House of Commons

Business and Trade Committee

Oral evidence: Industrial policy, HC 440

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Watch the meeting

Members present: Liam Byrne (Chair); Douglas Chapman; Jane Hunt; Ian Lavery; Julie Marson; Andy McDonald; Mark Pawsey.

Questions 218 - 291

Witnesses

I: Professor Cameron Hepburn, Battcock Professor of Environmental Economics, University of Oxford; and Hannah Gurga, Director General, Association of British Insurers.

Examination of witnesses

Witnesses: Professor Cameron Hepburn and Hannah Gurga.

Q218 **Chair:** Welcome to this morning's session of the Business and Trade Select Committee. We are holding an evidence session this morning as part of our inquiry on industrial policy. Specifically, we are looking at the opportunities in the UK around industrial policy and the transition to net zero. Cameron, starting with you, could you just tell us whether the transition to net zero is good for jobs in Britain?

Professor Hepburn: That is a fairly low-ball, easy question. It is nice to be here. It is very clear that there is a net increase in jobs. Unless you have an overheated economy with too much employment and you are worried about inflation, this transition is going to create jobs.

There is a lot of nuance in that answer. We have a paper coming out within the next week that calculates 250,000 jobs created in total—150,000 direct and 100,000 indirect. There is a wider range of estimates from the Climate Change Committee, which varies from 135,000 to just over 700,000.

The ranges are wide. What is clear, and has been for a decade now, is that there is net job creation. That is partly because, as you move from an economy that requires more material inputs to one in which you are using the sun and the wind, and you are more efficient about how you do things, and there is more need and scope for the labour side.

In particular, the transition itself involves a scale-up in—we might call them capital expenditure-related jobs—to build it out. We have another unpublished study looking at US power system jobs, where you get this burst of 600,000 jobs to transition the US power system to net zero by 2035, falling back down to 200,000 steady-state jobs.

There is good and bad here. The good is that, if you want jobs, you are going to get them. The bad is that, several decades in, some of those jobs are going to fade away as the build slows down and people return to having to do other things.

Q219 **Chair:** Tell me a bit more about these jobs. How well paid are they going to be, and where are they going to be?

Professor Hepburn: Those are great questions. The evidence is mixed on how well they are going to be paid. There is some suggestion that, on average, they will be less well paid than equivalent jobs in the oil and gas sector. They are less risky on average, so there is less of a premium. There is equally some evidence that suggests that these are higher-tech jobs, so I am not sure that I can give you a clear answer on average wages.

Q220 **Chair:** Is that because we do not know?

Professor Hepburn: It is because I do not know at this point.

Q221 **Chair:** Does anybody know?

Professor Hepburn: No, not as far as I am aware, but we are projecting. We can do studies, and we do, to try to pin down these numbers, or at least wage differentials, but I am not going to sit here with confidence and say that there will be a 10% average increase in wages or whatever.

Q222 **Chair:** In the debate on artificial intelligence, there is now a lot of argumentation and analysis about how this is, basically, going to bifurcate the jobs market. Many jobs will be automated, and therefore low-skilled jobs will potentially suffer lower wages, whereas the returns to capital and the returns to higher-skilled jobs will probably rise. Therefore, there could be this new inequality in the jobs market. Are you anxious about trends such as that?

Professor Hepburn: Yes. It was research at Oxford that kicked off the global anxiety about this issue by saying that 47% of jobs will be destroyed by AI. While you present a more nuanced picture there than "all the jobs are going to go", it is perhaps even more nuanced than that.

The key question is the automatability of jobs. There are some currently higher-skilled jobs that a generalised or an artificially intelligent machine can do just as well. For instance—this is anecdotal evidence—in my corporate life I have seen that coders are quite easy to replace, it turns out. With GPT-3 and GPT-4, if you need to fire people, it is the coders who you can get rid of. These were previously thought of as very high-skilled jobs.

Q223 **Chair:** In the transition to net zero, are you saying that, basically, there will be winners and losers?

Professor Hepburn: There will be winners and losers. That is absolutely clear.

Q224 **Chair:** Will the winners outweigh the losers?

Professor Hepburn: Yes, we expect so, with fairly high confidence.

Q225 **Chair:** There will be more winners than losers.

Professor Hepburn: That is right.

Q226 **Chair:** Which sectors or parts of the economy will be most jobs-rich as a result of the transition to a lower-carbon economy?

Professor Hepburn: This is not very granular, but the big changes come in the energy sector, industry, buildings and transport. They are the four big ones that will be changed by the net zero transition. Of course, in a sense, the whole economy is affected, but they are the four major sectors. We see net job creation in all of those sectors globally.

As you say, there are winners and losers. How well does the UK car industry fare? It is doing its best. In 2010, when the Chinese were aggressively seeking advice about how to build out an EV industry, I was rebuffed by car industries in Europe and here, where there was limited interest, with people saying, "This is going to happen much further down the line."

We are here now, and perhaps we will come on to this later, but one of the features about industrial competitiveness is that it is path-dependent and there are clustering effects. There are opportunities that come and, if you miss them, they are gone. I am not saying that the UK car industry has missed the opportunity, but it is now racing to catch up.

Q227 **Chair:** So there will be some sectors that are going to create a lot of jobs, and it sounds like they are non-internationally traded sectors, by and large. Is that fair?

Professor Hepburn: Yes. Most of those are not internationally traded.

Q228 **Chair:** So there will be some sectors that become almost sunset industries, perhaps. Then, it sounds like there will be some sectors that are potentially in peril, but that could grow.

Professor Hepburn: That is right.

Q229 **Chair:** You would put automotive in that bracket, would you?

Professor Hepburn: It is certainly in peril, and certainly the space is transitioning very quickly. The UK has had a historic set of comparative advantages there. As we know from work by Penny Mealy and Alexander Teytelboym, countries tend to be able to move to adjacent spaces from a space where they have an advantage. Can we build on that advantage? It is a reasonable case.

The case against is that an EV is a very different vehicle from an internal combustion engine. You need comparative advantage in battery packs and the kit around those, and in software, whereas in an internal combustion engine vehicle, it is about the ball bearings, the gearing, the combustion chambers and so on. It is perhaps a different bit of kit.

Q230 **Chair:** Do we need an industrial strategy to help us capitalise on the potential transition to net zero?

