

Business, Energy and Industrial Strategy Committee

Oral evidence: Post-pandemic economic growth: UK labour markets, HC 306

Tuesday 21 February 2023

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Members present: Darren Jones (Chair); Jane Hunt; Mark Jenkinson; Ian Lavery; Andy McDonald; Charlotte Nichols; Mark Pawsey; Alexander Stafford.

Questions 299 - 338

Witnesses

[II:](#) Kevin Hollinrake MP, Parliamentary Under-Secretary of State, Department for Business and Trade; and Mike Warren, Director of Labour Markets, Department for Business and Trade.



Examination of witnesses

Witnesses: Kevin Hollinrake and Mike Warren.

Q269 **Chair:** We are now going to shift over on to panel two, where we are welcoming Kevin Hollinrake, who is the Minister for Enterprise, Markets and Small Business, and Mark Warren, the director for labour markets, both of whom are from the newly branded Department for Business and Trade. Minister, welcome to the Committee. I am sorry we are running a little bit over schedule.

This session is part of our labour market inquiry. Can you start by giving the Committee a brief update about the ministerial responsibility for labour policy? It was pretty fragmented before the departmental changes. Now we have had some departmental changes, could you just spell out for us which Ministers are responsible for looking after jobs?

Kevin Hollinrake: Certainly, as far as I know, Chair, it is myself in our Department. The briefs have not been finally confirmed, but it was my responsibility within BEIS to look after labour markets prior to the change in the Department.

May I say I very much hope this Committee will continue to scrutinise the work of our Department? I am very much looking forward to reading the outcome of your very important report.

I would say that the responsibility is with myself in the new Department for Business and Trade and Guy Opperman in the Department for Work and Pensions.

Q270 **Chair:** Do you have a formal taskforce or committee, or do you just engage ad hoc between you?

Kevin Hollinrake: We tend to engage on key issues. We had a cross-ministerial meeting quite recently with Treasury Ministers—it was James Cartlidge, Guy Opperman and myself—on the exact topic of labour shortages and what we can do to encourage more people back into the workplace.

Q271 **Chair:** Does there need to be something new in cross-departmental working in Whitehall on this policy? The Chancellor has said it is a priority. The Work and Pensions Secretary has been given quite a big job by the Prime Minister. Is the way it currently works sufficient?

Kevin Hollinrake: I have been in Parliament for virtually eight years now, and for most of that time I have been a Back-Bencher. I was often frustrated about the siloed approach to policy-making you see in Government. I am all in favour of more cross-departmental working in terms of tackling key issues. This is a great example. This touches on the Treasury, clearly, because that is where the money is; it touches on the Department for Work and Pensions in terms of different resources such as Jobcentre Plus; and it touches on my brief, which principally relates to



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the private sector. We know this is the number one challenge for businesses in terms of recruitment right now.

Q272 **Chair:** Presumably, it also touches on the Department for Education, and the Home Office for migrant labour. It is quite fragmented, is it not?

Kevin Hollinrake: Yes, absolutely.

Q273 **Jane Hunt:** Hello. The Chancellor referred to over-50s in a speech not too long ago by saying, "Britain needs you", and we certainly do. How are we going to persuade those over-50s to return to work? I want to look at two elements, if I may. First, let us look at the highly skilled. How do they come back to work? They are highly skilled and so were perhaps previously highly paid and therefore perhaps they can afford to retire, but we still need their skills. Secondly, I want to look at those who are over 50 with ill health who feel, for whatever reason, like they cannot remain in the workforce. What are we going to do to persuade them both back?

Kevin Hollinrake: Thank you very much for those questions. Can I just make a broader point? In terms of the UK and internationally, the crisis we have is not a shortage of jobs; it is a shortage of workers. You are seeing these same patterns right across the piece internationally. The jobs crisis in the US, for example, is probably twice as bad. There are 10 million vacancies in the US and only 5 million people looking for work in the US. We see these situations elsewhere.

The UK has a fantastic record in terms of employment and very low unemployment, which, again, is exacerbating this issue. There is a 3.7% unemployment rate in the UK. That is 5% in Canada, 6.2% across the EU and 7.2% in France. We know that some of the issues you referred to are key to solving this problem because we have seen a significant rise in the number of inactive people of working age post Covid. That rise is just over 500,000 now. A good proportion of those are over-50s. How do we get those people back to work?

