



Select Committee on the European Union

Sub-Committee on EU Services

Corrected oral evidence: The future UK-EU relationship on professional and business services

Thursday 25 June 2020

10 am

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Members present: Baroness Donaghy (The Chair); Lord Bruce of Bennachie; Lord Cavendish of Furness; Baroness Couttie; Lord Davies of Stamford; Lord McNally; Baroness Neville-Rolfe; Baroness Prashar; Lord Sharkey; Lord Thomas of Cwmgiedd; Viscount Trenchard; Lord Vaux of Harrowden.

Evidence Session No. 4

Heard in Public

Questions 46 - 59

Witnesses

I: Martin Darbyshire, Chief Executive Officer, tangerine; **Andrew Forth**, Head of Policy and Public Affairs, Royal Institute of British Architects; **Mark Naysmith**, Chief Executive Officer, WSP UK; **Benedict Zucchi**, Principal, Building Design Partnership.

Examination of witnesses

Martin Darbyshire, Andrew Forth, Mark Naysmith and Benedict Zucchi.

Q46 **The Chair:** Good morning and welcome to the EU Services Sub-Committee's fourth public evidence session as part of our inquiry into the UK-EU future relationship on professional and business services. This session is being broadcast on parliamentlive.tv. A full transcript will be made available to you shortly after this session to make any corrections.

I am pleased to welcome our four witnesses today: Martin Darbyshire, chief executive officer of tangerine, Andrew Forth, head of policy and public affairs for the Royal Institute of British Architects, Mark Naysmith, chief executive officer, WSP UK, and Benedict Zucchi, principal, the Building Design Partnership—the BDP. You are very welcome.

We have a series of questions which Committee members will ask, and if there is time we would like to ask some supplementaries. It is for me to open the questioning and ask you all how important EU markets are to your companies, and companies and professionals in your sector. On the face of it, it appears that some do not rely so much on the European connection as others, but it would be interesting to have the update from you all.

Martin Darbyshire: Thank you very much for inviting me to participate. Design is a global industry. You are right to say that its role is very broad, and we have to reflect on the EU, our involvement with the EU and how that might change. Connections with EU markets are very important. We know that 60% of the UK's exports, including trade and services, are with the EU, so that is clearly critical for the UK. We export to Europe and look to continue to export into Europe, as well as to other countries.

Design involves a wide range of subjects, covering branding and graphics, digital, retail and hospitality, environments and transportation and services and product design, so we touch on many different sectors and reach into the lives of people in many different ways.

Very importantly, design delivers growth as a multiplier. The work that we do for others leads on to the success of other businesses. That can include government end users and businesses in the private sector. The role of design spans across a very broad spectrum, not just in helping businesses that sell products or services but in having a really wide influence on what is being delivered.

Regarding the numbers, our business is a member of the Design Business Association, which is aware that 40% of its members employ EU nationals. There are lots of EU nationals based in the UK working for UK SMEs, and 28% of those businesses trade directly with the EU already. We see this market as very important, as are the risks of not being able to trade freely with the market.

Andrew Forth: Good morning. Thank you very much for the opportunity to give evidence today. I am here to talk on behalf of the Royal Institute of British Architects. We represent about 40,000 members in the UK and around the world. In the UK, exports in architecture are worth about £600

million a year, and, because it is very project-based, around 20% of that goes to the European market.

The value of the EU to architecture is much greater than that, partly because around a quarter of architects in the UK are EU nationals working here, and partly because the EU is a market that others around the world look to. The EU and the European market are a great advert for practices looking to export further afield, particularly for smaller practices looking to get their first step into the European market.

It is also worth mentioning that a significant proportion of the work of architects in Northern Ireland, much greater than the UK average, is for exports to the European Union. In broad terms, it is probably worth about £200 million a year to the UK architect sector, which is a significant amount of money, but I think the value is much greater than that.

It is a question of how we look at the profession and the state of the profession going forward. Architecture is fundamentally dependent on people being able to move around the world to work, and at the moment London and the UK are a very attractive place to learn how to be a better architect and to study architecture from the beginning. Around a quarter of students at UK schools of architecture are from the EU. It contributes to us being a much more vibrant sector than the architecture sector in a number of other parts of Europe.

One final point I would make is that the EU market is probably better at supporting small businesses looking to move into new markets. That is partly because they often have much smaller clients procuring interesting things and partly because they use architectural competitions a lot. Buildings like the Pompidou Centre in Paris resulted in a worldwide business on the back of it, and I do not think that practice would have got the opportunity to do that project in the UK. There are countless examples around Europe of that sort of mind-set being beneficial to the UK.

Mark Naysmith: Good morning, and thank you very much for inviting me today. I am the chief executive of WSP. We are a global professional services firm, focusing on engineering and environmental solutions in the built and natural environment. We have 50,000 employees globally and 8,500 in the UK. The EU markets are very important to us as a global business, but less so from a UK point of view. The majority of the work that we do is for UK clients in the UK. Most global consultancies in our field have a presence in European countries, so most of the work done in Europe will be done through our European entities, with the UK occasionally supporting with resources and expertise. Work done in the UK for European clients, is probably less than 10% of the overall revenue of a UK consultancy's revenue.

We tend to get involved in Europe with private sector developers and architects, as was mentioned earlier. We tend to follow architects and private sector developers into Europe, supporting them from the UK. In our area, we tend to do very little public sector work, so we are less reliant on the European public sector markets. For the same reasons already mentioned, the key elements that are important to us are freedom of movement of people, recognition of qualifications, and the Eurocode

standards.

Benedict Zucchi: Good morning. Thank you for inviting me to speak today. I am an architect and a board member of Building Design Partnership. We are a practice of architects and engineers and other built environment specialists, with about 1,300 people worldwide, most of them in the UK. We cover most sectors in a roughly 50:50 public/private split.

I agree with the points made already. The freedom of movement of people is crucial, because about one-third of our workforce in the UK are from the European Union. It is probably a higher proportion in our London office, where about 40% of the architects and engineers are from the EU. We have two offices in the European Union, in Dublin and Rotterdam. Most of the work we do in the EU is in Ireland. I can speak personally about working in Ireland, for example; I worked on a very large children's hospital in Dublin, which is probably very representative of the world today. The workforce on site is very multinational, with literally hundreds of people from different countries in Europe working on the site. Our own people there are multicultural—from all parts of the world and from the European Union.

Proximity is important. I know that we are all getting used to remote working, and the world will undoubtedly be a different place after the pandemic, but we have been working for five years on the children's hospital in Dublin, and in the first part of the project, which I led day to day, I spent two or three days a week in Ireland face to face with many different people in the client organisation, steering the project through the planning permission process and so on. These are very complicated large projects and require a lot of contact, a lot of face-to-face time.

Easy access is important. That is not to say that we cannot win projects all over the world. We recently won a hospital project in Australia, and I went all the way to Australia for the interview for that. I was there only four days, and with the 26 hours of travel you can understand the cost implications. Thus proximity to Europe is a key consideration.

I would add that, especially in our sector, it is easier for us to work in countries that have a very developed system with high standards and high expectations for the built environment. For them, it is worth investing in the cost of an architect or an engineer from another country, from Britain, and only if they are prepared to invest similar levels of investment in public infrastructure projects—hospitals, universities and so on—can they afford our services. In that sense, the European Union represents a group of countries on our doorstep that have similar aspirations to us and similarly high standards.

