Work and Pensions Committee

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

Wednesday 13 January 2020

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

Questions 150 - 179

Witnesses

I: Tebussum Rashid, Deputy Chief Executive, Black Training and Enterprise Group.

II: Dr George Zarkadakis, Digital Lead, Willis Towers Watson; Antony Walker, Deputy CEO, TechUK; Tamara Hill, Employment and Skills Policy Advisor, British Retail Consortium; and Verity Davidge, Director of Central Policy, Make UK.

Written evidence from witnesses:

Willis Towers Watson [PCW0022](#)

Examination of Witness

Witness: Tebussum Rashid.

Q150 **Chair:** Good morning, and welcome, everybody, to this meeting of the Work and Pensions Select Committee. I particularly welcome our witness from BTEG. Thank you very much for joining us in these slightly strange circumstances, where we are all operating virtually. Could you briefly introduce yourself to the Committee so that everybody knows who you are?

Tebussum Rashid: Thank you very much. My name is Teb Rashid. I am here on behalf of BTEG, the Black Training and Enterprise Group. We are a national race equality charity. We have been operating for about 30 years, and we specialise in looking at disproportionality and disparity within education, employment and criminal justice.

Q151 **Chair:** Thank you very much for being with us, Tebussum. I will start with a couple of questions. McKinsey UK has been looking at the question of automation and its impacts on the labour market, and they have suggested that automation could increase race inequality in the UK. How big a danger do you think that is, and what do you think could be done to avoid automation increasing racial inequality in the UK?

Tebussum Rashid: The danger is quite significant. We already know that, statistically, the disproportionality of people from black, minority and Asian communities in the employment market is significant, especially in the job markets that are higher level. The majority of the community is working in those sectors where automation is having a bigger impact, for example, retail and food production. Automation is happening in those industries where those communities are quite significantly present. If automation continues the way it is without filling up people from within those communities, it is those jobs that are first to go, and it is those communities that are first to be impacted. Logically and statistically, we know that the disproportionality will be even more significant.

In terms of what could be done, it is about skills development and it is about supporting individuals within those industries, but also those that are starting businesses. Looking at it from a positive point of view, there is a significant proportion of communities within those minority communities that are self-employed and that are starting businesses, but they do not have the resource, capacity or skill to keep up with the automation to enable their businesses to grow proportionally and be automated as well. They are falling behind the automation speed. On top of that, we also know through lots of work and research—our own and organisations like Runnymede Trust and Race on the Agenda—that, even though we are getting black and Asian minority young people graduating with good degrees, they are still not entering the market at the level they should be. Even though we have graduates, they are not coming in.

We need to look at the biases in employment and in recruitment, the institutional biases that are there. Automation is going to happen, whichever way we look at it. However, the barrier is the lack of equity to enable women, young people or older adults to take part in the journey of automation. The equity is just not there, whether it is training, whether it is opportunities or whether it is the recruitment processes. That is what we need to look at, and look at the biases that have been embedded in institutions for decades.

We talk about unconscious bias, and people say, "No, it is not there." Of course it is there. We have gone into many, many organisations across the public, private and voluntary sectors to look at practices, whether it is recruitment, progression or retention. Those biases significantly exist, and within bias we look at affinity bias—I know it is a technical term, but we know people are taken on because employers are playing it safe. People are taken on who look like them and have similar backgrounds to them. That automatically excludes the communities I am working with, the communities that are already facing inequality.

We definitely need to look at how training is offered, the affordability of training and the access to training on automation, technology and industries generally. Even within the tech industry, when I look at the data on who is there, a very small percentage of black and Asian minority people are at those top levels of either decision making or recruitment. Why is there such a disparity there when you look at the statistics? There is representation at the very lower level, but there is no progression. Again, it is those biases that are significant. For the last year and a half or so we have been going into many organisations and doing that audit, identifying those blind spots, as I call them, in terms of why that disparity is there, to have that conversation, to be that critical friend and to identify what has been embedded for the last 10 or 20 years in those organisations, those institutions and even those sectors.

There has been some work done with the GLA, with the Mayor's Office, looking at construction and digital industries, and helping employers to identify and recruit into those sectors. We have just produced a tool kit that is out there for employers in those industries, and we hope to take that out further. That is being sponsored by the Mayor's Office. It is a bigger piece of work, looking at those industries, first identifying the disparities and then finding solutions. Within that, there is a bit about working closely with the employers and the sectors. I hope that gives you some indication but, yes, we are very concerned about how automation is going to impact unemployment, and women particularly.

Q152 **Chair:** I want to pick up on that point. That is a helpful answer. Just one specific thing; one idea that has been proposed to address some of this is the use of name-blind job applications so that the employer does not see the name of the applicant. Is that something that is being widely used, or is it still pretty small-scale at the moment?

Tebussum Rashid: It is small-scale and sporadic, but the danger is that a lot of employers tend to think it is the solution: "We have done that and, therefore, it will all be fine." That is just a small part of trying to put some sort of equity into recruitment. Name blindness on its own is not going to work, because if you think about the narrative within applications, which university somebody went to or which part of the country they are coming from, you can tell even from the narrative. It is not just about the name; it is about the recruitment panels. It is about the format of the interviews. It is about how communities are even being reached and encouraged to apply. There are lots of industries where I have spoken to many people within the community that will say, "I am not going to apply because I do not see someone like me working there. I will be an imposter." There is already that resistance. There is something about how these industries are reaching out.

I am doing some work with the motor industry at the moment on exactly that, their comms, their imaging, their wording and how they even go out into the communities. They want to reach out into communities within Manchester, BAME communities, but they do not know how to. There is a little bit of fear; there is a little bit of, "We do not know what language to use." We are helping. We want to be that critical friend, first to identify the blind spots, but also then to say, "We will help." Charities like us need to work collaboratively to enable that to happen, to help reach into those communities. We have access to communities that they would not have, and we are doing that with lots of sectors. That is the key. The name blindness is just one part. Having people on the interview panels, even if it is external people who are representative, makes a big difference. Yes, it is sporadic, it is small, and more needs to be done.

Q153 **Chair:** You mentioned that the gap in the employment rate seems particularly marked for women. Might automation provide some opportunities here? Might there be opportunities for doing things in a different way that would promote opportunities for ethnic-minority women?

Tebussum Rashid: Yes, potentially. Again, it goes back to how those communities and how those women are reached. Women generally are not in tech or STEM areas anyway, but ethnic-minority women even more so. Where is the communication? How is that communication happening to encourage those women? At the moment there is too much of a gap. It is, "It is not for us." It is a "them" and "us". A lot of these women have so much potential, but to have affordable and accessible training and skills development at local levels is key. I am generalising, but some women will have caring responsibilities. Affordability of this kind of training and upskilling is important, especially if those women are coming back into work. Where is that access? It is so minimal, it is so distant and it is very, very expensive.

I have looked into some courses for women after doing some work with specifically women's organisations in east London looking at this kind of

stuff, looking at new opportunities, looking at industries they may not have considered. The energy and the wanting is there from the women and from the communities, 100%—I can vouch for that—but the accessibility is not there for a number of reasons. Affordability is No. 1, locality is No. 2, and even if we are doing things virtually, as we are now, is there access to technology, data and laptops at home? We talk about children having that deficit; it is the same for adults within the families as well. Within ethnic communities, it is known that a lot of families will have small houses, properties with several people and one or two pieces of equipment, so how are they meant to access these opportunities if the resources and capacity is not there?

Also, there is a very small percentage of community members whose English needs to be improved as well. If that skill set, in terms of access to English—never mind IT—is not there, we need to go back one step to move forward five steps with some of that portion of the community. The wanting definitely is there for women, but again, that whole thing about getting into industry, the recruitment, the biases and the racism within recruitment, needs to be challenged to encourage women and younger people to go for those industries. Yes, the opportunity is there. Quite a lot of it is about how this is going to be marketed, how this is going to be promoted, and how you reach into those communities. A lot of that will be dependent on those things.

Q154 **Steve McCabe:** Good morning. I want to ask about employment and the members of the BAME community. I do not know if you have had a chance to look at the Runnymede Trust report "Over Exposed and Under-Protected", which I think came out last August. It paints a pretty devastating picture of the impact of the pandemic on members of BAME communities, who are more likely to lose their jobs and more likely to lose a lot of income. As we look forward, what do you think we can learn from this experience to make things better?

The DWP produced a report nearly four years ago, "Fuller Working Lives", but it seems to have been framed for a different kind of time. From your experience, what things do you think could make a difference in terms of tailored or targeted support to try both to better protect members of the BAME community in the future, and to make sure that we move forward, rather than just trying to restore the previous position, so that people from BAME communities get a much fairer deal in employment opportunities?

Tebussum Rashid: A number of things. One is about understanding intersectionality a little better, and looking at the whole community or the whole person. Sometimes we tend to look at, "It is a black man," or, "It is a black woman," but there is a lot more to it. The intersectionality needs to be better understood within the sectors.