You are right to say that a lot of those people are skilled already. How do we get those people back to work? The number one way in which we believe we can do that, which some of your previous panel referred to, is by making the workplace a more attractive place to be. The number one way we can do that, which is what Ian was saying, is flexible working.

The Government are legislating to make flexible working easier to get. We are legislating for the right to request flexible working from day one. We are supporting a Private Member's Bill to do that. That is one of the ways we make the workplace more attractive. We are also increasing things like the national living wage, which will not necessarily help those very high-skilled workers but has a knock-on effect through the wage system in terms of making the workplace a more remunerative place to be.

Ultimately, whether they decide to work or not is a lifestyle choice for lots of people. If they are high skilled, perhaps they have resources that



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mean they do not need to work. That has to be a choice for people. Certainly, we are doing a lot of work to try to reach out to those over-50s and say to them, "The workplace is an attractive place to be". We are doing a £20 million pilot to look at that and try to make the workplace a more attractive place to be.

In terms of the people who might need to reskill, it is absolutely right that we are looking at the different things we need to do there. We are spending an extra £3.8 billion a year on reskilling people. Whether that be apprenticeships, which people of any age can access, or skills bootcamps, these things are there to try to make it easier for people to reskill and to re-enter the workplace.

I visited a fantastic initiative quite recently called Trade-Up. You had Tim on the previous panel talking about the construction sector. That is a private sector initiative that works with a number of different private sector organisations, and it will double the number of construction workers trained every single year from 10,000 to 20,000. That is all private sector-delivered. That is employers and training companies working together.

Those are the kinds of things we are doing. It does not need to be a three-year training programme or an apprenticeship, which was a question you asked earlier. You can do this stuff in a matter of months, which is key to this and key to getting the message out to people: "You can do this relatively quickly and it can be relatively lucrative".

Q274 Jane Hunt: Just on that last point, Tim Balcon's point was that it is not that people want training; they want the job at the end of it. Do you agree that shortening the supply chain in order to be able to deliver that for those people would help?

Kevin Hollinrake: Yes, absolutely. It is pointless to go on training if it is not going to have some meaningful benefit to your life, is it not? One of those benefits is earning more money or getting into employment that you would not have otherwise been able to access. Yes, absolutely.

We need to get the message across to people that they can reskill in later life. As an employer myself, we took on a lot of people who were in their 50s, in their 60s and even in their 70s who were out of work and who came back into the workplace. They added a huge amount of value to our organisation. My message to any employer is, "Do not rule out the over-50s".

Q275 Charlotte Nichols: One of the things that we risk losing in some of these discussions about getting older people back into the workforce is some of the sectoral differences. Certainly when I speak to local firefighters in my constituency, for example, they are very clear that they are leaving at a certain age for a reason, which is because they cannot physically fulfil some of the demands of the job. That is very different to someone in an office environment, for example.



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One of the sectors I specifically wanted to focus on was manufacturing. Again, in my constituency I have a large number of manufacturers right across the piece, from textiles manufacturing to food and drink manufacturing. We make a fifth of the world's gin in Warrington. It is something we really have a lot of. Make UK, which is the manufacturing sector trade body, has said that more than half of manufacturers struggle to find the talent they need locally. With specific reference to the manufacturing sector, what more can we be doing to better support businesses with the vacancies they need to fill and better support jobseekers to be able to find employment within those sectors?

Kevin Hollinrake: That is a very good point. We work very closely with various sectors, including the manufacturing sector, to try to make sure they can find and retrain more talent.

As I said before, we are doing skills bootcamps, which have had a very profound effect, for example, on the HGV sector. I know that is not the sector you are referring to specifically, but there is no reason why those kinds of interventions cannot help. There are also apprenticeships.

I have manufacturers in my constituency. I have a defence manufacturer. I have walked around the shop floor and talked to people who are working on the shop floor, doing very precise work such as making the key elements of missile launchers. One of the people I met was somebody in her 50s, if I can say. Only a couple of years earlier, she was working in a bakery. It shows that people have transferable skills and can be retrained really quickly, given the right kind of training programmes.

We are clearly working to invest more money in this area. Sir Michael Barber is looking at how we can have a more effective reskilling sector. Employers have a big part to play in this, of course. If you have the demand in terms of needing to add people to your workforce, the principal responsibility for finding and training people has to remain with employers, with the Government's support.

