

Foreign Secretary Statement on Huawei

Mr Speaker, with permission I would like to repeat a statement that my noble Friend the Secretary of State for Digital, Culture, Media and Sport in the other place on the security of the telecoms supply chain.

This Government is committed to securing nationwide coverage of gigabit-capable broadband by 2025 because we know the benefits that world-class connectivity can bring.

From empowering rural businesses, to enabling closer relationships for the socially isolated, to the new possibilities for our manufacturing and transport industries.

We are removing the barriers to faster network deployment and have committed 5 billion pounds of new public funding to ensure no area is left behind.

It is, of course, essential that these new networks are secure and resilient. That is why the Government has undertaken a comprehensive review of the supply arrangements for 5G and full fibre networks.

The Telecoms Supply Chain Review – laid before this House in July – underlined the range and nature of the risks facing our critical digital infrastructure – from espionage and sabotage to destructive cyber-attacks.

We have looked at the issue of how to maintain network security and resilience over many months and in great technical detail.

We would never take decisions that threaten our national security or the security of our Five Eyes partners.

As a result, the technical and security analysis undertaken by GCHQ's National Cyber Security Centre is central to the conclusions of the Review. Thanks to their analysis we have the most detailed study of what is needed to protect 5G, anywhere in the world.

And it is also because of the work of the Huawei Cyber Security Evaluation Centre Oversight Board, established by NCSC, that we know more about Huawei, and the risks it poses, than any other country in the world.

We are now taking forward the Review's recommendations in three areas.

First, world leading regulation. We are establishing one of the strongest regimes for telecoms security in the world – a regime that will raise security standards across the all the UK's telecoms operators and the vendors that supply to them.

At the heart of the new regime, the NCSC's new Telecoms Security Requirements guidance will provide clarity to industry on what is expected in terms of network security.

The TSRs will raise the height of the security bar and set out tough new standards to be met in the design and operation of the UK's telecoms networks.

The Government intends to legislate at the earliest opportunity to introduce a new comprehensive telecoms security regime – to be overseen by the regulator, Ofcom, and Government.

Second, the Review also underlined the need for the UK to improve diversity in the supply of equipment to telecoms networks.

Currently, the UK faces a choice of only three major players to supply key parts of our telecoms networks.

This has implications for the security and resilience of these networks, as well as for future innovation and market capacity. It is a 'market failure' that must be addressed.

The Government is developing an ambitious strategy to help diversify the supply chain. This will entail the deployment of all the tools at the Government's disposal, including funding.

We will do three things simultaneously:

We will seek to attract established vendors who are not present in the UK, to our country.

We will support the emergence of new, disruptive entrants to the supply chain.

And we will promote the adoption of open, interoperable standards that will reduce barriers to entry.

The UK's operators are leading the world in the adoption of new, innovative approaches to expand the supply chain.

The Government will work with industry to seize these opportunities.

And we will also partner with like-minded countries to diversify the telecoms market.

Because it is essential that we are never again in a position of having such limited choices when deploying such important new technologies.

The third area covered by the Review was how to treat those vendors which pose greater security and resilience risks to UK telecoms.

And I know the House has a particular interest in this area, so I will cover this recommendation in detail.

Those risks may arise from technical deficiencies or considerations relating to the ownership and operating location of the vendor.

As honourable members, the Government informed this House in July that it was

not in a position to announce a decision on this aspect of the Review.

We have now completed our consideration of all the information and analysis – from the National Cyber Security Centre, industry and from our international partners.

And today, I am able to announce the final conclusions of the Telecoms Supply Chain Review in relation to high risk vendors.

In order to assess a vendor as high risk, the Review recommends a set of objective factors are taken into account. These include:

the strategic position or scale of the vendor in the UK network,

the strategic position or scale of the vendor in other telecoms networks, particularly if the vendor is new to the UK market,

the quality and transparency of the vendor's engineering practices and cyber security controls,

the vendor's resilience both in technical terms and in relation to the continuity of supply to UK operators,

the vendor's domestic security laws in the jurisdiction where the vendor is based and the risk of external direction that conflicts with UK law,

the relationship between the vendor and the vendor's domestic state apparatus,

And finally, the availability of offensive cyber capability by that domestic state apparatus, or associated actors, that might be used to target UK interests.

