

# Press release: Statement from the Culture Secretary on the proposed Sky plc / 21st Century Fox Inc. merger

Mr Speaker, I am here to give an update on the proposed merger between 21st Century Fox and Sky Plc, and my decision whether or not to refer the transaction for a full 6 month investigation by the Competition and Markets Authority (CMA).

I should first remind the House that in my quasi-judicial role I must:

1. Come to a decision on the basis of relevant evidence;
2. Act independently in a process that is fair and impartial; and
3. Take my decision as promptly as is reasonably practicable.

I am committed to transparency and openness in this process and have been clear my decisions can only be influenced by facts, not opinions – and by the evidence, not who shouts the loudest.

## **Media Plurality**

Turning first to the question of media plurality, I can confirm that none of the representations received have persuaded me to change my position. Accordingly, I can confirm my intention to make a referral on the media plurality ground to the CMA.

## **Representations**

Turning now to commitment to broadcasting standards, over the summer my officials reviewed the almost 43 thousand representations received. A significant majority were campaign-inspired, arguing against the merger going ahead, but generally without providing new or further evidence or commenting on Ofcom's approach.

Overall, around 30 of the 43 thousand representations were substantive, raising potentially new evidence or commenting on Ofcom's approach. Almost all were related to the question of commitment to broadcasting standards.

In light of these representations I asked Ofcom to provide further advice and can I put on record my gratitude for Ofcom's efforts in responding to the questions raised.

I am, today, publishing the exchanges between my Department and Ofcom.

In these I sought clarification on:

1. The threshold Ofcom applied to its consideration of the commitment to broadcasting standards ground
2. The consideration made of broadcasting compliance, and

### 3. The consideration made of corporate governance issues

I also asked Ofcom to consider whether any of the new, substantive representations I received affected its assessment.

#### **Broadcasting standards**

I have taken careful account of all relevant representations and Ofcom's advice and have, today – as required by the legislation – written to the parties to inform them I am now minded-to-refer the merger to the CMA on the grounds of genuine commitment to broadcasting standards.

#### **Threshold for referral**

I will now set out the technical reasons for this decision.

Questions were raised about the threshold for referral. The legal threshold for a reference to the CMA is low. I have the power to make a reference if I believe there is a risk – which is not purely fanciful – that the merger might operate against the specified public interests.

In its original report, Ofcom stated that “...we consider that there are no broadcasting standards concerns that may justify a reference”. At the time Ofcom appeared to be unequivocal. Following the additional representations, Ofcom has further clarified that “...while we consider there are non-fanciful concerns, we do not consider that these are such as may justify a reference in relation to the broadcast standards public interest consideration.”

The existence of non-fanciful concerns means that – as a matter of law – the threshold for a reference on the broadcasting standards ground is met.

In light of all representations and Ofcom's additional advice, I believe these are sufficient to warrant the exercise of my discretion to refer.

#### **Lack of procedures for broadcast compliance in the UK for Fox News**

The first concern was raised in Ofcom's public interest report: that Fox did not have adequate compliance procedures in place for the broadcast of Fox News in the UK and only took action to improve its approach to compliance after Ofcom expressed concerns.

Ofcom has now confirmed it considers this to raise non-fanciful concerns but which are not sufficiently serious to warrant referral. I consider that these non-fanciful concerns do warrant further consideration.

The fact that Fox belatedly established such procedures does not ease my concerns, nor does Fox's compliance history.

Ofcom was reassured by the existence of the compliance regime which provides licensees with an incentive to comply. However, it is clear to me that Parliament intended the scrutiny of whether an acquiring party has a “genuine

commitment" to attaining broadcasting standards objectives to happen before a merger takes place.

Third parties also raised concerns about what they termed the 'Foxification' of Fox-owned news outlets internationally. On the evidence before me I am not able to conclude that this raises non-fanciful concerns. However, I consider it important that entities which adopt controversial or partisan approaches to news and current affairs in other jurisdictions should, at the same time, have a genuine commitment to broadcasting standards here. These are matters the CMA may wish to consider in the event of a referral.

