

Speech: Chancellor at the CBI President's dinner

Good evening.

I'm delighted to be here this evening

Tonight I want to talk about my plan for the British economy and for backing British business and British jobs.

Because let me be clear.

Backing business is not about some cosy arrangement between government and industry as some like to imply, or even about abstract economic policy.

It is about getting behind those who create the jobs and the opportunities for individuals and families up and down this country, so they can go on doing so.

Because it is businesses and your hard-working employees who have helped turn this country around since we came into government in 2010.

Back then, the British economy was reeling from the financial crash and the ensuing Great Recession.

And we put into place a plan of action.

A plan to address the regulatory and governance failures in our banking sector;

A plan to tackle the crisis in our public finances;

A plan to cut taxes and boost investment;

A plan that took the necessary long term decisions to ensure a lasting private sector recovery.

Back then the enemies of that plan were relentless.

We were told the only way out was a return to higher spending and higher borrowing.

But the British business community was unfailing in its faith in the plan.

For you understood it had to be a recovery led by the private sector.

That you cannot tackle excessive fiscal deficit and public debt by increasing borrowing;

You understood that in order to cut taxes to boost investment and private consumption and save jobs, it would be necessary to curb current public

spending.

That to demonstrate commitment to restoring the public finances to maintain our credibility with markets and international investors, we would have to take the difficult long term decisions for our country.

And with the hard working people of this country we have made great progress.

For the last two years, Britain has been the second fastest growing G7 economy.

Far from losing 1.2 million jobs – you have created 3.4 million new private sector jobs.

Our employment rate is now the highest on record.

Unemployment rate is at a 40 year low.

And from a post-war high in 2009...

...we have reduced the deficit by three-quarters as a share of GDP.

And this hasn't just been about London and the South East.

Right up and down this country people have felt the benefits.

Wages are rising fastest in the West Midlands...

...productivity is growing fastest in Northern Ireland...

...and unemployment is falling fastest in Scotland.

We should be proud of these achievements.

And I thank you – the job creators, the innovators, the wealth-makers – for that achievement.

Challenge Ahead

That is the record of the last seven years.

But now we face new challenges – even before we have completed the task of dealing with the financial crisis.

The deficit is down...

...but total debt is still too high and leaves us vulnerable to another shock of any kind.

Employment is at a record high...

...but there is frustration over the stagnation in real pay growth...

...driven by the current spike in inflation which itself is due mostly to

currency depreciation.

As I said in the Commons on Thursday:

Our policy on public sector pay has always been designed to strike the right balance between being fair to our public servants, and fair to those who pay for them.

That approach has not changed; and we continually assess that balance.

But we do, of course, recognise that the British people are weary after seven years hard slog repairing the damage of the Great Recession.

They have travelled a long way...

...but still the sunlit uplands seem stubbornly to remain one further ridge away.

And once again, some are questioning whether we should abandon the economic plan that has brought us so far...

...and take a different path.

A path of higher taxes on business and wealth creators, higher spending, nationalisation, and higher borrowing.

(Indeed, some are questioning the economic model itself).

And it is up to all of us...

...in business and in government...

...to make the case, all over again, for a market economy, for sound money, and for a tax system that incentivises enterprise and innovation.

So that we can ensure that the fruits of the British people's hard work over the last seven years are not wasted...

...and that they are shared by all.

You may think we had won that argument.

But it seems we have to win it all over again.

And while I understand that publicly quoted businesses cannot engage in party-political debate...

...I believe it is incumbent upon business collectively to make the argument for a market economy, free trade, and sound money...

...and as the need for that argument asserts itself again, I expect business to step up to that challenge.

The Plan

They say that doing is more powerful than saying...

...and the best way to make the case for a market economy is to demonstrate that it delivers.

We, in government will do our part...

...delivering the three key elements of our plan.

First, we must retain a credible path for the public finances – one that will underpin a strong and growing economy.

