

Speech: Climate Change – speech at Australasian Emissions Reduction Summit 2018

Good afternoon ladies and gentlemen. It's an absolute pleasure to be taking part in this – the 5th Australasian Emissions Reduction Summit. And my thanks go to Andrew Grant for moderating this session and giving me the chance to say a few words.

Today I would like to share with you the UK story, as a country that has been meeting legislated emissions reduction targets over 10 years. And what happens next as we move further along the path towards a low-carbon economy.

First of all, you might say we were an early adopter, as the first country to introduce legally binding emission reduction targets. The Climate Change Act of 2008, passed by a Labour government with cross-party support, introduced our legally binding 2050 target to reduce greenhouse gas emissions by at least 80% relative to 1990 levels.

The Act also introduced carbon budgets which cap emissions over successive 5 year periods and must be set 12 years in advance. These budgets are recommended by the independent UK Committee on Climate Change.

The result is that the UK has been a world leader in cutting emissions while creating wealth. Between 1990 and 2016, the UK reduced its emissions by over 40 per cent while growing the economy by more than two thirds. PwC's Low Carbon Economy Index shows that the UK was the fastest of any country in the G20 to decarbonise in 2016.

But we are not resting on our laurels! We are now looking at the actions needed to meet our fourth and fifth budgets. Our current emissions target is to achieve a 57% reduction of Greenhouse Gas emissions by 2032 (again based on a 1990 baseline).

Clean Growth Strategy

That's where our new Clean Growth Strategy comes in. It sets out our plans to build on the successful decarbonisation of the power sector, while looking further across the whole of the economy to meet our carbon budgets. It includes ambitious proposals on housing, business, transport, the natural environment and green finance.

Our Strategy focuses on areas where we get clear joint benefits – with win/wins for consumers: cleaner air from low emissions vehicles; lower energy bills from improved energy efficiency; reducing waste and using resources efficiently; and a more bio-diverse, resilient natural environment.

Low carbon innovation is at the heart of our approach, with over £2.5 billion

of government investment from 2015 to 2021.

A few examples. On business and industry: We will establish an Industrial Energy Efficiency scheme to help large companies install measures to cut their energy use and their bills.

On residential housing: We are supporting around £3.6 billion of investment to upgrade the energy efficiency of around a million homes.

On: agricultural and Resources: We will establish a new network of forests and we will work towards zero avoidable waste by 2050, with a particular focus on single-use plastics.

In this way, the Clean Growth Strategy will play an integral part in meeting our next carbon budgets and also lays down the foundation of achieving our long-term de-carbonisation goals.

Coal phase-out and the Powering Past Coal Alliance

I want to say a bit more about one of the bigger drivers of emissions: energy policy. It sometimes feels in Australia as if we can only say the word 'coal' with trepidation. But I want to talk about coal – though I'll restrict my comments to what is happening in the UK.

And I talk about this as someone for whom coal is intertwined with my own heritage. My Mum comes from a family of miners from the Rhondda Valley – once part of the great coal-mining valleys of South Wales that at their peak in the early 20th century provided employment for a quarter of a million miners capable of extracting 57 million tons of coal annually – a fifth of Britain's total. My great-grandfather was the manager of Llwynypia mine, and my great-uncle Davy was killed in an accident at the same colliery in the 1930s.

If you had told my Welsh family back then that the last deep coal mine in Britain would close within 100 years, they would never have believed it. Close it did though, in Yorkshire in 2015. And they would have thought you were barking mad if you had said you envisaged wind turbines standing on the hills at the head of the valleys – as they do today.

For the UK has been through a dramatic change in our energy mix. In April last year, we achieved our first 24 hours without coal power for the first time in 135 years. In 2017, coal accounted for just 7% of electricity compared to 22% in 2015 and 39% in 2012. (For interest: in 2017 Gas accounted for 40% of our energy mix, followed by renewables with 29% and Nuclear with 21%.)

There were a number of reasons for this rapid shift. Some market driven, like the emergence of gas and the decreasing cost of renewables. But some were driven by government policies adopted to meet our carbon budgets and long-term targets.

The UK's Carbon Price Support (tax), supplemented by the carbon price from the EU Emissions Trading Scheme, was instrumental in reducing the mix of coal over the last 3-4 years.

And we're going further: in September, following an extensive public consultation, Prime Minister May confirmed that the UK would proceed to phase out unabated coal power generation by 2025.