The other component is the rule of law and the fact that we can be more confident about working in Ireland and other countries in Europe than we can in other parts of the world where we have offices and are doing some work.

Q47 **Baroness Couttie:** I would quite like to understand what barriers you currently face when trying to trade within Europe, such as the national restrictions which some EU countries impose on service operators in their

countries. After the transition period, what additional barriers might you face, and what should the Government be doing to mitigate them?

Benedict Zucchi: It is a good question. There are soft barriers related to language. I do hospitals. A lot of dialogue is required to navigate a big hospital through all the various stages, and if you are not fluent in the language of a country like France you will probably face an impediment of that kind.

Putting that to one side, at one point some years ago we were thinking of merging with a large French architectural practice. We had been collaborating for many years and we knew them very well. It came to the point where there was a very intense dialogue about us acquiring them, because they were smaller than us, but one of the issues was the restrictions in place in France that require you essentially to be living in France and/or a registered French architect with French qualifications, and I think it had to be majority French owned. This was not the only reason we did not go through with it, but it was part of the reason why that particular merger never happened.

We acquired a Canadian practice recently, so we now have our largest non-UK offices in Toronto. We overcame a similar restriction in Canada, but it was a complex process. The Canadians have all sorts of rules on professional services companies, which is not unusual; the same applies in Singapore. They have to be members of a local institute, local people have to have majority ownership, and so on. In Europe, there have always been restrictions in the background that are not dissimilar to the kinds of things you encounter when you try to work in places like Singapore and Canada.

Mark Naysmith: What I would say is very similar to what Benedict has just said. The softer barriers at the moment include the simple ways in which engineers, architects, quantity surveyors go about delivering projects because the way of working tends to be slightly different in European countries. There are other subtle differences, language being the main one for us. The main reason why most of the work from our UK business is in the UK is because a language barrier brings complexities to the successful delivery of projects.

As regards local standards, although Europe works to the Eurocodes, there are always subtle local differences in the standards, which are not consistent or common in the UK. These are the soft barriers at the moment.

The main obstacles/impediments will be with regard to GDPR and data protection matters, and any potential restrictions or change in recognition. We are a people business. If the EU was not to recognise UK data protection legislation, that would be a problem for us, as would visa restrictions on the ability to fly in and fly out. There needs to be a flexible system in place to allow meaningful secondments of people between the UK and European businesses, including transfer of data.

It is similar in reverse, because, as mentioned earlier, we rely on recruiting from Europe, particularly graduates from Spain, Italy and France coming

to the UK. In the last decade, this has been a fantastic talent pool for us, because there has been a skills shortage in our sector in the UK. If there was any non-recognition of qualifications going the other way, that would be an obstacle. Similarly with regard to Eurocodes, we would not want there to be any change in the design standards that we use.

These are the main potential obstacles going forward if we cannot have meaningful solutions.

Andrew Forth: As Benedict mentioned, there are significant barriers to do with local ownership and local registration, but a lot of practices get round that by working jointly with a local practice if they happen to win a piece of work. That is a reasonably reliable way to move forward on that, and it has the advantage that you get an understanding of the local customs and how regulations are applied in that area. As other panellists have mentioned, even though the standards may be the same, practices, expectations or commercial cultures may be quite different.

One of the biggest barriers would be if Europe stopped automatically recognising British architectural qualifications. It would create a problem for British architects looking to work in the UK and be hugely damaging to our universities. Why would you invest thousands of pounds and years of your life studying at one of the UK's architecture schools—we have some of the best in the world in this country—if when you go home you will not be able to work as an architect without investing extra time and effort? It would put us at a significant disadvantage.

Another point is that while architecture may not face such existential barriers, you have heard in some of your other evidence sessions of other professional and business services that will face hard barriers if we do not get a good agreement on professional qualifications and access. Architects do not necessarily go on their own to work in another country. They will work as part of a bigger project team with a whole range of people, from engineers, to lawyers, to accountants and finance people and product suppliers.

If those sectors find their access made much harder, the UK's offer becomes a lot less compelling: "We've got this wonderful thing here. Would you like it in your country? But we'll have to build the supply chain entirely for you". Architecture may not face the biggest barriers, but the ability of a British business to win work in Europe will be significantly diminished if we do not get a good deal on the mutual recognition of professional qualifications and the ability of UK-based firms to operate in related spheres inside the European Union.

Martin Darbyshire: The only things that I should cover that have not been covered by the other speakers are: tariffs on trade for services from the UK into the EU, and what may happen there; and, when the UK is standing separately, what happens with services that we buy from outside our shores.

The design community in the UK is very dependent on utilising software that comes from America, so we might have increased costs from the utilisation and the purchase of that software. We need to look at what will happen if trade agreements become established and what impact that will have on our costs, which might lead to us being less competitive.

I think that other, softer ones will remain. Design is a very developed sector, and the vast majority of EU countries have strong capabilities in their own regions. Now they would have to have a very good reason to work with a designer in the UK, which normally comes down to specialist knowledge in a particular sector that encourages them to want to do that. We have always seen and experienced competition in trading with the UK anyway, but I do not see how separating from the EU will make anything easier. It will just make it more difficult across every possible area.

Q48 Lord Davies of Stamford: Do you feel that the Government fully appreciate the issues that you face or might face as we leave the European Union? Do you feel that they are genuinely committed to ensuring that you can continue to trade profitably in the EU after the end of the transition period?

Martin Darbyshire: We have very little direct contact with the Government. I get information from being a trustee of the Design Council, and we have summarised the impact of that. I also sit on the infrastructure exports committee, where we pick up snippets about what the Government may be thinking about or doing with regard to it, but generally it is very difficult to know whether the Government have our interests at heart, are considering those interests, and have a plan for the way forward.

Lord Davies of Stamford: The Government have made no attempt to debrief you about your concerns.

Martin Darbyshire: It is very difficult to get direct briefing on anything.

Andrew Forth: Our experience of government has been twofold. We have had very good engagement on these issues with the Department for International Trade, DExEU as was, BEIS, and the Ministry of Housing, Communities and Local Government, and we have organised a number of round tables with them so that our members can hear first-hand from businesses.

They seem to have got the message on the mutual recognition of qualifications, and we are pleased with what the UK offer to the EU says, but that is all tempered by the fact that what they are trying to achieve in a very short timescale is incredibly ambitious. It is much more ambitious than any trade deal I am aware of. In the agreement with Canada, even though we agreed mutual recognition of professional qualifications in architecture two years ago, it has not been ratified by either side yet.

We are looking at a potential cliff edge at the end of the transition period, and even though the Government know what they need to do there are questions about how feasible it all is within that time. It has taken a while

for the Government to get up to speed on these things, which is a frustration, but at the same time we recognise that it is an ambitious challenge they have set.

Lord Davies of Stamford: Have you attempted to quantify the costs to you, if nothing is done, regarding the proportion of business that you currently conduct from this country, which you might lose to continental-based operations?

Andrew Forth: We have done quite a detailed report which I would be happy to send the Committee afterwards. I do not have details off the top of my head right now. There is initial damage through not being able to work in the EU, but it is also worth noting that the damage to global competitiveness of not having a good deal with Europe would be much more significant than the loss of exports to the EU directly. At the moment, half of all exports go to the Gulf region.

