

Welsh Professional and Business Services Sector Research

Final Report to the Welsh Government

29 March 2022

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1. Executive Summary

As set out in the Invitation To Tender, the aim of this report is “to provide Welsh Government with a deeper understanding of the Professional and Business Services (PBS) sector in Wales by mapping different definitions used and then mapping the existing PBS sector in Wales. It should also consider whether there are any distinct differences between the PBS sector in Wales as opposed to the rest of the UK.”

This executive summary provides an overview of each of the key phases of the report. It highlights key findings and themes explored within each phase and concludes with overall recommendations for future work by the Welsh Government.

1.1 Project phasing

The key objectives of this report were to undertake three distinct but related phases of work, all of which help to build a more integrated picture of the PBS sector in Wales:

- Phase 1 - Develop a working definition of the PBS sector as defined in a range of different documents and by different organisations;
- Phase 2 - Map the PBS sector in Wales and link to the definitions already researched;
- Phase 3 - Establish whether there is anything unique about Wales as opposed to the rest of the UK for the PBS sector in terms of opportunities, strengths and risks.

1.2 Phase 1: Defining PBS

To define the PBS sector in Wales, a comparative analysis of the differing definitions of PBS found at the national and international level was performed. The following sources were analysed and compared:

Domestic:

- The Office for National Statistics (ONS);
- The UK Government definition as outlined by the Department for Business, Energy and Industrial Strategy (BEIS);¹

International:

- The “WTO W/120” – General Agreement on Trade in Services (GATS) Classification;²
- The UK’s Schedule of Commitments as an independent member of the World Trade Organisation (WTO);³
- The United Kingdom - European Union Trade and Cooperation Agreement (UK-EU TCA);

¹ [BEIS Professional and Business Services sector team - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/beis-professional-and-business-services-sector-team)

² [MTN.GNS/W/120 \(wto.org\)](https://www.wto.org/)

³ [UK’s Schedule of Commitments for Services](https://www.gov.uk/government/consultations/uk-eu-trade-and-cooperation-agreement)

- The United Kingdom - Japan Free Trade and Agreement (UK-Japan FTA);⁴
- The US International Trade Administration;⁵ and,
- European Union and Mexico Free Trade and Agreement (EU-Mexico FTA).⁶

Common themes within descriptions of PBS as set out on the documents outlined above focus on the specialised and knowledge-intensive nature of those services and the role they play in supporting other industries.⁷

- **Professional services** coalesce around licensing, regulation and/or registration and tend to cover a relatively consistent set of subsectors. These are: legal services; accountancy (audit, accounting and book-keeping); tax services (which are recognised separately but also merge with legal and accountancy as both professions routinely offer tax advice); architecture; and engineering.⁸
- **Business services** may cover a broader or narrower range of subsectors and activities, and can range from management consultancy, IT services, advertising and market research, to photographic services, translation, and rental or leasing services.
- These two elements (professional and business) may be bracketed together or treated separately within an overall umbrella.
- **Research and development services** are sometimes recognised as an individual category and in other contexts subsumed within the overall PBS bracket.
- **Other services** category is also often present. For example, the Services Sectoral Classification List devised for the GATS negotiations (W/120) refers to “Business Services” as the sector. Within that there is a list of professional services (including legal services, taxation services, engineering services etc) at the end of which there is an undefined “other” category. This other category is also found within the subsectors of “Computer and Related Services”, “Rental/Leasing Services without Operators” and “Other Business Services” itself (under which fall activities such as advertising services and management consulting services).

The research also demonstrated the extent to which existing discussions rely on two key underlying classification frameworks: Standard Industrial Classification codes⁹ are used by the Office for National Statistics (ONS) and other public bodies such as Companies House; and the provisional draft of the United Nations Statistics

⁴ Both the UK-Japan FTA and the UK’s most recent FTA with Australia use a “negative list” approach, which potentially limits their usefulness for this analysis – further explained in the following section on scheduling commitments.

⁵ The UK-US Agreement originally referred to in the Project Specification has not been included as negotiations are currently on hold. However, we have considered the definition used by the US International Trade Administration.

⁶ The EU and Mexico reached an “Agreement in Principle” in 2018, although the agreement has yet to be ratified and enter into force.

