

Business and Trade Committee

Oral evidence: Make Work Pay: Employment Rights Bill, HC 370

Tuesday 17 December 2024

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Members present: Liam Byrne (Chair); Antonia Bance; John Cooper; Sarah Edwards; Alison Griffiths; Charlie Maynard; Gregor Poynton; Mr Joshua Reynolds; Matt Western; Rosie Wrighting.

Questions 94-118

Witnesses

[IV](#): Dominic Johnson, Director of Employee Relations and Policy, BAE Systems; Beverley Fairbank, Industrial Relations and HR Director, Jaguar Land Rover; Murray Paul, Public Affairs Director, Jaguar Land Rover.

Examination of witnesses

Witnesses: Dominic Johnson, Beverley Fairbank and Murray Paul.

Chair: Welcome to the final panel in today's hearings about the Employment Rights Bill and industrial policy. We are so grateful to you for joining us, and for your patience and forbearance this afternoon as we run slightly late. Gregor Poynton is going to open the questioning for this panel.

Q94 **Gregor Poynton:** This question is to all of you. What do you think of the changes to industrial relations outlined in the Employment Rights Bill and the wider consultation framework on industrial relations?

Dominic Johnson: Let me briefly introduce myself; I am the group employee relations director of BAE Systems. To give a little bit of context about our industrial relations, I should say that we recognise trade unions across about 30,000 of our UK employees, out of 47,000 overall. We work with the GMB, Unite, and Prospect under the umbrella of the Confederation of Shipbuilding and Engineering Unions.

We recognise unions very widely and we see those relationships as a real asset for our business. We work very collaboratively with those unions to drive forward the success of the business and to continuously improve the workplace experience with regard to the quality of the terms and conditions of employment for the workforce.

Q95 **Chair:** What is your perspective on the Bill?

Dominic Johnson: We fully understand the intent behind it, which is to drive broader collective bargaining across the economy and to strengthen the rights of trade unions to bring greater balance to the workplace.

The key question from our perspective will be, "Does that result in more positive partnership-style industrial relations at scale across the economy, and does it drive productivity improvements that then support better wages and better terms and conditions"? We have been really pleased about the tone that the Government have set around this. They have talked about the importance of social partnerships and of collaborative industrial relations; we have always found those to be important within the company.

I have worked with trade unions for over 25 years. I think that that way of working is the key to success: when trade unions and the employer understand the importance of the long-term success of the company and that is the basis for sharing that success with the workforce, with better job security and better terms and conditions of employment over time.

Chair: That sounds like a broad welcome.

Dominic Johnson: As a broad package, it is certainly something that we would support as a company. Because we recognise trade unions so broadly, the impact on us will be much more limited than for some other companies.



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Chair: Okay. Who wants to argue for JLR?

Murray Paul: I will start. In a similar vein, we have a similar number of employees supported—34,000 in the UK and 124,000 in our supply chain. We work with Unite and the GMB through the joint negotiation committee, which is representing our workers across our site; I think that Beverley will make more of that.

We are happy to support the Government's ambitions, as set out in the plan to make work pay, to raise the standard across the economy and support productivity. We also share the view that good employment is a core pillar of the growth strategy, and that employment reforms—and wider reforms that impact employers—must support those growth ambitions.

However, we think it right that the Bill should undergo due scrutiny and avoid those unintended consequences. If I echo a degree of nervousness, it is around the extent of the delegated powers within the Bill, which causes considerable uncertainty over how some of that well-meaning direction is actually operationalised. I think that is more likely to be felt by smaller businesses, which make up the majority of our supply chain, but, even as a large employer, JLR are not immune to that—especially since, if the supplier cannot swallow that cost, that is just passed directly back to us.

We are grateful for the opportunity to contribute to this session, and we feel it important that the Government work hand in hand with business, but we need to make sure that that right policy environment supports a strong workforce and does not lose sight of the urgent requirement for growth-enhancing policies more broadly.

