

Work and Pensions Committee

Oral evidence: Brexit and labour market policy, HC 899

Wednesday 8 March 2017

Ordered by the House of Commons to be published on 8 March 2017.

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Members present: Richard Graham (Chair); Mhairi Black; Ms Karen Buck; James Cartlidge; Steve McCabe; Craig Mackinlay; and Royston Smith.

Questions 60-104

Witnesses

Kevin Green, Chief Executive, Recruitment and Employment Confederation; Kirsty McHugh, Chief Executive, Employment-Related Services Association; Martin McTague, Policy Director, Federation of Small Businesses; and Ian Robinson, Partner, Fragomen.

Examination of Witnesses

Witnesses: Kevin Green, Kirsty McHugh, Martin McTague and Ian Robinson.

Q60 Chair: Great. Thank you all very much for coming and joining us this morning. This is an issue that is being looked at in several different ways by other Select Committees as well, but what we are interested in is what the effect of Brexit is likely to be on the labour market and its policy, what are the risks in terms of businesses who might struggle for labour and what are the opportunities perhaps for British people to take on some of those jobs at the moment.

Kevin, if you would like to start, can I ask you to very briefly say who you are and who you are representing, go down the panel, and then we will start with the first question? Thank you.

Kevin Green: I am Kevin Green, the Chief Executive of the Recruitment and Employment Confederation. We represent the recruitment industry in the UK. We have 82% of the market by value and membership.

Kirsty McHugh: I am Kirsty McHugh. I am Chief Executive of the Employment Related Services Association. We are the membership body for organisations who deliver employment support.

Chair: You are representing people who have contracts with the DWP?

Kirsty McHugh: Partly, but money goes into the sector from a lot of different sources, including the European Social Fund.

Martin McTague: I am Martin McTague. I am the National Policy Director for the Federation of Small Businesses. We are the largest business organisation in the UK, with over 170,000 members.

Ian Robinson: I am Ian Robinson. I am a partner with Fragomen Worldwide, the global immigration law firm. We work with businesses of all sizes, helping them to bring people to the UK compliantly and quickly.

Chair: Previously you were at the Home Office. What was your responsibility there?

Ian Robinson: I had a range of jobs over 10 years, but my final job was responsibility for economic migration policy, so the design of much of the points-based system that we use now for non-European immigration.

Chair: Great. There are going to be lots of insights from you all that we will welcome. Can I start with Craig?

Q61 Craig Mackinlay: Yes, certainly. To you, Martin, representing the FSB, we had some people in before from areas of high employment and they were saying how difficult it was to find local staff and they were very reliant on EU citizens for their labour force. I know the Federation of Small Businesses has done research on what SMEs need from labour and



skills policy. Are you able to share any of those initial findings with us what the framework may be and how it may look post-Brexit?

Martin McTague: I would love to share them with you but, unfortunately, this meeting is taking place just slightly before we are about to publish. What I can do is share some of the key facts. One of the most striking things for me is that about 20% of the members we surveyed were employing EU nationals. They were mostly recruited from within the UK, so they had already entered the UK labour market and we were recruiting them from other firms.

The other thing that I think is quite striking is, whereas there is a lot of concentration on low-skilled and high-skilled employment, we found the most sensitive thing was what you could call mid-skills or technician skills. That was an area that we felt that most of our smaller firms were very vulnerable on, and that was an area where they couldn't readily go and find alternatives from anywhere else because there was such a dearth of that kind of skills. We know the Government are trying to tackle that problem, but it is still serious.

Coming to your first point, we get a very different reaction from some areas of the country where there is very high employment. Hospitality is probably the area that is suffering the most, because they are not able to get what would be technically unskilled people but there is quite a lot of talent required to fill these roles.

Q62 **Royston Smith:** For Kevin and Martin, as you represent employers. Have you noticed or have your members told you there is any change in employing EU nationals since Brexit? Has there been any noticeable change in that?

Kevin Green: Yes, there has been. We are inundated with our members talking to us about particular issues already: people not wanting to come to the UK, so people that historically have been recruited for jobs in the UK now declining them. People that are currently working here—and we have had this twice, once in the summer after the summer holidays and then once after Christmas—who have not returned to the jobs that they were already doing. This is across the whole of the labour market.

To give you some particular examples, we have a recruitment agency in Wales that has historically recruited nurses from Spain and Portugal. The supply has completely dried up and the people that they currently have here already are declining. The things that they will talk about are devaluation of the pound by 20%, so significant if you are working in the UK; secondly, not feeling particularly welcome.

The thing that I do want to stress is a lack of clarity about what is going to happen. Do they have the right to work? When will that be decided and on what basis? Using what date? At the moment we have a lot of people—2.2 million people, 7% of our workforce comes from the European Union—who are completely unclear about what arrangements



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are going to be put in place. What we are getting already is people deciding with their feet and moving back.

I will give you another example. We had an education agency who has recently given some evidence to the Education Select Committee about the shortage of teachers in science, maths and geography. Over the last year, they have been recruiting teachers from Europe for permanent jobs. Some 80% of those roles recently have been turned down. The offers have been rejected from the candidates that they have been looking for, because, "Unsure of my right to work in the UK. Unsure of the length of time I will be allowed to stay".

The point I am making is it is already having a significant impact on our labour market. The official data that we see, which always lags, I think will demonstrate that. One of the things that is clearly important, as we say to Government, "Talk to us about what we are going to do with current residents, but also start to talk to us about what the immigration system will look like going forward", because I think there are some real risks in terms of jobs being moved overseas, in terms of automation. Employers need time to plan their workforce requirements. At the moment it is having an impact. The issue for us is it will get worse without some of that clarity.

Royston Smith: Martin, do you see the same sort of thing?

Martin McTague: It is not quite as clear as Kevin's picture. Probably the best way to describe this is that a lot of our members have personal relationships with their employees, so what we are getting back is much more a personal concern for the welfare of their employees and their families with such an uncertain environment. It is not so much a concern about their business; I think that may be a secondary concern. What we are getting back is it is much more a concern about the personal welfare of their individual employees. It is serious and we would like that situation to be resolved as quickly as possible.

Q63 **Chair:** Kevin, can I challenge you a tiny bit? On the one hand you are saying there is huge difficulty getting enough teachers and we have to get them from the EU, then on the other hand you are saying there is a risk of these jobs moving offshore. Teachers are not going to be moving offshore.

Kevin Green: Not so much in terms of teachers, but in terms of other activity. Recently I was at a meeting with housebuilders, construction, which were talking about whether they would start to think about the idea of constructing frames for houses overseas in Ireland and then bringing them in. If availability of labour here is difficult, employers will start to think about, "What are my alternatives?" In some areas clearly we need to do more about training people in UK.