It would be more a question of not being able to take advantage of the highly skilled architects who come over from Europe to work, and the UK losing status as a European and global hub. The UK is lucky in that we are able to attract the best architects from abroad and to retain the people who train in this country. If the UK suddenly becomes a less interesting place to work, the ability of firms in this country to export all over the world will be significantly damaged.

Lord Davies of Stamford: That seems to be a very strong point. Have you put that to the Government?

Andrew Forth: Yes, we have.

Lord Davies of Stamford: What has been their response?

Andrew Forth: We have had positive engagement with them on a lot of these points. As people may come on to, the post-Brexit migration system will be a problem if it is not sorted out properly. We are very pleased that the Government have reintroduced post-study work visas. In architecture, that is really important, because architects train in three stages with professional experience between stages 1 and 2 and stages 2 and 3, and being able to find a local employer to undertake your professional experience is an incredibly valuable resource, both for the architects in training and, particularly outside London, for local architecture practices that have really good relationships with the universities in their area. It is a significant tool for addressing the regional talent gap that could exist otherwise.

Benedict Zucchi: I have participated in some of the round tables that Andrew has just referred to, so I have had some face-to-face contact on a couple of occasions.

The difficulty is that the current arrangement with the EU was a good starting point, and if we had remained in the EU I would have hoped and expected us to work really hard to improve things so that we could get to an even better level of integration and openness. Now, of course, we find

ourselves travelling in reverse and hoping that we can at least hold on to the best that we have at the moment.

The point about people is crucial, but the atmosphere is important in a sense, because at the moment in our world of design, London in particular and Britain in general are an absolute global leader. For architects, London is probably the design capital of the world. The kudos and sense of excitement and buzz of being an international centre, with people from all over the world coming here, learning here, collaborating here and exporting our services around the world, feeds on itself.

If we unpick that because we become a hostile environment for people from around the world coming here, learning here and working here, it will be very damaging. Also, it will unwind the network of personal connections that is also part of this, because we employ people from different countries who then go home and introduce us to other people, and it feeds on itself and builds reputation and worth.

Lord Davies of Stamford: Is it your impression that the Government fully understand these hazards? We do not want a situation in a few years' time where your sector has been undermined and is declining and the Government turn around and say, "If only we'd known. Nobody ever told us that it was that serious".

Benedict Zucchi: Certainly some of the people who came to one of the meetings at RIBA—it must have been at least 18 months ago; I forget which ministry it was—understood, but they were not Ministers or politicians; they were civil servants who fully understood what we are talking about with you.

Mark Naysmith: We have had little direct engagement with the Government. However, we have had engagement through our industry body, the Association for Consultancy and Engineering, with regards to the Migration Advisory Committee and the level of salaries that would result in the grant of a visa. That has been taken on board. From memory, the initial level for a visa was a £30,000 salary. As of January 2021, that has been brought down to £26,500, which is a positive move because it helps that free flow of the graduate population from Europe into the UK.

Q49 **Lord Sharkey:** Good morning. This question is really for Mr Forth, Mr Naysmith and Mr Zucchi.

We have heard you speak about the importance of the recognition of professional qualifications for architects and engineers. Both the Commission and the Government have made proposals on mutual recognition. What are your views on these proposals?

Mark Naysmith: I am not aware of the detail of what is now being proposed for mutual recognition. All I would like to say is that it is really important. It goes back to the free flow of people and recognition, particularly in the public sector—it is less important in the private sector — should we want to do public sector work in Europe, and, equally, the free

flow of people back into the UK so that we can recruit EU professional talent. That is probably all I have to say on that point.

Andrew Forth: Our view is that the UK Government have done a really good job of listening to the concerns of businesses about the mutual recognition of professional qualifications. We have been quite heavily involved through the Professional and Business Services Council, which represents everyone from lawyers, accountants, advertising, recruitment, to architecture and other professional services.

We are pleased that the guidance that we have fed in has been taken on board and that the UK Government have taken positive steps to avoid some of the worst impacts of a no deal in amending the Architects Act, which would keep the current system in place in the UK.

Fundamentally, it is a challenge, because this is an area of the negotiations where the UK has a definite strength when it comes to exporting to the European Union. It is understandable that the EU seeks to leverage its position relative to the UK. The EU's current offer is not great. For architecture it is not the end of the world, but, as I mentioned, for other sectors—lawyers, accountants and finance professionals in particular—my understanding is that it would be disastrous and would have a significant impact on architects in the UK.

The conversations that we have had at the European level have been quite positive, but it is important that the UK Government continue to prioritise this area if we want to maintain good access and not file it away as too difficult.

Benedict Zucchi: It is very important. I think Andrew knows more about the interaction with the Government, and I am sure he is right that they are listening. To win public projects in Europe you have to be able to demonstrate that you have architects and engineers with recognised qualifications. Without one you do not get the other, so it is crucial.

The point about graduates is interesting. I do not know why we do not train enough architects and engineers. The situation is particularly acute with engineers in the UK, as it is with other professions such as doctors. Whatever the reason, we do not have enough of them. You could say that we win an unfair share of design work internationally, so we need people to work for us to do that work. Graduates from Europe—I am talking about architects—are often technically better qualified in construction technology, so they bring certain advantages with them, as well as a degree of flexibility and commitment perhaps, because in their home markets there is less work. There is a lot less work for an architect in places like Spain, Italy and southern Europe, so they come here very willingly and make a really important contribution. That is crucial.

Lord Sharkey: What happens if the Commission and the Government cannot reach agreement on either of their proposals? I was struck by the part of RIBA's evidence that pointed out that for third-country nationals, the process of registering with the ARB is enormously time-consuming and

very costly. When we find ourselves a third country, presumably the same will apply to us. What fallback solutions are there, and what workarounds might there be?

Mark Naysmith: One potential workaround could be that in the engineering world the Engineering Councils come to an agreement that is outside any government agreement. From an engineering point of view, that is one potential fallback solution. It is not ideal, but as I say the Engineering Councils in the respective countries could come to a mutual recognition agreement.

Andrew Forth: Similarly in architecture, the Architects' Council of Europe has been very supportive of continuing mutual recognition. If we cannot secure a blanket agreement, there is an eagerness in Europe to make a good offer to British architects, but that is not to say that it would be as good a situation as we have now, and, particularly for newly qualified architects, it would be an additional barrier to entering the sector. If you had to convert your qualification when you went home, I do not see why you would come to the UK unless you particularly wanted to live or work here.

Q50 **Lord Bruce of Bennachie:** I would like to ask about intellectual property. What you have been saying is all very interesting, if a little disappointing. Intellectual property and the arrangements that we come to could be important for design. My understanding is that you can have registered designs that are formal and notified, and unregistered designs where you have to demonstrate some originality. Then there are trademarks, copyright and patents.

To what extent are these an issue at the moment? To what extent could they become an issue if we do not have the right arrangements? Is there a concern? Some people seem to imply that what is in place is fine and there should not be a problem, others perhaps less so. Martin Darbyshire, do you have a view on this from your perspective, and perhaps the others could then comment?

Martin Darbyshire: It is very important that the UK Government work with the EU to maintain as much co-operation as possible on intellectual property issues. My understanding is that this is being managed quite well so far.

