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OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT RECOGNITION OF PROFESSIONAL QUALIFICATIONS AND IMPLEMENTATION OF INTERNATIONAL RECOGNITION AGREEMENTS (AMENDMENT) REGULATIONS 2023

Tuesday 28 November 2023

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The Committee consisted of the following Members:

Chair: SIR MARK HENDRICK

† Clarke, Theo (*Stafford*) (Con)
 † Dixon, Samantha (*City of Chester*) (Lab)
 Duffield, Rosie (*Canterbury*) (Lab)
 † Fell, Simon (*Barrow and Furness*) (Con)
 † Graham, Richard (*Gloucester*) (Con)
 † Higginbotham, Antony (*Burnley*) (Con)
 † Hollern, Kate (*Blackburn*) (Lab)
 † Hollinrake, Kevin (*Parliamentary Under-Secretary
 of State for Business and Trade*)
 † Jones, Sarah (*Croydon Central*) (Lab)
 Khan, Afzal (*Manchester, Gorton*) (Lab)
 † Kniveton, Kate (*Burton*) (Con)

† Maclean, Rachel (*Redditch*) (Con)
 † Millar, Robin (*Aberconwy*) (Con)
 † Norman, Jesse (*Hereford and South Herefordshire*)
 (Con)
 † Spellar, John (*Warley*) (Lab)
 Thomson, Richard (*Gordon*) (SNP)
 † Wood, Mike (*Lord Commissioner of His Majesty's
 Treasury*)

Beth Goodwin, *Committee Clerk*

† **attended the Committee**

Fifth Delegated Legislation Committee

Tuesday 28 November 2023

[SIR MARK HENDRICK *in the Chair*]

Draft Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Amendment) Regulations 2023

9.25 am

The Parliamentary Under-Secretary of State for Business and Trade (Kevin Hollinrake): I beg to move,

That the Committee has considered the draft Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Amendment) Regulations 2023.

It is a pleasure to serve with you in the Chair, Sir Mark. This statutory instrument, which was laid before the House on 17 October 2023, will implement the recognition of professional qualifications provisions contained in the UK's free trade agreement with Norway, Iceland and Liechtenstein—the European economic area European Free Trade Association states.

The regulations place a duty on UK regulators to recognise comparable professional qualifications obtained in Norway, Iceland and Liechtenstein. They provide certainty for professionals with qualifications from those countries who want to be recognised by UK regulators and work in the UK. UK professionals also benefit from reduced barriers when having their qualifications recognised in Norway, Iceland and Liechtenstein. This is good for business and good for jobs.

First, I will give the background. The UK signed a free trade agreement with Norway, Iceland and Liechtenstein in July 2021. Chapter 12 of the agreement outlines a comprehensive system for the recognition of professional qualifications between the parties. Under the agreement, UK regulators are required to recognise comparable professional qualifications obtained in Norway, Iceland and Liechtenstein, and regulators in Norway, Iceland and Liechtenstein are required to recognise comparable professional qualifications obtained in the UK. The UK must meet the terms of the agreement by 1 December 2023.

When negotiating the agreement, the Government sought to strike a balance between providing continuity with the previous EU-derived arrangements and minimising the burden on regulators. These provisions, on recognition of professional qualifications, are important for boosting trade in professional services and for supporting professionals to enter the UK labour market.

The regulations will implement the terms of the agreement into domestic law, and place a duty on UK regulators to recognise comparable professional qualifications obtained in Norway, Iceland and Liechtenstein. To do this, the Government are using powers contained in section 3 of the Professional Qualifications Act 2022, and this is the first use of those powers. Enshrining the system in legislation is necessary to ensure that the UK fulfils its obligations under

international law. Without the regulations, some regulators will not have the necessary legal powers to meet the requirements of the agreement.

The regulations will come into force at the same time that the EU-derived system for recognition of professional qualifications ends. Separate commencement regulations were recently made to revoke the previous system, and those come into effect on 1 December. That will ensure clarity and a smooth transition from the old system to the new for regulators and professionals.

Turning to the specifics of the regulations, they place a duty on all regulators of professions across the UK to recognise comparable professional qualifications obtained in Norway, Iceland and Liechtenstein. They also give regulators the powers to recognise those qualifications. Regulators will be required to treat qualifications from Norway, Iceland and Liechtenstein in accordance with the system set out in the regulations.