We also need to understand how social mobility is really lacking within BAME communities. The exposure that the communities have had in the past is very, very minimal, and that links to social capital. What can we

do? We talk about shadowing in the old-school world. Sponsoring, shadowing, mentoring, all these programmes are going to be significant to enable people to get into the industries and then to progress within them as well. Reverse shadowing or reverse mentoring is key. I have been observing that for the last few months. Within certain institutions and organisations I have seen the public sector doing this quite well, where not only are they mentoring people from black and Asian communities but those same people are then mentoring back to enable leaders, mainly leaders, to understand what it is to be from a community, what are the barriers and what are the gaps. That kind of communication needs to change.

Rather than almost a power drive of leaders and industry leaders telling communities, "We are here, and we are here to help you," along with that patronising approach, turn it around and enable the communities to give them a little bit of power to bring it back in and allow them to talk about what is stopping them from entering these industries and these markets and what is the impact of Covid, whether it is geography or community or families, from the micro level to the macro level.

You talked about the Runnymede Trust report. We see these kinds of reports and data all the time. We still get shocked each and every time, but the impact of Covid on families—poverty, mental health, caring responsibilities and redundancies within the tourism, retail, travel and driving industries—is significant. I do not think the real impact has been felt or appreciated out in the bigger industries.

Another wallop is automation and the redundancies faced because of automation. That conversation is just not happening. It is too much of a "them and us" within communities and industries. It would be great if, whether it is at college or post-graduation, individuals who are facing redundancies are brought in to be given some kind of shadowing opportunity, to be brought into the industries rather than just an open recruitment option.

I hope that makes sense, but it is about social capital. Within a lot of the BAME communities, a lot of people do not have that social capital, do not have the connections and do not have the inroads into companies. That is what I am alluding to, some kind of programme and some kind of opportunity to bring people in and give them that experience. Their CVs are lacking sometimes, because again there is a lack of exposure, not having the connections to get work experience. Particularly for young people—we do a lot of work with young people—they do not have that connections to get the work experience. It is through these industries we are talking about, pre-automation, getting them in, giving them that second chance, enabling that equity we are talking about to happen so that, when the opportunities do come, they are ready and at the starting line with everybody else.

Q155 **Steve McCabe:** One other point I mentioned is that there is quite an old

policy report from the DWP, "Fuller Working Lives", which appears to suggest that they should build on existing Jobcentre Plus approaches. Given that your opening comments were about a better understanding of intersectionality, do you think it would be wise for the Department to review that report and to think about the kind of training and approach that staff might have to acquire or adopt in order to make the impact you are suggesting?

Tebussum Rashid: Yes, definitely. Looking back at some of those reports, significant as they were for the time, things have changed. Understanding equality, inclusion and diversity. If we are talking about that, we have to understand intersectionality. There is more to a young man who is not able to get into an industry than meets the eye, which is what we need to look at. There are socioeconomic factors, there is neurodiversity, there are lots of factors that we need to consider to understand why certain communities are not accessing certain industries and certain jobs. When we talk about automation, how is this going to impact based on where people are living, how they are living, who they are living with and their background? Yes, I think some of those reviews need to happen again.

I mentioned how organisations like us—we are not the only ones doing this—are a critical friend, looking at existing practices, policies, recruitment practices and marketing campaigns to identify those blind spots. It is not so much about going back to the beginning and doing a whole load of research again, because there is research, there are significant reports out there and there is loads of data out there.

We are a bit exhausted from saying, "This is the problem." I think everybody knows there is a problem and this is the problem. It is more about looking at what exists and identifying where those blind spots are, whether they are internal HR issues, whether they are more external issues or whether it is learning about identifying bias and what that even means, how it plays in, how it starts and how people start conforming to practices that have always been there without really realising where biases have seeped in.

It is more about adding to the reports that are already there, going in with a deeper dive to actually identify, "This is the kind of specific area that needs to be looked at." We do that quite a lot. I have done it with a couple of local authorities and we are doing it with national charities, being—again, I use the phrase quite loosely—a critical friend.

Post the impact of Covid on black, Asian and minority communities, post George Floyd and Black Lives Matter over the summer, we have had a significant rise in people reaching us and saying, "Help us." I would say 80% of those requests are genuine, a real, "We realise we have to do something." For us it is not about, "Yeah, we think we'll offer you some training." Yes, that is key for some, but it is more of a candid conversation, coming in with the perspective or the expertise, or maybe a bit of both, to say, "Actually, as a critical friend, you are doing some

things that are pretty good. However, this is where the gaps are; this is where you have some flaws in reaching out to particular communities; this is where you are putting off certain communities from accessing your opportunities; this is where your practices actually have bias in how you are asking the questions, or the language you are using, or the images you are using." Enabling that to happen, so it is more of a consultancy approach, rather than "Let's go back to do some more research," and taking it to the next level.

Q156 **Chris Stephens:** My question follows on from that in terms of looking at tailored support. Do you have any insights into what the experience is of BAME jobseekers who are using some of the earlier support schemes, for example the Work Programme or the Work and Health Programme, and any apprenticeship schemes? Are they positive experiences or negative experiences?

Tebussum Rashid: Obviously I am going to be general because, as with anything, there will be people with positive experiences and people with negative experiences. However, in the main, they are negative experiences from our research and our work with young black men in particular.

We have a programme called Moving On Up, working closely with a couple of funders, that really looks into why young black men of a particular age are not able to access employment and apprenticeships in particular industries. At one point we were looking at the construction industry, and almost 60% of applications were from young black men and just over 6% were being offered placements. That disproportionality in itself was demoralising.

This is across the board now, whether it is apprenticeships or employment. We have been supporting young black men up to the age of 25 with developing their CVs, their interview techniques, really skilling them up ready to go for opportunities that come up, yet they are constantly pushed back. We have had—this is not just anecdotal, this is from the horse's mouth—young people saying to me, "I get the interviews. I get the call saying, 'We would like to interview you.' As soon as I walk in the door the body language says it all, I never get offered the job." This is somebody called Michael, a very English-sounding name, who would walk into the interviews and, because he is a very tall, black men, they do not expect him to look like that, and he has been told that. This is just one person, but I could give you hundreds of stories like that.

Going back to the earlier question from Stephen Timms about names on applications, another young person—this is from just a year ago—said to me, "Look, I have put in over 50 applications and I have had two interviews. What is going on?" This is a graduate, a young person who is very articulate and who was volunteering for a charity within the building we are based in. At one point he said to me, "I want to change the name on my application forms and my CV to see what happens." He did, and within 24 hours—I was there when this happened—he got six interviews,

just on that basis. Many, many women say this to me. The Somalian community significantly has this impact.

In terms of their experience of programmes: first, they are too generic and do not accommodate the needs of communities or understand the disparities communities face. There was a programme that I dipped into, only because I was asked to deliver part of a workshop. I was talking to a couple of women afterwards—and these two women wear the headscarf like I do—and they said to me that the tutor had called them up saying, "Why are you wearing a scarf, are you forced to wear this? You know that is going to put you behind the race in terms of employment opportunities, don't you?" If the tutors, facilitators and providers are having that kind of biased attitude—that is just one or two examples, and I could sit here all day and give you so many—people are then losing the motivation even to bother applying to certain industries and certain jobs; it is almost like there is no point.

There are others who have said to me, "You know what, there is no one who looks like me in that industry so I'm not going to bother." The motor industry being one, although on the flipside I know they are reaching out and saying, "We need to do something about this. We want to be more inclusive." There is an effort, I know that, but the impact has already happened on communities.

We, in the sector, have been doing some work particularly with women from black and Asian minority communities, this is younger women and women wanting to return to work who have been on these programmes. Again, many have said there is no support in terms of the language disparity. I am not talking about English, they are quite articulate with their English, but the jargon and industry-specific language, and there is no support on that within those programmes. There are others who have just been told, "Don't bother wasting your time. Come on the programme and tick a box but, you know what, you're not going to be suited because look at how you're dressed." I am talking about overt racism; I am talking about significant statements that really put off these communities.

Yes, the programmes have not been tailored enough, unfortunately. There is more that needs to be done.

What could be done on the things we complain about? In regards to subcontracting out to community-based organisations that do significant work around employment and employability, a lot of these community organisations do not win the contracts because they are too small. It is the big organisations that are winning them, and they are not understanding the communities' needs, or are not able to reach those communities or go into the localities where they are based.

I am talking about Barking and Dagenham, and last year we were doing some work. The programmes are there, they have been there for a long time. I asked the women we were engaging with, "Why are you not accessing these mainstream programmes? Why don't you go there, why

don't you access them?" The reason they all say is because of the tone that they receive, because of the timing, because of the side lines. When it comes to discussions there is a good handful of women who have started programmes but then left because they just felt they were not being engaged with, they were not being given the same attention as the white students who were on the programme because it almost felt like, "There is no point supporting you because you're not going to progress." Those are their words, not mine, but I can see that. I see that in schools as well, unfortunately.

If young people, and adults, are being told, "There is no point," they are not going to engage in these programmes. If some of the facilitators are not able to relate to them in terms of culture or background, again, they are not going to want to engage either. I do a lot of training facilitation with a lot of these communities. I have often been told that I still say the same things as the other practitioners will be saying but, because I have the cultural background or I can engage with them about culture, religion and things like that, it is a different conversation. They are able to say things or articulate things that they would not to a mainstream tutor who does not get culture, does not get geography. Cultural competency is key and it is what some of these providers do not seem to have. Some of these programmes are too generic.

