



Social Mobility Policy Committee

Corrected oral evidence: Employers

Thursday 3 April 2025

10.05 am

Watch the meeting

Members present: Lord Ravensdale (in the Chair); Baroness Blower; Lord Evans of Rainow; Baroness Garden of Frognal; Lord Hampton; Baroness Hussein-Ece; Lord Johnson of Marylebone; The Bishop of Lincoln; Baroness Ramsey of Wall Heath; Lord Watts; Lord Young of Cookham.

In the absence of Baroness Manningham-Buller, Lord Ravensdale was called to the Chair.

Evidence Session No. 5

Heard in Public

Questions 43 – 59

Witnesses

I: Paul Gerrard, Campaigns, Public Affairs & Board Secretariat Director, the Co-op; Chris Welham, Chief Executive Officer, Licensed Trade Charity; David Houghton, Founder, Tech Future.

USE OF THE TRANSCRIPT

1. This is an corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.



Examination of witnesses

Paul Gerrard, Chris Welham and David Houghton.

Q43 The Chair: Good morning, everyone, and welcome to the fourth evidence session of the special inquiry into social mobility policy. I am looking forward to hearing the voice of employers after the session we had last week. We have some quite different sectors this week: hospitality, retail and technology. I am Daniel Ravensdale, standing in as Chair for Baroness Manningham-Buller, who cannot be with us today. I will not introduce all the committee individually, as you can see who they are around the table. Many thanks to you all for your time this morning for coming to speak to us. If we start with some brief introductions from you all, we will go from there.

Chris Welham: I am the chief executive of the Licensed Trade Charity. I have done 30 years in the hospitality sector, having started as a pot washer and then worked my way through to the boardroom. Nice to see you.

David Houghton: I am the founder of Social Mobility Ventures and a founding partner of Tech Future, a project with the charity the Sutton Trust to improve socioeconomic inclusion in the tech sector.

Paul Gerrard: I am campaigns, public affairs and policy director at the Co-op Group, which is the world's oldest co-op and one of the world's largest co-ops. I have been there for 10 years, and before that I spent 20 years in the Civil Service.

Q44 The Chair: Thanks very much. We will go on to our first question, something that we have started all our evidence sessions with, on definitions. How do you understand the term "social mobility" and what do you see as the role of employers in relation to it?

Chris Welham: Simplistically, it is about allowing people from all backgrounds to get on in life and move up and down the different social classes and the economic ladder. In the pub and hospitality world, someone from a low-income family has the potential to realise a dream of running their own establishment. It also relates to the fact that people within certain social strata can also move around—that is, go from a bartender role to a chef, for example, to improve their own circumstances. There are many examples in our industry of people who have gone from bar to boardroom. Ian Payne, who ran Stonegate, one of the largest pub companies that exists, started off as a barman and then became the chief executive and the chair. He has had a life in the industry, as have I; I started off running an area of pubs after I had done the pot-washing role in St Helens. That was my first area—which I think was your constituency, Lord Watts—and I loved that. I learned so many things working in that trade.

The Licensed Trade Charity, where I am now with, helps people who fall upon hard times in the sector. When people go down through the social



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classes because they have come into financial or relationship issues or they have lost a job, we can help to pick them up and provide some much-needed support for them. The charity has been around for 230 years, and it was set up by publicans all those years ago to help people within the trade. From a hospitality perspective, we have been doing this for quite some time in terms of supporting people and looking after their well-being and their financial health, and being able to give people opportunities to start a career.

I liken working in hospitality to enrolling in the ultimate life-experience bootcamp. Instead of push-ups, you are learning many different life skills. You can go from literally no qualifications to a role that sets you on a career pathway. Working behind a bar is like a masterclass in psychology as well. You get to meet so many people, and you get to understand different characters and how to behave. It is a wonderful opportunity to develop yourself and learn so many skills. You can become a seasoned diplomat, and you can become an acrobat by carrying trays—all these roles you can take on.

From an employer perspective, social mobility in hospitality is a real opportunity for people from all backgrounds and walks of life, and there is a super opportunity for people to take advantage of that.

David Houghton: I echo Chris: to me, social mobility means that anyone should be able to get to where they want in life, regardless of where they grow up. In the tech sector it is important that that is the case, because tech is one of the only industries that gives almost every employee equity and ownership in the companies that they join. That has huge upside potential for social mobility. Right now, though, at every stage of the technology sector, from employees to entrepreneurs to tech investors, people from working-class backgrounds are chronically underrepresented. We did some research looking at tech investors in the UK, first of all, and 72% of all tech investors come from privately educated backgrounds while only 12% come from non-selective state school backgrounds. For context, as I am sure you guys know, 94% of people in the UK now attend a state school, so there is huge underrepresentation at the top, where the flow of capital is.

For the tech workforce itself, a great report by the Tech Talent Charter found that only 9% of the tech workforce come from lower socioeconomic backgrounds, which is worse than the legal and financial services industries, if you can believe it. Only 15% of tech entrepreneurs in the UK come from working-class backgrounds. At every stage of the innovation workforce that we are building in the UK, people from disadvantaged communities are seriously underrepresented. There are many reasons for that, which I am sure we will talk through today.

Paul Gerrard: I mentioned before that the Co-op Group is the world's oldest co-operative. We were founded 180 years ago in Rochdale in Toad Lane as the Rochdale Society of Equitable Pioneers by 28 working people. The first page of the rule book, from 1844, says that the society exists for



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the pecuniary, economic and social benefit of its members. From that little shop in Toad Lane in Rochdale 180 years ago, there are now 3 million co-ops worldwide with 1 billion members, and the top 300 co-ops in the world have revenues bigger than all but eight national GDPs.

Lord Hampton: For clarification, did you say 3 billion co-operatives?

Paul Gerrard: Three million co-operatives with 1 billion members. Right across their 180-year history and right across the globe, co-ops have always been trailblazers of supporting social mobility, because the point of a co-op is that its members thrive and prosper. I am a historian by background—apologies—and if you look at the member list of 1846 for the Rochdale Society of Equitable Pioneers, you will see Eliza Brierley, a weaver who was a member of the co-operative. She had one vote in that co-operative, as did all the other male members. It was 70 years before women got the vote in the UK. The Co-operative Society introduced the first minimum wage in 1907, 90 years before the Minimum Wage Act. It introduced maximum hours in 1901, 90-odd years before the UK did. So we have always been trailblazers of social mobility. It is why we exist; it is our founding principle.

Within retail, much like the hospitality industry, the route from shop floor to boardroom is not dependent on qualifications. It is not a graduate pathway. There are lots of examples. One of my former chief execs started as a trolley boy on Saturdays and became chief executive of the Co-op, which is the second biggest food business in the country. Retail has the ability to be a real engine of social mobility.

I am a huge admirer of what the professional services organisations have done—lawyers, accountants, management consultants. They have done some fantastic things. I am always struck by the fact that they aim for 20% to 25% of their most senior leaders to be from lower socioeconomic backgrounds. If I look at the Co-op now—and, honestly, if you look at Tesco or Sainsbury's—it would probably be the same; 31% of our most senior leaders are from working-class backgrounds. I will probably come to this later, but with us you can go from the shop floor right the way through to the boardroom. Retail, which employs 3 million people in the UK, can be and is an engine of social mobility. I just do not think we talk about it or prioritise it as much as we could.