There appears to be one outstanding issue that needs to be resolved: EU unregistered design rights. If you are a designer or a company based in the UK, you launch a product or a design of some sort without having first registered, and you reveal that in the EU market rather than in the UK, you have protection in the EU market but no longer have the equivalent protection in the UK. Of course, unregistered design rights are very useful because they allow businesses to explore designs, determine which are commercially successful and decide whether they invest in registering them. If we do not ensure that there is some mutual agreement in this space, it will be very challenging for companies to decide to register everything that they reveal in the market before understanding whether it

is successful or not, or whether it is worth investing both the time and money in registering.

Lord Bruce of Bennachie: Is unregistered design particularly important to smaller companies, or is it across the board?

Martin Darbyshire: It is important to everybody, and protecting IP is critical, because everything you reveal comes into the public domain. If somebody copies it and you can show that you did it first, you have rights over that. Registering provides additional protection and greater surety for you. It is a very important factor. How many things could you register and keep pace with registering everything you do, versus picking the ones you know are of commercial relevance and importance and ensuring that those are adequately protected in the markets you want to trade in? It is a very big issue.

Mark Naysmith: My only comment is that this is a bigger, more relevant, issue for contractors and manufacturers. We very rarely come across this in engineering and environmental design.

Lord Bruce of Bennachie: Are there any other views? The point that Mr Darbyshire has just made is one that we would want to take note of, but are there any other aspects of it? One issue that was raised with us was the right for UK lawyers to engage across. Apparently, we will allow European lawyers to engage in our legal disputes but not in reverse. Is that an important issue?

Martin Darbyshire: I believe that matter has been resolved, or is being resolved.

Lord Bruce of Bennachie: That was not the case a week or two ago, but that is good to hear.

Martin Darbyshire: I checked with somebody who said that they felt that it was not such a critical matter, but it is certainly one that you need to consider.

The other aspect is infringement of IP and the proliferation of counterfeit goods. This is a critical issue for manufacturers who export into different markets. Certainly, the manufacturers in the UK with which we work invest a considerable amount of time and energy in trying to stop copies reaching the market, and it is a critical factor for those involved in design and manufacturing and selling products into different markets.

Lord Bruce of Bennachie: The takeaway is that unregistered design is the area of concern, and therefore the implication is presumably that trademarks, patents and copyrights are fairly well covered by established procedures, and it would be much the same whether it is EU or global.

Martin Darbyshire: Yes, I would say so.

Andrew Forth: Looking to the future, while it is not a big issue in architecture and construction at the moment, if we move away from every

building being a bespoke building to more use of factory-built buildings and modular construction, it could start to become more of a challenge if we do not have good IP protection. Innovations in those areas have the potential to deliver higher-quality, safer, better-performing buildings, at quite significant potential cost and time savings, so people would be looking to protect those. If you could not guarantee that you could export it to our closest market, that would be a significant source of damage to the UK's broader construction and architecture sector.

Q51 Viscount Trenchard: I would like to ask about public procurement contracts, which I know affect some of you more than others, because we have heard that some of you would apply to be involved in public procurement contracts through your European subsidiaries or affiliates.

Of course, you could debate how well the European treaty is working at present. In theory, there is no discrimination against suppliers from other EU countries and a requirement for total transparency. I do not know whether this works as well as it is supposed to. The European Council's negotiating directives propose that a future agreement should go beyond what would be provided under the WTO's government procurement agreement.

Going forward, to the extent that your companies bid for public procurement contracts in the EU, how will their ability to do so be affected? The UK Government's Command Paper is silent on this point and indicates only that the Government do not intend to go beyond what the WTO's GPA would require, although the Council intends to go further.

Mark Naysmith: As I said earlier, we do not tend to bid for a lot of public sector work in Europe, because we have local entities that we would use to do that, so it is not such a big issue for us. I believe also that the market access levels afforded by the WTO would be sufficient for our needs. A withdrawal from the single market would not affect our ability to tender for public sector work in Europe because of our legal entities in Europe and because of the WTO agreement.

The flip side to this is that arguably we would face less competition from overseas firms bidding for UK public sector work, particularly when in the contracting world our UK contractors tend to work within the UK only, whereas we have European contractors that bid aggressively in the UK market. I think there is a positive for the UK if the rules were to be changed.

Andrew Forth: On that last point, the UK's offer through the GPA is incredibly broad compared to that of our European neighbours. The last speaker may be correct, but my feeling is that the UK Government would be unlikely to reduce the coverage of sub-central contracts from its current agreed level, and I think it would require unanimous agreement from the other GPA signatories to reduce it.

The GPA is fine in and of itself. One reason why public procurement in architecture and other things is not as cross-border as people would like is because a lot of contracts are simply not big enough to merit cross border

if you are not already in that country. The areas in architecture in which we see significant investment by UK practices in Europe are large and quite statement-like projects—art galleries, museums, rail stations, airports. In general, it is not community centres or small housing developments, which have more European-level specification questions anyway.

The biggest challenge from relying on the GPA is that we are assuming that the good things in it will not change and that we can address the bad things. Without an agreement that commits both the UK and the EU to playing fairly on procurement, there is a risk. The WTO is not the strongest and most functional body at the moment, from the looks of it. We see the Americans suggesting that they may withdraw. It is a lot faith to be putting into something that perhaps does not work as well as we would like it to, even if the actual barriers that it would put up in its current form would not be that significant.

Viscount Trenchard: Do you have any comment with regard to design, Martin?

Martin Darbyshire: Most designers do not take part in large publicly pitched projects, partly because we often need to be part of a consortium to do so, and partly because doing so is incredibly complex and the cost of sale way outweighs the benefits that we get from working on them.

There are exceptions, though, and I think there will be an increasing amount of encouragement for SMEs to participate in these sorts of projects. In the UK with HS2 for example, there was considerable incentive and encouragement for SMEs to participate as members of consortia, and if that were that encouragement it would be of growing importance to us. It could become quite important for design, or could have growing importance for design over time.

The difficulty will still be that the country, depending on the country that you are trying to win a project in, will often look for a local presence, and many of the design companies or those practising design are relatively small companies and do not necessarily already have bases in those countries. It then becomes a question of who you can partner with.

The other facet is the degree of bureaucracy in applying and going through the formal hoops necessary to become qualified to apply, which is very challenging for SMEs to address, so the cost of sale is simply too high for most of us.

Benedict Zucchi: I do not have a huge amount to add. The first point made by Mark at the beginning was that, for those of us who have bases in Europe, it will hopefully continue to be our way in to accessing the work. In the hospital project that we are doing in Dublin, which I mentioned earlier, I do not know whether it was an absolute deciding factor, but it was undoubtedly very helpful to have a long-standing base in Dublin. We also teamed up with some local consultants, which reinforced our credentials and ability to do the work locally. I think we will have to continue to do that in the future.

Q52 Baroness Neville-Rolfe: Lord Vaux kindly transferred his question to me, so I will take the floor, if I may. I would just say how interesting the session is today and how I agree with this point about local presence. I have operated in lots of different areas and local presence is often very important.

I want to move on to another area and ask about the extent to which your companies, and others in your sector, rely on the ability to undertake short-term business trips to the EU and to operate secondments between offices. How does that compare in volume to third country markets such as the Gulf or Canada? What are your views on the Commission's and the Government's proposals in this important area? Benedict Zucchi, perhaps you might start, because you emphasised the importance of London as the design capital of the world, which I took great comfort from.

