



Migration Advisory Committee Call For Evidence

Impact of Brexit

BT's response

October 2017

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Introduction & Executive Summary

1. The communications sector in the UK is of fundamental strategic importance to the health of the UK economy and the wellbeing of its citizens. As the largest provider of fixed and mobile services in the UK, BT plays a crucial part in the sector and a key determinant of success is the ability to access the talent and resources required to invest and innovate.
2. We therefore welcome the opportunity to provide input to the important work being carried out by the Migration Advisory Committee (MAC) in this area.
3. In summary:
 - a. BT is one of the largest employers in the UK, directly employing around 83,000 people and, more broadly through our activities, supporting an estimated 259,000 jobs in total. We have an ambitious strategy to deliver great experience to our 30m customers in the UK and invest for growth, including through extensive investment in the UK's digital infrastructure. BT also employs over 8,000 people across the EU27, providing services for enterprises and other organisations, including EU institutions.
 - b. We currently employ and recruit nationals from the UK, EU27 and globally throughout all levels of our company and value our people equally wherever they work and whatever their nationality. We are therefore keen that the UK and EU reach an agreement regarding the rights of nationals from the EU27 in the UK and vice versa as soon as possible. Any administrative formalities associated with such an agreement (e.g. proof of residence, registration etc.) should be as light touch as possible.
 - c. We also have a strong commitment to training our staff, as well as engaging with the wider communities in which we operate, through a combination of apprenticeships, working with universities, recruiting from the armed forces, and our flagship tech literacy programmes designed to train young people for the jobs of the future and to shape a more inclusive society.
 - d. Nevertheless, delivering on our ambitious strategy will require us to continue to be able to access the broad range of skillsets on which we rely in order to deliver great services to our customers. This includes a wide spectrum of skills – sourced from within the UK, EU27 and beyond – from cutting edge researchers and cybersecurity specialists through to call centre operatives, engineers and construction workers.
 - e. We are already experiencing difficulties in recruiting trainee engineers, especially in London and the South East. We have some concerns that any further shortfalls of suitable people to recruit and train in such areas could potentially have serious implications for our ability to build and maintain the UK's digital infrastructure, while also improving service levels for our customers.
 - f. Therefore we consider that the Government should seek to establish an efficient and business-oriented immigration system post-Brexit. This will enable investing businesses in the UK such as BT to access the talent and skills required in order to fuel the sector's innovation. In particular, the Government should ensure that BT and other investors in vital communications, transport and energy infrastructure projects continue to be able to access the skills and resources required in the construction sector in order to support the Government's industrial strategy.

4. BT's responses to the MAC's questions are set out in **Annex A**.

BT's current UK employee base and recruitment practices

5. BT is one of the largest employers in the UK, directly employing approximately 83,000 people. In the three years to September 2017, we recruited approximately 23,500 people in the UK.
6. Of the total number of direct UK employees across all areas of our business, we employ people across a wide range of functions. For example we employ approximately:
 - a. 27,000 field engineers, principally deployed in developing, monitoring, maintaining and repairing the Openreach network;
 - b. 20,000 people in service management and contact centre roles serving our 30 million customers across the range of telephony, mobile, broadband and TV products;
 - c. 2,000 people in our sales functions; and
 - d. 2,000 people in security who research, develop, deploy and support secure applications and systems to combat cyber-crime.
7. In addition we employ a large number of people in highly technical and specialised disciplines such as network engineers (c.4,100), software engineers (c.1,500), IT Infrastructure system engineers (c.1,300), and architecture and solution designers (c.800). We also employ around 3,000 people at our global research and development headquarters at Adastral Park, including some 200 people focussed purely on research and innovation.
8. More broadly, we support an estimated total of 259,000 UK jobs through direct employment, spending with contractors and suppliers, and the spending of employees.¹ This includes a large number of people in the engineering and construction sectors who help build, maintain and repair our nationwide fixed and wireless networks.
9. While BT conducts the necessary Right to Work checks for all prospective employees, we do not, as a matter of policy, record on our systems each employee's citizenship and nationality. We do not therefore currently hold on our systems detailed data on the nationality and skillsets of our employees based in the UK.
10. In terms of our recruitment practices:
 - a. UK and EEA workers: Recruitment practices do not differ for UK and EEA workers, subject to Right to Work compliance. Practices are tailored to reflect the skills required and level of seniority for a given role. Typically, vacancies are advertised internally and externally, followed by various levels of sifting techniques as appropriate. This may include written applications, psychometric testing and tests carried out at assessment centres. Technical skills including programming are tested in order to verify that relevant candidates have the required competencies. Alternatively, for customer-facing business roles, recruitment may involve giving mock presentations.
 - b. Non-EEA workers: BT is an existing Tier 2 sponsor for non-EEA workers and makes use of migration policies to satisfy demands for skills within the business as required. Non-EEA workers are typically recruited once other options have been exhausted, given the increased costs associated with their sponsorship for employment. While we have an extensive development programme for our people, there are times when there is an immediate need to recruit highly specialised experts.