⁷ Previous work has been undertaken in a London context as to what this supporting role entails in a trade context in the City of London Corporation and EY report [An ecosystem enabling international trade](#).

⁸ Actuarial services are included within the definition of PBS for the purposes of the PBSC in the UK. However, in the context of FTAs, they would fall within financial services as an activity within insurance services – see the ABI’s Framework for a Free Trade Agreement with Non-EU Markets ([abi-framework-for-an-fta.pdf](#)) at pg.3.

⁹ [What are SIC codes? \(uksiccodes.com\)](#)

Division's Central Product Classification ("the CPC") has been used by many countries, including the UK, in outlining its trade obligations under the World Trade Organization's General Agreement on Trade in Services, and within free trade agreements (FTAs).

The following illustrative and non-exhaustive list demonstrates the breadth of services that may be included within PBS:

- Accounting and bookkeeping services
- Auditing services
- Legal services
- Advertising services
- Engineering and integrated engineering services
- Architecture and urban planning services
- Research and development services
- Related scientific and technical consulting services
- Technical testing and analysis services
- Taxation advisory services
- Market research and public opinion polling services
- Computer and related services
- Management consulting services and services related to management consulting
- Packaging services
- Employee related services
- Photographic services
- Duplicating services
- Mailing list compilation and mailing services
- Translation and interpretation services
- Rental and leasing services
- Building-cleaning services
- Security services
- Investigation services
- Repair services incidental to metal products, machinery and equipment

Developing a working PBS definition

The understanding of PBS varies between contexts. Notably the definition used by the UK Government appears to be narrower for the purposes of domestic discussions than the scope which may be anticipated in the context of international trade discussions. Adopting an understanding of PBS with some element of flexibility, may therefore be more helpful in practical terms than defining PBS by reference to a precise list of activities. Stakeholder engagement in Phases 2 and 3 provided the opportunity to refine this conclusion further – see final conclusion and recommendations.

Research focus for Phases 2 and 3

As it was not feasible to analyse such a broad range of services in detail for the purposes of this report, it was agreed that the subsequent phases would focus on a mapping and understanding a narrower core of professional and other business services most commonly recognised under PBS and/or where the Welsh Government team commissioning the report was interested in developing a more in-depth understanding as follows:

- Legal services;
- Accountancy;
- Architecture, engineering and property surveying;
- Research and development services and scientific and technical services;
- Employee related services;
- Management consultancy services and IT services; and,
- Services in the sphere of advertising/marketing and market research and visual/creative services.¹⁰

Although certain activities such as ‘Rental and leasing services’ and ‘office administration, office support and other business support activities’ were therefore not captured in detail in the following two phases, this did not equate to a decision to exclude them from the Welsh Government understanding of PBS as a general proposition.

1.3 Phase 2: Mapping the PBS Sector in Wales

In order to map the PBS sector in Wales, quantitative and qualitative data from professional organisations and publicly available sources were analysed to provide an overview of the sector. Headline findings from the cross-sectoral analysis are set out below.

Availability of data and data limitations

The below public data sources were used to map the Welsh PBS sector, although it should be noted that the sources are subject to various limitations, both in terms of the way in which the data is collected and the rounding applied to figures recorded.

- The UK business; activity, size and location 2021 dataset published by ONS.¹¹
- The Business Register and Employment Survey, collected by ONS.¹²
- The JOBS05: Workforce jobs by region and industry dataset, published by ONS.¹³
- Regional gross value added (balanced) by industry: all ITL regions dataset, published by ONS.¹⁴
- Quantitative data from professional bodies and business associations collected through a bespoke questionnaire.

Limitations included in the “UK business; activity, size and location” dataset figures are rounded to the nearest multiple of 5, leading to some minor rounding errors in the data presented on the total number of enterprises in Wales. In the ONS workforce jobs by region and industry dataset, Sections M and N cannot be broken down to the 2-digit SIC code level. In the Regional gross value added (balanced) by industry dataset cannot be broken down to the 5-digit SIC code level.

¹⁰ Although audiovisual and creative services companies were invited to participate in the research roundtable, only one representative from an audio company accepted the invitation. As noted above audiovisual is not generally included within PBS. The analysis contained in Sections 2 and 3 of this report therefore focuses on services related to advertising/marketing.