Q276 **Charlotte Nichols:** Just to come back on that quickly before I go back to the Chair, a real source of shame over the last 10 years has been the amount of money the Government have taken away from training schemes such as Unionlearn. Under that scheme, skills and training were being provided by trade unions, supported by the Government and local colleges. That was often one of the ways people could move into other sectors. You can understand a reticence from an employer point of view to be training up someone to not only leave that employer but the sector altogether. Often it was one of those things that bridged the gap.

What is your view on the role that schemes like Unionlearn have to play in allowing people to take part in lifelong learning and retrain throughout their careers?

Kevin Hollinrake: I am not aware of the precise scheme you mention, but I would be very interested to read your report and see whether that is one of the recommendations you make. My general philosophy on



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anything is that to make anything effective, you try lots of different things and you do more of what works. If that is an intervention that works, we should look at that with interest.

You say we are taking money away, but the reality is that we are spending more and more money on just about everything. There is very little money to go around. The deficit this year will be £177 billion. Clearly, we have to make sure that any intervention we take is as effective as it can be. As I said right at the start, we are really keen to hear the recommendations of your report and how we can make our training approach more effective. Mike, do you have anything to add to that?

Mike Warren: No, not on Unionlearn specifically. Just going back to your first question about the manufacturing sector and linking it, if I can, to the previous question, my directorate within the new Department for Business and Trade is leading on the flexible working legislation. I see flexible working as the answer to everything, although from the previous panel it sounds like I am in a pretty good company on that.

There is something about the very narrow way we see flexible working. A lot of people, and a lot of the commentary in the media, see flexible working primarily in terms of working from home or the hybrid working model. It was really interesting to listen to your session with Make UK and my own conversations with Make UK and others. There is a version of flexibility that possibly goes to your point. Given the ageing profile of the average worker in that sector and given the retention issue, there is a form of flexibility that could involve highly skilled workers who have left the sector coming back one or two days a week specifically to train younger workers in that sector. Seeing that as part of our vision of flexibility offers an awful lot of opportunity.

Certainly when we think long term and most broadly about what flexible working might mean, we definitely want to include more and more of that sense of flexibility, as well as having a laptop and working from home, which everyone is very familiar with from the pandemic.

Q277 Andy McDonald: Welcome, Minister. It is good to see you before us for the first time. I want to tackle a particular area. Perhaps we can get this out of the way immediately. Have the Government abandoned their plans for a single enforcement body?

Kevin Hollinrake: No, we have not abandoned it. We are still looking at it. Like I said before, money is hard to come by. We have to make sure that any intervention is money well spent and we have to make sure it is effective.

I work very closely with Margaret Beels, who is the director of labour market enforcement and who has an umbrella approach to the different agencies that potentially would be involved. Right now, we are focusing on trying to make those agencies more effective and co-ordinating their



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efforts more effectively. I met with HMRC's minimum wage enforcement unit quite recently, for example, to make sure that relationship is working well.

Q278 Andy McDonald: You mentioned Margaret Beels, but she said in an article in the *Observer* on 12 February, "They have not got the foggiest who we are". That is the watchdog trying to protect Britain's exploited workers. She is utterly scathing about the whole architecture around enforcement in this country.

We had a commitment to an Employment Bill, which has been disappeared. We have had bits and pieces of Private Members' Bills coming in and offering flexibility and the right to request. In the area of enforcement, we have huge gaps, with all manner of people suffering all sorts of prejudice in the workplace. Is this not a fundamental failure?

Kevin Hollinrake: I do not agree with that. I do not think that what is important is the structure of an organisation; what is important is its efficacy. I met with Margaret on 7 February. She certainly did not speak in those terms to me. There are interventions that she is taking, and there is collaboration in the working approach we are taking with other bodies, be it the gangmasters body or the employment services agency. All those things are there to work more collaboratively. That is what we are hoping to achieve.

Q279 Andy McDonald: Minister, we should share with you the transcript of the evidence from Margaret Beels.

Kevin Hollinrake: I would be happy to hear it.

Q280 Andy McDonald: You are new into post, so this probably represents an opportunity to have a fresh pair of eyes on this. Looking back over the last several years, she is frustrated beyond imagining at the lack of progress she has been able to make. The area of enforcement seems to be something that exercises her most grievously. Perhaps you could do that.