## **Corporate governance failures**

Turning to the question of corporate governance failures, Ofcom states in its latest correspondence that these raise non-fanciful concerns in respect of the broadcasting standards ground. However, it again concludes that these concerns do not warrant a reference.

I agree that corporate governance issues at Fox raise non-fanciful concerns, but in my view it would be appropriate for these concerns to be considered further by the CMA.

I agree with the view that, in this context, my proper concern is whether Fox will have a genuine commitment to attaining broadcasting standards objectives. However, I am not confident that weaknesses in Fox's corporate governance arrangements are incapable of affecting compliance in the broadcasting standards context.

I have outstanding non-fanciful concerns about these matters and I am of the view that they should be further considered by the CMA.

## **Representations from parties**

Before I come to a final decision, I am required – under the Enterprise Act 2002 – to allow the parties to make representations on my proposed decision, and this is the reason my decision at this stage remains a minded-to one. I have given the parties 10 working days to respond.

Following receipt of any representations from the parties I will aim to come to my final decision in relation to both grounds as promptly as I can.

## **Close**

I would remind the House that should I decide to refer, on one or both grounds, the merger will be subject to a full and detailed investigation by the CMA over a six month period. Such a referral does not signal the outcome of that investigation.

Given the quasi-judicial nature of this matter, my decision cannot be guided by the Parliamentary timetable. If I come to my decision during recess I will write, as I have previously, and return to this House at the earliest possible opportunity to provide an update.

I commend this statement to the House.

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## [Speech: DSEI 2017 naval technology zone](#)

It's wonderful to be surrounded by examples of the maritime expertise found within Britain's defence sector at DSEI, as I set out the next steps in the Royal Navy's journey of technological innovation.

When HMS Queen Elizabeth departed her builders earlier this summer I described it as a new era of maritime power and that was not a term I used lightly.

These ships will sit at the heart of the Royal Navy and, alongside the nuclear deterrent, will shape the UK's authority in the world for the next half century.

But the reason I used the term maritime power, as opposed to purely naval power, is that this is not a journey we take alone.

It is one we share with the maritime industrial sector and the wider defence supply chain.

The Queen Elizabeth class project sustained hundreds of businesses and thousands of jobs. Together, we proved that maritime investment can be a force for economic prosperity and regional growth as well as national security.

Meanwhile, at Barrow, submarine construction has settled into a steady drumbeat stretching into the 2030s and with the cutting of steel for the future HMS Glasgow, the same is now true for complex shipbuilding on the Clyde.

And what this programme of maritime investment provides us with is a basis to further strengthen our partnership.

Most obviously, the publication of the [National Shipbuilding Strategy](#) last week charted a course towards a more sustainable and competitive industrial capacity.

With the Type 31e general purpose frigate, we have the opportunity to better align the Royal Navy's requirements with those of the export market to help support that ambition.

But the opportunity extends far beyond shipbuilding.

Because with most of the Royal Navy's most important projects now in train,

we can now look beyond the platforms, to the weapon systems, sensors and other technologies that will keep us at the forefront of capability in the decades to come.

Within that we have the opportunity to work in partnership to help meet the relentless demand for skills in science and technology.

And this, more than anything else, will be the foundation for our nation's security and prosperity in the years ahead.

## **Technological ambition**

At DSEI 2 years ago, my predecessor outlined the Royal Navy's technological ambition in bold and ambitious terms.

It is a future based on exploiting rapid developments in autonomy and robotics, additive manufacture, novel weaponry and the power of data, underpinned by continued investment in people and training.

We said we would explore the market to identify new capabilities that could be introduced into service quickly and that in doing so, we would use the Royal Navy's global reputation for operational excellence to open up new opportunities for British firms and for British research and development.

Over the past 2 years, I'm pleased to say we've done just that.

Last year's exercise Unmanned Warrior was a case in point.

We brought together technology firms from around the world to show us what their kit could do when put to the test, with UK companies leading the pack.

Together, we broke records and pushed the boundaries of innovation further than ever before, the ripples of which continue to be felt today.