¹¹ [UK business; activity, size and location dataset, ONS 2021](#)

¹² [Business Register and Employment Survey, ONS](#)

¹³ [JOBS05: Workforce jobs by region and industry, ONS](#)

¹⁴ [Regional gross value added \(balanced\) by industry: all ITL regions, ONS](#)

While these sources provided a broad range of helpful data, the following data was not available but would have been beneficial to have:

- Easily accessible data on the number and trading profile of companies within Wales broken down by region and SIC codes. Although Company House data is available, it was not possible to obtain the information in a structured, cleansed and user-friendly format to perform reliable analysis;¹⁵
- Regional economic data at the sub-Wales level, disaggregated at the 5-digit SIC code level;¹⁶ and,
- Data on trends in Welsh PBS exports at the 2-digit SIC code level to provide context for the international trade dimension of the project.

Contribution to the economy

Determining the contribution of the PBS sector to the Welsh economy in terms of employment, number of businesses and GVA is dependent on the definition of the PBS sector used.

Using an understanding of the definition of the PBS sector to accord with our proposed thematic groupings in addition to ‘rental and leasing services’ and ‘office administration, office support and other business support activities’, the total number of employees in the by PBS sector businesses based in Wales was approximately 125,675 in 2020.¹⁷ According to the ONS UK business; activity, size and location 2021 dataset,¹⁸ the total number of active VAT and/or PAYE enterprises within the PBS sector in Wales was 16,855 in 2021.

The total GVA for the 2-digit SIC codes comprising our definition of the PBS sector was £4.247bn in 2019,¹⁹ using current price estimates. As the same database states total GVA for all industries across Wales to be £67.141bn in 2019 using current price estimates, the PBS sector therefore accounts for approximately 6.3% of total GVA across Wales.

¹⁵ This data could be potentially captured by the ONS with a further disaggregation of information collected in the UK business: activity, size and location dataset. The ONS Trade in Services data for Wales could be captured by 2-digit SIC codes instead of total services imports and exports in Wales.

¹⁶ In order to develop a more nuanced understanding of which activities within each subsector contribute the most value to the Welsh economy

¹⁷ Business Register and Employment Survey, via [Nomis](#), accessed 3 February 2020 (2-digit level data obtained by using the steps set out in the ‘availability of data and data limitations’ heading of Section 2 in this report).NB The ONS workforce jobs by region and industry dataset provides data on the number of employees within Wales broken down by the SIC code sections. These Sections (e.g. Section M: professional, scientific and technical activities) cannot be broken down to the 2-digit SIC code level and include data from non-PBS sectors. Therefore, the Business Register and Employment Survey has been used for the purpose of calculating the number of employees in the PBS sector in Wales.

¹⁸ Table 3 Number of VAT and/or PAYE based enterprises within region by Standard Industrial Classification (SIC) division and employment sizebands, [UK business: activity, size and location 2021, ONS](#). Note: the ‘total’ cells within this dataset may not equate to the sum of each column and row due to rounding errors. To remedy this, we disregard these ‘total’ and replace them with accurate sums.

¹⁹ According to the ONS dataset Regional gross value added (balanced) by industry: all ITL regions dataset Table 1C: [Regional gross value added \(balanced\) by industry: all ITL regions, ONS, released 26 May 2021](#)

Table (i) sets out the total number of active VAT and/or PAYE enterprises within the PBS sector in Wales²⁰ in 2021, broken down by 2-digit SIC codes.²¹

Table (i): Total number of active VAT and/or PAYE enterprises²² in the PBS Sector in Wales, 2021

Broad Classification	Number of Enterprises
69: Legal and accounting activities	2,130
70: Activities of head offices; management consultancy activities	3,620
71: Architectural and engineering activities; technical testing and analysis	2,930
72: Scientific research and development	195
73: Advertising and market research	395
74: Other professional; scientific and technical activities	2,265
77: Rental and leasing activities	825
78: Employment activities	575
82: Office administrative; office support and other business support activities	3,920
Total	16,855

Source: [UK business; activity, size and location 2021, ONS](#)

Geographic location

Table (ii) below provides a geographic split of the number of individuals employees in the PBS sector businesses in Wales in 2020, as set out by the Business Register and Employment Survey.²³ Note, this data reflects the number employed by businesses located within each region of Wales.

