

Speech: Chancellor speech: CBI Annual Dinner 2018

[Check against delivery]

Thank you, Paul.

And let me join you in commemorating those who lost their lives and those who were injured during the appalling attack in Manchester, a year ago today...

...our thoughts this evening are with the families and friends of those affected.

As ever it's a pleasure to speak to you tonight.

And what a week it has been.

The Royal Wedding; the FA Cup Final; and now the CBI dinner!

And I'm especially pleased to be here this evening to mark the end of Paul's three-year tenure at the helm.

I was doing a little research and stumbled across an FT interview with Paul in 2011.

When asked "which historical or fictional character do you most identify with?", Paul replied, with characteristic modesty: "Nelson Mandela".

[History will determine!]

Paul, congratulations on the achievements of your Presidency, and thank you for the leadership you have shown.

It was Nelson Mandela, reflecting on his first 100 days as President, who noted that "on occasion, strong language has been used to drive home a strongly held belief"...

...and he reassured his audience that this was a sign of "a robust, vibrant democracy, with broad consensus on the most important national questions".

Paul, I will welcome your speech tonight as a sign of our "robust, vibrant democracy"!

Because we are in broad agreement on the big questions facing our country and our economy.

We agree that:

We must rebuild a consensus for the liberal market economy as the best way to deliver future prosperity.

We must embrace digital technology, and ensure Britain is at the forefront of the technological revolution.

We must invest in skills and training – to ensure the next generation is prepared for the economy of the future.

We must build the world class infrastructure and invest in the R&D needed to ensure Britain stays ahead in the global race.

We must raise our productivity – and thus deliver higher wages for people up and down this country.

And yes, we must deliver a Brexit that prioritises jobs, growth, and prosperity.

And it is absolutely my belief that central to all of this, is listening to business, and believing in the power of business to deliver higher living standards, and spread greater prosperity.

I can promise you, Paul, business advice is a welcome input, not an “inconvenient truth”!

So I hear the concerns you have set out tonight about the Brexit challenge...

...but I remain confident.

And, by the way, when Donald Tusk says Brexit is the “saddest moment in Modern European history”...

...I assume he didn’t see this year’s Eurovision.

The PM has always had a vision for a close economic partnership between the UK and the EU...

...a partnership that protects supply chains, and established trade relationships...

...that backs businesses, and safeguards jobs...

...and that promotes the values that we share across the continent of Europe.

We have made good progress:

In March we agreed on an implementation period...

...which allows “business as usual”...

...and ensures you only have to navigate one set of changes.

Focus has now moved on to our future economic partnership, and in particular the customs relationship.

I have listened to the four customs tests you have set out tonight...

...and we share your aspirations to minimise frictions and burdens...

...to avoid new barriers in Ireland...

...and to grow British exports.

But we do not agree that staying in the customs union is necessary to deliver them.

The UK has proposed two possible future customs models...

...both are "works in progress"...

...but we are confident that, building on these two models, we can develop a solution that will allow us to move forward while meeting your concerns, Paul.

And beyond customs, we will seek a comprehensive system of mutual recognition to ensure that, as now, products only need to undergo approvals in one country to show that they meet regulatory standards across Europe...

...and we will explore the terms on which the UK could maintain a relationship with the EU agencies, such as those for the chemicals, pharmaceutical, and aerospace industries...

...as the route to deliver such an outcome.

On services, we have the opportunity to establish a broader agreement than ever before...

...including continued recognition of professional qualifications, and a labour mobility framework that enables travel to provide services to clients in person.

And an opportunity to seek a bespoke partnership in financial services...

...that will enable the ongoing delivery of cross-border financial services in both directions, while protecting financial stability and maintaining fair competition.

We made good progress in December and March, and I hope and expect we will make further progress at the upcoming June Council.

It is in the interests of both the UK and the EU to secure a mutually beneficial deal that will allow us to continue to have a close economic partnership...

...and to do so as soon as possible to give businesses the certainty they need.

I am confident that we will reach such a deal.

That is my most immediate priority as Chancellor.

But as we embark on a technological revolution that will transform our economy and our lives...

...my most important long-term challenge is to ensure that the UK continues to be at the forefront of that technological revolution, leading the world in innovation.

This is what our Modern Industrial Strategy is all about.

It isn't about picking winners...

...or propping up failed industries.

But about exploiting the synergy between the facilitating power of the state...

...and the energy of the private sector...