The UK is proud to be one of the first countries to do this and want other countries to consider similar action.

We know that reducing coal consumption will be vital to helping many countries achieve their NDCs and to achieve our overall goals under the Paris Agreement. It is in this context that the UK and Canada initiated the Powering Past Coal Alliance at COP23 last November. The Alliance is a voluntary coalition of Governments, businesses, and other organisations committed to ending the use of unabated coal power within a timeframe compatible with the Paris Agreement.

As of this month, 28 countries and eight states and cities have signed up to the Powering Past Coal Alliance. A further 28 international organisations including investors, major consumer brands and electricity generators have also signed up.

We hope that the Alliance will continue to grow, working together constructively to achieve our coal phase out targets. This might have some of my family turning in their grave – and I very much recognise there are real social and economic challenges in those communities that coal has left behind.

That's why, as we look to meet our climate change commitments at the lowest possible net cost, we also want to maximise the social and economic benefits to the UK of the transition. So clean growth is at the heart of our modern Industrial Strategy.

There are almost 400,000 UK jobs in low carbon businesses and their supply chains, and it is estimated that the low carbon economy in the UK could grow 11 per cent per year between 2015 and 2030 – four times faster than the rest of the economy.

Combatting transport emissions and the EV Summit

Finally, there is one more area I wanted to touch on: transport sector emissions, which is a complex area for change.

We want a more modern transport system that is clean, affordable and easy to use. A laudable goal, but to meet our long-term emissions target, we believe almost every car and van in the UK will need to be zero emission by 2050. As such UK has announced a suite of policies aiming at providing both the framework and the incentives to achieve this future.

We are committed to ending the sale of all new conventional petrol and diesel cars and vans by 2040.

To support this, the UK will spend £1billion on incentivising the uptake of ultra-low emissions vehicles, including helping consumers with upfront costs.

We intend to develop one of the best electric vehicle charging networks in the world through investments in charging infrastructure and new legislation aimed at requiring charging points.

At an international level, there is a growing consensus that one of the ways to combat climate change is to transition the world's vehicle fleet to zero emissions.

This is why our Prime Minister announced at the 'One Planet' Summit in Paris that the UK would host a 'Zero Emission Vehicle Summit' in September.

The Summit will aim to provide political impetus and profile to the deployment of Zero Emission Vehicles, helping to accelerate the investment in technology and infrastructure and growth of the global electric vehicle market and help meet the goals of the Paris Agreement.

Ladies and Gentlemen, I hope this has given you an insight into where the UK is today on clean growth, phasing out coal, and leading the international push towards zero emission vehicles. Thank you for listening and I look forward to the discussion.

Press release: New 'International Trade Profession' launched across Whitehall

- 11 Heads of International Trade Profession from across Whitehall appointed, all working with Crawford Falconer, the government's Chief Trade Negotiation Adviser
- the group will ensure the government builds and grows existing trade capability

Today (Tuesday 1 May) [Crawford Falconer](#), the government's Chief Trade Negotiation Adviser, officially launches the 'International Trade Profession'.

The profession will raise the skills and ambitions of those working, or aspiring to work, in international trade by:

- opening up new roles and career opportunities in the UK government
- supporting talented people to develop careers in trade
- providing a world class training programme

The recognition of international trade as one of government's most important skills represents an important step forward in post-Brexit trade preparations.

Ten government departments (in addition to DIT) have appointed a Head of International Trade Profession working with DIT's Falconer. The group will champion the profession within government ensuring that UK trade expertise continues to grow as a pipeline of talent to tackle the future is developed.

On the importance of international trade becoming a core government discipline, International Trade Secretary Dr Liam Fox said:

By establishing the International Trade Profession, we have embedded the development of trade negotiation capability at the heart of the government's agenda and taken another important step in getting UK trade policy Brexit-ready.

Crawford Falconer, the government's Chief Trade Negotiation Adviser and Head of International Trade Profession, said:

As Head of Profession, it is my job to ensure that UK trade negotiators are ready to strike trade deals around the world and deliver the benefits of free trade to all parts of the country.

Through the profession we are ensuring government attracts the best and brightest talent by not only offering trade professionals a clear route into working on trade policy, exports and investment at the centre of government but also nurturing their ability for the future through access to world-class training.

Carolyn Fairbairn, CBI Director-General, said:

Trade between the UK and partners old and new is a fundamental catalyst to job creation, productivity and prosperity across the country.