Because without strong economic growth, we cannot support the improvements to public services that people want to see.

That does not mean we can't have a debate in Britain about the level of funding of public services. But it does mean that it has to be a grown-up debate...

...where we acknowledge that borrowing to fund consumption is merely passing the bill to the next generation...

...and reject the fallacy that the burden of additional taxation can always fall on someone else.

Then, hopefully, we can build a consensus that the only sustainable solution is to increase the trend rate of growth.

Second, we need to get the right Brexit outcome.

One that puts jobs and prosperity first.

How do we achieve that?

We focus relentlessly on getting the key components right:

A comprehensive free trade deal in goods and services...

...that allows the complex value chains that crisscross our continent to continue to operate smoothly.

A customs arrangement that minimises friction at the border...

...with a transition that prioritises protection of the free-flow of trade across our borders until the agreed long-term arrangements can be put fully in place.

A future relationship that acknowledges our need to manage migration...

...but allows British businesses and public services to continue to recruit the labour they need to deliver both economic growth and our social objectives.

And acknowledges, too, the legitimate concerns among our EU colleagues about regulation and supervision of cross-border financial markets...

...and commits to agreeing a cooperative supervisory structure to address those concerns, based on international best practice.

We seek a shared understanding on what the future relationship looks like as early as possible...

...and an agreement with our EU partners that it will be in our mutual interest that there will be a smooth and orderly path to the new arrangements, rather than a disruptive and dangerous cliff edge.

Because what Businesses and citizens crave more than anything, is clarity about the future.

I spoke to an audience of over a thousand business leaders in Germany last week...

...setting out the clear benefits of close collaboration around a Free Trade deal and an orderly and predictable transition to it – not just for businesses in the UK – but for businesses across the continent too...

...and when they thought about it, I think they agreed with me...

...but I was struck once again during that visit by the “asymmetry of attention” to this issue: for us, Brexit is the dominant focus; for many of our continental partners, it is just one among many challenges vying for attention.

We need to remember that fact as we seek their attention to make these arguments.

And it is incumbent on all of us, in business and in government alike, to go on making the case for a Brexit outcome that protects jobs and prosperity...

...and a transition that takes us to it smoothly.

To go on emphasising to contacts and supply-chain partners in Europe that this is a shared challenge, that has to have a shared solution.

One that allows businesses to go on trading, go on investing, go on creating jobs and driving prosperity up and down this country – and across the continent of Europe.

And that brings me to the third part of our plan: a productive and dynamic economy.

Some journalist wrote recently that I could talk about productivity with “room-emptying enthusiasm”.

I wear that as a badge of pride!

So if anyone wants to leave now, please do.

Because it is only by making sustained increases to our productivity performance that we can deliver the higher wages that drive higher living standards and higher tax receipts to fund improvements in our public services.

There is no other way to do it.

And driving productivity has to be a collaborative effort:

Government must invest in skills and infrastructure and ensure that incentives for private investment in productivity enhancement are right.

Businesses must invest in raising the productivity of their employees and in developing the innovations that will drive wider productivity gain across the economy.

A key element of our plan is the £23 billion of additional investment in infrastructure and innovation that I announced at Autumn Statement last year...

...which means over the next five years we have committed nearly half a trillion pounds in public investment.

That's more as a proportion of our GDP than over the thirteen years of the previous government.

As well as investing in hard infrastructure, we are investing in our young people.

And at the Spring Budget we launched an overhaul of our technical education system...

...replacing the current confusion of 13,000 technical qualifications with 15 clearly-focused 'T Levels' and increasing hours of training by more than 50%, so that students emerge work-ready.

Because it is only by investing in our young people and equipping them with the skills they need for the jobs of tomorrow that we can ensure they will have real economic security.

The productivity challenge can only be addressed with a combination of public and private investment.

So we also have to tackle the long-standing weakness in the UK economy of poor levels of access to longer-term investment capital for growth businesses.