¹ Regeneris, *The Social Study 2016 – the Economic Impact of BT across the UK*, available at <http://www.btplc.com/Thegroup/BTUKandWorldwide/BTRegions/Factsandfigures/SocialStudy2016/index.htm>

- c. Seasonality, agency and part-time: Recruitment practices do not differ for full-time and part-time BT roles.

Our strong commitment to training and skills

11. We are strongly committed to training our staff and engaging with the wider communities in which we operate through a combination of apprenticeships, traineeships, working with universities and our flagship tech literacy programmes designed to train young people and adults for the jobs of the future and to shape a more inclusive society (see **Annex B** for further detail).
 - a. Apprenticeships: BT runs an annual apprenticeship scheme for anyone over 16, living in the UK and not in full-time education. Through the scheme, apprentices are supported by experienced BT colleagues to work towards a nationally recognised professional qualification in their chosen career path. BT's apprenticeship scheme has been in place for over 50 years. We recruit approximately 850 new entrants per year across the business and over the past three years we have created over 3,000 apprenticeship and graduate jobs covering a wide range of areas from cyber security and software development to research.² In addition, since April 2017 Openreach alone recruited approximately 1,500 trainee engineers, who will each undertake an apprenticeship leading to a nationally recognised qualification.³
 - b. Transition to work: We use tech know-how to increase social mobility for disadvantaged young people, helping to improve their professional prospects. Our Work Ready programme helps 16 to 24-year-olds prepare for the workplace through skills development and hands-on experience of jobs powered by technology. More than 2,000 young people have started a Work Ready placement, and of those who complete the programme, more than 65% go on to education, training or employment.⁴
 - c. Adult training schemes: Adult work placement is a BT employment regeneration volunteering initiative centred on providing jobseekers with an operational placement in which they can develop technical and soft skills essential for sustainable employment.
 - d. Armed forces redeployment: In total, we estimate that there are approximately 4,000 ex-forces people working across BT, with over 2,200 recruited since 2011. BT is also the founding sponsor of Transition Force, a programme that helps armed forces people transition into civilian employment. Transition Force has helped over 300 people to enhance their opportunities of gaining civilian employment with a combination of practical skills and 'buddying' support.⁵
 - e. Universities: BT has strong links with 35 universities across the country, both in terms of graduate recruitment activity and collaboration on research and development.⁶ BT offers advanced, higher and full-degree apprenticeships to help fulfil future skills demands.

² <http://www.btplc.com/Careercentre/earlycareers/apprentices/index.htm>

³ English and Welsh joiners will complete BTEC Level 2 Diploma in Professional Competence for IT and Telecoms Professionals (QCF) and Scottish joiners will complete a diploma for Information Technology and Telecommunications Professionals at SCQF Level 5.

⁴ <http://www.btplc.com/Careercentre/earlycareers/workready/index.htm>

⁵ <https://projectfortis.co.uk/whitelabel/bt/>

⁶ See, for example, the recent collaboration between the University of Bristol and BT in relation to future 5G wireless technologies: <http://www.bristol.ac.uk/engineering/research/csn/news/2017/bristol-and-bt-collaborate-on-massive-mimo-trials-for-5g-wireless-.html>

- f. **Tech literacy and STEM:** Under BT's Barefoot programme, to date 1.25 million children have received teaching in computational thinking – 17 per cent of all UK primary school pupils. The programme also helps teachers gain confidence in the digital world through free teaching resources and training from BT volunteers.⁷ BT is also involved in a number of initiatives to improve training in science, technology, engineering and mathematics (STEM). For example, BT STEM Crew is a unique resource for teachers of 11-16 year olds which uses real life examples from the America's Cup to showcase the value of STEM subjects.⁸