Chair: That is a very important point. Beverley, do you want to add anything to that?

Beverley Fairbank: We feel that collaboration with the trade unions is an important part of how we do business, and it is an important part of how we listen to the employee as stakeholder. That is vital to the way we do business.

But as we look at the Bill specifically, we believe that some parts need to be considered carefully during its scrutiny phase, particularly around, for example, the threshold for union recognition. Again, as Murray was saying, there is that delegated power of between 2% and 10%. For small companies, and potentially for ourselves, that is quite a small number of people who could then have additional unions joining what is already a very established collective-bargaining arrangement.

We currently recognise GMB and Unite but for us the threshold could mean that 700 people within our team, very approximately, could decide to have a completely different arrangement. That could prove quite problematic. At the moment, we share significant business information with the trade unions to allow them to buy into a future narrative, which is about a long-



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term legacy for JLR in the UK. To destabilise that with very small numbers of people being able to begin to add into that collective bargaining state might be of concern. That did leave us with a little concern.

Q96 **Chair:** Is there anything else that you wanted to flag?

Beverley Fairbank: Yes, particularly with regard to the notice periods. Murray was talking about the complexity of the JLR supply chain; we are a very capital-intensive business, and we have a wide supply chain. We have a 14-day notice period at the moment.

I am pleased to say that we have not had any industrial action at JLR for quite some time, but there has been in our supply base, and 14 days gives enough time to prevent some of the parts from arriving and creating a bottleneck. It is still not long, but moving back to seven days would be problematic for some of those companies—it gives them less time. I could not see, myself, that a longer notice period really restricts the union's ability to have collective action or their ability to impact the business. This could be easily remedied by keeping with the same period of time.

Q97 **Gregor Poynton:** I have a quick follow up; let us start with JLR and then BAE Systems. In your answers, you both talked about good working relationships supporting productivity and growth. Is there anything in the Bill that gives you cause for concern when it comes to investment for JLR and BAE Systems over the course of this Parliament?

Beverley Fairbank: "Concern" is rather a strong word. We were looking at this and how it might impact productivity. The automotive sector is capital-intensive and investment-heavy, so we need to be able to justify that. Earlier parts of the Bill talk to people with variable hours potentially having those hours, and notice for changes of those hours, changed.

It is very common practice in the automotive sector to have top-up hours on top of an already full-time contract. I do not believe that that is the ultimate intent of the Bill, but those kinds of unintended consequences are important for a business that needs to be flexible, to offer competitive investment opportunities and to be competitive with other car companies around the world. Being able to quickly flex up and down when we hit a difficulty through the week is really important to automotive. That slightly concerns us, although "concern" is perhaps a strong word.

Dominic Johnson: We have enormous programmes to deliver. We have an order book of over £70 billion. We have to invest in our programmes. We have more than 6,000 young people in our early careers programme and more than 4,500 young apprentices coming through. That investment is critical to the future success of the company and the delivery of those programmes for our customers. I do not think the provisions in the Bill will change the trajectory of that investment.

There are some nuances that it is important to get right through the consultation process and the review of the Bill. One of those relates to day one employment rights. I certainly welcome the idea that there is a simple process that an employer can go through in the event that they have



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made a hiring mistake; lots of companies will be risk averse in taking on staff, particularly when they feel that somebody does not necessarily have the ideal skills match for the role, if they feel that they may then be tied up in lots of litigation subsequently. It is important that the balance is appropriately struck in that area of the Bill in particular.

- Q98 **John Cooper:** You say that you are quite confident that your hiring programme is going to continue, but in the light of recent fiscal changes, are you facing more difficulties with that hiring programme?

Dominic Johnson: We had over 20,000 applications for apprenticeships at BAE Systems in the last round, which was a few months ago, so in terms of attracting people to come and work for us, no. It is a tight labour market for many of the skills that we need to employ to deliver these programmes. For those with trade skills, including electricians, pipe fitters, engineers and technologists, the market is very competitive, but the proposition that we are able to offer is also pretty unique.

