

Speech: Greg Clark lecture to the Institute of Energy Economics

Introduction

So Charles, thank you very much indeed and thank you for staying despite the extensive introduction from Charles. I am sure Charles explained that we have had a series of votes on the Finance Bill and we have just finished so I am here with you and looking forward to questions and the discussion.

But can I say to Charles what a pleasure and privilege it is to be here under Charles' chairmanship. As I am sure Charles said to you, when I was hotfooting it over Parliament Square, Charles and I worked on energy policy extensively in opposition and I can see many familiar faces in the room who we got to know and were advised by then.

I think that the conclusions and the analysis that we drew during that time – looking forward to a low carbon economy and putting Britain on a path to a prosperous low carbon future in which we could benefit industrially as well as economically from the changes that were in prospect – what we were on to there has stood the test of time and I was very grateful for Charles' advice and support throughout all of it.

Now, this is billed as a lecture. I am not one that believes in lecturing an audience as distinguished as this rather the other way round.

I think rather than telling you how things should be this is a particular point in the development of our policy not least after Dieter Helm's review published a few days ago just in time for Halloween I know that much of the industry was debating whether this was a trick or a treat.

But the discussion is being launched inviting your thoughts and reflections on what Dieter has had to say and I will say a bit more about that in a second.

But it seems to me that the energy challenge that is facing us is an important one and one replete with opportunities; it is an opportunity for those of us serving in public life to look at how we can make life easier for businesses, and for consumers today and in the future. And energy is one of these areas where I think we can make a very big difference.

So I want to talk today about Government's role in responding to what is a very rapid pace of change in the energy sector and if you just think about what has happened in the last 12 months...

For the first time in 135 years the UK did not use coal to generate electricity in a 24-hour period...

And against many predictions, the price of offshore wind has almost halved in

our most recent auction, achieving a price that most people did not expect to see even a few years ago until the 2030s...

Large-scale, low cost batteries started outbidding some more conventional generation in our capacity auction. And the list of innovations goes on across the energy sector:

Proliferation of new models of electric vehicles;

Cost transformations that we have seen for oil and gas operators in the North Sea, a very crucial sector that continues to be vital to our industrial future;

Smart technologies to help people save money in their homes.

Much of this entrepreneurship and innovation we rightly celebrated in last month's Clean Growth Strategy.

And so no one can doubt this is a time of extraordinary change in the energy market.

And during a time of change, Government's job is to make sure that the possibilities and technological transformation in particular is made available for people across the economy.

Energy and Industrial Strategy

And that should mean lower bills for consumers; families who want to heat their homes for less, businesses large and small who want to reduce their energy bills.

It means taking the opportunity to enhance our energy security, particularly in our electricity market, through a smarter, much more responsive system.

It means continuing to reduce our carbon emissions and to make sure that this transformation benefits our wider economy.

It seems to me that by investing in innovation and encouraging further the creativity that has long characterised the energy sector in this country, we can create new businesses and provide good jobs.

And high value industries will help to improve people's earning power right across the country.

Now these are goals for the long-term; and we are thinking not just about the next few years but about the next twenty years as a strategic view of energy should.

So we need a long-term plan to work towards those goals.

And that is why the place of energy and clean growth is so important in our Industrial Strategy. We published a green paper earlier in the year and very shortly we will be responding to the consultation with a white paper in which

again the role of energy will be absolutely pivotal in the proposals that we set out because the pipes and the wires, the power stations and the heating systems are obviously a crucial part of our economic infrastructure as a country.

But beyond that, the challenges and opportunities for our energy sector match many of those for our wider Industrial Strategy: building on those strengths that we have in this country by creating new jobs in the energy sector with a challenge to make sure that we equip ourselves with a skilled workforce able to discharge some of the tasks and duties that will be required.

And to make sure that this sector alongside our other areas of national strength continues to be and is even more in the future a hotbed of innovation and ideas, and with public engagement by government crucial to that.

Now some people were surprised when Theresa May made an Industrial Strategy so central to the economic agenda of the country.

But in my view every country has an industrial strategy, whether they are called one or not. Think back to the early 1980s: the assessment that was made of the challenges and the weaknesses of the British economy.

And so to be explicit and to be deliberate about an industrial strategy to consider what are the challenges of the future?

How well we are equipped to meet them? And what we need do to best to prepare to get the most out of them? It seems to me is an essential function of government, not an option.

So it seems we should set out our plans for each. But a strategy is not a strategy if it is a short-term set of measures, if it is an ephemeral set of policy directions.

It seems to me that if you are to have a strategy it needs to be there for the long term and in a context of public policy and public life that has elections every 5 years, and sometimes more frequently.