Q64 **Chair:** This isn't specifically an EU issue. This is about the labour market in general, which is tight at the moment.



Kevin Green: It is very tight.

Chair: If things are changed, and there are opportunities for people to come and work here on work permits from all around the world, that would probably open up all sorts of other opportunities for well-qualified people. What is your specific recommendation on this?

Kevin Green: One of the things that we are clearly saying is that, in terms of the immigration system going forward, a visa regime or a work permit regime, we are keen that it is made on data and evidence and that we look at sectoral and geographical issues, because I think those are both in play. Some level of independence in scrutiny: if we think about low pay, perhaps a model, like the Low Pay Commission, where we set up an independent organisation outside of Government to look at the data by sector. Teaching is one. NHS is another big area, but in hospitality we have 700,000 people working from the EU in hospitality out of those 4.5 million jobs. It is going to have a huge impact in London.

Again, some kind of body that is set up to look at evidence so that we don't end up with arbitrary numbers set by politicians. We look at the evidence, because what we want to do is to make sure our labour market is successful and businesses have access to the skills and data. That would be our requirement.

I suppose the second one is that we talk about the system that is going to be put in place so that we have time to plan. What we do need from Government is for them to say, "We are going to put these things in place in 18 months' time or when Brexit occurs". Businesses will then have the ability to plan and to think about how they are going to utilise the system they have, what they do in the UK about training and getting access to UK workers and are able to talk to the people that they currently employ as well, because at the moment they are unclear.

Q65 **James Cartlidge:** A technical almost-addendum to that question: can we ask what has been the impact on non-EU? Because presumably, if the pound going down makes us less attractive, *ceteris paribus*, there would be fewer people coming from outside the EU to some extent. Do you know if that has been the case at all?

Martin McTague: I have heard some anecdotal evidence that people who had previously taken these roles because it was relatively attractive, if they were sending money home that has suddenly become less attractive. However, for the long-term residents—people who have been working for businesses in the UK for a long time—we hear that this business of sending money home is something that is not consistently done now. They are used to being a UK employee in a UK company and therefore the—

Q66 **James Cartlidge:** Sorry, Martin—and Ian, maybe—it is the fact that we are talking about the EU. Half of immigration roughly is non-EU. Has that been impacted at all by the talk about Brexit and what has happened to



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the currency? One would expect all these factors to potentially have some impact on non-EU. Has it, in your opinion?

Ian Robinson: Not that I have seen. Certainly, from where I am sitting, numbers have gone down but more as a result of the economy not being quite as strong as it was before the referendum rather than because of the talk of Brexit.

Chair: That has turned out to be not quite as true as some people predicted. Craig.

Q67 **Craig Mackinlay:** Kevin, if I could probe you a little bit further, you made some fairly robust statements there. Sterling has been at this level. Back in 2011, it was about this level against the euro, so it has been up and down over the years and obviously it is down now. How much do you think is due to sterling? In hospitality, particularly, there has been always been ebb and flow of youngsters thinking, "Oh, I will come and work in Britain for a year or two". You would want to come to Britain, earn a bit of money, improve your language skills, but you would not want to be in the UK forever because you have your family and roots back at home.

We have seen big improvements in the economy of Eastern European countries, so is it not more natural that people think, "I am going to go back home now, back to my family. There is more jobs opening up abroad"? I had discussions with the Hungarian Government a while ago and they were concerned about their brain drain and, as their economy is strengthening, they want people back. That is happening.

Kevin Green: Certainly, the impact on the currency has contributed to people saying, "I will not potentially earn as much if I send the revenue home", but—

Q68 **Chair:** We are bound to see the National Living Wage increase.

Kevin Green: Yes. There is that, but I think the key issue is about how people feel. What our members are saying is people feel that two things are happening. One is they are unsure. With uncertainty, people go, "I am not quite sure what is going to happen". If you think about the questions our members get asked, "What is my right to stay? When will I know what happens? What is the process? How do I do renewal? Will it be for a year? Will it be for two years? Will I have right to stay? What happens with friends and family? Will it be based on points?" they are asking all these questions, which I would if I was in their situation and looking for some clarity. We cannot even say what the timeline is. We cannot say, "We are going to have clarity and we are going to be able to talk to you about the system that is going to be put in place".

Also, there is this feeling of perhaps not being as welcome as before. The UK has always been seen as a place where we welcome immigrants, where they can come and contribute, pay their taxes and make a difference. People are going, "Perhaps it doesn't quite feel that way



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anymore". I think you have lots of contributing factors and it is clearly having an impact now, but my real concern is that will accelerate while we have this absence of clarity. That is one of the things I think we need to do: so, when will we know? What regime will be in place and can we give people some kind of certainty about how and when they will get clarity?

Q69 Mhairi Black: I am interested in finding out what all your opinions are on this, so I will start with you, Kevin. The Brexit Secretary said that the Government are not going to suddenly shut the door on EEA migrant workers. Is this something that is reassuring to you and do you think it is reassuring to the people who are affected?

Kevin Green: It is a helpful statement and it certainly doesn't do any harm but, without any of the detail to support it, it is just a nice thing to say. We were pleased when we saw the Brexit Secretary say that, but we need clarity on some of the things I have said. First of all, for the 2.2 million people working here, when will we be able to give them some clarity about their ability to stay and work and earn?

Chair: Thanks. We have heard those points and they are good ones. Can we bring in Kirsty maybe to answer Mhairi's question?

Kirsty McHugh: Briefly in relation to that, my members work with thousands of companies across the UK. That statement is welcome but it is no good without any detail.

Q70 Chair: On the detail, Ian, what sort of detail do you think is realistically possible to give employers to give them that degree of reassurance?

Ian Robinson: I would not call it detail. There are some pointers in the Brexit White Paper, insofar as on three or four occasions it talks about allowing the entry of the brightest and best and highly-skilled migrants. For a lot of my clients at the higher end of the skills spectrum, that reassured them. They are frankly content that they will be able to continue to bring those sorts of people in.

The uncertainty comes from no mention of low-skilled workers or labour supply in the White Paper. That is where they aren't clear. What they want to know is: what sort of numbers can come in? That is not an absolute number, but they don't want to be worrying that ultimately the door will be closed at some point and they will only get a portion of who they need; for how long will they be able to come in? Whether or not they will be able to stay permanently, so they have some idea over whether or not there will be churn in the employees that they are bringing over.

Q71 Chair: If you go back to the 1980s, we had a system then of seasonal workers, which were a mixture of agricultural and hospitality predominantly. What do you think would happen if a similar system was brought back? Would that resolve some of these uncertainties?



