but which didn't make the final cut include those on AI regulation – following on from the more voluntary international approach set out at last week's AI safety summit – as well as reform of A-levels, despite this having been trailed in Sunak's Conference speech.

Contrary to industry expectations, today's Speech did not contain a Pensions Bill to progress previously trailed reforms, which included plans to unlock up to £75 billion of additional investment from defined contribution and local government pensions. Less unexpectedly given the unpopularity amongst Tory MPs, there were no new measures announced to liberalise planning – despite the current regime increasingly being seen as a brake on the UK's economic potential, and a driver of the cost of living.

BUSINESS AND THE ECONOMY

Through our conversations with Downing Street insiders, EGA has heard that Sunak himself is frustrated with what he sees as a lack of ambition in the programme introduced by today's Speech, with his top team repeatedly complaining that it does not contain 'election-winning legislation'. Beyond questions of whether any combination of legislation could turn the political dial, there remain serious divisions within the Conservative Party about what it should be focused on during what is likely to be its final period in Government for the foreseeable future. In wishing to avoid another fight with his backbenchers, however, the Prime Minister evidently took a safety-first approach to the Speech, which would explain the absence of some anticipated legislation.

With the majority of measures announced by His Majesty having already been trailed in the media, the exercise for businesses became a question of whether there was anything to glean from today's Speech to get a signal about Sunak's priorities for the final Session before the general election.

The private sector will ultimately be unsurprised by tame nature of the Speech – which one former Cabinet Minister described as a 'series of semi-meaningless measures, aimed at Party unity rather than anything else'. Instead, businesses should expect a drawn-out election campaign, where attempting to create traps for the Labour Party, rather than meaningful legislative change or regulatory reform, is at the top of the Government's priority list.

A prime example of this is the aforementioned absence of a Pensions Bill. Having devoted his set-piece Mansion House address to pensions reform, the Chancellor had given a series of winks and nods to business that legislative reform would follow. EGA was informed today that the Department for Work and Pensions had indeed sought to introduce such a Bill, but that they were blocked – because the Prime Minister's team wished to focus on other priorities.

Rather than the pomp and circumstance of today's proceedings, the eyes of business will be firmly fixed on the Autumn Statement on 22 November. Today's Speech gave precious few clues about what we can expect from a Chancellor under enormous pressure from many of his own backbenchers, who want him to shift his focus towards reducing the tax burden; but Jeremy Hunt's single-minded determination to not do anything which could increase inflation means that said backbenchers are likely to be sorely disappointed. The Government's pledge today to 'address inflation and the drivers of low growth, over demands for greater spending or borrowing' may be music to the ears of business – but will likely only intensify calls from the Prime Minister's own side for him to replace Hunt.

THE LABOUR PARTY'S REACTION

Labour spokespeople set out their stall pretty clearly this morning: the Government's new agenda amounts to a 'pretty pathetic programme of tinkering'. Predicting no long-term plans were to be announced, media quotes from Labour leader Sir Keir Starmer reiterated Labour's plans for a 'decade of national renewal', re-emphasising their vision for national housebuilding programme to kickstart economic growth. One member of the Shadow Cabinet described the speech as 'utterly underwhelming.'

As MPs debate the Speech over the coming days, Labour will seek to draw clear dividing lines with the Conservatives. Speaking in the Commons, Starmer said the Conservative Party is in the position of 'claiming it offers change – away from itself', and dismissed the speech as a missed opportunity to reform public services or to offer support to people with the cost-of-living crisis. He similarly criticised the Government's economic model as unable to deliver security or opportunity to the nation. We should expect repeated attacks from Labour over the coming weeks, calling on a Government it says has run out of steam to call a General Election. Sir Chris Bryant, the veteran MP, said: 'This isn't a legislative programme for a year – we could get all of this done in a fortnight and then have a general election.'

With this said, it's important to cut through the theatrics of the Commons debates: Starmer confirmed the Labour Party would support the Government on many of its proposals. This will largely depend on whether the Government's proposals are compatible with Labour's wider strategy – a good example here is the Trade Bill, where Labour's support will likely be contingent on how Sunak's plans measure up against their vision for post-Brexit trade policy, which includes more resilient supply chains and an emphasis on protecting the environment and workers' rights.

Resisting the opportunity to fall into political traps, Starmer also said that his party would back some of the criminal justice measures around sentencing.

WHAT HAPPENS NEXT?

There will now be six days of Parliamentary debates, at the end of which a series of votes on both the Speech itself and any amendments will follow. Observers will be watching closely not only for amendments which seek to divide political parties from each another, but also those which seek to divide parties internally: Starmer's battles within his own party on the war in Israel and Gaza may be intensified by those on the left of the Party who seek to force a vote on a ceasefire, as has been rumoured in media.

THE GENERAL ELECTION

The King's Speech was, unsurprisingly, a clear attempt by the Conservatives to establish dividing lines with the Labour Party ahead of the general election. Sunak clearly believes that in spite of the Government's troubles, the public is on his side when it comes to the so-called 'wedge issues' of law and order and the approach to climate change. The Bills he announced today reflect his intention to hammer Sir Keir Starmer on a limited number of issues as the long election campaign gets under way; this was perhaps most evident in the reiteration of the Government's ambition to reach Net Zero by 2050 'without adding undue burdens on households'.

Such an approach, while perhaps understandable from an electoral perspective, clearly has its limitations. The Prime Minister would be well-advised to avoid becoming the victim of his own ambitions: he may, in the end, simply end up helping Labour by taking some of their difficult decisions for them.

Meanwhile, analysts should not mistake the omission of the Home Secretary's more 'red meat'-type ideas on homelessness and law and order as a defeat for her: the job has been done in terms of Braverman communicating them to her intended audience, the Party Membership. The Conservatives' near-certain defeat at the next general election means that Sunak's potential successors – Kemi Badenoch and Penny Mordaunt included – are ever-more-urgently trying to get their ideas out there, and we should expect to see more of this as the months roll on.

A Conservative backbencher told EGA today that 'in order to be change candidate, you need to do more than reshuffle your Cabinet; you need to present a bold, novel programme of Government. I'm disappointed this isn't what we got.' This reflects the broader mood amongst Conservative politicians about the signal that the Prime Minister has sent with today's agenda.

Ultimately, it is no surprise that many found today's King's Speech to be a disappointment. The wont of Sunak and those around him has tended to be pulling rabbits out of hats; today, there were no rabbits – the magic trick, if there was one, was invisibility.

KEY MEASURES

GROWING THE ECONOMY

- Offshore Petroleum Licensing Bill
- Trade (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) Bill
- Automated Vehicles Bill
- Digital Markets, Competition and Consumers Bill
- Media Bill

STRENGTHENING SOCIETY

- Tobacco and Vapes Bill
- Leasehold and Freehold Bill
- Football Governance Bill

KEEPING PEOPLE SAFE

- Sentencing Bill
- Criminal Justice Bill
- Victims and Prisoners Bill

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