It seems to be all the more important that you embed the longevity of a strategy by making sure that it is done in a way that commands support right across the economy and right across the county and political divides.

And so the approach that we have taken in our consultation on the industrial strategy has been a very extensive consultation with the aim to produce – as we will in our white paper – a document, but more than that an approach.

I think it will endure because it captures the challenges that we face for the future and sets out an approach to them that if it does not enjoy total consensus on everything it does then at least there will be I think a substantial respect for the policies and steps that we are taking.

And of course nowhere is this more important than in energy where questions as diverse but substantial as how the consumer welfare is protected?

What is the role of technologies like nuclear power?

The future of the gas grid?

How we make use of our experience in the North Sea in terms of future exploration but also our expertise in decommissioning and in services around the world?

These are big challenges and opportunities that I intend to make absolutely central to our strategy. So let me say something about the Government's role in energy markets.

This was of course one of the key questions in Dieter's Cost of Energy review, which we published – all 242 pages of it – last week.

Anyone who knows Dieter Helm – I suspect everyone in this room knows – that Dieter is completely independently minded, is rigorous in his approach and is unflinching in his analysis, and I commissioned him precisely on that basis.

The work that he has done during the summer resulting in his publication last week is a tremendous commitment of his brain power, his experience and his conversations with many people in this room.

And I am very grateful for what is a comprehensive and radical piece of work just as we – certainly I – hoped and expected.

I wanted him to ask awkward questions and to challenge the status quo.

And the reason for that and the reason that I commissioned the review and the reason that I commissioned Dieter to do it was to start with a formidable set of evidence and prescriptions, a debate about the future of our energy, and in particular our electricity sector in the light of the radical and exciting changes in technology I described earlier.

Now our intention in responding to Dieter's report and the context of our industrial strategy is to lay out – as we are doing through the strategy as a whole – a clear set of policies and institutions that we intend to endure.

So when faced with that challenge, as Dieter's review points out, we have to ask ourselves a set of questions:

- How can we reduce complexity in our energy markets and what is the role for Government?
- How can we harness the potential of distributed energy and smarter energy systems?
- What will the role of system operators be in the future?
- What is the future of our energy networks and how we regulate them?

- And what do we do about the rise of zero marginal cost technologies?

These are significant challenges and thorny questions but they could not be a more exciting set, it seems to me, of challenges and opportunities to move from a world in which energy was a precious resource that was strictly rationed in to the prospect of a world in which energy is abundant and available for a much wider set of uses across the economy.

Now I am sure that many people – I dare say everyone – in this room will have strong views about whether Dieter was right in his contributions or whether a different approach should be taken; whether his vision of the future of the power market was right or whether there was a different approach that should be taken.

We are keen to hear those views and so I am going to launch, in the next few days, a call for evidence in response to Dieter's arguments and I would hope that this society and its members will contribute.

It is not just your written responses that are important though they are, we want to make sure that we understand and discuss and debate your views and recommendations.

Retail

I just wanted to say something in this context about an important part of the industry that has been garnering a lot of attention recently which is the retail side of the market.

It was evident from the election campaign that almost every political party in the country reflected the view of constituents up and down the country that there is a concern in the current working of energy markets for consumers in the retail sector, at least in the short term.

Our work to cut costs and drive investment will be taking forward our existing commitments for further Contracts for Difference and Capacity Market auctions.

We remain committed to nurturing the kind of low carbon economy that we set out in the Clean Growth Strategy. But in particular, a commitment to keeping bills low means ensuring the retail market is fit for purpose.

Since privatisation, as many people in this room know, this market has displayed some of the strengths and also some of the weaknesses that markets can produce.

On the "up" side, we have a hugely competitive business-to-business market with razor thin margins and a growing number of sophisticated intermediaries who can and do help optimise how businesses use their energy.

For example, today, a hospital might use its own backup combined heat and power generation to sell energy back to the grid at times of higher prices.

Another “best-of-the-market” example comes in the competitive section of the domestic sector.

The CMA found that about one in three customers is an active participant in the competitive segment of the market.

It is full of new dynamic firms bringing innovation, better service and a different offer to customers.

It has also developed a supporting and innovative array of switching sites and collective switch providers who work out better ways for consumers to save money.

And so at its best, the competitive parts of energy supply are comparable with some of the best in the world.

Unfortunately, at the moment, the gap between the best and the worst in domestic retail is too large.

This is a theme that we find in many parts of the economy today, a kind of emerging polarisation, with the savviest and those consumers who suppliers can identify a repeated pattern of behaviour that makes them prone to switch getting good service, good prices and feeling that the future opening up for them is bright and competitive.