Six months later, we returned for exercise Information Warrior, doing the same for cyber, ultra-modern communications, information exploitation and artificial intelligence.

In both cases, we knew that industry was far ahead of the military in exploiting the latest developments, but we were surprised by just how far.

During Information Warrior, for example, chest x-rays were passed through a handheld satcom terminal. Normally, this would take 30 minutes to transmit, but using IBM's Aspera bandwidth acceleration technology, it took less than 5.

The benefits this could bring to medical teams deployed at sea with a carrier strike group or 3 Commando Brigade ashore, or indeed with any force deployed at range, are obvious.

Of course, other bandwidth accelerators are out there, but time and again we saw examples like this of commercially available technologies that could have wide application across the armed forces.

And of all the many things we learnt from these exercises, the one lesson which stood out more than any other was the need to be faster and more agile in how we develop and introduce new capabilities into service.

## **Next steps**

I'm proud that the Royal Navy took the initiative to challenge ourselves in this way.

Without doubt, we established the Royal Navy as a leader of innovation within the UK armed forces and internationally.

I'd like to pay tribute to my predecessor, Admiral Sir George Zambellas, whose instinct and enthusiasm was the driving force behind both these exercises.

But the question now is where we go from here.

Having demonstrated the art of the possible, the real test of our ambition is to bring these capabilities into service alongside or in place of existing equipment.

In some cases, the way forward is clear.

A good example is the compact deployable IT system.

It's small, lightweight and takes just minutes to configure, perfect for use at sea or in the field.

The Royal Navy's own innovation team, 'MarWorks', joined with Dstl and Antillion to help accelerate this technology through the development phase.

We put it to use in 'Information Warrior' and, liking what we saw, we've decided to introduce it in place of 3 Commando Brigade's current IT straight away.

But this isn't simply about swapping old kit for new and carrying on as normal. The full potential of the technological opportunity before us is far greater.

From autonomous systems operating in squads to artificial intelligence assisted decision making, what we've glimpsed over the past 2 years has the potential to entirely change our approach to operations.

This requires big decisions, with far reaching consequences.

Are we, for instance, prepared to remove existing platforms from service in order to create the financial and manpower headroom to introduce new systems which, in time, could deliver truly transformative advances in capability?

Of course, change on this scale can be disconcerting, but if we hesitate, then we risk falling further behind.

So, for example, based on our experience from Unmanned Warrior and Information Warrior, we know that remotely operated and autonomous systems can make a far greater contribution to operations than is currently the case.

As a first step, we are ready to shift the process of trial and experimentation from the exercise arena to the operational theatre.

That's why we have deployed 3 unmanned underwater vessels on board the survey ship HMS Enterprise during her current NATO deployment.

But I think we can go further still.

So today I can announce the Royal Navy's aim to accelerate the incremental delivery of our future mine countermeasures and hydrographic capability (MHC) programme.

Our intention is to deliver an unmanned capability for routine mine countermeasure tasks in UK waters in 2 years' time.

Similarly, from what we've seen over the past 2 years, we know it should be perfectly possible for the Type 31e frigate to operate a vertical lift unmanned air system alongside or perhaps even in place of a manned helicopter from the moment the first ship enters service from 2023.

And as a precursor to this, we plan to work with our partners in the aerospace industry to demonstrate such a capability on a Type 23 frigate next year.

So, just as I challenge the Royal Navy to take the next step forward, there's also a challenge for you, our partners in industry, to meet us half way with credible solutions that can fulfil our requirements.

And mark my words: other navies will follow in our wake, reinforcing the reputation of British technology and expertise to a global audience.

## **Open architecture**

The pace of technological change is relentless, iteration is constant.

Our current processes, whereby software updates can take months to introduce, simply aren't fast enough to match our ambition. We need to find an alternative.

The Royal Navy has been at the forefront of open architecture in our submarine combat systems for many years and during Unmanned Warrior, a single command and control interface was central to our success.

Now, we must look to introduce open architecture into operational service far more widely.

