House of Commons

Work and Pensions Committee

Oral evidence: DWP's preparations for changes in the world of work, HC 358

Wednesday 4 November 2020

Ordered by the House of Commons to be published on 4 November 2020.

Watch the meeting

Members present: Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Siobhan Baillie; Steve McCabe; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 40 - 78

Witnesses

I: Anna Thomas, Director, Institute for the Future of Work; and Professor Alan Felstead, Research Professor, Cardiff University School of Social Sciences.

II: Professor Jo Ingold, Associate Professor, Deakin University Faculty of Business and Law; Ian Pope, DWP Group Assistant Secretary, Public and Commercial Services Union; Jonathan Boys, Labour and Market Economist, Chartered Institute of Personnel and Development; and Kate Bell, Head of Rights, International, Social and Economics Department, Trades Union Congress.

Written evidence from witnesses:

Chartered Institute of Personnel and Development

Examination of Witnesses

Witnesses: Anna Thomas and Professor Alan Felstead.

Q40 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee. I particularly welcome back Siobhan, who has returned to our meeting for the first time from maternity leave. Welcome, as well, to all the witnesses who have joined us for the two panels that we are looking forward to hearing from this morning. Most of the witnesses from both panels are already with us, so thank you all for being so prompt.

We are going to start with two of the witnesses, Professor Felstead and Anna Thomas. Can I ask each of you briefly to introduce yourselves to the panel?

Professor Felstead: Hello, good morning. My name is Professor Alan Felstead. I am a research professor at the school of social sciences at Cardiff University. I am also a visiting professor at LLAKES, UCL.

Anna Thomas: Good morning. My name is Anna Thomas. I am a lawyer by profession, but I have worked in policy for a number of years. I am co-founder and director of the new Institute for the Future of Work with Professor Pissarides, the LSE professor of economics, and Naomi Climer from the Institution of Engineering and Technology.

Q41 **Chair:** Thank you both very much. It is generally acknowledged that when in the past new technology has destroyed a large number of jobs, at least as many new jobs have also been created. How confident can we be that, as the World Economic Forum has recently suggested, that will be the case for the wave of automation we are expecting over the next decade or so?

Anna Thomas: It is not easy to predict with confidence how automation will take place over the next period. Covid has hit us in the midst of one of the most dramatic industrial revolutions we have had, and it has never been easy in the first place. There has always appeared to be a wide range of predictions from studies, from Frey and Osborne's 35 tasks at high risk of automation through to the OECD's much more conservative estimate of 9%. We have, of course, the ONS now projecting that 7.4% of work in the UK is at high risk of automation.

Estimates seem to have settled at around 15% to 30% as the proportion of work or tasks with significant potential for automation, but a significant new factor has now been introduced that needs us to think again. That is whether tasks need to be undertaken face to face or whether they can be undertaken remotely. That means that the food, arts, retail and wholesale sectors, which have previously been growth sectors, have taken big hits as the new furlough figures show. These are jobs that require physical proximity to other human beings.

The other comment I would make on the WEF report, although in broad terms what it says about trends is very helpful, is that there is perhaps an assumption that new jobs will be created, whereas in fact we have had problems with the growth areas. Our view is that we will need concerted policy activism to ensure that jobs are created to the extent that the World Economic Forum suggests.

Professor Felstead: I certainly agree with Anna that it is very difficult to predict. There are many estimates of the likely effects of the fourth industrial revolution on the number of jobs, as you have indicated and the World Economic Forum outlines. It is important to understand on what basis they are made. Some look at which occupations will be most affected, and then you have a more nuanced approach, which examines what tasks will be most affected. You have this top-down versus bottom-up approach, and you can see that in the variation in estimates. As a result the estimates vary, so occupation-level analysis suggests the most dramatic change of all. These tend to generate headlines such as, "Robots will take your job. Robots are taking over the world" and that kind of thing.

On the other hand, examining changes within occupations produces less dramatic results. The ONS adopts this approach, as Anna has outlined, and that is why you get a lower figure there. This is the approach I adopt in the skills and employment survey I run, which I may say a little bit more about as we go along. That adopts the approach of collecting data from workers about the skills they actually use at work, the tasks they actually do.

I urge the Committee to exercise caution with the results of estimates generated by either approach for the following reasons. First, they are all based to some extent on expert judgment about the likelihood that a task or an occupational group can be automated. Secondly, they often focus on job destruction, not job creation, and they tend to ignore replacement demand generated by workers who retire or leave the labour market. Thirdly, they do not examine the mechanics of the substitution process, which inevitably relies on the relative cost of labour and capital. This requires a case study approach, which these survey-based approaches clearly cannot provide. Fourthly, when you look at them, a lot of the time horizons are rather imprecise.

In short, I agree with what Anna says. They rely on a lot of guesswork, albeit informed guesswork. When they predict results in terms of socioeconomic group, sector or type of job, we have to exercise caution, take it with a pinch of salt, because the world is so uncertain, certainly the world we live in today with the Covid-19 pandemic. We have to take the results in terms of who is going to be affected, how and so forth with a large pinch of salt.

Anna Thomas: I agree with that. The range of examples that I have given largely depend on the different thresholds and definitions about what is automatable, the understandings about the capacity of existing technology and the time horizons taken into account, which of course we expect to change, as we will come to later.

It is also important to note that the literature on replacement of labour by robot has tended to focus on technical capabilities, so a maximum assessment of what could happen often, rather than actual trends in the adoption of technology or the human factors and decisions that determine whether or not automation is, in fact, likely to take place in the circumstances where there are new demands. In particular, there is very little data in the UK on tech adoption by firms, so there are factors that could make this better. The ONS, for example, could add regular technology survey questions to its existing material, which would be super helpful for academics and others.

We also do not have task-based data and are reliant on the US O*NET survey at the moment, the predictions that Alan has referred to. If we had those, we could work out much more closely the relationship between automation and work.

Q42 **Chair:** What do we know about the speed of automation in the UK compared with elsewhere? Are you saying we do not have much information on that? What does the evidence suggest?

Professor Felstead: I take issue with you a bit, Anna. I think we do have task-based data. I refer briefly to the skills and employment survey, a survey I run every five years, and that absolutely looks at tasks. That is one of its unique selling points. It asks people what activities they carry out, the tasks—over 40 activities—and it has done this since 1997. It is very O*NET-esque, but a lot of researchers tend to use the O*NET, which is the US database, and transfer it over to the UK. We do have evidence. The latest survey was carried out in 2017.

The issue with surveys like the survey I run, the skills and employment survey, is that it is difficult to raise funding at every iteration. Every five years we have to raise funding, put a bid into the ESRC and other Government agencies to support it. It is there. It is something I will say later, that we are lacking in data capability, and to some extent our capability is being weakened by other events such as our exit from the European Union, which means that we are not party to some of the data collection exercises that go out across Europe.

Q43 **Chair:** Given the evidence we do have, are we able to say how rapid the take-up of automation in the UK is compared with elsewhere in Europe or the US? Do we have evidence on that?

Professor Felstead: I think there is evidence. You are putting me on the spot; I do not have it at my fingertips. I am not sure whether Anna can come in there.

Anna Thomas: I agree, Alan. Your survey is hugely important. I only wish there was more of it and it was not only every five years. It would be great if the ONS work could supplement it. It is doing very regular surveys at the moment. We did a resilience index launched just before lockdown with Whiteshield Partners, Saïd Business School and ManpowerGroup, which suggested that the UK is lagging with adoption of automation and digitalisation technologies compared with comparators in OECD countries. In that particular analysis, we found technology was one area in which the UK witnessed a strong decrease in performance between 2020 and the index done five years previously, although the UK still ranked in the top 20. Examples of indicators in which the UK had fallen are technology output such as ICT, trade and high-tech exports.

The indicators that we have, although we need more research and more data, suggests it is slow, although it is picking up. The CBI did a survey with the LSE that came out in October. That covered a range of technologies, including automation technologies, and it suggested that over 60% of firms adopted new digital technologies and management practices from March to July. Around one-third invested in new digital capabilities, so that does suggest we are at a critical point and it may pick up. It is difficult, on the basis of current data, to compare that with other countries, because the way we gather data varies.

Q44 **Chair:** Can I ask about one specific example? How quickly do you think driverless vehicles are going to displace driving jobs? One estimate has suggested that over 1 million jobs in the UK could be at risk from driverless technology. How quickly do you think that is likely to be taken up in the UK?

Professor Felstead: Never.

Chair: Never?