We have made some progress in seed and early stage capital...

...and new institutions such as the Business Growth Fund, funded by five of the UK's largest banks, have started to make a difference.

But it is a frustration to me that, despite having the world's number one financial centre...

...with £7 trillion of assets under management...

...there continues to be a gap in longer term development capital for growing innovative businesses.

That is why we launched the Patient Capital review last Autumn...

...supported by an Expert Panel chaired by Sir Damon Buffini.

Later this month, the Treasury will launch the Patient Capital Consultation...

...and we will welcome input from all stakeholders as we seek ideas to address this critical issue...

...including consideration of the case, post-Brexit, for a new national investment fund to channel long-term capital via private-sector managed funds, into high growth, innovative businesses, to continue and extend the work that the European Investment Fund has begun.

Call to business

That is the government's plan.

A bold programme to build a strong economy, invest in our infrastructure and our people...

...clear that open markets, free trade, and sound money are the cornerstones of an economic model that can provide opportunity and prosperity for all.

But let me say again...

...Government cannot act alone.

It is private business that creates jobs...

...and drives economic growth.

We need you to play your role and to make your voice heard.

We need you to invest in your companies and seek out new opportunities for business around the world.

We need you to grow your employees' skills, so that they are prepared for the fast changing economy that we live in.

And we need you to make your voice heard, if you believe in competitive tax rates, market economics, free trade, and sound money.

And I look forward to listening to what you have to say in our new EU exit Business Advisory Group which I am establishing with David Davis and Greg Clark....

Because we know that the only way of delivering for ordinary people in this country is by providing you – business – with the confidence in the future

that you need to invest...

...with the skills base you need to grow...

...and with the competitive environment that will make a success of Global Britain.

Conclusion

Let me finish by thanking the CBI leadership and business leaders here tonight for your enduring support.

And let me leave you with this thought:

After seven long and tough years, the high wage, high growth economy for which we strive is tantalisingly close to being within our grasp.

It would be easy to take our foot off the pedal.

But instead we must hold our nerve...

...and maintain our focus resolutely on the prizes that are so nearly within reach.

With the right Brexit deal agreed in the months ahead...

...a steady determination to restore our public finances to balance by 2025...

...and a relentless focus on transforming Britain's productivity performance;

With the many exciting, new technology and business opportunities this country faces...

...and the huge potential for our services industries as the economies of the emerging markets transform...

...we can at last look forward to being able to begin delivering to the British people the prizes for which they have worked so hard...

...and which they so richly deserve.

Press release: PM call with Turkish President Erdogan: 3 July 2017

The Prime Minister spoke to Turkish President Tayyip Erdogan by telephone earlier this evening.

The Prime Minister offered her condolences following the killings of the President's party colleagues in the south-east of Turkey this weekend. They agreed this kind of brutality only strengthens our resolve to work together to tackle terrorism, and noted countering extremism would be a key topic for discussion at this week's G20 summit in Hamburg.

They discussed the ongoing Cyprus talks in Geneva, with the Prime Minister noting we now have a unique opportunity to reach a settlement. The Prime Minister said we know that to reach a final outcome there will have to be flexibility on all sides, but with continued commitment and political will, a historic agreement is within reach. The Prime Minister confirmed the UK fully supports the process and stands ready to play its part.

They looked forward to seeing each other at the G20 summit later this week.

Press release: PM call with HRH Prince Mohammed bin Salman of Saudi Arabia

The Prime Minister spoke to His Royal Highness Prince Mohammed bin Salman of Saudi Arabia this afternoon.

She began by congratulating him on his recent appointment as Crown Prince and Deputy Prime Minister. She said she looked forward to deepening our close bilateral ties – building on their productive meetings during her recent visit to Saudi Arabia.