The Chair: It is really good to hear those examples of bar to boardroom or shop floor to boardroom that you gave in your answers, as well as the particular challenges in the tech sector.

Q45 **Lord Young of Cookham:** I have a question for Paul: in your progress report on how well you are doing in promoting social mobility, you say you want to publicly campaign for socioeconomic background to be a protected characteristic under the Equality Act. I want to press you on how you would define that. At the moment, some of the characteristics, such as age, gender, religion and race, are fairly easy to define, but has anyone done what you are proposing? What definition would you use if



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you were to have it as a defined characteristic?

Paul Gerrard: That is a good question. The Social Mobility Commission has a well-established mechanism to identify socioeconomic background. Whenever a business talks about the number of people it has from lower socioeconomic backgrounds, we use that definition, which is what the major wage earner in your family was doing when you were 14. There are other questions that we can ask, like free school meals, whether you were the first generation to go to university and what school you went to, but that core question of what the main wage earner in your family was doing when you were 14 is a good indicator. If you were to use that as a definition, it is well appreciated across both the public and private sectors.

Q46 Baroness Hussein-Ece: How do the businesses in your sector encourage applications from a wide range of people, including those from a lower socioeconomic background, as we have just discussed, and those from more socially disadvantaged backgrounds? Are there any specific initiatives, such as work placements or taster sessions, that are employed to further this? You have touched on how there is a problem here, and perhaps you could expand on how you can address some of these problems.

Paul Gerrard: The Co-op Group is a big employer. We employ 55,000 people, and we are right across the country, so there are a few things that are general to how we recruit and then a few things that are specific about some initiatives. The fact that we have a presence in every postcode in the UK means that by definition we are a community-based business, and we will be recruiting from those communities. There are a number of things that we have done in our application process. We no longer have a CV requirement. We ask a small set of specific questions in a behavioural assessment because we want to get the people with the right skills and the right attitude since they are in a customer service environment. We have removed the need for video interviews because often that will exclude some people who do not have the same access to digital media, and we do not ask for qualifications unless they are specific to the job. We do not say, "You need a degree", because that is not really relevant. I have a history degree, which I loved but has been largely useless in my career to date. So we do not ask for qualifications. That allows a different kind of person to be able to engage with some of those opportunities.

There are also some things we have done to try to be more specific. We are predominantly a food business. We have 2,500 stores and supply another 7,000 local independent stores, but we also have a life services business, including a legal services business. We are the biggest probate and estate management legal business in the country, with about 700 people. We have a level 7 solicitor apprenticeship. In Bristol, Manchester and Stratford, where our centres are, we look at how to get different kinds of people to apply for those. We were targeting school leavers, people who were about to do A-levels. We ran a programme with



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four workshops and three coaching sessions, and there was work experience. Those people were from backgrounds that meant they were not often going to apply to the law. We had 20 people on that programme, and we had applications from 80% of them. Two offers were made. One took a different offer, but one is still with us and is qualifying. For those roles, you have to find ways to get different people in by just doing a bit extra. The programme that we ran, with an organisation called the Talent Foundry, was really helpful. That kind of thing can really help.

I might come on, in a different answer, to the work we do through our Co-op Academies Trust. We are the 15th biggest multi-academy trust in the country, running 37 schools and educating 21,000 kids, and I think we can come to that in a different answer.

David Houghton: Speaking on behalf of the tech sector as well as some of the great social mobility charities that we work with, what the tech sector has found most successful is insight days, giving individuals from disadvantaged communities opportunities to see what it is like to visit the office of a technology company and meet people who work in that sector—hopefully, who have walked similar journeys to themselves and come from similar backgrounds. Internships are becoming more and more successful and scalable as we see more mature tech companies in the space. Great charities like Speakers for Schools are doing more work to place individuals from the tech industry into state schools around the UK in order to share stories of their career paths, and how they are perhaps non-linear, to get into the technology industry.

The challenge that we are seeing with all this is that it is just completely unscalable. Insight days, internships, work placements—you cannot service the entire country with that. The challenge is that, geographically, a lot of the technology sector is centred on London. It difficult to bring down schoolchildren from Leeds, where I come from, to visit the Google offices; that is completely impractical. We need to enhance accessibility, not just in the urban centres where technology hubs are concentrated but geographically, and to create exposure and awareness around the country. I guess the technology sector itself needs to start harnessing more technology to achieve that. We have the tech in our hands to dial someone in who is not here today—why can we not do similar work to enhance exposure and awareness of technology careers to rural communities and non-tech-hub communities in the UK?

Baroness Hussein-Ece: Can I follow up on that? My son actually works in the tech industry. He has done it for some years and is doing very well. He says that most of the people they work with are not even based in this country. They rely heavily on overseas—people across Europe who maybe pop in once a month but can work remotely. He has also said that women are particularly underrepresented. You just touched on that: if they rely heavily on overseas talent to fill some of these vacancies, what should be done really to get more home-grown talent—to bring people in and train



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them up to do it? He went in on the shop floor and learned, and he is now quite senior, so it is possible. Why is it not possible for us to do that in this country rather than having to rely on overseas staffing to fill this really important sector?

David Houghton: That is a really good point. I guess ultimately it comes down to cost efficiency. If I am a tech company, to hire an engineer in Ukraine or India, which are the two nations where we are seeing the majority of activity right now, will cost me one-10th of the price of a software engineer in London, if not less. For a lot of tech companies, which are operating with venture capital backing and with hyper-growth targets, cost cutting in that sense is obviously very attractive. A software engineer in London is earning a hell of a lot of money, so it makes sense for them to do that. I guess there needs to be some mechanism to encourage the hiring of UK talent over outsourcing to international software engineers.

Lord Evans of Rainow: I have a question about clusters. London is obviously a magnet for that talent, but you will be familiar with the Startup Coalition. I was talking to a chap there. What about the regions and the areas? He referred to Doncaster. There is a bit of a cluster starting in Doncaster. If it can happen in Doncaster, why can it not happen elsewhere?

Baroness Garden of Frognal: It could happen anywhere.

David Houghton: I agree. I come from Leeds, where there are clusters forming but they are nowhere near the scale of London or even Manchester, to an extent. Our challenge in the tech sector is that, for a smaller start-up or scale-up, they are so resource constrained that they are not thinking about social mobility. They just want to hire the best people as easily as possible. They do not have the resources to take advantage of things like the apprenticeship levy or to put their staff into insight days, or to have a large talent acquisition team that can focus specifically on social mobility initiatives. The challenge ultimately is that the scale of these companies is much smaller in those regional clusters.

Chris Welham: Hospitality is such a people business, what with the responsibility of employers and the opportunities in the sector. We have to paint the picture of the opportunity that does exist. We do not necessarily hire on skills. We hire on attitude because we can train the skills and what is technical in many of the lower roles. There are defined career pathways. There are apprenticeships, which we will come on to later on. There are schemes around mentoring. There are "try before you buy" things in terms of taking on outlets, and so on. There are a number of ways in which companies enable people from different backgrounds with fair hiring practices and unconscious bias training that organisations are championing, such as the BII through its workforce programme, that allow us to get at a fraternity of people who perhaps might not have considered a career in hospitality. We still have still a perception problem



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within hospitality because you still need to pass the Mum and Dad test to take on a pub job, for example.