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Ian Robinson: That would. A promise to reintroduce a seasonal scheme would certainly be welcomed by agriculture, and I know you had NFU here last time. Other employers I have spoken to have been concerned that seasonal or temporary work doesn't help them. It is a short-term fix. It generally takes two to three months before a person is operating at full capacity in the workplace. Losing them nine months later and having to reinvest in new people doesn't support them.

I think most employers would be happy with some sort of system where short-term work is accommodated through a seasonal scheme, but that there is still an allowance for people to come and stay for longer periods and ultimately settle. That goes to Kevin's point. Why would you cross borders and move your family around the world if there was no prospect of being able to stay there?

Q72 **Chair:** When you were still at the Home Office, did you have discussions about whether there were opportunities in all of this to move more UK nationals into the soft skill in hospitality in semi-skilled roles? Were there any discussions on that or perhaps linking it with reducing JSA for 18 to 24-year-olds to act as an incentive for them to go out and take up these jobs?

Ian Robinson: There were lots of discussions, but the way that these work in the Home Office is somebody comes to you and says, "We want more Indian chefs", for instance, and we say, "Brilliant. Go away and train British people" and then we leave them to get on with it. When they come back to us and say, "That didn't work" we say, "You did not work hard enough. Try again and try to get more British people into the jobs". It is not a game that you play. It is a very important way of forcing people to try to recruit Brits before they bring migrants in. We had the conversations, but we generally saw it as a job for DWP or BIS or other Departments.

Q73 **Chair:** Kirsty, can I check what your response was to that? Because it seems to be a permanent challenge that isn't always met.

Kirsty McHugh: Indeed. We know it is partly about skills and skill shortages in the UK, but a lot of the jobs that the EU nationals fill are low skills. People coming over from European countries are far better qualified than the jobs that they are fulfilling. The person who makes my coffee in the morning on the way to work, she is Romanian. She is a qualified engineer, but the qualification doesn't translate in the UK so she is here doing this job. Then the question is: why are UK nationals not taking those jobs? There is some evidence that some sectors prefer EU nationals but we also know that some UK nationals are not applying.

I think there are three reasons. We have been talking quite a lot to members about that. First of all, there is something about youngsters and young people's aspirations, a big focus on doing well at school and so on. UKCES did some interesting research a while ago called, "The death of the Saturday job". The percentage of young people working at 16 and



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17 in 2014 was 18%. In 1997 it was 44%, so youngsters working has just fallen off a cliff.

Q74 **Ms Karen Buck:** Can we understand why that is?

Kirsty McHugh: UKCES said it wasn't because EU nationals had come along and taken their jobs. It was a real focus on working hard at school.

Q75 **Ms Karen Buck:** Sorry, can I stop you? I also thought—and tell me if I am wrong—that part of the reason for this is the way that the labour market has restructured the pattern of working hours.

Kirsty McHugh: I don't think so much. What UKCES was saying—it is an interesting report, which I can send across to you—it was more about the focus on, "You have work at school" and the raised aspirations of young people. They want to go into good jobs at the age of 18 or 21 or whatever else it might be. They don't think they want to go into a job that they see as being dead-end. It is an aspirational thing for a young person. That is the first one.

The second thing is the perception that some of these lower-paid jobs are uneconomic; it does not pay to work. Obviously Universal Credit has been designed to try to counter that. But social care, there are 84,000 EU nationals working in social care in this country at the moment. They are non-British nationals. That is 5% of the whole social care workforce. One in nine of them is from London and the south-east and so that is about housing costs. There is a concern that a lot of low-paid jobs are not economic for people to take.

The third area that I would flag is that we know that some groups of jobseekers have failed to get into the job market. We know that it is people with disabilities and health conditions at the moment—given that we have a very tight labour market—and it is people with criminal convictions and so on. There it is about employer attitudes but it also about the quality and the quantity of employment support. So those are the three reasons my members say may be why UK nationals are not applying for these low-paid jobs.

Chair: That is very interesting.

Q76 **Mhairi Black:** One of the key things that most of you said is that the Government have to provide more detail on this. Do you think that the Government are capable of providing that detail just now? Are they in a position where you think they could do it if they wanted to or is it just that they don't know yet?

Kirsty McHugh: I suspect they are not, but Martin might have a view.

Martin McTague: For me, it was welcome that the rhetoric was softened a little bit after the Lancaster House speech. For anybody who is quite dependent on EU labour—especially technical skills—that was a reassuring signal that things were not going to be quite as cliff-edge as people had anticipated, because I think that is the thing that everybody is



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frightened of. That this whole thing will have a sudden handbrake turn and everything will change.

When it comes to how that affects small businesses in the UK, if they see more uncertainty in the future, they stop investing and they stop growing. Ultimately, there is a price to pay and the lack of certainty that is around at the moment will ultimately cause a cost.

Kevin Green: I want to go back to that point. We were talking to our members and looking for good examples of what is happening. Food processing, 33% of the jobs in the UK are done by EU nationals at the moment. As I said, lots of people are already going back, so lots of members are looking at different ways of bringing UK residents back into the workforce. We had an example of one of our members working with a very large food manufacturer up in the Midlands. They took on lots of UK nationals, worked incredibly hard with Jobcentre Plus to show people the factories, to do all that work. A month on, 75% of the UK nationals were no longer there.

What is that about? I think some of that is about: these are quite hard jobs. They are potentially physically demanding. I am not sure we prepare people very well. They are paid the National Living Wage. I think there is a huge thing about how we prepare people for the jobs that are available in terms of UK residents but we also need to work on attitudes to work. It is not about skill; it is about attitudes to work. That is a challenge for employers and it is certainly a challenge for people that are helping people get into work, both Jobcentre Plus and training providers.

Q77 **Chair:** On attitudes to work, we must bring in Karen with the next question, but, Martin, you heard Kirsty say there about the drop of numbers of people working Saturdays. Did that surprise you? Is that because employers are not offering the jobs any longer or because young people don't want to do them?

Martin McTague: There are a lot of reasons why Saturday work has become more difficult. To quote one example, you will get newsagents that used to offer Saturday work to young people now find that the insurance cover is too expensive, health and safety regulations make it more difficult, so they are opting to get rid of those jobs. There is also this attitude—and I think Kirsty touched on it very well—there is a feeling, "This isn't aspirational. This isn't leading to the kind of future I want". The problem is a lot of our members will say then, when they get somebody recruited who is academically well qualified, they seem to have a bizarre attitude to work and the working environment because they have no exposure to it.

Q78 **Chair:** The main motivation for these jobs has always been the cash. That gave you your pocket money. Where is that coming from if you are not doing a Saturday job?