Benedict Zucchi: It is absolutely true. Architects in particular have, over many years, built up an incredibly strong reputation for innovation and the quality of what we do, so, yes, I think that is true. In our case, Ireland is a very important market and the ease of access, as I mentioned earlier, is absolutely part of that.

Some years ago, I did a fairly substantial project in Holland. I travelled weekly, or certainly fortnightly, to Holland and spent a few days there with the client, and, when the project was under construction, I visited the site and so on. That was really important. We continue to bid for work and do competitions and so on in Europe, and quick access is very helpful, if not essential. Compared with doing something much further afield, it is a big advantage.

Larger public sector projects require a lot of stakeholder engagement and consultation, and in my work in particular that is very important. There is a high expectation that you will spend a lot of time on the ground with people.

Baroness Neville-Rolfe: Do the Government's or the Commission's proposals mean that that can continue after 31 December?

Benedict Zucchi: I do not know quite what is contemplated and whether the fact that we have the bases we have in Holland and Ireland will allow us at least not to face the problems that were mentioned earlier of smaller practices that do not have that level of infrastructure.

Martin Darbyshire: For small to medium-sized businesses working in the design sector, frequent travel into the EU is critical, and we need that to be as frictionless as possible. So many different agencies will take day trips to the EU that a reduction in the possibility to do that will be a major issue.

Also very important is travel to major trade shows and conferences. The design industry in the UK works with clients around the world, which means that we often have to attend key conferences for certain subject matters, or trade shows where our clients will be representing themselves and the supply chain partners that work in those sectors.

As mentioned previously, any possible barriers to trading in services from the UK to Europe will represent a big impact. We work extensively in the aircraft interior sector, so we make frequent visits to Airbus and other suppliers based in the EU. The largest trade shows involved in the aerospace industry are based in Hamburg, the US or Asia, so the ability to have frictionless travel is critical.

Andrew Forth: There are two sides to this question on the architectural factors. Regulatory wise, I think the fly in, fly out provisions are reasonable on both sides. I do not know about the European Union side in great detail, but I do not think it is a huge challenge. A lot of the barriers for both UK and EU firms would come if we ended up making it much more challenging for an EU national to come and work in the UK on a short or long-term basis.

With a lot of architectural projects, you are looking for quite a specialised skill set for quite a defined period. At the moment, if you can find someone with expertise in airport design who is currently living in Spain, they can come over here and work on a short-term contract for the part of the project they are doing. If they have to apply for a work visa and the process takes months, by that time the need for their services will probably have been lost, and how much confidence would a business have in being able to secure those skills?

One thing to note is that a big part of the UK's exports in architecture is in sectors that are global. The UK has a lot of expertise in healthcare design, airport design, transit system design. UK firms are designing whole metro systems in various countries. The number of architects around the world who have the specialised skills for that is quite low, and if they cannot easily come and work in the UK, or a UK architect cannot easily go and work in the client's country, they will move somewhere else. That is a real danger, and a lot of the responsibility for that lies with the UK Government. They need to get a migration system that works, because at the very least we will see reciprocity from the EU on those things.

Baroness Neville-Rolfe: It is two-way and you are saying that we need to look carefully at the inward side as well as the outward side. My stepdaughter is an engineer. She was on secondment to ITER for five years, so she spent five years living in Aix, and we want to ensure that those sorts of two-way secondments can continue.

Mark Naysmith: I totally agree with everything Andrew said about the need for a free flow of talent from the EU. As a global business, we are hugely dependent on this piece. We do a lot of fly in, fly out and secondments to European offices, so it is hugely important for all the points that have already made about supporting UK and global clients on projects which the UK can bring talent to and which our European cousins may not have. I believe the Government have asked for a mode 4 approach, which includes a reciprocal agreement on short-term business trips made on a secondment basis.

Also, anything that is concluded on this needs to be flexible and cost-effective. The arrangements need to be very similar to the ESTA arrangements for going into the US, or those for Canada, to make it work efficiently and effectively.

Q53 Lord Cavendish of Furness: How important is future co-operation on standards in your sectors? What form should this co-operation take? RIBA advocated for continued UK-EU co-operation on standards, particularly for construction, so perhaps it would be sensible to ask Andrew Forth to start.

Andrew Forth: Our view is that standards are hugely important, partly because they give everyone a clear understanding of what they are expected to do, and partly because lots of the construction products that we use in the UK are imported. We could start producing some of those domestically, but there is no way we could grow enough timber domestically, for example, to meet demand. If we stop having the same standards, that will increase costs unnecessarily.

Standards also have an export value. Particularly in public sector contracts you often have to demonstrate whether you have built three hospitals, for example, in the last five years that meet a particular standard for energy efficiency or air quality. You often have to demonstrate that you have met a European or global standard. If UK architects cannot demonstrate that they have built to these standards, they will fall at the first stage of a procurement process. If you cannot demonstrate that you have built to the passive house standard, you cannot try to win a contract to build passive houses. If we suddenly develop our own standard here, it will be a mess, frankly.

From our point of view, we have a very big role in setting the current standards. British standards form a huge part of the European set of standards for the construction industry. We would be cutting off our nose to spite our face if we decided to diverge. It is also important, in looking at our trade agreements with other countries, that we do not end up agreeing to comply with their standards as the price of taking on a trade deal with the United States, for example. We would end up having to import products that were different from the ones we currently use, and I think it adds up to a complex mess. I know there is a view that standards are a barrier to entry, but they are also a guarantee of quality and of what a client can expect, and that is really important.

Lord Cavendish of Furness: I am sorry, but I am not quite clear. You say that we lead on standards and yet we would be cutting our nose off to spite our face if we diverged. We would obviously have to comply with other people's standards. Could you elucidate a little?

Andrew Forth: In the current system, the British Standards Institution plays a major role at setting standards at EU level for the construction industry through CEN and CENELEC. Hopefully, the UK's role in that will be safeguarded in the negotiations, and if we branch out on our own our ability to influence standards that cover a huge market will be significantly

diminished. We have a powerful voice at the moment on standards and we need to ensure that we maintain that.

Lord Cavendish of Furness: Would you like to comment on participation in CEN and CENELEC, Martin Darbyshire?

Martin Darbyshire: I do not think I am adequately advised to comment on that point, but perhaps one of the other panellists could.

Mark Naysmith: First, again, it is hugely important that standards are retained. It is also important to recognise that standards work as part of a system, not as a stand-alone standard. The safety of construction is not ensured by a single standard but by a suite of standards all working together.

There is an important point here about the construction industry, which Andrew alluded to, and it is about this suite of standards that sits under the Eurocodes. My understanding, again to support what Andrew said, is that European standards are developed by the European standardisation bodies, CEN being the main one. These are independent organisations focusing on standard developments. They are not directly linked to the EU. National standards bodies such as the British Standards Institution are members of CEN and are bound by the CEN rules. These are quite important factors. This is not predominantly linked to the EU, because CEN is a French organisation that we work alongside. In the whole standards piece it is really important that we understand what we mean by the Eurocodes and the fact that they are linked to a system and not stand-alone standards in themselves.

Lord Cavendish of Furness: It is plainly a very important subject and I am fascinated by the answers. Benedict Zucchi, do you have anything to add?