To that end, later this year HMS Westminster will go to sea fitted with an open architecture shared infrastructure which enable the rapid integration and development of new capabilities.

If successful, we will roll this system out to the rest of the Type 23s by 2020, and the remainder of the fleet thereafter.

And because this will form the basis for the integration of all weapon systems, engineering sensors and off-board logistics in the future, we have specified that the new Type 31e general purpose frigate should be designed with open architecture from the outset.

What this means in practice is that the Type 31e will feature different app based tools which can access the ship's data. These will be operated from a series of touchscreen displays, Siri-style voice controlled assistants and perhaps even augmented reality technology.

This is not a gimmick or a fad. As modern warfare becomes ever faster, and ever more data driven, our greatest asset will be the ability to cut through the deluge of information to think and act decisively.

Equally, we need to recognise the aptitudes and instincts of young people leaving schools and colleges today, the so called smartphone generation, and design systems and processes in a way that plays to their strengths.

Open architecture provides the means to do just that, melding technology opportunity with human ingenuity and skill which, incidentally, is the secret behind the Royal Navy's success over the past 500 years.

Artificial intelligence is also an important part of this future.

Under Project Nelson, the Royal Navy aims to develop a ship's 'mind' at the centre of our warships and headquarters to enable rapid decision making in complex, fast moving operations.

But these opportunities also require us to change our approach to how we design and develop systems, by adopting and defining the Royal Navy's open standards to bring about a more iterative and collaborative approach.

The Royal Navy must work more closely with SMEs and start-ups. We need to tap into their entrepreneurial expertise and, in return, we can help give them the big break they need to succeed.

We also want to find people who might not have trodden the usual conventional career paths but who have the creative and disruptive approach we need.

During Information Warrior we brought together some of the UK's leading experts in artificial intelligence for the UK armed forces first ever AI 'hackathon'.

We provided them with more than a terabyte's worth of information, including radar and sonar data, as well as access to an open architecture infrastructure with standardised data formats and Royal Navy defined interfaces.

Over 3 days they were able to use this information to develop astonishing solutions to real problems at extraordinary speed.



We proved, for example, that a drugs smuggler is no longer a bobbing needle in an oceanic haystack but has an identifiable algorithmic fingerprint. In the engineering world, we can predict, and therefore prevent, component failures.

So, in future, hackathons and agile sprints will become regular events, and we are programming a regular series of Information Warrior exercises between now and 2021.

Scoping for Information Warrior 18 is already underway and we will need your help, through MarWorks, 700X Naval Air Squadron and others, to make it a success

It's encouraging that a number of industry partners have already begun to plan their involvement, and their investment, accordingly, and I would welcome your thoughts on the possibility of an Unmanned Warrior 2020.

## **Investing in skills**

Underpinning all of this is our ability to meet the demand for skills in science, technology, engineering and maths; both within the Royal Navy, and more widely.

I expect most of you saw the images from Nautilus 100 project last month, through which we challenged some of the brightest apprentices and graduates in UK industry to imagine what the future of submarine technology may look like 50 years from now.

From drones that dissolve on demand to algae electric propulsion, science and engineering doesn't get more exciting than this.

Last week, the government launched its "Year of Engineering 2018" campaign with the aim of inspiring the next generation and Nautilus 100 is proof that Royal Navy can make a huge contribution to that objective.

But I know we can do more than simply inspire, and in truth, we can't afford to wait around in the hope that the education system produces the people we need. We're prepared to play a much more active role to steer more young people to careers in these areas from an early age.

That's why we're working with companies from across the defence and maritime sectors to sponsor a growing number of university technical colleges.

The latest of these, a purpose built, state of the art college in Portsmouth, opened its doors yesterday, just a stone's throw from QinetiQ's soon to be built facility at Portsdown Technology Park.

The initial tranche of 140 students will eventually grow to 600, from which 150 STEM qualified students will enter the local and national economy every year.

We have also met with the Scottish government to identify ways we can support the promotion of STEM skills north of the border.

Today I can also announce that the Royal Navy is to shortly affiliate with 4 further UTCs, in Aston, Reading, Newton Abbot and Peterborough.