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Kirsty McHugh: It is not that. We know you are more likely to get into work if you have something on your CV. In the employer's view it derisks, because this person has worked and they have their A levels and so on.

Q79 **Ms Karen Buck:** This is very interesting. I know it is not absolutely central to what we are talking about, but I had a forum of older school students not that long ago. We asked them about Saturday work and 90% of them were saying they wanted Saturday work to earn some money, and it simply is impossible in London to get that because the nature of work, the way people are organising—and this isn't criticism—their work contracts it is much easier to get someone to work part-time hours that include Saturdays and so forth, than to have a dedicated piece of work for—

Kevin Green: I think you are right. The structure of work has changed over the last couple of decades, where there is much more flexibility in terms of contracts and how people work, so people engage 24/7 to work Saturdays, Sundays, evenings, weekends. What employers are always looking for is continuity of employment. Some of the Saturday opportunities have gone, where you used to have people working 9.00 am until 5.00 pm Monday to Friday, and then the only way of getting resource on a Saturday in shops and whatever was to use students so I think there is some change in the structure.

I have a 22-year-old who has just finished university and we have had many conversations about work experience during his time. He did do work opportunities and I think he gained hugely from that, but one of the things that is clear is there is more pressure on young people to attain at school and to get qualifications—I don't think there is any doubt about that—and they take it much more seriously. I think they understand they are going to come out with a lot of debt and, potentially, they want to go to university and think about things.

We talk a lot about careers and education, and we talk to young people in schools about how important part-time and temporary work is and why they are in school, because it is important from an employer's perspective. I think some of that message has been lost, so I think we do need to help young people and give them the advice but we also need to talk to employers about making sure that they are thinking about how they give people these opportunities.

Q80 **Ms Karen Buck:** That is very helpful because I think this is partly what it is about. I am slightly anxious that we don't go too far down the rabbit-hole of it all being all about attitudes to work because, although there may be some truth in that—and there will be people for whom that is true—it is a challenge for employers and for society generally as to how we match the work opportunities with the people who are there for it.

Kevin, going back to your point about the food processing, do you know where UK nationals, who were working in food processing and didn't stay, went to; what their destination was?



Kevin Green: No. We could certainly try to explore that with both the recruiter and the employer if that would be helpful, but—

Q81 **Ms Karen Buck:** It would be incredibly helpful because what we would like to know is: the extent to which there is an issue about the nature of work, which may be the case; whether there is an issue about people in particular sectors of the economy where there are other opportunities, where people are—being humans—going to always go for a better and possibly less physically challenging opportunity if that exists. In which case, what do we need to know about the nature of work?

There is also an issue about our understanding—and perhaps you can help us with this—the issue about young workers and the long-term unemployed and where they match the demands of the sectors that we are talking about in the economy in terms of geography. We look at numbers and we say, “Look, we have long-term unemployed. We have young people. They can all go and work in food processing. They can all go and pick the fruit in Norfolk”. Do we understand how the pool of labour for those jobs matches where those jobs are?

Kevin Green: We are doing some research that we hope to publish middle/end of next month because, again, that is one of the things we are asking our members and looking at the official data to try to understand that. There are clearly sectoral issues but there are also geographical issues, where we can clearly see where there is a concentrate of certain types of employment, so food processing and manufacturing in the Midlands and we have full employment in reality. How do we meet those ongoing requirements? If we do get a reduction in the access to Europe we are going to have a problem.

One of the issues is that some of the long-term unemployed may not be in the parts of the UK where the job opportunities are. Some of it may be about attitudes to work—

Ms Karen Buck: We need to understand the facts about that.

Kevin Green: —but when we are talking about jobs at the National Living Wage, the ability to up sticks and to move family, in terms of housing, is not an easy thing to do. Often, if you look at the age profile—and we are looking at the detail of that—it tends to be young people who are independent. Whereas, if we are looking at the long-term unemployed people who have fallen out of the job market, it may be about sustainability of families.

Kirsty McHugh: The housing market is important there. A lot of young EU nationals will put up with quite bad housing conditions in places like London. If you are a family living in the north, you are not going to be able to transfer to an area like that.

Just on the labour market information and Karen’s point, I think it is there but it is incomplete and it is partial. Some sector skills councils or Skills for Care, for instance, have a very detailed knowledge of where the



gaps are geographically and what the EU levels there are. Therefore, they are able to look ahead and say, "This is what is likely to be the case over the next few years". Some geographies are good at that as well and often at a local authority or a combined authority level, but is there is a national picture? The UK Commission for Employment and Skills used to try to pull that together, but I don't think anybody does that in the same way. I think we are going to need to do that, given what we have ahead of us.

Chair: That is very helpful. I want to move direction slightly and come to the whole question of the currently not activated Tier 3. James, can you lead on this?

James Cartlidge: It is something I have raised in the Article 50 debate, which seems to me a key point because I think 75% of EU migration would not qualify under Tier 3. When we say "unskilled"—as people have been saying—it doesn't mean it is an unskilled job. It just would not qualify under Tier 3 under the non-EU highly skilled, which is very strict. There are several points but to me the most important one is: given the Government recognises there will still be unskilled migration, the Vote Leave campaign, many of my colleagues who have argued for Brexit have said we should not have a discriminatory immigration system. At the moment, you can come here to work in unskilled from the European Union but you cannot from outside, so some would argue that is discriminatory.

Starting with Ian, my question on Tier 3 is: do you think it is likely, therefore, that we will move to a single system for unskilled immigration? I think most people accept it for skilled, but that has natural filters and limits. What about on unskilled?

Ian Robinson: It is quite possible that we would move to a single system but, when you are looking at unskilled migration, the stakes are slightly higher than skilled migration. The incentive to overstay your visa, the incentive to abuse immigration is higher because you have less at stake than somebody with a degree and a well-paying job. What the Government may move to do is open up low-skilled avenues for particular countries, based on the risk of a person overstaying and so forth, the arrangements that we have in place with the national Governments in terms of returning and re-documenting those people.

In Australia and Canada, a high proportion of the low-skilled immigration flows from youth mobility schemes, so in Australia lots of people come from the Pacific Islands but also British people are going over there, young British people. They cope with low-skilled migration using that category. We do as well to a point, so we have—not huge numbers—youth mobility people coming over from Australia and New Zealand, Japan and South Korea and elsewhere. They would tend to take lower-skilled jobs. They are coming over here to have fun in London and they will work in a bar rather than getting a job as an accountant or similar.

Q82 **James Cartlidge:** Taking that forward, in which sectors then would



those sorts of schemes be likely to apply? When we did the panel on the evidence before, when we asked the pickers and the growers who were represented about what they would do to replace EU, none of them initially said they were looking at British unemployed. The Ukraine and Russia was the first answer they gave. In terms of sectors, in what sectors could you potentially open unskilled beyond the EU? Could you do it in a seasonal area, for example?