The need for talent and resourcing to drive our investment and innovation

- 12. BT is committed to continued investment in order to improve our network and customer experience, which will require a wide variety of skills (see **Annex C** for further details). For example:
 - a. Our investments in fibre and 4G network rollout require substantial resourcing across a range of areas, from highly skilled engineering through to more manual labour.
 - b. We are making continued investment in our engineering workforce through ongoing recruitment and investment in skills and training in order to improve customer experience and access to communication services. Part of our emphasis on training involves evolving roles from focussing on more traditional external network and manual skills to a greater emphasis on IT, e.g. supporting customers in configuring laptops or other equipment in the home, so that engineers will be able to complete a wider variety of jobs for customers in a single visit.
 - c. Our drive to improve customer experience has required greater focus on recruiting and training complex, solution-based sales professionals, as well as customer experience transformation skills.
 - d. The rapidly evolving technological landscape in which BT operates requires constant research and development, upskilling of our existing employees and a focus on recruiting people with higher skills. For example, we increasingly rely on technical and commercial skills in new and emerging technologies such as the 'Internet of Things', 5G mobile services, cyber security, 'Big Data' and analytics, and services provided over 'the Cloud'.
 - e. BT's laboratories at Adastral Park continue to develop world-leading intellectual property, which provides substantial value for BT, the communications sector and the UK more widely.⁹ Some of our development teams are made up of around 50% of non-UK nationals, who not only contribute valuable and innovative work, but also pass on their skills and knowledge to UK nationals.
- 13. While BT is very active in recruiting, training and upskilling its workforce from within the UK (as described above), delivering on our ambitions – which drive substantial value to the UK economy – will also require us to call on resources from across the EU27 and worldwide. This is especially true of skills in specialised areas such as mobility, 5G services and security, where there is a global scarcity of suitably qualified candidates, and also in areas which require substantial resource such as construction and other civil works. General IT skills are also likely to be in high demand over the next few years in order to cope with the changes required to customs and trading arrangements associated with the UK's withdrawal from the EU.

⁷ <http://www.btplc.com/Purposefulbusiness/Education/>

⁸ See <https://stemcrew.co.uk/about>

⁹ For further information, see <http://atadastral.co.uk/>

14. In addition, as set out in **Annex C**, BT is currently in the midst of a very large upgrade and expansion of the vital network infrastructure which supports the fixed and mobile services on which millions of people and businesses in the UK rely. This will require the deployment of significant human resources, both directly and through contractors, a proportion of which has to date been sourced from outside the UK.
15. Of particular relevance in this regard is Openreach, which employs approximately 24,000 engineers to build and maintain the vital infrastructure that is the foundation of the UK's vibrant internet economy and is responsible for providing services over the local access network, sometimes referred to as 'the last mile'. This consists of the copper and fibre connections between Openreach exchanges to homes and businesses. More than 580 service providers use the Openreach network to deliver services ranging from telephony, broadband and television for the home, to high-speed data connections for businesses of all sizes.
16. Even before any formal changes to the UK's migration arrangements which may come about as a result of Brexit, it is appropriate to recognise the current level of demand in the UK employment market. For example, since April 2017 Openreach have recruited approximately 1,500 new trainee engineers, who will each undertake an apprenticeship leading to a nationally recognised qualification. While these roles are skilled, well paid and result in formal qualifications, we have still experienced shortages of suitable applicants in certain locations, especially in London and the South East.¹⁰ We are therefore concerned that any further shortfalls of suitable people to recruit and train in areas such as London and the South East could have serious implications on our ability to build and maintain the UK's digital infrastructure, while also and improving service levels for our customers.
17. In addition to Openreach employees, we also rely on independent contractors to build, maintain and look after the network. These contractors help deliver labour-intensive projects and manage demand volatility. They in turn are reliant in part on labour from the EU27, with dependency again especially high in the South East and London. Examples of the skills sourced from different parts of the EU27 include:
 - a. Copper skills from Portugal to assist with fault volume reduction (FVR);
 - b. Fibre skills from Latvia and Romania;
 - c. Civils and general construction skills from Poland.
18. The contribution made by EU27 nationals to the delivery of our services is very important. Indeed we often find that our ability to complete individual jobs falls away during the summer when large volumes of workers from the EU27 return home to visit families and take vacations. In addition, our contractors have told us that competition for the skills provided by EU27 nationals is very strong, again particularly so in high demand areas such as the South East and in London.
19. For further detail regarding the importance of EU27 nationals to the construction sector, see paragraphs 24-28 below.

Wider sector and industry evidence

General

20. We note that the CBI has called for a whole-economy approach to labour and skills from abroad, given that sectors which may initially prioritise highly-skilled employees have a reliance on vital non-graduate employees in their supply chains.¹¹ We strongly agree with the CBI's view that difficulties fulfilling construction projects as a result of labour shortages would

¹⁰ See <http://www.btplc.com/Careercentre/careersatbt/openreach/Engineers/index.htm>

¹¹ See <http://www.cbi.org.uk/making-a-success-of-brexit/Migration.html>

impact infrastructure that supports the whole economy. The CBI also notes that businesses had already called out skills shortages before the EU referendum given that the UK's employment level stands at a record high.

21. The CBI advocates a long-term solution to address UK skills shortages reached by co-ordination and collaboration between the many pressured industries, government and the education sector, but notes that urgent guarantees are needed to allow EU migrants already in the UK to remain. The CBI also recognise that an open, flexible, simple immigration system is needed, as well as the ability to easily make intra-company transfers.

