

UK Trade & Business Commission
Services: The Lion's Share of the UK Economy

18 November 2021

Paul Blomfield MP

Can I welcome everybody to this session of the UK Trade and Business Commission, which is looking at the services sector, so of huge importance to the UK economy, and we have got two parts to this morning's session. The first hour on UK competitiveness and visas and the second looking at skills and qualifications.

And for the first session we have got four great witnesses who I'd like to invite to introduce themselves now, starting with Sally Jones.

Sally Jones

Good morning, thank you for having me, I'm Sally Jones, I'm EY's Trade Strategy Lead and also Deputy Chair of the Professional and Business Services Council.

Paul Blomfield MP

Thank you Sally and moving to Connor.

CJ McKinney

CJ McKinney, I'm the Editor of Free Movement which is a website focusing on UK immigration law and policy.

Paul Blomfield MP

Thanks very much, good to have you with us. And over to Ingo.

Ingo Borchert

Thank you, name is Ingo Borchert, I'm a Trade Economist at the University of Sussex Business School and I am a Deputy Director of the UK Trade Policy Observatory. Thanks for having me this morning.

Paul Blomfield MP

Pleased you could join and finally to Jun.

Jun Du

Hi, it's Jun Du, I'm Professor of Economics in Aston University, Director for Centre for Business Prosperity. Thank you for having me here.

Paul Blomfield MP

Delighted you could join us Jun. So perhaps I could get the session open with a fairly general question. We talk in broad terms about the strength of the UK in trade in services, but I think everybody is conscious that it's actually quite difficult to measure trade in services compared with goods. So, I wonder if you could say whether you think that general assertion about our strong position is accurate and in what sectors do, we have particular strengths. And perhaps if I could start with Sally.

Sally Jones

Thank you very much, so firstly entirely agree with the comment about services statistics being poor. Services stats are mostly drawn from surveys and then grossed up across the whole of the services economy, so they are subject to a fair degree of distortion to the point where we have a situation where both the US and the UK believe themselves to be net exporters to the other, clearly that can't be correct and so any work that the ONS can do to improve trade stats on services would be most appreciated.

All of that said, I think we are genuinely a powerhouse of services exports. We can see this from gross country-level statistics and to give you a sense of the scale of it, generally speaking across the developed world broadly 75% of exports are goods and 25% are services. France and the US are both outliers, they're about 30% services exports to 70% goods. The UK in comparison is forecast to be the first economy in human history to be a net exporter of services at greater than 50% in 2022, so it genuinely is the case that we have an exceptional and unusual economy that's services dependent.

In terms of which sectors are particularly strong for us, now I would say this, but professional and business services is one sector, but I would add in creative industries as a second really important area for the whole of the economy.

Paul Blomfield MP

Connor.

CJ McKinney

I'll leave the economists to talk about this one, I'll just confine my comments to visas and immigration issues if that's alright.

Paul Blomfield MP

That's absolutely fine. Ingo.

Ingo Borchert

Thank you, I absolutely agree with what Sally was just saying, just putting a number on it. So last year 2020 the UK exported just shy of 300 billion worth of services on a balance of payment basis and that's 48% of total trade and that has been increasing, so the performance of services exports has even been increasingly steadily from 41% ten years ago to nearly 48% now and as Sally said might be soon to pass 50%. All of these big-ticket items where the UK exports a lot of services is professional business services, technical services, about 40% of our export portfolio. Next is obviously financial and interims and then telecoms and information.

All of these are potentially digitally enabled services so it's quite advanced, often very skill-intensive services and you know at times also regulatory intensive services. I should only add two points to what Sally was saying and I completely agree with the stellar export performance, it's because of that fantastic strong export performance it was for the first time in 20 years now that the UK trade deficit actually turned into a surplus and that was on the account of last year, 133 billion worth of services trade surplus. I don't want to emphasise the export side too much because services imports are very important and beneficial on a different dimension, but you know it just goes to show how important services exports are.

Can I add two very quick points to that? It goes towards broadening the picture a little bit because Sally was exactly right these payment statistics are deficient. The UK also exports a lot of services indirectly as embodied inputs into their manufacturing put out, but it doesn't get counted as services exports at least not in official statistics. But if you think of it, a car, pretty much anything has a lot of services rolled into it, these services are being produced in the UK and they are associated with it to the extent that they are required for goods, export success and manufacturing goods export competitiveness, they are services are important as well.

And the last point is that a lot of these exports that we were just talking about is actually in the UK undertaken by foreign-owned businesses. So, there is an important link from [inaudible 0:07:45.5] foreign direct investment to that strong export performance in services of the UK economy. Thank you.

Paul Blomfield MP

Thank you very much. And finally, Jun.

Jun Du

Thanks, I think Sally and Ingo have depicted a comprehensive picture for the UK trade services trade, so what I can add perhaps is to position UK in a kind of global perspective. I think it's beyond dispute that the UK is, has been and is, the second largest exporter for services in the World, just right after the US. So, I hesitate to use the more recent figures to position UK because you know the data are not complete and especially during Covid there is a lot of circumstances which can play a role. Using 2019 for example and up to the quarter one of 2020 data what we can see is UK is the second largest, but very closely followed by Germany and about twice of Ireland. So, what we can see over time is that UK's competitiveness if we can measure that by the kind of global share in service exports is that it is slightly declining. So, we calculate it from 2005 when UK's overall exported service was 8.9% moving onto 2019 it drops slightly to 7%.

I think Germany and France [inaudible 0:09:23.4] ... Ireland is a rising star and growing exceptionally fast. And at the same time, we can see Asia is rising, so the global share of China, India alongside

with the previous already existing competitive countries like Singapore and regions like Hong Kong, I think globally the overall share of UK is declining.

And the other thing to say is that it's useful to look at the growth trajectory of different services because there is large [inaudible 0:09:55.0] within the service sectors, it's difficult to talk about them as a whole and what we can see is over time that the straight growing sectors, the type of services include other business services sector which is one third of all service exports, which basically including R&D, professional services, management consulting and technical and trade-related services. And also growing services include telecom, computer information, intellectual property services and to a less extent maintaining, repairing, personal, culture and recreational services and construction.

What seems to be declining is financial services, this is slightly declined this time and over time I think the position of the financial services in the World has dropped from nearly 20% in 2010 to now about 16% in 2019. And also travel and transport services also declining. The last point I want to make is that although from the aggregated figure we can see that services is growing and yes it provides a lot of trade balances compensating other sectors' deficit, especially goods, but we must compare the gross trajectory of the UK alongside with others. And over the recent period, especially after 16, I think what we can see is although UK is growing but the gross rate is so much less than others. Especially with Netherlands but also with other European countries like, I mean especially Ireland but and also compared to Germany, Netherlands, and US.

Paul Blomfield MP

Thanks very much and thanks to all three of you for really setting the scene very well indeed. Can I just very briefly ask you to reflect on any other sectors which we should have our minds on that haven't been mentioned, so for example education, are there any other sectors we should be thinking about when we're approaching today's session? Sally?

Sally Jones

I think the one I would flag as a potential fast-growing star is environmental services, which in the world of trade is often seen as basically sewage and water purification, but in fact is so much more than that and just to pick one area, and I'm going to use professional and business services in the context of the environment because it's the place I know best, but do assume that this is read across much more broadly. Contracts have clauses with green standards that the lawyers draw up, the engineers work out how to build infrastructure or cities that are carbon neutral, the accountants check that they are indeed carbon neutral in the reporting. The creative industries are ensuring that adverts around the world are both to standard but also flag the new requirements and obligations. Everywhere you look environmental services are going to become increasingly important.

The UK has 20 years of track history of environmental services in that broad sense, and it could be an area of massive growth for the country going forward with the right incentives to push it forward.

Paul Blomfield MP

Thanks very much indeed, and I'm sure as we go on references to other sectors will be useful as well, but I've slightly overshot my time, so I'll hand over now to my colleague Layla Moran.

Layla Moran MP

Thank you very much Paul. Welcome everybody, really great to have you with us. So, I think people have started talking about this in your answers already, but it would be really good to perhaps put some qualitative meat on the bones as well. So, to what extent has leaving the Single Market damaged the services sectors and appreciating that it's lots of different sectors and it's not homogenous, but also does it provide new opportunities. I wonder if I could throw that to Jun first and then go back around through the panel?

Jun Du

Thank you, Layla. The answer is yes, unfortunately all evidence suggests both analytical, causal evidence but also there are a lot of stories, a lot of anecdotal evidence, suggests kind of EU exit, not just the post-2020 but the whole period of post-2016 and there's evidence to suggest that that goes even earlier, that has damaged the competitiveness of UK service sectors. I think the damages were [inaudible 0:14:24.4] ... the whole four and a half years' period and what business foresee that is going to happen in the future. I think so far generally I think EU exit has been suggested to damage the whole investment environment weakening business financial investment condition and household spending, so these are all affecting business services.

For the direct evidence to evaluate the impact of Brexit there has been evidence to suggest the new investment in the UK has been less than the others and also the added investment, you know building on the existing foreign direct investing firms also has been reduced. Specifically on service trade, service exports particularly, there have been a few pieces estimating the extent to which the damage has been. For example, Douchan Edwards [ph 0:15:25.1] that published not bilateral trade but aggregate trade services estimate, the estimate is about 7-8% reduction over the period of 2015 to 2018. And our own analysis suggests using the synthetic control methods we have estimated overall damage of about 9.2% of service export which calculated as £113 billion per year between 2016 to 2019.