Professor Hepburn: Yes. To put this one way, which I think will be enlightening, if you went back 60 or 70 years, and you looked at, say, South Korea and said, "Let's leave it to the market to specialise in its area of comparative advantage," it would be a world-leading exporter of rice right now, not of the Samsung phones that are in your pockets or in the cars that we drive around in.

It is welcome that we have had a return to thinking more strategically about the country and about industrial policy. It is necessary for net zero. I would argue that you do not want the state to be intervening very directly and picking winning firms. That is a recipe for picking losers, but you do need an overarching strategic direction where those in charge are thinking about how to direct resources to build, enhance and move from one area of comparative advantage to another. That is what the east Asians have done so well and, I dare say, what we have not done so well in recent decades.

Q231 **Chair:** Hannah, you might just say a word about the investors group that you help steward. Do you think investors in this country want to invest in the transition to net zero?

Hannah Gurga: I am delighted to be here on behalf of the ABI, which represents more than 300 firms across the UK's insurance and long-term savings industry. You mentioned our investment delivery forum, which is a new initiative that we mobilised last summer to capitalise on the regulatory reforms that are being introduced through Solvency UK. Essentially, Solvency UK will enable insurers to invest in a broader range of productive assets than was previously the case. We believe that this has the potential to unlock £100 billion of investment over the next decade in green and good projects.

Q232 **Chair:** In Britain?

Hannah Gurga: In Britain, exactly.

Q233 **Chair:** So you think that the group that you represent has £100 billion available to invest in Britain.

Hannah Gurga: We have pledged £100 billion, and we want to make that investment in green and good infrastructure across the UK. To act as a catalyst, the forum was mobilised with seven of the largest of our ABI members, which are Aviva, Rothesay, M&G, Phoenix Group, Lloyds Banking Group, Royal London, and Just Group.

All of those businesses want to invest in the UK. The forum has identified a number of barriers. These are not new barriers, unfortunately. They are long-standing barriers, but we want to work together with all stakeholders—Government and bodies such as 3Ci, the Green Finance Institute and beyond—to see whether we can find mechanisms through which we can unlock this investment potential.

To give you a sense of some of the recommendations we have put forward—I would be very happy to submit to the Committee the paper we published earlier this year with a suite of policy recommendations—the first thing is that Solvency UK has to be implemented. That looks to be on track for the end of this year.

We also need to see faster decisions coming from Government and those decisions being committed to for the long term. That is a message that was in the National Infrastructure Commission's paper that came out last week, and it certainly resonated with my experience through the forum.

Q234 **Chair:** Government make zillions of decisions every day. What are the decisions that you are worried about?

Hannah Gurga: We have sometimes seen reversals of policy decisions, or last-minute changes to policies, such as the heat policy, which then led to less incentive to invest in heat pumps, for example. We would like there to be a long-term approach. That is the critical ask from our industry.

If you think about the nature of insurers' and long-term investors' businesses, we are investing for many decades. These are people's pensions that we are talking about. The regulatory framework means that we need to see a steady, predictable rate of return across a long time period.

What the forum has identified is that there is a problem around the supply of investable projects. We are working quite intensively with a lot of stakeholders to identify where there might be opportunities to invest across three areas—energy generation, energy networks and transport. Alongside that, we also need to see a long-term approach coming from Government. They have done some good work. "Powering Up Britain" and the net zero strategy are great foundations, but we would like to see a national transition plan supported by sector-specific strategies that set out a clear road map with milestones, so that investors know what investment is needed and when.

Q235 **Chair:** Whose money are these people investing?

Hannah Gurga: The companies that I have mentioned are serving customers right across the country. They are UK policyholders and savers.

Q236 **Chair:** This is British savers, basically.

Hannah Gurga: Yes.

Q237 **Chair:** They are stewarding money from British long-term savers.

Hannah Gurga: That is correct.

Q238 **Chair:** They are confident that they want to invest this money in the transition to net zero.

Hannah Gurga: We have committed as an industry. In 2021, the ABI published our climate change road map, which sets out a series of actions for the industry to get to net zero. You are raising an interesting question, Chair, and I wonder where you are trying to take this. The fundamental objective of these businesses is to deliver a good rate of return for savers. That is the primary obligation.

Q239 **Chair:** Because they are not investing right now, that rate of return is, presumably, not available today.

Hannah Gurga: They are already investing. The changes to the regulatory framework will allow them to invest in a broader range of productive assets. We are exploring opportunities for different types of co-investment model. That would enable us to find a way of smoothing the risk at the start of a project, so that insurers might be able to contribute up front.

Q240 **Chair:** You said that there were three sectors that were being prioritised—energy, energy networks and transport. That is a different list to Cameron's list of where the big job numbers are going to be. In particular, what is missing is buildings.

Hannah Gurga: We are looking at housing as well, but I would say that that is quite a broad sector. We have identified some challenges in terms of the retrofitting model, but we are partnering with a number of organisations, such as 3Ci, to see whether we can come up with investment models that would enable retrofitting at scale.

There is a project under way at the moment. Lloyds Banking Group is involved with 3Ci, West Yorkshire Combined Authority and Octopus Energy to see whether they can come up with an investment model that would enable them to invest in retrofitting at scale. We are looking at buildings in the round.

You were asking earlier about jobs. We see a big opportunity for job creation through the transition to net zero, but what is needed is consideration of the skills required to get us there. One of our suggestions has been looking at the Construction Industry Training Board levy to make sure that the scope of that levy covers the occupations that are going to be needed in the future to build the sustainable and energy-efficient homes we all want. The apprenticeship levy transfer is another area that might be leveraged to help with that.

Q241 **Jane Hunt:** Net zero has been classed as the economic opportunity of the 21st century. I am just wondering if that is true, so I am going to try to challenge you on it. The £100 billion investment sounds very exciting as a long-term approach. However, I am concerned about productivity and the fact that, because we are going for 2050 but other countries are going for a later date, we might lose some of that production within the UK. Instead of taking that investment up in the UK, companies might simply transfer those jobs and that production to another country that does not need to hit net zero until, say, 20 years onwards. What do you think about that, Hannah?

Hannah Gurga: Competition for investment is certainly intensifying globally. We have seen measures such as the US Inflation Reduction Act and the EU green deal. Capital is mobile. It will go where it can find the best balance of risk and return.

I can say on behalf of the members I represent that we are committed, through the investment delivery forum, to trying to find those opportunities for investment in green and good projects in the UK, and are working collaboratively with all levels of Government and other stakeholders to see whether we can find ways to accelerate the infrastructure development that we need.