While others whose behaviour can be discerned by their suppliers to be irresponsive to prices who increasingly know behaviour of consumers often better than those consumers know their own behaviour.

They can and do use that information to provide a service and a set of prices that is not the equal of what is available in the competitive side of the market.

And as a result, in my view, too many customers, often more vulnerable, are punished for their loyalty, as the CMA in its report made clear.

They found that as a result, an average of £1.4 billion a year was being paid over recent years more than competitors would pay in what the CMA described as a truly competitive market.

As you know the CMA proposed robust action to protect customers on prepayment meters.

But in my view, just like the minority report of the enquiry, the CMA’s remedies did not go far enough.

This view again was confirmed by some of the price rises on the standard variable tariffs that we have seen over the last 12 months that even Ofgem at the time had cause to question and criticise.

I also judged that the degree of harm identified by the CMA, given the time it will take for the market to transform, and the uncertain impact of the CMA’s remedies, required an earlier response.

As you know this was the view of one of the panel members, Martin Cave.

But I think it was also a more basic and philosophical difference in that a well-functioning market and I think consumers look to policy-makers to ensure that the market serves all customers.

I do not think it is compatible with a positive view of the market in which consumers are forced to enter a suspicious, defensive relationship with their suppliers, the requiring to be ever-attentive to the risk of being overcharged, and where a loyalty that some consumers want to place in their suppliers is rewarded with much higher bills than if they did not take that approach.

And so I think that as government and regulators we should be working to ensure that markets emerge that do enjoy the confidence of customers and where companies care for their long-term reputations and where it is possible for consumers to place their trust in their suppliers confident that trust will not be abused.

We are entering, as I said earlier, an exciting new world across the energy sector but in particular it seems to me in the domestic energy sector where decentralised energy production... where the potential use of electric vehicles as storage on the system can take us.

But in order to take most households on this journey, people will need to feel that they are in the hands of trusted and trustworthy organisations and to achieve this objective is going to take a mixture of rapid reaction by Ofgem... .. publication of our draft bill to impose a temporary wider price cap on SVTs is there to address that...

and, I would hope, more voluntary and unilateral measures from the energy companies themselves.

Ofgem as everyone knows is an independent regulator and has the legal powers that are required to cap prices in consumers' interests.

The quickest way in my view to get that price protection in place is for Ofgem to use these powers.

So, I welcome the Ofgem board's decision to consult on extending the CMA price cap to more of the most vulnerable households this winter: a further million this winter and a further two million next winter is an appropriate use of those powers.

In all, between the pre-payment meter cap and Ofgem's proposed extension of it, five million households will be shielded from paying excessive prices to stay warm this winter over and above what was intended, what was made the case on publication of the CMA's report.

But it is well known and I have said in public that I believe Ofgem could and should have gone further within their powers, but I respect their independence and I welcome the quick solution that they have put in place and are taking for the most hard-up households.

But my view is that the limited cap is not in itself sufficient to eradicate the detriment that was identified in the CMA report.

Therefore we published draft legislation that will require Ofgem to design and set a price cap for all customers on standard variable tariffs and default tariffs that will be in place until 2020, with the option to extend it to 2023.

It requires Ofgem to find a design that addresses the harm without undermining the long term competitive nature of the market.

The cap is a temporary staging post while we – and the industry – move to a better deal for all households.

Now it seems to me that in setting that cap Ofgem will want and I know that they intend to make sure that the vigorous competition that exists in the competitive part of the market will continue and indeed this has happened since the imposition of the cap in the prepayment meter market.

As Ofgem pointed out in its State of the Market report just today, suppliers are still in that section of the market offering tariffs below the cap – the cheapest across the market was £70 below the prepayment meter cap in August.

As you know in Northern Ireland, where price controls are currently in place, the incumbent has lost 40% of its market share since 2010.

The other concern that some commentators have raised with price caps is that they can be set at a sufficiently low level that suppliers no longer want to supply.

I think that this can easily be avoided in the careful design of a cap. A well-designed cap needs to be responsive to the market but also to give consumers comfort that they are getting a fair deal. That their loyalty is not being exploited.

It seems to me that this is a role for sensible government and regulation – to be actively engaged in a market until it has settled into the equilibrium that everyone contributing to the CMA report the majority and the minority foresaw.

And so it is to Ofgem to design the right cap.

Dermot Nolan, the Ofgem CEO, has given a speech recently in which he considers various design ideas.

Dieter, of course, has developed his own ideas in the course of the Energy Review.

I welcome this – this is exactly why we wanted to publish a bill that could have the scrutiny that is required.

And it is important that energy companies themselves should wholeheartedly participate in this thinking.