Benedict Zucchi: I have a very general point about quality aspirations, particularly around sustainability. Europe is perceived as being a world leader in sustainability that sets the benchmark for a more sustainable built environment. By comparison with North America, for example, we have been way ahead of the curve for many years. Working within that perceived sphere of excellence, with high standards of quality, energy, sustainability, and perhaps other things such as safety and so on, is a good thing.

Q54 **Lord Thomas of Cwmgiedd:** May I lead on this by asking you about the position? If there is no UK-EU agreement, what will that mean for your companies? We have traversed quite extensively the need for mutual recognition of your qualification, the importance of that in the individual parts of the different sectors, and your ability to either fly in and fly out or to have residency for a longer period.

Apart from those topics, which we have dealt with extensively, could you comment on what a no deal would mean, particularly regarding the reliance on GATT and the World Trade Organization for services?

Benedict Zucchi: Perhaps the impact will not be so significant, because at the moment 8% of our turnover is from the European Union, of which the majority comes from work in Ireland. Provided that we come out reasonably well in relation to the other points you just made about the professional recognition of qualifications and so on, the impact on our volume of work is probably not that significant. However, if we could not employ graduates from around Europe as we do now, that would be very detrimental, not only to us as employers but, as Andrew Forth mentioned earlier, to the university sector and architecture and engineering schools. That would be really bad.

Andrew Forth: To echo Benedict's point, the EU is not the largest market for exports by any means. The Gulf, China and North America are all very substantial markets, but that is at the moment. Those markets are prospering because they are generally open to British architects working there.

Without an agreement, there would be a lot less certainty over continued international access. There are a lot of signs that the world is turning somewhat more protectionist, and the World Trade Organization rules on services are nowhere near as developed as they are for goods. Tariffs are not really an issue for architects.

There may be some issues with the specification of construction products, but it is a certainty thing more than anything else. Would an individual professional invest time and effort in becoming an expert in how British architecture works, and could it be guaranteed that they would have a fulfilling career in this country if suddenly, instead of working on a huge project somewhere glamorous, they were working on an electrical substation in west London, or something like that? It is quite hard to sell to some people that that is the best use of their talents, even if it is a much more beautiful electrical substation.

People have commented on the fact that London is an exciting place to work. About 60% of the UK's architects are in and around London, just to put that into context. It would be enormously damaging if people thought they would try Berlin, Paris or New York instead.

Mark Naysmith: I totally agree with what has been said already. I do not think it would be the end of the world with regards to UK trade from Europe in our sectors, for all the reasons discussed already this morning. The big issue comes back to the lack of talent and skills coming into the UK, because we have a skills and talent shortage in engineering, architecture and professional services in the built and natural environment. That is the biggest issue for our sector.

Martin Darbyshire: I agree very much with what all the other speakers have talked about. One related issue is that, of course, design forms a part of the creative industries sector in total, and the creative industries sector in the UK currently receives substantial funding from the EU on regional schemes and other specific cultural development innovations. The link between Innovate UK and Europe, and funding in general for the creative

industries, is very important, although for us coming from a design consultancy, most of our exports are into Asia or America rather than Europe because European countries have a strong capability in their own areas. However, it will certainly have an impact of some degree on the ability for designers to trade in the EU market.

Lord Thomas of Cwmgiedd: Thank you very much for all those answers. I will now hand over to Baroness Prashar, who has some further questions on this topic.

Q55 **Baroness Prashar:** To prepare for a potential no deal, both the UK Government and the EU have made some contingency plans. What lessons can be learned from those contingency plans for a no-deal Brexit, and are there any gaps?

Martin Darbyshire: I am probably going over ground I have covered already. For the SME design sector, the large impacts will be trade deals and immigration rules, so it is really difficult for us to understand what any impacts might be, other than the fact that we may see a reduction in the amount of business that we receive from this market, which would lead to increased competition within our local market. It would be interesting to think about how the Government can provide better support to SMEs to tackle these issues and try to improve their ability to trade in other regions to replace any work they have from the EU already.

Benedict Zucchi: I do not have anything particular to add on that point, but, related to the previous point, it occurred to me that another important dimension of the people who work in architecture and engineering here are companies particularly from North America, and from Europe, which choose to base themselves in London to do work all over the world and in Europe. Quite a significant number of our competitors are large American architectural and engineering companies, which choose London as a very advantageous base, and as a springboard to work in Europe as well as in north Africa, the Middle East and so on. We should not forget about that because, although they are not represented in this hearing today, there are a lot of architects and engineers employed by them as well.

Baroness Prashar: That is a very good point.

Andrew Forth: We asked our members what preparations they have been making, and the overwhelming response was they were not quite sure what they were supposed to be preparing for. That is an understandable reaction.

Looking at the Government's own actions in preparing for a no deal, one thing that has struck us at the RIBA is the fact that the government mindset has not been as proactive as it needs to be. Architecture is regulated by the Architects Registration Board, and it is responsible, to a degree, for setting some professional standards. We have been pushing them to open negotiations on mutual recognition agreements with countries outside of the EU, focused initially on places with the same education system and the same sorts of industry structure. The US, Canada, Australia and New

Zealand would be the obvious ones. It is frustratingly slow. We have been talking to the Government pretty much since the vote to leave the European Union, and we do not see a lot of progress on that. We are hopeful that we will see something in the next phase of negotiations.

If they want to address skills shortages, that is one way, but it is also about how we make the professions we are talking about today more diverse and more representative of the UK as a whole. There has been really good progress on introducing apprenticeship standards for architecture, for example. The first cohort of apprentices is under way, and that is fantastic, but it is still a very long process to become an architect. Usually, it is about 10 years from starting your first day at university to being granted your part 3 qualification and being able to call yourself an architect. The Ministry of Housing, Communities and Local Government and the Architects Registration Board are responsible for a routes to registration review. That has been delayed and delayed and delayed.

We need a more flexible approach to bringing people into these professions so we can attract a broader range of talent. There is a shortage everywhere and we want the best people in the sector, and we need to be more open to that. If no deal catalyses the UK Government to be a bit more ambitious in how they address these things, and to listen to voices from industry bodies and companies, that would be a really good thing. I am not sure we are seeing enough evidence of it yet though.

Baroness Prashar: Those are all very good points. Is there anything you wish to add, Mark?

Mark Naysmith: I do not think I can add anything to the comments already made.

Q56 **Lord McNally:** I think a lot of this question has been covered. What preparations are your companies, or others in your sector, making for after the transition period—for example, if operations are moved away from the UK? Are there any estimates of these costs?

I am sure a fervent Brexiteer would tell you that one of the things that your companies should be doing in all these sectors is training more British engineers, architects and designers. Part of the sales pitch is that we have neglected to train in all these areas. May we hope for some response, even force majeure, in the new world after 31 December where you will have to seek British solutions to skills shortages?

Also, if we are no longer the design capital of the world, who will become the design capital of the world? Perhaps you can find enough questions there to answer.

Martin Darbyshire: That is a difficult question. I think the UK will remain a leading design capital in the world if we have a no-deal Brexit, because it has built itself up based upon its internal capabilities, and there has been little direct support from government in enabling that to happen. I do not think you will see a huge and immediate impact on those working in design or the creative industries. There are some challenges for the creative

industries in total based on the things that we have just talked about, and the degree to which they get broad support from the UK and whether the UK Government can provide that in an adequate way.