Ian Robinson: Yes, you could do it in a seasonal area. The way that I would tend to think about it is you need two types of visas for low-skilled work. You need the shorter periods for seasonal work and for a regular inflow but also outflow of people, but you will also need the longer-term visas. I think of the care sector, for instance. I don't think it is particularly helpful for a care home to have a churn.

James Cartlidge: No, quite; very damaging.

Ian Robinson: The typical sorts of sectors you look at are agriculture, hospitality, care and so on but I don't see why you would want to mark out particular sectors for low-skilled over other sectors, assuming that the vacancies are there and cannot be filled. When you think about low-skilled immigration you have to go back to the driver. The ultimate driver is about labour market access and filling jobs because otherwise why bother? From there, you need to think about a system that protects workers—whether they are British or foreign, because they cannot be exploited—a system that protects against immigration abuse and a system that can be policed.

For this Government, you also need a system that controls numbers. A lot of those controls already exist in the points-based system, so protecting British workers and jobs, that would be a resident labour market test or a shortage list; protecting salaries would be minimum salary requirements, as we have in Tier 2. Something about policing, you either have the Home Office police every migrant and every company recruiting migrants or you insist on the companies or third parties policing the system for you.

James Cartlidge: Kirsty, you were frowning quite a lot there.

Kirsty McHugh: I was just reflecting on the difficulties of recruiting agricultural workers. They are the ones that are going to be difficult to get UK nationals to activate into those jobs because they are hard jobs, as Kevin was saying, and they are seasonal jobs.

Q83 **James Cartlidge:** What is your expectation on the international, in the sense that this is filled from the EU? Do you think there is any expectation that there will be an increase or that looking beyond the EU will be part of the solution in the new system, specifically on unskilled? Kirsty first.

Kirsty McHugh: If I am honest, I don't know. A lot of employers at the moment are holding tight to wait and see. There is a question mark in



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many minds about how many EU nationals are going to go home. Many who came over with that first wave in the 1990s are married with children now. Those who have come over more recently and are younger may look at a range of issues and decide, "Okay, maybe we will relocate back home". I think to a great extent it depends on how our economy does. If our economy continues to do pretty well, I think a lot of people will still choose to stay if they have that ability to do that.

Kevin Green: From my perspective, I don't think the issue is about availability of locals because it is there now, so most employers are quite happy to get people that want to do the job, whether they come from Europe or whether they come from further overseas. It is, "Can I get access to the people to do the jobs I have available?" I think they would be more than welcome to look at people from other parts outside of Europe.

I think the issue will be what regime is put in place to enable them, whether it is a work permit scheme or a visa scheme. There are a couple of things that employers say about that. Clearly, it needs to be easy to administer, so don't add cost and complexity where we end up not being able to get people in for months and months while we go through some laborious process with the Home Office. Speed is quite important; particularly remember you have three—

Q84 **James Cartlidge:** One last point I want to make is: just think of the politics of this. What will happen is there will be the newspapers will be covering the fact that the Home Office is debating whether to allow—I don't know—20,000 from outside the EU to come and work in hospitality and that will be controversial.

Kevin Green: That is why I think you have to think about independence, you have to take it out of the political debate. One of the things we had with the Low Pay Commission, for instance—

James Cartlidge: We have been trying to do that with the health service for years and we always get the blame.

Kevin Green: Yes, I know but, if you don't, how are we going to make decisions about what is the appropriate number? Who makes the decision by sector and by region? If you created an independent body chaired by somebody who has the gravitas to have the conversation with Government, business sectors can produce evidence about vacancies and hard-to-fill vacancies and the numbers that they require. But that can happen, to some extent, outside of the political situation that we find ourselves in. I think you have to find an independent way of managing supply and demand in the labour market.

Q85 **Chair:** Doesn't that exist already in the Migration Advisory Committee?

Kevin Green: Yes. That may be the right vehicle. You have to think about the level of independence and you have to think about where we get the data and the decisions that they have. If they reviewed labour



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market access by region and by sector every year, you could end up with a rolling programme of adjusting this to meet business requirements.

Kirsty McHugh: But we do need to encourage some sectors to do more to make their jobs attractive. A lot of that is about the career pathway. You go and work in a café, and we know that a lot of cafés are full of EU nationals, great customer service and so on but where is the career pathway in relation to that? So we cannot say, "Okay, we will go for the Ukrainians and the Russians", and then what is the support to enable those people with disabilities and health conditions to be able to take those jobs because they could? We have huge numbers on benefits in this country.

Ian Robinson: You asked about the Migration Advisory Committee. They are exactly the people to do this, business completely respect them and completely trust them. I sat in on MAC meetings as a Home Office official. They are genuinely independent. They are exactly the people to do it.

Chair: That is very helpful. It brings into play one or two other questions about such schemes. Royston, do you want to follow through on that?

Q86 **Royston Smith:** Yes. For Ian, because you have the experience in the Home Office and know how these things work currently. As politicians, we see all sorts of things about visas and immigration and that sort of stuff. Having a visa system to bring people in for seasonal work or for other reasons, from your experience how expensive and bureaucratic and how difficult would it be to administer? Because the business bodies would tell you, as they have, "We want this to be as simple as possible".

Ian Robinson: It is expensive. If we use Tier 2, the skilled worker route, as an example. In Tier 2 you are typically paying £575 for a three-year visa; double that for a five-year visa. You then pay £200 per person, including dependants, per year for a health surcharge. From April, you will pay the immigration skills charge. That will be £1,000 per worker per year or about a third of that for a small business, and then you pay for the certificate of sponsorship.

If you are a large company and you are sponsoring an individual with a partner and three children to come over for five years, you are looking at about £16,000 in Government fees alone. If you are a smaller company you are looking at just under £12,000, so that is a hell of a lot. If you were bringing an individual in for three years with no family members, then you are still looking at about £4,500 just in Government fees to bring that person over.

There is one caveat here, which is: I am including the immigration skills charge. That has not been enacted yet. It will not take effect until 6 April but it is almost certainly going to happen. If you compare that—I e-mailed some colleagues across the Continent this morning to find out what they charge—typically in Europe you are looking at a few hundred euros to about €1,000 for a visa. In America, you are looking at about



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\$1,000 to \$2,000 for a visa, so we are substantially more expensive. I don't know of any country that charges quite as much as we do. If that would be useful, I am sure I could collect that sort of data for you.

Q87 Royston Smith: Interestingly, not all of our immigration comes from the EU, so there are significant numbers paying those sorts of fees—although they are not all in currently—so it does not put people off.