...to deliver the innovation that will secure Britain's future...

...within a market that is working properly and fairly.

Supporting entrepreneurship to ensure the industries of the future get off the ground...

...investing in research and development...

...ensuring that start-ups can access the finance they need to become "scale-ups"...

...and, most importantly, creating an environment where innovation can flourish.

And we're putting our money where our mouth is...

...we've committed to the largest increase in public R&D spending in three decades, as part of our ambition to raise R&D investment across the economy to 2.4% of GDP.

We're investing £640 million of public money in artificial intelligence and over £1.7 billion in autonomous and ultra-low emission vehicles...

...and in the Budget last Autumn I launched a plan to unlock over £20 billion of patient capital, for the UK's most innovative firms to grow to scale.

But we won't be able to put the UK at the front of the pack unless we have infrastructure that is fit for the future.

And that is why infrastructure is at the heart of our plan.

In the 18th century, it was canals;

In the 19th, it was the railways, and in the 20th the arterial roads and then the motorways.

In the 21st century, fibre networks will be the enabling infrastructure that drives economic growth.

We've already connected more than 95% of the UK to superfast broadband.

But we must now take the next big leap forward.

Full-fibre networks are faster, more reliable, and cheaper to operate than their copper predecessors.

Over a million premises already have direct access to them...

...70% of those connected in the last 18 months alone.

But if we are to achieve our ambition of a truly high-speed economy, and keep up with our competitors, then we need a step change in our approach.

So I am now setting a new target to see full-fibre to the premises connections being available to 15 million premises, that's the majority of homes and businesses, by 2025.

This is ambitious...

...and it will require industry to connect more than 2 million additional premises a year for the next seven years.

We won't do that by government diktat.

We will do it by creating the conditions for the market to deliver...

...and we will use all the tools at the government's disposal to ensure that target is met...

...and we'll go further, by committing to finish the job – and deliver a nationwide full-fibre to the premises network by 2033.

Running both copper and fibre networks indefinitely will not benefit either the consumer or the industry...

...so we must start thinking now about that switchover and how to sharpen the incentives for industry to move customers away from copper and on to fibre.

And Matt Hancock, the DCMS Secretary, will set out our strategy to deliver these ambitious targets in the Future Telecoms Infrastructure Review, later this Summer.

The talent of the future

The digital industrial revolution and Artificial Intelligence will bring about a step-change in automation.

This, in turn, will have profound implications for jobs, and the way we work.

And if we want our people to embrace the digital economy, we must support them when they are affected by automation...

...and help them train and retrain into the new high quality jobs of the

future.

Because just as the assembly line allowed Ford to triple the number of cars produced per worker...

...cut the price of a car in half...

...and increase employment eleven-fold...

So the digital industrial revolution will also create millions of new jobs, and huge increases in living standards...

...but that will not reassure those whose current jobs will be displaced.

So, between us in government and business we have a vital role in managing this transition;

In investing in skills and retraining;

In providing the reassurance our workforce will need.

We have made a start.

Through the Apprenticeship Levy, we are increasing the quality of apprenticeships, and the capacity of the system.

We've already seen a 25% increase in higher level apprenticeship starts.

But I recognise the new levy system presents some challenges...

...and we're listening to your concerns around flexibility, and will keep that issue under review to make sure the levy works as intended.

We're investing over £500 million a year in our new T-Level technical qualifications...

...and with the help of the CBI and the TUC we are establishing a new National Retraining Scheme...

...to help adults faced with the consequences of technological change to re-train throughout their working lives.

It's a groundbreaking collaboration and I'm delighted we were able to make it happen through the leadership of Paul and others here tonight.

But government cannot solve our nation's productivity challenge on its own.

Because it is not only about infrastructure and skills...

It is also about management.

Britain of course has many world-leading companies with globally competitive productivity...

...but there are also far too many that could be doing a lot better.

Tomorrow I will publish a call for evidence into why some businesses aren't keeping up and don't learn from the best...

...seeking ideas for how government and industry can work together to help more firms realise their potential by taking best practice.

And in parallel with the call for evidence I will announce with Greg Clark, the Business Secretary, further steps to boost firm-level productivity.

We'll invest £5.6 million to support smaller firms to adapt modern management practices and simple digital technologies, through two new pilot programmes delivered by Charlie Mayfield's Be the Business.

And we're extending our backing for the Made Smarter Digital Manufacturing strategy...

...led by Juergen Maier – and supported by the CBI.