Digital sector

22. According to techUK:¹²
 - a. 18% of the digital sectors' three million workers are foreign-born, with one-third of those from EU countries;
 - b. Access to the EU talent pool has allowed tech companies in the UK to mitigate the paucity of domestic digital skills;
 - c. There is a risk of a tech talent triple hit due to the combined impact of Brexit, recent and incoming changes on skilled migration from outside the EEA, and long-standing and growing shortages in domestic digital skills.
23. It concludes that Brexit provides the catalyst for reforming a migration system that has long failed to make the digital economy the best it can be. The UK needs a dynamic, smart migration mechanism which harnesses the best of new technologies to streamline the process and create an agile operating model which works for hiring and exporting talent alike. This should include a review of the current Tier 1 (entrepreneurs, exceptional talent) and Tier 2 (skilled workers) visa systems.

Construction sector

24. According to the ONS Labour Force Survey, in 2016 over 15% of the construction workforce was made up by non-UK nationals, with 9.4% made up by EU nationals.¹³ However these national figures alone do not paint an accurate picture of the extent of variation throughout the UK. For example, anecdotal evidence suggests that around 50-60% of construction workers in London and the South East – where demand can often be greatest – are non-UK nationals.
25. As explained above, BT is currently in the midst of a very large network expansion through its Openreach and EE businesses. This will require significant additional resource, both directly and through contractors, a proportion of which has to date been sourced from outside the UK.
26. We are also conscious that other companies will similarly need continued access to resource from outside the UK – in particular in those skills required to deliver large infrastructure projects – if the Government is to be able to realise its ambitious industrial strategy agenda. In particular, in addition to BT's extensive network rollout plans, there are a large number of other complex and resource intensive projects currently underway or planned for the next 5 to 10 years across transport, housing and energy sectors, all of which are likely to compete to

¹² Available at <https://www.techuk.org/insights/news/item/10570-uk-faces-tech-talent-cliff-edge-without-urgent-government-action-warns-techuk>

¹³ LSE submission to the House of Lords Economic Affairs Committee on Brexit and the Labour Market, Table 5, available at <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/economic-affairs-committee/brexit-and-the-labour-market/written/47313.html> .

some extent for some of the same resource.¹⁴ All of the parties' manifestos published during the General Election, as well as the Prime Minister's recent speech during the Conservative Party conference, also make commitments to build substantial additional numbers of houses.

27. In addition to the challenges above, the following factors should be noted:

- a. A survey in 2015 by the Royal Institute of Chartered Surveyors indicated that 66% of firms surveyed have turned down work due to staff shortages and that this was likely to grow in the next few years.¹⁵
- b. The survey also estimated that 36,000 new workers a year will be needed to cover even current levels of demand. This is unlikely to be met from local workers as there are at most only 15,000 people predicted to finish the required apprenticeships.
- c. The sector is also experiencing demographic pressures with over 400,000 workers over the age of 55 set to retire in the next 10 years. The age profile of construction workers means that a far higher number of people will leave the industry than join it in the near term.
- d. Meanwhile, a report by the Centre for Economics and Business Research estimates that a so-called 'hard' Brexit could lead to 214,000 fewer people from the EU entering the infrastructure and house building sectors between now and 2020, adding yet further pressure.¹⁶

28. If they are unaddressed, the combination of the features highlighted above could result in a 'perfect storm' of headwinds which will hold back infrastructure investment in the UK. Unless those companies investing in infrastructure across a wide variety of sectors, including communications, can be confident of sourcing the skills and resources required to complete these ambitious projects, there is a risk that they may be delayed.

Conclusions: the need for continued access to talent and resources to support investment

29. Brexit presents an opportunity for the UK to set an optimal industrial strategy for the future by maximising the promotion of investment, innovation and competition, all of which can only be delivered with the right combination of skills. BT remains committed to playing its part in this strategy and will continue to recruit, train and upskill its people.

30. However in order to deliver fully on these ambitions, we consider that the Government should:

- a. Provide clarity as soon as possible regarding the arrangements for retaining existing employees who are non-UK nationals currently entitled to work in the UK, as well as for their partners/dependants;

¹⁴ Infrastructure and Projects Authority, *National Infrastructure Delivery Plan 2016–2021*, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/520086/2904569_nidp_deliveryplan.pdf

¹⁵ Royal Institute of Chartered Surveyors, *Is there a skills shortage in the Construction Industry?*, Agency Central, August 2015.

¹⁶ See https://www.arcadis.com/media/4/B/9/%7B4B999107-2F44-42E2-94D7-43FDD0963378%7D9784_Talent%20Scale%20FINAL%20WEB_2102.pdf See also the report from Balfour Beatty which notes that "uncertainty around the free movement of labour could cause the industry recruitment and staffing difficulties and may increase costs where demand for labour outstrips supply, with the subsequent risk of project delays". *Infrastructure 2050: Future Infrastructure Need*, available at <http://www.balfourbeatty.com/media/164183/infrastructure-2050.pdf>

- b. Continue to support those businesses like BT who are committed to continued investment in the future workforce, through a combination of apprenticeships, training, collaboration with universities and tech literacy programmes;
- c. Seek to retain as much as possible of the current provisions which enable investing businesses in the UK such as BT to access the range of skills required, including in civils and construction, in order to fuel the sector's innovation;
- d. Avoid the introduction of additional administrative checks or burdens for businesses and individuals in any new immigration system, and provide for a suitable transition period to enable businesses and individuals to adapt;
- e. Allow for the continued ability to move staff freely in and out of the UK across our European and Global operations, which is important in coordinating and managing an integrated global business.