Kevin Green: I think that is in areas where there are real skill shortages. It is people that are in managerial and professional jobs, so that type of level of investment for an employer makes sense if you are paying someone £70,000, £80,000. If you are paying someone the National Living Wage it would most probably be prohibitive and would not work, so clearly you need a different regime.

Ian Robinson: Yes. The big corporates I work with for the very skilled people, ultimately they are going to pay for it. But when I get a phone call from a small business who says, "Right, we need a Russian. We need a Russian speaker. We have someone in mind. What will it involve and what will it cost?" When we go through those costs that is where the conversation ends because it just isn't worthwhile for them.

There is also an issue around timing—if it is useful for me to cover—where, if you are sponsoring an individual for the first time, I would always say, "Assume a five to six-month lead-in period before they can start work, because you have to advertise the job, prepare and apply for the licence, get your certificate of sponsorship and then get the visa". Even if you already have the licence, I still advise people to assume a three to four-month lead-in period. That isn't always a problem if you have a three-month notice period, but that is the top end rather than on the low end.

Martin McTague: It is interesting that, when we question people on regulation and the impact of regulations on their business, we get a plethora of different answers. Very rarely are immigration issues a significant part of that. If what Ian is saying is even halfway true, you can expect it to be top of the list because, if that kind of friction starts to enter the labour market, then small businesses will not put up with that kind of resistance to their ongoing businesses.

Q88 Chair: Sorry, what do you mean by that, Martin—that they will not put up with it? What are you implying?

Martin McTague: They will choose to vote with their feet. They will either decide not to invest. They will decide to move to a country where those opportunities or those costs don't apply or they will close the business.

Q89 Chair: I find it very interesting in terms of the FSB, certainly the engagement I have had with your members in my part of the world, they divide quite sharply into those who are fundamentally pretty small businesses—that is fewer than 10 employees, who tend to be from very



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local areas—that have no intention of employing people from anywhere else in the world. Then there are others who are medium-sized businesses, some of whom appear to have almost decided to outsource all their labour problems to a recruitment company who flies them in from somewhere in Europe. In some of those cases, there is pretty clear evidence that they had not tried very hard to train up a skilled workforce from UK nationals. Do you see that dichotomy at all?

Martin McTague: I see it the other way around. It is quite natural for businesses to take the least line of resistance so, if it is very difficult to find the right skilled workforce within the UK, they won't keep trying. They will seek a way in which they can obtain them from overseas. They don't see their role as providing a skilled workforce for the rest of the economy. They see their role as trying to keep their businesses going.

Q90 **Chair:** Hopefully, they see their role as an important part of the community and part of that is helping local people and their families with a long-term commitment from them to the business, but there we are.

Martin McTague: Yes. You made the distinction between small and medium-sized firms. Very small firms do have that community focus, but if you are talking about mid-sized firms that want to simply take the least line of resistance, then that is that.

Q91 **Steve McCabe:** I want to go back to the point Kevin was making about the visa costs and how it is different if you are bringing someone in for a specific skill for a high cost job. I wonder, are these real costs or are they deterrent costs to influence both immigration and the employment market, and it is likely that in certain areas we will have to drastically reduce the cost of visas if we are going to deal with these sectors, whether care, agriculture or hospitality, where there are major recruitment issues but they are not the jobs Kevin was talking about? Is that the inevitable outcome?

Kevin Green: Perhaps Ian might want to do the technical bit. I think the key thing is that, from an employer's perspective, it is absolutely right that you are looking at, "Where do I find the labour?" Small companies it is about, "Do I expand? Do I open another shop? If I can find the labour, I will do it. If I can't find the labour, I won't do it". That is about an impact on the economy.

In terms of the idea that there are lots of mid-sized companies that are outsourcing their recruitment to recruitment businesses that are bringing in lots of people from Europe, that does happen. But I think one of the things that we have to be absolutely clear about is you cannot advertise jobs in Europe, in Poland or Lithuania without the jobs being advertised here in a Jobcentre for a month beforehand. Most of our members, when they are working with medium-sized companies, would rather have people from the locality if they can get them. They don't do this because it is an easy thing to do. Honestly, it is absolutely illegal to advertise jobs



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in Europe without advertising the jobs and trying to find people to fill the jobs here.

Chair: That is two very different things, Kevin. You are talking on the one hand about what is legal and what is illegal and then, on the other hand, assuming that they would all much prefer to have employees from the local community. I am not sure that is necessarily true, but we will leave that one there.

Steve McCabe: Could I get Ian to respond to the question I asked?

Ian Robinson: No worries. They are real costs insofar as you have to pay it but of course, you are right. They are designed to deter employers from recruiting migrant workers because the Home Office wants to reduce numbers. It is plain and simple—that is what it is.

After Brexit—particularly in relation to low-skilled workers, but also higher-skilled European workers—if these costs apply, frankly, it is going to make it very, very difficult for business. One of the effects of Brexit is that, we are still growing in the way that we always have done as a firm but we are not growing at the rate that we were, as opposed to our offices in Brussels, in Frankfurt and elsewhere. People are choosing not to send work to the UK because there isn't the certainty that they have in Frankfurt and so on. They are also choosing not to send work to the UK from April onwards, when minimum salaries for an IT worker increased by £11,000, when these taxes are increased for the skills charge.

If you are a multinational, you can send work anywhere. The UK has always been a good place to send it. It just makes us a less attractive option. I don't see any reason why a huge multinational would move its head office from the UK elsewhere in Europe. We have seen Google and Apple and Facebook actually investing more here, but it is the bits and pieces of work that they are sending to Germany, to Belgium, to France, just because it is easier than sending work to the UK.

The final point is: immigration will always come second to such issues as tax, for instance, and intellectual property. It is one more consideration, but it can be the straw that breaks the camel's back.

Q92 **Ms Karen Buck:** I want to pick up briefly; I was slightly cheered by you, Kirsty, talking about the way in which we needed to look at career paths and improving the quality of work and then my cheer faded listening to Martin talking about the way business will take the path of least resistance, understandably. But we do have two choices, don't we? We either have a quality skills focus, improving career paths future for the economy or we have a kind of race to the bottom in which we try to kind of force and sanction low-skilled workers into work that they don't particularly want to do or are qualified to do or motivated to do. You always need a little bit of both, but should I be cheerful or should I be depressed?



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Martin McTague: Maybe the way to counteract my gloomy mood a few minutes ago is to say that most businesses have an optimism bias. They will find a way round most problems. All I am saying is that if you throw a lot of grit into the works in the way in which we have suggested, to Kevin's point, people will react by slowing down, stopping their activity. It is a perfectly natural response to making life much more difficult. At the moment, anybody wanting to recruit from anywhere within the EU, it is a relatively easy process. It is not difficult. Suddenly, if they have a lot of grit in the works, they are going to react to that.