Q157 **Chris Stephens:** I think that is a very important answer. You have mentioned some case examples, and I think the Committee would like to see a bit more of that. If you could send in particular case studies, that would be very welcome.

My final question for this section is that we know the Department has never published a breakdown of how people from different ethnic backgrounds benefitted from the Work Programme. Do you have any insight into how the benefits varied between different ethnic groups?

Tebussum Rashid: Off the top of my head, I do not. There is bound to be something that we did when some of these programmes were running, so I could dig in and send that over. No, apologies, I do not have off the top of my head the significant difference between groups.

Saying that, I vaguely remember reading, and I will probably have to dig it out again—it is not one of my favourite reports, I must say—the review that was done by Dame Louise Casey in, I think, 2018 on inclusion, community cohesion and that kind of stuff. It talked about the impact, on Pakistani and Bangladeshi women particularly, of lack of cohesion and inclusion and the impact on employment. Although the report highlighted some interesting facts, it was quite damning. Saying that, though, we know that it is the Pakistani and Bangladeshi communities that are impacted the most in terms of unemployment or lack of opportunities, so I am sure we do have something. Anecdotally, and just from personal experience, I will say they are the communities that are most impacted.

The Somali community is faring better now because of the efforts they made within the community, but it is also one that has been impacted quite badly.

Going back to subcontracting and the payment-by-results approach that was used a few years ago through some of the programmes, results and what is defined as good are different for different communities. That payment-by-results approach really negatively impacted BAME communities. Progress was made, things were done to enable people to be more employable but not necessarily getting them into the jobs. In monetary terms there was no recognition, or not enough recognition, of how those communities were being supported to be more employable and to get them ready to be on that starting line.

When we talk about intersectionality and equity, what we forget is that not everyone in these communities is on that starting line for lots and lots of reasons. To get people up to that starting line is where the programmes are missing, and the programmes that were there were primarily for people who were already on the starting line. Does that make sense?

Chris Stephens: Yes, it does. Thanks very much.

Chair: Tebussum, if there is any evidence or research that you have about the Work Programme and how ethnic minority participants fared in that, we would be very interested.

Q158 **Debbie Abrahams:** Good morning, Ms Rashid. It is lovely to see you, albeit virtually, and thank you for the evidence that you have provided so far.

You may have covered a lot of my question in your response to the Chair, as it is in relation to recruitment. Do you think automation in the recruitment process may help combat discrimination?

Before that, I want to make a point because I think we are a very white Select Committee. Some of the information you have been providing on conscious and unconscious bias may be new. Therefore, could you elaborate on that specifically in relation to, for example, the fact that people from a BAME community—particularly, as you said, Pakistani or Bangladeshi communities—with equivalent qualifications are still less likely to be employed?

Tebussum Rashid: When it comes to recruitment and people being taken on board, there is a bias in society about certain communities—it has been fed through media, historical stuff and reports that come out— and it feeds many of those, "These particular communities are not as advanced in how they think", "Their culture holds them back" or things like that. When we talk to employers about bias that might seep through, they have talked about, "Asian women are more likely to get married off quite young, so we won't take the risk," or, "They're more likely to get married and have children, so do we really want to invest in them?"

There was a survey that was done—again, I have made a note to dig it out—that asked anonymously about things like accents and clothing and how that comes across in interviews. It is going back a few years, but I cannot imagine it has changed that much. If you are talking about accents alone, within those communities people may have a twang or an Asian twist or whatever, and employers are saying, "Actually, when it comes to scoring someone who's going to be on par, we are going to choose a person who has more of an English accent." If they are saying that and that bias comes through—and if that affinity towards someone who looks like them is happening, which we see all the time—bad things happen. On paper someone might come across great and get interviews, and a lot of Asian women have said, "Yeah, we get the interview but we're not offered the position because we don't look right."

Q159 **Debbie Abrahams:** Sorry for interrupting. Do you think the issues around conscious and unconscious basis are recognised by the Department for Work and Pensions in the programmes it offers?

Tebussum Rashid: Very unlikely, because this is a conversation that is uncomfortable and many people still feel it does not exist and is not real: "I'm not biased, I'm open." Some people have said to me, "I don't see colour," which is a problem in itself because you have to see colour and culture and understand diversity.

I do not think the conversations have been had. It is partly because those spaces are not there anymore for people to have those conversations. Platforms need to be created within Departments like DWP to have those uncomfortable conversations.

I am currently delivering unconscious bias training to all 400 staff at the National Lottery, which is great. I delivered one session yesterday. To give you a flavour of why it is so important to have that space to have the conversation, within that I deliberately give some space for the staff to think about not just their own personal bias but actually, "As an institution, as an organisation, what could we do differently?" Their conversation in that little bit of space is so powerful. Every time they will say, "This is the first time we've had a chance to talk about this." That is what is missing because people do not realise, "Actually, yes."

I will give you an example that was shared yesterday. Somebody was interviewing within this organisation, and the person being interviewed went to the same university as someone on the panel. That is great, you have a bit of banter, you talk about familiarity and get someone relaxed. What he said to me is that in the past the affinity towards that person, because they went to the same university, played into the scoring in the interview because they almost naturally had something that was connecting and that same-and-safe kind of approach. After the workshop and the conversation, he is now very conscious that he can still have those conversations but he has to park them when it comes to the formal interview and the scoring, whereas before it was just happening and he

has done this many, many times. That is just one example, but it happens a lot in all the Departments.

Q160 **Debbie Abrahams:** Sorry for interrupting. This is so rich in terms of the information you are providing.

What does that mean for the types of job we are going to have in the future, to make sure BAME communities are represented across the board? What do we need to do, looking specifically at the work of the Department for Work and Pensions, to make sure that happens?

Tebussum Rashid: I mentioned a few things before. First is how you reach out, your recruitment drives, how you reach into communities. The campaign might be brilliant, but if it is not reaching into communities via community-based organisations there is no point. The first thing is how you reach within.

The second is that recruitment process. Is the application form biased in itself, in the questions, the timing and all those kinds of things? The third is recruitment panels. Every now and again it would be great for DWP to have an independent person come in to observe, or to have somebody within communities as an independent member on the panel. They should occasionally commission people to do that to keep people on their toes partly, but also to add value.

I think there is something when we talk about automation, if we go back a few steps, about being aware and maybe having some conversations around artificial intelligence and algorithms. Behind automation there has to be algorithms, and there is a whole conversation about who is creating them and the biases those people will have. This has come to light significantly when we do our work around criminal injustice and the databases that exist, stop and search and so on.

I had a conversation with some colleagues in the civil service who are creating these databases. Initially it was purely adamant, "We are not biased. This is just technology. We are just creating this." After three hours of conversation, you see the body language change and acknowledgment, at least, to say, "Actually, yes, I have biases and they will seep into what I'm programming." It was with the Metropolitan Police as well, so that was quite heavy.

When we are talking about automation within all industries—whether it is food prep, whatever we are talking about—there will be biases within the algorithms that are creating some of this technology, so we always need to be aware. Sitting here, I do not think any Department can eliminate that but—just having the conversation, creating spaces or raising awareness so it is planted in people's minds—the awareness in itself is powerful.

In terms of what can be changed, whether it is deep-dive workshops on specific topics to give people within Departments, like yourselves, a deeper understanding of some of these issues around unconscious bias,

Black Lives Matter or white privilege. That is a difficult conversation for many people. However, where do they have a chance to have a meaningful discussion? They do not, society does not allow that at the moment. Within Departments it is not so much about, "Let's go on a training course." I think it is much more about, "Let's do a short one-hour deep dive. Let's bring in that expert. Let's see what colonialism is in the eyes of a young black person, what is white privilege, what is unconscious bias and what does inclusion really mean." Those kinds of topics are being mentioned, but they are going over people's heads, literally going over people's heads, and they just think, "Oh, it's just another thing."

The other one for DWP to incorporate is something around diversity of thought. I assume it is a concept you may be familiar with. Unfortunately it was mentioned by a Minister over the summer in a BBC interview, and I thought, "No, please stop talking about diversity of thought because you are tarnishing it." It is an amazing concept, to apply diversity of thought in all decision making and in all programme design, if you are talking about new employment programmes in the future to incorporate diversity of thought in that design stage all the way through. To really think about—if you are designing something, if you are making a decision—whether it is impacting people with neurodiversity, socioeconomic backgrounds, gender, age, ethnicity, language.

I have started developing a little tool on how to embed diversity of thought as a core all the way through any piece of work. I am happy to share that as a working document.

Debbie Abrahams: Lovely, thank you.

Tebussum Rashid: I will be honest with you, the equality impact assessment that the public sector is expected to do is heart-rendingly long and difficult, and whatever. It is on the basis of that, but it is a 'one-pager'. I am creating a 'one-pager' for the sectors that we are working with about how you incorporate diversity of thought in a very simplistic way. If DWP can start thinking about concepts like that, it will make a significant change in mindset and behaviour, not just as an add-on. My worry is that sometimes when we are talking about this stuff it is an add-on, it is an afterthought.

Debbie Abrahams: Thank you so much. I really appreciate it.

Q161 **Chris Stephens:** My question goes on to look at the so-called gig economy. We know from research that BAME people are twice as likely to be working in the so-called gig economy. As the market changes, is there anything you recommend the Government should be doing to ensure people have access to more stable work?