The types of products that we make and the programmes that we deliver but also the purpose of the company—its criticality to defending the UK and the way we work with the Ministry of Defence—seems to attract people very successfully. We continue to invest in our workforce. We recognise that they are absolutely critical to our success as a company. We are confident that we will continue to grow employment as we deliver those programmes.

- Q99 **John Cooper:** Turning to JLR, I have heard a lot in my rural constituency about the changes to national insurance contributions and the effect that that is having on small and micro businesses. What is it like in a very large business? What difference are the changes to NICs making? You will obviously not necessarily be party to detail from outside firms, but it would be helpful if you could give me some clues as to the effect on your supply chain as well as on your direct employees.

Murray Paul: We have not had time to assess how it will affect our supply chain and the pass-through costs, but, undoubtedly, they will be there. We have not an idea of the national insurance contribution increase in there. That has had the effect that we are having to unwind some investment that we were planning to make in the business over the next five-year period. I do not think it is appropriate to go into numbers in a public forum, but it is a significant sum of money.

We understand the situation that the Government find themselves in. Equally, that is why we need to balance the fiscal changes with growth-enhancing policies so that we can grow our way back out of the situation we are in. That is what we are keen to see next from the Government.

John Cooper: Beverley, do you want to add anything to that?

Beverley Fairbank: The important thing for the automotive sector is to make sure that we have a strong manufacturing sector, backed by strong skills and a strong engineering sector. To do those things, as Murray said, we need to be a competitive proposition. Money that we will spend on



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national insurance cannot be spent on other things, so of course there will be an impact, but the overall competitiveness of the country and the ability to have an automotive sector that has access to high-skilled employees and a great environment for business is the important part in the long term.

Q100 John Cooper: What do you think about these new changes, then? What do you think about the joined-up thinking, if I can use that old cliché? How do you think the Government's changes are affecting the overall atmosphere for business in the UK? Is it better or worse?

Murray Paul: It is currently worse—there is no getting away from that—but, equally, I do not think we have seen the full picture yet. We are relying a lot on what the industrial strategy will push out. The Employment Rights Bill raises the high-water mark, and all boats should rise with that, but we need to see those compensations in the growth strategy that the industrial strategy will bring along. We are really keen to play a part in that. That is the joined-up picture that we are really looking for, and that is what we want from the Government.

The Budget gave us some setbacks. The national insurance contributions were one. The very surprising announcement that employee car ownership schemes, which have been around for decades and play a significant part in vehicles coming to the market, are coming under scrutiny has increased uncertainty, as has the continued delay to the ZEV mandate consultation, which we have been asking for since July.

This is the wider environment in which we need to improve connections and make sure that thinking connects across Government Departments, and that the picture painted to business is one of a pro-growth, pro-investment environment. Nobody doubts the ambition, but we need to increase the clock speed, because as the uncertainty persists, we still need to make those investment decisions.

John Cooper: There was a mention of raising all boats. Is this raising BAE's boats? You literally make boats—warships, more accurately.

Dominic Johnson: Yes. We make frigates on the Clyde and submarines in Barrow. Was there a specific-boat related question?

Chair: I'll permit it, Mr Cooper.

Q101 John Cooper: My father is a marine engineer, but I get seasick in a bath, so boats are not my favourite thing. I just wonder whether the position is slightly different for you because defence spending is increasing, given international events at the moment. I wonder whether you are insulated a little bit from some of the difficulties that, for instance, the automotive sector is facing.

Dominic Johnson: In the context of the current threat environment, of course we are seeing increases in our programme delivery, but the employer national insurance increases are a cost impact. They are a cost impact directly to us but also through our supply chain. We are in the



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process of reviewing how we are going to manage that impact. We have a very price-sensitive customer looking for value for money, so we will need to be thoughtful about how we address some of those costs. Because we have taken a progressive approach to our employment policies, the employment Bill does not directly increase our costs; it is more the national insurance increase that will affect us.