We would be happy to discuss these issues further. Further enquiries can be directed to

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Annex A

Responses to MAC Questions

EEA Migration Trends

Please provide evidence on the characteristics (e.g. types of jobs migrants perform; skill levels, etc) of EEA migrants in your particular sector/local area/ region. How do these differ from UK workers? And from non-EEA workers?

While BT conducts the necessary Right to Work checks for all prospective employees, we do not, as a matter of policy, record on our systems each employee's citizenship and nationality. We do not therefore currently hold on our systems detailed data on the nationality and skillsets of our employees based in the UK.

As a global company, BT makes use of international assignments for employees to support business growth and strategies in different locations as required. In the financial year 2016/17, 9 employees from non-EEA home countries relocated to the UK as part of an international assignment.

Recruitment practices are typically locally focused through advertisements, proactive social media channel engagement, events and BT's career website

To what extent are EEA migrants seasonal; part-time; agency-workers; temporary; short-term assignments; intra-company transfers; self-employed? What information do you have on their skill levels? To what extent do these differ from UK workers and non-EEA workers?

Are there any relevant sources of evidence, beyond the usual range of official statistics, that would allow the MAC to get a more detailed view of the current patterns of EEA migration, especially over the last year?

Have the patterns of EEA migration changed over time? What evidence do you have showing your employment of EEA migrants since 2000? And after the Brexit referendum? Are these trends different for UK workers and non-EEA workers?

As we do not collect data to distinguish EEA workers from UK workers, we cannot provide comparative evidence of trends in employment. We understand that some employees have reported instances, following the referendum result, of EEA workers voicing their intention to leave the UK, but we have no direct evidence on this point.

Have you conducted any analysis on the future trends of EEA migration, in particular in the absence of immigration controls?

No.

Have you made any assessment of the impact of a possible reduction in the availability of EEA migrants (whether occurring naturally or through policy) as part of your workforce?

If there was a material reduction in the number of EEA workers and we could not replace them with UK workers in a timely manner or at all, this could present a risk to our customer services and network infrastructure build, which underpins the UK economy.

What impact would a reduction in EEA migration have on your sector/local area/region? How will your business/sector/area/region cope? Would the impacts be different if reductions in migration took place amongst non-EEA migrants?

Non-EEA migrant workers are typically recruited to highly skilled roles, after UK or EEA options have been exhausted. Areas of resourcing risks include technicians involved in the development of 5G and security, in which there is a global scarcity of relevant skills.

Have you made any contingency plans?

BT intends to mitigate any risk through recruitment and stimulating interest in technological skills more generally. This includes sustained investment in R&D (where BT commits the largest expenditure in the UK in the ICT sector, and the third largest across any sector), and in apprentice and graduate schemes as well as tech literacy education. Tech literacy is BT's commitment to supporting young people to be equipped with the skills that will be required to step up to future jobs. Our ambition is to reach 5 million young people by 2020. To date, 1.25 million children have received teaching in computational thinking as a result of the programme.

Recruitment Practices, Training & Skills

Please provide evidence on the methods of recruitment used to employ EEA migrants. Do these methods differ from those used to employ UK and non-EEA workers? What impact does this have on UK workers? Have these methods changed following the Brexit referendum?

We do not differentiate in our approach to the recruitment of UK and EEA workers. We do not specifically ask or record the nationalities we hire. Recruitment practices are typically UK focused through advertisements, proactive social media channel engagement, events and BT's career website. Our continuous recruitment activities range from apprentice to executive level and methods of recruitment used reflect this. Typically, vacancies are advertised internally and externally, followed by various levels of sifting techniques as appropriate. This may include written applications, psychometric testing and assessment centres.

Where appropriate, we make use of employment agencies to fulfil service requirements.

Apprentice and graduate recruitment strategies include visits to campus fairs in the UK and presence on social media.

Do recruitment practices differ by skill-type and occupation?

Recruitment practices are tailored to reflect the skills required and level of seniority for a given role. Technical skills including programming will be tested in order to verify that a candidate has the required competencies. Alternatively, for customer-facing business roles, recruitment may involve giving mock presentations. These practices are consistent for both UK and EEA nationals.

What are the advantages and disadvantages of employing EEA workers? Have these changed following the Brexit referendum result?

BT does not distinguish between the employment of UK and EEA workers. We welcome the benefits of a diverse workforce which complements the diversity of our customers.