And indeed, be trying to solve this problem unilaterally by getting their customers off these tariffs that have been identified by the CMA as being at the detriment to consumers.

Clean Growth

So we are taking action to protect consumers, but it is important not to lose sight of the medium-term changes that will be needed to respond rapidly to changing technologies.

And it is important to invest for the long term, too.

If we get our approach right – combining competition with particular interventions where needed; ensuring that markets are working for all consumers; making sure as Dieter suggests that we are alive to the possibilities, innovation and change that are replete in this country.

If we have an energy system where renewables, nuclear, gas and other technologies are working together to ensure security of supply.

If we have strength through diversity.

And if we target affordable bills for businesses and households, where we are helping people to stop wasting energy and improving the productivity of our businesses.

And where we champion very explicitly the prospects for clean growth – which is the last point I want to focus on this evening – where we are not just decarbonising our economy, but our businesses and innovators are capturing commercial opportunities of the low carbon transition.

That seems to me to be an area of promise for this country.

One estimate suggests that the UK's low carbon economy could grow in the region of 11 per cent per year up to 2030...

... meaning that in just 13 years it could support as many as two million jobs...

... and export billions of pounds in low carbon goods and services each year.

So, by focusing on clean growth, we have big opportunities:

We can cut the cost of energy...

We can cut how much carbon we generate...

We can drive economic growth...

We can drive the creation of high value jobs across the UK...

And we can improve our quality of life.

This is precisely what our Clean Growth Strategy is all about – and it is

great to see so many people here that were at the launch of the Clean Growth Strategy – it is about making a positive change to how we live.

For businesses, the largest pool of contributors to emissions, we will help them improve how they use their energy, aiming to improve their energy productivity by at least twenty per cent by 2030, saving businesses £6 billion a year...

...and we will make sure through our innovation approach that we support areas in which we have excellence and in which the UK has a commercial and technological opportunity.

One example of that is the work that we have been doing on battery technology and ultra-low emission vehicles. We have launched the Faraday challenge – designed to ensure that the UK is the place in the world where new battery technology especially in combination with the auto sector is not just developed but is commercialised.

Part of the Clean Growth Strategy of far-reaching goals and priorities, setting the scene for the long-term plans that will be relevant across government ...

such as the upcoming 25 year plan from my colleagues at DEFRA...

...and the Department for Transport's Road to Zero...

...and as I said the Industrial Strategy that will be published during the weeks ahead.

So the common denominator is clear: the model of clean growth, of innovation and industrial opportunity that this energy sector has needs to be at the heart of the thinking and the strategy for our whole economy.

Conclusion

To capture that prize we need a strategic approach.

Over the past year, we have been setting out some of the building blocks of that approach, we published the [Smart Systems Plan](#), we published just a couple of weeks ago the [Clean Growth Strategy](#), we set out [the Faraday challenge for battery storage](#), the decision to restart our civil nuclear energy programme, the [Helm Review of the Cost of Energy](#), and our [Industrial Strategy Green Paper](#).

During the months ahead the conversation that we will have with everyone in this room will I hope put in place a set of institutions, policies and practices across the economy that will restore to this country the position of leadership in the future of energy that we have enjoyed at various times through our industrial history.

We have in this country the ingenuity, the expertise, the heritage but also the current practice to be able to make us I think one of the most important

foundations of the economy of the future.

Thank you very much indeed for inviting me to come belatedly this evening I look forward to your initial questions and to the conversation that will I hope take place vigorously...

Speech: Nick Gibb: The power of greater freedom and autonomy for schools

Year on year, the voice of Freedom and Autonomy for Schools National Association (FASNA) grows ever more prominent in the nation's great education debates. FASNA – under the stewardship of Tom Clark – continues to be an independent voice, arguing for the empowerment of teachers and the pursuit of evidence-based policies that enable schools to raise standards for all pupils.

FASNA promotes autonomy for schools, believing that autonomous schools are the best vehicle to innovate and raise standards for their pupils, in the best interest of local communities. This is a belief that we share. Thanks to the reforms of this government, support from organisations like FASNA and the hard work of teachers and headteachers around the country, there is now a burgeoning empirical evidence base for this belief.

Herein lies the power of greater freedom and autonomy for schools. By empowering teachers and headteachers and promoting an atmosphere of innovation and evidence, power is wrestled from the old authorities. Ideas are weighed and, if they are found wanting, they can be discarded.

By unleashing the proliferation of ideas, it is no longer the exclusive prerogative of LA advisers or education faculties of universities to dictate pedagogy or curriculum to teachers. Teachers – empowered by our reforms – have seized back their profession.