In the absence of that single enforcement body, can you tell us about the alternative structures that are going to be put in place to fill the gaps on enforcement of policy? You are talking about talking to them, but what are the structures that are going to be put in place to fill the gaps left by the absence of an enforcement body?

Kevin Hollinrake: I do not think there are gaps. You are talking about a different structure. That is what my point would be. I am sure the Committee would agree that the key thing is the resources available to those bodies. If you look at the resources available, we are spending £351 million¹, which is a 121% increase compared to 2010. We have

¹ The Minister would subsequently like to clarify that this should be £35.1 million rather than £351 million



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doubled the HMRC national minimum wage compliance budget to nearly £28 million, from £13 million in 2015.

There is a huge amount of resources going into that. Yes, I agree that different agencies involved need to work more closely together. That is one of the things Margaret was very clear about to me. Subsequent to that, I have asked HMRC, for example, to work more closely with Margaret. We will keep working on that to make sure it proves effective. I do not agree with your point that the lack of a single enforcement body is causing gaps in the system. That is not right at all.

Q281 **Andy McDonald:** It was recommended by the Taylor review, and it has been endorsed by others ever since.

Kevin Hollinrake: We are taking up many of the recommendations of the Taylor review. We are looking at things like more predictable hours, for example, which is one of Matthew Taylor's recommendations. We are certainly cognisant of that.

Q282 **Andy McDonald:** On predictable hours and the ability to secure flexible working, can you tell me what the value of the right to request is?

Kevin Hollinrake: The right to request will be available to somebody after 26 weeks of employment—sorry, the right to request flexible hours is a day one right.

Q283 **Andy McDonald:** The point I am making is that, if you have the right to request something, when there are so many caveats and the ability to turn it down, would it not be more advantageous if that were to be reversed? The right to predictable hours and flexible working should only not be there in the event of there being some compelling reason for it. As a starting point, it should be acceded to on request.

Kevin Hollinrake: You may believe that, but I do not agree with that. We have to be cognisant of the burdens on employers. We are asking employers to do more and more all the time. We are doing six Private Members' Bills. There will be the right to request predictable hours or flexible working, for example. We have received some criticism—there is no doubt—from one or two employers. They ask, "Is this the right thing to do?"

All this stuff has burdens on business. The number one thing we want to do is make sure that people get access to jobs. The more you put burdens on businesses, the fewer jobs there will be. Zero-hours contracts, which is what this relates to, affect just over 3% of the UK workforce. Yes, we want to make sure employers are considerate and do not take advantage of their staff, clearly, but we also want to make sure that people get access to jobs. Lots of people like working on zero-hours contracts because it suits their own lifestyle. Clearly, you are not compelled to go to work. There are benefits on both sides to doing that.

Q284 **Andy McDonald:** There is a difference here. If zero-hour contracts are



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someone's only option, that is not a choice.

Kevin Hollinrake: That is why we are trying to get a very dynamic labour market that encourages jobs. As I say, unemployment levels in the UK are lower than many of our counterparts, which is one of the reasons we have a successful system.

Q285 **Andy McDonald:** I want to move us on, but the whole purpose of this session was about making work attractive for people to bring them back into the labour market. It is about doing things to make that happen. There was a commitment, with which I wholeheartedly agree, to make Britain the best place in the world to work. I am just wondering whether that is actually being fulfilled at the moment.

Let me move on. We have problems with our employment tribunals. Are the Government considering increasing resources to tackle the backlog in our employment tribunals?

Kevin Hollinrake: We have done that. Off the top of my head, £2.8 million was put into employment tribunals to try to clear that backlog. You are absolutely right. It is not one picture everywhere. In different regions there are shorter waiting times than in others, but, yes, we are concerned about it. A lot of the tribunals system has got clogged up as a consequence of the issues we saw through Covid. We are keen to clear that backlog and we are working very closely with the MoJ to make sure that does happen. Yes, extra resources are going in.

Q286 **Andy McDonald:** Of course, some listings are taking more than two years, which probably defeats the object, if you are trying to resolve an employment issue. We have a major problem. Have you considered extending the time limit for tribunal claims to be made from three to six months? That may facilitate the opportunity to resolve some of these matters. It may help in reducing the backlog. Is that something that is under active consideration?