Ian Robinson: One very encouraging trend that I have seen in conversations with my clients—I go to a meeting to talk about immigration, but actually it is all about access to labour now and immigration is incidental to it—is that lots of the companies I speak to are saying, “We have never excluded British people in harder-to-reach groups, but now we are going to try that much harder to get them into work, whether they are disabled workers, ex-offenders, women returners, older workers or school leavers”. The threat of limited or less open access to low-skilled labour is making them think differently about how they approach those groups. That is a hell of a lot easier if you are a big company, a coffee chain and so on, than a small business, but it is heartening.

Q93 **Chair:** That is encouraging. Are you seeing a feeling that there is serious talent available in some of those pools of people with disabilities? It is not just they are the only ones who are not yet employed and, therefore, we have to go there, but they are actually thinking, among the various pools of skills that exist, “Maybe we have not looked closely enough at some of the opportunities here”?

Ian Robinson: There are two groups here. You have the employers of low-skilled workers, who are essentially saying, “We are going to need to find the labour somewhere, so let's do a better job and try harder to find labour in those groups”. I have heard this in a number of focus groups I have attended with low-skill employers. I held a focus group with clients and you would have had at least 20 FTSE500 companies in there. I said, “Are you implementing a strategy such as this?” and they looked at me like I was daft and said, “We already do that. We already have targets and objectives to recruit harder-to-reach people, whether they are disabled, from BME backgrounds or whatever it may be”. So, at the higher skilled end, I think it is already there.

Kirsty McHugh: I spend a lot of time with corporates and the HR director and the chief executive—I used to work for Business in the Community for nine years prior to this—and they will have a great strategy and the targets and, “We do this for lone parents or people with disabilities”, and so on. It does not always translate down to the regional managers, and it is a very different world when you are talking about SMEs. We have some reasons to be cheerful, but I am afraid this is not a uniform thing even within the big corporates.



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Q94 **Chair:** Sure. I suspect one of the things that will help—but this is for another discussion another day—is finding good examples of employers who have been amazed at what people with disabilities have been able to achieve for their business and getting that word around.

Kirsty McHugh: Absolutely. But the case studies are for the graduate with disabilities who has struggled to get into work. What we need to be focusing on is a lot of people who have been out of work for 10, 15, 20 years with a health condition, who are living in Burnley or Middlesbrough or whatever else it might be. The corporates are not touching those sorts of communities, and the amount of money being put into supporting them is being cut because the labour market is tight.

Chair: Okay. I want to bring Craig in briefly and also we haven't quite done Karen's one on the regions.

Q95 **Ms Karen Buck:** Could I ask very quickly about the idea of the regional employment visas? There has been a bit of talk about there being a London work permit. What would your view be on that?

Kevin Green: I think we need something that can respond to geographical as well as sector requirements. Absolutely I think you need to look at the requirements by sector, by industry.

Q96 **Ms Karen Buck:** Could it work?

Kevin Green: Yes, absolutely—no reason why not.

Q97 **Ms Karen Buck:** How?

Ian Robinson: We already have precedent for this in the immigration system. I will find it in a second. We have a shortage occupation list for the country as a whole, and jobs that are in endemic shortage in the labour market, and then a shortage occupation list specifically for Scotland. The Scottish list I must say is very short. There are two health professions on there. Fish filleters used to be on there as well, but I can only assume that there is no longer a shortage of them. The answer in the Home Office was always—

Chair: A shortage of fish, perhaps.

Ian Robinson: Exactly, yes. The view in the Home Office was always that the shortages that we suffer as a labour market cut across the entire country, so we would not need a regional system. But it can work. You say, "We will make it easier if in a particular region we know that there is a shortage of—" whatever it may be. It happens already.

Q98 **Chair:** Can you possibly send in something in writing on that, Ian? A summary of how in practice that might work. It would be incredibly helpful.

Ian Robinson: You are concerned with how it would work to fill skill shortages?



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Chair: Yes. We heard from Kirsty who was illustrating Burnley and Middlesbrough and other places. If there are pockets of significant opportunities there, let's hear it.

Q99 **Craig Mackinlay:** Putting aside whatever the future may be in terms of EU or non-EU low-skilled migrants and how that might be dealt with, I feel hopeful that because there is an imperative that something be done, then something will be done. It always works out like that.

Putting that aside, within the structures that we currently have within the UK, in terms of Jobcentre and employment agencies, we still have over 1.6 million unemployed in the UK. We have discussed whether they are female returners, ex-offenders, people with disabilities, but there is still a core of able people. Those able people may exist in Sunderland, youngsters; there are pockets of unemployment in this country. I have always found it very difficult why we can encourage someone from Bucharest to pitch up on a long coach ride to the UK to get work in Cambridge or Cambridgeshire or Somerset, but we don't seem to be able to encourage a youngster to come down from Sunderland to work.

If I was a youngster, long-term unemployed, I am hoping Universal Credit may stop some of the friction between being in work, out of work, in work, out of work. I think this friction that we have had in the past has made people reluctant to go into short-term work and come out. What can we do? I would have thought as a youngster, if you had an opportunity to work in the West Country, picking fruit, having fun for the summer, you would say, "What is there not to like?" How can we get those people encouraged to come from areas of high unemployment within the UK, within the structures we have, to go to those areas that need those people? It is a short question.

Kirsty McHugh: You are absolutely right, but this is about attitudes, aspirations and support more than anything else. There are some great schemes out there, things like the Prince's Trust or Barnardo's or any of those organisations. Young people love them. They engage them through sport or enterprise or whatever else. You might be quite a disengaged youngster, but you get on to something like that and you raise your sights and suddenly think, "You know what—"

Q100 **Craig Mackinlay:** Yes, but we have a vastly expensive Jobcentre system across the UK. Are they not doing that?

Kirsty McHugh: Young people don't do well with Jobcentre Plus. I am afraid these charities need to get paid and unless they can get corporate money or grants and foundations, and so on, they cannot do the job. At the moment, everything is going to be funnelled through Jobcentre Plus and young people don't do well there. But that is the DWP's answer.

Kevin Green: Just a couple of things I want to say about the data, and again we need to segment this a bit. If you think about it, yes, we have 1.6 million unemployed but we have 750,000 vacancies every month. There is a huge amount of churn going on. This isn't a static population of



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people who are sitting there as unemployed. If you then start to segment it—long-term unemployed, disability—you start to see core groups of people. We do need to think about the programmes and how we support employers' training and developing those people and attracting them to the work that is available. We have to do a lot more work with employers and Jobcentre Plus thinking about: where is the work activity? Where are the population and how we can match them up?