To ensure the security of 5G and full fibre networks, it is both necessary and proportionate to place tight restrictions on the presence of any companies identified as high risk.

The debate is not just about 'the core' and 'the edge' of networks. Nor is it just about trusted and untrusted vendors.

The threats to our networks are many and varied, whether from cyber criminals or state sponsored malicious cyber activity.

The most serious recent attack on UK telecoms has come from Russia, and there is no Russian equipment in our networks.

The reality is that these are highly complicated networks relying on global supply chains, where some limited measure of vulnerability is almost inevitable.

The critical security question is: how to mitigate such vulnerabilities and stop them damaging the British people and our economy?

For 5G and full fibre networks, the Review concluded that, based on the

current position of the UK market, high risk vendors should be:

First of all, excluded from all safety related and safety critical networks in Critical National Infrastructure,

Secondly, excluded from security critical network functions,

And thirdly, limited to a minority presence in other network functions up to a cap of 35 per cent.

And be subjected to tight restrictions, including exclusions from sensitive geographic locations.

These new controls are also contingent on an NCSC-approved risk mitigation strategy for any operator who uses such a vendor.

We will legislate at the earliest opportunity to limit and control the presence of high risk vendors in the UK network, and to allow us to respond as technology changes.

Over time, our intention is for the market share of high risk vendors to reduce as market diversification takes place.

And I want to be clear that nothing in the Review affects this country's ability to share highly sensitive intelligence data over highly secure networks, both within the U.K. and with our partners, including the Five Eyes.

GCHQ have categorically confirmed that how we construct our 5G and full fibre public telecoms network has nothing to do with how we share classified data.

And the UK's technical security experts have agreed that the new controls on high risk vendors are completely consistent with the UK's security needs.

In response to the Review's conclusions on high risk vendors, the Government has asked NCSC to produce guidance for industry. This guidance was published earlier today on their website.

The NCSC has helped operators manage the use of vendors that pose a greater national security risk, such as Huawei and ZTE, for many years.

This new guidance will include how it determines whether a vendor is high risk.

The precise restrictions it advises should be applied to high risk vendors in the UK's 5G and full fibre networks.

And what mitigation measures operators should take if using high risk vendors.

As with other advice from the NCSC on cyber security matters, this advice will be in the form of guidance. The UK expects UK telecoms operators to give due consideration to this advice, as they do with all their interactions with

the NCSC.

I hope the whole House will agree that if we are to achieve our digital connectivity ambitions, it is absolutely imperative that we trust the safety and security of our telecom networks.

Risk cannot be eliminated in telecoms.

But it is the job of Government, Ofcom and industry to work together to ensure we reduce our vulnerabilities and mitigate those risks.

This Government's position on high risk vendors marks a major change in the UK's approach.

When taken together with the tough new security standards that will apply to operators, this approach will substantially improve the security and the resilience of the UK's telecoms networks, which are a critical part of our national infrastructure.

It reflects the maturity of the UK's market and our world-leading cyber security expertise, and it follows a rigorous and evidenced-based review. It is the right decision for the UK's specific circumstances.

The future of our digital economy depends on having that trust in safety and security.

And if we are to encourage the take-up of new technologies that will transform our lives for the better then we need to have the right measures in place.

That is what this new framework will deliver and I commend this statement to the House.

EST speech at launch of Financial Services Skills Task Force report

It's a pleasure to welcome the Final Report from the Financial Services Skills Taskforce, which is the culmination of a huge amount of work over the past 18 months by Mark Hoban and the team.

It strikes me that the publication couldn't be better timed, coming as it does at the start of a new decade, a new government and, perhaps most significantly, on the eve of a new era for the United Kingdom.