My biggest concern here is not about whether it grows but about the reputation that we have and what reputational damage there may be to the perception of the UK being a leader in the global design market. I think there is a very big risk that we will be perceived to be stepping out and distinguishing ourselves and separating ourselves off.

You could argue, and I guess the Brexiteers would argue, that it gives us individuality and makes us look distinctive, and we stand out in quite a noisy market already. I hope that proves to be the case and that we can still maintain our success and our global position post this. The ability to do that, though, comes back to all the topics that we have talked about, be they trade, immigration, standards, education, support for innovation, and how we maintain our innovative and leading position.

Finally, a connected point is whether we are addressing the fourth industrial revolution and how we will tackle the very big game-changing technology and innovation issues that will change the landscape for everybody in the world. We have to give a lot of thought to that and perhaps stop focusing on the issue of Brexit and start focusing on how the UK harnesses its capabilities and delivers substantial growth and change through harnessing those well.

Lord McNally: Perhaps Martin can follow up on this, but one of the interesting things in the evidence this morning is that Europe, certainly for the engineers and architects, is not the dominant market. We have already talked about the Gulf, China, North America and Africa. This is the challenge for Global Britain, and, in a way, whatever it is, whether it is a trade deal with Europe or no deal, the market is not in Europe, so you should be able to exploit it as Global Britain.

Martin Darbyshire: Yes, and we should be utilising the services that we already utilise from the UK Government. The way in which the IT supports exports and selling services globally is very important. The standing of the UK internationally in that respect is very important.

Mark Naysmith: On that last point, the reason why we are saying that the market is not necessarily in Europe but in these other countries comes back to the language challenge. We can work more easily in those markets in the Middle East, Africa, Asia and North America because of language. To me, it is not much more complicated than that. That is where we fall short as Brits; as we all know, we do not speak foreign languages very well.

On the point about being the design capital of the world, I believe that the UK will remain in that position. We have a very strong engineering heritage and roots, although we need to put in a lot of effort, and this is where the Government need to help by making more of the apprenticeship levy and making it work for companies, and by supporting STEM activities to encourage more school leavers to come into our profession. If the talent

cannot come from Europe, we need to grow the talent ourselves in the UK. I am sure all the witnesses on this call, myself included, are heavily involved in activities with universities and colleges to promote STEM. The Government need to help us in that regard.

With regard to preparations for moving out of the UK, I have not heard of any of our sector talking about pulling out of the UK. If anything, the UK, as we have said earlier today, sees this as an opportunity for less competition from Europe, and those of us working in Europe have European entities to work from anyway. It is not a case of us moving away, by any means. The only costs to us that we do not have at the moment are any costs associated with visas.

Lord McNally: I went to UCL and was absolutely in awe of The Bartlett, which is the greatest architectural school in the world. Should we be training more architects?

Andrew Forth: We absolutely should be training more architects and we should be recruiting them from a broader part of the population. One of the big challenges is that architecture is overwhelmingly a sector of small businesses. I think I am right in saying that there are only two architectural practices in the UK, with a turnover of over £100 million. There are not the big drivers of talent, training and recruitment that exist in a lot of other sectors. The trickle-down effect that having British Gas training several thousand apprenticeships can have on the skills in the gas and engineering sector does not really exist in architecture. The Government need to be better at designing a system for supporting small businesses to develop skills. We are starting to see that, but it is nowhere near good enough.

One of the challenges is that, at the moment, architecture practices do really good work in linking to their universities, especially outside London, because they know that keeping talent in the north-east, or in Northern Ireland or in the Midlands is really hard when salaries in London are a lot higher. There is a lot going on, but it is not going to be enough, and, to be really blunt, local knowledge is really important in delivering a project in a foreign country.

Some of it is language, but some of it is understanding how the construction market works, understanding local law, understanding who the contractors are and who to speak to. UK-based people can get that experience, but a lot of the time, as Benedict said earlier, it is having the people who have worked with you in London introducing you to potential new customers and partners in Spain, Brazil or China that is the gateway for exporting. We cannot replace one with the other; we need both to be better.

Lord McNally: Benedict, you said that only 8% of your business was with Europe, so you must be relaxed.

Benedict Zucchi: In a purely commercial sense, yes, I think we are. However, the question was about why we cannot train more people here. As others have said, we really would love to, but there is a cultural

backdrop that has perhaps undermined the attractiveness of the kinds of things we do as designers, where the craft element of what we do is almost not as appealing as other potential career paths for people.

Even if things change, as somebody said earlier, it takes as long as 10 years to become a fully-fledged architect or engineer. Therefore, even if we started making big changes now, and there was a big drive to encourage people to take up architecture and engineering, it will take a long time to feed through the system and provide us with the kind of workforce that we would like.

Q57 Lord Vaux of Harrowden: We have talked mainly today about the threats and risks that leaving the EU is likely to cause. We touched on it a little in the last question, but I wanted to look at the opportunities that may arise as a result of the UK pursuing its own independent trade policy for your various sectors, and more generally where you see the major opportunities going forward and what the Government can do to help achieve those objectives?

Mark Naysmith: I have touched on this before. I think I am right in saying that as a sector we have more competition in the UK than any other country. When it comes to competition between engineers, architects, Qs and contractors, I cannot think of another country where we have such competition, which clearly drives down fee levels and profitability within UK trading businesses. I see the opportunity here that we will have less competition coming in from Europe, particularly in the contracting world, where we have the French and Spanish contractors who come in to tender for UK work, and it can be a cut-throat market. I see the opportunity as having less competition.

Benedict Zucchi: The opportunities are tapping into the markets, almost certainly in the English-speaking world in the first instance, and not just because of the language. It is the point I made earlier about living standards and the investment in infrastructure. If you do a hospital, for example, my main sphere of work, the fees are usually geared to the construction value, in essence, so you need to work in places where people will build a hospital for something like the money we would spend on building a hospital here, which naturally limits it to certain countries.

At the moment, we do no work in the United States. We are now in Canada and we see that as a potential springboard to the United States. We want to work more in Commonwealth countries. We recently set up in Singapore, but I touched earlier on some of the restrictive practices there that make it difficult for us to build up our workload there quickly. We believe it will be a very slow process of growth in Singapore. The Commonwealth English-speaking countries and North America are the obvious targets.

Lord Vaux of Harrowden: What can the Government do to help you achieve this?

Benedict Zucchi: One would hope that they could look at the kind of restrictions that make it difficult for us to work in these places. We have

had a base, an office, in New Delhi for about 12 years. We went there believing that we could practise freely as architects and engineers. We did everything, we thought, by the book. After some years, we are now in the High Court in India. We were challenged about our right to practise as architects in India, because we did not have the right level of local representation of people who were trained and lived in India. It is a very complicated case, and we still think we are in the right, but we have had to cease trading as architects, and now we provide certain services but not the core services that we expected to be doing in India. It has become very difficult. We need the Government here and the RIBA and others, and I know the RIBA are aware of this particular problem in India, to help us to overcome these things.

Martin Darbyshire: A key one is an increased understanding of the potential of design within government. I think this is beginning to happen already and I think the Design Council has made very big inroads into trying to explain the different ways in which design can benefit the economy. It can change services and bring significant efficiencies and cost benefits if it is utilised in the right way. There is very much an internal issue of how hard the UK Government reflects on utilising the assets that we have here, because the design community and industry here is one of the most developed in the world already.