Anna Thomas: It may be a good moment to talk about factors other than technical capabilities. The technical capabilities are there, so it is a good example, but we have to look at the restructure of incentives around tech, which as a result of Covid are overlaying the fourth industrial revolution, factors like necessity and cost. Businesses are more likely to revise their rationale for adopting new tech now and extend their existing ones in response to new challenges. The supply of labour and the price of skill of labour will play a role in the decisions about how and what to automate, and investment, too. Historically, the UK has underinvested in tangible assets and economies are shrinking. Also society's acceptance. I think it is very hard to say. I would say more like five years, but that is an estimate.

Professor Felstead: I echo what Anna is saying. What you note here is a case study approach, and I think there are very few of those. How is technology introduced in workplaces at a micro level? That is where you get the costs and benefits, and it is a cost and benefit situation. It depends on the relative costs and benefits, and that is what I said about the number of jobs. That micro decision has probably been disrupted by Covid-19, almost certainly, but it needs more case study approach. When

I look at the literature, I think there is a relative lack of case study work. There is a lot of work on the number of jobs, which we have just talked about now. There are so many estimates. Pick a number. That is why we should be cautionary about that number, because it is based on a lot of assumptions that can be challenged. Where we have far less information is on case-by-case, so driverless vehicles is probably a case study in the offing.

Q45 **Sir Desmond Swayne:** It is very reassuring to read that automation ought to be associated not with job insecurity but with choice and changes in skill. How will jobs be transformed rather than replaced? How will that impact on those who hold those jobs and, indeed, those who aspire to hold them?

Professor Felstead: That is a good question. This shifts us to a new topic, as you indicate. Technology may also change the nature of work, not just in terms of shifting tasks from humans to digital devices. It gets us to think about what is then required of workers. There are competing ideas about this, so I am not going to give you a clear answer. One idea is known as skill bias technological change, which I am sure the Committee has come across. The early versions of this theory suggested that computerisation is more effectively used by the better educated, hence raising the demand for their services. Initially, computers were only used by the most educated but, as we all know, technology has matured and they have been incorporated almost seamlessly into everyday devices.

We now have a more nuanced skill bias technological change approach that examines its impact not on whole job types or whole occupations, such as scientists and technicians, but an approach that suggests technology has a more subtle impact on many jobs. It does so by limited substitution whereby tasks—not whole jobs, but tasks—can be programmed and computerised, while other tasks remain in human hands. Workers will undertake the challenging tasks while leaving the more routine to be carried out by machine.

From this, there is a suggestion that we should have more digital skills to meet the rising demand. However, the skills and employment survey suggests that over the last five years the demand for skills has slowed and the demand for some skills has even fallen. Literacy and numeracy skills have declined in importance, graduate-level jobs have not expanded significantly and workplace learning has fallen.

There is another alternative that we are witnessing, deskilling, and this is totally the reverse of the skill bias technological change. According to this theory, digitalisation will remove brain work from the shop floor, thereby giving managers more means to control workers, instruct them what is to be done and how it is to be done. We have lots of historical examples of this process. Look at engineering, cotton spinning, steel production and printing in the 1980s. The principles of this can be seen in the service sector today and further up the occupational hierarchy.

Many service sector businesses now require standardisation as a means to get repeat custom and, as a result, workers are taught to act, interact and deliver customer service in the same way every time, sometimes referred to as McDonaldisation. For example—this is a case study—aerobics instructors nowadays often deliver ready-made group exercise to music classes that do not vary from class to class or gym to gym. That is the business model. That is what customers like. Instructors do not devise their own classes, they simply follow pre-packaged classes devised by others. This means instructors do not have to have the skills needed to break down music, devise moves in time with the beats of the track or even select the music themselves. All these decisions and skills are built into the music and scripts that they simply download. They are now recipe followers. They follow a recipe; they do not write the recipe. The recipes are built into the technologies they use.

We can see this in call centres, for example. Scripting, which promotes conformity and standardisation and limits discretion, is inbuilt. We can see it further up the occupational hierarchy with bank managers. They used to have discretion; they no longer have discretion. It is an algorithm. On this basis it may lead not to an increase in demand for skills, but less demand for skills.

Q46 **Sir Desmond Swayne:** Those of us who were previously in business know that consultants have been doing exactly that for donkey's years, pulling a preprepared report off the shelf, "Here is one I prepared earlier," and advising their clients. Indulge me a moment. Can you give an observation, if you have one, on the international situation, particularly in less developed economies, where underemployment and informal employment are such an enormous problem? I have been telling people for years that the world needs 600 million new jobs over the next decade simply to accommodate those coming on to the job market. How is this going to affect that enterprise, very briefly?

Professor Felstead: One of the issues there, of course, is training. People need to be trained in the skills for the 21st century. That is a clear need. We live in a totally new world where we are all learning new skills on Zoom, Teams and that kind of thing. That is inevitably going to happen. We are going to need more of those kinds of skills and abilities to live in the world in which we exist.

Q47 **Selaine Saxby:** Good morning. The data from the Office for National Statistics suggests there is geographic disparity in automation. I am an MP in the south-west, and levelling up is something we are very interested in. I was fascinated to hear your description of skills, because we are experiencing the reverse. My employers are requesting more skilled employees than we have locally, despite automation. I would be interested in your thoughts on that, particularly for places like the south-west, East Anglia, the north-east and north-west. What do you think the automation agenda in those parts of the country is going to do towards levelling up?

Anna Thomas: Overall, we know that technology drives growth and has driven standards of living historically, but the positive and negative impacts of it are not evenly spread and, ultimately, that will be determined by human policy. This is by way of introduction to your question. At the moment there is building evidence that impacts of automation are unequal and, on top of that, Covid is exacerbating inequalities. We recommend the work of Abigail Adams-Prassl on that. Those are different types of inequalities. It certainly includes geographic inequalities, but often intersectional inequalities, too.

I am not sure I can answer questions about specific regions. Alan may wish to add to that. The ONS automation assessment cross-cut by reference to age, gender and education level and also by place of work. Notably, for example, women account for 70% of workers in high-risk jobs. Over 45% of people in high-risk jobs are young people aged between 20 and 30, 87% of employees at low risk have a degree and those with educational attainment of A-levels, GCSEs or lower are at a far higher risk. That is the broad picture.

Automation well done, socially responsible automation, boosted by a floor of basic support from the DWP, could support levelling up from a variety of different perspectives against that background: from the perspective of economic mix, from job creation, from the point of view of supporting workers in transition, a move to good jobs and also increasing quality of work and a better spread, but it will need a joined-up approach, we think, with the Departments working together.

One way of dealing with this, perhaps answering your question in a more granular way, would be to have the main Departments producing a Work 5.0 strategy with local representation so they can come up with a joined-up, high-level policy and make sure this is rolled out locally in response to local needs and abilities.

Professor Felstead: On the shortage issue, this is an important point. We often hear about skill shortages but, if you look at the data, skill shortages are at quite a low percentage, 3% to 6% of establishments have skill shortages.

I think a bigger issue, or certainly another issue, is the shortage of skilled jobs. Often we have an oversupply, not an undersupply, but we hear a lot about skill shortages. It is supply and demand, and obviously shortage is demand outstripping supply, but equally we have instances of supply outstripping demand. I would urge the Committee to look at that aspect, too. Do not simply look at shortages. There is research evidence on this.

On levelling up, I would urge the Committee to reach out to devolved Administrations. I notice that the Scottish Government submitted written evidence to this Committee, but I did not see written evidence from Wales or Northern Ireland. There was a sprinkling of submissions from the regions. The reason I point this out is that I am obviously talking to you from Cardiff in Wales. I know a lot about Wales, and we have had a lot of reports that I would urge the Committee to look at.

We had the Fair Work Commission report. We also have in Wales a Future Generations Commissioner. Part of her remit is to prepare Wales for the future, and that includes preparing Wales for the future of work. Also in 2017 the Welsh Government set up a review of digital innovation, which reported in September 2019.

Those are the things I know about from my neck of the woods. There might be other activities going on in the other devolved Administrations and, importantly, in the localities. It might be worth reaching out to those parties that might be able to provide you with more evidence.

Q48 **Siobhan Baillie:** Thank you for your points. I have been quite struck by some of the points being made about the lack of research and data in this country at the moment. I noted Anna's point about needing policy to get ready for future job creation in the automation sector. I would be very worried about the Government wading in and trying to create policy with the lack of data, basically coming up with a failure of evidence-based policy. Where are you seeing good policy creation, either in this country or around the world? As a Committee, we need to take up the points that Anna has made about the ONS.

Anna Thomas: In terms of getting that balance, I do not think the data necessarily has to come first, but it should be concurrent. It should be ongoing. Ideally, we build up to a situation where there is real-time data on technology adoption, tasks and work in order to form policy and there is a cross-Department approach to it so that Departments do not operate in silos.

