

Speech: SMMT Connected 2017 conference

Thank you. It is a real privilege to be here to be able to open this event.

We stand on the cusp of a radical shift in the automotive sector. The government should do what it can to facilitate of what is going to be a transformational set of possibilities.

Predicting the future, we know, is notoriously tough.

It was in 1894 'The Times' published a leader column, at a time when London transport was dominated by horse and carts. They predicted that "In 50 years, every street in London will be buried under nine feet of manure."

Now London in 1944 faced many challenges, but that wasn't one of them.

The automobile changed everything for the future.

It is clear already that it doesn't take much of a gaze into the crystal ball to know that the technology that is already being applied is going to make changes that are even more profound than those we have experienced in previous decades.

More than a million vehicles on UK roads are already connected to the internet. And the pace of development of self-driving vehicle technology is simply astonishing as everyone here knows and as we will be seeing more today.

How we respond to these opportunities and this shift is of huge importance.

I am very conscious, speaking on behalf of the government, that the only way we can do this and the best way we can do it, is to work together to solve the policy challenges, the research investment challenges, with you, in partnership.

This has been the way that the success of the automotive sector has been built over recent years and the years ahead provide an opportunity to deepen that and to invite colleagues in relevant and adjacent sectors to join what has been an enormously successful collaboration.

It is worth just pointing out and reinforcing just why the level of interest and excitement in this subject matter it as it is. The video that Mike (Hawes) produced captures a lot of that.

There is the commercial opportunity and anyone in business will have a keen eye to that and I'll come on to that.

As that video shows, the potential for improving and in some cases, transforming people's lives is astonishing. One thing to emphasise is the role of these technologies in saving lives.

Nearly 90% of road crashes on our network of roads in this country involve human error. That said, we have some of the safest roads in the world in the UK, but even so, 1,700 people still die on our roads every year, and many more are injured and traumatised by that.

Over the decades, everyone in this room in the automotive sector has made huge and deliberate strides in improving safety. The government has supported that through a regulatory environment with advanced safety standards.

So we should, as a nation, be proud of the progress we've made.

In 1975, 6,400 people died on our roads. By 1995 that was down to 3,600. As I said, today, the toll stands at 1,700. Yet that is still 30 bereaved families each and every week in this country.

Greater automation, greater autonomy, and the help that we see through these technologies offers the possibility to transform that figure.

It will also mean new freedoms for elderly people and those with mobility impairments, opening up aspects of living their lives that seemed to be off limits in the past. Opening up the opportunities that many of us have taken for granted.

Even for those of us who drive now, the freedom not to have to, while still being able to get about where and when we want to, will be liberating.

Then there's the tremendous potential for improvements in productivity, new investment and faster growth right across these technologies.

The SMMT and the Automotive Council has a clear view that Mike Hawes expressed earlier, that the UK can be a world leader in this transformational field with our strengths, not only in automotive, but in research and development.

We can be agile and fleet of foot in having the right regulatory conditions in place, we can put in place the right conditions to ensure Britain is successful.

Companies around the world are making major investments already in this technology.

There is obviously a long-term value for the UK, as a whole, if we can make sure we punch above our weight in the development and the commercialisation of these technologies.

It is very evident that if the UK doesn't take this opportunity, there will be many other countries that will be very keen to do so.

As part of the industrial strategy that we are working together with the industries in this room on, we have been very clear of the importance of innovations in mobility as a driving force of many of the changes that we think are available and that we can play this position of leadership.

We need to invest as a government, together with the industry, in the research, the skills of the workforce, the infrastructure we need to be competitive now and into the future.

We have strength in depth in many of the relevant areas of research for example robotics, artificial intelligence and telecommunications.

We have a wonderful history of innovation in the automotive sector, with UK designers and engineers sought after all over the world including many of you here in this room today.

And I'm determined that the government will be completely supportive in seeking to enable, to encourage, to work closely together, that where barriers are thrown up by discoveries then we can act quickly and decisively to remove them and address what might otherwise hold development back.

We need to do this in partnership, we need to do this in partnership not just with the industry but with our research institutions and our universities and our insurers for example.

Some of the most exciting self-driving and connected vehicle demonstration programmes anywhere in the world are already happening in the UK, backed up by over £200 million plus of investment from industry and from government.

I think is especially interesting about the UK's programme is who is involved in taking projects forward, and what they are trying to achieve.

For example, if anyone has time to go down to Greenwich over the next few months you may come across a number of fully automated, fully electric shuttles that will be taking people around the peninsula.

It won't just be the technology that is being demonstrated, but the breadth of partnership required to make it work in everyday situations.

Yes, of course, there are software companies like Oxbotica involved, developing the control system software.

Yes, there are vehicle manufacturers such as Westfield involved, who built the shuttle based on an existing design already in operation at Heathrow airport

There are research labs like TRL involved, who have been engaged in automated vehicle research in the UK since the 1950s.

But other partners may be less obvious but equally crucial.