Q242 **Jane Hunt:** Given that, generally speaking, we have low productivity in the UK in comparison to other countries, is this really an opportunity for us?

Hannah Gurga: It is an opportunity. It is a huge shift for us all as a society and an economy, but it is absolutely critical if we are going to achieve the net zero targets that the Government have committed to. As an industry, we really want to play our part. We play a key enabling role, and I would say, on behalf of the insurance sector, that we have an important role both as an investor and as a risk enabler. On the insurance side, we can also help to insure projects so that they can have more confidence in delivery and execution, which, in turn, can increase investor appetite for those projects.

Q243 **Jane Hunt:** Cameron, is the balance about right for the UK? It gives us an opportunity to do something about productivity that we have not been able to do for a long time. Will that happen or will there simply be almost a lazy shift to other countries?

Professor Hepburn: I certainly do not think that we should be going any slower. If anything, the concern that I would have—rather than other countries that have 2060 targets, such as China, attracting the investment—is the opposite. Hannah mentioned the Inflation Reduction Act in the US. In the year after it was passed, we have seen $224 billion already flow from private capital into investment, because investors are seeing that this is a huge opportunity for future returns.

I would add that the key thing is the risk-adjusted return. You do not mind making a modest return if you know that the policy framework is clear and your risks are minimised. In a sense, the challenge that we have perhaps had in this country in recent years is that the risk associated with the returns that one might hope to achieve is a little too high, so I would focus on reducing the risk as much as raising the returns.

In terms of the opportunity to correct our lagging productivity, total factor productivity has been increasing at about 0.7% per annum since the global financial crisis. Before that, it was 2.1%. If we had increased at the rates that we had historically been increasing our productivity by, every person in the UK would be more than £10,000 better off. This is a big deal. Can net zero help? Yes. Can it bear all the burden of raising UK productivity? No.

The fundamental challenge is that we under-save in this country. Our net national savings rate is at or near the bottom of the OECD tables, in between Greece and Portugal, if I remember correctly, and a very long way off the Norwegians, the Swiss, the Taiwanese and the South Koreans.

Our investment levels lag. We are a full 4% of GDP below G7 levels in investment. Until recently, that was a mix of both public and private investment. Very recently, public investment has risen, so it is now, as much as anything, a private investment story. Getting the suite of policies that can direct Hannah's group and others to think, "I look at the UK. I can see a good risk-adjusted return here. I am going to pile in" is now the top priority of business.

Q244 **Douglas Chapman:** I am quite interested in how this might affect regional policy across the UK. I just wondered what, from your perspective, the big opportunities are to improve productivity outside the golden triangle in the south-east of England, for example. I know that the Government are trying to level up, but this seems like an ideal opportunity to level up some of the communities and countries that have been left behind in the growth in economic activity in the UK. What is your view on how we might be able to do that?

Professor Hepburn: My view is that it is, indeed, an opportunity. We are not going to be building vast arrays of offshore wind farms in London, and nor are we going to be building hydrogen storage units or carbon capture at scale within the M25, but those sectors and activities are where a lot of the capital and the jobs have to flow to. They are naturally, sensibly going to be in places that will contribute to levelling up.

If I might just take a step back, one of the main drivers of productivity gains, according to work that we have under way at Oxford but have not yet published, is how efficiently we are able to reduce our energy costs, which we expect to happen as you move towards a cheaper, cleaner energy system, but also how efficiently we use that energy.

At the moment, we pay foreign countries vast amounts of money—in 2022, it was over £100 billion—to import their fossil fuels and then pump them into our houses, which are inefficiently insulated. The money simply goes out of the roof and out of the windows, and we wonder why we are not a productive economy. Getting those costs down economy-wide will increase the competitiveness of existing industries in the north of England and outside the golden triangle. That has smaller but economy-wide effects on the UK's competitiveness at the global scale.

There are those two sectors. One is a concentrated focus on building out the industries that we need in places that are not London, and the other is a broader, economy-wide productivity effect.

Q245 **Douglas Chapman:** Is the current Government's policy and strategy sufficient to support that in terms of infrastructure resilience or is that coming too slowly? Do we have sufficient skills at the moment to take advantage of some of these opportunities?

Professor Hepburn: We have had a mixed record in this space. If I am being completely honest, we are not on track to meet the targets that we have. The current level of investment or work in skills is not what it would ideally be, given the transformation of the economy we are moving towards now, but that does not mean that we cannot fix these problems.

Q246 **Douglas Chapman:** Hannah, what is your view on regional levelling up?

Hannah Gurga: We certainly see this as an opportunity for a just transition, and we want to find a way in which all communities can benefit. One practical challenge that we have identified is the level of skills and capability, which is not consistent across different regions. Therefore, we are calling for bodies such as the Royal Town Planning Institute to help train more planning officers, so that you have a more skilled workforce that can get the planning applications approved more quickly.

There is also a challenge around the ability to prepare investment cases that meet the needs of institutional investors. Again, there is inconsistency across different regions. We would like to find a way to help tackle that, because the alternative is that you end up in a situation where certain regions—Manchester would be an obvious one—simply have a lot more muscle memory in terms of developing those investment cases and can present a more credible case more quickly to institutional investors.

Q247 **Douglas Chapman:** I am just thinking in terms of Scotland as well, because we have quite a lot of offshore wind, for example, that we can utilise from there. I just wonder how you would view that in terms of being a major powerhouse for the UK, how we could take advantage of that situation, and whether there is sufficient investment now to provide not just the jobs but that level of activity. On the ground, I am not really seeing any turbines being built in Scotland.

We are just back from the States, where we were looking at their industrial policy and all sorts of things, and how there are protections within agreements. Is that something you would agree with as well? Should there be a certain percentage of build within contracts and so on, to make sure that the jobs and the activity come to other parts of the UK, such as the north-east, Scotland or Wales, that would benefit from this opportunity?

Hannah Gurga: As to whether there should be anything contractually around the regions or geographies where certain materials should be manufactured, I will leave that to Professor Hepburn, if that is okay.

There is a huge opportunity for Scotland. PwC's green jobs barometer estimates that, across the UK, for every green job, a further 1.4 jobs will be created. In Scotland, that multiplies up to about six jobs or thereabouts. Of course, the UK has really led the way in offshore fixed wind, and that creates a big opportunity for us to lead the way on offshore floating wind.