I appreciate that hospitality is a big field. We are talking about restaurants and hotels; it is a very wide sector. We have done some things more locally in the pub sector. Fuller's helped us to do a neurodiversity guide, which was about enabling businesses to consider people from neurodivergent backgrounds coming into hospitality and not ignore the fact that they can really supplement a brilliant team. Many champion diversity, equity and inclusion now, which is brilliant and great to see, even though we have a lot more to do there. Because we are an industry that needs people, and hospitality is right the way across the UK, we are dependent upon getting good people to come into our businesses.

One case study involves a company that went into a school. This is a really good initiative by Brewhouse & Kitchen, offering work experience to children of all ages and backgrounds. Since 2023 they have had 68 students from 35 schools joining their work experience programme, and that has allowed them to experience the hospitality industry. Every student who had that work experience left with a level 2 food qualification and 18 of the students are now permanently employed by that business, with a further 20 in the pipeline. So getting into schools and colleges is definitely a way of doing it.

You do not need to have a degree to get into hospitality. It is about people skills; we can train the rest. It is about us presenting the opportunity where you can go from delivery driver to distribution manager, from server to supervisor, and all the opportunities that exist.

Lord Watts: David, you said you could not bring students from Leeds, for example, down to the Google centre. Sky TV does that. It brings kids down there. Is it that Google does not want to do that? Other companies certainly do it.

David Houghton: I cannot speak on behalf of Google but I guess it comes down to accessibility and the willingness to do it, and to cover costs to do it.

Lord Watts: Sky pays for them to come down.

David Houghton: If that is the case, then we should be holding it to account, saying that if other industries, sectors and companies are doing this then it is perfectly reasonable to achieve it with the scale that Google has.

Lord Hampton: David and Chris, you talked about internships and work placements. Are you talking paid internships and placements? That seems to be a critical point.

Chris Welham: Some are and some are not, if I am honest. But they give you that opportunity.



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David Houghton: Large tech companies—what I call big tech—are all paid internships. You would not see an unpaid internship in that space, but for tech start-ups it is much more of a Wild West. There are lots of unpaid internships going to individuals who come from more advanced socioeconomic backgrounds.

Chris Welham: The charity owns a couple of schools that cater for children with special educational needs, particularly autism. One of the schools is in Oxford, and one of the lads who has come through that school is doing a placement with Soho Farmhouse. That is brilliant, because we have someone working there and another one who has been offered a job at Blenheim Palace. It is wonderful to see that kind of opportunity where we are digging into those networks and creating the chance for people to get careers.

Q47 **Baroness Garden of Frognal:** All three of you have mentioned apprenticeships, which have traditionally been seen as a way into employment. Of course you have to get over the Mum and Dad factor because most parents want their kids to go to university—and a plague on the Conservative Government for stressing that so heavily. Sorry, I should not show my background, as the product of a university. Still, what role do apprenticeships play in your organisations, and how do they relate to the strategy for improving social mobility? Every now and again we have a dinner here where apprentices from different companies are invited to talk to a fairly formidable audience of Peers and MPs. There are always about five or six of these kids who come with their sponsoring person, and they are always absolutely inspirational. These kids, often from totally disadvantaged backgrounds, will stand up and speak with massive enthusiasm, and it is really good. Anyway, you have all mentioned them, so can you tell us something about apprenticeships?

Chris Welham: I think they are fantastic. I would like to see less bureaucracy around the whole thing because they offer people a structured pathway to take on some great skills and learn while they are earning a wage. I have two children who are going through university at the moment, so I feel your pain.

We as an industry can promote opportunities for people not to have to get formal qualifications and incur debt but to go through an on-the-job learning programme, which hospitality does an awful lot of. In that sector there are so many opportunities: commis chef, chef de partie or hospitality supervisor. You can do a brewing apprenticeship or a butchery apprenticeship. Bakers—

Baroness Garden of Frognal: My grandad was a butcher.

Chris Welham: There is so much opportunity there.

Paul Gerrard: I will talk about the Co-op but this will be true of most retail businesses. Apprenticeships are a hugely important part of our workforce strategy. At any one time, we have between 600 and 700



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apprentices in our business. We have 30 different programmes that go from level 2 apprenticeships—retail assistant, funeral team member, light goods vehicle driver—all the way up to level 7 apprenticeships, which are leaders, accountants and solicitors. That is a hugely important part of what we do and how we try to grow our own talent.

I have a couple of thoughts on apprenticeships. The apprenticeship levy had the right policy intent but I am not sure it quite delivered. It was quite inflexible and slow, which is why 75% to 80% of levy funds remain unspent. In the social mobility context, we are very concerned at the decline in level 2 apprenticeships. In the last seven years, from 2017 to 2024, the number of level 2 apprenticeships has reduced by 73%, and it has gone down by 23% in the last two years. Those level 2 apprenticeships are often the gateway in for people to build their careers. For me, it is also worrying that 70% of the people who are doing level 7 apprenticeships—that is, degree-level apprenticeships—already have a degree. So it is not about bringing people in at levels 2, 3 or 4 and bringing them through; there is a slightly different purpose.

Apprenticeships are hugely important and the Co-op has supported them for many years. A couple of the recent changes announced by the Government have been helpful. The idea of a foundation apprenticeship, which is slightly shorter and can help people, is a good thing. We need to decouple some of the qualifications needed to get on an apprenticeship.

Baroness Garden of Frognal: Certainly the GCSE English and maths requirement has been an absolute killer.

Paul Gerrard: We have invested a lot of time and effort in pre-apprenticeship starts to try to help people to get those qualifications. I think you can decouple them, as I think Chris mentioned. If you are going to work in a Co-op shop, you need to be able to handle people. Yes, you absolutely need to be able to read and write, and I get that, but the skills required for the job are not necessarily an academic qualification. Decoupling that will be important, as well as the refocus on levels 2 and 3 because they are a huge engine of social mobility.

Baroness Garden of Frognal: How about tech?

David Houghton: I would say that the tech sector is underutilising the apprenticeship schemes, starting with start-ups and scale-ups. Often entry-level roles are incredibly opaque for early-stage technology companies. Going back to the practicalities, the expectation of investors in these companies is hyper-growth. There is an expectation that you need to be able to ramp up within three months of being in a job with a tech company, and if you are not then you are underperforming, and apprenticeships probably do not sit well within that expectation.

Apprenticeships have been largely used within the big tech organisations across things like digital marketing, in terms of non-tech and hard-tech skills, right through to software engineering. One of the challenges that



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we are seeing from the tech industry is that, because these apprenticeships are so attractive regarding jobs in big tech companies—the names that everyone recognises—a large majority of people who are applying for them do not come from lower socioeconomic backgrounds. We are trying to get these organisations to ringfence a percentage of these opportunities for individuals who come from disadvantaged communities, because if not then the intention is largely missed.

The apprenticeship levy is largely being misused—“misused” is the wrong word, but certainly overused—for upskilling rather than for early careers, especially in the tech industry. It is being used to help individuals to learn skills like data analysis, which is fantastic, but is not actually moving the needle that much in terms of getting people into industry from lower socioeconomic backgrounds.