Made Smarter will help to maintain our position as a global leader in the digital revolution...

...and so we'll provide £20 million for a pilot in the North West, to support SME manufacturers to adopt industrial digital technologies, such as robotics and data analytics.

Before I close, I want to touch on one further, important issue.

I have talked about the big opportunities ahead;

But there will be big challenges too – and challenges that go beyond the mere uptake of technology...

...to pose questions about economic governance and the organisation of society in the 21st century digital economy.

For those of us who believe in the demonstrated power of liberal market economics to deliver both prosperity and political freedom...

...this is a question about how this most resilient of economic models transforms itself in response to the challenges of technological and societal change...

...as it has done so many times before.

But if you are a politician [political content removed]

...your prescription will be very different.

For people of my generation – and looking around the room at many – though not all – of you, I see people who I think are of my generation...

...congratulations that you can still get out of an evening!

For people like us, who lived through the 1970s, the economic model [political content removed] is not a text book theory, but a vivid memory.

And for people in a small number of countries around the globe, it is a miserable reality today.

But not everyone in our society has shared that experience.

And some of a younger generation will be tempted by ideas that sound radical; maybe even "new" (even though they are rooted in a book written in the 1860s).

...because they do not feel the system is working for them.

Many of them have started their working lives at a difficult time for our country...

...emerging into the workforce as the financial crisis and its aftermath shook our system...

...and enduring a decade of recovery from it.

They look at their parents' and their grandparents' generations...

...at the home ownership levels, the defined benefit pensions, the traditional jobs...

...and they ask who or what decreed that so many of the things that previous generations took for granted, should be so much harder for them to obtain.

They are not looking for a hand-out...

...but they are looking for a reassurance that hard work will allow them, too, to achieve their aspirations for a better life for their kids.

And as we look forward to, and prepare for, the transformational impact that technology will have on our economy and our society...

...we must answer their challenge.

We must articulate how we will refresh our economic model to respond to technological change...

...in competition policy...

...in taxation policy...

...in ensuring an equitable distribution of the proceeds of growth as we manage the impact of smart automation and artificial intelligence on the world of work...

...so that it speaks to their values...

...addresses their concerns...

...and unlocks the door to the achievement of their aspirations...

...with solutions, which are framed not by the stale ideologies of the past, but by the exciting potential of our future.

Solutions that build on, not undermine, the liberal market economy that is the bedrock, not only of our prosperity...

...but of our freedom too.

I have spoken tonight of our strategy for negotiating Brexit...

...and of our vision for post-Brexit Britain.

It is a vision of an open, dynamic, evolving, market economy...

Of a Britain whose firms are at the cutting edge of technology and innovation.

A Britain with infrastructure fit for the future...

...and workers equipped with the skills they need for the challenges that lie ahead.

A Britain where government and business work together to realise the potential of unlocking Britain's productivity puzzle...

...to deliver an economy that works for everyone.

That is our vision of the prize that lies within our grasp.

And I know we can count on British business to work with us to deliver it for the British people.

Thank you.

Press release: Parliamentary Under Secretaries of State Appointments

The Queen has been pleased to approve that David Rutley MP and Nigel Adams MP be appointed Parliamentary Under Secretaries of State at the Department for the Environment, Food and Rural Affairs and the Ministry of Housing, Communities and Local Government respectively.

Both roles are unpaid and are in addition to their current roles as Government Whips.

Nigel Adams MP has been appointed temporarily to provide support so Heather Wheeler MP can spend more time with her husband who has health issues.

David Rutley MP has been appointed temporarily whilst Thérèse Coffey MP recovers from a period of illness.

[News story: Government announces new standards for fire and rescue services](#)

Addressing the Local Government Association's Fire Commission yesterday, the Minister for Policing and the Fire Service, Nick Hurd, announced a new approach to improve professional standards for fire and rescue services across England.

While some professional standards currently exist for fire and rescue services, they are inconsistently applied and the government believes they can be expanded. A Fire Standards Board will be created to ensure standards are nationally coordinated to a high level across the sector.

The proposal was developed in conjunction with the National Fire Chiefs Council (NFCC), Local Government Association and other partners. This new board will be independent from government and supported by the NFCC's central programme office which will produce the standards, drawing on external expertise as required.