One thing that we are doing through the forum is working with the Scottish National Investment Bank to see if we can develop models to enable insurers to put forward some of the up-front initial investment in the port infrastructure that is absolutely critical to enabling the deployment of offshore floating wind. I should say that the chair of the

SNIB, Willie Watt, is a member of the advisory panel we convened to help inform the work of the forum. There is a big opportunity for Scotland on offshore floating and fixed wind.

Professor Hepburn: I am going to come at your question slightly obliquely and slightly nerdily. If we had a power system that priced power more regionally, as the Texans do, say, electricity would be a lot cheaper in Scotland, because there is excess supply and cheap wind, and more to come.

If you found that electricity was cheaper in Scotland, it would make sense to then relocate other downstream energy-intensive industries to where the energy is cheap. That is a change that we might see coming, one can hope, from the way in which the grid is being reorganised to deal with a net zero future. It makes sense, for all sorts of economic reasons, to price things sensibly where they should be, and it would advantage Scotland.

In terms of local content requirements and contractual requirements, it would, in principle, be better if the world as a whole did not do these sorts of things, but it does; we see it in all sorts of countries for good, understandable, strategic reasons. So I do not think that ideology should necessarily get in the way of thinking strategically about which industries you want to sensibly ensure are at least partially located locally in Scotland, near to where the action is happening.

Q248 **Douglas Chapman:** That could be part of an industrial policy for the whole of the UK.

Professor Hepburn: Potentially, yes.

Q249 **Chair:** Cameron, from your point of view, do you know where the jobs could be created? Do you have a geographical view of where those jobs might lie?

Professor Hepburn: We have very good spatial forecasts of jobs and where they are being created in the US right now. That is the dataset that we have been working on; it is quite interesting. As far as I am aware, the team that I see, at least, which has this work in progress, does not have that in the UK.

Q250 **Chair:** So that is a gap.

Professor Hepburn: It is a gap, but it should be doable.

Chair: If Hannah says that there is a capability gap in different parts of the country, it would be useful to know whether it is in the same place as the job growth potential, but we can come back to that.

Q251 **Andy McDonald:** It has been fascinating evidence thus far—thank you. I just want to look at this immensely competitive environment there now is for net zero technologies. You have already touched on it to a large degree. Cameron, did you say that $224 billion has been levered in?

Professor Hepburn: So far, yes.

Q252 **Andy McDonald:** That is colossal. How else has that changed? Is there any other evidence that we should be aware of, in terms of how the environment has been changed by the IRA and by the European green deal?

Professor Hepburn: I prefer macro evidence. I have plenty of anecdotal evidence and stories of particular firms that were about to locate here or in Europe but that have moved over to the US to take advantage of the various tax credits and incentives in that space. As economists, anecdata, as we call them, do not make a compelling story, but there are plenty of stories.

Q253 **Andy McDonald:** Hannah, it is incredible that you have this amount of money ready to invest. Of course, there are those of us who have an eye on trying to address some of the disadvantaged communities we are talking about. We have just been to a session this morning with Diabetes UK. The rate of adolescent diabetes is on the rise, and the result is a 13-year reduction in life expectancy. These are the sorts of things that we see. In terms of your pot, do you have that ESG approach? Does it enter into your thinking at all in terms of how you deploy your resources?

Hannah Gurga: I have to be clear that it is not my pot.

Andy McDonald: You wish.

Hannah Gurga: It is across the industry. As a whole, the industry is firmly behind the transition to net zero and sees this in the broadest sense. We want to do good. The purpose of the ABI, which we introduced when I joined last year, is: "Together, driving change to protect and build a thriving society." My members are behind that, and that is what we want to do. I would be very happy to have a conversation with you to learn more about the meeting that you had earlier today.

You raise a really interesting point, though. From my perspective, one of the drivers behind mobilising the forum was that there had been political and regulatory reform and, as an industry, we wanted to deliver our part against that.

We have faced a challenge, which Lord Harrington has identified in his review, which is that there is no one-stop shop for us to be able to go to. We have been engaging with many departments across Whitehall. We have been engaging at the regional level to try to identify where the pipeline of investable projects is that we want to be able to invest in. It seems to me that there is a need for a long-term strategic plan to ensure that, as a whole, the UK can benefit from the investment potential that is there.

Professor Hepburn: Your question triggered a couple of further thoughts, if I may. First, there is an excellent LSE paper led by Dimitri Zenghelis that you should be aware of, on productivity issues.

Secondly, in terms of diabetes, the health and productivity nexus is very close. Yesterday, I was in Cyprus, talking with them about how they can change their economy. Air pollution and particulate matter is the fourth biggest killer of people in Cyprus, because they are running their economy on oil. They are still burning oil.

It is not as bad here in the UK, and we have made big strides on improving health outcomes related to respiratory disease and pollution, but it is still a big issue in terms of both death and productivity loss. One thing to really not lose sight of is that, even if these things are sometimes more difficult to quantify economically, we know that there is a raft of these other benefits that will flow from the net zero transition.

We have a team looking at productivity gains. They look significant but modest at the economy-wide level, but these kinds of health-related effects are not necessarily in there—or not yet, at least—because they are hard to quantify, yet quite important.

Q254 **Andy McDonald:** While I have you, just on the structure of the IRA and the EU green industrial plan, we cannot do things on that scale. It is just not possible. Are there any lessons that the UK could lift from the design and implementation of these programmes? Is there anything to pinch?

Professor Hepburn: In terms of scale, we cannot. The estimated number was $370 billion, but it is, effectively, uncapped. There are about that many Americans, roughly speaking, at the million level, so it is $1,000 per person. You can then do the numbers here. That would be, adjusting for currencies, a £50 billion programme here if you scaled it down.

This is not wildly off. The Climate Change Committee's number is about £40 billion per annum. We would scale up to that by 2030. The LSE Grantham's paper suggests about 1% of GDP, so £25 billion to £26 billion, levering in another 2%. You can adjust that down and work out what we roughly need to do. As I say, Oxford will have a paper coming out in the next week or so that is in the same order of magnitude. It is low tens of billions.

The second part of your question asked what we learn about the design mechanism as well as the scale. It is very hard to get these kinds of large-scale incentives completely perfect. You are not going to. There will be waste. There will be some degree of dodginess around the edges and some things that you incentivise that probably would have happened anyway.