Business will warmly welcome the appointment of Heads of International Trade Profession across Whitehall, demonstrating that the government is building expertise and capability in a crucial area for post-Brexit Britain.

The government has a vital role to play in helping to dismantle trade barriers and improve market access around the globe. This is particularly key for the thousands of smaller, entrepreneurial firms who want to break into new markets, and who hold the key to unlocking our trading future.

Business and the government can be powerful joint venture partners when entering new markets.

The Department for International Trade (DIT) secures UK and global prosperity by promoting and financing international trade and investment, and

championing free trade. We are an international economic department, responsible for:

- bringing together policy, promotion and financial expertise to break down barriers to trade and investment, and help businesses succeed
 - delivering a new trade policy framework for the UK as we leave the EU
 - promoting British trade and investment across the world
 - building the global appetite for British goods and services
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Speech: A civil service fit for the future

Thank you for inviting me back to the Institute for Government on the topic of transformation of the Civil Service.

I made one of my first speeches here as Chief Executive, a little over three years ago.

And it's fair to say, I think you'll agree, that quite a lot has happened since then.

We've had two changes of government, we've had the EU referendum – on the back of which we've created from scratch, and staffed, two new departments. One of which, the Department for Exiting the European Union, is coordinating the work of more than 300 Brexit-related work streams across government.

I should take this opportunity to thank Philip Rycroft and his team who run DExEU and who are doing a fantastic job and deserve our collective thanks for that work.

Back in 2015 I made the observation that Civil Servants were brilliant, talented people, doing too much. Not much has changed!

But I also made four specific observations:

First, that as a result of progressively outsourcing delivery the Civil Service had evolved to focus mainly on policy-making. Our policy strength will always be important, but we had lost much of our capability to implement and deliver policies and services.

Second, that while the fiscal envelope was continuing to shrink, the standard efficiency drive had run its course – to get to the next level of efficiency, while at the same time improving the effectiveness of service delivery, we needed a more fundamental transformation of how we worked as a Civil Service.

Third, that we needed to begin to break down the silos that existed, learn to work across boundaries, and take a more collaborative approach.

Lastly, I said that we needed to move our leadership approach on from a focus on pure intellect to one that embraced depth of experience: from elegant explanations to delivered solutions.

And I then set out four priorities to address these observations, aimed at setting us up to be fit for the 21st century:

1. Increase the numbers of people in Whitehall with delivery skills, and to offer clear career pathways so that they would feel valued, and could build their experience within the Civil Service
2. Develop functional leadership across government
3. Build our planning and performance management capability
4. Evolve the model of leadership in the Civil Service, developing a pipeline of credible, confident, and experienced leaders.

The second of those priorities, functional leadership, is integral to delivering all of the others.

And I want to return to it now to provide some context for the Institute's series on this and to reflect on our progress to date.

Because we haven't stood still.

We now have 9 core cross-government functions, each with a dedicated, experienced leader, and championed at Permanent Secretary level. These are complemented by dozens of professional networks that connect civil servants right across government, from the Operational Delivery Profession – our largest – with more than 240,000 civil servants, to the International Trade Profession – our newest – which launches today.

These advances are important. I believed then, as I do now, that deploying professional expertise across the system through a functional structure is the only way to tackle the transformation needed to meet the requirements of being both more efficient and more effective.

And since then – we have Brexit. It's been said before, but this is the biggest, most complex peacetime task the Civil Service has faced.

The challenge is not a distraction, or a substitute for other priorities, it is an opportunity; and one we must seize.

Because at the same time as the task of delivering Britain's EU exit strengthens the argument for strong functional leadership, it also provides an opportunity to accelerate the changes we're already making, to implement the complex tasks ahead.