Lord Johnson of Marylebone: Is there any reason to think that excluding level 7 apprenticeships from the funding mechanism will suddenly make lower levels more attractive to employers? The collapse in apprenticeship numbers has occurred at the intermediate level; GCSE-level apprenticeships have fallen by almost three-quarters, and that seems to be largely because of the bureaucracy, the red tape and the few perceived benefits to employers of taking on apprentices at that level. They are not necessarily fungible. Just because you stop an employer from taking on a level 7 apprenticeship does not mean they are suddenly going to switch to wanting to recruit a level 2 apprentice. So is defunding level 2 apprentices on its own going to help in any way?

Paul Gerrard: You make a really good point, and I do not think it will. On the other point that you made, making those level 2 and 3 apprenticeships easier to do is the important thing, because they are more junior staff whose impact on your business in those early years might be smaller, so you might not get as quick a return on that investment in the early years. Making levels 2 and 3 easier and quicker to do is the key. We have level 7 apprenticeships and we have some fabulous colleagues who really add to our business. It is not an either/or. Making it easier to get those level 2 and 3 apprenticeships is important because, as you say, they have declined by 75% over the last six or seven years.

Chris Welham: I agree. We are trying to bring people into the industry, and it is often at a lower level that you try to do so. If you are getting people without qualifications going into that higher level of apprenticeship, then that is going to be quite a task.

Q48 **Lord Hampton:** Both Lord Johnson and I worked on the IfATE Bill, so I was interested to see that one of the recommendations of the report *The Opportunity Effect* is to give Skills England a statutory responsibility to increase social mobility. Do you still stand by that, Paul? What do the others think? Also, how would you do it?



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Paul Gerrard: Yes, we agree with the Demos research. We commissioned the research but it is Demos's research. It will be a powerful mechanism in order to get a greater focus on socioeconomic background as a driver of both growth and opportunity. On how we would do it, I do not want to get into the detail of that now—as a former civil servant, I know there are lots of very bright, hard-working civil servants who could work through what that looks like—but, as a principle, that has to be the right thing to do, in the same way that all public bodies have a responsibility under the Equality Act to do exactly that. That is not a complete answer, so apologies.

David Houghton: I am not familiar with that, but I can take a look and come back to you.

Chris Welham: The same goes for us.

Q49 **Lord Evans of Rainow:** It is good to see the three of you here today. Once someone from a lower socioeconomic background is employed by your organisation, or those within the sectors, how are your employees made to feel included and able to develop and progress in the organisation? How effective is that in improving social mobility within your respective sectors?

Chris Welham: One of the great things about the hospitality sector is that it offers you the chance to look at what you are good at and what your strengths are. You come in, basically hired on attitude, and you have flexible working hours, and if you are someone who really wants to get on then there is a defined career path for you in certain ways.

There are a couple of really good case studies. A team member who worked in a Fuller's outlet when she was 18 wanted to progress into management. She came to the charity because she wanted to get funds, which for some reason were not available, to cover living costs while she was doing some training to get another role. One of the things that the Licensed Trade Charity can do is provide grants to people for hospitality management, training and so on, so that was an opportunity for her. She took that training and got a promotion to another role. Within each organisation there are many different ways in which they can sponsor people's career through mentoring and through leadership programmes. It comes back to this painting the art of the possible, saying to people, "Come into the organisation, come into hospitality, and you can go from being a distribution driver to becoming a marketing person. What are you interested in?" The opportunities are there for us to lay out.

There are a couple of other bits that I will come back to later on, but if you can handle the job and you show the skills that you have, you can get on to different sort of career platforms within hospitality and the opportunities are there.

David Houghton: Within the tech sector, we are seeing more and more the establishment of what we call ERGs, employee resource groups,



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which I would liken to almost small unions of individuals within companies themselves. Lots of tech companies now will have a social mobility employee network or employee resource group. In a lot of organisations that we work with, that is the fastest growing ERG within the entire company. People are starting to really take note of social mobility internally and feeling more comfortable to come out and talk about their own background.

ERGs are now hundreds if not thousands of employees strong in a lot of the big tech companies in the UK. They exist to create sponsors internally to help people with access to resources and networks, to help them to advance their career, and to give people a community to feel comfortable in sharing a bit more about their background and where they come from.

One of the biggest challenges that we are seeing in the retention and progression working groups that we run is that there is still a huge challenge at the more senior end of the industry on coming out as from a lower socioeconomic background. Lots of people are still very unwilling to talk about it and share their stories, which is a problem in itself because we need more senior figures who share more about their background to give people role models to aspire to.

At the early stages, when we were thinking about retention and progression, an issue that was raised with us is that individuals who are coming in from lower socioeconomic backgrounds through apprenticeship schemes or social mobility schemes often have a lack of basic literacy and language in some senses. They do not speak like a lot of individuals within the companies—they do not use proper sentences or proper English in a lot of cases—and that is a challenge in itself, especially in urban centres. Something that has been raised multiple times by different tech companies that we have worked with is: how do you teach individuals who come from working-class backgrounds that it is not okay to use the same language that they use with their friends at home or when they are playing on the streets versus when they are in a professional setting? That is something that is very difficult to overcome.

There is still a large pay gap in the tech sector. We are seeing a £5,000 pay gap for individuals from working-class backgrounds and a 20% slower progression rate. However, the ERGs are designed to hopefully support those initiatives and support progression going forward.

Lord Evans of Rainow: That is fascinating because one of our previous evidence-givers was saying, “Wherever there is innovation, there is opportunity”, and they see social mobility enabling anyone to get into a tech sector because of that innovation. It is like a leveller and anyone can get in there, so it is fascinating to hear you say what you have just said about those challenges.

Paul, I need to declare an interest: my first job was with the Co-op. I remember working in a Co-op as a 16 year-old, and it was a real problem for me because everybody knew my dad and my uncle and I had to be on



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my best behaviour. Whenever I go in a Co-op now, or any supermarket, there is a distinct smell of cardboard and detergent, and that always brings back happy memories of working at the Co-op.

Paul Gerrard: And lots of nice food smells, I am sure.

When I joined the Civil Service as a fast streamer in 1997, I made up part of the 2% of the fast stream in those days who were from a working-class background. I understand feeling part of it and feeling comfortable in that environment. I am a great believer, as is the Co-op, in "You can't be what you can't see". That picks up David's point about role models and people talking about it.

Over the past two years, we at the Co-op have begun to talk about different kinds of background and how it can support and help you. A key part of that has been some of our most senior leaders, both myself and others, talking about that. I want to talk about our operations director, Kate McCrae, who runs 2,500 shops in this country and manages 40,000 people. She is the big-shot manager for the Co-op. Kate has been very open, vocal and visible in the Co-op in talking about her background. She comes from Govanhill in Glasgow. In Kate's words, she knew her family were poorer than others. There was no shower in the house until she was 17. She was on free school meals. She started work at 16 in Somerfield and got a second job in a sunbed shop. Kate is a force of nature, and I dread to think what she was like when she was 16. She has done every job in retail and she now runs the shops for the Co-op Group, one of the country's biggest retailers. Kate talking about her background, how she got on and the challenges she faced is a huge inspiration.

I absolutely agree with David on ERGs. We have a group for those from lower socioeconomic backgrounds, and that really helps. The key is that it has to be always on. We constantly talk about how you have skills, and your background is part of those skills, and the fact that you come from a working-class background might give you a different insight that allows you to become successful. People like Kate are a force of nature, but others really make it normal to talk about it.