It takes me back to talking about a Work 5.0 strategy, which would be an updated version. It could be an updated UK version of Germany's 4.0, which involved different Departments as well as representation from unions, business and academia, both to look at data and understanding and to look at policy response together. That worked well and Work 4.0 focused simply on technology adoption in what is known as the fourth industrial revolution. UK 5.0 should look at how we could do that better, how we can develop policies to ensure that machines and humans work together in a way that is productive and creates better work. That is what I suggest.

Other models that we have looked at are the Swedish job security councils and the Disruption Council in Denmark, which our chair advised. An equivalent in the UK, which would help the DWP and other Departments take a longer perspective and embed the issues that this Committee is concerned with—work and good work—as a cross-cutting policy objective, rather than an afterthought, would be super helpful at this point in time.

Q49 **Steve McCabe:** We seem to hear plenty about Zoom conferencing and remote working these days, but is coronavirus having any significant impact on the level and speed of automation? Is it possible at this stage to predict the likely impact of the virus on longer-term working practices?

Professor Felstead: It is very difficult. The simple answer is that we are in the middle of it. We are living it now. We are not at the end of it, so it is difficult to say at the moment. One of the biggest and most recent changes to affect the labour market is, as you say, the growth of home working. That clearly has been facilitated by ICT at work. Where would we be without Zoom, Teams and the like? Zoom software, for example, was only launched in 2013 and its daily usage has grown 30 times since the start of the year. That was the figure from the *Financial Times* yesterday, quite huge.

That has been facilitated by technological change and the growing importance of computers at work. We know this from the skills and employment survey. The computer was regarded as an essential tool for around half of all jobs in 2017 compared with three out of 10—30%—20 years earlier. The rapid use of technology at work has facilitated the way we are working now, and the growth of home working has been absolutely phenomenal. Before the pandemic 6% of workers were working at home, and 43% were working at home in 2020. That excludes people on furlough, of course. It has remained high. The ONS carries out a fortnightly survey where you see figures now of 40%, reaching 40% yet again.

This is very much on the agenda, and I think it is likely to continue after the pandemic. I do not think that is going to go away. This is an enduring feature, a change to the way we work, ushered in by Covid-19. Recent work I did suggested that nine out of 10 employees who have worked at home during lockdown—they have had experience of working at home—would like to continue doing so in some capacity. That is a big figure, and half of people want to work always or often. We are probably going to be working in a hybrid form facilitated by technology.

The effect that is having on productivity, which is a fear employers often talk about, does not seem to be there. Again, from the evidence, the data suggests that those who work at home report that they are just as productive as they were before. The business case for continuing to work in this way seems to be there. That is one big change facilitated by technological change that we probably did not anticipate.

Anna Thomas: I mentioned that LSE-CBI survey. That suggests Covid has had a dramatic effect on business operations and performance. Another figure from that, which I think is quite striking, is that 75% of respondents had moved to remote working. On average, they experienced a 25% loss of revenue compared with business as usual. We did a poll in May, too, which indicates that 42% of workers report that their job had changed as a result of digital technology in the last year, so that also points to longer-term organisational changes and changes in management practice that will survive Covid because of the fact we are responding to new needs. Ultimately it is our human decision that will determine whether or not it sticks.

Q50 **Nigel Mills:** What do we do about this? What does the Department for Work and Pensions try to do? Do we try to spot which sectors, which jobs, are most affected and then try to put in place retraining programmes in advance so that we can have a transition from the current to the new world, or is that impossible to do? Should we just wait until things start to happen and try to respond to people who find themselves out of work, being skilled in a job that does not exist anymore? Is there a reliable way of trying to predict who might be most affected and getting the help in place up front, or is that just too difficult?

Anna Thomas: You have mentioned an interest in data, but that is just the first step. The DWP has access to a huge amount of data, which tends to be used more for determining access to claims than understanding the changing needs or skills and proactively supporting workers and the unemployed to transition. Perhaps that is an indicator. Overall, there needs to be a shift in the DWP from something that is reactive. Of course, it is widely known that there are significant gaps in coverage at the moment, being more proactive and supportive of workers in transition, the data being an example of that.

We already know that the UK labour market is very polarised and there are some people who are not caught by protection. There are certainly enough at the moment to clearly advise that the basic floor of protection offered by the DWP should be increased, together with the longer-term measures, increasing data and moving towards a more proactive approach with regard to active labour market policies.

Professor Felstead: I would look at it in terms of employer activity, employer training, which is probably not in the remit of the DWP. When you look at the incidence of training, it has been on a downward path for a number of years. Surprisingly, it has not been affected by the last recession in 2008 and 2009. People expected training to fall in a recession, and it did not. It has been falling since around the turn of the millennium, the turn of the century, when it was 15%, and now it is about 13%. It has been nudging downwards over time.

The other problem is that the length of time for training has shortened, so it is a broader issue. Are we training enough? What level of training is going on at the moment, and what quality of training is happening? It is not just about quantity; it is about quality. There is an issue about whether employers are preparing and investing sufficiently in training activity, and what DWP and Government generally could do about that is an important question.

Q51 **Nigel Mills:** Taking a bad example, if we thought we would move to driverless technology by a certain date and we would not need truck drivers, taxi drivers or bus drivers, it is hard to see how a logistics business in my constituency could retrain its truck drivers to do something completely new that is not in its business interests, particularly when they do not have the skillset and would not know what on earth to train them to do. That is where the Government would need to say, "We can predict a decline in the number of people employed in this sector over these years." Do we need to try to get training in the right geographical locations and the right places up front, or should we wait to see numbers on the roll and then try to respond to it? Can we plan ahead of that?

Professor Felstead: That goes back to the question Anna raised earlier. We do not have data that is sufficiently accurate and in real time to do that. The kind of data sets we are talking about are carried out every five years or so, and that is not sufficient.

You are asking about spotting trends, and I am not sure we have the facility and capability to do so. That is almost a perfect storm. We have a greater need to know how the world of work is changing on a real-time basis, but we have an ever-weakening capacity to do so. I mentioned earlier that Brexit takes away a facility we have relied on for a number of years to provide us with this information. We need to plug that gap in some shape or form.

Q52 **Debbie Abrahams:** Lovely to see you all, and this is a very interesting discussion. My question is specifically about job quality. I am struck that you have been talking about the phase we are currently in and the different phases we might be in over the next couple of years and in the next five to 10 years, which as you have just said may be difficult to predict. Can you give your opinions on what we would like to achieve around quality jobs and the relationship with job satisfaction?

Anna Thomas: That is an important question, and it was neglected in talking and thinking about automation. As an organisation, we have tried to capture that by, in a sense, redefining automation to cover not just task creation, augmentation and impacts—the more traditional impacts even on terms and conditions of work—but to capture the experience of work and aspects of job quality, as well as the displacement of tasks and jobs. As we have begun to talk about, we should think of automation as a process that is designed, guided and shaped by humans and not an autonomous force. That also connects with the question you have asked.

The need for qualitative research in this area to supplement the statistical stories we have had is super important. It is why we have been interviewing workers through Covid to add to the statistical stories that we are hearing, and a lot of what we are hearing goes to job quality. For example, some of our most interesting research recently has come from interviews of both key workers and invisible key workers, connected workers who support key workers. We have been finding out about the implications of worker tech equipment through Covid in which workers are required to share increasing amounts of personal information about themselves and their working practice and are put under huge amounts of pressure to become more "efficient." That, we suspect, has significant implications for the sense of dignity and autonomy at work and job quality, which we are only beginning to scratch at the moment. The answer is yes, yes, yes, but more research is needed.

Professor Felstead: I would like to answer that question by outlining what is good work. I would outline three principles that I think capture what good work is. First, it is work constituted by a set of features that have the capability of enhancing or diminishing worker wellbeing. That is what we should be about. Research evidence suggests that good work is good for workers and employers. For employers, it increases productivity, lowers absenteeism and lengthens job tenure, so it is a win-win situation. The capacity to enhance or diminish worker wellbeing is how we should be measuring it as one principle.

The second is the attributes of the job, not the attributes of the worker or their personal circumstances or background. What a worker feels about a job may differ from one worker to another. What one worker feels about the same job may differ from another worker. A good job might vary according to their demographic profile, their gender, ethnicity or region. For example, research has shown that women are more satisfied with their jobs than men. Low-paid workers, surprisingly, are just as satisfied with their jobs as those who are highly paid. Job satisfaction falls and then rises with age. These variations persist even if the objective features of the jobs remain the same.