They agreed that the UK and Saudi Arabia have a strong and historic partnership, and will continue to work together on areas such as trade, investment and security, in support of Saudi Arabia's ambitious reform agenda 'Vision 2030'.

The Prime Minister raised the issue of the ongoing isolation of Qatar in the region. She reiterated the need for all sides take urgent steps to de-escalate the situation and restore Gulf Cooperation Council unity.

She welcomed the extension of the deadline for Qatar to respond to the concerns raised by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt, and noted that this demonstrated the willingness of all parties to make progress towards a solution. She said the UK remains committed to supporting this process.

The Prime Minister was also clear that Qatar should continue to work with its Gulf allies to tackle the threat of extremism and terrorism in the region.

They ended the call by looking forward to meeting in London at the earliest opportunity.

Statement to Parliament: Update on Grenfell Tower fire and fire safety

With permission Mr Speaker, I would like to update the House on the government's response to the Grenfell Tower tragedy, and our safety inspections of cladding in other buildings.

Almost 3 weeks have passed since the catastrophe that hit Grenfell Tower.

Progress has been made to help the survivors and people in surrounding buildings who were affected.

Landlords across the country have been taking measures to make their buildings safe.

[Sir Martin Moore-Bick has been appointed](#) to lead a full, public inquiry.

And an [independent expert panel](#) is now advising my department on any immediate action on fire safety that is required.

Mr Speaker, the disaster at Grenfell Tower should never have happened.

The police investigation and public inquiry will find out why it did.

Right now, the immediate priority of the government is to provide every assistance to those who were affected and take every precaution to avoid another tragedy in buildings with similar cladding.

Victims and survivors

The Grenfell Tower Victims Unit is operating from my department and providing a point of access into government.

And staff from across government continue to offer support at the Westway Assistance Centre and a separate family bereavement centre.

Almost £2.5 million has been distributed from our £5 million [Grenfell Tower Residents' Discretionary Fund](#).

Each household affected is receiving £5,500 to provide immediate assistance, and so far payments to 112 households have been made.

Mr Speaker, there has been much speculation about who was in Grenfell Tower on the night of the fire, and it is vital that we find out.

As I [announced yesterday](#), the Director of Public Prosecutions has made it clear that there will be no prosecution of tenants at Grenfell Tower and Grenfell Walk who may have been illegally subletting their property.

So all tenants can be confident about coming forward with information for the authorities.

There may have been people living in flats that were illegally sublet, who had no idea about the true status of their tenancy.

Their families want to know if they perished in the fire.

These are their sons, their daughters, their brothers and sisters.

They need closure, and it is the least they deserve.

But that can't happen unless we have the information we need, so we are urging anyone with that information to come forward, and do as quickly as they can.

Next steps in Kensington and Chelsea

Mr Speaker, the immediate response to the Grenfell disaster is being coordinated by the Grenfell Response Team, led by John Barradell.

He is being supported by colleagues drawn from London Councils, the wider local government sector, the voluntary sector, police, health and fire services as well as central government.

Their expertise and hard work is making a huge difference, but this is only a temporary measure.

It is also vital that we put in place long-term support for the longer term recovery.

It was right that the Leader of the Royal Borough of Kensington and Chelsea took the decision to move on.

I look forward to working with a new Leader of the council, and I will look at every option to ensure everyone affected by this tragedy has the long-term support they need.

Update on re-housing

Mr Speaker, the Prime Minister promised that every family who lost their home because of the fire would be offered a good quality temporary home within 3 weeks – and the deadline is this Wednesday.

I have been monitoring the progress of re-housing, and we will honour that commitment.

Every home offered will be appropriate and of good quality.

What we will not do is compel anyone to accept an offer of temporary accommodation they do not want.

Some families indicated they wanted to remain as close as possible to their

former home but when they received their offer, and took a look at the property, decided it would be easier to deal with their bereavement if they moved further away.

Some families decided that, for the same reasons, they would prefer to remain in hotels for the time being.