Using slightly different methodology which is more robust which is the working paper coming out next week, we used a different methodology, that figure has come down slightly but ranging at aggregate level about 5.7% reduction of UK service exports as a whole per year between 2016 to 2019. We looked into the differences by different type of service as well, the most important, the most serious reduction happened in transport which we estimated about 12% every year between 16 to 19 and travel has been reduced by 8.6% every year, insurance about 20% and telecom 10%. So, these are the causal evidence which compared to the counter-factual we build by synthetic difference in different methods.

We did not find significant decline in business services, intellectual property services and creative services. Using this method, we did not find very significant decline in financial services either. So, these are the kind of estimates. There is no figure which we can use to do this kind of analysis post-2020 which needs to be done. So, at the moment we probably only can draw anecdotal evidence to see what happens after 2020.

Layla Moran MP

Thank you very much that's very helpful and very stark. Just very quickly, can you predict any upsides, any new opportunities from this point on? Is that something your work can help us with?

Jun Du

I think at the moment what trade economists' kind of agree is that using the free trade agreements I think the scope for developed deepened agreement is very limited, so what UK probably can do is to use the free trade agreements with individual countries to maintain what we already have, you know before the EU. But I think the reason UK and Japan agreement has kind of shed light on what kind of agreements we might have with other countries, and one of the breakthroughs, if you can call it breakthrough, or new kind of provisions we find is from digital and data flow, so that might provide something new which is more than what we had with the EU. So, in those areas I think UK could push and lead to innovations and more provisions and maybe open up markets beyond EU.

So, in the later questions probably I will reflect on the kind of existing trade partners outside the EU and probably suggest areas we might work more.

Layla Moran MP

Thank you very much. Ingo.

Ingo Borchert

Thank you very much, I'm conscious of time but we actually just the day before yesterday on Tuesday, UK Trade Policy Observatory published its own figure which actually went beyond 2020 and we took the most recent data that is actually available, it only became available a couple of days ago meaning that services export data for the first two quarters, running all the way up until June, and what we find by comparing UK services exports to the EU which prior to Brexit was about 35%, so the EU was just to put this out was by far the largest single destination as an EU27 market, comparing these flows in the first two quarters of 2021 with the average of the previous years 2017 to 2020, we find that exports are ... sorry I should say we compare these flows to the EU to other flows to OECD economies and BRICs countries which seemed to us sensible comparator countries. So that's a diff and diff, right so two flows before and after Brexit.

And in that kind of setting, we find that exports are down by 11.5% and imports by a whopping 37%. And you know drilling down to individual items, it is especially financial services which are down, and I should just add that we are really trying to tease out a Brexit effect here. Now as Jun was saying, transport and travel services, travel I think in particular because of the pandemic has tanked massively, it is down 60%, but it is down 60% both exports to the EU and to the OECD and so there is hardly any Brexit effect. Whereas export of financial services is down 22% meaning it's 22% lower to the UK relative to other comparator countries and if we look at what's happening to EU equivalence decisions and the complete silence in that regard, you know that the EU/UK dialogue on equivalence decisions for certain financial services has not gone anywhere, you can see why, you can see why that is.

And on the import side the big-ticket items are all these services sectors that we mentioned in the previous questions, financial, insurance, IPR, they are all down by 30% on the import side and other business services down by 23%. These are big numbers. I should think that they might be harming the UK competitiveness because these are competitive services inputs that have been put to productive use beforehand. I'll leave it with that.

Layla Moran MP

Thank you. Sally have you got anything to add on that?

Sally Jones

So, I can't top the stats that our economists have quoted but just a couple of observations. The first is that it's very, very hard to unpick what's Brexit and what's Covid, because services in effect involve moving people or moving data to where a client needs the service provided and Covid has entirely hindered people's movements entirely separately from Brexit. I think we'll see greater evidence for how those unpick going forward. The second point I want to make is around providing new opportunities and this is a particular bugbear of mine because nothing has changed in our relationship with the rest of the World, we always could provide services to the rest of the World, it shouldn't be an either/or question. It's how do we stop preventing services being traded with our largest partner is one question and then how can we promote services exports to other countries is an entirely separate question. It's not that opportunities are created by Brexit, it's that they always existed and will continue to exist going forward.

Layla Moran MP

Thank you that's really helpful. Connor I'll come to you last because I wonder if whatever comment you have on this would be great to hear but also if you could comment on the importance of visas in the competitiveness in services and perhaps also give us a picture of how does the UK compare to other countries in attracting the best and brightest, especially now.

CJ McKinney

Sure, well I'll stay in my lane and just talk about the visa issues rather than the general service sector picture. When it comes to visas there's two points I'd want to make. The first relates to cost, immigration lawyers and their clients have complained for many years now that UK immigration fees and taxes on visas are scandalously high and international comparisons do tend to bear that out. The Institute for Government thinktank looked a couple of years ago at the comparative costs of a typical work visa for different countries, what they found was that for a single applicant coming to work for three years that would cost £5,000 in the UK compared to £4,500 in Australia, but then down to £2,000 in France, £200 in Canada and £150 in Germany. I know as well from off the top of my head that in Ireland the work permit costs €300. So, you know very highly skilled workers, businesses, multinational businesses are better placed to absorb these costs than someone looking for a spouse visa for example, but it's not great and there are cost issues [inaudible 0:24:18.4].

The second point relates to the substantive visa rules for different countries, so if you assume the case of a very highly skilled migrant who would be easily offered a work visa in the likes of those countries, I've mentioned who is in demand, how attractive it is going to be to come to the UK versus Canada, Australia or wherever else, it'll depend on costs as I've said but lots of other factors. Ease of getting permanent residence, can you bring your family, can they work, can you easily switch employers, can you get a visa that doesn't require you to have an employer. So it's not wildly easy to make international comparisons in the round because there is so much going on, but what I would highlight is that the OECD did some research a couple of years ago on the attractiveness of different countries to talents, migrant talent, this was comparing 35 countries including the UK and what they found was that in terms of how inherently attractive these countries were to migrants, so in terms of

like general quality of life and job opportunities and so on, the UK was in the top ten of those 35, it's attractive, people want to come to the UK, we're great.

But then in the second stage of their analysis when they controlled for how easy it is to get into that country the visa process, procedures and so on, the UK falls out of the top ten and is kind of average mid table, so what that tells me at least is that the UK's ability to attract the best and brightest is somewhat hindered by migration policy.

Layla Moran MP

Thank you, that's really helpful. Sally have you got anything to add to that?

Sally Jones

I will as soon as I can come off mute. So, when we talk about visas, and I absolutely agree with everything that CJ just said, but I think it's really important in the debate that we distinguish between long-term migration which tends to be the very politically sensitive difficult discussion, and then short-term and medium-term ability which tends to be what we're talking about in the world of trade. So, when it comes to short-term questions what we're really asking is can I do the business I want to do in the country I want to do it. And that boils down to typically three questions, do I need a visa to enter and that's really about do I qualify as a short-term business visitor or not and spoiler alert, mostly the answer is no now when it comes to UK/EU movements. Second question is do I need a work permit once I'm in the country and crossed the border to do the thing I want to do and then the third question is are there regulatory restrictions of some kind on what I want to do. And those are the three short-term questions that need to be answered.

It's much harder now to qualify for a short-term business visit visa, sorry quality to not have a visa because you're a short-term business visitor. The things that qualify for that are pretty much incidental to normal business, so that automatically becomes harder in any case. For medium-term mobility what we're really talking about is inter-company transfers and the self-employed equivalent for people like actors or barristers and they're the main issue I think we come across, is that the provisions that are set out in free trade agreements are often not reflected in Home Office immigration policy because it tends to mash those short-term and long-term issues together.

Is the UK continuing to be a place to attract the brightest and the best? Anecdotally not so much anymore for a whole range of different factors of which trade is just one, but it does continue as CJ says to be an attractive destination in some regards, is probably the fairest way of putting it.

Layla Moran MP

Thank you very much. Conscious of time but Ingo and Jun have you got anything to add on this one?

Jun Du

Just a very quick one, I think what's also very important is to notice that this does not only affect the business staff of the larger established companies in the city, but entrepreneurs are also very much affected especially the hopeful start-ups in the future, especially in the tech and the creative sectors. I don't know whether you have seen the recent reports in the City AM and the New York Times on brain drain issues of UK, a lot of people have moved, a lot of start-ups have happened in Estonia and other Baltic countries and there is a report that the tax revenues of Estonia, because of the British

entrepreneurs there has been 60% more in 2020 than other years. So, what I want to say is that this, what we could lose is a vibrant kind of environment for entrepreneurs and start-ups, the growth of the potential future key sectors in a green and green finance and fintech and the brain drain both our own people, because we cannot assume that the UK talents will stay, if other places are becoming more attractive. And also, the talents from other countries. Potential opportunities for innovation because [inaudible 0:29:30.4] ... some with it, and tax revenue.

Layla Moran MP

Thank you and very finally Ingo I saw you had a quick addendum.

Ingo Borchert

I'll stick to 30 seconds, but you know just following on from Sally's second and third points, work permit and other regulatory constraints, I mean a lot of qualified professionals need qualifications and these qualifications need to be recognised and I think that you know after Brexit has become a lot harder both for inbound and for outbound, for certain professions to have their qualifications recognised. There is some process set out where this can potentially be re-established going forward on a profession-by-profession basis, but it's a bit piecemeal. And what Sally said about intra-corporate transferees is also right, you know and I think the TCA is fairly liberal on these intra-corporate transferees but is it really the SME who is going to benefit from that, it tends to be the larger businesses, the larger corporations who can take advantage of these provisions and I think because of the relatively high burden of these fixed costs, I mean visa and also the compliance costs in general, but also you know SMEs don't typically have foreign affiliates and are not in a position to really think about intra-corporate transferees. I'll leave it at that.

