

EST speech at launch of Financial Services Skills Task Force report

It's a pleasure to welcome the Final Report from the Financial Services Skills Taskforce, which is the culmination of a huge amount of work over the past 18 months by Mark Hoban and the team.

It strikes me that the publication couldn't be better timed, coming as it does at the start of a new decade, a new government and, perhaps most significantly, on the eve of a new era for the United Kingdom.

It was back in 2018 that the previous Chancellor, Philip Hammond, announced the creation of the Skills Taskforce in his Mansion House speech.

Its purpose was to ensure the financial services sector can meet the demand for skills over the next few decades.

This was driven by several factors – most obviously Brexit – but perhaps more so by the way that technology and demographics are reshaping the global economy.

Eighteen months later, the outlook for the UK has changed considerably. This has only served to heighten the urgency of this endeavour.

Firstly, Brexit is no longer a question of 'if' or 'when'. The debate is over; the die is cast. We leave the EU in three days' time and from that moment onwards our country's future is in our hands and ours alone.

Last week, the Government hosted the UK Africa-Trade Summit. The continent is home to eight of the world's 15 fastest growing economies and, as you would expect, financial services featured prominently on the agenda.

Meanwhile, the Chancellor was in Davos, marshalling like-minded countries toward the possibilities of green finance.

These are precisely the kind of opportunities waiting for us in the global economy...alongside RMB and Rupee, FinTech, Islamic Finance and many others.

But, as you know, it's a competitive world. And we must never lose sight of where our own competitive strengths lie.

Consider the fact that London is home to more than 30 Chinese banks and financial institutions. The reason financial firms from China, and from around the world, are drawn here is not only because of our deep pools of capital, but also because of the insight and expertise found in proximity. Our legions of bankers, brokers, analysts, consultants and other financial professionals truly rank among the best in the world.

Yet the fact that financial services are not even in the top ten career choices for young people – and that the sector has some of the lowest

training budgets of any part of the economy – must surely give us cause to up our game and fast.

I also believe financial services have an image problem that we need to overcome. Too often it's viewed as men in pinstriped suits wheeling-and-dealing in oak-panelled board rooms. But as you well know, the truth is now very different. It's a broad and varied sector, which demands diverse skills – and new skills – but faces growing gaps.

If we do wish to strike trade deals with the world's fastest growing economies...if we do wish to conquer the markets of the future and push the boundaries of innovation...then we need to be thinking not just about the next few years – or even the next decade – but the 2030s, 2040s and beyond.

Second, if Brexit proved anything it's that for too long large parts of the country have been left behind. Too many people feel locked out of the choices and opportunities that many of us probably take for granted.

As the new Government works to unleash the potential of the regions there is a big role for financial services, not least because the lion's share of jobs in the sector are outside London.

As we address the skills gap, it's critical that we aren't blinkered in our view. The skills agenda is as much about the economies of places like Birmingham, Leeds and Edinburgh as it is the Square Mile or Canary Wharf. It matters to the future of communities and families up and down the country.

We need to ensure that the opportunities for career development and progression are evenly spread across the country. This task will be doubly important as AI begins to transform the workforce.

It also touches on our work around diversity and inclusion. The way the sector recruits, trains and retains people must reflect needs and expectations within the wider workforce, because we simply can't afford talented people to pass the sector by or to be held back from rising to the top. This is just as true outside the M25 as inside.

So I want to see the sector embrace the potential of these regional centres. And I want to see you invest in reskilling the workforce so that the skills gap doesn't widen any further.

The Way Forward

There is a lot of work to do but, thanks to the Taskforce, we now have a plan.

Your recommendations reflect the consideration you've given this matter and are warmly welcomed by me and by the Government as a whole.

With its new majority, the Government is absolutely committed to supporting the long-term needs of the sector.

It's why, for example, the Home Secretary commissioned the Migration Advisory

Committee to consider a new points-based immigration system for introduction in 2021, built around the skills and talent people have – not where they are from. The Committee is delivering its report today and the government will publish the detail of the future system this spring.

It's also why we're working to increase the availability and the quality of apprenticeships, with more rigorous standards determined by the needs of industry.

But ultimately, this is about your future as a sector.

This leads me to the most important point I want to make this morning.

The hard work of the Taskforce will be wasted if this Report merely sits on a shelf gathering dust.

Our task – or rather, your task – is to turn these words into action, and to sustain a renewed approach to skills.

I thoroughly welcome the Taskforce's proposal for a new permanent Skills Commission – owned, funded and managed by you – to provide a collective voice for the sector and keep this agenda visible.

The Government will engage closely with the Commission on a regular basis, just as we engaged with the Taskforce over the past 18 months. And I will always do my bit to bang the drum for the sector, and to work to secure the support you need.

But the responsibility and the opportunity belong to you and it is your commitment that will make this happen.

The Commission is your means to grip the skills agenda. It's an opportunity I urge you to seize with both hands.

Conclusion

So I want to end by thanking Mark and TheCityUK for their excellent work over the past eighteen months, and to the City of London Corporation and EY for their support.

Let me wrap this up by saying the skills agenda is much broader than individual measures concerning training or recruitment.

It's about how the sector views itself – and how it is viewed by the public. It's about the sense of purpose that binds firms and institutions together around common values and objectives.

In my two years as City Minister, I have been fortunate to see the true value the financial services industry brings this country.

Not only the £75.5 billion it generates in tax, or the 1.1 million employed throughout the United Kingdom, welcome as they are.

I've also seen how it can be a force for good: be it helping people start a business or providing security in retirement; supporting vulnerable customers or generating the capital to fund a low carbon future.

We need to ensure that the industry continues to be a place where people are proud to work. Where they feel they are doing something worthwhile: not just making some people richer, but serving communities, strengthening society and contributing to a better future.

That is the key to attracting and retaining the brightest and the best people from home and abroad.

I look to you to take the lead and move this work forward.

Rest assured the Government will support you.

And together we can ensure the sector continues to thrive.

Thank you.