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Rachel Reeves MP  
Chair of the Business, Energy and Industrial Strategy Committee  
House of Commons  
London  
SW1A 0AA

21 November 2018

Dear Rachel Reeves,

Following my appearance at the BEIS select committee on Industrial Strategy: Sector Deals and Productivity on Tuesday 13 November 2018, I am writing to outline some additional comments which I would like to pass on to the committee members and which I was unable to share on the day.

Please note that this does not affect, nor replace, anything I said in person at the committee hearing.

### **Is there anything else you'd like to see from Government?**

#### **Short term:**

- Better discipline on payment terms and holding Government supply chains to account. Average debtor days for consultancy firms were 75.4 days in 2017/18 and in one case 80% of an SME's revenue was paid late outside contract terms. ACE members spent as much time chasing payments as they did bidding for new work last year.
- Consistent and fair contracts. For example, not writing down the legal level of interest on late payments.
- Stop transferring risk in Government contracts. For example, expecting consultants to sign up to unlimited liability which is not insurable.
- Implementing all of the above points would remove some of the administrative burden and cost pressures on consultancy and engineering firms. This would in turn mean they can focus on investing in business growth and staff training. ACE is producing guidance in this area for Government, which we will be issuing in the new year.

#### **Medium term:**

- Reform on how Government buys consultancy services based on outcomes and value added, as opposed to the lowest cost for the hours spent.
- Delivery of the Transforming Infrastructure Performance Programme which will focus on value and not short-term costs.

## Migration and Brexit

- Tie-in economic needs (and migration wage caps currently set at the too-high level of £30,000 per annum) as established by the Industrial Strategy to the national migration policy. This could be achieved through a regular review of the the definition of “skilled workers” to market demands and conditions based on feedback from industry for new appointments.
- The Government should consider offering automatic visa places to the top performing international students for them to stay within the UK to deploy their expertise in the UK post-graduation.
- In adapting to the new migration system, the Government should consider a suitable transition period of five years to allow industry and those wishing to work in the UK to adapt.
- In order to achieve the Government’s aim of upskilling the UK resident labour force during this transition period, there should be a firm commitment made to continue to support the apprenticeship levy at current rates, so businesses can train and develop their staff through their career with the confidence that the policy environment will not change.

I hope that these points will be taken into account by the committee and I am available at [hvickers@acenet.co.uk](mailto:hvickers@acenet.co.uk) to discuss them, and any of the responses I made at the hearing, in more detail if required.

I’d also like to take this opportunity to thank you and the committee for calling for my views in the first instance.

Yours sincerely,



**Hannah Vickers**  
Chief Executive  
Association for Consultancy and Engineering (ACE)