And thanks to powers granted by the government and the expansion of the academies and free schools programmes, teachers and headteachers now enjoy far greater control over the destiny of their school. Decision making has truly been localised and professionalised.

Alongside the greater freedoms made available to teachers in free schools and academies, the government also scrapped 20,000 pages of unnecessary regulation and guidance, freeing teachers to focus on teaching.

Greater powers now exist to deal with disruptive behaviour, which for too long blighted English education. Importantly, the government granted teachers

anonymity if they faced allegations from parents or pupils.

But freedom has not only been granted, it has been seized. For example, Tom Bennett's report, '[Creating a Culture](#)' – drawing on evidence and examples from high performing schools – documents how all schools in all circumstances can achieve high standards of behaviour.

It is the determination of teachers to prove that all children thrive when given a classical liberal education – after decades of being told that Shakespeare and good behaviour isn't for children from certain backgrounds – that has been the most important consequence of greater teacher autonomy.

The flourishing online community of teacher-bloggers – who share their experiences, challenge received wisdom and critique evidence – are raising the status of the profession and improving the lives of pupils. Few examples from teaching better sum up the perennially underestimated effects of freedom than the effect that this heterodox collection of teachers have had on the profession.

And this new education commentariat – distinguished from those they are replacing because of their current classroom experience – are taking their influence offline. Through teacher-organised, grassroots conferences such as ResearchED, evidence of what really works in the classroom is spreading quickly throughout the system.

From Andrew Old's long-standing campaign against the so-called 'Ofsted teaching style', to Greg Ashman's tireless commitment to evidence-based practice and Jo Facer's thoughtful and personal reflections, these classroom teachers provide insight, commentary and challenge from the classroom – making redundant those who seek to speak for teachers.

And teachers have seized control of schools too. This year's GCSE results go to show the effect of greater autonomy: 8 of the top 10 schools for progress made by pupils were academies or free schools.

These extraordinary schools are changing what is thought to be possible and raising expectations across the country. They are an example to any school seeking to improve.

And whether you look at Reach Academy Feltham, Dixons Trinity Academy or the Harris Academy Chain – which had three schools register Progress 8 scores above 1 – there are some obvious similarities.

All of these schools teach a stretching knowledge-rich curriculum. Each has a strong approach to behaviour management, so teachers can teach uninterrupted. And all of these schools serve disadvantaged communities, demonstrating that high academic and behavioural standards are not – and must not – be the preserve of wealthy pupils in independent schools.

In the areas of the country where the government's reforms have matured most rapidly, school-level autonomy twinned with a sensible accountability system has created a range of different schools from which parents can choose.

All around the country, the government has built the foundations of an education system through which teachers and headteachers control the levers over school improvement and parents exercise choice, wresting power away from local education authorities and handing it back to local communities.

With an intelligent accountability system to maintain high standards, innovative schools collaborate and compete with one another to improve teaching, the quality of their curricula or retention of their staff.

The guiding principles behind the reforms to the curriculum, assessment and accountability structure were simple: raise standards, increase rigour and ensure that every child – whatever their background – receives a high-quality, knowledge-rich academic education up until the age of 16.

Schools are now judged based on the outcomes and progress they achieve for their pupils, giving a truer picture of the achievements of schools. The government wants to do even more to attract teachers to schools in challenging areas, but the change in emphasis in the accountability system should go a long way towards breaking down the barriers to attracting teachers to where they are most needed.

Of even greater significance has been the refinement and improvement of the national assessment system. In order to encourage schools to enter more pupils into rigorous academic GCSEs, the government introduced the EBacc performance measure, a key combination of academic subjects: maths; English; two sciences; a humanity; and a language. This combination of subjects provides pupils with a broad academic core of knowledge and provides pupils with the best opportunity of being admitted to the UK's most prestigious universities.

A recent report from the Sutton Trust found that pupils at schools that had enthusiastically adapted its curriculum to enter more pupils into the EBacc combination of subjects were more likely to achieve good English and maths GCSEs and go on to take A level or equivalent Level 3 qualifications, as compared to a set of schools with similar characteristics.

Additionally, the pupil premium gap closed slightly more in these schools compared with schools with similar pupil intakes, but which had not adapted its curriculum choices to promote greater take up of the EBacc.

This policy has resulted in some significant improvements. Since 2010, the proportion of pupils studying the science component of the EBacc has risen from 63% to 91%. Similarly, the proportion of pupils studying either history or geography has risen from 48% to 77%. These figures show the scale of what has been achieved in education over the past seven years.