I am not sitting here and saying that the IRA is a perfect instrument, but it has been designed in a way that many of the different components—and it has lots of them—match the private with the public, effectively. You are in partnership, so the risks look lower. The Government, effectively, have a stake in what is going on, because you have a tax credit or some sort of production credit. The Americans are not stupid when it comes to doing this sort of thing.

Q255 **Andy McDonald:** We were mightily impressed at the attention that they had given to working out the impact that these programmes would have. You talked about bonus credits that meet certain conditions, such as locating in low-income communities or meeting domestic content requirement. That seemed to be well worked through. I am just wondering if you think that there is scope and that it is appropriate for us to adopt the same sort of granular approach. This was quite focused on how it was going to impact. Is there scope, and should we do it?

Professor Hepburn: Yes and yes. Of course, it will look different for the UK context.

Q256 **Andy McDonald:** We have had a number of programmes that have just run into the sand. I am thinking about insulating homes and things of that nature. It has not happened to any great effect, and everybody would accept that it has not happened.

Professor Hepburn: That is right.

Q257 **Andy McDonald:** Could we not just pick up their algorithms?

Professor Hepburn: It is crazy that that has not happened. We talk about wasting vast amounts of money every year. That is a perfectly good example.

Q258 **Ian Lavery:** We have touched this morning on the US Inflation Reduction Act, or IRA, and the EU's green deal industrial plan. Could you say what effect these plans have on the UK's competitiveness in net zero industries?

Professor Hepburn: The relative competitiveness of the UK looks poorer once you have this sort of heavy, large-scale intervention across other jurisdictions. In the case of the Americans, this is a big but relatively late intervention if you compare it with the Chinese, who have been quietly and significantly putting money into these sectors for over a decade. Here is not the place to work out whether these subsidies constitute anti-WTO provisions that require a response and a trade war, but what is clear is that a vast amount of saving and investment in China has gone into this space.

Equally, the EU's response to the IRA is not the first thing that the Europeans have done in this area. We now have very significant Government action around the world in these areas. You can lament that if you are a free marketeer economist. You can worry about the waste. You can worry about Government misdirecting public funds, but it is happening.

What does that mean for the UK? We are a small-to-medium-sized, open economy. We do not have to be competitive in every single sector. We will not be. We should not try to be. We have to choose strategically the areas where we think we have a current base to build upon and that are strategically likely to yield good jobs and good profits, effectively, for the firms operating in those spaces in the years to come.

There is a tool online called the Green Transition Navigator, which allows you to look country by country at the current area of competitive advantage and where the adjacent spaces may be. We in the UK need to be clear-eyed about the fact that we are not going to win in all these areas. In some cases, I would say that the boat has sailed.

Various boats have been sailing in the last five years. We had a remarkable moment during covid, with interest rates at rock bottom, where we could have borrowed for a long time at almost nothing and made a massive investment in a green recovery. It was not entirely brown, but it fell far short, Chair, to your point about the paper that we did in the "Oxford Review", of what was possible, and that is a disappointment.

That does not mean that there will not be another boat that sails. Rates will probably not stay this high in real terms forever. They will come down, and there will be a moment to make this sort of investment at the scale that others are doing, relatively.

Q259 **Ian Lavery:** You mentioned the fact that we should not look to be globally competitive in every single net zero sector. Do you want to mention what net zero sectors we should be looking at and what the Government could do to enhance the UK's competitiveness in these net zero industries?

Professor Hepburn: You could write various papers in response. The Green Transition Navigator will help you look into the detail. At a very high level, we clearly have comparative advantage in offshore wind technology. Hannah mentioned floating offshore wind, which is an area of massive potential future growth.

We have a competitive advantage in bioenergy and carbon capture, in the form of Drax. You can argue about whether that is a good idea, and about whether it can and should be scaled up, but it is a space where we are currently leading and have knowledge and technology there. There are some capabilities in this country in hydrogen.

Remember that we are a services powerhouse of an economy. The services sector around this transition is incredibly strong, whether it is the green finance or the chief executive consulting and advisory space. That does not bring you a big manufacturing base in the north of the country, but it is an area of our comparative advantage that we can continue to grow as the transition plays out.

Q260 **Ian Lavery:** There was a "risk of the UK falling behind" other "climate-progressive developed economies" without "comprehensive action" to address the UK's "low-carbon competitiveness". This was a statement made in June 2023 by the Climate Change Committee. Do you agree with it?

Professor Hepburn: In broad thrust, I absolutely do. As I say, there are some areas where falling behind may not matter so much, and there are others where it really does matter. It is not my job to tell you which ones are which, but the CCC is right. We have had a year that has not been particularly brilliant for this agenda. The progress reports for performance on the coming couple of carbon budgets look more at risk now than they did 12 months ago.

Hannah Gurga: I would agree that we need to accelerate progress if we are to deliver our ambition to achieve net zero. I would highlight, though, some of the strengths that we can build on. Professor Hepburn referred to our world-leading financial and professional services. We also have a reputation for the rule of law. We then have our geography expertise in a number of sectors. Those give us a very good foundation on which to build.

We would like to see the Government making progress on that national transition plan, as well as taking the opportunity to build on other areas where we have been a world leader. The TPT disclosure framework is genuinely world-leading. That is an opportunity for the UK to show competitiveness in a slightly different domain.

We also need to make progress on a green taxonomy. Again, that is an opportunity for us to help give more confidence to investors—and also to customers—so they know that the investments that they are making are indeed in green and sustainable industries and technologies.

Q261 **Mark Pawsey:** I am interested in what the UK's strengths and weaknesses are. Professor Hepburn, you just gave us a list of areas where the UK has competitive advantage—offshore wind, bioenergy, CCS and hydrogen. Hannah, you mentioned that you have UK investors who are very willing to invest in the UK. Are you going after Professor Cameron's list or do you have a different target zone?

Hannah Gurga: The areas that we chose to focus on were essentially to avoid boiling the ocean. We could have put the £100 billion towards any areas of the economy, but we thought that those would be ones where we might be able to make reasonable progress in a short timeframe. The forum is intended to be only for 12 months, with a final report coming out in early July.

We have done a lot of work engaging with many stakeholders to identify the project pipeline I referred to. Again, one of the opportunities we see for the UK Government is to learn some lessons from the Inflation Reduction Act in the States and from the EU green deal around exploring blended finance opportunities. Blended finance is a way in which you can crowd in more investment, which is very important for insurers because our risk profile is quite different from that of, say, a bank. Because we are investing over multiple decades, we need that steady, predictable rate of return. Working with the Government, there are opportunities to bring in new types of institutional investment at earlier stages of projects across multiple sectors.