Other households indicated that they would prefer to wait until permanent accommodation becomes available.

Every household will receive an offer of temporary accommodation by this Wednesday, but every household will also be given the space to make this transition at their own pace, and in a way that helps them to recover from this tragedy.

Public inquiry

Mr Speaker, the people affected by the disaster at Grenfell Tower need our assistance, and they are receiving it.

But they also want answers.

Sir Martin Moore-Bick has been appointed to lead a full, independent inquiry.

He has visited Kensington, he has met victims and survivors, as well as members of the local community who have done so much to help.

After consulting with the community, Sir Martin will then advise on the terms of the inquiry, and we will ensure there is legal support for victims so that they can play a full part.

Cladding testing and fire safety in buildings

We must allow that inquiry and the criminal investigation to run their course. Each must have the space to follow the evidence wherever it takes them.

We must all be careful not to prejudge or prejudice either of them.

But what we can do, right now, is take sensible precautions to avoid another tragedy.

The Building Research Establishment is continuing to test the combustibility of cladding from councils and housing associations, as well as private landlords.

So far all the samples of cladding tested have failed. That's 181 out of 181.

It's obviously disturbing that there are such a large number of buildings with combustible cladding, and the priority now is to make those buildings safe.

Where appropriate mitigating measures cannot be implemented quickly landlords

must provide alternative accommodation while the remedial work is carried out, and that is exactly what happened in the 4 tower blocks in Camden.

Our primary concern has been buildings over 18 metres, or 6 storeys, where people stay at night.

Hospitals and schools are also being assessed.

Mr Speaker, we ourselves have asked questions about the testing regime after discovering the 100% failure rate so far.

Last week I asked for the testing regime to be independently assessed.

This was carried out by the Research Institutes of Sweden, and they have confirmed they believe the process to be sound.

A full explanatory briefing note on the testing process is available on GOV.UK.

As the note explains, every failed test means the panels are unlikely to be compliant with the limited combustibility requirement of the building regulations guidance.

This has been confirmed by legal advice and the advice of the independent expert panel that was established last week.

For use of the panels to be safe landlords need to be confident that the whole wall system has been tested and shown to be safe.

We are not aware of any such system having passed the necessary tests, but I have asked the expert advisory panel to look into this further.

Mr Speaker, almost 3 weeks have passed since the catastrophe that hit Grenfell Tower, but I know I will speak for every member of this House when I say we are still all in shock.

It was not just the terrible scale of the suffering, it was the fact it happened in 21st century Britain, in London's richest borough.

I will continue to direct the full resources of my department to assist the Grenfell Response Team.

I will be working closely with the new Leader of Kensington and Chelsea council to make sure there are plans for the longer term recovery are in place.

And I will return to this House regularly to update Honourable Members on progress.

Statement to Parliament: Secretary of State's Oral Statement to Parliament on the political situation in Northern Ireland (3 July 2017)

With permission I would like to make a statement about the political situation in Northern Ireland.

As the House will recall following the resignation of Martin McGuinness, the then deputy First Minister of Northern Ireland in January, an election took place to the Northern Ireland Assembly on 2 March.

Despite intensive discussions in the three weeks following the election the Northern Ireland parties were unable to reach agreement on the formation of a new Executive.

In order to facilitate further discussions between the parties, Parliament passed legislation immediately prior to dissolution extending the period in which an Executive could be formed until 29 June.

Last Thursday, 29 June, I made a statement in Belfast setting out that, while differences remained between the parties, progress had been made and that it was still possible for resolution to be achieved.

I urged the parties to continue focusing their efforts on this, with the full support of the UK Government and, as appropriate, the Irish Government.

In that regard I want to recognise the contribution of the Irish Foreign Minister, Simon Coveney, and his predecessor, Charlie Flanagan.

In the past few days, since the passing of the deadline, further progress has continued to be made, including on the most challenging issues such as language, culture and identity.