There is a high geographical concentration of employees in the PBS sector businesses in Cardiff. Of the approximately 125,675²⁴ total individuals employees in the PBS sector businesses in Wales, approximately 31,975 (25.4%) employees are based in Cardiff.

Within Cardiff, 'employment services' (SIC 78) are the largest PBS sector employer with approximately 10,000²⁵ employees in the sector, accounting for approximately 8% of employees in the PBS sector businesses in Wales in 2020. This is followed by the legal and accounting sector, with approximately 7,000 employees based in Cardiff (5.6% of all PBS sector employees in Wales in 2020).

²⁰ Please note the caveat on the use of this data in the 'availability of data and data limitations' section of this report.

²¹ ONS UK business; activity, size and location 2021 dataset Table 3- Number of VAT and/or PAYE based enterprises within region by Standard Industrial Classification (SIC) division and employment sizebands, [UK business; activity, size and location 2021, ONS](#)

²² An enterprise is the smallest combination of legal units which has a certain degree of autonomy within an enterprise group. An enterprise can be made up of a number of local units. Source:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

²³ Business Register and Employment Survey, via [Nomis](#), accessed 3 February 2020 (2-digit level data obtained by using the steps set out in the 'availability of data and data limitations' heading of Section 2 in this report)

²⁴ Business Register and Employment Survey, via [Nomis](#), accessed 3 February 2020 (2-digit level data obtained by using the steps set out in the 'availability of data and data limitations' heading of Section 2 in this report)

²⁵ Business Register and Employment Survey, via [Nomis](#), accessed 3 February 2020 (2-digit level data obtained by using the steps set out in the 'availability of data and data limitations' heading of Section 2 in this report)

Behind Cardiff, Newport accounts for the second largest number of employees in the PBS sector businesses in Wales in 2020 at 10,760²⁶ employees (8.6% of total employees in the PBS Sector businesses in Wales in 2020). As with Cardiff, employment activities represent the largest subsector, but legal and accounting activities and activities of head office/management consultancy activities also have significant numbers of employees in Newport.

Table (ii): Total number of PBS employees within Wales, broken down by location, 2020

Location	Number of PBS employees
Blaenau Gwent	1,100
Bridgend	4,080
Caerphilly	5,825
Cardiff	31,975
Carmarthenshire	5,000
Ceredigion	1,495
Conwy	3,660
Denbighshire	3,850
Flintshire	9,700
Gwynedd	2,315
Isle of Anglesey	960
Merthyr Tydfil	1,230
Monmouthshire	3,195
Neath Port Talbot	2,600
Newport	10,760
Pembrokeshire	2,910
Powys	5,565
Rhondda Cynon Taff	5,280
Swansea	7,875
Torfaen	3,035
Vale of Glamorgan	4,125
Wrexham	9,140
Total	125,675

Source: Business Register and Employment Survey, accessed via [Nomis](#)

Nomis allocates a location to employees based on the registered address of their employer. Given the rise of remote working, individuals employed within the PBS sector may in fact be more geographically dispersed in terms of their daily working patterns.²⁷

Size of businesses

The vast majority of enterprises within the PBS sector in Wales have a small number of employees, with 84.2% having 4 or fewer employees; this is even higher than the

²⁶ Business Register and Employment Survey, via [Nomis](#), accessed 3 February 2020 (2-digit level data obtained by using the steps set out in the 'availability of data and data limitations' heading of Section 2 in this report)

²⁷ [Remote Working, Welsh Centre for Public Policy, 2021](#)

proportion across all sectors in Wales of 77.3% for 2021.²⁸ Enterprises with 100 or more employees make up a very small proportion of enterprises within the PBS sector (0.6%), however this is representative of the wider economy – across Wales 0.8% of enterprises have 100 or more employees in 2021 according to the ONS UK business; activity, size and location 2021 dataset.