It was back in 2018 that the previous Chancellor, Philip Hammond, announced the creation of the Skills Taskforce in his Mansion House speech.

Its purpose was to ensure the financial services sector can meet the demand for skills over the next few decades.

This was driven by several factors – most obviously Brexit – but perhaps more so by the way that technology and demographics are reshaping the global economy.

Eighteen months later, the outlook for the UK has changed considerably. This has only served to heighten the urgency of this endeavour.

Firstly, Brexit is no longer a question of ‘if’ or ‘when’. The debate is over; the die is cast. We leave the EU in three days’ time and from that moment onwards our country’s future is in our hands and ours alone.

Last week, the Government hosted the UK Africa-Trade Summit. The continent is home to eight of the world’s 15 fastest growing economies and, as you would expect, financial services featured prominently on the agenda.

Meanwhile, the Chancellor was in Davos, marshalling like-minded countries toward the possibilities of green finance.

These are precisely the kind of opportunities waiting for us in the global economy...alongside RMB and Rupee, FinTech, Islamic Finance and many others.

But, as you know, it’s a competitive world. And we must never lose sight of where our own competitive strengths lie.

Consider the fact that London is home to more than 30 Chinese banks and financial institutions. The reason financial firms from China, and from around the world, are drawn here is not only because of our deep pools of capital, but also because of the insight and expertise found in proximity. Our legions of bankers, brokers, analysts, consultants and other financial professionals truly rank among the best in the world.

Yet the fact that financial services are not even in the top ten career choices for young people – and that the sector has some of the lowest training budgets of any part of the economy – must surely give us cause to up our game and fast.

I also believe financial services have an image problem that we need to overcome. Too often it’s viewed as men in pinstriped suits wheeling-and-dealing in oak-panelled board rooms. But as you well know, the truth is now very different. It’s a broad and varied sector, which demands diverse skills – and new skills – but faces growing gaps.

If we do wish to strike trade deals with the world’s fastest growing economies...if we do wish to conquer the markets of the future and push the boundaries of innovation...then we need to be thinking not just about the next few years – or even the next decade – but the 2030s, 2040s and beyond.

Second, if Brexit proved anything it’s that for too long large parts of the country have been left behind. Too many people feel locked out of the choices and opportunities that many of us probably take for granted.

As the new Government works to unleash the potential of the regions there is a big role for financial services, not least because the lion's share of jobs in the sector are outside London.

As we address the skills gap, it's critical that we aren't blinkered in our view. The skills agenda is as much about the economies of places like Birmingham, Leeds and Edinburgh as it is the Square Mile or Canary Wharf. It matters to the future of communities and families up and down the country.

We need to ensure that the opportunities for career development and progression are evenly spread across the country. This task will be doubly important as AI begins to transform the workforce.

It also touches on our work around diversity and inclusion. The way the sector recruits, trains and retains people must reflect needs and expectations within the wider workforce, because we simply can't afford talented people to pass the sector by or to be held back from rising to the top. This is just as true outside the M25 as inside.

So I want to see the sector embrace the potential of these regional centres. And I want to see you invest in reskilling the workforce so that the skills gap doesn't widen any further.

The Way Forward

There is a lot of work to do but, thanks to the Taskforce, we now have a plan.

Your recommendations reflect the consideration you've given this matter and are warmly welcomed by me and by the Government as a whole.

With its new majority, the Government is absolutely committed to supporting the long-term needs of the sector.

It's why, for example, the Home Secretary commissioned the Migration Advisory Committee to consider a new points-based immigration system for introduction in 2021, built around the skills and talent people have – not where they are from. The Committee is delivering its report today and the government will publish the detail of the future system this spring.

It's also why we're working to increase the availability and the quality of apprenticeships, with more rigorous standards determined by the needs of industry.

But ultimately, this is about your future as a sector.

This leads me to the most important point I want to make this morning.

The hard work of the Taskforce will be wasted if this Report merely sits on a shelf gathering dust.

Our task – or rather, your task – is to turn these words into action, and to sustain a renewed approach to skills.