We at the Co-op started to collect data on socioeconomic background two and a half years ago, using the Social Mobility Commission definition, and fewer than 40% of people filled it out—normally, for other characteristics, the figure is 80%-odd—because people think, "Why do you need to know that? What's it got to do with what my dad or mum did when I was 14?" However, because of people like Kate, the fact that we talk about it, the programmes that we have put in place, the ERGs and so on, within two years that figure is now at 81%. People are quite happy to tell you their background if they think you are going to respect the data and you are going to do something with it—and we have done things with it. We have looked at programmes for people from different socioeconomic backgrounds, as well as programmes for women or ethnic minorities in that context. If you are going to do something with it then people are happy to talk about it. Then you get an inclusive organisation where it is



okay to talk about who you are and where you came from, because you can understand what you can bring to the organisation.

Q50 Baroness Ramsey of Wall Heath: I have been listening with fascination to all this. It is so interesting to hear all of you. I particularly enjoyed the answers to the last question from David and Paul about what you can do in your sectors and what those sectors are doing to make those from lower socioeconomic backgrounds more comfortable and more able to gain advantages and support at work.

I was the first in my family to go to university, and my parents had never met a barrister, which I wanted to train to be, to their incredulity, and neither had nearly everyone I had ever been to school with. Then, when I arrived at Bar school, you might know that you have to eat dinners, which is called “keeping terms”, in one of four Inns of Court. You have to eat a certain way, and you have to stop calling, as I did, lunch “dinner” and dinner “tea”. I know that is a small point, but it took me a while.

The other thing was that when you are keeping terms and eating in Middle Temple, as I was, lots and lots of times you have to wait till everyone else eats, and then you go home and your mother says, “Why are you not eating? What’s wrong with the food?” when she puts it on the table. I cannot begin to tell you the cultural clashes for me as a student in the 1980s—they were horrific—as well as people commenting repeatedly on my accent, which I think has softened over the years but was very noticeable in the 1980s.

So the idea of having the ERGs that David spoke about seems fantastic. Do you think this is scalable to other sectors? It sounds amazing. Does it work only for the tech bros—young men—or does it work as well for women in that sector? They seem to have a double whammy in terms of socioeconomics and gender.

David Houghton: That is a good point. On the question of whether it works for other sectors, this is actually copied from other sectors. I believe it was established first in places like the professional services industry—financial services, the legal sector. I know, for example, that some banks’ ERGs in Canary Wharf are thousands of people strong, and are starting to come together across different organisations to create collective action, not just within their organisation but across the financial services industry at large.

To your second point, about whether this serves tech bros or a male-dominated workforce, the tech sector undoubtedly suffers from a significant gender problem and is dominated by men, but we are seeing with the social mobility ERGs, and in social mobility in general, that if you focus on improving socioeconomic inclusion then you naturally see improvements in gender, ethnicity and other underrepresented demographics. The reverse is not true. If you focus on gender only then you do not improve social mobility. If you focus on ethnicity only then



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you might improve social mobility in a sense, but you will not see social mobility across the board improved within organisations.

Paul Gerrard: On the scalability point, employee groups are pretty common across big businesses. At the Co-op we have a range of them, including on socioeconomic background. We are fundamentally a dispersed organisation—we are in 2,500 shops and 600 funeral homes—and it still works in that context, so it absolutely is scalable. That community helps people to overcome things. In your context, Baroness Ramsey, “Which forks do you use?” is a question that you could ask that ERG. It absolutely is scalable and it is used right across the piece.

Baroness Ramsey of Wall Heath: Thank you. I also ought to declare that my uncle, now long departed, was the manager of the Wigan Co-op branch.

Q51 **Lord Watts:** I have got no connections with the Co-op, you will be glad to know. Do you agree that you really have to be careful not to use someone who has made it in an organisation as an example if that is not reflected in the whole organisation? There is a temptation to say, “Well, I’ve done it, or this person’s done it, so anyone can do it”, when that is not the case. Would you agree?

Paul Gerrard: That is right. And social mobility is not about becoming the chief exec. I will caricature it: if you are a kid from a tough background in Manchester and you become the store manager of the Wythenshawe Co-op, that is social mobility. You do not have to become the chief exec.

Lord Harlech: It is relative.

Paul Gerrard: Yes. And this can be generational. We are not just talking about my colleague Kate; we could be talking about our ops manager who manages 20 stores and his background. There are lots of different levels. It is about progress, and about thriving and prospering.

Chris Welham: I completely agree with that.

Lord Evans of Rainow: Can I just make a very quick point? In both the retail and the hospitality sectors is something that no one has mentioned: a massive supply chain. The food chain falls within the hospitality and retail sectors. There are opportunities in the massive tail of the supply chain into those sectors.

The Chair: I am conscious of the time. We have quite a few questions left to go and only half an hour left, so please try to keep questions and answers brief.

Q52 **Lord Johnson of Marylebone:** We have heard that it is harder for smaller employees to make the most of apprenticeship opportunities. What can larger organisations do to help them?



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Paul Gerrard: I think that statement is true. On the point just made about the supply chains, we have hundreds and thousands of businesses in our supply chains that we can work with and support. Our procurement team has established an inclusion hub, which has lots of policies and advice that, because we are a big business, we can create. Those are all freely available to our supply chain so they can use them rather than having to try to invent them themselves.

The best example is the levy match scheme. In 2021 we created the Co-op apprenticeship levy share scheme. If you do not spend your apprenticeship levy fund—which most businesses struggle to do—you can gift effectively 50% of your unspent levy to another business so that they can spend it. This comes to the point that was made before: it can be quite bureaucratic. We created this idea with a partner. Essentially, we became like a Cilla Black of unspent apprenticeship levy funds: let us match people who have unspent funds and small businesses that need them. We launched that in 2021, and more than 100 different organisations have pledged their unspent funds. So you have the Co-op but you also have Amazon, Greencore, BT and Nationwide. We have £36 million in unspent funds pledged and we have got 2,000 apprentices started. What is interesting is that those are all smaller businesses that are using our funds to get apprentices into their businesses, but the demographic mix is different: 60% of those apprenticeships that have been created are for women, 30% are for under-25s, 30% for those from non-British white backgrounds, 29% for those who have caring responsibilities and 60% for those with disabilities. Those smaller businesses are perhaps creating different kinds of apprentices from underrepresented groups.

Lord Johnson of Marylebone: Just so I understand the financial mechanism, do you compensate them for the funds that they are not using themselves and give them back their contribution, pound for pound, into the levy?

Paul Gerrard: No. We have unspent funds, we can donate that fund into the pot, and then someone draws it down. If it is a social care business, they will draw down that pot of money. Amazon or Greencore will do the same. We pledge our funds into that pot, and it is drawn down by those who will create the apprenticeships. Does that answer the question?

Lord Johnson of Marylebone: Yes.

David Houghton: I completely agree with Paul on pooling the unspent apprenticeship levy collaboration and on outreach programmes. I have mentioned this multiple times, but start-ups and scale-ups do not have resource and capacity but big tech does, and there is more appetite to collaborate in such engagement and outreach programmes, plus more advocacy and policy influence from big tech, which can support and influence less mature start-ups.