Kevin Hollinrake: Tribunals already can consider later applications, if there are good reasons why applications have not been made. That is something that we will continue to look at, but a tribunal itself can make that provision and be flexible on that.

The other thing that has proven successful in this area—I meet with Acas regularly—is early conciliation, where employers and workers try to resolve issues prior to going to tribunal. That seems to be a successful new initiative in terms of making sure we are trying to resolve these matters without going to a tribunal, which can be a burden on both parties, of course.

Mike Warren: Just to add to that, Acas will continue to offer conciliation whilst a claim has gone through the first stage of the process and is awaiting a tribunal date. I am not trying to say there is a silver lining to some of those timelines you mentioned—as the Minister said, the Government are investing in trying to bring those down—but, for all the



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time that people are waiting for a tribunal date, Acas will still be trying to help them through the problem informally.

Q287 Andy McDonald: The short answer to my question, which was about whether you are actively considering extending the statutory time definition from three to six months, is that this is not something that is under active consideration. That is the position.

Kevin Hollinrake: As I said before, we will always continue to review the situation. At the moment, the tribunals have discretion anyway.

Q288 Andy McDonald: Finally, can I turn to the issue of enforcement again? We come back full circle to enforcement in tribunals. There is a study showing that only 49% of successful claimants were paid in full and 35% of claimants received nothing. You will have some workers who do not even bother pursuing it. They may be on short-term work visas. Margaret Beels has highlighted these sorts of problems. Is there a plan to improve the outcomes for workers?

Kevin Hollinrake: This is for employment tribunals.

Q289 Andy McDonald: Yes, this is about enforcement at employment tribunals. Often people are reluctant. They think, "I am going to be here for years. I have a grievance. I have a crisis. It is financial. I need to resolve it". People are either getting nothing at all or getting significantly less than they are entitled to because of the absence of enforcement. Is there a plan to address that?

Kevin Hollinrake: I am not aware of those particular statistics, but I am very happy to look at it, take it away and write back to you. Mike, I do not know whether you have anything to add to that.

Mike Warren: There is a team in my part of the Department that does the enforcement you are talking about. I recognise that those statistics are a long way from where we would want to be, but we are actively enforcing. We can certainly write with more details.

Q290 Andy McDonald: Where would you want to be?

Mike Warren: We would want to be higher than 49%.

Andy McDonald: That is pathetic, is it not?

Kevin Hollinrake: You would want everybody to get paid, would you not?

Andy McDonald: You would want 100%.

Kevin Hollinrake: Yes, of course.

Andy McDonald: Yes, absolutely. We are way off, and that tells me the system has collapsed.



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Kevin Hollinrake: I would say that “collapse” is the wrong word, but clearly there is a need for improvement both in terms of waiting times and awards, that being the case.

Andy McDonald: 51% do not get their full entitlement.

Kevin Hollinrake: I am very happy to look at that and write to you.

Q291 **Chair:** Just very briefly on the various bodies in your Department, I understand there has again been some delay in appointing the new chair of the Low Pay Commission. Do you have an update for us on that?

Kevin Hollinrake: I have no update on the new chair, but I am aware of the delays. I spoke to the Cabinet Office on that issue quite recently. We are keen to get a new appointment in place as soon as possible.

Q292 **Chair:** What has the delay been? You know the term dates for these people. Why is there a delay?

Kevin Hollinrake: Clearly, you have to find the right person. That is the number one thing. We are talking about labour shortages here. Making sure we have the right candidate in place is the key thing.

Q293 **Ian Lavery:** I want to talk about night-time workers. There are 7 million people now who work during the night and who are classified officially as night-time workers. It is causing huge problems. There is an estimate that a lack of sleep is costing the UK economy up to £50 billion per annum in attrition rates, accident rates and low productivity. People who work through the night are suffering more with heart disease, cancer, diabetes and depression. They are also six times more likely to get divorced and they are normally working at a low rate of income.

I am wondering what the Government’s view on this is. What are the Government doing with employees and employers to educate them more on how to reduce the huge mental impact on people who are working in the night-time economy? There could be a whole range of issues.

Are the Government not considering getting the largest employers of night-time workers together to try to develop some sort of good practice for employees and employers of night-time workers?

Kevin Hollinrake: You are right to point this out. Good employers will address those kinds of issues, of course. We would urge all employers to be good employers and to be considerate of the health of their workforce, because clearly that impacts upon their companies or organisations in many different ways, whether it be in the public sector or the private sector.