There are circumstances in which EEA workers' language skills and understanding of international cultures contribute to their ability to provide services to customers, for example in customer call or technical operations centres or high street stores in diverse communities or tourist destinations.

We do not recognise any disadvantages of employing EEA workers and have no evidence to suggest their turnover is higher than UK nationals. On a human level, we recognise that our EEA workers are concerned about Brexit generally, and what it may mean for them and their families. We therefore urge the Government to provide clarity as soon as possible regarding the arrangements for retaining existing employees who are non-UK nationals currently entitled to work in the UK, as well as for their partners/dependants.

To what extent has EEA and non-EEA migration affected the skills and training of the UK workers?

In the financial year 2016/17, BT invested over £80m on learning and development activities. This includes all supplier management and provisions, labour, venue costs as well as accreditation and certification costs associated with commercial learning. At this point, there has been no impact on our training approach as a result of EEA migration.

We have an extensive development programme for our people. However, there are times when there is an immediate need to recruit highly specialised experts. We also recognise that the freedom to move workers between countries facilitates learning both in the UK and abroad.

BT's employment of non-EEA workers is very exceptional; typically only when very specialist skills are not available in the UK. Non-EEA migrant workers may also be brought to the UK in order to provide training where scarce skills do not exist in the UK workforce.

Beyond our current employees, we continue to invest in skills and training in schools as part of our Tech Literacy commitment which seeks to improve the technological skills of young people.

How involved are universities and training providers in ensuring that the UK workforce has the skills needed to fill key roles/roles in high demand in your sector? Do you have plans to increase this involvement in the future?

See Annex B below.

How well aware are you of current UK migration policies for non-EEA migrants?

BT is an existing Tier 2 sponsor for non-EEA workers and makes use of migration policies to satisfy demands for skills within the business. Non-EEA migrants are typically recruited following the exhaustion of prior UK and EEA recruitment efforts due to the higher costs associated with their employment.

If new immigration policies restrict the numbers of low-skilled migrants who can come to work in the UK, which forms of migration into low-skilled work should be prioritised? For example, the current shortage occupation list applies to high skilled occupations; do you think this should be expanded to cover lower skill levels?

BT believes that terminology concerning 'low-skill' workers provides an imprecise and unhelpful tool in the discussion of future skills requirements. It would be preferable to develop language which recognises that whilst some jobs do not require a degree, they can require several years of training and experience and also underpin activities of vital importance to the UK economy, including in providing communications services and infrastructure.

We identify that key future skills requirements for BT include:

- *Customer service and sales members to continue to fulfil our commitment to brilliant customer service and sustainable growth;*
- *Engineering skills to build and maintain the UK's broadband and telephony infrastructure;*
- *Business administrations skills including finance, HR and legal skills;*
- *IT and cyber security;*
- *Mobile (including 5G) and voice technologies; and*
- *Multimedia and broadcast TV skills.*

Economic, Social and Fiscal Impacts

**What are the economic, social and fiscal costs and benefits of EEA migration to the UK economy?
What are the impacts of EEA migrants on the labour market, prices, public services, net fiscal impacts (e.g. taxes paid by migrants; benefits they receive), productivity, investment, innovation and general competitiveness of UK industry?**

Do these differ from the impact of non-EEA migrants?

Do these impacts differ at national, regional or local level?

Do these impacts vary by sector and occupation?

Do these impacts vary by skill level (high-skilled, medium-skilled, and low-skilled)?

As BT does not collect data on characteristics of EEA migrants it is not possible to distinguish their impact on economic, social and fiscal costs. We expect that BT's employees broadly reflect national trends of EEA workers, where recent statistics show that 7% of the UK workforce are EU nationals (ONS, 2017).

We believe that it is beneficial for employers to have access to a well-resourced labour market, as this enables employers to select the best candidates and ultimately deliver better outcomes for their organisation, sector and the UK as a whole.