Q102 **Charlie Maynard:** That is almost exactly my question. Take four things: the Employment Rights Bill as is, labour costs, access to labour and access to skills. Where does the Bill sit on the scale of impact on your business, or of the trouble and headaches caused? I am trying to get the context of quite how big it is compared with all the other things going on out there for you.

Dominic Johnson: Labour costs have been a challenge for us, as they have been for most employers over the last few years because of the period of high inflation and the cost of living increases we have had to make to our employees. But our No. 1 challenge is skills. As I mentioned earlier, we have seen a very tight labour market in terms of engineering, technology and trade skills. That is why we are investing so much in our early careers programmes. But in terms of our ability to source experienced hires in those areas, it is very challenging. I would say that is probably our top priority.

Q103 **Chair:** Murray, what is the relative impact of the Bill compared with other changes that are coming?

Murray Paul: I defer to Bev on that one.

Beverley Fairbank: The inflation over the last couple of years has increased our labour costs significantly. That was probably more significant than the impact of the Bill. In terms of access to labour and skills, the major challenge we face in automotive is the transition to EV. The transition of those skills will be significant. We have a large number of people in our early careers scheme, but because of the uncertainty of the legislative landscape we do not yet know how quickly some of those things will happen. It is very difficult at the moment to plan how many people will be needed and in which skills, and how quickly the transition will take place. The overall labour cost increase and the uncertainty about how quickly those new skills will be required is probably of a larger scale than the Bill in and of itself for us at the moment.

Chair: That is very helpful.

Q104 **Sarah Edwards:** You have touched on this a little bit, but I want to get a bit more detail on your approaches to industrial relations. Can you describe BAE versus JLR and give a bit of a flavour? Secondly, do you anticipate any change to your approaches due to the Bill?

Dominic Johnson: I will answer the last bit first. No, I do not think so. We have very well-established trade union relationships. Our aim is to work with the trade unions in partnership at every level of the business, from the chief executive down to the shop-floor level. We work very

collaboratively across three trade unions. I am not going to sit here and suggest that there is never any friction in the relationship—this is industrial relations; there are difficult issues—but the way in which we have taken a joint problem-solving approach to those issues over the years has stood us in good stead. As a result, we have not had industrial action in the company in decades.

Q105 **Sarah Edwards:** Will you change your approaches? Can you describe your current approach to industrial relations and bring a bit of colour into that picture?

Beverley Fairbank: We will not be changing our industrial relations approach. I have been working with the trade union at JLR for over 20 years now. We have a joint negotiating committee that supports us across the business at every site. We have full-time representatives at every site and we have a committee at each site that looks locally at the issues. Of course, we have to do a significant amount of business change; it is a fast-moving sector and there is always a lot of business change. As the economies in the different parts of the globe where we operate go up and down, the volumes go up and down, and there is friction if we have to make change.

We have a collaborative relationship. We value the partnership with Unite and GMB. We share very significant business information at least quarterly, and sometimes more regularly. We have meetings between the CEO, the board members and the senior members of Unite and GMB extremely regularly. It is very important that they also see our future products—the future line-up. We have travelled around the world showing our retail network, the manufacturing network and the supply base to make sure that we have a really thorough understanding of our business.

Since the Tata acquisition of JLR, the unions have been an important part of some of the agreements we have made to make changes to our working practices. Some of those have secured jobs in both the north-west and the midlands in manufacturing and, as a knock-on, in engineering. We have daily interactions with the trade union and very regular business-sharing at a depth that surprises most people that come to view us. We have regular visits from other people to see how we do it, and they are always amazed how deep and how confidential the information we share is, because our relationship is based on trust. That trust is built up only over a long period of time with real professionalism on both sides, despite the inevitable difficulties of the day to day.