Unlike Portsmouth, none of these places are traditional naval towns, only one of them is near the sea, but that's not the point.

The Royal Navy's future success is indivisible from the UK's strength in the design and manufacture of advanced systems, and the associated research and development. It's in our interests to help support the national requirement for STEM skills, as well as our own.

We don't expect every student we work with to join the navy, but we do want to play our part to help them develop the skills required for a successful and rewarding career, and whether they ultimately choose a career in uniform or in industry, we still gain in the long run.

## **Conclusion**

I've spoken a lot about the future but, in drawing to a close, I want to dip into the past.

In the early part of the last century, Jackie Fisher fashioned the Royal Navy into a focused fighting machine that could meet the growing challenges Britain faced in an era of global political upheaval.

He did this by sweeping away the ornaments of Victorian imperial power to make way for new technology, from the torpedo and the turbine engine to the submarine and the destroyer.

Most of all he is remembered for HMS Dreadnought, the battleship that was so revolutionary that it rendered all others obsolete at a stroke.

Today, we stand on the cusp of another great technological revolution.

It's not because of a single ship, like the Queen Elizabeth class carriers or even the new Dreadnought class submarines, revolutionary as they will be.

The real revolution comes from a combination of different technologies and trends that are moving forward at the astonishing pace.

They are shaping the future of warfare before our eyes, but they offer the opportunity to keep Britain safer and more prosperous in the years ahead.

Of course, letting go of the familiar to make way for the new is never easy.

A degree of risk is inevitable, but then nothing in innovation or warfare has ever been achieved by playing it safe; and as I see it, the biggest risk of all is carrying on as we are.

International security is deteriorating and demands on the navy are growing, public spending remains tight, why would we not adopt new solutions if they can help us square the circle?

Ultimately, it's about courage as an organisation. The Royal Navy has always succeeded by being bold.

We've seen what the technology can do.

Now we must take a brave step forward to embrace the opportunity before us, and I intend to lead the Royal Navy to do just that.

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## **Press release: East Malling flood warden and community volunteer demonstration day**

It will take place on Saturday 7 October 2017, from 9am to 3pm.

No-one ever knows where or when the next flood will occur, but with 1 in 6 properties at risk across the UK, the public are being urged to check if their property is one of them, and do everything they can to prepare if it is. This day aims to give the people of Kent the opportunity to find ways of reducing the impact of flooding both to their homes and their communities.

Local residents will be able to see a range of practical events. These will include demonstrations of the Environment Agency's demountable defences and building sand bag walls. There will also be lively talks, workshops and an exhibition area where practitioners, including Kent Emergency Planners, Kent Police, Kent Fire and Rescue and many more, will be on hand to give expert advice. The day will take place at:

The Orchard Events Venue  
New Road  
East Malling  
Kent  
ME19 6BJ

Steve Scully, Senior Resilience Officer with the Kent Resilience Team, said:

This event brings together the network of support organisations that exist to warn and inform people but that also provide training and infrastructure to help build robust local community plans that we action if and when it floods.

Jenny Newham, Environment Agency Engagement Officer added:

This event has been designed around feedback from our volunteer community flood wardens across Kent and aims to inform and enthuse individuals and community groups about the local roles they can undertake to help be prepared.

For more information or to register for this event, please e-mail [krf.events@kent.fire-uk.org](mailto:krf.events@kent.fire-uk.org) or via [jenny.newham@environment-agency.gov.uk](mailto:jenny.newham@environment-agency.gov.uk).

For all media enquiries, please call 0800 141 2743.

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## [News story: UK offers deep security partnership with EU post-Brexit in the face of growing global threats](#)

The UK Government has offered to contribute military assets to EU operations, cooperate on sanctions and agree joint positions on foreign policy as part of a deep security partnership with the EU after Brexit.

In a renewed demonstration of the UK's commitment to European security, the latest future partnership paper signals the Government's willingness to partner with the EU in the face of ever-growing global threats.