Layla Moran MP

Thank you very much, very fascinating. Back to you Chair.

Paul Blomfield MP

OK many thanks and I'm conscious we are losing a little bit of time but if I can hand over now to Alison Williams.

Alison Williams

Thank you Chair. So, I want to change focus a little bit away from the professional business services and think about bigger labour pool for lower paid jobs. So how much of our services industry's competitiveness is reliant on easy access to a large labour pool for lower paid jobs and what kind of impact has Brexit had on that? If we could start with Professor Jun Du please.

Jun Du

Thank you, Alison, I think this is a large question of UK skills problems, I think. It is not just service but also manufacturing as well and services particularly because service is made up majority with SMEs. So, if you think about the skills problem, it's not just the lack of high skills, so the theory is, existing

theories tell us that we need the right level of skills and the right amount and placed where they are needed and in that way that we could maximise productivity. So overall the UK performs comparatively well on high skills, this is what we know, there is a [inaudible 0:32:19.3] report and following work which demonstrate actually the problem we have as a country compared to international peers is that we are facing challenges in intermediate skills and low skills.

So, coming back to the service sectors I think what the evidence has provided recently by UK and in changing Europe particularly has demonstrated that the EU migrants has fallen sharply, and we see that the rise in the non-EU migrants somewhat, but clearly the importance of EU nationals to the UK economy has far outweighed elsewhere. Services in the UK primarily are small businesses as we said, not all the jobs are high skilled job, I think this is very important. So, when we talk about this, we regularly fix our ideas on attracting the best, not even the good and very good but the very best, but the fact is that we need a lot of medium level skills. And this argument is actually the argument of having the ecosystem of service sectors which will work the best, the successful financial sectors need auditing, needs accounting, needs law and flourishing research environment, research institutions, R&D services will need strong educational sectors, so all these are needed.

So, the difficulty in accessing to large labour pool which include medium and high, particularly for services, really will impact on the decision of business location and relocation. I think the recent shift of some of the business registers from UK to elsewhere reflecting the challenges in that area.

Alison Williams

Yes, we're already seeing that move away from the UK because of it, thank you. Ingo do you have anything to add from that perspective.

Ingo Borchert

Thank you, Alison, I'm tripping a little bit over the term competitiveness here but let me first come back to what I said. There is a multi-billion pounds worth of services that go into export competitiveness and something that comes anecdotally to mind are the shortages of horticultural workers, I think that's something we may have in mind when we talk about lower paid skills, to the extent that a lot of agricultural and horticultural produce is being exported and I think that's exactly one of these examples that Jun was just saying, we also need the medium skilled and the low skilled for export competitiveness.

But the reason why I'm tripping over it is a little bit there is a second aspect about domestic consumption, domestic welfare here, right. So, they are the lorry drivers, the NHS nurses, the midwives and all the rest of it. There the issue is not so much competitiveness, so who is the NHS competing with, you know it's about consumer welfare and the welfare of British citizens here. And I've no doubt that consumer welfare here has been significantly reduced by that inability of lower paid positions to come and to be recruited especially from the EU.

I'd like to close by a more general point, if you compare high skilled professionals and low skilled professionals it's typically the services rendered by the more high skilled people who are more easily tradeable across border, think about the architectural blueprint, think about tax accounting advice and so on and so forth. And these higher skilled services are typically more amenable also to take advantage of digitisation and it is the lower skilled positions who are really stuck with physical movement, and I think we need to be aware of that and we should make sure generally speaking that the visas/immigration system is not implicitly penalising lower skilled jobs simply on the account because they are less able to substitute a way into the digital economy. Thank you.

Alison Williams

Thanks, well that could lead nicely onto CJ, do you have anything to add to that perspective around the visas and access to those lower paid workers.

CJ McKinney

Well, I suppose I would say that there's building on that point it's not so much that lower skilled workers are implicitly penalised by UK immigration policy, they are very much explicitly penalised. HGV drivers for example, part of the issues with shortage there is that they are considered unskilled workers and they are listed as unskilled workers who couldn't get visas before the recent concessions. So, it's very much that is the broad thrust of UK immigration policy post-Brexit is that lower skilled workers are not being let in.

The other thing I would say just really briefly about the impact of Brexit is that the, I think it's worth being quite cautious about the data that we have because you know the end of free movement and Brexit coinciding with the pandemic resurgence at the start of this year and the inability to collect statistics and do the normal surveys on migrants and people in the labour force, it's quite uncertain, experts are having quite involved discussions about whether the data is any good, certainly the Migration Observatory at Oxford who I do some work for are notably cautious about saying anything certain, so I would just kind of say that note of caution when we talk about the impact of Brexit at the moment.

Alison Williams

That's a good watch-out. Is there any kind of feedback on when we might have some more reliable data, you know at what point there will have been some level of normality?

CJ McKinney

Yes, I think there is ongoing work at the Office for National Statistics throughout this year and into next year to kind of build a more reliable picture, so we should know more particularly when the census results from last year start to come out in the spring of 2022.

Alison Williams

Sally, do you have anything to add, we're probably a bit short on time. OK great, thank you I'll hand back to Chair, thank you.

Paul Blomfield MP

Thanks Alison and thanks for those useful answers. Can I hand over now to Alan Winters?

Alan Winters

Yes, thank you Paul. I want to sort of switch tack a little bit, I mean one of the stories we are told about services is that geography is increasingly becoming unimportant for services and I guess I'm interested to know whether that is actually true and to what extent did some think of the UK's well-placed to take advantage of and I suppose in what we might do to be able to take advantage of the death of geography in the services trade. Why don't I start with Sally first?

Sally Jones

Well, I think you and I might be about to fall out Alan because I entirely disagree with the notion that gravity, the gravity model doesn't apply to services. And I'm going to refer you to an excellent report prepared by a competitor firm, Price Waterhouse Coopers, I will post it in the chat, which basically found that doubling distance between service provider and customer halves the quantity of service trade. So, I think saying that geography doesn't matter for services is false as a basic concept. That said, and referring to Ingo's excellent points on digital, you can provide services trade digitally subject to cyber security and data privacy and regulatory restrictions, but broadly you can, Covid has evidenced that we can and that PWC report was from pre the pandemic, so that's the one sort of pinch of salt I would add.

However, my anecdotal personal evidence is that two years of pandemic have effectively taken us to the limit of how much we can provide services digitally. There is an ability in the early months of travel restrictions to trade off existing relationships and goodwill, but that does wither over time in my experience, and I would very much caution anyone who thinks that you can entirely provide services digitally because you can but it's just not as good and not the same.

Alan Winters

OK, thank you very much. No, we're still good friends, I was merely reporting what people say to me and looking for the answer. So why don't we go to Jun now.

Jun Du

Thank you, Alan. Sorry, Alan I also cannot agree with you, I know that you don't agree with the statement yourself, so distance always matters. I think it's for goods and trade. We have to recognise the development of ICT, the fast-paced spread, use of it and becoming much cheaper, much more accessible has really allowed services to be much more tradeable than before. So, this plays a huge role. But I think the existing evidence from the economists recognise that distance still matters very much for services as well.

Springford and Lau [ph 0:41:42.1] in 2018 has done a piece of work, they measured a 10% increase in distance results in 7% drop in services trade, so this is using OECD data and they provided that figure. So, this suggests it does. But using a story, so as I mentioned just now this article published in New York Times on the 10th of November this year, they talk about this Mrs Brock who is a Scottish person who has set up, has moved her business to Estonia, so she is very mobile, she is a technician, so she has moved her company to Estonia, she hires 60% of workers in Estonia, 40% in Scotland. Her time is divided in both. So, guess where the exported services that she could have from UK now has moved to, so services trade do go, and it's gone to from the side of Estonia. So, this is a real example that distance really matters.

Alan Winters

Thank you, Ingo is there anything you want to add other than telling me that I'm wrong, which I know I was wrong!

Ingo Borchert

No, I think we've thoroughly debunked that myth that the world is flat, it's not flat. I would just echo just how robust that is, usually if you ask two economists you get three opinions at least, but there is so widespread consensus that distance applies to services trade as much as it does to goods trade. Now I've done research on that myself and there are two twists to it. One is in comparison distance is much less of a friction to services trade as compared to bulky agricultural trade and manufacturing somewhere in between. So, there is something about the likeness of services and also if you estimate the effect of distance over time it's come down by about 15% since 2000, it's come down ever so slightly, but it is still true that it is a highly significant and biting barrier to services trade. And that's exactly why Japan's share in that stellar UK export performance is 2%. And you know we have the agreement, the UK-Japan agreement [inaudible 0:43:52.1], I think it's a fabulous agreement, but we should not expect this view that you can go out and [inaudible 0:43:58.2] far away countries with the idea that distance doesn't matter anymore, is not true. These 2% will not jump up greatly because it is rather economic size and proximity that matters for the bulk of trade.

I don't know whether I can add ten seconds. There is an interesting study out there that estimated the effect of borders and distance to eBay trade and that's interesting because there is hardly any of the conventional distance friction in there but still there's a very significant border barrier that's got to do with trust and enforcement if things go pear-shaped and I think if we wanted to reduce the effect of distance on services trade that sort of gives us a clue where we might want to start. Because all this agenda about regulatory cooperation, data flows and other things that Sally has hinted about in the realm of digital trade, but distance matters a great deal in the services trade.