You certainly raise some very important issues. We are keen to make sure that employers do the right thing. Acas has much guidance, and presumably it has guidance on employing people to work through the evening or through the night. It is absolutely right that employers should follow that kind of guidance and follow best practice to make sure their



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workforce is in the right place, both physically and in terms of their mental health.

Q294 **Ian Lavery:** I will not dwell on the point, Minister, but it is a really important issue, when you look at the facts and figures and the detrimental impact it has on individuals. I know you were sitting there and listening to the earlier panel. Some people are forced to have to work through the night. Some people's employment is solely through the night. The impact it is having on their mental health and in terms of medical conditions is unbelievable. It really does need more than nice words. It needs some sort of action to ensure that individuals, the people who work in these workplaces, are better educated to understand how they can deal with the impacts.

People who are working in night-time occupations are six times more likely to get divorced. It is unreal. It is all right to say that Acas should take up the cudgel on this or that Acas has good guidance, but the Government have a responsibility to deal with this and assist people in the workplace.

Kevin Hollinrake: We do fund Acas, as you know, to a very significant degree. They are our proxy in terms of making sure there is best practice at work.

I would say that nobody is forced to work. Those were the words you used. What you mean is that this is the best choice of work those people might be able to have access to. Indeed, night shifts might be more suitable for some people than others. They might fit with their own life commitments. You are quite right to point out the issue. I can ask Mike whether we or Acas have any guidance on that particular issue.

Mike Warren: I do not know. It is not an area we are doing active policy work on at the moment. As your inquiry has found, the labour market does not stay still. There are always new issues emerging. There is new evidence emerging, and of course we do our best to keep that evidence under review and keep developing the policy thinking as more information becomes available.

Q295 **Ian Lavery:** Is what I have mentioned today fresh to you?

Kevin Hollinrake: It is certainly fresh to me. I am very happy you have shared that with us. We can look at it.

Q296 **Ian Lavery:** Mike has just said that these startling figures were basically not on the radar. This is worth £50 billion to the national economy.

Kevin Hollinrake: Where is that data from?

Ian Lavery: We got the data from one of the briefs we have. We have it in the brief. I will get that to you. These are startling figures. Nobody is really informed on them. I would not say that people are not interested—that would be unfair—but they are not acting on them. They are not trying to help ordinary people and employers as well. I agree with what



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the Minister says. Not every employer is a bad employer, and everybody tries to do their best. It simply is not working. We are seeing an increase in the people working in the night-time economy.

Mike Warren: We are aware of the work that Co-op has been leading on this. We are aware of the 7 million figure. I personally was not aware of the starkness of those health and wellbeing impacts that you have just mentioned.

Chair: I see a recommendation coming your way.

Q297 **Mark Jenkinson:** I might just put on record that I was a beneficiary of zero-hours contracts that enabled me to have a family life and give back to my community in the form of council work.

I saw some data the other day that suggests that zero-hours contracts are at a high. Given the state of the wider labour market, that would suggest that those are choices in a lot of cases. Otherwise, employers would be making efforts to stop them.

I have a couple of questions on flexibility, Minister. We touched earlier on the Bills that are coming through Parliament. The Employment Relations (Flexible Working) Bill has that day one right to request flexible hours. We took evidence in hearings suggesting that it would make much more sense, both for employers and employees, for this to be a right from the point of job offer, instead of allowing someone to get to day one and then find out they may be unsuitable for the position because of that flexible working need. Do you have a view on that?

Kevin Hollinrake: It would be something you discuss at interview stage rather than when you arrive in the workplace. Is that what you mean?

Q298 **Mark Jenkinson:** It would be at the point of the job offer so they do not have to restart the recruitment process from a zero base.

Kevin Hollinrake: You would naturally assume there would be a discussion between the employer and the employee at interview stage about the conditions of work and when an employee is expected to be at work. You would expect at that point in time the new recruit would be willing to work in accordance with those conditions.

We are trying to shift the cultural needle from people thinking that flexible working is only available to a certain cohort within a workplace and saying to an employer, "Consider it for everybody in your workplace at any stage". This is not just about working from home. Instead of working from 9 to 5, you might work 10 to 6, if that fits in better with your lifestyle. It could be some days working at home, for example, or job shares. We are trying to say to employers that, yes, we recognise that employers have an issue in terms of recruiting staff, which is a phenomenon right across the globe, certainly in the developed world. We are saying to them, "If you want to recruit good people, be more flexible in your approach to the people you take on".