Q53 **Debbie Abrahams:** I apologise, as I am conscious that I may be stepping on my colleague Shaun Bailey's toes, so save a little bit of your response for him. There are a number of job quality indices. I remember working on the European employment strategy when they were all talking about the job quality indicators for Europe, and that obviously has six domains. What are your views about the current way it is being measured internationally, and what can we learn from that?

Professor Felstead: The short answer is that we can learn a lot. There have been massive international strides in job quality. Job quality was studied in Europe long before it became fashionable in the UK and long before the Taylor Review, yet if you look at the Taylor Review he does not talk an awful lot about that history, which is a little surprising. In the Fair Work Commission in Wales we have that historical link. I think that is a missed opportunity, and there seems to be a sense in the UK debate of reinventing the wheel. The wheel was invented some time ago, yet we do not seem to have learned the lessons. I think we can learn an awful lot in or out of the EU.

Q54 **Shaun Bailey:** Looking into this a bit more, you mentioned the Taylor Review quickly. I know one of the things that was highlighted within that is the need for ministerial responsibility for job quality. From reading into it, I am sure one element is perhaps monitoring that and measuring job quality more widely. How do you feel DWP, in particular, would be best placed to do that? How should it be going about that in terms of picking up on those recommendations?

Professor Felstead: That is a very good point. Mention was made earlier of ONS. ONS now includes two new questions on job quality in the labour force survey. In its report in 2018, the Carnegie UK Trust-RSA suggested 18 questions. There are two in the labour force survey out of a suggested 18. We could argue about those 18 and whether those 18 are the correct ones, but the point is that only two made it into the LFS.

Earlier, Anna made the point about more questions and data collection on technology. From where I sit, it is quite hard to get traction, to get new questions into vehicles such as the labour force survey, so anything you can do as a Committee to hasten that process on job quality would be great. Obviously your remit on technological change, again, is quite difficult—or seems to be—just looking at the numbers. There are only two of 18. They have only just gone in.

Anna Thomas: I strongly agree with that. I do not mean to say it should just be technology indicators. Ideally you have all of them, and job quality is an important part of that. It is technology, tasks and job quality. It is good, as Alan said, that there were additional factors. I think there was an experiment on that last year, but it would be good to keep the pressure up on that. I believe the ONS may be open to that.

We also must not forget objective indicators that go to job quality, because there are always problems with subjective indicators or limitations to that. In a new good work monitor that we have been developing, we have chosen to go more for objective measures, dividing it into three core groups: labour market access, autonomy, job status and pay and terms. Even within those there is more that we could do for regular objective indicators that go to the areas that Alan talked about. As an organisation, we have produced a good work charter that speaks to Alan's principle and we hope is useful as a practical tool for both Departments and employers.

Professor Felstead: I did not finish the principles. It does not matter, but you can find the principles embedded in a short five-minute job quality online quiz. The idea is to reach out to a much broader group of people. It can be found at www.howgoodismyjob.com, and 50,000 individuals have completed it so far. The real aim is to show how we could have a shortened version of job quality. We can collect job quality with not a lot of effort, and the idea of the howgoodismyjob.com quiz is to show how that could be done, drawing from the skills and employment survey, so that individuals could make a comparison and benchmark themselves against other individuals in similar occupations with their job.

There are ways of doing it. The Carnegie UK Trust-RSA suggested 18 questions. The job quality quiz has 10 questions. Obviously Anna has questions. It can be done, but it is a long slog to get into these large official surveys. Good luck with that.

Q55 **Shaun Bailey:** I wanted to come back on the skills and employment survey. You touched on it in your earlier contributions on the need for greater resource. In the 2017 survey, what did you feel were perhaps the limitations—now that you are coming to the 2022-23 survey—that you would want to try to eliminate as part of that process? Are there any lessons learned from the 2017 survey that you feel you could take forward to the 2022-23 survey and, equally, could be applied, for example, were the DWP to expand the way in which it measures these types of metrics?

Professor Felstead: Yes, that is a very good question. You have put me on the spot. What we try to do at every iteration of the survey is to have at least 10% of the survey time devoted to new subjects. We want to have continuity and change. It is important to carry the questions that we have asked since the mid-1980s so we can make comparisons over time, because that is one of its key strengths, but at the same time we want to be attuned to changes. Clearly one of those changes would be Covid, of course. Another change is this Committee's interest, which is technology, technological change. That is something else we would like to collect more data on, so that is a limitation. We have data on technology, but we would like to have more data on technology. They are some of the gaps we would like to plug.

I must say at this point that ESRC has been a funder of five of the seven surveys, and other funders have included central Government Departments but, sadly, not as yet the DWP. Maybe next time DWP might be interested in funding part of the survey. The devolved Administrations and Government agencies have been key supporters. It is a collective team effort to get the funding for this, but it is every five years and, in a way, that is probably too infrequent. One of the challenges going forward will be how we collect the data. That might need to change, given that face-to-face interviewing is probably not going to be possible for a number of months, maybe years, ahead.

Q56 **Shaun Bailey:** We have heard a lot about automation and lateral and downward mobility. Does automation inevitably lead to lateral and downward mobility within the job sphere?

Professor Felstead: Nothing is inevitable, is it? Nothing is inevitable, but it is a risk. The reason it is a concern—and this draws from research that colleagues at Surrey University have carried out—is that unemployment has a strong negative effect on an individual's life satisfaction, as does lateral movement and downward movement. Lateral movement, too, has a disturbing effect. From a job quality point of view, we need to minimise those, and certainly we need to minimise entry into unemployment, which obviously is of interest to DWP.

There is solid research evidence backing that up, because work carries a lot of benefits above earning a wage: comradeship, mental stimulation, sense of achievement and feelings of self-worth. These are all valuable things that work gives us in addition to a pay cheque.

Q57 **Chair:** Before we finish, Anna, you suggested earlier that the

Government ought to adopt a Work 5.0 strategy to address the challenges we have been discussing in this panel. If there was such a strategy, can you give us some sense of the kinds of things you would expect it to say in the areas for which the Department for Work and Pensions is responsible? What would be in this strategy?

Anna Thomas: That would pre-empt one of the purposes of the strategy, which is to bring together different types of expertise and perspective in order to come up with the solutions. It might be presumptuous of me to say so now.

The idea of doing that and this collaborative partnership approach, which would build on the headway the Government have made on social partnership through the pandemic, would make sure that policies on basic levels of protection, which are within the DWP's remit, or policy activism or support in job skills are aligned with measures to create jobs from BEIS, the Treasury and education policy in the Department for Education. Rather than conflict with each other, which you sometimes see at the moment, a collaborative focused approach on future good work would minimise that. It would maximise the benefits and minimise the disadvantages that we have talked about.

Chair: Thank you both very much indeed for a very interesting session. Thank you both for joining us.

Examination of Witnesses

Witnesses: Professor Jo Ingold, Ian Pope, Jonathan Boys and Kate Bell..

Q58 **Chair:** Welcome to all of you. Thank you for joining us. Can I ask you each briefly to introduce yourselves?

Jonathan Boys: Hi there. I am the CIPD's labour and market economist. The CIPD is the Chartered Institute of Personnel and Development. We represent HR professionals and learning and development professionals. We have a membership of over 160,000 people. They are in HR and are very close to the world of work. Our charitable mission is better work and better working lives. That is what we advocate. We have some really good policy advisers in my team who specialise in things like skills and pay—I am labour market economics—and we have all put together the written evidence. I am representing all of that expertise here today.

Professor Ingold: Good morning, everyone. I am Jo Ingold. I am here this morning with two hats on. First, I am an associate professor of human resource management at Deakin Business School in Melbourne, though currently based in sunny Leeds. I am hopefully drawing this morning on the research I did during my nine years at Leeds University business school. Secondly, I am here in my capacity as a fellow of the Institute of Employability Professionals, which is the professional membership institute for individual employability practitioners from all sectors—public, private and non-profit.

Ian Pope: Good morning, everybody. My name is Ian Pope. I am a lay rep within the Public and Commercial Services Union, and I am the DWP group assistant secretary. I have responsibility for universal credit and working-age benefits, and I have been employed by the DWP since 1984.

Kate Bell: I am Kate Bell. I am head of the rights, international, social and economics team at the TUC. We represent 5.5 million working people in 48 member unions and, like Jonathan, I am drawing on insights from across my team, as well as from our affiliates, including the PCS.

Q59 **Shaun Bailey:** I wanted to touch a little on the issue of the digital divide. I think it has become quite apparent, particularly during the pandemic, in a community like the one I represent in the West Midlands. What role do you think the DWP, in particular, has in addressing this digital divide? When we are looking at things like automation and digitalisation within the workplace and of the workforce, how can that interface ensure that we have a workforce that is ready for these changes as they develop?