Alan Winters

Thanks very much, CJ do you want to add something to that?

CJ McKinney

I won't take up any more time on that.

Alan Winters

OK, yes, it's a nice subject, I'll hand back to Paul then, thank you very much everyone.

Paul Blomfield MP

Thanks Alan and thanks for those responses, can I now hand over to Liz Saville-Roberts for the rest of this session.

Liz Saville-Roberts MP

Thank you very much Paul. I'm aware Connor you've touched on visas as things stand at present, I just very quickly amongst the four of you, because I want to then move onto trade agreements, but in relation to visa policy in the future I would like to ask everybody what model they would propose or what that sort of policy should be in future. But one thing I would like to touch upon, and I think we've treated the UK as though it was a homogenous unit and in reality, actually workforce needs across the UK in relation to services and beyond really vary. We have one particular need for the south-east of England and then quite possibly because of demographic reasons and also for economic reasons quite different needs in much of England, certainly in Wales for where my constituency is and certainly in Scotland. Connor if I could start with you, fairly swiftly if we could just go through everybody on this point.

CJ McKinney

Sure, as Sally mentioned earlier the issue for services when it comes to visas is often these kind of short- to medium-term visas, just inter-company transfer, the Government is actually in the process of adjusting its visa policy in this area, they're bringing in what's called the Global Business Mobility visa and they have put out a briefing about these changes, just to share with you a quote, they say "immigration routes that may once have worked for businesses no longer do if not involved in tandem with businesses" so I think there is recognition there from the Home Office that existing policy isn't quite up to scratch. And there was a recent report from the Migration Advisory Committee, they identified quite a significant gap in the available business-type visas which is a short-term work visa that would allow people to come into the UK and work for a client for a matter of days or weeks as part of a service trade without having to go through the sort of cumbersome process and cost that's involved with kind of the existing business mobility visas.

So just very quickly, I know you want me to hurry up but there's a couple of ways you could address this gap right, one is by liberalising the rules on business activities as a visitor, there are things you can do if you rock up at the border and ask for entry as a visitor for up to six months, you can do some business adjacent activity that falls short of work, you can make those rules more liberal and more clear because one thing that lawyers who advise on these rules tell me a lot is that they are very ambiguous and they hate advising people to use them.

An alternative and I'll finish on this is that there's a sort of halfway house between entry as a visitor and applying for a visa which is that you can if you are a creative worker such as a musician and you want to come to the UK for short-term work you can do that with a certificate of sponsorship issued by the organisation that's invited you. So, it's sort of, you don't have to apply for a full-on visa, but you do have to have some kind of documentation when you arrive and that's a kind of halfway house, you know that certificate sponsorship is traceable back to who the organisation who's invited you for compliance purposes so there is something there for the Home Office sense of control about who's coming in. So that's an existing scheme and that could be expanded to more areas outside the creative sector.

Liz Saville-Roberts MP

Thank you and Jun?

Jun Du

I'm not an expert on visa policy but I'll just make two quick points. I noticed some of the schemes coming out including global talent visa has given favourable conditions for the skilled migrants to

come to the UK with relaxed conditions, if the sponsored company are high gross fund company. I would caution that, I would caution the linking with high gross company, we have done a lot of work on high gross companies. I think most of the time the definition is linked with OECD definition of [inaudible 0:49:37.4] ... I think it is a very risky proposition because majority, an absolute majority, 90, over 97% of the high gross firms will never be a high gross firm again, so this means discrimination for the rest of the companies who have potential to be high gross. So, what is the criteria of offering such relaxed condition is a question to watch out.

The second and the last point is that I think it's very important to think of the ecosystem, I think I forgot the second point, I'll come back to that if I remember, thanks.

Liz Saville-Roberts MP

OK thank you very much, and Ingo.

Ingo Borchert

I'm certainly not an expert on visas so you know I'll be very, very brief here. I mean just a call out to education policies because you know Paul initially said you know let's note sort of important sectors as we go along. Pre-pandemic that was a \$14-15 billion business worth of educational export. I mean UK universities are world-class and both of them are as Sir Humphrey has observed. You know that has almost cut in half from the pandemic because it is recorded under travel for educational purposes. But of course, you know the proposition of coming here for foreign students is a lot more attractive if they then you know are able to work and gain experience afterwards and I think that was quite in limbo for quite some time. I think the Government has patched it up now but that's certainly an area where we want to think about if we want to build on that, you know undoubted strength of the UK higher education sector.

The other one is that I think in the TCA the UK has quite surprisingly not made any commitments as far as I know on contractual [inaudible 0:51:32.8] independent professionals in medical services, you know it's not that you know there is a lot of slack in the NHS as far as I can tell, so why haven't we done that? You know, so I think I'll leave it with that calling out these two sectors.

Liz Saville-Roberts MP

Thank you very much indeed. And Sally.

Sally Jones

No, CJ covered everything, my one ask is for better short-term inter-company transfers.

Liz Saville-Roberts MP

Lovely, thank you very much indeed. Right and then, that moves onto what is being, the conditions being enabled for inward and outward labour via our trade agreements, what we know so far. Ingo, I think if I may if I could start with you on this, what would your commentary be?

Ingo Borchert

Again, specifically on visa and labour short-term movement, if you take the TCA, I think there are new categories in there, I mean these short-term business visitor [inaudible 0:52:32.8] and so on which are I think new, right which are not sort of, which are better than, which are not part of the gaps [ph 0:52:39.5] framework. Whether it really helped, you know [inaudible 0:52:43.0] all of these qualifications that Jun just said about, you know what firms are eligible and Connor is much more knowledgeable on immigration. I would just make that one remark that when it comes to trade agreement and helping services there might be other areas, you know out there in terms of data governance and so on where all the services rely on a lot in a cross-border fashion. And I think that would be important, but it is slightly beside the point of what specifically trade agreements can do on labour mobility, I've nothing to add to that.

Liz Saville-Roberts MP

OK, and Jun if I could come to you on this matter as well, again as to what we know so far.

Jun Du

I think I just mentioned this point already, the recent UK and Japan agreement I think given the limited expectation we had about this kind of free trade agreement was a success, so through this I believe that you can demonstrate the intent and ability to seek new provisions outside what we used to have with the EU. I think the importance particularly apart from the fact that we have the digital services and data provision which has gone beyond the past one, I think the importance is that UK has demonstrated interest in engaging the long-term future discussions and this is incredibly important for opening markets outside the EU in the future. If you compare, because US is the number one, UK is the number two, if you compare the profile of the trade partners in the last ten to 15 years, one really interesting difference is that US trade partners are all over the place, the top ten trade partners are literally covering all continents, including India and China. But UK's top ten trade partners, nine out of ten are EU. So, I think I would say that you know maintaining the dialogue and trying to deepen what we have already had from the TCA but look elsewhere, look into the possibility of developing deeper trade relationships with other countries.

I think the next in line for trade discussion is with South Korea and India. I think this is really important, UK Government should do swiftly engaging with the trade partners, number one to maintain what we had before with the EU, number two try to go beyond, if not immediately but in the long-term constantly engaging with kind of strategic dialogue.

And the one thing I forgot to say just now, I forgot wanted to make the point was that it's really difficult from the authority, from the governments to predict what skills are needed by the business, this is always not just for service export or goods, fields are changing very much and particularly because the technology is evolving very fast. So, the bottom line is the government needs to monitor the changing trend, the changing needs of the technology and respond to business needs in a timely manner.

Liz Saville-Roberts MP

Thank you very much, I appreciate that maybe you weren't expecting the question about the regional differences for all the people on the panel, but I think that the need to be responsive is

really important and technology obviously is going to be one, but Sally if I could turn to you for this point on the trade agreements.

Sally Jones

So, I'd like to kind of come at it from a slightly different direction which is that many of the trade agreements have got interesting and excellent provisions on mobility, but as is the case with so many provisions in trade agreements, they're only as good as they're used, and they're only as used as other policies domestically support them. The implementation of trade agreements is not sexy, there isn't a photo opportunity with a signing ceremony and headlines, but it's those hard yards of implementation, implementation, implementation that matter. One of the issues we have is that there are mismatches between how our Home Offices and other Home Office equivalents around the world choose to interpret trade agreements and what's actually in the legal text and that's probably the single biggest hindrance of the effectiveness of trade agreements in this context.

Liz Saville-Roberts MP

OK, thank you very much everybody, Paul back to you.

Paul Blomfield MP

Thanks very much Liz and yes thanks very much indeed because miraculously we've come in just on time, the end of that first part of our session today. So, Jun, Ingo, CJ, Sally can I thank you all very much indeed, there's a lot that we've already got out of that, even more I think when we digest some of the stats in the transcript, so thanks very much indeed. You're very welcome to stay for the second part of our session but completely understand if you can't because we're now moving onto consider skills and qualifications and we've got three expert witnesses that I'd like to welcome and give an opportunity to introduce themselves starting with Charles Owen.

Charles Owen

Hello, thanks very much. My name is Charles Owen, just ... yeah, my name is Charles Owen, I'm Managing Director of European Pubs and also the Managing Director of Seasonal Businesses in Travel, SBIT which is an industry organisation representing over 100 companies in the outbound tourism industry, so firms like Neilson, SkiWorld, Mark Warner, Ingham, [inaudible 0:58:20.2] that basically deliver UK holidays, they're UK companies that deliver holidays to UK holidaymakers outside the UK. Mainly in Europe.

Paul Blomfield MP

OK thanks Charles and secondly Mark, Mark Hilton.