To remind you – I believe the functions have 3 primary roles:

First, to set standards – because:

- without a consistent approach to working with the private sector – every contract is different
- without a consistent approach to cyber security – it's every department

for themselves

- without consistency of pay structures – there's arbitrage across departmental boundaries
- without consistent data standards – there are no linkages between departments
- without consistent technology standards in buildings, it sometimes isn't even possible for visiting employees from one department to log-on in another departmental building

Second, functions have a leading role in building skills and capability; because:

- I've said many times we need to build professionalism and experience back into the Civil Service
- making shared services work needs people who have done it before
- building sophisticated and flexible relationships with the private sector needs experienced commercial people – to move us on from the transactional, price-based relationships that still exist across parts of our system
- we need to have people with technical and data skills as we increasingly engage with citizens in a digital world
- and we need proper project management skills to undertake the complex projects the Civil Service is now involved in

And, third, functions help to shape cross-government strategies, because:

- we needed to see the multiple connections a company like Carillion had across government, so that we were able to respond to that situation and protect public services in the way that we did – something that would simply not have been possible even two or three years ago
- we need to have mechanisms for building careers and developing our people to be the best they can be – and that needs cross-government coordination
- we need to have consistency in how we build new digital systems – because of the efficiencies and economies that come from having common platforms
- we need to bring multiple departments into the same buildings – not just for the sake of economy – but for better, smarter, more collaborative working
- and we need to have common ways of doing the transaction process, so that we can benefit from the huge economies of scale that government can bring to bear; to do otherwise would be such a waste of taxpayers' money

Seen through these lenses – the appeal of the functional model seems obvious.

But historically we haven't been set up like that. And to make it so is not a quick fix.

We have to build professional pathways to attract people to join the Civil Service and plan their careers to give them the experience they need over time; and that is now starting to happen.

We have to begin to value new skills in our leaders. Intellect alone is no longer enough – we need more – because otherwise the system won't be able to support the the implementation challenges we face today.

We need to learn new ways of working – because a cross-government matrix structure in itself is new – and it has to add value to what went before. And that takes time to learn – and skilled people to implement it.

And, of course, at the same time we must continue to deliver services that meet the standards and convenience citizens have come to expect as 21st century consumers.

So, transforming what we deliver means transforming how we deliver it.

And that delivery needs the skills and experience I have described.

Returning to the current challenges of Brexit, and the need to use this moment as an opportunity to accelerate – it demands that we both think through a complex set of problems and deliver the solutions on the ground within a fixed time period.

We can't do that unless we approach this challenge differently to the way we have done things in the past.

And the good news is, it's already happening – we are accelerating the changes we need and they are helping us to deliver what we need to deliver.

To take just a few examples where we are leveraging the functional structure in that task:

In commercial:

- many of the Brexit-related projects require multiple new contracts and procurements – we are already using commercial teams to help structure those for maximum effectiveness in the market
- we are setting up ways of accessing skills in the market that will deliver right cross government – not just department by department

In technology:

- many Brexit projects require new technology in one form or another, and those systems are being built to our new digital standards, in agile ways with new and different partners, allowing an iterative development process
- even three years ago that would not have happened – because we didn't have the digital skills or awareness in-house to do it

In project leadership:

- we have a group of experienced project leaders, many of whom have been trained through our Major Projects leadership programmes, and are now being deployed into the most complex Brexit projects
- These are the leaders who will help us get projects through the

difficult gap between designing a policy and putting it into action – as Tony Meggs has called it recently, the ‘Valley of Death’

This is all work in progress. But we have come a long way in a short time.

It’s a fact that we don’t have all the implementation skills that we need in-house – but we are building them quickly – and we have hired more than 5,000 people into 8 departments over the last 12 months in order to help.

And we are using the current imperatives to accelerate new joined-up ways of working. We have established the new Border Delivery Planning Group of officials across Whitehall to tackle the complex issues around making sure our borders continue to work effectively post-EU withdrawal.

I’m not going to get into the complexities of the negotiations here, but this new Group will create and oversee a joined-up implementation plan, drawing together the 30 or so departments and agencies that interact at our borders.

Responsibility for delivery, of course, remains with departments – but the cross-department group will define the plan – and hold the departments to account for delivering their piece of it.

That goes against the grain of traditional accountabilities in our Civil Service system.

Many more challenges – and not just in relation to Brexit – now transcend the boundaries between departments – from healthcare to justice to housing and benefits. We can learn from the borders experience and apply that elsewhere over time.

The matrix structure introduced by the functions helps us to address those cross-cutting issues – because it cuts across the vertical departmental silos and enables more transparency, lets information flow, allows us to target expertise and generally work more collaboratively.

I have used Brexit-related examples, but there are many others outside Brexit. And I’m not going to go into great detail here – because I’ve done that in other fora – but to take just a few examples.

We’ve launched the Government Property Agency. Over time, this will help us make more collective and collaborative use of our property portfolio.