Tebussum Rashid: Good question.

Chris Stephens: I know.

Tebussum Rashid: I think it goes back to something else at the beginning, about skills development. Some of the individuals within these communities are so articulate, so creative and have such potential, but they do not have access to the resources to develop, to grow, to build their skills, whether that is because formal academic development is not their option. A lot of people we work with may have dyslexia or may have no records, et cetera, so therefore they pursue other options. They cannot progress and grow, because of that lack of investment and training that they could otherwise access. There is something there about the actual approach to training and development that enables them either to grow within their own industry or to access new opportunities. Yes, that is still a big gap for people within the communities we are working with.

Q162 **Chris Stephens:** In what way do zero-hours contracts affect BAME communities? I imagine that people in a BAME community are more likely to be on a zero-hours contract than their white counterparts. Would that be fair?

Tebussum Rashid: 100%, yes, definitely.

Q163 **Chris Stephens:** Looking at what the Government can do, obviously they published the Good Work Plan in 2018, which talks about giving workers the right to request a more stable contract. Do you think that is enough, or do you think the Government can do more? Should they look to strengthen the right to receive a stable contract?

Tebussum Rashid: Some work needs to go into this. It is not an area I know too much about but, talking to women within BAME communities, they are actually more comfortable with zero-hours contracts because it gives them flexibility, but they do not realise the implications. I think there is a lack of understanding on both sides in terms of the pros and cons, within communities not understanding their legal rights, not understanding the insecurity, but at the same time they are saying it gives them the flexibility to work around children. They have caring responsibilities, so women talk about it differently.

I am not an expert and cannot say too much about this area, but I do believe there needs to be more conversation and understanding about this. I am going to have to stop there. I do not feel too comfortable on this one.

Q164 **Chris Stephens:** That is perfectly okay. You have given us some very complete answers about young workers in particular and the challenges they have. A lot of young BAME people find themselves in precarious work. Is it for the reasons you outlined earlier in terms of some of the challenges we have heard, or do you have other specific insights into why young BAME people are more likely to be in precarious work?

Tebussum Rashid: Yes. Post Covid, given the kind of industries that have been impacted and the redundancies that we have seen, I read somewhere that about 70% of those furloughed in BAME communities

have gone into precarious work. We really need to think about where they are heading and what the opportunities are for those who have been furloughed and those who are facing redundancy in industries that are collapsing. We need to think about reskilling and opening up opportunities. Communication is key, because when opportunities are coming up, they are not reaching some of these communities, whether it is younger people or older people.

We have noticed that more young people are thinking about self-employment and starting a business. That is great, and it is something that we need to think about as well, how other Departments can support a move towards more self-employment and that development. We are hearing more of that. People will say, "I've lost my job. Rather than trying to find another job, I'd rather start my own business," which is aspirational. Of course, there are many, many people with great ideas but not all come to fruition, unfortunately. There is also an opportunity there to think about what we can do in terms of skill development and business development.

Chair: Thank you very much, Tebussum. You have given us some very interesting, thoughtful and helpful reflections in a fairly intense hour. Thank you very much for being with us. Thanks for coping with the technology, and we are grateful. If you have any further contributions or research that can help us, we will be really grateful. Thank you.

Examination of Witnesses

Witnesses: Dr George Zarkadakis, Antony Walker, Tamara Hill and Verity Davidge.

Q165 **Chair:** We will move on to our second panel. Welcome to the four witnesses who are joining us for this hour. What I would like to do, if I may, is ask each of you to introduce yourself very briefly so that everyone knows who you are.

Antony Walker: Good morning, everybody. My name is Antony Walker. I am deputy CEO of TechUK, which is the trade association representing technology companies in the UK.

Tamara Hill: Good morning, everybody. My name is Tamara Hill. I am the employment and skills policy adviser for the British Retail Consortium, a trade association representing the retail industry.

Dr Zarkadakis: Good morning from me as well. I am George Zarkadakis. I work for Willis Towers Watson, which is a global consulting company on human capital and benefits, and I lead our practice in GB on the future of work.

Verity Davidge: I am Verity Davidge, director of central policy at Make UK. Make UK represents 20,000 manufacturing and engineering

businesses across England and Wales. As well as being the voice of manufacturing, we directly support the manufacturing sector through our HR and legal service, health and safety support. Importantly for this session, we also have two apprentice training centres where we are training the next generation in technical skills.

Chair: Thank you all very much for joining us. We have lots of questions to ask you, and the first questions are from Selaine Saxby.

Q166 **Selaine Saxby:** Thank you, Chair. Good morning, everyone. In your view, what are the most in-demand skills that employers are currently looking for? Do you think these are going to change as we move through increased automation and digitalisation? Linked to that, is there more that the Government could be doing? Any thoughts or ideas?

Antony Walker: That is certainly a broad question. First of all, from our perspective what we are seeing very clearly is that more and more roles are requiring some form of digital skills. I think there was a report from DCMS in June 2019 that worked out that about 82% of advertised jobs require some form of digital skills.

It is probably helpful to break down those digital skills, and we look at them in three categories. First, essential digital skills necessary for everyday life. If you do not have those kinds of skills, it is pretty hard to engage in the workforce at all as things are changing. The second set of skills is around digital skills for the modern workplace. They are things like the ability to use productivity software, CRM, maybe do some digital marketing or do some web administration. These are obviously using things like Zoom or other platforms, and they are the kinds of basic skills that are now embedded into everyday roles. Then, of course, there are the higher-level technical digital skills that a lot of our members look for in particular. The most in-demand skills there are in specific areas like cybersecurity, cloud, data analytics, artificial intelligence and those kinds of areas.

One important caveat I put on all of that is that, when we are thinking about skills for a digitising labour market, it is a mistake to think simply in terms of hard skills. What we find is that many employers are increasingly looking for aptitudes and competencies to match those hard skills. They believe that, in a world where more routine tasks are going to be automated, some of these human aptitudes and competencies become more important. That is things like complex problem solving, creativity, critical thinking, cognitive flexibility, collaboration, leadership and, perhaps most importantly of all, the ability to keep learning.

Alongside those hard skills, it is important to think about what are sometimes called softer skills. Of course a lot of those skills are developed early in life, six to 16, and therefore schools and the school curriculum have a very important part in developing those skills. A lot of the companies we work for are concerned that there is currently not enough emphasis on some of those skills in the school curriculum,

particularly when we think that the generation who are at school today are going to be the generation who are very much in this period of automation. They are going to need to be flexible and dynamic, and have this ability to keep learning and keep retraining as they progress through the labour market.

Tamara Hill: The retail industry was already undergoing a profound period of change prior to Covid, but the way it has had to adapt to the changes in the way people shopped through the earlier pandemic and the current restrictions has really sped up that change.

As to the most in-demand skills and the comments about digital skills, every role will have an element, from selling and customer interface right through to e-commerce, digital marketing, online platform design, et cetera. Again, our members also report requiring those softer skills. Automation is replacing the transactional elements of jobs, so those softer skills are required in listening, conversing, influencing, persuasion and empathy with customers, which definitely seem to be picked up in those younger age groups.

In terms of what the Government can do, it is making sure those educational systems are there, teaching some of those softer skills through the learning solutions, promoting digital careers and the number of different sectors. Retail suffers somewhat from an image problem in that college goers or GCSE option choosers might not necessarily see retail as a career of choice. We are doing a lot of work to make sure that the sector looks attractive and promotes all the amazing career opportunities that it offers in the way you can progress through the sector, and to make sure the top-level jobs are promoted and you can see the career path that you can take to make retail a career of choice.

Dr Zarkadakis: It might be helpful for me to zoom out of the microeconomics of skills and look at what sort of professional clusters we see emerging as the jobs of the future, or at least the jobs of the next 10 and 15 years. There are skills emerging in those clusters, but it is important to think of the jobs of the future as well. For instance, apart from the obvious clusters of engineering, cloud, data and AI, we see a future in the care economy, people looking after other people, and definitely in the green economy with so much investment taking place across the world, especially in the developed world. There are new professions emerging in the green economy that require certain sets of skills, general digital skills but also specific to the industry, specific business skills in energy and engineering in energy. Also professions such as sales, marketing and creating content have a future.

To add to what my colleagues have said, we should keep an eye on what is the market for skills out there and how the market changes and shifts towards more and more demand for digital skills. That is a whole spectrum starting from being able to use new systems very quickly, understanding data analytics, all the way to coding and innovating in

digital and AI. With that in mind, in my suggestion for Government, I would like to share one idea I have heard that is really interesting and innovative. We can talk about legislation but, ultimately, we find it is personal responsibility that drives how people upskill and reskill themselves. Often it is up to individuals to make the right choices. How do you incentivise people to make the right choices and reskill themselves? A lot of responsibility will fall on the shoulders of all of us.

I would like to share one of the most interesting ideas that I have come across recently. It is an idea by an American guy called Brian Brooks, who is the top banking regulator in the US, and it is called "country coin". He makes the observation that, if you have a population that is highly educated and skilled, you have a growth in your GDP; there is a strong correlation between the two. His idea is for the developing world, but I think this idea has some merit for us to reflect on in the developed world as well.