Annex B

BT's commitment to skills and training

Apprenticeships

1. BT runs an annual apprenticeship scheme for anyone over 16, living in the UK and not in full-time education. Through the scheme, apprentices are supported by experienced BT colleagues to work towards a nationally recognised professional qualification in their chosen career path.
 - a. We recruit approximately 850 new entrants per year across the business and over the past three years we have created over 3,000 apprenticeship and graduate jobs covering a wide range of areas from cyber security and software development to research.¹⁷
 - b. Since April 2017 Openreach alone recruited approximately 1,500 trainee engineers, who will each undertake an apprenticeship leading to a nationally recognised qualification
 - c. We have also recently recruited over 2,000 former regulars from the armed services, mainly into Openreach. This includes full re-training activities.¹⁸
 - d. We operate apprenticeships from level 2 to level 7 across 18 programmes which have a variety of frameworks within them, reflecting the changes required to meet the needs of devolved nations as well.
 - e. We look for a variety of skills, including team work, flexibility, etc. and use two main methods of selection. For those applying for Higher and Degree programs we ask for an entry criteria of 5 GCSE and two A levels, but for level 2 and 3 we are changing to a more strengths-based assessment using video interviews on application and day centres to assess characteristics and strengths for the role applied for.
2. BT is planning to extend the apprenticeship principles to other areas of the business, capitalising on the accredited learning pathways. The new standards and funding opportunities are allowing us to diversify into new areas of skills-based learning, such as project management, financial auditing and senior leadership training, all at degree level and in what are considered to be professional areas. This shift in dynamics is forcing employers to re-consider how they approach skills training, recruitment of new workforce and replacing current training with accredited programs.
3. The apprenticeships we offer are also changing by moving the subjects we are working on to a higher level. Our core programs remain in fields such as technical and telephony, but with the arrival of the apprenticeship levy, diversification is starting to happen into new areas such as cyber, digital, project management, HR and finance. We also have a small number of degree apprentices operating in our BT TV business and this will grow as new standards arrive to support this growth.
4. We help develop apprenticeship standards and work with eight 'trailblazer' standards to support and push new activity through, such as sales and business transformation as well as more bespoke activity such as financial audit.

¹⁷ See <http://home.bt.com/news/bt-life/bt-creating-1400-apprenticeship-and-graduate-posts-around-uk-11364040936426>

¹⁸ <http://www.btplc.com/news/#/pressreleases/openreach-teams-up-with-ssafa-to-support-military-families-across-the-uk-1156837>

5. Finally, we operate Work Ready, which gives disadvantaged young people hands-on skills development and work experience. Our three week work placement is aimed at 16-24 year olds not in education, employment or training. The programme involves eight days classroom time covering confidence building and skills such as CV writing, interview and presentation skills to help young people get a job and thrive in their future careers. This is followed by eight days hands-on work experience to provide insight into what it takes to thrive in the digital world of work. Beyond the 3 week work placement, we also offer support for a further 12 weeks with job search and application support.¹⁹

Universities

6. BT has strong links with universities across the country, both in terms of graduate recruitment activity and collaboration on research and development. In the UK BT has research engagements with 35 universities. We also have strong engagement with the Engineering & Physical Sciences Research Council and contribute actively to strategic initiatives on Balancing Capability (i.e. the relative priorities of core scientific disciplines), Leadership (in particular through Centres for Doctoral Training) and Inclusion & Diversity. We are a founding member of the 5G Innovation Centre at the University of Surrey.
7. BT offers advanced, higher and full-degree apprenticeships to help fulfil future skills demands. These apprenticeships offer the opportunity to undertake nationally recognised training in skills including network engineering, IT and software development as well as broader skills across management, finance and HR. We maintain a relationship with select UK Universities to provide full-degree apprenticeship qualifications where relevant expertise exists. In 2017, BT partnered with the University of Exeter to introduce a new Research Apprenticeship. Further, BT is acutely aware of the increasing competition in the market for applicants with finite digital skills and anticipate this competition will continue to intensify.

Tech literacy

8. BT is convinced that the UK must build a culture of tech literacy, so young people grow up with the tech know-how to step up to the jobs of the future and to shape a more inclusive society. We have focused our initial efforts in partnership with others on three crunch-points in young people's lives:
 - a. Early education: where we are striving for tech literacy to be a foundation skill, as important as reading and writing, through the Barefoot Computing Project, which helps teachers gain confidence in the digital world through free teaching resources and training from BT volunteers;
 - b. Transition to teenage years: where we are working on plans with BT Sport to use the things young people love to bring alive the real-world relevance of tech;
 - c. Transition to work: where we are aiming to show young people that tech will be in every job, and helping those most in need through Work Ready, which gives disadvantaged young people hands-on skills development and work experience.
9. Under the Barefoot programme, our ambition is to reach five million young people by 2020 and to date, 1.25 million children have received teaching in computational thinking as a result of the programme – 17 per cent of all UK primary school pupils. The programme also helps teachers gain confidence in the digital world through free teaching resources and training from BT volunteers.²⁰

¹⁹ For further detail, see <http://www.btplc.com/Careercentre/earlycareers/workready/index.htm>

²⁰ <http://www.btplc.com/Purposefulbusiness/Stories/Education/BarefootComputingprogramme/index.htm>

10. Finally, the BT Young Scientist & Technology Exhibition encourages interest in science among primary and secondary schools across Ireland. Now in its 53rd year, the 2017 competition received over 2,000 entries (61% from girls). The winners go on to compete in the European Contest for Young Scientists. BT has extended its partnership until at least 2020.