It will be for the board to determine its workplan but initial issues the Board could consider include:

- workforce issues like leadership and development
- the identification and mitigation of risks
- fire prevention and the approach to protecting the public from other emergencies

The board will also be responsible for agreeing priorities in response to the recently published Hackitt review, the Grenfell Tower inquiry, and other emerging issues facing fire and rescue services.

The Minister for Policing and the Fire Service Nick Hurd said:

We all recognise the bravery and dedication of our firefighters who work tirelessly every day to protect the communities they serve.

Creating a new Independent Board to oversee professional standards across England will support the continuous improvement of fire and

rescue services and support them to become more professional than ever before.

This move is a key element of the government's ambitious fire reform programme which aims to improve the professionalism, effectiveness and accountability of fire and rescue services by:

- establishing an independent inspection regime – Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) – for fire and rescue
- encouraging employers to drive workforce reform, including increasing the diversity of the workforce
- bringing greater accountability to the work of local fire and rescue services by enabling Police and Crime Commissioners (PCCs) to take on responsibility for fire and rescue services where a strong local case is made
- supporting services to transform commercially with more efficient procurement and collaboration
- increasing the transparency of services with the publication of further information to allow the public to hold their service to account and the creation of a new national website in the summer

[Press release: First measure of industry progress to cut sugar unveiled](#)

Public Health England (PHE) has today (Tuesday 22 May 2018) published the first assessment of progress on the government's sugar reduction programme, measuring how far the food industry has gone towards reducing the sugar children consume through everyday foods.

As part of the government's plan to reduce childhood obesity, the food industry, including retailers, manufacturers, restaurants, cafés and pub chains, has been challenged to cut 20% of sugar from a range of products by 2020, with a 5% reduction in the first year.

Progress towards meeting the 5% ambition is the focus of this report and is assessed against a 2015 baseline.

The assessment shows an encouraging initial start from retailers and manufacturers, achieving a 2% reduction in both average sugar content and calories in products likely to be consumed in one go.

Whilst this doesn't meet the 5% ambition, PHE recognises there are more sugar reduction plans from the food industry in the pipeline – and some changes to

products that are not yet captured in the data as they took effect after the first year cut-off point.

For the 8 food categories where progress has been measured, the assessment also shows:

- there have been reductions in sugar levels across 5 categories
- yoghurts and fromage frais, breakfast cereals, and sweet spreads and sauces have all met or exceeded the initial 5% sugar reduction ambition
- sugar levels are generally the same across all sectors, however for the eating out of home sector, portion sizes in products likely to be consumed in one go are substantially larger – on average more than double – those of retailers and manufacturers

Retailers and manufacturers have also reduced calories in products likely to be consumed in one go in 4 categories, for example by reducing the size of the product. Of these, ice cream, lollies and sorbets, and yoghurts and fromage frais have reduced average calories by more than 5%.

Due to limitations with the data, PHE is not yet able to report on the progress made in the cakes and morning goods categories for retailer and manufacturer's products. It is also not possible to report on progress for the eating out of home sector alone as part of this assessment. Progress in these areas will be reported on next year.

As part of the programme, businesses are encouraged to focus efforts on their top selling products within 10 categories that contribute the most sugar to the diets of children up to 18 years of age. They have 3 options to help them do this – reduce sugar levels (reformulation), provide smaller portions, or encourage consumers to purchase lower or no sugar products.

Progress is also reported on the drinks covered by the government's Soft Drinks Industry Levy (SDIL). Sugar has been reduced by 11% and average calories per portion by 6% by retailers and manufacturers in response to the SDIL. Data also shows people are buying more drinks that have sugar levels below the SDIL cut-off of 5g per 100g.

With a third of children leaving primary school overweight or obese, PHE continues to call for increased action from all sectors of the food industry to achieve the 20% reduction ambition by 2020.

Steve Brine, Public Health Minister, said:

We lead the world in having the most stringent sugar reformulation targets and it is encouraging to see that some progress has been made in the first year.

However, we do not underestimate the scale of the challenge we face. We are monitoring progress closely and have not ruled out taking further action.

Duncan Selbie, Chief Executive at PHE, said:

We have seen some of the food industry make good progress, and they should be commended for this. We also know that further progress is in the pipeline.

However, tackling the obesity crisis needs the whole food industry to step up, in particular, those businesses that have as yet taken little or no action.

Dr Alison Tedstone, Chief Nutritionist at PHE, said:

This is about tackling the nation's obesity crisis. Too many children and adults suffer the effects of obesity, as does society, with our NHS under needless pressure. Obesity widens economic inequalities, affecting the poor the hardest.