Table (iii): Number of active VAT and/or PAYE enterprises in the PBS sector in Wales, split by employee size bands, 2021

2-digit SIC codes	Total number of employees							Total
	0-4	5-9	10-19	20-49	50-99	100-249	250+	
69: Legal and accounting activities	1,500	300	190	100	25	10	5	2,130
70: Activities of head offices; management consultancy activities	3,355	140	70	35	15	5	0	3,620
71: Architectural and engineering activities; technical testing and analysis	2,525	215	115	55	15	5	0	2,930
72: Scientific research and development	140	20	20	5	5	5	0	195
73: Advertising and market research	330	35	15	10	0	5	0	395
74: Other professional; scientific and technical activities	1,995	180	60	20	5	5	0	2,265
77: Rental and leasing activities	635	100	55	20	5	5	5	825
78: Employment activities	375	60	40	40	20	30	10	575
82: Office administrative; office support and other business support activities	3,345	360	125	60	15	5	10	3,920
Total	14,200	1,410	690	345	105	75	30	16,855

Source: [UK business; activity, size and location 2021, ONS](#)

²⁸ Table 3- Number of VAT and/or PAYE based enterprises within region by Standard Industrial Classification (SIC) division and employment sizebands, [UK business; activity, size and location 2021, ONS](#)

Table (iv) shows the number of active VAT and/or PAYE enterprises in the PBS sector in Wales split by 2-digit SIC code and UK turnover size band for 2021, as set out in ONS UK business; activity, size and location 2021 dataset. The proportion of VAT and/or PAYE enterprises within the PBS sector in Wales with turnover of more than £1m is 5.8%, lower than the proportion of enterprises across all industries in Wales of 7.8% for 2021.

Table (iv): Number of active enterprises in the PBS sector in Wales split by SIC code and UK turnover size band, 2021²⁹

2-digit SIC codes	UK Turnover size band (£000)							Total
	0-49	50-99	100-249	250-499	500-999	1000-4999	5000+	
69: Legal and accounting activities	300	515	735	265	155	130	25	2,125
70: Activities of head offices; management consultancy activities	690	755	1,705	260	100	85	30	3,625
71: Architectural and engineering activities; technical testing and analysis	395	970	1,065	215	125	135	30	2,935
72: Scientific research and development	55	25	65	20	10	15	5	195
73: Advertising and market research	80	65	155	50	15	20	5	390
74: Other professional; scientific and technical activities	290	610	1,005	220	85	50	10	2,270
77: Rental and leasing activities	190	145	185	125	80	70	20	815
78: Employment activities	70	95	175	60	50	90	35	575
82: Office administrative; office support and other business support activities	330	520	1,210	1,230	405	180	40	3,915
Total	2,400	3,700	6,300	2,445	1,025	775	200	16,845

Source: [UK business; activity, size and location 2021, ONS](#) – see note on rounding errors above

1.4 Phase 3: Identifying unique aspects of the PBS Sector in Wales

Phase 3 utilised stakeholder engagement to identify existing strengths and weaknesses of the PBS sector in Wales and challenges and opportunities for the future, including considering whether there are any unique aspects of the PBS sector in Wales. These questions were explored in the thematic roundtables and some feedback was also obtained through the Phase 2 questionnaire.

²⁹ Table 8 - Number of VAT and/or PAYE based enterprises with region by Standard Industrial Classification (SIC) class and turnover sizebands (£000's), [UK business; activity, size and location 2021, ONS](#)

The findings put forward in this section are based on the experience, opinions and perceptions of roundtable participants and qualitative responses from professional and cross-sectoral organisations. The views expressed by participants have not been fact-checked, nor independently verified and should not be interpreted as representing the views of either EY or the Welsh Government.

Gathering qualitative analysis through roundtables

Roundtable participants were invited from across the seven thematic groupings. The aim of each roundtable was to ensure a range of perspectives within the respective thematic groupings, including both smaller and larger businesses. In order to identify unique aspects of the Welsh PBS sector and evaluate potential opportunities and challenges, engagement focused particularly on businesses with experience of working for clients in the rest of the UK and overseas; this allowed for the collection of insights on similarities and differences between competitors outside Wales. It also allowed the exploration of potential issues around barriers to trade in PBS services.

Where relevant, professional organisations that agreed to participate in questionnaires were asked to identify roundtable participants from their Welsh membership. EY partnered with the Law Society of England and Wales on the legal services roundtable; Institute of Chartered Accountants of England and Wales (ICAEW) and Association of Chartered Certified Accountants (ACCA) on the accountancy roundtable; and the Engineering Council, Royal Society of Architects in Wales (RSAW) and Royal Institution of Chartered Surveyors (RICS) for engineering, architecture and surveying. Engagement was generally higher for the roundtables where EY worked with professional organisations. However, RSAW and RICS attended the roundtable but did not manage to identify roundtable participants, citing lack of experience of providing services to clients outside Wales as the driving factor.