Q106 **Sarah Edwards:** Would you describe it more as a partnership?

Beverley Fairbank: It is not a partnership in a legal sense but, yes, it is a partnership in an emotional sense.

Q107 **Matt Western:** It is good to see you, and it is pleasant to hear how good industrial relations can be. I have a question for Ms Fairbank. A lot of my constituents are very happy about the 11% pay award that will be made over two years. How effective was the existing legislative framework for collective bargaining in helping you to deliver that?

Beverley Fairbank: I found no issues with the existing collective bargaining arrangements.

Q108 **Matt Western:** What do you think about the changes that are being introduced, other than the ones you have already described? If you had been faced with the challenge of this two-year deal a year and a half ago, what impact would the changes in the Employment Rights Bill have had on the negotiations? Would you have had a similarly successful outcome?

Beverley Fairbank: Probably. We would have very much appreciated the opportunity for an electronic ballot. We talked to the trade union about electronic balloting at the time. That would have helped us from a timing point of view, and we would have been able to do a number of process steps more quickly, which I think would have helped members. It proved too problematic in a variety of areas, but we would have really enjoyed the opportunity to do that. I do not really believe that any of the other changes would have made any change to what we did.

I was a little surprised when I looked at the Bill, as proposed, that there was not a more strategic approach to what the private sector bargaining approaches might be and how the role of the union in the private sector might change in the future. I suppose we are at the start of a legislative programme that is quite lengthy, but as we look at the statistics as they stand, only about 12% of private sector employees are represented by a trade union collective bargaining arrangement. The companies that we are talking about are very much in a minority at the moment, and many of our supply base are not covered by a trade union or a trade union collective agreement, so those things are of interest to us for the future.

Q109 **Chair:** Mr Johnson, would you add anything to that? Do you think pay bargaining is going to change in your business as a result of the Bill?

Dominic Johnson: I do not think it will. We have a couple of areas of concern around the Bill. One of them relates to a point that came up earlier about industrial action ballot notice periods—not that we have had an industrial action ballot in some time, I am pleased to say. Any reduction in that notice period is something that we would be concerned about for a couple of reasons. First, it is important that businesses are able to do at least some basic contingency planning if there is going to be strike action. They need to be able to inform their customers so that they understand the likely impact of that action.

The second reason is more fundamental. I think we should be trying to make industrial action the last resort, given how damaging it is to industrial relations within the company and to the company itself—potentially financially, and reputationally with its customers. It tends to have a very long tail and painful impact, so it should be a last resort. We want to promote dialogue as the route to resolving disputes wherever we can. Having that extended period between the ballot and the commencement of industrial action is a final opportunity for conciliation or mediation. You touched on this a little bit with Ben Willmott. There is an important role here for ACAS to play. More employers need to be enabled



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to work with ACAS to resolve disputes, and we need to build the skills and capability that we have described as atrophying across the economy. It is right that we need more people who are better skilled at finding ways through disputes and getting out of the adversarial cycle of demand and threat that has too often been the approach to industrial relations in this country.

One other thing in relation to the industrial action ballots process that would be helpful is the introduction of a statutory code of practice that says no industrial action can take place either until an internal dispute procedure has been exhausted and every opportunity has been given for proper dialogue—employers and trade unions should be encouraged to agree those sorts of internal dispute procedures between them—or, if such a procedure is not in place, at least until ACAS conciliation or mediation opportunities have been exhausted.

Chair: That is very useful.

Q110 **Antonia Bance:** Beverley, I had not heard that criticism of the Employment Rights Bill before. As a trade unionist, I would very much like to see a higher rate of unionisation in the private sector. Many of your supply chain businesses are in my constituency in the west midlands—I go and see them—and the vast majority are not unionised. I would love them to be unionised. What would that strategic plan for trade unionism in the private sector be? Can you tell me a bit more about it? I was not expecting to hear that from you today, so I would love to hear a little more.