Q262 **Mark Pawsey:** Are you saying that that would be as a part-investor in a joint approach?

Hannah Gurga: It depends on at what point in the investment cycle. We have seen an interesting pilot opportunity emerge around EV charge points. At the moment, those are being deployed across different areas of the country. The Government have an ambition to get to 300,000 charge points by 2030. At the moment, these are largely funded by subsidies.

We are working with the Green Finance Institute to see whether we can develop a model that would enable the subsidy or grant to be moved to either a Government or UK Infrastructure Bank-backed loan that would then enable insurers to also contribute to that up-front investment.

The hope would be that, over time, as that market matures, Government support could fall away entirely. That is one area where we are looking to see whether we can come up with new, innovative blended finance arrangements.

Q263 **Mark Pawsey:** Do you agree with Professor Hepburn on these areas of comparative advantage? Presumably, you would invest in those rather than the areas that he described as being where the boat has sailed.

Hannah Gurga: As an industry, we always have to look for what will give us the best balance of risk and return, given that we are investing for people's futures. We have to have regard to the return. Equally, we want to support a just transition, and this is where that national transition plan from the Government is so critical.

Q264 **Mark Pawsey:** Would you see investment opportunities in other countries, or are your funds exclusively targeted at UK investments?

Hannah Gurga: The reason we focused our forum efforts on the UK is that it would seem a very odd policy outcome if the Government changed the UK prudential regulatory framework for insurers in a way that simply enabled money to flow out of the country. We wanted to see what investment we could look to generate within the UK.

Q265 **Mark Pawsey:** But you want to get the best return for your investors, and the best return may not be in the UK. What would happen in those circumstances?

Hannah Gurga: It would be as happens today. We would have a diversified portfolio.

Q266 **Mark Pawsey:** What would encourage you to put a greater proportion of your portfolio right now in the UK? What needs to happen?

Hannah Gurga: We need greater certainty that decisions made today will hold not just tomorrow, but in five, 10 or 20 years' time.

Q267 **Mark Pawsey:** Give me an example of a decision that has been made but is not holding for five years.

Hannah Gurga: We have seen delays to decisions about Sizewell C, for example, that may have led to some uncertainty around whether that is an appropriate investment opportunity for the industry. It is a matter for individual businesses. Given that the nuclear industry can now have this regulated asset-based model that has proved effective for other infrastructure projects, such as the Thames tideway tunnel, it would seem, in theory, to be a good match for insurers. But, as I say, there have been delays around some decisions in that area.

Q268 **Mark Pawsey:** Would you consider the decisions taken on home heating and the EV mandate as reasons why you might choose not to invest in those areas?

Hannah Gurga: We see those as areas where we want to work collaboratively to see whether we can create solutions that make that risk-return profile a better fit for insurers and long-term savings providers.

Q269 **Mark Pawsey:** Professor Hepburn, you spoke about the boat having sailed. What are the examples? Where has the boat sailed? Is automotive one of those?

Professor Hepburn: As I said earlier, it has not yet. It is in peril. You are seeing vast arrays of very cheap EVs coming out of China, and we are not going to compete with that particular market segment very easily. There is, of course, huge opportunity for the UK car industry, with brands that are much loved by consumers here and all around the world, so I would not write them off yet.

I would like to just note that I am not sure that the definitive Hepburn list of sectors where we have a comparative advantage was the one that I set out earlier. There will be some more in that list. I would like to do my best to answer questions if they are asked of me. I would certainly add to that list. We have phenomenal, world-beating capability in science and in research and development, not just in this area, but across the board. If we could do a better job of using that expertise to create and then scale the ventures in a way that keeps the IP and the equity in the UK, we would be in better shape too.

Q270 **Mark Pawsey:** Where else have we missed opportunities? Where have we not been ready quickly enough to take advantage of the green transition?

Professor Hepburn: For various reasons, we do not exactly have a thriving onshore wind business. There was every reason to have thought, going back 20 years, that the UK could have built out a world-leading wind turbine business, so that such businesses are not located in Denmark, Germany and China. They are the countries that you think of—Vestas and others. Why are we not on that list? We have great expertise in turbines for jet engines and the rest of it—Rolls-Royce and others. I am pretty confident in saying that the boat has sailed there, and we were not on it. I am giving you examples off the top of my head here, and I would prefer to have a proper study.

Q271 **Mark Pawsey:** There are big opportunities in hydrogen. We seem to be making progress on the role of hydrogen in transport, but the Government are not going to make a decision on domestic heating until 2026. Is that on the missed-out list, or is that among the areas of comparative advantage and opportunity?

Professor Hepburn: In my mind at least, you just opened quite a big can of worms, because whether we should be using hydrogen in domestic home heating is a question to which the answer is probably no, for various reasons, some to do with the second law of thermodynamics and others to do with costs and supply chains. Some boats sail and you may not want to be on them; perhaps that is one of them.

In terms of hydrogen for transport, certainly for personal mobility, again, I am not sure that that is a boat that the Japanese are particularly enjoying being on right now. Perhaps more for industrial shipping, hydrogen and its related molecules—ammonia and methanol—are somewhere where we can be thinking hard at this point.

Q272 **Mark Pawsey:** You mentioned that if we were to match the IRA, that would amount to an investment of £40 billion per annum by the UK. We are not going to get there, but there is plenty of research that suggests that we should be putting in about 1% of GDP, and you gave us the figure of £25 billion. If we do that, where is it coming from?

Professor Hepburn: Those figures are roughly right. Where is it coming from? At the moment, if you look at the structure of our savings and investment, as I said earlier, we invest a lot less than comparable countries.

Q273 **Mark Pawsey:** We are not going to suddenly change our savings ratio, are we?

Professor Hepburn: Dare I say the following in a political context? I do think that we need fewer decaf oat lattes and a bit more on the insulation of our buildings—so less consumption and more investment. It is not a politically wonderful line. I mentioned it to a peer the other day—

Q274 **Mark Pawsey:** We are a market economy, and people do what they want to do, don't they?

Professor Hepburn: Of course.

Q275 **Mark Pawsey:** If they want to buy lattes, they will buy lattes.

Professor Hepburn: They should buy their lattes, and I do as well, but what we can do at the Government level is to structure the set of incentives in the economy.

Q276 **Mark Pawsey:** How do we encourage that change?