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Chris Welham: I agree with everything that you have said so far. Being able to allocate funds where they are unspent to smaller employers is really helpful. There are a couple of things that would be worth looking at—the length of the apprenticeship could be shortened; that could be quite helpful for smaller employers as well, as would being able to get access to those funds more easily if you are a smaller business—but the collaboration bit is key. There are a number of examples in hospitality where the charity has been able to get funds that have been unused by a local council to fund a teacher in one of our schools. That is an example of how it just works.

Q53 **Baroness Blower:** I declare myself to be an enthusiastic member of the Co-op. To some extent you have already answered this question; certainly some of it was in the written information that we got. My question is: how is the impact of social mobility initiatives measured and evaluated? You have talked a bit about that, both in writing and in the meeting today. Do you see any patterns and trends in relation to social mobility? I might add that—less so in tech, just because I know less about it, but certainly in retail and in hospitality—as people develop skills, they become transferable into other areas of activity. Clearly you do not want to lose them from your businesses, but there are other things that people can do having had that background. I would be interested whether, in a global sense, you ever look at that. Do you have any specifics on how you measure and evaluate social mobility?

Chris Welham: It is not easy to measure, actually, when you talk about people moving from one sector to another. The tangible things that you can identify are people coming into the industry from those backgrounds and then the way in which they move. You can measure career-path moves and salary changes, and you can look at people who have entered on to structured training programs. That is the tangible bit that you can feel. The example that I gave earlier from Brewhouse & Kitchen, which enabled people from school to enter into the business and come through that way, is another good way of doing it. But it is quite difficult to think about how you would measure that. That is quite an intangible upside.

David Houghton: The tech sector is probably 10 years behind all other sectors when it comes to social mobility and measurement. The majority of companies that we work with do not measure social mobility at all. Those that do have seen the lowest levels of self-reporting across every demographic that they ask for. To Paul's point, we just do not have the maturity of social mobility initiatives that have started to encourage senior leaders to speak out about this, which we are seeing drive the change.

It is probably worth mentioning that most major tech companies in the UK are US-headquartered businesses, and the current political climate in the US has not helped for collecting socioeconomic diversity data—or any diversity data at all.



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Paul Gerrard: Without the data it is for the birds, because it is just subjective. You can get the data if you really focus on it, and we have really focused on it; we now collect the data for 80% of our colleagues. You have got to try and get hold of the data. I suggest that you also want to do some qual as well as quant. We did some work a couple of years ago with Making the Leap, a social mobility charity, looking at the experience of colleagues in the Co-op from lower socioeconomic backgrounds. The report we heard back from it was quite sobering because, while we do some good things, there are some experiences that our colleagues have that we would not want them to have. So both quant and qual are important.

You have to make the data transparent, and we are. The Social Mobility Foundation's employer index is powerful, because it calls out what good looks like and how they have got there. The Co-op is the only retailer in the top 50 of the employer index, and we have had to work hard to get to get there. The Social Mobility Foundation does great work in general, and the employer index is good.

My last point is on pay gap reporting. Gender has been mandatory for several years. I know the Government are consulting on ethnicity pay gap reporting, and we have published an ethnicity pay gap report for a number of years now. We would go further. In fact, today we have published a suite of pay gap reports: gender, ethnicity, socioeconomic background and disability, published together. We think all businesses should do so, and that that is what the direction of travel should be. It is important because of intersectionality. If you are a disabled woman from a lower socioeconomic background, you will progress slower in the Co-op than if you are an equivalent woman who does not have a disability and is from a professional background. The pay gap report has helped us to understand what happens in terms of pay and progression. That data, when you publish it—which you have to do if it is mandatory—begins to make yourself ask questions. For us, data is critical, and ultimately pay gap reporting asks questions not just about the pay but about progression and about who comes in.

The Chair: I would like to pick up on something you said there about the political environment in the US and how that is affecting the collection of, for example, socioeconomic data. Do you see that having a chilling effect on tech companies in the UK in terms of their ambitions here? Has that started to happen?

David Houghton: Most major tech companies have had executive orders to say that they cannot focus on any DEI initiatives at all, and that has been disseminated to their UK regional counterparts. So what we are seeing is that organisations are having to be covert, almost, with what they are doing. People do not want to rewind the past 10 years of fantastic work that the industry has done when it comes to DEI, but it has made everything much harder in terms of collecting data. Going forward, we will not be able to collect data in the industry for most tech



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companies unless things change significantly. We have seen a significant drop in funding for social mobility initiatives from the technology sector as well.

Q54 The Bishop of Lincoln: We have heard that there are increasing concerns about those who are not in education, employment or training. In your sectors, do you have particular initiatives to engage with young people in this situation? You, Chris, mentioned engaging with young people with autism. In my experience as a Visitor of Oxbridge colleges, certainly, a number of young people who are neurodiverse are drawn to technology and computer science. After reading the report that you produced, *Making the Leap*, I am interested to hear from you how your sectors are seeking to engage—perhaps through your multi-academy trust as well as in other ways—with young people in this situation. Perhaps your responses could differentiate between different kinds of needs such as disability, gender issues and so on, as have you already mentioned.

Chris Welham: I will start because I have an example in the particular category you are asking about. The Licensed Trade Charity and a number of businesses in the hospitality sector support Only A Pavement Away, a hospitality charity that has been set up to look to place people from prisons in work. To date, it has placed 661 people in employment, which, it estimates, has created around £25 million-worth of value to the UK economy through reduced government support, et cetera. Some 246 charities support that initiative; 2,856 people have attended learning and development sessions provided by it; and 102 hospitality businesses are working with it. So it is a tangible way of getting people back into work.

In hospitality, the Clink is an organisation that runs restaurants in prisons. It is really good.

The Bishop of Lincoln: I have enjoyed its food.

Chris Welham: Greene King hired its 250th prison leaver recently as well. So, as a small example of one cohort, there is a lot happening in hospitality.

Paul Gerrard: I mentioned before that we run the Co-op Academies Trust, which is the 15th biggest in the country. So we see that transition from education to employment both as an employer and from running that trust.

The Co-op Academies Trust has 37 academies from, broadly, the Mersey through to Leeds via Manchester, then down to Stoke. Most of the communities we serve have challenges. There are 21,000 kids in those schools, and 7,000 of them have English as an additional language. Some 45% of all the schools' kids are on free school meals. The national average for kids on free school meals is about 25% but, in some of our schools, the figure is 75%. So those schools and their kids have real challenges.



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What is interesting is what a business can bring, which is some of the professional expertise and capacity that we have to run young leader programmes, as we do for our schools. We have worked with Unilever to create a new flavour of Pot Noodle with some of our students. You can see really great outcomes. For the demographic we serve, which faces tough times, 75% of those schools are good or outstanding.

The national average for people leaving school and not going into education, employment or training is 11.9%. In the Co-op Academies Trust, it is 1.9%. So the outcomes are remarkably different.

There are three things to that. One is the offer around employability. There is a careers offer in almost every single year, in every single school, so that they can think about careers as they go through. That is really important. The education professionals led by our chief exec, Chris Tomlinson, are outstanding and do a wonderful job to help those kids, but I do think—I confess that I regularly drink the Co-op Kool-Aid—that, in terms of ethos, you can walk round any one of those schools and see the Co-op's values and principles all around it. That, alongside the support of a big co-operative business, helps do a little extra and a bit more for those kids, which is why we get these great outcomes. I think that other businesses could do more with schools.