Gaps remain between the parties, but these are few in number and on a defined group of issues.

The Government remains committed to working with the parties, and the Irish Government, to find a way to close these gaps quickly in order to reach an agreement which will pave the way for the restoration of devolved government.

The Prime Minister has been actively involved following on from her meetings with each of the parties ... including speaking to Arlene Foster and Michelle O'Neill on Friday night.

I continue to believe that a deal remains achievable.

And if agreement is reached, I will bring forward legislation to enable an

Executive to be formed possibly as early as this week.

But time is short.

It has been six months since a full Executive was in place to represent the people of Northern Ireland.

In that time it has been civil servants, not politicians, who have made decisions on spending.

Without political direction, it has not been possible for strategic decisions to be made about priorities in areas like education and health.

This has created pressures which need to be addressed.

And it has led to understandable concern and uncertainty among businesses and those relying on public services alike.

This hiatus cannot simply continue for much longer.

There is no doubt that the best outcome is for a new Executive to make those strategic decisions in the interests of all parts of the community in Northern Ireland.

It should be for a new Executive to make swift decisions on its Budget to make use of the considerable spending power available to it.

While engagement between the parties continues, and there is a prospect of an agreement this week, it is right that those discussions remain our focus.

At the same time we will not forget our ultimate responsibility as a Government to uphold political stability and good governance in Northern Ireland.

In April, I made a Written Ministerial Statement that sought to provide clarity for those civil servants charged with allocating cash in Northern Ireland, to assist them in the discharge of their responsibilities.

But there remains resource available, including £42m from the Spring Budget and any further budget transfers as may be agreed, which are as yet unallocated.

If we do not see resolution in the coming days, we would need to reflect carefully upon whether further clarity would be required for NI Permanent Secretaries around those resources.

In that situation, we would also need to reflect carefully on how we might allocate the funding made available to address immediate health and education pressures as set out in Monday's statement on UK Government financial support for Northern Ireland, recognising Northern Ireland's particular circumstances.

And, if no agreement is reached, legislation in Westminster may then be

required to give authority for the expenditure of Northern Ireland departments through an Appropriations Bill.

From my conversations with the Head of the Northern Ireland Civil Service, we have not quite reached that critical point yet.

But that point is coming and the lack of a formal Budget is not something that can be sustained indefinitely.

Similarly, decisions on capital expenditure and infrastructure and public service reforms in key sectors such as the health service cannot be deferred for much longer.

One area on which there is much consensus, however, is on the need for greater transparency around political donations.

In line with the commitment set out in the Conservative Party's Northern Ireland manifesto at the General Election I can confirm that I intend to bring forward legislation that will provide for the publication of all donations and loans received by Northern Ireland parties on or after 1 July 2017.

Mr Speaker,

All of this reinforces further the importance of the parties coming together and reaching an agreement.

And it sets out, too, some of the hard choices that we face if uncertainty persists.

I am also conscious that, with the deadline now passed, I am under a duty to set a date for a new election. I will continue to keep that duty under review.

But it seems unlikely that would that of itself resolve the current political impasse or the ultimate need for political decision-making, however we proceed.

As the Government for the whole United Kingdom, we will always govern in the interests of all those within the United Kingdom.

And so if resolution were to prove intractable, and an Executive could not be restored, then we would of course be ready to do what is needed to provide that political decision-making in the best interests of Northern Ireland.

But I am clear that the return of inclusive, devolved government by a power-sharing Executive is what would be best for Northern Ireland.

And that will remain our overriding focus in the crucial days ahead.

The UK Government will continue govern in the interests of everyone in Northern Ireland by providing political stability and keeping an open and sustained dialogue with the parties and with the Irish Government, in

accordance with the well-established three-stranded approach.

I stand ready to do what is necessary to facilitate the quick formation of an Executive once an agreement is reached.

And I commend this statement to the House.