Professor Hepburn: That is the right question: so that we are not such miserable savers, as I say, right at the bottom of the list.

Q277 **Mark Pawsey:** Is the consumer aware of the nature of transition, bearing in mind that, in many cases, they are people who are investing in pension funds? Are they aware of the magnitude of investment and why it is important?

Professor Hepburn: Probably not.

Hannah Gurga: That is a great question. From a customer point of view, we see through research that individual firms undertake that there is an increasing interest in making sure that your savings and investments are directed towards sustainable ends. At the same time, we also see, in a study by Scottish Widows last year, that around 30% of people did not know what a sustainable pension was, so there is a huge education need that we must all get behind.

Going back to the professor's point about savings, though, if I think about it from a pension adequacy point of view, one of the key areas of focus for the ABI over many years has been looking at the future of auto-enrolment. While it has been a success in many ways, with millions of people saving into pensions that they otherwise would not have, the contribution rates are not sufficient to enable people to have the sort of retirement they deserve. It does not matter how good a rate of return we are able to generate. It would need to be a Herculean rate of return in order to match the difference between a defined contribution pension and a defined benefit pension.

There is also a need for the public and private sector to work collectively to help educate people on why saving matters. In fact, two years ago, we launched a campaign in partnership with the Pension and Lifetime Savings Association called Pension Attention. We are in the throes of preparing our third year, with a soon-to-be-announced ambassador. The aim is to really catch people's attention across different demographics and get us all focused on saving more.

Q278 **Mark Pawsey:** Would you favour, in addition to pension enrolment, a focus purely and exclusively on the green transition? Is that something that your consumers would be happy to adhere to?

Hannah Gurga: What customers want is choice. We need to help educate them on what investment choices are available to them, so that they can then select them in a way that is simple and easy to implement.

Q279 **Mark Pawsey:** The point that I am trying to get from you is whether they are ready to earmark that for this green transition that we are talking about, or are they simply interested in the best possible return to provide them with the best possible retirement?

Hannah Gurga: We see some customers who prioritise the transition over the rate of return. There are various online tools and applications that enable customers to decide which type of fund they want to invest in.

Q280 **Chair:** If we are trying to mobilise the money that we need, the £100 billion that is devoted to this is about £10 billion a year over 10 years. Is that right?

Hannah Gurga: Yes.

Q281 **Chair:** UK business investment last year was about £270 billion. If the fund is running at £10 billion a year, that is only about 4% of total UK business investment. That seems quite a small number compared to the grand total of the investment that we need. How do you think about that investment gap?

Hannah Gurga: The investment gap is a really important issue, and I am glad that you have asked the question. Just in terms of the £100 billion, this relates specifically to investments that are going to be enabled by reforms to Solvency UK. Analysis that the ABI undertook back in 2021 suggested that the industry would be able to contribute up to a third of the investment needed to get to 2035 carbon reduction targets, which equates to about £60 billion a year. The £100 billion is a slightly different pot. In fact, research produced yesterday suggests that if we are able to tackle some of the barriers to investment, the pensions industry might be able to contribute as much as a half towards the investment that is needed.

Q282 **Chair:** So we are still missing a half to two thirds of the investment that we need.

Hannah Gurga: That is why those blended finance models and looking at new types of approach with Government are so important.

Q283 **Chair:** The IMF recently published a framework for helping Governments think about the way they put public money in. There is good old-fashioned grant. On the sell side, there are a range of instruments such as tax credits, full expensing and good old-fashioned corporation tax cuts. On the buy side, there are consumer grants and consumer tax incentives. To what degree are your members able to come to a consensus about the optimum mix of how public money goes in through those instruments?

Hannah Gurga: I am not sure that my members would achieve consensus on that. What they would like to see from Government is a road map on what investment is needed when, so that they can plan what investment they will be able to provide year on year for different types of project that meet their particular needs in terms of risk and return.

Q284 **Chair:** If Government are putting, let us say, for the sake of argument,

£28 billion of public investment into helping support the transition to a green economy, what would your members say to them about the way that that money should come into the economy?

Hannah Gurga: They would want to have a conversation, recognising that it is not just our industry that is part of the equation here. You have other types of financial institution. You have philanthropic bodies as well. All of our interests and our intended outcomes will be slightly different.

Q285 **Chair:** But what you are not saying is, "Just put all of the money on corporation tax cuts."

Hannah Gurga: You need to look at these issues in the round. I know that some previous witnesses have talked about the need to look at the tax environment. I do know that, from an industry perspective, we like to have certainty for as long as possible around the tax environment.

There may be different types of incentive that need to be thought of quite laterally in terms of the question that was asked earlier about job creation and how you incentivise it in different regions. There may be a need to think about tax incentives to bring particular skills and professions into certain regions, so that they can become a thriving hub.

Q286 **Chair:** So there is no obvious answer.

Professor Hepburn: There is an answer. The way that I think about this is that our fiscal space is limited. If you are going to spend £28 billion a year—or any other number between £10 billion and £30 billion—you have to spend it wisely and in a way that the private sector will have difficulty to do itself. Part of this is around identifying where the economies of scale or the increasing returns are in the economy and grabbing them, and aligning that with your strategy about where you want to have a comparative advantage in the future.

Another space is infrastructure. The private sector likes to invest in infrastructure, but only if the risks are really low. One of the things that our report that is coming out in the next week will say is that the public sector investment requirement can be reduced rather significantly if the Government get the right policy mix.

Ultimately, this is about capital flowing where it needs to flow to. If you stop subsidising things that you do not want to have happen, which we still do quite a lot of, you do not have to simply subsidise things that you do want to happen to increase the returns. You can design policy that reduces the risk. You can design these blended finance mechanisms. So I would talk about infrastructure and areas that there is a fairly urgent need to capture or retain advantage in and that we think are strategically important.

Q287 **Jane Hunt:** Following on from that point, we seem to be focusing on big banks putting big money into big-ticket things such as wind, CCS and hydrogen. What about the small engineering business in the middle of

Loughborough that makes widgets? How does it get investment in order to get to net zero?

Hannah Gurga: One of my observations since we mobilised the investment delivery forum is that the scale of investment that we are talking about on behalf of the industry I represent—these are not banks but insurers and pension providers—is very large, and we need large projects in which we can invest. Your question is probably not one for me or my industry to answer, because there are challenges just to do with the amount of money that we need to invest in targeting individual companies of the kind you have described.