Mark Hilton

Thank you Chair, Mark Hilton, I'm Membership and Skills Policy Director at London First, London First is a business membership organisation representing any corporate business, universities, colleges in London.

Paul Blomfield MP

Thank you and finally Steven, Steve Wellard.

Steve Wellard

Hi, I am Steve Wellard, I'm Director of External Relations for the Association of International Certified Professional Accountants which is a joint venture between the American Institute of CPAs and Chartered Institute of Management Accountants, so we represent 696,000 accountants and finance professionals around the world.

Paul Blomfield MP

Well thanks very much and all three of you are very welcome indeed and thank you for taking your time to be with us this morning. I'll hand straight over now to Tamara Cincik to start our questioning, Tamara.

Tamara Cincik

Thank you Chair. So, I've got two questions and I'll ask the first one here. How can we ensure we have the right skills mix to support the economy, to what extent does the Government have to take a role, or can it be left to the market? I will start with Charles please.

Charles Owen

Making sure we've got the right skills mix. So, for the companies that I represent they mainly work outside of the UK and most of the people that work in the companies they tend to be fairly transitory, so the vast majority of cases they're younger people, 87% of the people working in the outbound tourism industry are 18-34, a lot of instances it tends to be their first job so actually we rely quite a bit on training the staff ourselves. It's the same percentage but in a recent industry survey it was 87% of the members that were surveyed actually ran training and apprenticeship programmes themselves. And commonly what will happen is we will recruit the staff in the UK, send them out to the resorts to work in Europe where they will go through an intensive training programme there. So normally within the industry we rely on self-training and apprenticeships to actually get to that point because most of the people we employ are young and they haven't had the kind of training or experience that they need in customer services to be, to actually provide and deliver the fantastic holidays that our industry does at the right value.

Tamara Cincik

So, there's a cost implication on everybody that you hire that you want to build into them being able to work for you for the long-term I would imagine across the industry because otherwise you're investing in training that is for a short-term benefit and so it's actually costing a brand.

Charles Owen

Completely, and it's kind of built into the cost of holiday packages and what we deliver. I mean it does deliver, well it has in the past delivered long-term benefits to us, I mean in the industry organisation I talk to industry leaders on a weekly basis and virtually everybody in the SBIT core teams' MDs started off doing winter seasons and got that training, internal training within the companies that now gives them the experience to know how to operate a company overseas, because it's not straightforward.

So, we rely a lot on self-training and actually the training on the job and I am very concerned for reasons which we'll go into probably in later questions about the impact on UK outbound tourism by the friction being involved, introduced in allowing UK staff to go and work and train over in Europe because it's substantial.

Tamara Cincik

Thank you. Mark.

Mark Hilton

Thank you. I'll come at this from a more general perspective if I may. So, Government and business clearly need to work together to address skills and labour market challenges and the action is needed on both the supply and demand side. In terms of the second part of your question I think it's doubtful whether the market can sort of the current issues out for some time at least given the extent of the major mismatches between labour supply, both in terms of profile and volume of that supply and employer demand for labour and skills. There's now only 1.3 unemployed people for every vacancy in the country and around 950,000 fewer people in the labour market than there was pre-pandemic. So, it's a very tightening market. So, in short, the pandemic and Brexit have exacerbated existing skills gaps and structural problems with the skill system and now we have a pool of labour that's too small, at least for the short- to mid-term with little room to manoeuvre.

Immigration of course is restricted, it's very hard to unlock the economically inactive or other groups outside the labour market such as retirees. And the budget didn't really seem to address that and of course we've all got a bumpy ride still ahead with the pandemic. And so, Government intervention is evermore critical for both those short-term challenges but also into the mid- to long-term improving the system. So, in the short-term better share and the use of data to assist matching of supply and demand through effectively skimming [ph 1:04:18.0] services is critical and support for the inactive and others to get back or into the labour market. Fast-tracking training, maintaining incentives like those we see at the moment with apprenticeships and support for youth transition from education into employment. And then better evaluation and then correction on existing Government programmes is important too.

And then better communication of those myriad Government programmes. And then anything we can do of course to strip out unnecessary bureaucracy and things like the apprenticeship levy system.

And then just to end I think skills is clearly the priority but there is work that needs to be done on the immigration system, although the Government seems to have ruled that out, so we would support a greater roll out of temporary recovery visas and flex in the shortage occupation list as well.

Tamara Cincik

Thank you I mean that aligns with the issues facing my sector, the fashion industry, trying to get the garment workers on the shortage occupation list and that falling flat at the moment. We've had the highest, I've been told 83% increase in the desire to onshore but all the manufacturers are telling me they've got more vacancies than ever, so there's a mismatch and at the same time the skills aren't being rolled out until September next year to train domicile talent, so there's definitely been a lack of alignment there which I have urged the MAC [ph 1:05:44.1] to look into. So, I think from this if the Secretariat could pick up with some analysis to the MAC, I think that would be really useful, would you agree with that Mark?

Mark Hilton

Yeah, I think the MAC has an important role here and I think the MAC needs to be expanded and it needs to be on a similar footing to the Office of Budget Responsibility, you know you might call it the Office of Migration Responsibility and it needs to work across Government in a better way than it does at the moment.

Tamara Cincik

That's really helpful, thank you, I hope we can action that. Steve, over to you.

Steve Wellard

Yeah, thanks. I think one other angle that is obviously an important part of the conversation is really linking skills to productivity. You know, I think it's been a long-term problem particularly since actually the financial crisis, since 2008, and whilst there's sort of efforts under way with levelling up and other policies, I think a kind of critical point really is about thinking about you know skills at all levels, not just entry level but also those at the sort of medium and high end. I think high end is particularly well covered and serviced and I think by listening to some of the prior conversation, and I think points were well made about that.

But how we can continue to sort of upskill and reskill in the economy is a really important part for what we need to do and given the importance of change in you know digital transformation, how do we accelerate you know the growth in the 30-40-50-year-olds and 60-year-olds perhaps you know to really drive that productivity and really drive things forward. And we found with our own sort of research into our own sector, into the accounting and finance sector that actually the 30- to 40-year-olds are really challenging to get into that mind-set of learning, unlearning, and relearning in terms of their contributions if you like, both to their careers but also to the companies that they work for.

Tamara Cincik

And not only that there's also the, with the shift in retail and the move to digital the need to train and upskill and possibly new job careers for people who've been in jobs that might not be as open to them in the 21st Century, so I think this upskilling of people throughout their careers is going to be vital, would you agree?

Steve Wellard

Yes, absolutely. And I think one of the things that is really important I think for the Government to consider and policymakers as we go forward, because I think it's a long-term problem, is really how can we also incentivise people through their careers and I know there's things like the training levy, but I think there's also, it's always a bit top down, I don't know how we go about it but the question in my mind is how can we create a culture of learning in the UK, people are proud to continue to learn and invest in their careers or to change career paths. You know a lot of what we do is very transferable in terms of skills, in terms of finance skills and accounting and it's very helpful for SMEs. But we don't really tend to focus enough on that, you know how we can make the best of the talents available and think about transferring them into other sectors or helping them to retrain. Once you're in a career path it's very difficult to break across a sector.

Tamara Cincik

That's very helpful thank you. Over to my second question. What is the difference between free movement of people and what we have now and what impact is this having? Sorry I'm slightly laughing because I've heard so many horror stories in my own sector, I don't mean to be facetious, Charles over to you.

Charles Owen

Thank you very much. Two words, the difference is huge, and the impact is massive. So let me just give a brief introduction to the UK outbound tourism industry. So put simply the vast majority of British people that go on holiday to Europe tend to book with a British company and then they're met in resort by a British rep, whether that's a summer resort or a winter resort rep, winter resort. They're looked after by British staff, so that could be chefs, cleaners, bar staff, nannies, their childcare, and these, as I said these are mainly young UK staff who could previously work freely all across the EU as a result of the single market and free movement of labour, which obviously ended on 31st of December 2020. The consequences for our industry have been substantial and devastating. Before the referendum, and we were quite surprised because this bit was only set up after the referendum by a group of leaders in the tourism, the outbound tourism industry that knew that this was going to be bad. When we actually collected the stats on this, there were 25,000 UK people each year working across the EU supporting and delivering UK holidays. As I said 87% of them were 18–34-year-olds. We calculated that that activity generated 16.5 billion of UK GDP and returned one billion in tax revenues for the HM Treasury, which just coincidentally is about 12.5% of our EU contributions.

All of that was put at risk from Brexit. So, onto the substantive part of your question, what's the difference. So previously a UK company wanted to employ a UK member of staff say for instance to work in a chalet in a French ski resort to look after UK holidaymakers, they could recruit them in the UK, put them on a UK employment contract, second them to work over in France or any other EU nation, where they would work the winter season from December to April and then go back to the UK. There was always ample supply of the UK staff that wanted to do that, they'd get trained, and

what that allowed the industry to do was to pre-purchase large volumes of flights, accommodation, transfers that would then allow them to deliver exceptionally good value holidays to the UK public.

Now the UK companies chose the UK staff because they could deliver the holiday experience they needed, they could employ them on UK contracts which meant they were paying UK national insurance and UK PAYE, which benefits the Treasury, as opposed to the European nation social charges, but mainly there wasn't the availability of English-speaking hospitality staff in the EU nations that wanted to work these roles.