It makes clear the UK will seek to use our assets, capabilities and influence to combat the shared challenges facing the continent -- including illegal migration, terrorism, cyber and state-based threats and amounts to a security partnership 'that is deeper than any other third country and that reflects our shared interest'.

There is a significant amount of collaboration between the UK and EU on defence, security and development.

The paper lays out how Britain will want to build a new partnership with the EU that goes beyond existing third country arrangements, and reflects our shared interests and values of upholding democracy and protecting peace across Europe and the world.

**Secretary of State for Exiting the European Union David Davis said:**

After we leave the European Union we will continue to face shared threats to our security, our shared values and our way of life. It's in our mutual interest to work closely with the EU and its member states to challenge terrorism and extremism, illegal migration, cyber-crime, and conventional state-based military aggression.

Today's paper highlights Britain's world class diplomacy and defence capabilities, our leading contribution to international development, and our desire to continue to use these as part of a deep and special partnership with the EU.

**Foreign Secretary Boris Johnson said:**

As we leave the EU, the UK's commitment to European security is undiminished. We will pursue a global foreign policy, and continue to work in partnership with our neighbours to promote peace, democracy and security in our continent and across the world.

In recent years, the European Union has helped achieve crucial foreign policy goals – from bringing Iran to the negotiating table, to uniting in response to Russian aggression in Ukraine. We want this EU role to continue after we leave.

This is why, in addition to stronger relations with EU member states, we also envisage a strong UK-EU partnership on foreign and defence policy following our departure. This will allow us to continue our work in tackling the shared challenges we face worldwide.

**Defence Secretary Sir Michael Fallon said:**

At a time of increased threats and international instability the UK remains unwavering in its commitment to uphold European security. With the largest defence budget in Europe, the largest Navy British troops and planes deployed across land, air and sea in Europe, our role in the continent's defence has never been more vital.

As we leave the EU, the UK and our European allies will ensure a close partnership that meets these shared challenges head-on.

The paper highlights the UK's successful military cooperation with the EU on tackling piracy off the Horn of Africa, to joint defence projects with the EU – including the Eurofighter Typhoon aircraft.

The UK has the largest defence budget in Europe, and is the only European country that meets both the NATO target of spending 2 per cent of GDP on defence, with 20 per cent of this on equipment, and the UN target of spending 0.7 per cent of gross national income (GNI) on international development.

The UK has also committed to invest at least 50 per cent of development spend in fragile states and regions. The UK and France are the two European permanent members of the UN Security Council and the only European countries with an independent nuclear deterrent, while UK proscriptions and asset freezes are the basis of many of the EU sanctions on terrorist organisations.

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## [News story: Congratulations to Professor Lynda Warren OBE](#)

We are delighted to announce that Professor Lynda Warren, former Deputy Chair of the Committee on Radioactive Waste Management (CoRWM), was awarded an OBE in the Queen's Birthday Honours in June 2017 for services to environmental protection in the UK and abroad.

Lynda is Emeritus Professor of Environmental Law at Aberystwyth University and Honorary Professor at Bangor and Birmingham Universities. She had been a member of CoRWM since it was established in 2003, and was latterly Deputy Chair until she left in November 2016.

Professor Warren said:

I am, of course, extremely pleased to have been given this award especially because it has been made in recognition of my work on radioactive waste, an area of environmental management that does not always receive the attention it deserves.

Lynda has over 25 years' experience of radioactive waste management policy. Before she joined CoRWM she was a member of the Radioactive Waste Management Advisory Committee, chairing its working group on Dounreay. She has been a member of the Royal Commission on Environmental Pollution; the Board of Natural Resources Wales; Defra's Science Advisory Council and the Board of British Geological Survey. She is an associate of Integrated Decision Making Ltd, a consultancy engaged in environmental policy advisory work, mainly in the nuclear sector.

Professor Laurence Williams, CoRWM Chair, said:

I am delighted that Lynda has been awarded an OBE. Her contribution to environmental protection in general and to the work of CoRWM in particular has been outstanding. It is fitting that Lynda's dedication to finding a solution to the management of UK's radioactive waste has been rewarded.