The Welsh Government supplied a list of invitees for the employee-related services roundtable.

Where there was no relevant professional organisation or existing Welsh Government list, participants were identified through desk-based research. However, from desk-based research it was difficult to ascertain which businesses currently offered services to clients outside of Wales, or where businesses had an interest in offering services to clients outside of Wales. There was a mixed response rate to these invitations and accordingly a variation in size of roundtables.

Common themes identified through the roundtables

The series of thematic roundtables aimed to build on our understanding of this sector and a selection of its subsectors and identify the key strengths that could provide a competitive advantage for Wales as well as key challenges.

Familiarity with the term PBS

A key aspect of the stakeholder engagement exercises was to understand the extent to which the term “professional and business services” and the acronym “PBS” are familiar and what it is understood to mean.

Responses to the initial questionnaire established a varied picture of the extent to which the term is used and recognised. Roundtable participants were also asked whether they are familiar with the term 'PBS sector' and whether this is frequently used within their sectors. With the exception of R&D, roundtable participants of each sector broadly agree that their services would be classified under the PBS sector, although many were not familiar with the term. Businesses from across the PBS sector consistently identify more strongly with their own specific sub-sectors (e.g. legal sector, creative sector etc). It was, however, noted in a number of the roundtables that the different subsectors do frequently interact and even actively collaborate with each other. Sector-specific summaries of the discussion around familiarity with PBS are set out below.

Impacts of Covid

All sectors acknowledged the move to remote working and increased focus on digital delivery in the wake of the Covid-19 pandemic. However, many also referred to current plans around returning to the office and the desire for employees to be physically present at least some of the time. This was noted as particularly important in the context of creative projects and innovation.

The importance of talent

The critical importance of being able to attract and maintain skilled individuals was a key theme across all roundtables. This was considered in the context of individual businesses and Wales as a whole. Concerns were raised regarding the loss of talent to firms in other areas of the UK: this is a particular high concern as a result of the rise in remote working practices prompted by the Covid-19 pandemic, which puts Welsh firms in direct competition for talent with those in England. Nevertheless roundtable participants were confident that Wales has the potential to develop a highly skilled talent pool.

The importance of sustainability

Sustainability, and in particular environmental sustainability, was identified by stakeholders as both a challenge and an opportunity. Roundtable discussions suggested that it can be a key selling point but there was also feedback that increasing number of clients expecting environmental, social and governance (ESG) issues to be considered as a matter of course. Sectors outlined the varied environmental services they provide.

Environmental services were also highlighted in many of the responses to the professional organisations questionnaire.

Key strengths/opportunities

- **Size of Wales and intra-sectoral cooperation:** The relative size of the PBS sector in Wales compared to the rest of the UK has resulted in strong connections between businesses within and between most PBS subsectors.
- **Role of the Public Sector:** The importance of engagements from the public sector was mentioned in a number of roundtables, e.g. R&D is heavily linked to selling to the NHS. Legal firms represented at the roundtable noted the importance of opportunities to provide their services to the Welsh Government. However, they also referred to challenges posed by the

procurement rules, not all of which are seen as proportionate to the size of contracts awarded.

- **Community:** All roundtables identified the importance of community and the friendly nature of Wales as a unique and distinguishing factor compared to the rest of the UK. This sense of community can be useful in attracting talent to Wales and fostering business collaboration within sectors beyond PBS.
- **Quality of life:** The relatively low cost of living and availability of rural areas within Wales is attractive for people looking to move away from larger cities in other parts of the UK. Combined with the increase in remote working opportunities, these characteristics were identified as key in selling Wales as a career destination to people that would not have previously considered relocating to Wales.
- **Welsh Universities:** The strength of Welsh universities was mentioned in a number of roundtables and questionnaire responses, both in a general sense and specifically as regards PBS. However, there is room for improvement.