In a nutshell, what this guy said is that to incentivise especially young people to learn and continually reskill, you establish what he calls a country coin, essentially a cryptocurrency. You pass exams, you upskill yourself and you earn those coins, which give you some dividend on a trust fund that the country administers. The trust fund grows as the GDP grows, so you have a link between how people incentivise themselves to upskill, this benefit aggregating to how the whole society becomes more skilled and, therefore, more agile and more resilient to increase the national wealth. The dividend that is created by the upskilling returns to the people who upskill themselves.

I thought that was really interesting, positive feedback that avoids taxation and other regulation of that sort to show you how perhaps to be more innovative with our ideas on policy.

Verity Davidge: I don't wish to repeat the excellent points already made, so I will build on a couple. Antony's spectrum of digital skills requirements is really important. We are finding in the manufacturing industry that proficiency in digital skills is now a necessity not a desirable, if we talk in job description terms. Increasingly they are moving towards that higher level.

Some 60% of manufacturers say they expect demand for digital skills to increase in the next two years, and the driver behind that is investment in digital technologies. Some 80% of companies now say that the adoption of digital technologies will be a reality for their business in 2025, and they are moving quickly—mostly driven by the pandemic—on their digital journey. They are adopting AI, additive manufacturing, robotics, cobotics, research in augmented reality. All of that investment is increasingly driving a need for high-level digital skills.

I could give you a further shopping list on what support Government could give, but I won't. We probably need not to have piecemeal support. At the moment the Government are really responding on the digital skills

agenda with their digital skills bootcamps. That probably works in very small, niche areas but does not have widespread coverage. Instead, one of the ideas that we have been exploring—George has completely trumped me on this one, so mine may sound more vague—is a lifelong digital skills account. We are learning that employees, at some point in their lives, will need digital skills and, going back to Antony's point, the spectrum of those skills will differ. If they can access that pot at a time when they and perhaps their employer feels the need to, it is probably a gap that Government could fill.

Q167 **Debbie Abrahams:** Good morning, everyone. Following on from our first panel, are the different industry groups that you represent aware of the groups who have hitherto been excluded from the labour market? What are you doing to ensure those groups are being targeted in the work that you undertake?

Antony Walker: Thank you for the question. I thought Ms Rashid gave very powerful testimony on the scale of the challenge. Over the last few years we have seen far more awareness of these issues in the technology sector. An issue that is discussed a lot is that as the sector is building new tools, new AI tools and so on, the potential to have bias built into those systems—unless you have a diverse workforce that is building the systems—is very significant and is one that we should urgently be aware of. There is a growing awareness of the need to address that issue and to look out for those problems of unconscious bias seeping into systems, because the workforce is not as diverse as it needs to be today. There are a lot of companies now that have taken on board the broader issues of unconscious bias and how you train your workforce to be aware of that. Opening up those difficult conversations that we heard about is incredibly important.

Crucially for us, it is also about how we open the pathways that make these digital roles more accessible to a more diverse range of people. That is one of the absolutely critical areas that we should be focusing on, and not just because it is a diversity issue but because it is about how we make sure that a much broader proportion of the population can engage in and benefit from the growth that is happening in the digital economy.

Over the last year the number of tech roles has increased by about 36%, and our sector has been second only to healthcare in its ongoing recruitment during the pandemic. There is a real opportunity for so many people in the UK to benefit from this, but we have to make those pathways much more open and accessible, and much more flexible to enable people to adjust and retrain and so on.

Tamara Hill: Again, echoing those comments, our members are committed to enabling a more diverse workforce and becoming more inclusive employers. We have done a lot of work over the last 12 months on trying to ascertain where we are. Another report is incoming on this, but we have commissioned a piece of research to obtain some benchmarking data. The first iteration of this is expected to be published

in March, and I will be happy to share that with the group. This is very much in the spirit of what gets measured gets changed, and it will provide us with some annual aggregated data so we can report on where we are as a sector and look at the interventions that we can put in place to see what turns the dial and make sure that the dial continues to turn.

We are looking at the retail pathways, ensuring that they are open for all, and we have been hosting lots of roundtables recently, looking at all the different characteristics. We have looked at social mobility, age, gender, ethnicity, LGBTQ and disability, looking at what interventions are needed to make sure we have a completely diverse workforce, looking at neurodiversity, reverse mentoring programmes and capturing best practice from what is already out there. We do not want to reinvent the wheel and start with a blank piece of paper, but we are trying to capitalise on initiatives that some of our members are doing.

It will be no surprise that some of our larger members are doing some great things in this space and are really championing bring your whole self to work, looking at the whole employment journey, role modelling, mentors and the blind application process, and ensuring there is interview consistency. It is all about taking that best practice and helping the smaller businesses and SMEs that are potentially looking at this. It is a very scary world when they look at what they need to do in their policies and practices. We are trying to make sure we are helping them to understand what they need to do, and we are showing them good examples of how they can do it. That is hand in hand with our data, which we hope will look at where we are improving.

Dr Zarkadakis: As a company, we serve many sectors. In terms of which sectors are aware and are acting on reskilling the workforce and spending resources in response to automation, it is a mixed story. Some sectors are more advanced than others. I am thinking of consumer goods, which is a very good sector. It employs about 20% of the global workforce, and a typical example might be Unilever, which has a flagship programme for reskilling its workforce—reskilling means changing a job because of the impact of automation—upskilling people as their jobs change and providing ways for its employees to go and work for somebody else, either in their own ecosystem or perhaps outside their ecosystem. That is a typical example of how things should progress across all industries as companies become more and more aware of their responsibilities.

I need to add one more thing that we feel hopeful for, and that is the so-called ESG agenda—the environmental, social responsibility and governance agenda—which is becoming top of mind for many boards across all industries, because when investors invest in big or small companies they are looking into how those companies fare in the ESG agenda.

There is an agenda for change that is pushing industries to take responsibility for reskilling their workforce, for thinking of the impact that their business has on their communities, the environment and the countries in which they operate but, as Antony alluded to and I would like to emphasise, this is a huge task, a huge problem and a very complex one. It is definitely not going to be solved purely by the employers. We need a much broader collation of Government, employers, investors thinking hard about how we can have a sustainable future for millions and millions of people in the age of automation.

Verity Davidge: I think the honest answer for the manufacturing industry is that we could do a lot more. The focus has been on gender imbalance for a long time, and when you look at the proportion of BAME employees in manufacturing it is even lower again. Off the top of my head, I believe it might even be in single digits, so there is a lot of work to do there. That may be in just engineering professions, so I will check that and come back to you, but it is far below any kind of national average.

We have done some work previously. I was personally involved with Unionlearn when we were looking at the BAME community's barriers to entering apprenticeships in manufacturing. There were some cultural barriers, as well as those on the employer side, and we were keen to understand both of those. We are about to embark on a piece of work on diversity and inclusion in the manufacturing sector. We know that the numbers are not going to look great, but we need to push that challenge back to employers and say, "If you are constantly telling me that you are struggling to recruit and you have a skills gap, there are a number of recruitment channels and pools of employees that you could be targeting."

We need to do a deep dive into what those barriers are. I took a lot away from that first session to go back to employers and say, "Don't just do a bit of unconscious bias training. Do those deep dives into the uncomfortable conversations." If we take that action collectively, we will see far more progress.

Q168 **Siobhan Baillie:** Before I start, I want to say to Tamara that I think you made a really good point about retail. Your sector is having a really tough time, but it is a fantastic profession and I was thrilled to see retail staff, supermarket workers, put on the critical workers list. I think the public have a good sense of just how much hard graft it is in the retail sector and how necessary those jobs are. I hope you can build on that.

On reskilling, McKinsey reported last year that nine in 10 employees would need some form of retraining by 2030, which is obviously massive. There are two parts to my question. First, how prepared do you think employers are to carry out such large-scale retraining? The second part is thinking about what Antony was saying about the aptitude and competency skills. It is brilliant to hear you all talk about that. With your digital hats on, do you think those human skills can be learned digitally?

Do you think people need to be in a college, and do you see a greater role for FE colleges?

Antony Walker: When we think of the scale of the challenge, it is quite remarkable that so many people agree that automation is one of the biggest challenges of the 21st century. In a conversation around a dinner table people say, "Yes, this is going to be a big challenge," but when you look at how many people are working on developing policy solutions to that, or when I look at Government, where is this as a policy priority for Government? The reality is that the landscape is incredibly fragmented. It is fragmented across the private sector and the public sector, which I find surprising given that everybody says this is such an urgent issue.

Across the private sector, as George was saying, a lot of the larger employers, having spent many years complaining about the skills gap or looking at things like immigration policy and saying, "How can immigration policy help us to get the people that we need?", are moving on to the point where they are going, "We are just going to have to train and continually retrain our own people." Increasingly they are looking for people with the aptitudes rather than just the hard skills, because if people have the right aptitudes, they know they can retrain them. Also they know that the refresh time on skills, on hard digital skills in particular, is becoming faster and faster. Skills that may be learned in a three or four-year university course, for example, might not be completely relevant by the time that person gets into the workplace. Again, it is the ability to learn.

We also see a lot of large employers developing their own skills programmes that they take their own people through, but really interestingly a lot of the large employers are also opening up those skills programmes to others who are not employees. They say, "We have got these really good online learning tools. Why are we making them available only for our own employees? We should be able to make them available to everybody." For example, Salesforce makes its trail finder programme available to anybody.

