

Business and Trade Committee
House of Commons
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Dear Members,

Thank you for the Committee's letter of 24 August to the Secretary of State concerning the Government's plans for audit reform and reiterating the Business and Trade Committee's welcome support for our planned legislation. The Secretary of State and I very much appreciate the Committee's continued interest in audit reform, not least because work undertaken by the BEIS Committee in 2019 has informed the changes we are making.

As discussed during the Secretary of State's appearance before the Committee on 19 September, the Government remains committed to increasing trust in the UK's audit, corporate reporting and corporate governance system. The Department has been working towards primary legislation and negotiating for a Bill in the next parliamentary session. If this is not possible, we will look to deliver some of the reforms through other means.

Secondary legislation to implement reforms to how large companies report on risk and other matters was laid in Parliament on 19 July as the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023. The Department has since completed its call for evidence on existing non-financial reporting, which has highlighted strong support from both UK business and investors for existing company reporting to be simplified and streamlined. The Government has therefore decided it would be better not to implement the draft regulations at this time and instead consider the reporting measures contained in them alongside wider reforms to deliver a more targeted and effective corporate reporting framework.

While I am unable at this stage to set out a definite timetable for primary legislation on audit reform, I hope this update will assist the Committee.

Yours ever,

A handwritten signature in black ink, appearing to read 'Kevin', with a stylized, cursive script.

Kevin Hollinrake MP

Minister for Enterprise, Markets, and Small Business
Department for Business and Trade