PHE has also today published new guidelines for the drinks industry to reduce the amount of sugar children consume through juice and milk based drinks.

The drinks categories join the other 10 categories in PHE's sugar reduction programme. Juice and milk based drinks are currently excluded from the government's SDIL, but the exemption of milk based drinks will be reviewed by Treasury in 2020.

By mid-2021, the drinks industry is encouraged to:

- reduce sugar in juice based drinks (excluding single juice) by 5%
- cap all juice based drinks (including blended juices, smoothies and single juices) likely to be consumed in one go to 150 calories
- reduce sugar in milk (and milk substitutes) based drinks by 20% and cap products likely to be consumed in one go to 300 calories

Fruit juice alone accounts for around 10% of the sugar consumed each day by 4 to 18 year olds. Current advice is that only one 150ml portion counts as 1 of our 5 a day.

The next progress report on the sugar reduction programme is due in spring 2019.

Background

1. The first year of the sugar reduction programme is August 2016 to August 2017.
2. Single juice (also known as mono juice) products include juice from a single fruit with nothing added to it, for example, 100% orange juice.
3. Blended juice products include juice from multiple juice sources.
4. [Public Health England](#) exists to protect and improve the nation's health and wellbeing and reduce health inequalities. We do this through world-

leading science, knowledge and intelligence, advocacy, partnerships and providing specialist public health services. We are an executive agency of the Department of Health and Social Care, and a distinct organisation with operational autonomy. We provide government, local government, the NHS, Parliament, industry and the public with evidence-based professional, scientific expertise and support. Follow us on Twitter: [@PHE_uk](#) and Facebook: www.facebook.com/PublicHealthEngland.

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[News story: £30 million of funding to tackle antimicrobial resistance](#)

The funding will be delivered through 4 new projects as part of the Global AMR Innovation Fund (GAMRIF):

- £20 million to the [Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator](#) – a non-profit international partnership supporting research on the most dangerous drug-resistant bacteria. This commitment will support scientific research around the world to develop new vaccines and alternatives-to-antibiotics against drug-resistant bacterial infections in humans
- £5 million for a new bilateral partnership with Argentina supporting research to tackle AMR in agriculture and the impact on the environment – delivered via the Biotechnology and Biological Sciences Research Council and the Natural Environment Research Council. The bilateral partnership will be delivered and matched-funded, on a resource basis, by the National Scientific and Technical Research Council in Argentina
- £5 million invested in the [Foundation for Innovative New Diagnostics](#) (FIND) – a global non-profit organisation aimed at the development, evaluation and delivery of high-quality affordable diagnostic tests for

poverty-related diseases. This funding will support FIND's work to enhance the impact of diagnostic tools, in particular the connectivity of point-of-care diagnostics for AMR surveillance

- £1 million invested in the [Global Antibiotic Research and Development Partnership](#) (GARDP) – a non-profit research and development initiative addressing global public health needs by developing, delivering and assuring sustainable access of new or improved antibiotic treatments. This funding will support GARDP's programme on sexually transmitted infections, focusing on the development of a new antibiotic for drug-resistant gonorrhoea

These projects are funded by UK aid and will primarily benefit people in low- and middle-income countries, where the burden of infection is greatest.

AMR occurs when microbes, including bacteria, viruses, fungi and parasites, no longer respond to the drugs that would normally kill them, such as antibiotics. This leaves us powerless to treat what are normally routine infections. It is estimated that 5,000 deaths are caused every year in the UK because antibiotics no longer work for some infections.

Professor Dame Sally Davies, England's Chief Medical Officer, said:

Today's announcement is further evidence of the UK collaborating with international partners to lead global efforts to tackle AMR. The GAMRIF investments aim to protect the world's most vulnerable and tackle AMR where the burden of infection is greatest.

I am pleased that the UK will be working in partnership with a range of leading organisations to deliver vital research activities across the OneHealth spectrum – together this represents a formidable force against the threat of superbugs.

Health and Social Care Secretary Jeremy Hunt said:

Antimicrobial resistance is no longer a threat of the future – it is a problem here and now, and one that is killing hundreds of thousands of people across the world each year. This new investment cements our commitment to world-leading new research to tackle AMR on a global scale, and these innovative projects have the potential to develop real solutions and save lives.

GAMRIF's other projects include a [UK-China AMR collaboration](#) and [InnoVet-AMR](#), with the Canadian International Development Research Centre.