Now, post-Brexit that guarantee of UK staffing has completely gone. So for instance, and my business European Pubs, we operate in France, to send a UK worker to work in France for a winter season you have to prove that no French worker can do this role, so we advertise on the unemployment sites for three weeks, when you've done that you then recruit the UK member of staff, then you apply for a French work permit which can take two to three weeks and can be rejected, there's no certainty around that, then you have to apply for a French work visa, take another two to three weeks, costs £30-100, and involve multiple visits by the employee to the visa processing centre or the Consulate. Then when the employee gets to France and works on a French contract, so paying French social security charges to the French Treasury not to the UK Treasury. They need to go to the French Local Authority within the first two months of arriving, apply for a temporary residence permit which then costs €75 and allows them to stay for the rest of the season. Then they need to attend two separate medicals to prove they are fit to work, one of these is out of resort so it means taking them out of providing holidays for a daytrip probably to a place an hour, two hours away to do the medicals.

There is no guarantee that UK companies and staff members will receive the permits and visas in a timely manner and with the scarcity of EU national staff we've just seen a dramatic reduction in the size of the industry across the EU.

Tamara Cincik

But also not only that, and I'm going to have to go to the other speakers, but not only that I would imagine because there's been, what you are saying has been replicated with EU younger people coming and working here possibly after University first job, there is going to be more people in the EU to take up those jobs I would imagine who can't get the jobs here in catering or hospitality.

Charles Owen

We're not finding that.

Tamara Cincik

You're not, interesting.

Charles Owen

We're not finding that, so which is why, and to be honest we needed, the industry needed to take the call kind of 12-18 months ago about what was going to be the size of their holiday portfolio, they couldn't take a risk which is why it's reduced and the experience this season is all firms have found recruiting in EU nations very complex.

Tamara Cincik

Very interesting, thank you. I know we're a bit over on time so I'm sorry but if we could just speed it up a little bit Mark and then Steve if that's OK, thank you.

Mark Hilton

First part of your question of course we now have a controlled system where EU migrants need to meet a set of criteria in the same way that non-EU people have done for years, like language ability, qualifications, job offer, whereas before we had free access to 500 million or so EU labour market and they could enter, search for work and secure work without the need for a visa. I mean that's the nub of it. Now we've got a lack of flexibility in our new points-based system that's preventing migrants from coming to the UK to fill many of the job vacancies that we're desperate to fill. So, we've all seen what's going on with HGV drivers, we've had to issue 5,000 visas, or the Government has, and only a handful of migrants have decided that they want to take up that offer.

So, we are less attractive as a working destination and harder to get into. You have to have a qualification level above our QF level three, which is A-level or equivalent, or your job needs to pay more than £25,600 unless it's on the shortage list that we spoke about earlier. And then just briefly the final thing of course in terms of impact is you know as a result of the pandemic many migrants have left the country and the figures are disputed but the Economic Statistics Centre of Excellence estimates that 1.3 million people have left during the pandemic and up to 700,000 of those from London and of course if they are deemed to be low-skilled workers then they won't be able to get back in again.

Tamara Cincik

Lovely, thank you for that. OK, over to you Steve.

Steve Wellard

Yeah, I don't think I can add a great deal but I think the UK has kind of had a history of being drunk on cheap labour and it kind of links back to the productivity issue, so we've never really, and the skills issue, so we've never really invested perhaps in the right ways around sort of skills and so now we're in that deficit and now you're getting things like the great resignation, inflation, wage inflation, which is you know where we are, so I'll stop there.

Tamara Cincik

A conversation of joy there Steve, thank you so much I'll defer back to the Chair and thank you for answering my questions so well all three of you.

Paul Blomfield MP

Thanks very much indeed, and we're going to come into some of the points you made in a bit more detail but if I can move onto follow-up immediately to Alan Winters.

Alan Winters

Yes, thank you very much Paul. I want to focus particularly on welfare of British people and the way that spills over perhaps to British firms. I wonder if you could highlight some of the things, Charles has already mentioned some, but a broader range of things that the Brits used to be able to do in Europe but now cannot, or at least within reasonable time and cost constraints, and how that affects welfare and in the longer-term competitiveness of UK companies. Why don't I start with Steve?

Steve Wellard

Yes, I think more broadly what we've seen anecdotally from our members is issues to do with recognition, lots of members are qualified, that's impacting on perhaps their career paths in the way that they are thinking about moving around. It also requires, I think, quite a bit of effort and perhaps more effort than we'd like to see by the British Government to get those mutual recognition agreements in place, not just in the UK but in other markets around the World, to do that. I'm trying to think what else I can particularly add to that conversation really other than the points that perhaps were raised in the earlier questions to be honest, so perhaps I'll pass that on.

Alan Winters

Charles, do you want to, you've explained your sector pretty fully but more broadly?

Charles Owen

Yes, there's a couple of big points, it does have an impact on UK competitiveness and just the performance of companies so what can UK workers no longer do in the EU as a result of visas, so quite simply you don't get an EU visa, you get a single country visa and the rules are different from all of them, so previously if you had a large company that was supplying holidays across the EU they had the flexibility to move their staff from one country or the other, now you can't do that. And that gave great opportunities for training, for development, but also to kind of react to crises, just if you lost, if a number of staff got injured as happens quite a bit in ski resorts in one particular place, you have the flexibility to move that around. You don't any longer. And of course the main one is they can no longer get out to the EU nations and to the resorts quickly, whereas before if you got people injured or people left you could, you normally had a reserve list of people in the UK that you could then call up and say please we need you, can you go out, that now is a two to three month process. So again, it means firms have to over-recruit which builds more cost into the whole process.

And also, this has a massive impact, as I said most of the leaders in the outbound tourism industry, which again accounts for 16.5 billion of GDP, started work by working over in these jobs, what I'm very concerned about is that actually we won't be training and developing these future leaders of the industry that has actually generated a large amount of economic impact for the UK. And just generally the basic training that we can give young people in terms of customer service, the cultural experiences, the language which I would have thought would have been a key thing for global Britain.

Alan Winters

OK thank you very much, can I just broaden the question, well in a sense extend the question a little bit, I mean do you think it's likely that the drying up of opportunities to work in the EU will start to change people's choices about skillsets or sectors or occupations to pursue?

Charles Owen

Yes, I think unfortunately inevitably. We ran a petition just before the end of the Brexit referendum imploring upon the Government to introduce a stronger mobility chapter within the free trade agreement, we got about 16,000 signatures, but what I asked for people to do if they wanted to continue this ability to go and work over in tourism resorts, apart from their usual [inaudible 1:22:08.9] just said if you've worked a season please can you let me know how this has changed your life and we got, as I say 16,000 responses but we probably got about 4-5,000 responses from people that had done seasons and it had fundamentally changed their outlook on life, opened up amazing new opportunities. The industry recruits from all around the UK and the number of people that have said before going and doing and working or in season over in Europe I was pretty sure what my life path was going to be and all of a sudden I did that and it opened up these amazing experiences, whether it's they met the loves of their lives, they started new businesses, they got involved in industries that they hadn't considered before and I'm just deeply concerned particularly for the young people that this is ... who've experienced probably the brunt of the Covid pandemic that the impacts for them and their outlook on life is severely reduced by not having a greater mobility and very likely a youth mobility scheme which we think is the answer to this, particularly for the tourism industry.

Alan Winters

Steve, Mark if you want to contribute on this, I mean do you observe any of that at the sort of skill levels that you're dealing with?

Steve Wellard

I think, kind of what we find is with our qualifications on the management accounting side which isn't licensed it's fairly portable so perhaps not less of an impact, but certainly speaking more broadly of the accounting sector which is you know if you were in audit or for example where you need to be licensed then there's certainly impacts in terms of access to markets and those type of things.

Alan Winters

But do you think that's changing people's career decisions?

Steve Wellard

I think there's broader agendas at play than actually this to be honest, about what is the attractiveness of careers more broadly and actually changing mindsets of younger people frankly, to corporate life.

Alan Winters

OK, thank you. Mark, I think you're passing on this, but comment if ... so let me hand back to Paul, thank you.

Paul Blomfield MP

Thanks Alan, and if I can move on now to Philippa Whitford to follow through with some of the issues on skills development.

Philippa Whitford MP

Yes, thanks very much. If I could start with Mark, you talked earlier about you know obviously you highlighted the shortage of HGV drivers, I'm a medical background so the shortage of social care workers, we did 90% drop in EU nurses coming, how good is the UK at developing the skills that are required domestically but also to allow the UK to compete internationally and indeed individuals to kind of go out into that wider world, so if I could start with you Mark and then I'll come to Charles and then Steve.

Mark Hilton

Sure, thank you Philippa. Start with a London perspective which is the area we studied the most. So, over the last 15 years we've seen significant jobs growth for native workers, so I mean that's the first thing to say, you know it's very positive. And that's been supplemented by migrant workers coming in and filling essential labour gaps and skill shortages. So as a result of both native growth, native worker growth and migrant growth we are, the economy, well that we were in 2019 and we hope to get back to. But on the kind of negative column if you like, I mean pre-pandemic London had more skill shortages than any other region in the UK, it was estimated at around 30,000 unfilled vacancies as a direct result of people not having the right skills and our research showed that 75% of London employers at the time, so this was 2018-2019, 75% of London employers were struggling to find the right skills. In terms of UK and a bit more recently, the Institute of Leadership and Management found that two thirds, 61% of people, weren't confident that they had the skills they needed to succeed in the workplace in the next five years. And they went on to poll UK employers and only half of businesses felt that their organisation can recruit the skilled individuals that they need. So, there's clearly a huge job of work to do and it's not helped, and this builds on a point that Steve made earlier, that particularly in terms of adult skills employer investment in education and training and also the number of hours per year per employee of training that's being provided have both been falling. The latter by 60% between 97 and 2017.