However, there is much more to do if we are to achieve our manifesto target of 75% of pupils studying for the EBacc by 2022 and 90% studying the EBacc suite of qualifications by 2025. This year, for the first time the proportion of pupils entering subjects in all five pillars fell slightly, whilst the proportion of pupils entering four pillars or more rose 6%. More pupils took more EBacc subjects, but fewer pupils took all five EBacc subjects needed.

The proportion of pupils taking GCSE languages has risen from 40% to just 47% this year, falling from 49% last year. Too few pupils are being taught a foreign language. In an ever more globalised world, having an economy with a voracious appetite for people with knowledge of a foreign language and being a great trading nation and host to the world's financial capital, we must do more to ensure more pupils study languages at GCSE.

We cannot always rely on businesses' demand for multi-lingual senior staff to be met by foreign born or non-UK employees or those educated in the independent sector. We need those opportunities to be equally available to young people educated in our state schools.

Our accountability system – including the EBacc entry and attainment measures – rewards schools for their achievements and incentivises behaviour that improves outcomes for pupils, maintaining standards and allowing for innovation. But, too many schools have been competing on an unequal footing because of the unfair and anachronistic funding system.

The unfair, opaque and outdated school and high needs funding system meant the same pupils would attract significantly different levels of funding depending on where in the country they went to school. The government is grasping the nettle and addressing this unfairness.

As FASNA knows, the need for reform has been widely recognised, because of the manifest unfairness in the current system. For example, Nottingham receives £555 more per pupil than Halton despite having similar proportions of pupils eligible for free school meals.

For the first time, school funding will be distributed according to a formula based on the individual needs and characteristics of every pupil and school in the country. This will direct resources where they are needed most, and provide transparency and predictability for schools.

Time and time again since 2010, the government has demonstrated the desire to take on the big questions that confront our country.

Following extensive consideration, involving two public consultations – generating over 26,000 responses – and a large number of meetings with teachers, headteachers, councillors, governors, academy trusts and MPs, the government announced the final national funding formula for schools and high needs in September.

The introduction of the national funding formula is supported by significant extra funding of £1.3 billion across 2018-19 and 2019-20, over and above the budget announced at the 2015 spending review, ensuring that no school will lose out as a result of these reforms.

Thanks to our careful management of the public finances, we are able to increase core funding for schools and high needs from almost £41 billion in 2017-18 to £42.4 billion in 2018-19 and £43.5 billion in 2019-20. That's £2.5 billion more in 2019-20 than in 2017-18. This will allow us to maintain school and high needs funding in real terms per pupil for the next two years.

To provide stability, the Government has announced that local authorities will continue to decide final, individual school budgets for the next two years. However, the funding local authorities receive will – for the first time – be allocated according to a clear and transparent formula based on the characteristics of pupils and schools in their areas.

This historic reform, backed by increased investment, will ensure:

- An increase in the basic amount of funding every child attracts to their school, compared to our proposals in December
- A minimum per pupil funding level of £4,800 for secondary schools and £3,500 for primary schools in 2019-20
- A minimum cash increase for every school through the formula of one per cent per pupil by 2019-20, with underfunded schools seeing rises of up to three per cent per pupil in 2018-19 and a further three per cent per pupil in 2019-20
- A £110,000 lump sum for every school to help with fixed costs, and an additional £26 million to rural and isolated schools to help them manage their unique challenges

The final national funding formula will benefit schools right across the country. Rural schools will gain on average 3.9% through the formula, with those schools in the most remote locations gaining 5.0% and schools with the highest numbers of pupils starting with low attainment will gain on average 3.8%.

In order to provide transparency to the public, we have published the full detail online, so that everyone can see notional figures illustrating what these reforms mean for their local schools.

We have also recognised the need for additional investment in high needs to support the most vulnerable pupils. Every local authority will see a minimum increase in high needs funding of 0.5% in 2018-19, and 1% in 2019-20. Overall, local authorities will gain 4.6% on average in their high needs budgets.

These much-needed reforms to school funding provide teachers and headteachers with the resources they need to continue to drive up standards in schools, and they allow parents to choose the best school for their child safe in the knowledge that they will receive the fair funding their child deserves.

By combining greater autonomy, raised expectations and a level playing field for all, the school system has gone from strength to strength. Where appropriate, the government has stepped back, with teachers, schools and MATs having control over their destiny. No longer does the scourge of the 'Ofsted teaching style' dictate pedagogy in English classrooms. Now teachers are free to pursue and debate the most effective teaching methods.

But government has played, and will continue to play, an important role. As well as levelling the playing field and liberating teachers from unnecessary constraints, the government has played a crucial role in raising standards for all.

Thanks to the phonics reforms, 154,000 more pupils are on track to be fluent readers this year than in 2012. The review of the national curriculum has seen knowledge restored to the heart of schooling, better preparing pupils for working life and introducing them to the great conversations of humankind.