We’ve already announced 13 government hubs across the country – mostly, predominantly HMRC, but with many of them including other departments. Just the other day I was at our new building in Canary Wharf, which will host 8 different public bodies. These hubs together will impact and benefit around 40,000 public servants – that is a very material change. And we have yet to announce another 8 to 10 hubs over the course of the next few years, and those will host even greater numbers of departments than the ones that we’ve already announced.

We have now stabilised and are seeing the benefits from the various centres of expertise that we have across the Civil Service – from the Shared Services

centres which are taking shape across government; to the Debt Market Integrator joint venture, which has collected 17% more debt, that would otherwise have been lost to government; and our Crown Hosting JV – which again has proven hugely successful in efficiently hosting legacy systems, and has saved many hundreds of million of pounds.

The digital transformation of public services means we're delivering in ways that people expect and that are becoming more and more routine for government.

At Newcastle Crown Court last month, I saw first-hand how video hearings are revolutionising the way our courts system operates. In the first month of starting to resolve small claims online, there are litigants who have resolved their case out in just two hours. And prosecutors are getting to work digitally too, with online pleas for offences like fare evasion. This is groundbreaking modernisation – which takes an enormous management focus and huge attention to deliver.

HMRC is trailblazing the adoption of artificial intelligence and robotics for mass-repetitive tasks, and we've recently established a Centre of Excellence to accelerate the adoption of this technology across government. And we're mining the potential in data and prospecting in emerging areas like geospatial data to unlock value across the economy.

All these are in motion, and over the last 2 or 3 years have contributed material savings and efficiency to government.

I could go on – but the point is that significant change is already being delivered, and our task is to accelerate that change, not only using the imperative of Brexit but our impatience to change and modernise our Civil Service to meet the challenges of today.

So the question is, "what next?", and what must we do to sustain and accelerate this progress?

I will highlight three areas:

- How we're codifying the skills we recruit and reward, and hence embedding new career paths across the organisation
- How we need to think about funding the functions and the centre going forward
- And how we might adjust our governance to accommodate the changes I have described

To take the first of these – we want to continue to attract and develop people with professional skills within the Civil Service.

The interesting thing about setting up a functional structure is that we are now organised more like the outside world. Many of our recent external hires have entered the Civil Service via the functions – because they can now see how and where they can add value, and the organisation looks more familiar to them than perhaps it has in the past.

But it's no use bringing these people in with functional skills, and then assuming we can judge them against criteria that aren't matched to their personal career experience. If we did that, over time they'd just leave.

And that's why we are now launching Success Profiles – an expansion of our competency-based approach to recruitment and promotion, broadening it to include more robust and wide-ranging selection criteria.

This change, in my view, is really, really important – because it bears on what qualities and skills we value and promote.

It relates to building experience – so that we are no longer creating generalists by default, but people with broad and deep experience in delivery and implementation.

The new Success Profiles will be used for recruitment and promotion, and over time will allow us to evaluate candidates on what they have done before, what their actual experience, behaviours and values are – rather than on how they answer a competency questionnaire.

This means we can encourage people to build a career path, and be promoted within that career path, to build deeper experience and depth in their profession – and that is a significant change.

It will require quite a change in our leaders, too – involving them much more in interviewing and performance managing their people.

It may also be time to think about how we fund the centre of government. This is something I would like to see as part of the 2019 Spending Round.

There is always a tension of course – because in the end the functions only exist to help the delivery teams in departments deliver their outputs. There is, therefore, a strong argument to insist on the rigour and discipline of demand-driven mechanisms to fund the functions. It ensures that the functions don't do things which don't add value.

But it can also be inefficient and slow. Our new IT system for sensitive information took far longer than it should have because funds had to be negotiated with each separate department.

To leverage some of the centres of expertise I have talked about, sometimes needs central funding to build consistency across government.

The same imperative applies to building a new recruitment platform that everybody can use.

Accelerating the roll-out of our commercial capability also needs to be addressed centrally, so that we can do it quickly. Our Assessment and Development Centre has been piloted with the big departments. It has assessed more than 1,100 people against professional commercial standards. Now, we're extending it to Arms Length delivery bodies.

So, I am hopeful we can make a sensible case for funding the centre in a

different way, while still retaining good discipline to ensure that the functions only do what adds value.

And finally, while we have built a function structure into government over the last few years, we have not reviewed the overall governance within the Civil Service to reflect that. This is internal plumbing – not, frankly, the stuff of headlines – but nonetheless important in how we function as an organisation.