That system does four things: it requires regulators to recognise comparable professional qualifications; it enables regulators to refuse to recognise comparable professional qualifications, where certain conditions are met; it prescribes compensatory measures that regulators can require a professional to take in certain circumstances; and, finally, it prescribes a procedure for applications to obtain recognition. Taken together, that means that professionals benefiting from the agreement will have a clear, predictable and timely route to practise a profession in the UK.

I should also note that the regulations contain amendments to UK and devolved legislation. Those tidy up the UK statute book by removing references to related EU-derived legislation. I should inform the House that after the regulations were laid on 17 October, a correction slip was issued to address a minor formatting issue in regulation 3(1): the definition of “medical regulator” started at paragraph (d) instead of (a). That has been corrected and the corrections have been incorporated into the HTML version on legislation.gov.uk.

Regardless of those requirements, it remains the responsibility of individual regulators to set standards for their professions and decide who meets the standards. I want to assure the Committee that the Government are continuing to protect regulators' autonomy, as prescribed by the Professional Qualifications Act. Regulators remain the experts for their professions under the regulations.

In January 2023, the former Department for Business, Energy and Industrial Strategy ran a targeted consultation with regulators covered by the agreement, fulfilling the requirements under the Professional Qualifications Act. My Department sought regulators' views on the implementation approach and draft regulations. Respondents were generally supportive. My officials engage extensively with regulators on their feedback. Some regulators indicated that their existing sectoral legislation was insufficient to enable them to comply with the agreement. We have therefore included amendments to sectoral legislation in the regulations for a small number of professions.

This is a UK-wide SI. The Government are using concurrent powers in the Professional Qualifications Act to implement the agreement in areas of devolved competence. This approach has been taken after careful consideration and extensive engagement with the devolved Governments over the past year.

It is necessary for the regulations to cover all of the UK for two reasons. First, all regulators across the UK must be covered by legislation for the UK to be compliant

with the agreement. Secondly, UK-wide legislation ensures that all regulators have the necessary legal powers to put the new system in place. That approach means that the experience of professionals with qualifications from Norway, Iceland and Liechtenstein seeking recognition in the UK will be predictable and consistent across the four nations. Importantly, it also means that those professionals will have legal recourse if a regulator fails to comply with the agreement.

In June 2023, the Department for Business and Trade ran a consultation with the devolved Governments. The consultation sought views on the implementation approach and regulations. We published the report on the consultation on 13 October 2023, as required by the Professional Qualifications Act. Amendments submitted by the devolved Governments were incorporated into the regulations. In their responses, the Scottish and Welsh Governments opposed the UK Government exercising the concurrent powers in the Professional Qualifications Act without their consent. Although our preferred approach has always been to secure the agreement of the devolved Governments, we decided to proceed without their full agreement to the instrument.

When the UK's free trade agreement with Norway, Iceland and Liechtenstein was signed in 2021, it was clear that it contained provisions that would provide legal certainty and continued market access for professionals. The regulations bring into force the recognition of professional qualification systems contained within this agreement, meeting our obligations under international law. I commend the draft regulations to the House.

9.33 am

Sarah Jones (Croydon Central) (Lab): It is a pleasure to serve under your chairmanship, Sir Mark. I am pleased to contribute to this important topic on regulations relating to the free trade agreement that the UK made with Norway, Iceland and Liechtenstein in 2021, bringing the FTAs recognition of professional qualifications into domestic UK and devolved law.

The Minister will be pleased to know that the Opposition will not vote against the regulations this morning. Having qualified professionals contributing to the economic success and social fabric of our country is crucial. The UK's public, private and voluntary sectors are greatly enriched by the contribution of overseas professionals, including thousands from Norway, Iceland and Liechtenstein.

Foreign workers are also vital in the context of the well-documented shortages that this country has suffered in drivers, carers, nurses, doctors and vets, and in hospitality and farming. Perhaps the most well known is the contribution of overseas professionals to the NHS, in which nearly one in five workers comes from overseas. We are hugely grateful to those key workers, especially for their efforts during the pandemic. Without a system of recognition of professional qualifications, the contribution of many thousands of key workers would be impossible. However, it is important to note that the recognition of overseas qualifications is not a silver bullet to end skills shortages in the UK; it neither could nor should be the long-term answer.