So, skills of course is an area where employer investment tends to decline in a recession, that's not surprising as business is focused on survival in those situations but, and particularly now, we need that trend to reverse. We need more employer investment in education and training alongside that Government investment that I spoke about earlier. Mindful though of budgets being stretched and challenged at the moment in business, so therefore the Government needs to do what it can to incentivise employer training and investment through tax credits, training subsidies and the like. And current incentives including those cash payments for hiring apprenticeships are good, but they need to be assessed to measure take-up and impact and then adjusted and extended accordingly and it's obviously good to see the Government investing in skills as they announced in the recent budget, but we need to bring levels back to kind of pre-financial crash times and not just back to 2010 levels.

So now in summary, now is the time to invest in skills and employee engagement as that will help to ensure recover happens quickly and again to one of the points made earlier, new recruits I think really need to know now more than ever that their employer takes learning and development seriously and that existing employees deserve access to better support for progression and many of our members are doing this and I've got many examples, but I'll probably pause there for now.

Philippa Whitford MP

Yeah, I mean certainly every conference or roundtable I chair, whether it's from pharmaceuticals or social care or aerospace, at least a third of the discussion is on the skills supply chain which doesn't really seem to get the same focus, we're talking about supply chains but often not the human supply chain and clearly these pre-dates both Covid and Brexit, but unfortunately, they have taken away the sticking plasters that we've had. If I can come to you Charles, what's your view on skill development within the UK?

Charles Owen

I can only really talk to my sector and in that sector I think we personally have a pretty good record but it's mainly through necessity, just as I mentioned previously the workforce tends to be fairly transitory, the majority of them unfortunately will only work for us for one year, we're trying to increase the amount of returners because it's good for us and it's good for them, but it tends to be something where people will just do for a year. So, we have to do the initial training and that's why I said earlier 78% of the companies that we surveyed ran apprenticeships or training in the UK or the EU. But also what we develop as a set of skills I think is something which are key for the wider domestic economy, so the logistics, the planning, the language skills, the customer service, the crisis management, yes it's a very extreme example but with Covid last year when France announced its shutdown on Saturday, I think it was 13th of March, a day I will not forget for a while, at that stage we had just sent 30,000 UK holidaymakers over to France, literally that day and at eight o'clock that night Macron said OK we're shutting everything down and we then needed to organise the emergency repatriation of those 30,000 people back to the UK. And then the emergency repatriation of the probably about 8,000 staff back to the UK, all within about four or five days. But the industry develops those skills internally and I think we are a; I think an important contributor to the kind of skills that are actually required in a wider UK domestic economy.

Philippa Whitford MP

I mean obviously you're talking about your sector, but do you think that we sometimes have culturally too much of a focus on education and therefore University and degrees and even for people who go to university, not enough focus on skills, including the ones you talk about that are applicable in all sectors as well as the ones that are sector specific. You know we just seem to be more obsessed with certificated, book learning, rather than skills, whether they're technical skills or personal skills.

Charles Owen

Yes, I think that's fair. There's a very big difference between the level of skills that we observe at the beginning of a winter or summer season than at the end and there's particularly a bit of frustration about the language skills and some of the customer service skills. But as an industry we then focus on that and we make sure that they get the right amount of training, but yes, it would make the

industry's life a lot easier if there was a bit more focus on that before they actually came into our industry to work.

Philippa Whitford MP

OK, and to yourself Steve.

Steve Wellard

Yes, I mean just coming up on your last point and then I'll go to the general question. I think the kind of linkages to competencies and skills is a really interesting one. I mean as a professional body we create a competency framework and so we work very directly with employers, in fact it is really based on their input, to create skills matrix in terms of [inaudible 1:33:12.6] and that skills matrix today is not just about technical knowledge, it's around all parts of knowledge and competencies you need to be at a junior level, to get from a junior level to a medium part of your career and what you would be expected in senior management. And not all of that will be provided by ourselves, it is very much that. And I think there is a, like you mentioned really, there is this very linear like well you go down an apprenticeship route, you go to university and this is kind of you know what the outputs will be, but it's kind of missing the picture really about what's the outcome that you want and what is the outcome from employers and what do they need to help succeed and grow, you know create that virtual circle for the economy.

And you know we've found it with our own research, we do a piece called Mind the Skills Gap where we looked at SMEs, you know we tend to find that the larger corporations invest heavily in developing competency frameworks and training programmes but you know with such a large number of people involved with SMEs in the UK and percentage in the UK economy we felt that you know understanding that earlier part of the supply chain if you like is really important. And we found that you know 42% of employers were saying well you know we just cannot access the skills or the skilled people that we need to grow our business right, not just stay where we are but actually develop it to transform it into a digital future or whatever. But conversely, you know, 75% of employees of SMEs were, well I think I'm alright, I don't think I need to do anything, I think I'll probably be fine. So, there is that gap and I think a lot of that comes down to how we bridge that cultural gap. I think there's a role for Government in terms of incentives and ways to do that, I think employers can perhaps do more to share knowledge across supply chains as we go forward and not keep very linear. And I think there's a sort of how do you change the culture of people, which is you know it's a very open-ended question but to create that kind of culture of learning, but life-long learning which I mentioned earlier.

Philippa Whitford MP

And do you think the Government need to do more around that within education, where my constituency is in Scotland, we have you know senior secondary school pupils who do a foundation apprenticeship released in college, so that's already starting to do that. And on the other hand, we have people who do a Masters in aeronautical engineering who as I would say as a medic can't hold a knife and fork, you know it's five years of book learning and then they're making the tea in a company because we've not given them the skills at the same time. So, some of that is, you can't expect companies to pick all of that up.

Steve Wellard

No, and I think there is a value chain or a supply chain almost actually from the school. I actually wear another hat; I'm a school governor and I get involved with careers at a secondary school and I think it's unfair to think that teachers and careers staff can really understand the world of work and how to bridge that. I think there are big gaps in there, I know there are efforts underway to bridge that gap, which is welcome in terms of frameworks, but I think if people are not exposed early enough to the opportunities and actually understand the world of work then they're not really going to understand the skills that they need to acquire to progress. So, a lot of people go to university not really knowing what the degree has an outcome, I was one of them, I did a history and politics degree, loved the topic, and then sort of scratched my head and then I ended up in the insurance industry. I'm not saying that's true of everybody, but I do think there's a connection here between how we can lay out a pathway to better opportunities to upskill, to think about how we can contribute to the economy.

Philippa Whitford MP

Thanks very much. Back to you Paul.

Paul Blomfield MP

Thanks very much and we will pass swiftly onto Anatole Kaletsky.

Anatole Kaletsky

Thank you well this is really a continuation of the previous question, but as several of you have said these chronic skill shortages in Britain have existed for years, they was a sticking plaster approach arguably through immigration and a question I have is what, is there something about the structure of our business, our education system, our Government incentives which has made it persistently so difficult to match the demands for the labour force and I would say particularly perhaps starting with lower skills actually with what our populations provide, that these jobs are intrinsically so unattractive that British people will never do them. Mark, maybe we'll start with you, I know you represent a lot of high value, you look into a lot of high skills but also the lower skills path which are absolutely necessary to keep the London economy going.

Mark Hilton

Thank you, so I would make two points here, I mean of course there are jobs out there that most of us would think as unattractive, but in many cases I think that it's not that they're unattractive it's more that there is a lack of awareness of these jobs, of the career pathways and progression opportunities available in sectors like construction and hospitality. You know there isn't in many cases a line of sight, when you're thinking about construction as a young woman or a young man you may think that you're going to be on a construction site in the middle of November in the rain, when actually that might be true for a period but there is a perfectly structured pathway upwards you know and I know many CEOs who started at the bottom rung as apprentices and have got to where they've got to. And we need therefore to raise awareness better of the opportunities of the full picture of these sectors and to build on a point made earlier I think business need to do better at this

and they need to get out and about, they need to work together as sectors, and they need to go into schools and colleges and communicate that.

For our part at London First we do that through our Skills London event which is the UK's biggest jobs and careers event and in normal times we would be bringing 35,000 young Londoners, their teachers, and parents over to Excel in the Docklands in London and giving a clear line of sight between their education and career possibilities. The second point is one I made earlier that there really right now, and you know I'm sure this will correct itself to some degree, there really isn't enough people in the labour market and that has been borne out by clear sector shortages, hospitality, latest data showing 134,000 unfilled posts in hospitality, 40% of employers in that sector reporting staff shortages, health and social care 7% of roles in adult social care were vacant this year on any given day, that's about 100,000 vacancies. Even in financial services you know, which doesn't employ people at all skills levels but in London demand for work is 55% higher than the UK average and over a fifth of financial services firms have warned that the ongoing staff shortage is limiting investment in their sector. So, it's a bit of both.

Anatole Kaletsky

So just as a follow-up, does this perhaps mean that the Brexiteers have a point though that it's necessary to create really severe labour shortages in some of these skills in order to force wages up to a point where jobs which otherwise do not attract enough domestic young people into them become very attractive and maybe the only way to do it is to have labour shortages so intense in the hospitality sector that you know people who serve at pubs end up getting paid more than accountants, you know and then people will take those jobs. Do you think there's some validity in that argument?

Mark Hilton

I have a lot of sympathy for the Government's focus on skills over and above immigration solutions here, I think as we've said I think all of us have said investment and support for employers in skills does need to kind of uptick, having said all of that I don't think it's wise to say that you want to move to a high wage, high skilled economy without a clear plan and there really isn't a clear plan for that at the moment and putting us through a whole heap of pain like businesses in our membership are experiencing at the moment to prove a point seems to be a bit perverse. So, I think there's a balance to be struck.