The Bishop of Lincoln: *Making the Leap* is about how that operating was inside the business. I was thinking about how that is applied to those who are not being reached.

Paul Gerrard: Yes. The families of lots of the children in those schools will be shoppers at our shops, of course, so we see it all the time. We are a big business. If we were not a co-op, we would be a FTSE top 50 business. It means that we can bring that understanding, expertise and heavy lifting and give it to academies that perhaps would not otherwise have the capacity because they are very stretched.

David Houghton: I am not aware of anything targeting people from NEET backgrounds for the tech industry. I did my research and asked around. As far as I am aware, a few charities do some sporadic work with the tech sector, but I can mention only a couple of names. One is Movement to Work, which works with Salesforce, but that is about it.

Q55 **Lord Evans of Rainow:** Paul, you just said something that is quite key to this committee. You mentioned more businesses working with schools, but it is a two-way street in terms of schools working with businesses. Could you take what you have just said and bottle it? The hospitality sector is an obvious one but, in any community, there is an AstraZeneca and a BAE Systems; they are at the top end. Can you imagine the pyramid below those top-end businesses? I think that, if schools and those sort of businesses came together, the NEET problem would not disappear but it would have a significant impact. Do you agree with that?



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Paul Gerrard: I absolutely do. It goes to your earlier point. The Co-op is a big business. We have hundreds and thousands of suppliers, all operating in communities. I think of someone such as Greencore, which does a lot of our sandwiches and ready meals. I know about the work that it does in its local communities. Even if it is not for a moral reason—business is about money—there is a pure economic and commercial reason because you can get the talent. The thing that will stop businesses growing is talent. If you can get into some of these schools where there is phenomenal talent, you can have that talent for yourself. They might well move on, but you can get it. In the British economy, it makes commercial sense for businesses to do that.

The Bishop of Lincoln: Sorry—I have one last thing. I wonder whether, if people knew more widely about the culture of ERGs in large tech companies, they would be less frightened in terms of thinking that they might engage. There is an opportunity to make that internal culture better known in order to make it possible for people—perhaps those with mental health needs and other things that are holding them back from employment—to engage with it.

David Houghton: Definitely. We are seeing the externalisation, almost, of ERGs in different sectors. In terms of the financial services industry, as I mentioned, I can see a world where that happens at scale in the tech sector as well, but, right now, a lot of these ERGs are in the formation stages within their own internal organisations and are trying to set up the infrastructure to achieve something.

Q56 **Lord Young of Cookham:** My question follows on from the Bishop of Lincoln's in terms of reaching out to those not in education, employment and training. Last week, we heard from a major employer that, when his organisation reached out to a town or a city, it would be much better, from the point of view of those looking for work, if he did it in conjunction with other major employers. We also heard from Blackpool college that it was looking at some sort of umbrella organisation involving the mayor, the local authority and the DWP.

I noticed that the Co-op has spoken of "a consortium of organisations to enable cross-sector collaboration". You, Chris, then spoke of regional partnerships with schools and colleges. I wonder whether there is a better model for customer interface between the NEETs and those looking for jobs than what we have at the moment, which seems to be a bit of a free-for-all, without a huge amount of bureaucracy. Is there some sort of template with which we could bridge the gap?

Paul Gerrard: There has to be a better way, because I recognised that description of "a bit of a free-for-all". Chris mentioned offenders. The structure that has been put in place in the MoJ—the New Futures Network—really allows businesses to come together to offer different opportunities. I was the chair for a short time of the employment advisory board at HMP Risley, and the New Futures Network provides different options to those who are coming to the end of their sentences.



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Rather than loads of businesses just acting individually, it is curated a bit; that is the point. So that is potentially a template.

We did a similar thing with slavery survivors through the Bright Future Co-operative, which we established. Again, that is sort of a matching service, gathering all the opportunities together for a particular cohort or a particular geography that you can interface with. We are working with the DWP. We had the Employment Minister with us a few weeks ago talking about what we could do. But I think your central point is that one business doing it is not really going to be effective. Much as I love the Co-op—and others on the committee clearly quite like the Co-op too—not everybody wants to work for the Co-op. They might want to work for a tech company or in hospitality. Trying to give options is important, and I am not sure the infrastructure is there that does that.

Chris Welham: I agree. There is a great collaboration within hospitality, particularly for things like the ex-offender piece. But there is probably something more we can do, for example, in the early years stuff, with school careers advisers on the whole Mum and Dad test. The careers adviser could be encouraged more by businesses that work in hospitality to say, “Actually, on-the-job learning can get you wherever you want to go to in whatever discipline”. There are so many opportunities in different disciplines and spectrums in hospitality, whether it is front line or it is, as Graham said, the supply chain. There is a bit of education for us to do on the whole perception bit still.

Q57 **Lord Harlech:** Panel, a key theme that has come out in our evidence so far, and something we have sort of touched on today but not gone into too much detail on, is regional disparity in social mobility. Although you have talked about some excellent practices in your organisations and industries, there is no “one size fits all”. I do not want to put a negative tone on things, but I come from a rural background and have seen rural bank branches closing, rural pubs, Morrisons closing stores. What are your organisations, Chris and Paul, doing to address regional disparity in social mobility? David, if I have a really great idea for a tech start-up but I am in rural north Wales, I am probably already starting off from a negative base because I do not have that connectivity and things like that. Are you looking at Government or local authorities to pull some of those levers to enable? Good ideas can come from anywhere. The playing field is never going to be totally equal—London and the south-east is such a overweighted powerhouse—but what can we do to level the playing field a little bit?

Paul Gerrard: I think it is still true that, to get on for many people in many communities, you have to get out. I grew up in a small village in Lancashire. I am not sure I would have had the opportunities I have had if I had not left. It is a fantastic village, Adlington in Lancashire; it is in the Commons Speaker’s constituency. So that is still true.

I come back to something I said at the beginning, which is that I think retail and hospitality the same can be huge engines of social mobility,



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nationally as well as in specific areas. The Co-op is based in Manchester; on the wrong side of the Pennines you have got Morrisons and Asda—sorry, David—and you have Tesco based in Hertfordshire. I think there are opportunities in retail and hospitality—Chris will speak to hospitality—that mean people do not have to get drawn necessarily to London to have careers.

Lord Harlech: They do not have to leave their communities.

Paul Gerrard: Again, I come back to the point that they might not want to work in head office in procurement, but they might want to become the ops manager for West Lancashire. Retail has a role there. I also am a believer that, if you want to tackle things in a region and a locale, the best decisions are taken in the region and the locale.

Lord Harlech: By the people there that know their area.

Paul Gerrard: Absolutely. I think there is something in the devolution agenda that can help create better regional outcomes than we currently have. That is not a criticism of this place, but the truth is—

Lord Harlech: Localism.

Paul Gerrard: Yes. I look at some of the initiatives or discussions that are happening in Manchester because Andy Burnham is there as mayor. That can help because he is just closer to what the reality is in the 10 boroughs. Retail can be an engine, but it has got to want to be. I think there is something about devolution as well.