Government will continue to raise standards for all children, whatever their background. We are determined to close the 'word gap' that exists when pupils first arrive at school. We know that disadvantaged pupils arrive in reception with less developed language and vocabulary than their more affluent peers.

In the interests of having a socially just and socially mobile society, it is important that we do more to address this inequality. Children who struggle with language in reception are six times less likely to reach the expected standard in English at age 11 and ten times less likely to achieve the expected level in maths, demonstrating that early language development is key to unlocking potential.

And we are determined to make progress in preparing pupils for the rigours of secondary school. The new primary maths curriculum and the introduction of the multiplication tables check will help ensure that every pupil leaves primary school knowing their times tables, granting secondary maths teachers the freedom to cover complex mathematical concepts secure in the knowledge that their pupils have the requisite domain knowledge.

Alongside a dynamic and self-improving school system, government has an important role to play in spreading excellence to all parts of the school system. That is what we will continue to do.

Over the past seven years, the school system has been transformed:

- Teachers and headteachers have been empowered, being given additional responsibilities, more autonomy and a greater voice
- Rigour has been returned to our education system, with more pupils studying core academic subjects and innovative free schools and academies leading the way in raising standards
- Schools will be funded fairly and transparently for the first time

FASNA has played a key role in the national education debates, arguing for greater freedom and autonomy for schools. Your contribution has been invaluable in shaping, developing and fine-tuning national policy, and I look forward to working with you in the future.

[Press release: PM call with Taoiseach:](#)

2 November 2017

The Prime Minister spoke to Taoiseach Leo Varadkar on the phone last night.

They discussed the political situation in Northern Ireland and their shared endeavour to see the restoration of devolved Government.

Both leaders discussed the responsibility of the parties to overcome their differences and the need for them to compromise on the outstanding issues that remained – for the benefit of all communities in Northern Ireland.

The Prime Minister thanked the Taoiseach and the contribution of the Irish Foreign Minister Simon Coveney, who has been working with the Northern Ireland Secretary, on supporting the parties to reach agreement.

This Prime Minister explained how it was the UK Government's strong wish for an Executive to take forward their own Budget, and while this could still happen, the Government would be taking the necessary steps to protect the delivery of public services in Northern Ireland.

Both were clear about the priority to form an Executive and they agreed to maintain close contact and continue working with the parties to achieve this.

News story: First Courts & Tribunals Service Centres launched

- part of the £1 billion modernisation reforms to our courts and justice system, these service centres will provide support to people across the country
- plans also announced to transform the way we collect criminal fines to make it faster and more effective

Two cities have been chosen to house the country's first Courts & Tribunals Service Centres, which will play a key role transforming the courts and tribunals service.

The centres, in Birmingham and Stoke-on-Trent, will bring together expertise in managing court and tribunal cases as they transform from traditional paper-based processes to modern digital systems.

We are trying to make justice simpler and swifter by bringing more services online, and making courts and tribunals easier to access for working people. The service centres will combine and share best practice and knowledge, so it can be easily accessed by people across the country.

The 2 centres will employ more than 300 people each, in roles that range from processing cases, and issuing court orders and hearing notices, to answering telephone and web enquiries.

Dominic Raab, Justice Minister, said:

These new administrative centres will make sure we deliver better services for those using the Courts system, whilst delivering better bang for the taxpayers' buck.

The move is part of our £1 billion reform programme to digitise the justice system – making it more sensitive for witnesses, more convenient for other users and better value for public money.

Last year HMCTS dealt with over 4.1 million criminal, civil, family and tribunal cases. As more centres open, many of the enquiries relating to these will be channelled through our new Courts & Tribunals Service Centres.

Bringing knowledge together means a better service. The Loughborough HMCTS contact centre, which deals with telephone calls from many county courts, has improved the speed and reliability of responses, and has very good feedback from those using it.

These service centres go beyond what has been done before, because they go beyond telephone-answering. They underpin wider changes in how and where the justice system can be accessed. People can now access easy-to-use services online – including applying for a divorce, making a benefit appeal, entering a plea for a speeding offence – making the justice system more open to working people.

The new service centres are being planned based on research into what users want and need, and in consultation with judges, magistrates and legal professionals, as well as agencies that represent the public and support people with cases going through the justice system.

The centres are a fundamental part of the way in which justice services will be provided in future in the £1 billion investment in court reform, which will ensure that more citizens will find it easier to use the justice system. That £1bn is made up of £855 million to modernise and digitise the courts, and £240 million to deliver a fully connected criminal courtroom.