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It is about a conversation. That is what it is about. It is not about imposing a huge burden on employers. We think it is right that this is a right to request, not a right to insist. Others might want to make it a right to insist. We want it to be a simple process that engenders a conversation, which results in a proper consideration of the intricacies of somebody's different working pattern. Then an employer can say, "Yes, I can work with that", or, "I am sorry. I cannot do that on one of these eight grounds".

Q299 Mark Jenkinson: Is there a move in the Department to try to encourage employers on more widespread adoption of flexible working and to get employers to understand that this does not necessarily have to be an imposition on them, and that they can actually benefit? Is there some work going on there? You mentioned earlier that there was pushback on this Bill and some of the others, potentially. I assume there is a bit of an education piece in that.

Kevin Hollinrake: Yes. It is just the process of getting here. We have something called the Flexible Working Taskforce, which includes big employer groups, the CBI and the Federation of Small Businesses, for example. We wanted to work closer with them, and indeed employee representative organisations, to make sure there was a joint understanding that this was good generally. It was good practice, good for the workplace, good for businesses and good for public sector organisations to be more flexible around this.

Yes, of course, we want to want to make sure the message goes out to employers, to businesses and public sector organisations, that this is the right thing to offer. We want to make sure, clearly, that employees themselves are aware of the right they have to request this. That will engender those conversations.

Q300 Mark Jenkinson: I have another question on one of my hobby horses. The Government's punitive IR35 regulations have a significant impact on flexibility in the labour market and constitute a direct attack on workers' rights. To fix perceived tax avoidance by workers, IR35 has created a business of tax avoidance by certain umbrella company operators, which were penalising and further attacking workers' rights and pockets.

The response to the Treasury consultation on umbrella companies suggests that regulation might be required to stop a race to the bottom and to stop some of these abusive practices, perhaps in the form of an extension to the remit of the Employment Agency Standards Inspectorate. Will this be forthcoming? Might we dare to hope that we will see a stop to the constant attacks on anyone that is not pay as you earn?

Kevin Hollinrake: I had a meeting on this yesterday with my counterpart in the Treasury. We are both keen to move this forward very quickly. You will be hearing an announcement very shortly in terms of what we intend to do.

Q301 Mark Jenkinson: Will there be an announcement about the regulation of



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umbrella companies?

Kevin Hollinrake: You will hear the outcome in terms of the evidence base we have so far. We will be making our response to that clear very shortly afterwards. I am very aware of the problem. I have dealt with a number of cases on behalf of colleagues in the House, where some of their constituents have suffered detriment because of some of the practices of umbrella companies. That is the kind of detriment we just do not want to see. Clearly, on that basis, we are keen to make sure we have more control over what some of these organisations are doing.

Q302 **Jane Hunt:** My question is about skills and training, breaking down the stovepipe working between Government Departments and looking at the agility of the workforce so we have a workforce that is ready with the right skills at the right time. What more can Government do to ensure people who are not currently in the workforce have the skills that we will need, both now and in the future, please?

Kevin Hollinrake: Much of this is contained in a paper that I am sure has contributed to your inquiry, the "Skills for Jobs" White Paper, in terms of how we make our skills framework more effective. We are putting £3.8 billion more into skills training through the further education budgets. We are also looking at making sure that people do not just follow the normal education routes earlier in life, with things like T-levels, skills bootcamps and apprenticeships. We are also making sure apprenticeships are more effective and more relevant to employers.

I heard the question you asked earlier about having more flexibility in terms of apprenticeships and perhaps shorter apprenticeships. These are all parts of the reforms of the apprenticeship system that are in train. That system seems to be more and more effective.

If I can address the question you asked earlier about why we do not make some of these short courses, it is also really important to keep the quality high. When we first brought forward things like apprenticeships in 2015, there was a lot of criticism at the time about the quality of apprenticeships. Making sure they are very high quality is key to this. It is clearly important to work with employers as well as employee organisations to make sure that quality is there.

These are all parts of the skills framework we are working on and constantly looking to evolve. I hear lots of feedback from business organisations about apprenticeships today. I am keen to make them more flexible. My default position is that the best people to determine the training needs of staff are employers, not central Government. We need to make the training frameworks more flexible while making sure the quality stays high.