Anatole Kaletsky

Steve, what's your reaction to this argument that we need much higher wages in certain sectors in order to attract the staff that the economy requires.

Steve Wellard

Well, I think it kind of slightly misses the point because I think the real attractiveness needs to be able to create jobs with real wage growth opportunities, alright otherwise it sort of comes back to the productivity point. If you're never really going to go into creating a role or a job with prospects you know and you may start that role in your mid-20s, but how do you try to drive, and I think this is the important part to the skills agenda, is really the opportunities to grow. So that they can increase

their income into their pocket, that they can kind of contribute to greater opportunities through real wage growth, not just a job.

So, there's that aspect. I think and I know we're not, and I don't really want to get into that, there's obviously the conversations around the welfare system and you know incentives to get back to work, I'm not going to comment on that because I don't think I really have a view. But you know that doesn't help. I think the other thing really linking back to Mark is you know it would be great to see or the Government to have a sort of business strategy or an industrial strategy, I don't think industrial is quite where we are as a country anymore, so I think it's more about how we grow you know business and opportunities and then link things to that through our skills agenda. And I think that also has to link to the changing mindsets of younger people, you know they don't want to go into the corporate life and have a career path, you know for 20 or 30 years. Yes there's some of that but I think we have to incentivise more entrepreneurialship, we have to incentivise ways for people to be able to upskill and reskill as individuals and be able to access that, because I think that will then help fill some of the gaps, and I think as we get into more automation and more digitally-led, technology-led just ways of living, let alone our economy, just with ways of life, some of the gaps that we have today will be filled through technology, so we have to sort of move the conversation on and move the skills conversation forward to actually provide ways to upskill and reskill for the future.

Anatole Kaletsky

Charles, I wanted to throw another version of this question at you which is about training and a number of people have said that the employer's responsibility for training is also something that needs to be developed, on the other hand it's very hard for small and medium enterprises to do that especially in a world of short-term jobs, the gig economy where you can't hold on to employees. Now what has struck me listening to your answers Charles to previous questions is that actually in your industry you seemed to have achieved that, as you said most of your employees only stay for one year and yet you devote quite a lot of time and effort to training them to start that. You know is there some lessons that could be drawn from your industry do you think for SMEs more generally about you know incentives to give skills to employees even though you know they're not going to stay with you very long.

Charles Owen

I think it's a bit tricky because I think our industry is very peculiar because it is very seasonally based and also because the main operation period is December to April so it is much easier for us to build on an extra week at the beginning, a week, or two weeks at the beginning of the season just before everything starts where we can train everybody in one go. I think in more industries where it's more year-round and you might have similar levels of turnover, but it's spread over the whole year, so then it's much harder to actually take the people out of their normal operations to actually give them training. So, I'd like to say yes, but I have a feeling our industry is fairly peculiar in that regard.

Anatole Kaletsky

OK I'll move onto the next question which is about having qualifications recognised in Europe. Now you know the way this question has been phrased is how important is it, well obviously it's very important for those individuals and for any of the sectors that work internationally, as you've got

your microphone on, I think you've got a few comments you wanted to make Charles and then I'll bring it onto Steve you know who represents professional qualifications.

Charles Owen

Yes, I was almost going to make the facetious point at the beginning well, it depends whether you want to allow UK workers to work across the EU or not when they have these qualifications. Assuming you do, so let's take a specific example and it's fairly small but it was an area where the UK was kind of one of the World leaders, ski instructors, we have a fabulous UK ski instructor set of qualifications and courses. Now the UK fought a decades long battle to get the qualifications mutually recognised across the whole of the EU and we worked through the single market and we managed to get that and the impact has been phenomenal, because there are now large amounts of ski instructors that follow the English route and once they get to the top of the qualifications they get equivalence and that means that they can then teach skiing anywhere across the EU. Unfortunately, when we left the single market, we were looking very closely at the free trade agreement to see if there was mutual recognition of qualifications and unfortunately there was very little in there. And for ski instructors, nothing. So, now it means that for any ski instructor that's working their way up the UK system, even if they get to the top level there is no route for them to now actually practice their trade and work across the rest of Europe.

So let me give you a small example of this, a very good friend of mine has been training for eight years out in the Alps to become a ski instructor. She only had one exam to do, the speed test, but unfortunately with Covid all of the speed tests got cancelled and now we've left the single market if she wants to actually work as a ski instructor anywhere across Europe she has to give up all the UK qualifications, go down a national qualification route, so France, spend another probably five to six years large amounts of money to get back to exactly the same place that she is now. It's been devastating for that part of the industry.

Look, that's one example but I'm sure Mark and Steve will give loads more in accounting and other legal and all that kind of stuff.

Anatole Kaletsky

In summary a drastic reduction of opportunities for British people basically, especially young people. Steve, would you like to comment on this?

Paul Blomfield MP

Can I just chip in at this point Anatole sorry, we are slipping out of time, so Steve, Mark if you could make very brief responses?

Steve Wellard

Yeah, I mean the reality of it is you know member states govern the rules in their countries and so it's really about mutual recognition, you know I will be honest as a global association we push our qualifications to nationals in every country but I think the principal is actually still really there and that is about recognition and equivalence and labour mobility, so it's not a one-way street, I think it's really important that these qualifications are recognised mutually around the World for what they

are and the competencies that they bring and if we can get trade agreements or mutual recognition agreements to that effect then I think it's a win-win.

Anatole Kaletsky

I'll hand it back to Paul unless Mark you have a very quick comment you want to make, OK thanks.

Paul Blomfield MP

Sorry, there is just so much to cover in this session so I'm sorry, but can I hand over now to Geoff Mackey.

Geoff Mackey

Thank you very much Chair. I think as we've seen in this session this sort of wide conversation as part of this and we've talked about shortages, we've talked about opportunities, we've also mentioned about skills networks, regarding our professional skills network I wonder could we have some comment as regard how robust our professional skills framework is, given what we've already heard, Steve would you like to start with that one?

Steve Wellard

Yeah, I think probably, and I know we're short on time but I think probably one of the key challenges is really making that bridge between you know sort of industry and Government and the framework really and I think you know as I mentioned earlier professional bodies could actually play quite a strong role in helping to sort of bridge that skills gap and actually input and help provide some direction on where that might go into the future to help sort of define skills that we need.

Geoff Mackey

Thank you very much for that, Charles you've already given one example of how professional skills work, [inaudible 1:53:00.6] question of robustness as regards a framework do what we currently have needs to be changed to reflect being outside the EU, would that help?

Charles Owen

It's kind of a little bit tricky for us to answer because unless we get, for my industry and we operate in the EU, unless we get some kind of youth mobility scheme with the EU agreed that would allow UK staff to seamlessly go and work over in the EU resorts, then for our industry it's unfortunately going to be incredibly tricky and we are going to have to rely on staff from EU nations, which unfortunately as we're finding are being very hard to recruit. So unfortunately, it will lead to the contraction of the UK outbound tourism industry, as we've already seen. At the moment there is huge demand for holidays after Covid, people want to go on holiday quite understandably, but whereas pre-Covid we had 8,000 UK workers working over in France, this year industry surveys suggest it's going to be 2,000 for the winter season. There is demand for much more and many more holidays, we just, because of the risks involved it's very difficult getting them over. So, yes, I'd like to talk about the skills framework but until we get some kind of, and I think it will be a youth mobility scheme that

doesn't imply any immigration rights at all but the ability to freely move young people either over to the EU to work or the EU back to the UK, it's unfortunately irrelevant for us in this industry.

Geoff Mackey

Thanks very much Charles, the question if you make missing sectors and subsectors as part of this, Mark as a last word as regards frameworks and robustness, a few thoughts just to finish the conversation please.

Mark Hilton

Sure, we've got a very, very complicated fragmented skills system in this country, it's very hard for everyone to navigate, if you're an employer trying to work with a school or an FE college, if you're a student trying to find a qualification or a college with a particular specialism, it's just very hard. And it doesn't help that we don't have a common skills language, let alone equivalency, you know with EU training provision. You know, for example we spoke earlier about the importance of employability skills, but in this country we call them essential skills, we call them fusion, we call them transferable skills, we can't even agree on that, but fortunately there are people out there like Skills Builder who are working to build bridges around all of this, I suppose the other point I would make is that we need much closer integration between the work of the DfE, Department for Education and Department for Work and Pensions because there is still a disconnect in the way that skills programmes and employment programmes work which makes it very hard to transition young people from education into work. I'll probably pause there.

Geoff Mackey

Thanks Mark. Building bridges and language, back to you Chair.

Paul Blomfield MP

Well thanks very much indeed and we are coming towards the end of this session, but I wonder if I can ask each of our panellists to give a sort of one sentence response in terms of what your key recommendation would be to Government for improving our skills framework, and perhaps I can start with Steve.

Steve Wellard

I would say let's do more to incentivise life-long learning.

Paul Blomfield MP

Thank you. Charles.

Charles Owen

Focus on getting a UK/EU youth mobility system.

Paul Blomfield MP

And Mark.

Mark Hilton

Have much better data and data sharing about the supply and the demand in the system.

Paul Blomfield MP

Well, thank you very much indeed. And thanks for all of your answers in what's been a fascinating session, really pleased you were able to join us, give up your time Steve, Mark, Charles thank you very much indeed. Thanks to my fellow Commissioners, that draws this session to an end and there's lots for us to make from it, so thank you very much indeed.