There is no single right way. Our structures are inherently complex, and I don't pretend to have answers today. But it's something we must start to consider over the next period.

So, there's more to do.

We have taken up the enormous challenge of Brexit. And while we tackle it – indeed, as part of tackling it – we are building our future capability and accelerating towards that goal.

Ultimately, this is all about people. The citizens we work for as civil servants; and the civil servants themselves. They are already doing extraordinary things to deliver the government's priorities.

They are also in the middle of huge changes and improvements that everyone in government has to embrace. As senior leaders it is up to us to create the structures within which they can be most effective; give them the modern tools and workplaces to do the best job they can, providing the best public services; and the training and experience to realise their potential.

That is the task before us. And we are on the way. Success means we will remain one of the most admired public institutions in the world.

Ladies and gentlemen, thank you very much.

Press release: Update on process – Fox-Sky merger

On 23 January I provided an update to the House on the CMA's interim report on their investigation into the proposed merger between 21st Century Fox Inc and Sky Plc.

Today I received the final report from the CMA regarding the findings of their phase 2 investigation. Now that I have received this report, I must come to my decision and publish the report within 30 working days (by 13 June). My decision will be on whether the merger operates or may be expected to operate against the public interest, taking into account the specified

public interest considerations of media plurality and genuine commitment to broadcasting standards.

When I have reached a decision I will return to Parliament to make an oral statement. I will come to a view on whether to make a final order or accept any final undertakings in due course, and will consult on these publicly, but not before I have taken a decision on the public interest tests.

Given my ongoing quasi-judicial role, I will not be making any comment about the substance of the report until I publish my decision.

Speech: Improving Infrastructure Delivery

Introduction

Good morning ladies and gentlemen.

I'm excited to be here at the Institution of Civil Engineers, especially on your 200th anniversary.

Having grown up in Shropshire, Thomas Telford – the Colossus of Roads – is a hero of mine.

I want to say a few words this morning by way of introduction to this event and in thanking you in the work you have done on [Project 13](#) – an industry-led response to infrastructure delivery models that can sometimes fail.

I also want to speak about why infrastructure is essential for the country as we begin to tackle our age old productivity challenge and prepare the wider economy for the future.

The foundations we are working on are sound:

GDP has grown for five consecutive years

We've had the two strongest quarters of productivity growth since the financial crisis.

And employment levels are at a record high, with 3 million jobs created since 2010.

The plan to get back to living within our means is working.

And now we are ready to begin thinking about long-term investment in the years ahead.

So that we remain on our strong, upward trajectory, well into the future.

Investing in infrastructure

Infrastructure is at the absolute heart of that.

Because when we invest in infrastructure, we're not just investing in bricks and mortar. But in growth and productivity.

The UK's productivity performance currently lags behind other advanced economies.

But if we matched what German workers are doing, our economy would be 35% larger, which shows the incredible scale of the opportunity.

And we can begin to grasp it by focusing on infrastructure.

Because roads, rails, and cables boost productivity by developing networks and enabling businesses and individuals to connect more quickly, cheaply and efficiently.

The world of work will transform over the next 20 years.

More people want to lead flexible lives, more part time work, more people want to work from home, more connectivity than we've ever known before.

The infrastructure we are developing needs to be adaptable to fast growing technological change. From autonomous vehicles, to electric cars, to new forms of broadband.

We have to be nimble as well as far sighted.

What are we doing as a government?

We are building HS2 – the first new North-South railway in this country for over a century.

We are undertaking the largest road-building programme since the 1970s.

We are incentivising the market to build the next generation of broadband and mobile infrastructure.

At the Budget last November:

We increased the National Productivity Investment Fund to £31 billion, which included a £1.7 billion Transforming Cities Fund to boost local transport connections and reduce congestion.

And £11.5 billion for housing, to build more homes in high demand locations so that people can live near the best jobs.

This is not just a wish list.

Our track record shows we are serious and that we have the capability to

realise our vision.

These are concrete plans.

Everywhere you look exciting things are happening in this country.

Britain is being re-shaped, reinforced, and re-made every single day.

Role of NIC and IPA

We have also put in place the architecture to help us realise our vision.

The National Infrastructure Commission and the Infrastructure and Projects Authority will play a vital role in this respect.

Two years ago, we set up the NIC, to think independently about Britain's long-term infrastructure needs.