Professor Ingold: First, I would say that DWP does have a responsibility, but it is also a cross-governmental responsibility. It falls within the remit of the Department for Education and BEIS as well. I am part of a project called Welfare at a (Social) Distance, which is funded by the ESRC. It is a Covid rapid-response project. I am also currently undertaking research on digitalisation of employment services in the UK and Australia. From both of those pieces of research, one of the key concerns of individuals going through the system of claiming benefits and receiving employment support, as well as from the employability practitioners delivering support, is that digital literacy in the UK is still pretty low. That is the first thing.

The second thing is in terms of digital access. Issues that have been raised include closures of libraries over the last number of years. Obviously during Covid that means people have not had access to public places to access digital. I note here that many employers, particularly large employers, have moved to online recruitment, which is something we may want to come back to. There are issues with people not having enough data. They may have a phone, but they do not have enough data to do useful things in terms of job searches. This needs to be taken into account.

Certainly in the work I have done with employability practitioners, they are very concerned about the expectations being put on people to search for work. The implications of their digital literacy and digital access need to be addressed. If we are moving towards digital-by-default employment service delivery, which we may be—that is what they are moving towards in Australia—we need to ensure that people who are not digitally literate and have access problems do have that. That needs to be not assumed within policy making.

Kate Bell: It is a very interesting question, and it draws on some of the things that long-term DWP watchers have been saying for a long time.

There has been a perennial problem of DWP joining up employability and skill support, and this is another example of how our social security policy or our back-to-work policy often is not integrated with the broader skill support that we offer. The digital divide is just one example of that.

There are some things we need to remember from what we have learned about effective provision of services. One of the things that comes out time and time again in every evaluation of back-to-work services is the importance of contact with a person, an individual, a skilled work coach—Ian's colleagues, basically—who provide that dedicated support.

When we think of ways to address the digital divide, we should think of it as another example of the skills divide and look at the tried and tested ways to address that. One I will mention up front is the union learning fund. It is one of those interventions that has had real success in getting people skilled up once they are in the workplace. You can see it as a pipeline of DWP helping people to get into work and then the union learning fund helping them to skill up once they are there.

We are very concerned that the Government have just announced they are pulling the plug on that funding. It is due to end next April, and we know it is one of our best-evidenced interventions in addressing that digital divide. That is another example of the lack of joined-up thinking that has bedevilled skills in employment provision in this country for a long time, not just in the context of digitalisation.

Ian Pope: To follow on from what Kate was saying, when I started in the DHSS in 1984, everything was pen and paper. Within 10 years, we moved to computers on our desks. Ten years later, in 2005, we had 30,000 job cuts in the DWP. Since 2010 there has been another 20,000. Clearly DWP has a role. Things are changing, but you can probably guess that as a union we are very nervous about what this means for our members. It is not just our members' livelihoods; it is the claimants and the public we serve. We take great pride in serving the most vulnerable people in society. and the DWP clearly has a role.

Some of the figures are quite damning. The National Literacy Trust is saying that 16.4% of adults in England, or up to 7.1 million people, are described as having very poor literacy skills. Three years ago, when PCS made a submission to the DWP office closure programme, in which they closed around 100 jobcentres, one of the figures that came from Glasgow was that seven out of 10 benefit claimants had limited use of computers in libraries. They were time bound. If they did not get their claims in in time, they had to go out again and come back at a later time. Clearly Covid and libraries closing has exacerbated the situation, but the Department has been providing a service to vulnerable claimants throughout the pandemic. Our members have been seeing the most vulnerable people at jobcentres and continue to do so.

Kate is 100% right. We have face-to-face interaction between our members and the benefit claimants who need face-to-face interaction. It is vital, and if that were ever taken away, it would be a really sad situation. A lot of people just cannot cope with it. We have people claiming state pensions, and that is online now as well. There are a lot of pensioners who have difficulty doing that. There is a whole host of issues there for which the Department has responsibility.

Q60 **Shaun Bailey:** That is helpful, particularly looking at the context of DWP as a Department.

Looking now at the labour market and the automation and digitalisation elements, figures have come out suggesting that those jobs that are—I hate using the phrase "low skilled" because I do not think that is the correct way to describe them at all—less reliant, let's say, on a digital skillset are at risk. I think MoneySuperMarket did some research on this, with some quite staggering figures. Does anyone on the panel have an indication or an opinion on what effect they feel the digital divide, combined with the shift towards more automation and digitalisation, is going to have on the labour market, particularly within those fields that at the moment are not as reliant on that tech?

Jonathan Boys: I am probably less shy about using the term "low skill". It is a relative concept. I was lower skilled 10 years ago than I am today. It is also a very useful framework for improving skills and people's opportunities.

In our evidence, we looked at which jobs had grown and which had shrunk in the last 10 years, and there were some interesting things. Obviously there were more computer programmers and fewer shop clerks. Essentially we know there will be disruption, and the important thing to bear in mind is that, even when we decide there might be a net gain in jobs, in the short term there is disruption. Frey and Osborne did work on the number of roles and jobs that will be automated. In Frey's most recent book he makes a very good point, which is that there will be disruption in the short term, but for many people that short term is a lifetime. Nigel Mills was talking about what would happen if jobs in the logistics industry in his constituency were to go. Yes, for those individuals it could be a lifetime.

That disruption is not always as straightforward as technology actively making someone lose their role. If we think about supermarket checkouts becoming self-checkouts, it was probably natural churn in the labour market that ran down the workforce. As people left, as they went into retirement or found new jobs, they just were not replaced. It is not as easy as seeing someone made directly redundant as a result of a new technology coming into the workforce.

In addition to the general safety nets that we have in place, things like jobseeker's allowance, we know that being higher skilled or having more skills is a kind of inoculation against the worst effects of disruption from automation. In that respect, it is incumbent upon us, not just in DWP but across Departments, including the Department for Education, to find ways of increasing people's skills, an obvious role for business. Alan Felstead said earlier that we have seen training fall in recent years. I do not necessarily have the answer to that. It is a very difficult thing. How do we boost levels of training, and where does that responsibility lie between individuals, businesses and state support? Those are the issues we are grappling with, that short-term disruption and how to give people the skills to avoid it.

Kate Bell: Over the last few years we have learned that we have to be a bit careful about these kinds of predictions and how they will fall. A few years ago we saw a lot of, "Automation is going to destroy jobs," but I am not sure if that is what we have seen yet. I was looking at the OECD evidence on digitalisation, and it says it is unclear how much of the likelihood of automation will materialise and there is no evidence that technological change has been associated with net job losses overall in the last period. It is probably important that we separate some of the impacts of automation and some of the impacts of digitalisation.

Testing this hypothesis, some of the forms of digitalisation we are seeing might be more labour intensive. The shift to online shopping, for example, takes the work that consumers previously did, of taking the stuff off the shelves and driving it home, and puts that back on the employer as a job to do. When you look at recent job vacancies since March, this is an obvious point. Clearly the biggest expanding role has been drivers, and a couple of years ago we were saying there were not going to be drivers anymore. In this situation, those jobs are expanding.

There is a big question about the quality and nature of those jobs in the new economy, but a lot of those questions are political and regulatory questions rather than necessarily a technological determinism. An interesting piece of work would be to see which sectors are becoming more labour intensive rather than less, and to think about how we might expand skills in those areas. Of course there are jobs that have declined like supermarket checkout workers, which Jonathan mentioned. Our understanding in talking to USDAW is that many of those people have not lost their jobs; they have been retrained to other parts of the store; they have been retrained into customer service roles. Retail employment, I think I am right in saying, has not fallen as significantly as some of the pretty awful figures from the high street might have suggested.

Q61 **Steve McCabe:** Good morning. We heard from the previous panel that there is a different view about whether we are going to see a massive displacement of jobs through automation, or whether in fact other jobs will emerge as a result. Could each of you say what you think the effect of automation will be? If you think there is going to be a significant displacement of jobs, do you think that is an argument for some kind of radical shakeup of welfare? Some people have suggested that it means now is the time for a universal basic income. Others say it is just an attempt to shoehorn an old idea into the technological debate. If you think there is going to be significant displacement, does there have to be some kind of significant welfare reform, UBI or something else, to accompany it?

Professor Ingold: As Kate said, it is hard to predict. It is tricky at this stage. I want to turn to the point about social security. If we think about the gig economy, what we have seen is that it poses a lot of challenges in terms of social security provision. You could perhaps argue that the social security system we currently have—I like to use the term "social security system," not welfare benefits—is not fit for purpose for the fourth industrial revolution, particularly if we are going to see an increased expansion of gig and platform economy work.