Greenwich Council, for example, who know this is an opportunity to solve problems of urban congestion and to further reinforce the many attractions of Greenwich.

The Royal College of Art who are keen to explore the implications for future vehicle design. I think back to that great flourishing in South Kensington of the 'Albertopolis' where you had institutions like the Royal College of Art

set up with Imperial College and with the research and the artistic and scientific institutions working side-by-side on the shared problems of the day. You have just that possibility today.

Going back to Greenwich, the insurance company Royal Sun Alliance, who are working closely to assess the implications for the insurance industry.

It is part of a programme that is, and in my view, has to be collaborative by design, with the brightest minds from our universities working in partnership with different industries and those parts of the public sector that are needed to anticipate challenges and seize opportunities.

I'm very conscious that central government has a vital role too – not least by ensuring that we have the right regulatory framework to enable the development of this technology.

The UK, as many of you in the room know, was one of the first countries in the world to set out a framework for the testing of automated vehicles on public roads. Those of us that have had some experience of that are excited by it.

Safety is of course our primary concern, and our Code of Practice sets out how we think developers should act to ensure this.

But we have got to be careful and have taken care to design a framework that is supportive of a technology that has the potential to save lives.

As I was saying, most of the advanced here are positively contributing to a safer world and we should approach regulation with that in mind. An excessively cautious approach would risk stifling this potential and ultimately cost lives.

On the subject of risk, Mike has referred to the [Vehicle Technology and Aviation Bill](#) currently going through parliament, which addresses the issue of insurance for the developing market.

The Bill ensures that those affected by collisions – whether caused by a human driver or their automated vehicle – are financially protected.

The vital point is that, for affected individuals, the insurance process should feel more or less the same. Motorists and victims of collisions won't be forced to go to court to obtain compensation.

They will have the benefit of fast and fair insurance compensation – just as they do today. And that will be vital, it seems to me, to advance the commercial sales of self-driving cars.

Over the coming years we will take forward a programme of regulatory reform to ensure we stay up to date as the technology evolves.

Of course, more will need to be done; which is why we will engage closely and continuously with all stakeholders to ensure we always strike the right balance.

One of the other big thing that central government can do is provide direct support for the development and testing of connected and autonomous vehicle (CAV) technology in the UK.

That is why a few months ago, at the Autumn Statement, the government made a commitment to £100 million of new investment, to be match-funded by industry.

Today, I am delighted to announce that the first £55 million phase of competition funding will begin early next month.

Last Summer some of you responded to the invitation when we asked stakeholders for their views about the UK testing infrastructure for connected autonomous vehicles.

You told us that the UK could do something genuinely unique – and in the process create the world’s most effective CAV testing cluster.

And this how you told us it could be done:

First, by coordinating our existing, and in many cases world class, assets into a coherent national ecosystem. So one asset complementing and reinforcing another.

Secondly, capitalising on our ability to test anywhere, enabling end-to-end testing across virtual, controlled and public environments.

Thirdly, by removing barriers to entry for SMEs and start-ups with fairly priced access to this comprehensive testing environment, and to support them in making best use of it. I’m conscious that as well the major players, we have new insurgents who may not have access to the same degree of infrastructure. If we can make it available to them, then this offers manifold opportunities for them, for the country and for the bigger audience.

And, finally, by concentrating investment where it will make the most difference: building up facilities and capacities that can serve as a one-stop shop for UK innovators and international partners.

Following the advice we’ve been given in recent months, we have decided to focus on the broad cluster of excellence between London and Birmingham.

This will make sure we can capitalise on the strengths of test tracks at Millbrook and Mira, at the science parks at Case New Holland and Cranfield, and places like Coventry and Milton Keynes. They can work together, all of the institutions, all of the test tracks, all of the research facilities, can come together to create a place where everything is available.

Ultimately, the only way to benefit the country as a whole is to use this stage of investment to establish Britain unambiguously as the best place in the world to work on CAV technology.

In doing so our ambitious is not solely to demonstrate excellence in this field, but, in doing so, to provide an exemplar, and I think the sector couldn’t be a better exemplar, of what a modern industrial strategy can

achieve.

This is both a hugely important opportunity in itself, but it is also in a sense, a test bed for other approaches to the Industrial Strategy in other sectors. I'm determined we will make a huge success of this so that we can apply it elsewhere.

Of course, many challenges remain on this journey, there will be ups and downs, and it is important we have a relationship that we can work together and work hard collaboratively to overcome obstacles and barriers, many of which may not be obvious.

However, what is clear to me, as someone who has come into this role and got to know the automotive sector pretty well, that the opportunity to change lives of citizens is huge.

We are I think in this country a nation with a justified reputation for innovation, entrepreneurship and for being makers as well as traders. We always have been and always will be. It is a history that unites us, and it should guide our future too.

So if we cannot predict the future in terms of mobility, we can certainly work together and we can be the ones who, if we do this, I think can create it here and others can follow our example.