Beverley Fairbank: My thinking on it is that one of the many reasons why people can be resistant to an initial trade union approach is that there is not a duty or an obligation on the trade union within the UK for the future employees of the business and for the future longevity of the business. I speak to supply chain businesses that have just recently recognised, are in the process of recognising or have not recognised.

One of the fears, as Dominic says, is that there will be the adversarial approach of a short-term demand for increasing wages for people currently in the business, without taking into account what that means in the long term. In my experience, great trade union leaders are thinking about the future and about the long-term legacy of the business. But it is not a duty on them, within the terms of reference, to do that. We need some additional work in that space.

You have talked in the Bill about trade union learning, how we teach and learn about trade unions and collectivism. That is also an issue when we speak to new employees about our trade union; Dominic said this about BAE Systems. We will not have to introduce new things to explain the union to our people, but when we try, we discover that it is something that, especially in the private sector, people do not know about. They have not heard and do not understand the real meaning of collective work. There is a lot of work to do to unpick the many years of not doing that education and not making sure that people understand what is expected.



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In my thinking, a way of doing that might be to have some level of right or obligation, within the trade unions' terms of reference, that allows them to express that future and that future legacy. At the moment, it is quite difficult for them to do that, because it is not in the terms of reference.

Antonia Bance: Thank you.

- Q111 **Alison Griffiths:** As you have already said, both businesses work, in your supply chains, with a range of smaller businesses, which have been described by some business representatives as more exposed to the costs of employment reform. Should more be done to help smaller firms to manage the costs of change? Who wants to go first?

Dominic Johnson: I would say yes, and I would probably draw on what Ben Willmott said earlier. Small business people do struggle with the level of understanding needed and compliance with employment law, and the Bill introduces a significant range of new requirements. I think small businesses will benefit from support with that. Ben talked about increasing the resources available to ACAS; that would certainly strike me as a sensible way forward.

Alison Griffiths: That answers the second part of my question. What is the JLR perspective?

Beverley Fairbank: Specifically with regard to ACAS?

- Q112 **Alison Griffiths:** Question No. 1 is "Should more be done to help smaller firms to manage the costs of change?" The second part of the question—which I did not need to ask you, Dominic, because you answered it for me—is this: "The CIPD has called for renewed investment to support the work of bodies such as ACAS and enhance social partnership between businesses and unions. Would this be helpful?"

Beverley Fairbank: It would certainly be helpful if smaller businesses had access to better advice and support during the change. The cost of the change would depend on the legislation that was being brought forward, but if it were to be expensive—in some cases, we have received legislative change, and that is an unintended consequence of things like systems change.

For a business like JLR, we can put this into our programme. There will be consequences from putting it in, but we can usually manage that cost increase. Even making some basic payroll changes is quite a major change for some smaller businesses, with the difficulties that they have. So there needs to be either more time to allow people to plan for that cost, or assistance with the cost. Perhaps an easier way is to provide plenty of advice, support and easy access to advice that they do not have to pay for—not firms of lawyers wanting to charge them a lot of money for advice that they could get more easily somewhere else.

- Q113 **Alison Griffiths:** Do you think a proportion of your supply chain is at risk from any of the changes?



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Murray Paul: The automotive industry is actually quite a fragile ecosystem. We have had two very unfortunate announcements recently, with Luton and Ford—one plant closure and one redundancy programme. The supply chain is not immune to that. We have to step in quite regularly to shore up suppliers that we just cannot do without, but that are really struggling themselves. That points to an overall fragility in the system, and of course any additional cost in a fragile system will cause more disruption. We need to enable those businesses to make the change and increase the high-water mark of employee rights and things like that, but without fundamentally adding to their cost line.