We are also transforming the way we collect criminal fines to make it faster and more effective. Our hard-working staff have been hampered by an ICT system which was created in 1989. The new operating model will improve efficiency, reduce delays and increase the amount of fines collected. At present staff are spread out in over 50 bases across the country. Today, we've announced a proposal to consolidate all of their knowledge and expertise by moving them into 3 centres – in Leeds, Runcorn and Cwmbran.

Statement to Parliament: Oral

Statement: Northern Ireland update

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

As the House is aware, Northern Ireland has been without a properly functioning devolved Executive and Assembly for nine months.

During this time, the Democratic Unionist Party and Sinn Fein, as the two largest parties in the Assembly, have been engaged in a series of discussions to restore inclusive, power-sharing government at Stormont.

The latest phase of the discussions began in August and has run for the past nine weeks.

It is the responsibility of the parties to reach an agreement and the Government has been working tirelessly to support this process.

In addition to this, I have kept in regular contact with the Ulster Unionists, SDLP and Alliance as well as representatives of business and civil society.

My RHF the Prime Minister has also remained closely involved throughout the process and has held a number of discussions with the leaders of the DUP and Sinn Fein, as well as keeping in contact with Taoiseach, Leo Varadkar.

In addition, the Irish Government has been actively involved in the process in accordance with the well-established three stranded approach to Northern Ireland affairs.

I would like, in particular, to acknowledge the contribution of the Irish Foreign Minister Simon Coveney.

Our efforts have been focused mainly on bridging a small number of differences between the two largest parties, particularly around language and culture, that have prevented a sustainable Executive being formed.

While important progress has been made, the parties have not yet reached an agreement.

Therefore I am not in a position to bring before the House the legislation necessary for an Executive to be formed this week.

The consequence of this is that it is now highly unlikely that an Executive could be in place within a timetable to be assured of passing a budget by the end of November, which is the point at which we and the Northern Ireland Civil Service assess that Northern Ireland will begin to run out of

resources.

No Government could simply stand by and allow that to happen and we would be shirking our responsibilities to the people of Northern Ireland were we to do so.

That is why the Government will take forward the necessary steps that would enable a Budget Bill to be introduced in the House in order to protect the delivery of public services in Northern Ireland.

This Budget Bill would deal only with the current financial year. It would incorporate figures provided by the Northern Ireland Civil Service reflecting their assessment of the outgoing priorities of the previous Executive. It would not set out any spending decisions by me or the Government.

As my RHF the Leader has indicated, I would expect the Budget Bill to be considered in this House shortly after the November recess.

Subject to Parliamentary approval, this Bill would give the Northern Ireland Civil Service certainty to plan for the rest of this financial year by giving the necessary legal authority to spend to existing plans.

And I would like to take this opportunity to put on record my deep appreciation for the professionalism of the Northern Ireland Civil Service in maintaining public services during this very difficult time.

The Government's strong desire would be for a restored Executive in Northern Ireland to take forward its own Budget.

So this step is one that I am now taking with the utmost reluctance and only in the absence of any other option.

I also want to be clear to the House that passing a Budget in Westminster does not mark a move to direct rule any more than the passing of legislation by this House to set a Regional Rate did in April.

Furthermore, it is important for me to emphasise that is not an obstacle to continued political negotiations and the Government will continue to work with the Parties with that intent.

Even now, however unlikely this may be, should the parties demonstrate that an Executive could be formed in the immediate future I would clearly wish to proceed with legislation to allow that to happen on the condition that a means could be created to provide an expedited procedure on an exceptional basis to enable the budget to be passed by the end of November.

In addition to preparations for budget legislation, and in recognition of the strength of public concern, I will also reflect carefully on the issue of salaries for Assembly Members.

This is a devolved matter and I cannot intervene without primary legislation in Westminster.

As I recently told the Northern Ireland Affairs Committee, in the continued absence of a functioning assembly the status quo is not tenable and therefore I will be seeking independent advice on MLA pay on what steps may be taken to reflect the current circumstances.

Mr Speaker,

I still hope that the parties can resolve their differences and that an Executive can be formed.

We will continue to work with them and support them in their efforts.

Together with the Irish Government we remain steadfast in our commitment to the 1998 Belfast Agreement and its successors and to the institutions that they establish.

It remains firmly in the interests of Northern Ireland to see devolved government restored. To see locally elected politicians making decisions for the people of Northern Ireland on key local matters such as health, education, transport and economic development.

We are clear that Northern Ireland needs a properly functioning inclusive devolved government, along with effective structures for co-operation North-South and East-West.

But ultimately the Government is responsible for good governance in Northern Ireland and we will do whatever is necessary to provide that.

And I commend this statement to the House.