The second point, and this is something that came out of our current project, Welfare at a (Social) Distance, is the role of contributory benefits. This is perhaps not directly addressing your point, Steve, but I do want to flag it. During Covid we saw that a significant number of people had significant decreases in their mental health. They are a group of potential claimants who were not able to receive any support through the current system because of the residualisation of the contributory principle.

There is a lot more I could say about this, but one of the features of our system, certainly over the last 30 years or so, has been that the contribution-based principle is significantly eroded. That is obviously very different to UBI, but if you compare it with Denmark, for example, the Danes are shocked at the replacement level of our contributory-based jobseeker's allowance. You have a situation where people are having to draw on their savings when they fall out of work. Or if their partner is working, you get the potential discouraged worker effects if somebody cannot claim income support. You get a situation where the partner is better off not in work because then the whole household can claim. There are a huge number of complex issues that we still need to address.

Kate Bell: This is a complementary but slightly different perspective to what Professor Ingold just said. I do not think it is that our social security system is not adequate for the gig economy; it is that the rights provided to workers in the gig economy are not adequate for the type of society we want to live in, and they risk pushing a significant amount of risk both on to individuals and on to the state. We have seen in the current crisis more than ever that those jobs, and many other jobs, do not offer a decent level of sick pay. It puts an unbearable burden of risk on to people who cannot afford to self-isolate, and it puts a social risk on to the whole of society, to be a bit tautological, because if you cannot afford to self-isolate your choices about whether to do so are significantly different.

We need a radical response to this situation, but for me a radical response would be to provide a decent level of sick pay, a liveable amount of out-of-work benefits, decent child benefits for everybody and a lifelong learning system that works. That would be a radical change from what we have now, but it is not one that requires you to forecast an impending doom of job losses to argue that it is the correct solution.

Yes to your question of whether we need a radical change of approach, but a little bit more sceptical about whether that radical change of approach is necessitated because all our jobs are going to disappear and we need to replace them with a universal basic income.

Ian Pope: In my opening remarks I laid out what has happened over 30-odd years in the Department. If that was to continue, there could be massive displacements within our workforce as we head towards full digitalisation and automation, but we don't know that and we don't know for certain that that would be the case. Ultimately it stands to reason, I would suggest, that it is to cut costs within the Department. It could be 10, 15 or 20 years in the future. As a union, we have had no conversations with the Department on the future of automation, but we know that automation is already in the Department. A couple of years ago, when they had a massive backlog of budgeting loans and social fund claims, they had robots processing those claims and it has been brought in elsewhere.

I agree with Professor Ingold about the term "social security." As a union, we use that term every time because there should be a safety net available to those who need it during times of unprecedented hardship and struggle. Look at the pandemic, which led to 2.5 million new claims to universal credit. New-style JSA spiked by 2,500%. Many of those people had never been in the benefit system before, and they were now experiencing what many millions have had to experience over the last few years. The pandemic has shown that people from any walk of life can now be involved in this.

We need a new welfare system or social security system—caught in the trap there—that treats people with dignity, respect and fairness. At a time when economists are forecasting a massive spike in unemployment as we head into the winter, with the coronavirus and furlough ending in December, the Department has recruited 13,500 new work coaches to deal with that. It is also bringing back conditionality and a sanctions regime at a time when there will be very few jobs available. We talk about the gig economy: it could be deliveries and things like that, not paying a lot of wages. There will be very few jobs on the job market for people to look for.

On the universal basic income, our union does not have a policy on that, but we feel that a reformed social security system would be the way to go. We do not know what that rate would be. It could be less than what it is now. We would need to see it to have a view on that. I know there have been experiments around the world, but we would need a better view for management, unions and welfare groups to see if this is any better than the current system. Until that happens, I would reform the current system to make it fair for everybody who claims.

Jonathan Boys: In our written evidence and in my personal opinion, history tells us that technology will probably create more jobs than we lose. Things like mass unemployment as a result of automation are probably good problems to have, and we should almost not worry about them until they get here. We have more immediate problems, most notably from Covid.

In the last 10 years we have had stagnant productivity. One of the big advantages of automation is that it is supposed to boost productivity and create more wealth for the same number of hours or less. We all got quite excited about things like universal basic income and the four-day working week and how we were going to spend all the gains from this massive boost to productivity. It did not materialise over the last 10 years, and I am not convinced it will over the next 10 years, so we should probably think more immediately about ways to support people in the short to medium term.

The evidence from the last six or seven months is that furlough has been quite an effective way of saving jobs—we have not seen much of a dip in employment—and that seems to go on for some time. We will probably have to think slightly longer term than these policies that keep being tweaked and updated ad hoc. There is probably a need to think a little bit longer term about how we are going to support people until a vaccine comes along, which may be longer than the horizon of the current furlough system.

Q62 **Steve McCabe:** What kind of timescale are you thinking about for furlough?

Jonathan Boys: It was to go to the end of May, then June, then October and now until the end of November. The deaths are locked in, so if we start hitting a few hundred or a thousand deaths a day towards the end of November and then the prospect of mass job losses just before Christmas, I think it would be politically difficult for it to end at the end of November. I can see it being extended at least until the end of December, but April seems sensible to me. That is not necessarily a CIPD party line, it is just me thinking about the lie of the land. There is a job support scheme that will last until April time, but we have underestimated this pandemic at every point. It seems to me that it is bolder action quicker, instead of ad hoc. We should start working to longer timescales. If anything, I might not even be advocating it so much as saying that this is where I think it is going to go.

Q63 **Steve McCabe:** For predictability or certainty, at least April would be your hunch?

Jonathan Boys: I think so, yes.

Q64 **Dr Ben Spencer:** Retraining and reskilling has been a persistent theme on both panels this morning. I have heard with interest the varied views on where we think things are going and the difficulty of predicting things. It reminds me of a story that I have heard quite a few times. Twenty years ago we would never have predicted jobs in social media, for example. There are difficulties in predicting where the job market is going.

Building on some of the points you have already made about reskilling and retraining programmes, I want to pick your brains. What approach do you think DWP should take in general to preparing and supporting people for what strikes me as a very unpredictable need for skills? Should it be looking at specific skill groups to be delivered in that training? Should it be an approach that enables people to take control of their training and reskilling going forward, one where we have a more nimble workforce in terms of their ability to reskill and retrain, or one in which there is more of a hands-on approach with DWP directing people down those routes of reskilling and retraining? I hope that makes sense in terms of bringing it together.

Jonathan Boys: A lot of this will come within the remit of other Departments, like the Department for Education, but the DWP can work in conjunction with local partners. The work coaches are collocated with the National Careers Service in Jobcentre Plus, and they are under the Department for Education. You can signpost people to other services where they can get the careers advice and guidance. At the CIPD, our local branch networks, for example, have a mentoring scheme, Steps Ahead, which is for young people under 24. That is where we put them in touch with our human resources professionals to help them develop skills and get into jobs. That used to be funded by DWP. It is an example of using local networks on the ground. Working closely with local enterprise partnerships and local authorities is perhaps the most effective way that the DWP can play its role in ensuring people are put in touch. It is almost facilitating the matching process.

Q65 **Dr Ben Spencer:** Acting more as a gatekeeper, in effect, to private enterprise leading on training and reskilling.

Jonathan Boys: Yes, I think so. That is a good way of putting it, acting as a gatekeeper. There is so much local knowledge embedded in local networks that it is a difficult thing to replicate top down. By taking advantage of it, you are leveraging pre-existing relationships and that sort of thing.

Kate Bell: Jonathan is right to talk about the importance of local knowledge, local networks and that collocation, but there also needs to be understanding of what is happening at a national and sectoral level. Government at the moment have an industrial strategy and are meant to be refreshing that. We know the Government have areas of the economy that they want to expand, whether that is the jobs we need for decarbonisation or expanding our social care workforce. That is clearly going to be something that is necessary in the future.

Thinking about which jobs are going to be growing in the economy, there is a role for Government to provide some direction there and for DWP to join up with that broader industrial strategy as well. That would be helped if there was more of a tripartite approach. We have called for a national recovery council, which is a call that the CBI has supported, to start talking about how Government, unions and business can be thinking about the future skills needs of the economy and how we can—to use what is now a cliché—build back better.

We have also called for that to be replicated at a sectoral level. For example, how does the automotive industry cope with Brexit? What are the new skills it is going to need? What are the job changes in that area? If we had that sectoral model, it would make it much easier for DWP to know where to go when it is thinking about local skills, the skills that employers are likely to appreciate and where they are going to be developed. Local knowledge is important, but sectoral knowledge is important, too. We need both those types of structures for DWP to be able to do the job that it should be able to do of signposting people in the right direction for skills and ensuring they get the best-quality training, too.