The other point is about supporting exports of those services in different regions. I have seen the UK Government do that very effectively in the Asian markets. We have benefited significantly from the support that we have had from the UK Government in those markets, and I would really like to see a growing emphasis on that. The challenge for it has been that, traditionally, the Government have been picking large investment projects or large sectors to support because it feels like we will win big chunks of business more quickly and more easily.

With time, that will change because the game-changing industry sectors will come from the small start-ups. The Government need to get a much better understanding of what those small start-ups will bring and the changes that will have an impact on major infrastructure projects or the way built environments are created—the way we think about what design can be doing, and the third party businesses that will then look to create avenues to support big innovation-orientated change, that will be the things that have a huge impact. For the established sectors, we will face increasing competition, but for the emerging game-changing sectors, there is huge opportunity to take advantage of, if we operate it in the right way.

Andrew Forth: I agree with everything that has been said so far. The biggest thing which the Government could do is help the industries that are here today to convert the UK's soft power into something more tangible. To give you an example, the RIBA validates schools of architecture, in the UK and internationally, by saying that we think a particular school provides a quality education in architecture.

We validate more schools outside the UK than we do in this country. If you study architecture at some universities in Bulgaria, Chile, China, Hong

Kong, Denmark, Columbia, Serbia, around the world, you are studying at a standard that we think is excellent, but when it comes to working in the UK you would get no advantage from that. We think it should be easier if you have an RIBA-validated degree to come and work in this country and gain work experience here. It is not just about the architects; they would add skills to our country, but they would also look to the UK more for how they can bring in the quality products that we have here. At the moment, that does not seem to be there.

Secondly, we need to recognise that a migration system is not just about importing labour that we could have produced. It is about helping customers meet with suppliers. One of the big frustrations our members have expressed is that trying to get visas for clients to visit the UK is incredibly difficult and time-consuming. What happens a lot is that architects fly from London to Amsterdam to meet with their client from China or the Gulf because their client could not get a UK visa, only a Schengen visa. They have had to do that and it does not send a great message about the UK.

Speaking as someone who is a foreign national and has colleagues who are foreign nationals, I can say that the UK immigration system is not welcoming. It does not make you feel like this is a place that wants you. We need to change that, frankly. I say that as a white man who probably gets treated better than most by the migration system. I know that other people would have far less pleasant tales. We have huge soft power that we are in danger of losing if we are not nicer to people, frankly. That could cost us dearly. People come to British architects because amazing projects are produced. They do not have to be amazing looking; they could just be amazingly functional. They are not going to go to the effort and pay for British architects if they have to go through a huge set of hoops that we have erected to do something we are not exactly sure about.

The Chair: That concludes the questions that you have had some notice of. We have two supplementary questions, the first one from Viscount Trenchard.

Q58 **Viscount Trenchard:** Having just heard Mr Forth's remarks, I think my supplementary is even more relevant. It was prompted by something that Mr Zucchi said earlier. We have talked quite a lot about the EU-UK agreement and whether there would be adequate access for UK professionals to travel and work in the EU, but I do not think we have spoken enough about the other way round.

My question is: do you agree that it is very much in the interests of EU-based architects and engineers to push the Commission to ensure that the UK-EU agreement will provide that their people can continue to travel for work to the UK, or even better than they can at the moment, so they can continue to participate in global contracts all over the world that are surely likely to continue to be led from London?

Benedict Zucchi: On the face of it, it sounds entirely logical. You would think that would be the case, definitely. The only thing I would say about

the UK being the design capital of the world is that it is probably more fragile than people suggested earlier on. It is not the fashion industry. Nevertheless, a lot of what we do in design has an element of "Britain is great", and the sense of this being a moment where we are shining and we are leading the way in something.

However, these moments can pass. Somebody asked earlier about where our design capital status would go if we lost it. Places like Berlin and Paris are perceived as being very vibrant and cosmopolitan, with a lot of interesting things going on in the world of architecture, and the world of design and software design. They are also attractive places to live. When all these things combine, a sense of cosmopolitanism is a factor, I would say.

Andrew Forth: The Architects' Council of Europe, which is the pan-European professional body, is very supportive of a good mutual recognition agreement, but within Europe there are probably two camps. If you are a young architect, or an ambitious older architect, the UK is an attractive place to work, and being able to continue that is good. Equally, if you run an architecture practice that wants to grow and you see these large firms over here, you would want to be able to take work away from them.

It is important to remember that the UK retains a disproportionate amount of architecture graduates working in architecture compared to our European neighbours. I think it would be really damaging if we went back to the situation in the 1970s. When I talk to my father about his university peers, almost none of them remained in this country in the 1970s. They all went to work in North America and Asia. I do not think we can be complacent and think that we will keep the good stuff we have now, unless we get a good deal. So yes, it is a bit of a mixed picture.

Mark Naysmith: I truly believe that both sides will benefit from a balanced agreement, and I believe that the EU needs the UK as much as the UK needs the EU when it comes to skills and talent.

Martin Darbyshire: I think that inward migration to the UK is very important. The capability of our creative industries has come very much from the education system that we receive and the quality of that education system. There are a significant number of students coming from around the world and they form a rich diversity in the universities and colleges of the arts that we have here, and certainly those from Europe would be very important. I would certainly agree that other centres such as Berlin are now starting to lead the way in the digital space. You have seen quite large businesses set up in Berlin, particularly because they perceive that as being the case. Traditionally, the UK has been incredibly strong in the digital market. We need to be careful that we think about protecting that.

Q59 **Lord McNally:** I would like to raise a question that has been raised through a number of evidence sessions but only once today, and that is the matter of data adequacy. This is another area where from the very beginning we have been told that it is such a two-way street it is a no-brainer that we

will get data adequacy. However, if we did not, it would be a major problem, certainly in other sectors. Was it you, Martin, who mentioned data adequacy as a problem? Would it be a problem if we did not achieve data adequacy by the time we departed on 31 December?

Martin Darbyshire: It is very important. There are very large projects within the EU looking at commonality of standards in the way data is handled. We need to maintain a voice and an influence in that. It is really critical.

Mark Naysmith: I raised GDPR at the start. This movement of data is critical in the movement of people between the EU and the UK. At the end of the day, we are all signed up to the same legislation at the moment, so I cannot see why Europe would not recognise the UK's legislation as being in accordance with the EU GDPR regulations at the moment. If it does not, it is certainly a risk from a free movement of people and data perspective.

Andrew Forth: It is not on our list of top priorities for architecture. It is much less important than it is for advertising and some other professional services.

Benedict Zucchi: I do not think I have anything to add, thank you.

The Chair: That concludes the questioning. We are very grateful to you for coming along, and I think it has been a fantastic session. Are there any final thoughts that any of you would like to leave us with before I conclude the session? I think we have covered pretty well everything pretty thoroughly, but are there any last-minute thoughts?

Mark Naysmith: Nothing from me, thank you very much. It has been very interesting.

Martin Darbyshire: We would be going over the same ground.

Benedict Zucchi: Nothing from me, thank you.

Andrew Forth: Nothing from me, thank you very much.

The Chair: We are very grateful to you all. That concludes the public evidence session and the Committee will now resume its private session. Thank you to you all.