We think there is a huge opportunity to harness the knowledge and capability of the private sector to provide short courses, flexible online learning and so on much more widely, but it needs some co-ordination, not least because people who are thinking that they need to retrain face an incredibly complex landscape. How do they know which skills they need? How do they know which courses are going to be right for them? It is an incredibly difficult landscape for the learner at the moment, and we need to make that much easier to navigate. Organisations like the Institute of Coding are doing some fantastic work. It has had an extraordinary year. It has had 600,000 learners enrol for its short online digital skills courses.

It shows that when we put the right kinds of courses out there into the marketplace, people recognise that digital skills are going to be important for them and there is real demand to access those skills, but let's deal

with the fragmentation and make this a really top-level priority for the UK.

Tamara Hill: From our perspective, on the whole, employers are prepared to undertake training. I think for some the difficulty is understanding what skills will be required in the future, what training they need to put in place and what the end-product employee needs to look like in analysing where the sector is going. The apprenticeship levy is useful, and it supports organisations if they can find good apprenticeship training for their teams. There are some really good apprenticeships, such as improvement practitioner, that are not necessarily well known or promoted but can be useful.

In-person learning is still required for manual handling, product installation and delivery technical training. Virtualised learning has enabled a greater utilisation and effectiveness of facilitator capacity. A return to the same volume of classroom learning is not expected, but more expansion and sophistication of the deployment of virtual learning needs to be fully scoped out. Some regulatory compliance training can be entirely online. It goes back to that understanding of the jobs market and making sure that the elements are there to understand what the jobs of the future require.

Dr Zarkadakis: Let me add a couple of thoughts on the question of how employers are responding to this. The companies that we work with are eager to attract people with digital skills as they invest in the technology and they are trying to change their business models and become more digital. They find it hard to find those digital skills because there is a scarcity in the market, and that incentivises them to retrain their own people. Clearly, there is an incentive for employers to retrain their own people and help them acquire the necessary digital skills. That is a great opportunity to exploit.

When we work with our clients to figure out how this needs to be done, we are essentially trying to match two different needs: the needs of the company that wants more people to be able to do database analysis, data mining or whatever; and the needs of the individual. How do we create this win-win between how people, workers, employees, want to advance themselves within an organisation, what skills they want to acquire and what sort of career paths they need to follow, and match that with what the company needs? This is where technology comes to help.

There are technological means out there that can help create this very good marketplace between skills and people—the need for skills and people needing to advance themselves. That is what we see in the industries right now, technology providers coming in with solutions, using data and AI to predict digital skills. There are other technologies coming in and providing solutions, so we can match the needs of employees with the needs of the company. There are ways of figuring this out in the workplace, which is a good thing.

On the second part of the question, on whether there is a future for actual colleges, if we learned something from the pandemic it is that there are other ways to educate ourselves and the future is clearly online. That is my own opinion, of course.

Verity Davidge: We cannot overestimate the retraining challenge that we have ahead of us. To take you back to pre-pandemic, if you can remember what that looked like and felt like, we were asking companies what action or support they were giving to their employees whose jobs may be at risk due to adoption of digital technologies and automation. Some 60% of companies said that they would be supporting employees to reskill to move to other parts of the business, and just over half said that they were looking to upskill those employees so that they could fill the new roles that adoption of digital technology would create. Already we had a big retraining, upskilling, reskilling scheme on our hands.

We then fast forward a year, and I share the unfortunate news that half of Make UK members have made redundancies, with up to a quarter of their workforce being cut. Those are significant numbers. When I look at the training side of it, manufacturers have always been real champions of apprenticeships, yet this year just 45% of our members plan to recruit apprentices. This figure normally sits at around 75% or 80%, so you can see how training is really taking a hit. If I remove apprenticeships, two thirds of companies say that they have cut all other training, so all other aspects, which would probably include more of the retraining and reskilling piece. Companies are facing a massive challenge right now just being able to retain their people and then reskill and retrain those that they have.

There are actions that Government could take. I could probably give you a whole session on the apprenticeship levy. I won't, but I will just say that there are missed opportunities on how we could make it work better for the need to reskill and retrain. We urgently need to look at that again.

On the online learning, the delivery of the FE sector, we need to look at more part-time, modular and online learning for both FE and HE, particularly if we want to keep employees in work and being able to go out and train and learn part time. That brings economic benefits to the learner and the employer, and it brings skills to the economy, but we know that there are still a lot of frustrations with the training market. Two thirds of our members say they don't think that the training market is keeping pace with the adoption of digital technologies. We are moving ahead on the digital journey, we are becoming a global leader in AI, automation, digital twinning, all these great, exciting things, but I fear that our education system is lagging behind quite considerably.

Q169 **Shaun Bailey:** We have talked a lot today about the demand for digital skills and, as my colleague Siobhan Baillie highlighted, there is a significant skills gap in the existing workforce. I am keen to talk a little bit more about the impact of the digital divide on that skills gap. Recent

figures from Cambridge University suggest that 51% of households that earn an income between £6,000 and £10,000 have no internet access, as opposed to 99% of households with an income of £40,000-plus a year. I am conscious, combined with the fact that we have figures of 19% or 20% of the population lacking basic digital skills, combined with what we have seen particularly during the pandemic with the digital divide, that we are at risk as we move forward, particularly with AI, of locking out a generation, particularly a generation that is struggling socioeconomically? Do you think that the interventions from the private sector and from Government, and the cross-working that is being done, is enough? What else do you think we can do to ensure that we are not locking out a generation because of their income bracket?

Chair: Shall we try a different order? Verity, will you start on this one?

Verity Davidge: We have just been promoting a campaign that asks employers to get involved in funding laptops and IT equipment for students and pupils who don't have access to it. Industry is trying to play its part wherever it can, and I think a lot of companies would want to do even more to ensure that we do not have that digital divide. That is important. What we don't want to do is drive further inequality.

In particular, we see that the risk of jobs being displaced, or tasks changing to change those jobs, tends to be at the lower-level qualification roles. The higher up you go in qualification, the less likely it is that your job will be displaced. That is also a factor that we need to build in.

I completely agree with your concerns that, if we just continue to adopt purely online and digital learning, there is that risk, so there is always a place for face-to-face learning. Where vulnerable or disadvantaged students are in an FE college, education setting or apprentice training centre, they often thrive a lot more. Yes, we need to move ahead on digital adoption, but we also need to be cautious that there are other elements that we need to bring into learning.

Dr Zarkadakis: Having the infrastructure in place is fundamental to dealing with the digital divide. People being able to access broadband from any part of the country is essential. You clearly see the correlation between the availability of broadband and the rate of growth in economies. You see that clearly if you look at Indonesia, for example. Being able to advance the pace of infrastructure development across the country is extremely important, especially 5G networks and all the rest.

If I were to add something else that we can do about bridging the digital divide, it is again about giving incentives to people to train themselves. How we incentivise people to train themselves is, of course, if there are opportunities out there for them to pick up in advance.

Let me add that when we think about the future of work, when we think about the digital divide, when we think about policies and how we can shift things and move things forward, we should always think about how

technology will move forward as well and what sort of policies we have around empowering new forms of technology, such as technologies that are capable of providing more opportunities to people, digital platforms, digital co-operatives, a host of technologies that can support new ways for people to work and find new opportunities.

Having this connection between the dots of what the problems are around the future of work and around automation, how we can very quickly advance the pace of putting the right infrastructure in place and how we can empower new types of technologies, such as web 3.0 and the rest, can create new business models and new businesses. Those things need to come together.

Tamara Hill: In trying to bridge the digital divide, the biggest ask would be investment in affordable wi-fi and technological devices, so making sure that everybody has the facility and the ability to connect remotely.

Training has shifted at speed, and there are a lot of areas where it is just replicating in-classroom training, shifted to an online platform. There are a lot more blended-learning options and lots more digital platforms or digital ways of delivering training that can be developed and rolled out. They are there, obviously in very minuscule areas, but they could become mainstream.

There is also making sure that business has incentives. Harking back to the D&I analogies that we were discussing earlier, one of the things that came out from our disability workshops was that, for someone who struggles with going to the office, working remotely made them an equal to their colleagues and they really enjoyed working from home. They had a digital platform with all their necessary requirements, they were in their home environment and, for the first time, they felt equal with their colleagues. We need to recognise that it is not all about shifting back to the office; it is about making sure that we harness all the good things that have come out of working from home, but just making sure that everyone is able to access it.

Antony Walker: Speaking as somebody who has a six-year-old downstairs who, thankfully, is working quite quietly, doing her homeworking, I am very aware of the power of online learning for young people as they learn those skills. Online learning can be very powerful. I am equally aware of the resources required to support them, both the connectivity and the devices but also, frankly, the other resources, such as parental support and so on.

In some ways it is quite depressing that it has taken the pandemic for us to realise that there was this huge gap in provision between what some children have and others do not. I am quite proud of what the sector has done to try to respond to it very quickly, increasing the availability of devices and broadband packages, and trying to see if we can zero-rate education services, and so on. Again, the problem is that we are doing this in an emergency setting, whereas we should really be thinking about

how we embed online learning into education in a way that is a basic part of our young people's learning so that, when they go into the workplace, they take all those skills and aptitudes with them. That has to be available to everybody, otherwise we will just widen the divides in society.