Q288 **Jane Hunt:** Professor Hepburn, if the money is being taken into large projects by Hannah's organisation, for whatever reason, what is then happening to those small businesses where, after all, most people in this country are employed?

Professor Hepburn: It is a very important question. Whether those businesses can access the capital they need to grow and expand will, again, depend on whether their investors think there are appropriate risk-adjusted returns. That will depend upon the enabling and the surrounding policy environment and whether those businesses are playing in an industrial ecosystem that looks like it is set to grow or is set to go out of business.

As I am sure you saw on your trip to America, when you have such a large and targeted programme of the sort that we see over there with the IRA, you are, effectively, intervening within industrial ecosystems. You are focused on these various big prizes but, as you lift the ecosystem so that it becomes more competitive, your SMEs playing in that ecosystem will also benefit and, one would hope, be able to find better access to capital.

There is another discussion to be had about the business banking system in the UK—perhaps that is not for now—and how well it does at financing SMEs compared to, say, in Germany or other countries.

Q289 **Jane Hunt:** It tends to go back to the Chair's first question about jobs. You were saying that there were going to be a lot of jobs. There might be in the new industries, but that might be forgoing those in older industries. Is that what we are saying?

Professor Hepburn: There are some winners and some losers. The jobs figures that I gave are net figures, for the most part. Inevitably, in sunset industries, there will be sunset jobs. As with the capital turnover story, you do not want to scrap assets before they have reached the end of their life, but, when they do reach the end of their life, you want to make sure that fossil assets are replaced with clean assets, so that you are not wasting money.

Similar sorts of things can be said about people's real lives and their working careers. Ideally, you want to train up a generation so that they are ready for the jobs of the future, and to phase down the jobs that we are simply not going to need in 50 years' time, so that you are not suddenly having to fire large numbers of people because a company that did not see the transition coming, even though it has been on its way for decades, has gone out of business.

Jane Hunt: It is not necessarily the case, of course, that we will not need widgets any more. It is just that they will not get the funding to get to net zero, but there we are.

Q290 **Ian Lavery:** There are huge challenges and trade-offs ahead for the Government to ensure that we have a just transition to net zero. What might the main challenges and trade-offs be?

Professor Hepburn: A lot of them relate to the labour market and skills challenges. We are a long way behind on skills now, whether it is heating engineers who can do heat pumps rather than gas boilers, or other domains. Skilling up ahead of time, before we have a labour market crunch and we find that the transition is delayed because we do not have the jobs, and people are not ready to get the jobs that are there waiting for them, is important.

As I said right at the start, we will have a challenge towards the back end of the mid-century, when a lot of the capital has been built out and those jobs are no longer needed. You have a higher level of steady-state jobs, but we will be skilling people up and then, after 10 or 20 years, not needing them any more. That is half a career. But in terms of the justice of the transition, we have to be acutely aware of its impacts on labour around the country and, as you have rightly focused on in some of your questions, of the impacts across space and different geographical areas of the country.

Q291 **Ian Lavery:** Last September, the Prime Minister announced extensions to the deadlines for phasing out the sale of new gas boilers, which you have just mentioned, and of new petrol and diesel cars and vans, stating, "If we continue down this path, we risk losing the consent of the British people." Was the Prime Minister right? Was the decision right?

Professor Hepburn: He is right that consent is incredibly important here. Bringing people along with us is incredibly important. I am not sure that this was a decision that suddenly increased people's consent for the net zero transition.

The direct impact on emissions and our ability to hit our goals from those two delays is negative but not huge. My stronger concern is the message that it sends, to Hannah's point, about policy certainty, credibility, longevity, strategic focus and direction, and so on. Indeed, those sorts of negative changes to the path that we know we have to go on risk losing us jobs and reducing consent, I would say, rather than supporting the clarity, the investment and the job creation that we need.

Certainly, the Prime Minister was right that public buy-in and public consent are incredibly important, and there is lots that we can do in many parts of this transition to increase that. To give you one example, you have resistance to new power facilities in different parts of the country. Why? Because there is no obvious benefit. What we see in other countries is that, when communities benefit from cheaper electricity, they are desperate to have the wind farm or the local bit of kit in their locality, because it will reduce costs for them and yield benefits. It is not rocket science, but getting buy-in to these changes just requires sharing the benefits with those who are participating.

Hannah Gurga: I will just make a macro point. My observation is that, as an industry, we have a very long-term time horizon. We are talking about 50 or 60-plus years, and that puts us at odds quite often with the political cycle. One challenge that we have is short-termism, and we need to find a way of introducing a long-term perspective. I do not pretend to have the answer to this, and I recognise that it is politically very challenging, but it is essential that, when a decision is made, we have confidence that that decision is going to last over the long term.

One suggestion that we have made in our policy programme document is around empowering some of the executive agencies and bodies, such as the OBR, and potentially giving them a greater level of independence and an obligation to look at the multiplier effect of the benefit of good, long-term investment.

Potentially, that would also be supported by a new fiscal policy committee that would look not just at the risks of investment, but at the risks of not investing, which we do not think about often enough. If I put it in a personal context, we are always so worried about, "If I put £100 into my current account, I will not lose any money," but, equally, by not putting it into a shares ISA, for example, I am potentially losing out. We often focus on the here and now, rather than the potential long-term benefits of investing for job creation and public assets.

My hope would be that we can find a way to introduce a long-termism approach to this agenda, because it is just too important for us as a country not to do it.

Chair: The clock is slightly against us. That has been an incredibly helpful session. You have, basically, said that the transition to net zero is going to create jobs overall. Many of those will be good jobs. We are not 100% clear where they will be, so we are not clear whether they will be in places where there are skills gaps. But some sectors are going to be obvious winners, such as energy, buildings, transport, wind, biomass, CCS and potentially hydrogen. There are some sectors that, potentially, are in a bit of peril.

There is going to be an investment gap and, therefore, a need for public money to go in. To maximise the private sector contribution, we are going to need a long-term strategy or a net transition plan, as you called it, Hannah.

There may be some problems around particular sectors, such as buildings and retrofitting. We probably need to see a bit more on that, but fast and consistent decisions will help. We are going to need blended finance models that are probably context-specific. A big theme in what you have said has been the emphasis you have put on a major plan for helping the labour market adapt and make the most of the opportunities to come.

This has been a brilliant session. Thank you so much for your evidence. Please send us things that you think we would benefit from as we draw up our recommendations, but, for now, that is that.