Annex C

BT's strong history and future pipeline of substantial UK investment and innovation

1. BT spends more than £9 billion a year with UK suppliers and supports around 259,000 UK jobs through direct employment, spending with contractors and suppliers, and the spending of employees – equivalent to one in every 95 employees working in the UK. We also underpin major economic and social outcomes far beyond our direct impact. For example, we provided a £23.1 billion boost to the UK economy in the past year, according to a recent independent study – equivalent to £1 in every £70 of the UK's total Gross Value Add.²¹
2. Starting as far back as 1896, BT's forerunner, the Post Office, supported Guglielmo Marconi's experiments, enabling him to demonstrate radio communications. Other milestones during BT's long history include the world's first two-way transatlantic telephone call, the development of television, the world's first programmable computer, glass-fibre technology and the introduction of high-speed internet services.
3. More recently, over the last 10 years BT has invested an average of £1 billion every year in UK infrastructure, with £1.4 billion spent in the last year alone. Moreover, we continue to invest ever greater amounts, building on those substantial historic investments which were made even when the UK was in recession.
4. In 2016 BT announced a further wave of investment to help the UK remain the leading digital nation in the G20.²² For example:
 - a. Our Openreach and EE businesses will between them spend around £6 billion in capital expenditure over the next three years in the first phase of a plan to extend superfast broadband and 4G coverage beyond 95 per cent of the country by 2020.²³
 - b. We continue to work towards expanding our rollout of 4G geographic coverage to 92% of the UK by September 2017 and 95% by the end of 2020.
 - c. We will also be rolling out further 4G services through the Emergency Services Network contract with the Government and we have continued to make good progress on the investment necessary to deliver this, including the commissioning of the Rapid Response Vehicle fleet and working with a satellite company to provide backhaul services in remote areas.
 - d. We continue to invest in customer experience, hiring more than 5,000 new people into customer-facing roles at our contact centres in the UK and Ireland in 2016/17, and around 90% of BT Consumer customers' calls are now answered from within the UK. Meanwhile 100% of EE branded post-paid calls are now handled in UK and Ireland contact centres.
5. We are also a significant source of innovation in the UK. With an investment of £2.6 billion in research and development over the last five years, BT is the largest investor in industrial R&D

²¹ *The Economic Impact of BT & EE in the UK*, Regeneris Consulting, available at <http://home.bt.com/news/bt-life/bt-rings-up-23-billion-boost-for-uk-economy-11364111151032>

²² The UK is the leading digital economy in the G20 by share of GDP, with the highest superfast broadband coverage and take up in the EU 'big five'. Ofcom's European Broadband Scorecard ranks the UK first on almost all metrics. See https://www.ofcom.org.uk/data/assets/pdf_file/0028/81694/european-broadband-scorecard-2015-update.pdf

²³ <http://www.btplc.com/news/index.htm#/pressreleases/bt-to-invest-billions-more-on-fibre-4g-and-customer-service-1394948>

in the ICT sector in the UK with a worldwide patent portfolio of over 4,500 patents and applications.²⁴

6. BT is an active participant in the current EU-funded research programme (H2020) and was the largest UK industry participant in the preceding EU research programme (FP7). In addition, BT led the establishment of the EU-funded EIT (European Institute for Innovation Technology) Innovation Node in London.
7. BT has a long history of innovation and has pioneered many of the technologies that our business was built upon. Our Adastral Park facility in Suffolk is a world-renowned research centre with recent achievements including world-firsts in quantum communications (quantum key distribution over deployed fibre), high-capacity optical-fibre transmissions (largest ever optical 'super-channel') and the demonstration of the fastest G.Fast copper broadband speeds in the world (5Gbps). Adastral Park will play a major role in the progress of 5G in the UK and it is also home to over 70 start-up companies as well as R&D teams from companies such as Huawei, Cisco and Intel.²⁵
8. Recent examples of our world-leading activities in this area include:
 - a. Openreach and Huawei, together with University of Suffolk, were the first in Europe to trial an exciting new broadband technology which could super-charge speeds for businesses and consumers in the future²⁶.
 - b. BT launched a new Higher Education ICT training institute, named after computing pioneer Tommy Flowers, to train the next generation of innovators at BT's Adastral Park technology and research campus near Ipswich, Suffolk.
 - c. BT recently pioneered a new mobile location system that helps emergency services get to incidents more quickly and which is now being adopted across the globe. The Advanced Mobile Location (AML) service allows 999 calls made from mobile phones to be pinpointed much more precisely.²⁷

²⁴ For further detail, please refer to BT's response to the House of Commons Science and Technology Committee's inquiry "*Leaving the EU: implications and opportunities for science and research*" available <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/science-and-technology-committee/leaving-the-eu-implications-and-opportunities-for-science-and-research/written/36123.html>

²⁵ See <http://atadastral.co.uk/>

²⁶ <http://www.btplc.com/Innovation/Innovationnews/PioneeringFTTP/index.htm>

²⁷ <http://www.btplc.com/Innovation/Innovationnews/AML/index.htm>