I thoroughly welcome the Taskforce's proposal for a new permanent Skills Commission – owned, funded and managed by you – to provide a collective voice for the sector and keep this agenda visible.

The Government will engage closely with the Commission on a regular basis, just as we engaged with the Taskforce over the past 18 months. And I will always do my bit to bang the drum for the sector, and to work to secure the support you need.

But the responsibility and the opportunity belong to you and it is your commitment that will make this happen.

The Commission is your means to grip the skills agenda. It's an opportunity I urge you to seize with both hands.

Conclusion

So I want to end by thanking Mark and TheCityUK for their excellent work over the past eighteen months, and to the City of London Corporation and EY for their support.

Let me wrap this up by saying the skills agenda is much broader than individual measures concerning training or recruitment.

It's about how the sector views itself – and how it is viewed by the public. It's about the sense of purpose that binds firms and institutions together around common values and objectives.

In my two years as City Minister, I have been fortunate to see the true value the financial services industry brings this country.

Not only the £75.5 billion it generates in tax, or the 1.1 million employed throughout the United Kingdom, welcome as they are.

I've also seen how it can be a force for good: be it helping people start a business or providing security in retirement; supporting vulnerable customers or generating the capital to fund a low carbon future.

We need to ensure that the industry continues to be a place where people are proud to work. Where they feel they are doing something worthwhile: not just making some people richer, but serving communities, strengthening society and contributing to a better future.

That is the key to attracting and retaining the brightest and the best people from home and abroad.

I look to you to take the lead and move this work forward.

Rest assured the Government will support you.

And together we can ensure the sector continues to thrive.

Thank you.

Non-Executive Director appointments



Image of Ian Smith and Matthew Postgate side by side, as the new appointed Non-Executive Directors. Credit copyright 2020 to Ian Smith and Matthew Postgate respectively.

NEDs provide independent oversight and constructive challenge to the organisation whilst serving on the Strategic Command Board, Executive Committee (ExCo) and Audit and Risk Committee as well as providing specialist advice to the business. Their contribution is vital for the future development of Strategic Command.

Matthew is Chief Technology and Product Officer at the BBC and Ian has an extensive background in healthcare and logistics, having recently been the Chair of King's College Hospital. Both NEDs bring a wealth of experience and we are looking forward to working with them over the next few years.

Ian Smith said:

I am very pleased to be working with Strategic Command during such an interesting and challenging time. The evolving world order, changes in the UK's political and social environment, and the rapid evolution of modalities such as cyber are fascinating issues, and I look forward to supporting Strategic Command in addressing their implications.

Ian Smith, newly appointed Non-Executive Directors. Image credits to Ian Smith 2020.

Matthew Postgate said:

I am delighted to be joining you at this exciting time as Joint Forces Command transitions to Strategic Command. I am particularly

looking forward to the challenge of developing effective, secure technology systems across all domains, that keep pace with the demands of defence in the 21st century. I'm also fascinated to learn more about how the UK responds to geo-political change through joint operations and how we ensure that our joint forces are the best prepared in the world for the future.

Matthew Postgate, newly appointed Non-Executive Directors. Image credits to Matthew Postgate 2020.

Commander Strategic Command, [General Patrick Sanders](#) would like to thank Mike Naden and Roderick Angwin for their invaluable contribution to the development of Strategic Command, as they step down from their role as NEDs.

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[Maritime minister undertakes future of shipping industry tour, as ports cyber security guidance is updated](#)

- Nusrat Ghani visits Ports of Plymouth and Southampton to see first-hand how the maritime industry is future-proofing itself
- tour includes visit to meet the company leading on an autonomous Atlantic crossing to mark 400 years since the Mayflower's voyage to America
- tour coincided with refreshed cyber security guidance being published for ports to follow, further strengthening their ability to tackle 21st century threats

Maritime Minister Nusrat Ghani has today (28 January 2020) finished off a tour of southern ports to see the innovative work underway to future-proof the maritime industry, including discovering how plans were developing for an autonomous ship to sail independently across the Atlantic for the Mayflower's 400th anniversary.