To look at the big and difficult questions and to hold our feet to the fire to deliver.

I welcome this challenge and I hope Sir John Armitt will take that forward.

They have already delivered 5 substantive reports.

And we are taking forward their recommendations.

We are looking at issues which could be transformative to the future of the country, like the Oxford – Cambridge corridor of housing, economic growth and connectivity.

I am particularly looking forward to the inaugural National Infrastructure Assessment this summer, looking out 30 years into the future.

The work of the Infrastructure and Projects Authority is equally important.

It has helped us build a strong track record of investment and delivery in this country.

Since 2010, more than a quarter of a trillion pounds has been invested from public and private funds.

And more than 4,500 infrastructure projects have been completed.

Last year, the IPA published the [National Infrastructure and Construction Pipeline](#), which set out an estimated £600bn investment over the next 10 years.

With over 50% of that investment coming from the private sector.

And we will continue to refine our plans to give certainty and confidence to industry and investors, and want your views on how to do that.

It is clear our approach really is working.

However, let us not forget that long-term challenges in the sector remain, which we need to tackle to set up Britain for success after Brexit, and beyond.

Project 13 is of course part of your response to those.

Better performance

We want the UK's infrastructure projects to deliver benefits for the end users – the public and the supply chain.

But we know that the sector faces structural issues that limit performance.

And we want to address these.

The current delivery model doesn't always match our ambition.

We are well aware that fragmentation, low-profit margins, and short termism drag the industry down.

Meaning that the sector can't invest in building new skills and the innovation that will boost productivity and improve delivery.

It is vital we get the most out of the money we invest.

So we can deliver improved performance and better outcomes from the £60 billion we spend each year on infrastructure; not simply a narrow focus on cheaper construction.

Because right now, there is an annual £15 billion productivity gap in construction in the UK – which needs to be plugged.

In response, we set up the [Transforming Infrastructure Performance \(TIP\) programme](#).

An ambitious cross-government initiative that will improve the planning, delivery and operation of infrastructure over the next ten years.

TIP is about improving outcomes and boosting productivity of infrastructure, to deliver value for taxpayers in the long term.

It is doing this by exploring how the government and industry can work together to benchmark performance, select the right projects, improve integrated planning and increase uptake of technologies and innovations – such as off-site manufacturing – and support smarter commercial relationships.

In government, we can encourage innovation in two main ways.

First, through increasing supply, which is why, in March, we launched the Industrial Strategy Challenge Fund for Transforming Construction competition, including up to £72 million to fund a core innovation hub for “Manufacturing better buildings” – a key theme in TIP.

And secondly, through increasing demand. Which is why we now have a presumption in favour of modern methods of construction built into our procurement process.

And our order book of around £20bn a year in projects from schools to prisons to highways gives industry peace of mind that investments in modern methods now will pay dividends in the future.

Challenges

This year we witnessed a salutary lesson of what happens when we don't get things right.

Carillion collapsed for a number of reasons, and the government is working hard to support those affected.

It's important we learn from Carillion.

Because it is incumbent on Government to help create the right framework for the sector to flourish.

If we are to deliver our goals, it will be absolutely vital that we use the expertise and energy of the private sector.

As I said before, 50% of our £600bn pipeline over the next ten years will come from the private sector.

The private sector drives innovation and better value for money for consumers.

There are those who would turn away from it.

I believe that would be a terrible mistake – for taxpayers, consumers, for the competitiveness of the country.

Government and industry working together

To achieve the goals laid out in our TIP plan, it's vital that government and industry work together.

That's why it's so heartening to be here today. To see bonds being forged.

Project 13 is a great example of what needs to be done.

Because it sees a wide range of senior decision makers from the public, private and regulated sectors – clients and suppliers alike – coming together to set out a blueprint that aims to achieve better outcomes from infrastructure investment.

Project 13 encourages a focus on improving performance with a collaborative commercial approach.

It sets out a new model where interests and incentives are aligned.

And it supports a move away from unsustainable, short-termist procurement which strangles investment in skills and innovation.

Ultimately, it seeks to build a more sustainable commercial model that helps industry perform to its maximum capability.

Which is an ambition we can all support.

Conclusion

So ultimately we have to work together.

We have to ensure that infrastructure is delivered at pace, with value, with innovation, with a highly skilled workforce.

And if we can do that we can ensure our productivity increases as an industry, and as a country.

So I wish you all success with this Project.

Thank you very much.