Q114 **Chair:** We are interested in whether you think you will get drawn into helping smaller businesses in your supply chain to adapt to the Employment Rights Bill, given your own pretty happy records of industrial relations. Do you think that that is likely?

Beverley Fairbank: It will add to the labour costs of some of those much smaller businesses, whose profitability is on a knife edge. At each point, there is a straw that breaks the camel's back.

Chair: Do you think you will get drawn into helping your supply chain businesses to manage this transition?

Beverley Fairbank: That happens all the time—weekly, monthly.

Chair: Interesting.

Dominic Johnson: We have had to intervene to support our supply chain from time to time, including on industrial relations matters. It comes back to the point that Ben Willmott was making about capability.

Q115 **Chair:** Is that just the normal course of business?

Dominic Johnson: I think to some extent it is inevitable. The resilience of our supply chain is critical to us, so if there is a problem in it, we eventually tend to get involved in trying to resolve it. That is a cost of business for us. It also reflects the lack of capability within management and HR teams to deal with the industrial relations. If we are going to see an expansion of trade union recognition—obviously, we are going to see an expansion of employment rights—there needs to be more investment in HR capability in this space.

Q116 **John Cooper:** Dominic, at Scotstoun on the Clyde, BAE Systems is putting together your applied shipbuilding academy, which is part of an enormous investment in training and skills for young people. I believe that you might top £1 billion since the start of the decade, with something like £230 earmarked for next year. Is there anything that the Government can do to help to maximise that investment and amplify its impact?

Dominic Johnson: You are absolutely right that we have just opened a fabulous skills academy in our naval ships business, and we will be training large numbers of apprentices through that programme. We have just made an enormous investment in the new build hall to make Type 26s

alongside each other inside on the Clyde. Our workforce will massively benefit from that, and it will improve productivity too.

We draw heavily on the apprentice levy; it is key to our investment in those apprenticeship programmes. Although we understand the appetite for greater flexibility in the way levy funds are spent, we think it is critical that there is adequate aggregate funding for apprenticeship programmes so that companies like ours and, no doubt, JLR can continue to invest heavily in early careers programmes. That will be a big focus for us.

Q117 Chair: So the Employment Rights Bill, in and of itself, will not necessarily have a negative impact on your ability to invest in upskilling?

Dominic Johnson: No, but if there were a significant change to the way the apprenticeship levy works, and there were not enough money allocated directly to apprenticeships purely, that would be a cause for concern, given that we are investing so much as a company in early careers and apprenticeship programmes.

Q118 Chair: Murray and Beverley, have you any observations on that?

Beverley Fairbank: We invest significantly in apprentice programmes: I think it was 300 or so last year, and 1,300 in total are in training right now in the training academies. I would say that more flexibility in the apprenticeship levy is more important for the smaller companies, because to access the levy we need a team of people who work on making sure we are compliant. That is what is required, and in a smaller business that is not possible, so people are missing out on levy money that they should be able to invest in skills. That is important for the sector. As the supply chain gets smaller, and as car plants are reduced in this country, that becomes even more important. I cannot see anything in this Bill that specifically prevents that, but additional investment in skills and looking at high-quality skills that will give high-quality and high-value jobs will always be vital to the industrial strategy for the country, so it must be welcomed.

Murray Paul: I agree that we absolutely need to protect the early careers stuff, but as a business we end up handing far too much money back. At the point of a technology transition, we have a duty of care to our existing workforce, who need to be reskilled. We need to be able to use the unspent money on our existing workforce, who have some degree of qualification but it is diminishing in relevance, but not at the expense of early careers, who are already accommodated. That is something we are keen to see. The skills of today are not going to be the skills of tomorrow for our business.

Chair: This has been an extremely useful session for us. Thank you so much for taking time out to come and give us evidence: it will all go into the evidence that we are about to take, over the days and weeks to come.

We will report back to Parliament, I hope, before Report stage of the Bill. The Committee is very grateful to you for your time and your evidence. Thank you very much indeed.