Beginning in the Port of Plymouth yesterday, the minister met with MSubs, the company leading on plans for an autonomous Atlantic crossing to mark the 400th anniversary of the Mayflower's voyage to America. Such innovations could revolutionise the shipping industry by increasing safety, efficiency and delivering environmental benefits.

The minister was also able to meet with a range of industry actors in autonomous shipping to discuss the innovative work being undertaken in the South West region. The minister visited the Thales Maritime Autonomy Centre where companies can develop and test state of the art innovations in shipping, including developing unmanned ships with the potential to carry out tasks that would be dangerous for people, such as detecting mines.

Maritime Minister Nusrat Ghani said:

We know the UK shipping sector is among the most advanced in the world, and all the work I've been seeing this week is confirming that. From the potential for cross-global autonomous shipping to mark the 400th anniversary of the Mayflower's voyage, to safer forms of mine detection, the industry is developing innovations to propel British shipping ahead of its rivals well into the 21st century.

And I'm clear this government is committed to ensure the UK continues to benefit from our world-leading maritime sector. That's why we've released refreshed cyber security guidance for ports, to make sure that our ports aren't just some of the best in the world, but also some of the safest too.

Following her visit to Plymouth yesterday, the minister travelled to Southampton today to visit the joint DfT / MCA MARLab, which is currently developing ways to better regulate 'smart' and autonomous shipping, so these state-of-the-art developments can be utilised by UK shipping. The work at the MARLab will form the foundation for the future regulation and legislation of this fast-moving industry.

The tour's beginning coincided with the Department for Transport releasing [refreshed cyber security guidance](#) yesterday (27 January 2020), continuing to ensure that UK ports remain among the safest in the world.

Ports and the wider maritime industry will have access to new and improved guidance, helping these vital transport hubs remain secure from 21st century styles of attack. The guidance helps ports develop cyber security assessments, allowing them to effectively identify gaps in their security, while also providing advice on managing cyber security attacks, and clarifies points raised by the industry from previous iterations.

[How actuaries support the health and](#)

care system

GAD focuses on actuarial analysis

The Government Actuary's Department (GAD) has been focussing on the ways in which actuaries can support the development and future structure of the health and care system.

Chris Bull from GAD presented as part of a recent webinar on how actuarial analysis can be used within population health management. Delegates heard about the work actuaries undertake in these areas and how data driven planning can improve health outcomes.

GAD's expertise

With the move to integrate health and care provision – through the development of integrated care systems – there's an opportunity to use data holistically to understand a population's health and care needs. These integrated systems bring together local organisations, including local government partners, to redesign care and improve population health.

Actuaries use a mix of maths, economics, statistics and predictive modelling to bring meaning to data. Their expertise is therefore hugely valuable in helping to make evidence-based decisions about the services to provide.

GAD's expertise includes areas such as:

- risk – analysing a range of options and developing risk management strategies
- pricing – looking at how to put a value on future events today
- provisioning – estimating what future budgets and pay-outs will cost
- modelling – undertaking assurance work to ensure modelling being relied upon is appropriate

As Chris explains: "We're highly skilled at quantifying and presenting the effects of uncertain outcomes. We can analyse and advise on the best approaches to take. This can include providing insights on ageing and retirement, improving healthcare and reducing costs, as well as solving complex business problems."

GAD's role

GAD supports effective decision-making and robust reporting within government by providing actuarial and specialist analysis, advice and assurance to public sector bodies. This takes many forms across the health and care sector. As an example, we support the Department of Health and Social Care in understanding the pensions costs of the NHS workforce and support [NHS Resolution](#) in estimating the size of future clinical negligence claims.

Next steps

Integrated care systems continue to be developed along with other changes to health care. And actuaries and analysts are working together to provide the analysis and advice to help inform these developments. Further analysis of the outcomes of changes already made, will be necessary to help deliver the most effective improvements to the system in future.