Q170 **Sir Desmond Swayne:** What impact has the pandemic had on automation in UK businesses, and what role can it have in the recovery?

Verity Davidge: A lot of the investment in digital technologies, including automation, was well under way before the pandemic, but the pandemic has accelerated it at great pace. We ran our innovation monitor towards the end of last year, during the pandemic of course, and we saw a lot more companies now that are in what we call the revolution phase, completely adopting digital technologies, and far fewer at that pre-conceptual phase of doing nothing.

There are some things to flag. We see variation in size. The larger companies, as defined by turnover, are a lot more likely to be up to that revolution phase. We also see some regional variation. Interestingly, we see companies in the north-west, where we ran the Made Smarter pilot, are more likely to be in the revolution phase, second only to London and the south-east. The East Midlands and Wales are far more likely to be in those pre-conceptual phases.

A lot of the companies that we spoke to and surveyed said that, where they had adopted digital technologies, they were far more resilient to the shock of the pandemic. Again, that is also true for those companies that had invested in digital skills. They were far better equipped to adapt their ways of working, with a lot of them repurposing production lines in order to support the ventilator challenge or produce critical PPE. The role of the manufacturing sector during the pandemic should not be underestimated.

The pandemic has accelerated a lot of plans. That said, the challenge is that companies will be struggling with financing those digital technologies. Interesting for this session to know is that the two biggest barriers to adopting digital technology are skills and finance. In order for us to move even more companies ahead on their digital journeys, to enjoy the benefits of increased productivity, we need to look at addressing those two key issues, which are access to skills and access to finance.

Dr Zarkadakis: During the pandemic we saw that critical areas of the economy that were very much human-based came to a critical point, such as supply chains, logistics, people bringing things to your home, the health sector. The automation agenda that was already in place, as Verity mentioned—how we automate and take humans out of processes, because that is what automation is—simply accelerated. Clearly in some industries, especially industries that had to respond to the pandemic through core and essential services, have accelerated that pace of replacing humans with algorithms, with robots, and so on.

What we will probably see as we come out of the pandemic is what we expected to see 10 years from now coming forward. Therefore, the problems of financing and skills are definitely there. I would say skills are more important than financing if I wanted to compare the two, but more and more companies will start adopting those technologies that reduce their dependence on having humans, thereby increasing their resilience.

Tamara Hill: Technology will obviously play an essential role in the UK's recovery, and I think we have seen an acceleration of trends, as I mentioned in my opening piece. We have seen the transformation in the retail industry that we expected to see over the next five years compacted into about five months, driven by the necessity caused by Covid. I think we are unlikely to see a return to working in offices as it was. Remote working and flexi working are very much here to stay.

Our members are working on new warehouse management systems and the equipment for that. Food-chain members are looking at technology to build greater resilience in the food system and the food chain, looking at the role of blockchain data and improving data sharing between infrastructures more generally to make sure we have that digital representation of the UK's food system. The way people have transformed is very much here to stay and, if anything, be improved upon.

Antony Walker: I am not sure what kind of economy we would have left if it was not for the digital technology that we have been able to use over the last year. What if this pandemic had happened 20 years ago and we had all been trying to manage with SMS text messaging? I think the economic impact would have been far greater. Technology has been absolutely key to keeping the economy going.

As Verity and Tamara have said, those who were further ahead with their digital adoption have tended to fare better; and those who were lagging in their digital adoption have now woken up to that fact and recognised that they need to accelerate. But, as Verity was also saying, they have two problems. Do they have the skills and, critically, do they have the cash flow to be able to fund the digital adoption that they now need?

One of the things we would like to see is a digital adoption fund to provide some additional financial incentives and support to help particularly the small and medium-sized firms that will need to make some significant investment as they come out of the pandemic to bring those investments forward. We think that would be very helpful because we know from talking to small businesses that they want to invest in digital but they just do not have the financial resources to do it at this stage.

We have been talking to public and private sector organisations across the country over the last year, and this digital transformation and digital adoption acceleration has been right across the public and private sector. Some of the change that has been seen in the healthcare system in

particular has been extraordinary. The way in which GP surgeries, for example, have migrated to virtual consultations and so on, there are massive, massive productivity gains there that we should be seeking to bake in as we come out of the pandemic.

A tremendous change. The pace of digitalisation, automation, globally will only have been accelerated as a result of the pandemic, and therefore we should be thinking strategically about how we build on that, about how we build on the fact that far more people in the workforce are now recognising the importance of digital skills and are looking to acquire more digital skills. More businesses want to accelerate digital adoption, so how do we help them?

We can add to this momentum, support this momentum, but we need a co-ordinated set of policy approaches to do that.

Q171 **Sir Desmond Swayne:** In addition to what Antony has just said about the limitations on finance and investment, are there any other particular difficulties facing small and medium-sized enterprises that are barriers to automation?

Verity Davidge: There is a range of additional barriers. Some are around change management, some around awareness and information, particularly for small businesses, and then there are, of course, more technical ones around data compatibility between systems. In particular on awareness and guidance, we do a lot of work to share best practice among small businesses. We have some great case studies on small businesses that have adopted digital technology and have addressed those barriers to do so. The more of that we can share, the better.

Q172 **Sir Desmond Swayne:** Verity, very briefly if you can, what can we do to restore the original objectives of the apprenticeship levy to secure more and better quality apprentices?

Verity Davidge: I will try to keep my answer succinct. For sectors such as manufacturing and engineering, which in normal times are recruiting apprentices in high volumes to high-quality job and roles, it should on the surface be a win-win. You have a pot of money to spend on apprenticeships. Sounds great, and it should be a real success story for our sector. The difficulty is when the Government dictates what you can spend it on, who you can spend it on and by when you can spend it, and sets various restrictions on how much you can spend. You have gone from having this pot of money that you can spend on apprenticeships to suddenly having this pot of money that, in order to spend what employers still see as their money, they have to go through various obstacles.

One of the things we have been calling for since the levy's inception is flexibility on the spend, and we have been very consistent in our messaging. Flexibility is things like being able to spend your apprenticeship levy on capital expenditure. In manufacturing and engineering the cost of equipment and the upfront costs of delivering

apprenticeships are significant, yet employers cannot use their apprenticeship levy funds to pay for those things. We have levy-paying employers saying, "I have unused funds in my account, I have major cash flow issues due to the pandemic and meanwhile, if I want to start an apprenticeship, I have to pay the capital cost out of a different pot."

That makes zero sense to me. Apprenticeship numbers are tanking, so this is the time when Government need to give employers that flexibility and allow them to spend their apprenticeship levy funds on all things apprenticeship.

Antony Walker: I support Verity on that. I absolutely agree. Our view is that the apprenticeship levy needs to be reviewed. We would like to see it rebranded as a skills levy and for its role to be expanded so that employers can use the funds more flexibly for skills and retraining. Critically, larger employers are interested in how they can help skills development through their supply chains, with some of the small to medium-sized firms that are in their supply chains, and how they can cascade some of that funding, some of those resources, through to them. At the moment the apprenticeship levy does not allow them to do that. With more flexibility we could boost the number of people who are benefiting from skills and retraining. A real opportunity. The issues have been so thoroughly set out by businesses for a number of years, it should be easy to get this right second time around.

Chair: Steve McCabe has a question that is initially probably for Tamara.

Q173 **Steve McCabe:** Yes, I probably do want to direct this to Tamara, and maybe others will want to comment.

Tamara, I was looking at the British Retail Consortium report, "A Vision for the UK Retail Industry", which came out last November. Given the things we have been talking about this morning, what in general do you think the impact of automation will be on jobs in the retail sector? Are there particular areas of retail that are more susceptible to automation than others?

Tamara Hill: There are automation improvements across the whole job spectrum. I suppose frontline, entry-level jobs will be most impacted by change. They will change, as we talked a little bit about earlier, to being less transactional, because that is what the automation will replace, and requiring those softer skills, those customer experience, customer managements skills. Those frontline jobs will become richer, not necessarily just transactional, as automation can replace that. They obviously continue on a journey to become better jobs.

As you go up through the line there is more customer management software, more CRM technology, IT improvements, more workforce software in managing workforces and managing everything. The manual processes will be coming out of those roles and becoming more about data and AI in that customer experience role. I can see it across the board, just improving each role.

Q174 **Steve McCabe:** Amazon is an obvious example, Ocado as well, and they have embarked on fairly major digitalisation and automation programmes. Is that the norm now? Are other parts of the retail sector moving in the same direction?

Tamara Hill: There are those that traditionally did not have an online model previously and were just a bricks and mortar store but are now seeing the benefits and see the necessity of having some sort of online presence and ability to serve their customers in that way. There is more about warehousing, pickers and packers, the delivery infrastructure and how they are getting goods to customers. That is seeing a resurgence. Job numbers are definitely increasing there.

Also, in terms of cyber, online platforms are at risk of hacking, and some of the smaller SMEs don't necessarily have the technological capabilities to understand data security and make sure they have addressed their cybercrime requirements.