Key weaknesses/challenges

- **Infrastructure:** Poor broadband (in terms of network coverage and levels of 4G and 5G even in cities) and transport infrastructure was highlighted consistently as a challenge for businesses in Wales. Specifically, the M4 connecting Swansea, Cardiff and Newport to England was identified as an issue for travel, as were the limited number of commercial flights from Cardiff airport and difficulties in accessing alternative international flight connections. Unreliable broadband and phone and data signal outside of large cities creates difficulty for working remotely.
- **Competition for clients and skilled employees:** Participants compete for Welsh, UK and international client work – with a mix of views on Welsh competitive disadvantages. The ability to offer high quality services at a more competitive price is one potential advantage (but may not remain as pressures rise to raise wages). Bristol and London were frequently highlighted in this context. Skills shortages were also frequently mentioned in responses to the professional organisations questionnaire.
- **Wales' international reputation as distinct from the UK:** Several roundtables highlighted the absence of a Welsh reputation distinct from the rest of the UK, particularly in international conversations. A number of participants in the roundtables stated that some prospective overseas clients are unaware of any differences between Wales and the rest of the UK. Depending on the context, this may be viewed as an advantage or a disadvantage. However, the Welsh Government's Well-being of Future Generations Act (WBFGA) was highlighted in a number of roundtables as creating a positive focal point of international interest.³⁰

³⁰ See further [Well-being of Future Generations \(Wales\) Act 2015 – The Future Generations Commissioner for Wales](#)

- **Inward-looking mindset:** Several roundtables identified an inclination of businesses and individuals to focus on success domestically (that is, within the UK) rather than looking to exploit overseas markets as a key challenge for the PBS sector in Wales. Participants noted that in many cases this may be due to a lack of awareness of the support available for small businesses and access to finance rather than an inherent aversion to accessing overseas markets. Although there are strong examples of Welsh businesses operating successfully in the international market, including among roundtable participants, the need to promote a more international mindset was also mentioned in more than one roundtable.

Summary of key themes from the roundtables

The key themes set out above were identified across several roundtables. A breakdown of the themes identified at each roundtable is set out below in Table (v).

Table (v): Key themes identified across roundtables

Theme	Accountancy	Legal Services	Architecture & Engineering	Advertising & Market Research	Employee-related Services	Consultancy	Scientific R&D
Strengths							
Size of Wales & sectoral cooperation	✓	✓	✓	✓	✓	✓	✓
Role of the Public Sector			✓				✓
Community		✓	✓	✓	✓	✓	✓
Quality of life		✓	✓	✓	✓	✓	✓
Environmental services			✓	✓		✓	
Potential talent pool	✓		✓		✓		✓
Weaknesses							
Infrastructure		✓	✓	✓	✓	✓	
Apprenticeships	✓	✓	✓			✓	
Wales' international reputation as distinct from the rest of the UK	✓	✓	✓				
Talent	✓	✓	✓	✓	✓		
Changing recruitment dynamics	✓	✓	✓		✓	✓	
Competition for clients	✓	✓		✓	✓	✓	
Inward looking mindset			✓		✓	✓	✓

Recommendations

Refining the PBS definition

PBS is recognised in international and domestic fora as covering a very broad range of activities. There is a strong professional core of activities which are generally recognised by both members of those professions and others as following under the

PBS definition. However the scope of the “business services” dimension is perhaps less well understood as it is generally unclear.

To some extent use of the term by Welsh Government should be dependent on context. The understanding adopted within the World Trade Organisation is likely to dominate Welsh Government discussions in the context of international trade.

However, the ONS reliance on SIC codes means that the overarching category of “professional, scientific and technical services”, potentially supplemented with activities from additional categories within this classification framework, is also of relevance, both in considering the UK’s international trading relationships and in understanding the sector in a UK and Welsh-specific domestic context because of the way data is collected.

If the term PBS is to be used by Welsh Government for the purposes of stakeholder engagement, the initial findings of this project suggest that a programme of communication will be required to raise awareness of the term and sectors that fall within it.

Other recommendations to be considered are as follows:

- Improving collection of data on the PBS sector at the devolved level. This particularly concerns data held by Companies House;
- Building a stronger PBS community (that is, across many or all of the subsectors, rather than just a subsector level);
- Enhancing Welsh Government engagement with the PBS sector;
- Developing a greater understanding of the role PBS does and could play in supporting the transition to a more sustainable economy; and
- Expanding awareness across the PBS sector around opportunities to drive business growth through international trade.

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