I think that the Government do need to help businesses, particularly SMEs because they don't have the HR infrastructure to do job shops and events in different parts of the country and thinking about that. The Government have to play a role, particularly if it is going to say, "We are going to reduce immigration and we are aware of the implications of that. We do want you to train and engage long-term unemployed, people with disabilities". There is talent out there and there is some good stuff going on. It is not the whole answer but it is part of the answer and employers are up for it, but we are going to need to think about how we align Jobcentre Plus and some of the other training provision.

Kirsty McHugh: Remember, Jobcentre Plus will only know about opportunities in their area. They will not talk about something in another part of the country. That needs a national approach, which some of the big charities can do.

Q101 **Chair:** Martin, do you want to have a brief comment on that? Then I want to come to our last question.

Martin McTague: Yes, a brief comment. Since 2008, since the crash, roughly 80% of the new jobs have been created by SMEs. They tend to take on the people that the corporate sector don't want or are not willing to employ. If you are talking about trying to reach those people that are more reluctant to join the labour market, I think it is about focusing on SMEs.

Chair: That is interesting. Steve, last question but it is an important one.

Q102 **Steve McCabe:** As you have heard today, this Committee has had quite a lot of evidence in the past about employers trying to work with Jobcentre and Jobcentre Plus to recruit UK labour and to tackle the shortages, but with varying degrees of success, particularly, in certain sectors. What I want to ask each of you to briefly give us your thoughts on is: as we prepare for Brexit, what role does the Department for Work and Pensions have in trying to inform our objectives, both in terms of guaranteeing that we recognise the real labour shortages and we are well prepared, but that we shape a migration strategy properly?

We heard about the role that the migration council plays, but it is the Department for Work and Pensions and we are trying to understand what role they should play in trying to shape our objectives so that we both deal with these labour issues and have a sensible migration strategy.



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Kevin Green: From my perspective, the first thing is someone needs to champion the labour market in this debate. I think DWP is well positioned to do that. So, first of all to say there are going to be some issues. We do need an immigration system and we do need ways of supporting business. We have a very successful labour market. We have record employment, falling unemployment. We are close to full employment and this is going to create some friction in the system. We do need DWP to be saying, "Let's think this through". On some of the issues I have said: clarity, go early, work with business.

Jobcentre Plus particularly has a role to play. We have a partnership agreement, so bringing together recruitment agencies and Jobcentre Plus. We do a lot of work geographically around the country. The closure of the steel plant in Redcar, we got together and worked with Jobcentre Plus. Our members are actively working. Disability Confident, there is a whole range of programmes that we are doing with Jobcentre Plus.

The issue with Jobcentre Plus is it seems a much-stretched resource. It is very much focused on paying benefits. The reason why we have aligned ourselves with it is that we believe that we are best placed in the private sector to find and to give intelligence to the DWP. We spend a lot of time giving them the data that we have available and helping them think through issues that may be slightly larger than their geographical space. I think there is a big role to play. I think Jobcentre Plus is part of the solution and it needs to work much closer with the private sector. The big thing is championing the labour market and making sure we don't wander into something that creates huge issues for us two or three years hence.

Kirsty McHugh: A couple of things. First of all, the DWP's approach is predicated on a belief that the labour market is going to continue doing well, it is going to continue being tight. I don't see much planning if that is not the case going forward. Their answer at the moment is to put the majority of things through Jobcentre Plus—and Kevin is entirely right, it is a much stretched resource with very high caseloads—and to move away from specialisms.

That means the sort of people who at the moment are still long-term unemployed or economically inactive are not going to get the specialist support they need there. There is also a concern, among young people and people with disability and health conditions, that JCP is not there for them and they might get sanctioned and things along those lines. DWP is cutting its money into specialist services by 70% and they believe they can do that because the labour market is doing well. In two or three years if it isn't doing well, it is going to be difficult to grow that capacity back up again.

Martin McTague: The stark fact is that a minority of SMEs use any kind of external advice when they are recruiting. They tend to use informal networks, family and friends, who is available that they know, and there is not a lot of evidence that Jobcentre Plus would be their first port of call.



What we see is that if you are going to change attitudes to recruitment and change the way in which recruitment is done, then maybe the concentration should be more on growth hubs and the kinds of initiatives that are going on around the country in LEPs where they could give sound advice on recruitment practice.

Ian Robinson: Frankly, I don't think I have anything else to add on top of whatever has been said. The one point that I would make is that Jobcentre Plus plays a slightly anomalous and strange part in the skilled version of the points-based system, in that jobs for bankers, lawyers, accountants and so on need to be advertised there. You don't find many accountants looking for jobs in Jobcentre Plus and that could be removed, but that is a tangential point.

Kirsty McHugh: If I may, one other point; I mentioned it earlier on. At the moment, about £580 million a year goes into the employment and skills system in England and Wales through European social funds. We don't know what a domestic successor to that would look like or, indeed, if there would be one. If you take that out of the system that takes away a lot of our skills and employment money, so that is a real concern as well.

Q103 **Steve McCabe:** In terms of this comment about things could change and Jobcentre is a bit stretched, do you think the DWP needs to open up a strand of work now that is designed to think about how things are going to look as the employment market shifts? Do we need to be opening up an area of work now as a small project within DWP focusing on it?

Kirsty McHugh: Even in the normal run of things, the labour market is cyclical. Regardless of the impact of Brexit, there will be a downturn at some point. Making decisions now that are based on the labour market continuing being successful is not a sensible way forward over a five or 10-year period anyway. *[Interruption.]*

Kevin Green: Clearly, there is a requirement for more data and more thought, so in terms of contingency planning at DWP for a potential downturn or the impact of Brexit, I think—fantastic tune, by the way. I am not quite sure what it is—there is a role for DWP to play in terms of taking the macro view.

Q104 **Chair:** Thank you. I think that telephone call was telling me that we have overrun our time for today's meeting, but it was because all of you were making such very helpful contributions to this particular study that we could go on for a long time. I am very grateful to you all. If any of you have any further thoughts that you feel you have not had the chance to put out today, will you send something in writing—Craig, hang on.

Craig Mackinlay: I cannot believe DWP is not national, but regional. I could not believe that.

Kirsty McHugh: Yes, JCPs are not even regional; they are sub-regional.



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Chair: Craig, hold on one second. Since today is International Women's Day, if there is any bit of it that is specific to female employment, which you would like to bring out in anything we ought to be aware of that is Brexit connected, that would be very helpful to include that. Thank you all very much for coming.