Chris Welham: I would wholeheartedly support that. Hospitality needs to be seen as a way of delivering growth in our country, because it is one of the areas where we can really put the foot on the accelerator. It is one of the most accessible industries that exists. You can get into hospitality at all different levels and from all different backgrounds—flexible working, all sorts of ways in which people would say, “I want to build a career there”. On rural areas, some of the economics definitely mean that some local pubs and things have moved on. I remember St Helens fondly when I ran the area there, and probably half those pubs are no longer there now. The localness of UK hospitality plc means that people can get jobs where they are. But you need good transport links. You also need people to invest locally, to enable people to get to those places.

Lord Harlech: It can be a hub of their community, the village pub.

Chris Welham: Absolutely. That is the real essence of a community pub: it is all about that locality. It is more difficult, as you say, in rural areas, and in London the cost of living is prohibitive. There is an environment that we need to create that would allow the brake to come off hospitality, to allow us to really drive growth.

David Houghton: Specifically on your point around start-ups and entrepreneurship, I think there are three things we can do to improve



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access at that sort of level. It is around education, exposure and building ecosystems, which is what is starting to happen in many places around the UK; granted, it is regional cities rather than rural regions.

We need greater education about careers and technology from a younger age. My careers adviser advised me to be an actuary. Tech was not in the conversation at all. I never heard of the job that I worked in until I was 23. I work in venture capital. I had never heard that term before I watched a TV show called "Silicon Valley". Now I have worked in that industry for seven years. It is education. It is exposure to people who come from similar backgrounds to you who are working in industry; we have talked about creating more senior role models a lot today. It is ecosystems, like having a community to reach out to and be a part of with people who come from similar backgrounds to yourself. That is typically forming around university ecosystems, where they will have investors, they will have innovation hubs, and there will be communities of individuals who are also doing similar things within the tech world.

The Chair: Thank you. Before we get on to Lord Watts's question, I should say that we have are having a great discussion here, and I think we might need a little bit more time to wrap things up. Are you all okay to stay for another five minutes or so to wrap things up? Great. Thank you. Lord Watts?

Q58 **Lord Watts:** Chris, can I assure you that I did all I could to keep many pubs open in St Helens?

Are there any specific problems and barriers that you or your sector face when attempting to put in place strategies and plans for social mobility that we have not touched on already? If we have, that is fine. If you have identified some, can you tell us what you would like to see happen to remove those barriers?

David Houghton: This ties into maybe the next question as well. What we are seeing is that in some cases social mobility is tied to government contracts. I think that needs to be expanded further. The tech sector is selling to Government in a lot of ways. How can we tie social mobility targets directly to their chances of winning a government tender or contract? We need more funding for research in the sector. There is a hell of a lot we do not know. We do not know a lot about why people choose to pursue careers in technology versus why they do not and how that relates to their socioeconomic background. We need apprenticeship levy reform, which we have talked about a lot today. We need to reduce bureaucratic hurdles, more support for entry-level apprenticeship, and more flexibility.

One thing we have been talking a lot about in the tech sector is this idea that the British Business Bank—one of the UK's largest funders of venture capital fund managers, who ultimately fund tech companies—currently does not mandate anything around collecting data on the socioeconomic diversity of its portfolio, which is a huge number of tech companies in the



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UK now. It mandates data collection on things like gender and ethnicity of the workforce of those tech companies, but how can we work with the BBB to encourage more data collection around socioeconomic diversity?

Chris Welham: The Licensed Trade Charity is not a political lobbying organisation, but wearing my old operator hat from hospitality I have to say that, at the moment, it is hard in hospitality. It is really tough because the cost increases that hospitality businesses are about to incur mean that we are having to restructure our organisations. The main barrier to social mobility will be that we are not going to be able to hire as many people as we want to. With investment in training and development, when you are looking at things that might be discretionary spend by some organisations, those are the things that get cut. It is really tough at the moment and the lack of investment that people are considering at the moment is a problem because it is stopping people expanding and growing their businesses. It is a real issue for the sector.

Paul Gerrard: We mentioned a couple of the things already. I guess for me it is about normalising the conversation. The fact that we are not embarrassed to talk about where you came from is, I think, a really important part of that. There are things that can help. It is also about focusing business on the commercial benefit of this. I think the Bishop of Lincoln mentioned that we published *The Opportunity Effect* last year and Demos's research said that, if UK businesses focused on socioeconomic background and social mobility, it would add £19 billion to GDP. It would be £6 billion in extra tax. As a former HMRC officer, I am sure the Chancellor would like that kind of revenue. So it is making it a commercial conversation.

How can we get there? I come back to pay gap reporting. I think that is really powerful. They are consulting at the minute on extending that to ethnicity. I would go further and add disability and socioeconomic. We have done all four today. We can absolutely do that. I think the public sector socioeconomic duty, to take up David's point, might start to encourage other public bodies to start to collect that data, because we know that if you collect it, you start asking yourself some really difficult questions.

And then the last one—Lord Young mentioned it—is a 10th protected characteristic. What we have learned over the last few years in all of this is that you cannot look at an individual from one perspective. You have to look at their socioeconomic background. Are they disabled? Are they a woman? Are they from a particular ethnic group? That intersectionality is so important, and class is really important in that.

Lord Watts: Can you give us an indication of the cost of collecting that data and expanding it to the level that you have?

Paul Gerrard: We already have to collect data to comply with gender pay gap reporting and, for us, it is captured on our core HR systems. So, is it a lot? No. You just add some fields to it, frankly. The cost is in giving



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your colleagues the confidence that you will respect the privacy of their data and do something with it. I think that is the cost and then it comes to a business choice about whether you want those economic, commercial benefits.

Q59 The Chair: We are coming to the end of the session and we need to start wrapping up, but I have a final question. As we go through these sessions, we are starting to think about framing what recommendations might come out of the committee at the end for the Government to respond to. Could you each maybe give one practical, focused recommendation in this area that you would like the committee to consider? Who wants to go first?

Chris Welham: Can I give two? Take the shackles off the sector, because I think hospitality can be an absolute engine of growth. One of the biggest things is to provide incentives for people to grow their businesses, which will give people the opportunity to bring more people into the sector and invest in their own businesses, to be able to move people through the social classes, in its simplest form. The second one is that the apprenticeship levy needs looking at in terms of ease of access to funds and the length of apprenticeships. If we can reduce the timespan required to fulfil an apprenticeship, I think we will have fewer people dropping out and more people being interested in uptake.

David Houghton: I jumped the gun with this question: I think I answered it last time. Not to repeat what Chris said, I would say tying social mobility to government contracts for tech providers.

Paul Gerrard: I think creating the legislative and regulatory framework that encourages businesses to do the things that good businesses already do: I mentioned pay gap reporting and the socioeconomic public duty. Making it normal for businesses to think about socioeconomic background as an opportunity is important, and I absolutely agree on the apprenticeship piece: I think the decline in those entry-level apprenticeships is really concerning. Making sure that the new skills levy supports all kinds of apprenticeships, including those, is really important. I am not sure that the current system does.

The Chair: Okay, we will wrap up there. Thanks very much for your time today. It has been a really great discussion. It complemented the last evidence session we had really well. I would just draw out what we have heard about the real difference between many of the sectors. I think the contrast between the tech sector, and the retail and hospitality sectors was really brought out strongly, as was the importance of culture within companies, role models and partnership working to solve some of these issues going forward. We have covered a lot of ground quite quickly today, so I encourage you to write to the committee if there are any areas that you feel have been missed and that you would like us to pick up on. Thanks very much for your time and for a great discussion.



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