The way the shopper has changed is also a huge transition. Those who would never have shifted to online shopping, had it not been for the pandemic and needing to stay at home, have had to do so. They have had to move to that model and, once they have done it, they have decided they quite like it, so they are probably likely to stay. It is not just, "Okay, once the pandemic is over, everybody can return to shops." There will still be a huge element of online shopping, so the models and the infrastructures will need to remain.

Q175 **Steve McCabe:** You suggested there how the pandemic may have accelerated the online shopping trend. I am a Birmingham MP, and we have recently seen the closure of our major John Lewis store, which was only a few years old, and a major Debenhams store with lots of job losses and knock-on effects. Is that the future, or do you see any kind of revival for store-type shopping?

Tamara Hill: I think we will see a revival of stores. Those that perhaps didn't adapt quickly enough will be the victims here, but there will always be a phoenix from the ashes. People still need to buy things, and what that looks like is going to change. People will still want to go out to shops and be in a physical store. What that looks like in terms of the customer experience is going to change. It is going to be more about the experience as you go around the store, with lots more offerings within the store. It is not just going to be a merchandising display. It is definitely more about the interaction you will have with staff and the facilities you are able to try while you are in store. We will see an emergence of that.

Q176 **Steve McCabe:** Do any other members of the panel have anything they want to add to what Tamara has been saying?

Chair: If you could keep it fairly brief, Antony.

Antony Walker: I come from a small northern market town that was a traditional hub for traditional retail. You can see a massive impact over the last few years in terms of traditional retail moving out.

There is a real challenge for us to think about how we reinvent high streets, how we reinvent town centres, how we bring in much more diverse economic activity and how you make them more attractive places for people to be, how you can link with the art and creative sectors. There are other reasons for people to come to those places to rejuvenate them again. Technology can play a role in that as well, in terms of helping understand data and footfall and all those things.

We need some fresh thinking and some new approaches, because I am not sure that the traditional retail environments are going to be the same, particularly in this world where, as Tamara was saying, a lot of people have got used to online shopping and will continue to do it.

Steve McCabe: Thank you very much.

Q177 **Dr Ben Spencer:** I would like to pick up on a couple of those points from Antony and Tamara about the impact on high streets and the transition they are going through. I am thinking of two conversations that I have had with businesses on high streets in my constituency, one in which they have said that people have really come to recognise the importance and the benefit of having local stores that offer particular types of produce following the transition to homeworking.

Another store was very clear that the way it is able to compete with the super-retailers like Amazon is because it offers such a high-quality customer experience and support that you cannot quite get online.

What do we need to do, what support do we need give or does the Department need to think about giving, to help businesses that want to transition and pivot to that type of model as we get through to the other side of coronavirus?

Antony Walker: We see similar things across high streets around the country where people are, as you say, really valuing local community in a way that perhaps they did not before.

One of the challenges is that individual retailers can focus on providing something different in their own premises, but what does the rest of the high street look like? How do we bring those retailers together with other people who are interested in doing new and innovative things in that high street, and then help them to create the broader environment that makes it successful, such as with funds for improving shop fascias and things like that, improving paving, expanding paving, making more outside seating areas and so on? I think there is a lot that we can do to make our high streets more attractive places to come to. This is an area where we could be working across with the creative industries, thinking about how to create more local creative events that people will want to come to. We are heading into a very different mindset.

What IKEA are doing in Hammersmith is very interesting. They will have a small high street presence for the first time, but taking over a whole shopping centre where they are looking at bringing in lots of different elements to make it a much more desirable place for people to come to.

It is about thinking much more creatively about these spaces, but that again requires a lot of co-ordination to bring different sectors together. It is not just the retail conversation. You need to bring tech, the creative industries, planning and street work into it to get to something that could be highly valued by individual users and constituents.

Tamara Hill: I am not sure we know the answers yet as to what that future model can look like. Retailers are still exploring what they would like to deliver in the future. One thing the pandemic has given back to us is that sense of community, bringing us together, reliance on our local shops and more awareness of having that community. I am not sure that we yet understand the psychological impact of what this has given to shoppers in terms of returning to the high street or shopping malls in droves and being packed into corridors and shopping aisles. I guess the transition back to what was previously the usual is still yet to be seen.

Q178 **Chair:** Can I ask you one final question? No doubt automation will change working practices in all sorts of ways. Is there something you have in mind that employers or Government can do to avoid adverse impacts on job quality? Is there something that needs to be done to make sure that people's experiences at work are not worse in the future than they have been in the past because of automation? I put that to each of you. George, would you suggest anything?

Dr Zarkadakis: Let me hazard an opinion here. From past history, from past industrial revolutions, what we saw is a phenomenon called the hollowing out of jobs. You see a large number of low-skilled jobs, low-paid jobs, and then a sudden drop in the middle—not many mid-skill, mid-level, mid-paid jobs—and then high-level, high-paid jobs. Clearly the high-quality jobs and the very well-paid jobs will remain and will increase as the fourth industrial revolution takes place, but what happens to the low-level jobs, what happens to the low-skilled jobs, what happens to the very basic jobs that people might do? That is where we should start asking those questions. How can we make those jobs really well paid?

Currently if you are a low-level worker your pay is not good, and it is really hard for you to transition to a high-level job. It is a very long journey and we work with clients, such as manual workers who want to reskill to do more digital work, and it is really hard. Even the workers themselves did not want to be reskilled. Clearly you are going to have millions of people who would like to remain in the jobs that they have, which will be low-level.

How do we increase the pay for those people? I think that will be crucial, and that is where we should start thinking about policies. That is why we should start thinking about supplemental income and other ways to keep

those jobs, because they will be essential jobs and very much needed, but they have to be paid very well also.

Verity Davidge: Building on what George has said, a lot of our work suggests that, where there is investment in automation, the jobs that are at risk are those lower-skilled roles. Employers want to bring their employees with them on that journey. They want to reskill them, they want to upskill them, they want to keep them in their business, but they cannot do it alone. There is a need for Government support, and I think the Government support to date has been very mixed.

We have the big flagship national retraining scheme, and there was a small pilot in construction in the Midlands. This was going to be the scheme that supported all those employees whose jobs were at risk of automation, and the latest news is that that pot of money has now been put into the wider National Skills Fund. From an employer's perspective, just as they were learning what initiatives and schemes were available to them and their employees to support this, they were suddenly told, "That has gone into another fund and now we are all about delivering digital skills boot camps."

What could Government, particularly the DWP, do? First, Departments need to work together. Some of the schemes that we have seen, such as the Kickstart scheme, are great. Make UK is a gateway to support small businesses to take on that scheme, which sits in DWP. Apprenticeship incentives sit in the DfE. It is a very confusing landscape for an employer, and I imagine it is also very confusing for an individual.

Rather than this piecemeal support with Kickstart for six months, or an apprenticeship incentive for 12 months, we would like to see a longer-term plan. We need urgent action in response to Covid, but we also need that response to sit alongside a long-term industrial strategy that is robust and involves skills and technology. That is what is missing. A lot of the support that has been given to employers and employees who have lost their jobs in the pandemic has been very short lived. We now need a longer-term plan.

Antony Walker: I absolutely support Verity in everything she said there. All roads lead back to skills on this issue. The more we have the right skills and the right digital skills in the economy, the more it will drive GDP growth and job creation and we get a virtuous circle going, but we have to make that training and retraining accessible. As Verity was saying, we have to have interventions for the short, medium and long term. What we see at the moment is a completely fragmented landscape of Government interventions, and far too many of the interventions are small scale. There is far too much taking of funding from one pot and shifting it into another pot as priorities shift. Given the scale of the challenge that we face, this feels completely insufficient compared to what is required.

I would like to see somebody in Cabinet with responsibility for the challenge of the impact of automation on jobs and skills. I would like to see proper and clear collaboration across DWP, DfE, DCMS and BEIS, with Treasury involvement in there, and a real understanding that we have to do something for everybody in the workforce today, those who are in mid-career now and all the way back to schools to make sure that the children who are going to be entering the workforce in 10 years' time have the skills, competencies and capabilities to thrive in that workforce. We do not see a joined-up, coherent, holistic approach yet, and I think we desperately need it.

Q179 **Chair:** Lastly, Tamara. Obviously retail has thought a lot about automation. Are we going to end up with fewer jobs in retail, after all this, and are there things that retailers can do on job quality for people who work in the sector?

Tamara Hill: It is anticipated that there will be fewer jobs, but those jobs will be better jobs, more enriching for the person carrying them out, more enjoyable. We can align entry programmes like Kickstart and traineeships to those areas of lower skill and need, looking at pathways out of low-skilled work. Somebody mentioned that the way to earn more money is to do more hours, but there need to be routes and pathways obvious to the employee into higher-paid work, opening people's minds to a broader perspective on what they might consider to be a skill or job that could lead to a long-term career. We see lots of case studies held up of people moving from the shop floor to corporate CEO, rather than the pathway that can get them to a middle management kind of role, where they can see their lines of progression and how they can improve. That feeds into a social mobility angle as well.

Chair: Thank you. Our time is up. Thank you all very much indeed for a very interesting session. Lots of different perspectives, and very helpful perspectives from our point of view, for the work that we are doing in this inquiry on the impact of automation on the labour market. Thank you for being with us. Sorry for the challenges of the technology, but I think you have all done a great job for us. Thank you all very much. That concludes our meeting.