Professor Ingold: An issue, certainly from my research and the IEP's perspective, is that both commissioning and delivery of employability and skills provision tend to focus on singular interactions rather than the spectrum of employability and skills. This speaks to points made in the previous session and points made by other witnesses in this session about the urgent need—I cannot overstate this—to join up employability and skills, as well as the interface with businesses.

It is also important to think of employers and businesses as being at the heart of this. Here I want to bring in some of the research that I have done as well as the Department's own research that clearly shows that employers are not engaged in employability programmes, in particular back-to-work programmes. This is an important starting point. What we are seeing is policies and programmes that are commissioned on the basis of, "Aren't these really good for businesses? Why wouldn't they take them up because they are free?" What my evidence and other evidence clearly shows is that in the UK, Australia and elsewhere businesses do not always want to jump on board with programmes, whether that be employability or skills programmes, if there are significant transaction costs to their engagement, if there are not clear business benefits and if they do not know how to engage.

One of the huge barriers that my research has uncovered over and over, and that I have been banging the drum about for some time, is that we have a huge number of programmes in England specifically, and across the UK, that are essentially competing for businesses' attention. That is across the spectrum of employability and skills. We have lots of different providers on the ground, and what we need is collaboration, both at local and at regional levels. We also need this to be incentivised within the commissioning frameworks.

DWP has just tendered for its CAEHRS framework, and there is a lot of talk across the employability sector and skills providers about collaboration. I did not invent the horribly inelegant word "co-opetition", collaboration amid competition, the idea that providers are just pitted against each other. That is something that they recognise the commissioning frameworks do, which are completely perverse disincentives to collaborating with each other.

The result is that you have lots and lots of people going out to businesses, and businesses do not always want to know, frankly. This is such an important point that I want to get across, and again I have been banging the drum about it for years. It is such a fundamental starting point for policy. It is not the fault of the individual practitioners, and it is not the fault of the individual job seekers. Unfortunately, at the moment, they are not very well served by the employability and skills systems.

Q66 **Dr Ben Spencer:** How do we best help businesses in that context to deliver what we want them to deliver, which is training and taking advantage of the schemes? What do we need to change?

Professor Ingold: Asking them what they want in a co-ordinated way, not just getting together a small group of large corporates who, yes, have volume vacancies and are important. The fact is most of our economy is constituted of smaller businesses.

Kate mentioned networks earlier. This is so important. If you look at Greater Manchester, for example, as Debbie will know well, they commission a lot of programmes. We have recommended to them that, rather than going out and having somebody on every programme basically doing business development, there needs to be a more co-ordinated approach to talking to businesses. We have seen in the work that I have done in North Yorkshire that sometimes businesses need advice at this time to pivot, to think about what their business is going to look like going forward, to look at their workforce needs. For smaller businesses, again, because they do not have large HR departments, a real advantage of the employability and skills sector is that we have professionals who are able to engage with businesses to help them with these issues.

Ultimately, businesses tend to know what the issues are for them and for their workforce. I know there was hollow laughter when I said "talk to businesses", but the fact is that this does not always happen. It does not happen in a co-ordinated way, and that speaks to some of the institutional lack of co-ordination and coherence that Kate has mentioned.

Q67 **Chris Stephens:** First, I should refer to my entry in the register of members' interests because I have some questions for my colleague, Ian Pope, from PCS. What additional support or training do you think DWP should be providing to work coaches to help respond to changes in the labour market?

Ian Pope: Clearly the first thing is about investing in work coaches. As I said earlier, the Department is currently doubling the amount of work coaches. It will be up to about 27,000 work coaches by the end of March next year.

Looking at training programmes, even going back to that last question, if the Department is properly funded and there is proper investment, our members, with appropriate training, can do just about anything. If we look at the money that is squandered on work programmes and things like that that have now been disbanded, our members could have done that work if it had been properly invested in and with the appropriate training.

Training is a big aspect of this. Staff are trained, but clearly digitalisation and automation is part of this. What is that going to look like in 10 years' time? Our members are trained to deal with what is in front of them at this moment in time, but that could change as the situation changes over the next few years.

Q68 **Chris Stephens:** You have mentioned the Department's commitment to doubling the number of work coaches. Where is that at the moment in terms of how the trade unions view the position? Are the trade unions being consulted on that and on the issue of additional jobcentres or the reopening of jobcentres, as may be the case in Glasgow?

Ian Pope: I laid out earlier how many jobs we have lost in DWP over the last 15 years. Last year the union put a submission in for 20,000. Basically that was just bringing in what we have lost since 2010. We welcome the new work coach recruitment. There is further recruitment in back of house as well; we certainly welcome that. Whether it is enough is something we need to look at. Time will tell.

Clearly there is pressure on back office as well. It is not just the work coaches. It is case managers in the universal credit service centres who are processing these claims. Let's remember, there were 2.5 million claims for universal credit during the pandemic. That was cleared by members, some working from home because they could not get into the office. They were provided with IT. The Department has provided 25,000 Surface Pros or IT kit for staff to work from home, and that has been successful.

Productivity has been high and we, as a union, want that to continue during the current pandemic. We have been consulted on the new recruits. We are in weekly meetings with the Department on this. There are currently 4,500 who have been recruited and, as I say, the full 13,500 should be recruited by the end of March next year.

Q69 **Chris Stephens:** I know the Committee has already praised the supreme efforts of staff during Covid, and it is important that you emphasised that.

You touched on training. In your view, is there enough continuous professional development of DWP staff? Is it keeping pace with changes in the labour market?

Ian Pope: During the pandemic, the priority of the Department was to get benefits paid. That has been the No. 1 priority. A lot of things have maybe fallen by the wayside because of that. Not everyone has been in the office, as I said. A lot of people are working from home. I know that during the pandemic a number of staff were redeployed from other parts of the business. People who work in, say, the corporate centre and who had maybe never been on the frontline, or had not been for years, were given training of sorts to make sure they could get claims paid in time or contact claimants over the phone.

This is something that needs to be addressed as we move forward. There is a basic training course for universal credit and other benefits. That is something we need to keep an eye on and, if it is not sufficient, we would obviously raise that with the employer. As I say, we meet them regularly on these issues.

Q70 **Chris Stephens:** Obviously the role of the work coach is to ensure claimants are meeting their universal credit commitments, which include job searches. One of the questions we have as a Committee is whether you think the balance is right between meeting the DWP's requirements and meeting the personal needs of claimants.

Ian Pope: Like I said earlier, social security is the safety net for everybody in this country, not just the most vulnerable. There are so many people who are new to the benefit system and who have never been on it before, who are now facing the same issues that people have been facing for the last three or four years of benefit sanctions and conditionality. This is an eye opener for thousands of people.

Our members take great pride in providing a service to the public. They do not want to issue conditionality and sanctions. They do not think it is helpful and it creates a divide. They want to provide a service that pays people on time, treats them with dignity and treats everybody equally. That is where we are coming from on this. We want a full review of the benefit system. In fact, we want universal credit scrapped for that very reason. We do not think it is fair. That is where we are coming from. We think it is probably awarded more towards the Department, but it should be towards the claimant and serving their needs, not at the expense of people losing benefit as a result.

Q71 **Chris Stephens:** I think Ben touched on some of these issues while I was having technical difficulties, so apologies if I am asking questions that have already been asked. I am sure the Chair will stop me. How could jobcentres work more effectively with employers, in the trade union's view?

Ian Pope: It is getting back to the fundamental position we have. With proper investment, the Department could do the job better than anybody; our members could do the job better than anybody. Clearly we are in a different world now, so anything that helps benefit claimants get into work. Yet again going back to training, if there was investment in training of work coaches or advisers, or whatever, to provide that service in-house, that would be something we support. Our work coaches work closely with local businesses to get people into work, but it is going to get difficult over the next few months, isn't it? There is not going to be the same availability of employment.

Q72 **Chris Stephens:** Do you think work coaches have the tools and the capacity to deal with employability organisations?

Ian Pope: The problem we have at the moment is that, as a result of unemployment increasing, there is pressure on work coaches. The Department has cut the time for initial claimant interviews on claimant commitments. They have been reduced from 50 minutes to 30 minutes because of the number of people who are claiming. The priority at the moment is obviously to get benefits paid, but also to interview claimants at their initial claimant commitment interview. There is enormous pressure on the Department to do this. Hopefully the recruitment of 13,500 new work coaches will provide the Department with the tools to do this.