The regulations are largely non-contentious, but I have a few questions for the Minister. First, on the UK labour market, are there any particular staffing gaps in the UK that the Government hope to address with this

measure? Do they expect the new recognition of professional qualifications system to have any bearing on immigration levels? Will the Minister outline which sectors may be most affected by the changes?

Secondly, on the regulators of professional qualifications, enabling regulators to recognise qualifications drives up standards of practice, gives confidence to UK employees and consumers and improves contracts for workers. The public rightly expect the UK's high standards of health, public safety and consumer protection to be maintained, and the quality and expertise of our regulators underpins that professionalism. The Department for Business and Trade acknowledges that some regulators may be required to change some of their processes as a result of this measure, but if a full impact assessment has been carried out, it has not been made public. Will the Minister therefore outline whether the Government assessed the extent of the requirements, and will he outline the areas where their impact will be most severe?

The Government also acknowledge that some additional costs may fall on regulators as a result of these changes, but they have put no figures on what they might be. Will the Minister outline whether an assessment has been made of what those additional costs will be? Do regulators need additional funding and resources to deal with them, or will they be expected to pass on any costs?

Finally, on transparency, in the explanatory memorandum the Government said that their consultation with regulators, which the Minister referred to, received "generally supportive" feedback but, as the Secondary Legislation Scrutiny Committee report highlighted, that consultation has not been published. Does the Minister agree that, in the interests of a transparent process, it is important for the Government to publish that consultation, and that they should publish future consultations in advance of presenting such statutory instruments to the House?

The Opposition want to promote opportunity, trade and standards through the recognition of professional qualifications. We have no overall objections today, but I would be grateful if the Minister can address those concerns.

9.37 am

Jesse Norman (Hereford and South Herefordshire) (Con): I have no objection at all to this legislation, which seems excellent, but I have a question for the Minister. Section 6.2 of the explanatory memorandum refers to F-gas. Will he tell the Committee what F-gas is? Does he share my view that terms should not be introduced into legislation without being appropriately defined? Will he ask his officials to look at the quality of explanatory memorandums as a result? They are obviously designed to educate the Committee, so it is important that it is clear what the terms mean. This issue has additional salience because of the work being done across the two Houses to improve the quality of explanatory memorandums for statutory instruments.

9.38 am

Richard Graham (Gloucester) (Con): On the points made by the hon. Member for Croydon Central about helping to fill gaps in the NHS, the care system and so on, will the Minister clarify and perhaps confirm that the real beneficiaries of the recognition of professional

[Richard Graham]

qualifications in relation to the European Free Trade Association are likely to be not doctors and nurses, but financial professionals from the UK working in Liechtenstein, other professionals—engineers and so on—working in Norway, and a broad range of those from Iceland working here and vice versa? This instrument is therefore not really related to the needs of the NHS, but is more about other professional qualifications.

9.39 am

Kevin Hollinrake: I thank hon. Members for their remarks. Several points have been made, and I will try to answer them to the best of my ability. As I set out, the instrument implements the provisions of the UK's free trade agreement with Norway, Iceland and Liechtenstein relating to the recognition of professional qualifications.

On the shadow Minister's points, it is clearly up to employers to decide where their skills gaps are, and the provisions of the agreement can be used to fill those positions. Certainly, she can check the list of professions covered in the agreement on gov.uk. My hon. Friend the Member for Gloucester is right that the regulations relate to a range of professionals—they are not just limited to the NHS, education or anything else—but, as

I say, it is up to employers to determine their skills needs and how they fill those gaps. Our points-based immigration system will be unaffected by these provisions.

On costs, as the hon. Member for Croydon Central is aware, regulators already have a requirement to recognise professional qualifications from the EU, so there should not be any further cost burdens. According to the work we have undertaken, the costs will be minimal. We did a de minimis impact assessment, and it showed no significant impact on business or public bodies.

I apologise to my right hon. Friend the Member for Hereford and South Herefordshire. F-gas stands for fluorinated gas. He is quite right that we should avoid abbreviations wherever possible to make the documents we put in front of the Committee as accessible as possible.

The UK-wide application of this instrument will ensure that the UK is fully compliant with its international obligations in the free trade agreement. It will also provide consistency across the statute book and clarity for professionals from Norway, Iceland and Liechtenstein wanting to work in the UK, and vice versa. I once again thank Members for their contributions, and I commend the regulations to the House.

Question put and agreed to.

9.41 am

Committee rose.