Q303 **Jane Hunt:** In terms of the confidence you have that FE and HE leavers have the right mix of skills for our current economy, what is your Department doing to drive that through the Department for Education?



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Kevin Hollinrake: We work very closely with the Department for Education. I speak to the Secretary of State quite often, and at an official level that work goes on all the time. We have the DfE Unit for Future Skills, which is something we have input into. We work very closely with them, for example.

There is no doubt that, as you can see from our decision to bring Sir Michael Barber in to look at skills, we think there is room for improvement. There are always other levers that we want to try to pull as well. You will have seen that the Secretary of State in the Department for Work and Pensions, Mel Stride, is looking at over-50s work and trying to work out the best approach in terms of attracting more of that part of the workforce back into the workplace.

We recognise that there is more to do in this. There is the carrot and the stick that the Chancellor talked about. We want to make sure we have the right kind of provision in place, but, as I said earlier, we should not neglect the fact that the principal people with a responsibility for this are the employers. We want to make sure we take those employers with us.

We have all met young apprentices, for example, who are inspiring in terms of the different opportunities they have got through the skills framework, but clearly we are keen to make it better and better.

Q304 **Chair:** The last couple of questions will come from me. We have ended up taking a lot of evidence on the role of technology, automation and AI in the workplace. I think I am right in saying that technology and AI policy is now in the Department for Science, Innovation and Technology. There is an interesting question about enforcement. If the technology results in discrimination or other traditional breaches of the law, I think I am right in saying that it is down to your Department and the bodies you have oversight of to make sure the law is being enforced in those settings. Is that right?

Kevin Hollinrake: Yes, absolutely. The labour framework is under my auspices. That would certainly be something we would look at. Certainly in my most recent meeting with Margaret Beels, for example, we talked about one of the workplaces she had visited where there was monitoring of the activity within that workplace going on to make sure the staff in that workplace were as efficient as possible.

Clearly, this is an opportunity for the UK. Generally, we are one of the leaders in AI. I know you are the chair of a certain organisation to do with AI, so you have a familiarity with this that I probably do not have, but we are excited about the potential. The UK is third in the world in terms of its progress so far in terms of AI, but it is bound to lead to challenges for people in that workplace. We are keen to make sure any regulations we have tackle the potential issues that are created for employees.

Q305 **Chair:** Is there any particular policy work going on about the implications



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of these technologies from an enforcement perspective? The evidence we have had is that lots of employers are using tablets, wristbands, cameras and software on the computer, but there does not appear to be a particular focus on the enforcement of labour rights within those settings. Are you doing anything actively on that?

Kevin Hollinrake: There is a 10-year strategy. That covers national governance.

Q306 **Chair:** Is that starting or ending?

Kevin Hollinrake: I understand that we have published it already. It is the national AI strategy. I am not saying I have read it, because I have not.

Q307 **Chair:** No, that is different. I do not mean around AI policy. I mean specifically the enforcement of labour rights within the context of AI.

Kevin Hollinrake: Yes. That includes governance, does it not?

Chair: A little bit.

Kevin Hollinrake: I am very keen to see what recommendations you make in your report. Clearly, we want to make sure the workplace is a fair place. The opportunities of AI are bound to affect workplaces. There was a wonderful article on this by Tom Whipple in *The Times* quite recently.

Of course people are concerned about how this will affect people negatively. Will it lead to a reduction in job opportunities, for example? It is fair to say that previous technology advances have not led to a reduction in employment; they have just created new employment opportunities. Yes, of course, this may be different. Will our regulation follow the need for potential changes to the workplace from AI? If there is a need to do so, yes, of course it would.

Q308 **Chair:** We had some questions on childcare policy. Given all the press reports that it might be something to do with the Budget, you are probably going to tell me it is for the Chancellor and the Department for Education to answer my questions.

Kevin Hollinrake: Yes. It costs quite a lot to do this already, and we support that. We have spent £20 billion on it already—£3.5 billion a year. Whether we decide to increase that figure will be a decision for the Chancellor, not me.

Chair: It is not often I give you the answer, but I thought that would be the case.

Kevin Hollinrake: That is very kind of you.

Chair: That brings the session to an end. Thank you, Minister, and thank you, Mike Warren, for your contributions. We will now bring today's session formally to an end.