Q73 **Chris Stephens:** Those are very helpful answers. I have one very quick question to end, and I might open it up to Kate as well. Jobcentre Plus's website talks about local employer advisers who will work with businesses in areas such as work trials. Work trials should be paid, shouldn't they?

Kate Bell: Yes.

Chair: We had a quick answer to that one. Thank you very much.

Q74 **Debbie Abrahams:** Good morning, everyone. Again, another very interesting panel. The first bit of my question is specifically to Kate. It is in relation to the new jobs guarantee scheme that the TUC reported on in May. Could you explain a little bit about this and how it would work in practice?

Kate Bell: I guess the case for a jobs guarantee is that there is plenty of work to be done. In situations where the labour market is experiencing problems, like now, there is a clear role for Government to act as an employer, not quite as a last resort, but to guarantee work. In some ways we have seen that principle accepted in the case of furlough, where the Government have guaranteed to pay people's wages. This is almost doing the same thing, but in situations where people have previously lost a job.

It is important to say that we know these approaches work. The future jobs fund, which was a form of jobs guarantee put in place in the last recession, saw participants being 11 percentage points more likely to get a form of unsubsidised work after the programme. They provide people not only with a job for a duration of time, but also with skills and experience that will help them get a job on the open labour market, if you like, in the future.

We put forward a proposal that would offer a six-month job guarantee both to young people and to older people who have been out of work for a longer period of time. We had four principles for what those jobs should look like. We said the jobs should be additional. Clearly the Government should not subsidise jobs that would exist anyway. We said they should provide a community or public benefit, including helping to decarbonise the economy. We said they should be integrated with local labour market assessments, linked to local industrial strategies. And we said there needed to be a clear programme to promote equality so it was clear that existing labour market disadvantages would be tackled through the design and provision of the jobs guarantee.

We have seen Government introduce a limited version of this with the Kickstart scheme. They are offering subsidised jobs to young people, a six-month job placement. So far we have not seen those four principles built into the design of the scheme. The Government have said the jobs have to be additional, but we do not know how they are going to assess that. They do not have the community benefit test, so we are worried that they could be subsidising some jobs that are not necessarily of greater public benefit. They have not put in place the integration with local labour market systems or with trade unions and employers that we saw in the last future jobs fund. And we do not yet know how they are going to monitor outcomes to make sure they are promoting equality.

The Kickstart scheme is a step forward. It is really good that we have seen the principle that it is Government's role to guarantee employment for people when they need it and in situations like we are in at the moment. A lot of work needs to be done to make sure it is a scheme that delivers the opportunities that young people need and deserve right now and the good-quality job opportunities that we know will be very important for their future prospects, too.

Professor Ingold: In addition to my point about talking to businesses—that sounds quite glib, but I hope the Committee will listen to it—I am also thinking of the broader labour market intelligence that we need for a data-driven recovery, essentially. Countries like Denmark and Australia, if you look at those as examples, have fantastic labour market intelligence that is comprehensive and very current. Since the demise of the UKCES, we have basically seen some gaps in our labour market intelligence that a number of us who work in the work and employment sphere do not think have been filled. Professor Felstead talked about the difficulties he has in getting funding for his surveys, so this is a broader issue, essentially. I would urge the Committee to look at that. If there is time, I would like to come in on training for work coaches as well.

Chair: We will go back to Debbie first and then we will come back to you on that.

Q75 **Debbie Abrahams:** Does the current Kickstart initiative need to be updated in line with the points Kate has made about the TUC proposal for a jobs guarantee scheme? What other schemes do you think may be needed?

Jonathan Boys: I think it is becoming more accepted across the board that we need more interventionist labour market policy at the moment. Pre-Covid, we were in a pretty extraordinary situation where we got to see what happens when you have unemployment pretty much as low as it can get. It did extraordinary things. It meant you had more older workers, more disabled workers and more marginalised workers given employment opportunities. These things are good for household incomes. We know what can happen. We know the value of jobs, and Professor Felstead talked earlier about the other benefits of being in employment.

We also know that the longer you are out of work, the harder it is to get back into work. We know that skills can atrophy. The idea of something like furlough is to save those jobs so that things can bounce back, because you start to cause scarring. This is particularly pronounced among young people, and it is why there is so much emphasis on employment opportunities for young people through things like the Kickstart programme.

We certainly need more interventionist policy. There is more money going there, but it is happening against a gradient, the point being that pre-Covid you had these structural conditions that allowed for very low unemployment; it was doing the work for us. Working against that gradient is very difficult, short of putting more money into schemes like Kickstart. The only thing you might find is that it displaces other opportunities. Would an employer invest in an apprenticeship when they could have a Kickstart that is free? Designing those policies so that you have the additionality is very difficult.

Q76 **Chair:** Professor Ingold, you have told us you want to make a point about work coaches. Do you want to make that point now?

Professor Ingold: Yes, but I would also like, if I may, to respond to Debbie's point. From my research, I would support a jobs guarantee. What I have been seeing recently are a number of concerns about the complexity—again speaking to the point about business engagement—involved in the rules and the delivery of Kickstart. It is the competitive point that Jonathan has just spoken of. We then have a situation where interventions are almost being pitted against each other, going back to the point I made earlier about having that focus on single interventions rather than a spectrum that essentially has a lifelong learning as well as a labour market engagement emphasis.

I would like to flag up work trials. I know that has already been mentioned. Evidence suggests they are fantastic, especially for people with disabilities or long-term health conditions. They should absolutely be paid, but there is good international evidence on that. Sector-based work academies delivered by the Department in conjunction with other partners and businesses is also an excellent example. There are great interventions, but OECD data highlights that investment in these interventions, as Jonathan has just talked about, is crucial at a time like this.

Briefly returning to the point about training, I completely support what Ian has talked about in terms of the training of work coaches. I wanted to highlight that the IEP as an organisation has a number of standards at different levels for employability practitioners. I emphasise again that some of the IEP's members are from DWP and Jobcentre Plus, and the standards consistently have modules around employer engagement, which is critical because, going back to a point I made earlier, it is not necessarily to do with the capability of the individual work coach or employability practitioner; it is whether they have capacity to engage with employers, which evidence suggests they don't. As Ian has rightly said, we seem to have come to a point where there is such a focus on benefits, systems, processes and compliance that it gets in the way of good engagement on that human level with the jobseeker and with employers.

The second point is about the skills. I like to say that employer engagement and supporting jobseekers are two sides of the same coin, and they are separate but complementary skillsets. It cannot be assumed that people who are very skilled at working with people who are looking to return to work or go into work are necessarily good at the employer engagement. They need some skills building to do that, and they need to be supported in that.

Q77 **Nigel Mills:** Can I ask you for your thoughts on how people currently employed—I use the word loosely—in the gig economy are going to be affected by this and how we could best get support to them? Do we need to change the law on how we define being employed to try to get more of these people into the legal employment status that probably many of us think they ought to be?

Kate Bell: That is drawing on something I said earlier. The first thing we need to do is enforce the current law, basically. As you said, many of these people are employees by any of the normal tests of employment status, and what we need is a greater effort to enforce that.

One change we have put forward that would help is a presumption that you are employed unless the employer can prove otherwise. Shifting the burden of proof on to the employer, rather than employers saying to people, "You are self-employed. If you want to say you are not self-employed, you are going to have to come and explain to us why that is," would make quite a big difference in the psychological impact of these changes, making it clear that if employers want people to be self-employed, they are going to have to work to demonstrate that they genuinely are.

It is an interesting situation at the moment. You are seeing across the world more and more court systems—as we have seen in California recently—concluding that people who work for gig companies are under the direction and control of the employer and therefore are employees. We just need to keep making that point and keep enforcing the law, but that change in the presumption of who is an employee would make a difference, too.

Q78 **Debbie Abrahams:** Kate, on the jobs guarantee, is there an indication that the Kickstart programme may not be addressing the issues around regional inequalities? Would the approach proposed by the TUC address this?

Kate Bell: One of the issues with the Kickstart programme at the moment is that it is a little opaque, to be 100% honest. It has been very hard to work out where the engagement is happening. It might be happening in ways that are invisible to us, but we have suggested that, for example, you might set up regional panels—again bringing together employers, unions, jobcentres and local government, which are also going to have an important role in this—to design and deliver the intervention in a way that could help to address some of those regional inequalities.

That is not the approach that has been taken, as far as I understand it, but I would not want to conclude yet that the programme has not done that. It is in its early stages and our push to the DWP and to Ministers would be that there is still time to do that engagement. This is a programme that is going to run for some time. Doing that engagement would help deliver a better programme, and that is what we all want to see happen.

Chair: Our time is up. I thank all four of our witnesses very much for their very helpful answers to us over the past hour. That concludes our meeting.