

Written evidence submitted by Seetec

1.0 About Seetec

- 1.1 The Seetec Group is the UK's largest employee-owned provider of employability, health, skills and justice services. Through our employability and health pillar services, Seetec Pluss delivers key Department for Work and Pensions (DWP) schemes, including the Work and Health programme (WHP) as a prime provider in Southern England and a subcontractor in the North West. In April, the Government announced that Seetec Pluss had been awarded a prime contract (4a South West) to deliver the Restart Scheme which will help Universal Credit claimants who have been out of work for at least 12 months to find sustainable employment. Restart will launch in June. We also deliver JobPath, an Irish Government job activation programme that is designed to help the long-term unemployed back into work. In 2020, we supported 125,000 people through our employability and health, Irish, justice and skills business divisions.
- 1.2 Seetec Pluss is also playing a key role in the delivery of the DWP WHP expansion for Job Entry Targeted Support (JETS). JETS provides tailored support to individuals recently made unemployed due to the impact of COVID-19. Over 13,140 customers have joined our JETS programme since 'go live' and 3,446 have gained employment so far.
- 1.3 We are also an experienced skills provider, through Seetec Outsource, delivering 20,000 apprenticeships, along with traineeships and adult education budget (AEB) vocational training to assist the upskilling of individuals seeking to gain, sustain and progress in employment.

2.0 Introduction

- 2.1 Seetec believes that the Government has a real opportunity to ensure that the economy grows more quickly by ensuring it is an inclusive recovery that focuses on skills, job creation and regional economic development. The Government has a difficult balancing act to achieve. It must deal with the immediate economic shock caused by the pandemic, but also prepare for what the 'new normal' will be in a post-COVID world.
- 2.2 Recent labour market statistics highlight the challenges ahead. There is concern that younger people have been worst affected by the last 12 months. In April, the BBC reported that under-35s made up 80% of the payroll jobs lost in the UK in the year to March.¹
- 2.3 There are some positive signs of economic recovery. The Bank of England has signalled that it expects the economy to expand by 7.25% this year, the fastest growth in 70 years as lockdown restrictions continue to be lifted. Growth appears to be moving in the right direction according to the latest forecast, but the 9.9%

¹ BBC (20 April 2021), *Under-35s bearing brunt of jobs crisis*, available from: <https://www.bbc.co.uk/news/business-56812163>

contraction in the UK economy in 2020 means the Government still has a significant challenge ahead to stimulate pre-COVID levels of economic activity.²

- 2.4 To deliver an inclusive recovery, there must be a relentless focus by the Government to ensure there is no long-term generational divide, in terms of employment opportunities, in a post-COVID world. The focus of this submission is on job creation and building the type of economy in the future that has greater in-built resilience to manage sudden shocks.
- 2.5 At an overarching strategic level, future public policy development aimed at stimulating jobs, growth and productivity in a post-COVID world will need to consider:
 - 2.5.1 Addressing labour market fragility which surfaced during the pandemic;
 - 2.5.2 Strengthening the resilience of the wider economy to withstand future shocks;
 - 2.5.3 Stimulating a rapid recovery by empowering the regions to develop more specific skills and employment interventions;
 - 2.5.4 Increasing the country's competitiveness by adapting the current national curriculum to prepare the workforce of the future for employer need;
 - 2.5.5 Targeting investment in sectors to generate job creation and growth; and
 - 2.5.6 Encouraging productivity through incentives to further promote innovation and employee ownership to increase buy-in from workers. There is a need to shake up the existing consensus about ownership structures in a post-COVID economy.
- 2.6 There are seven specific policy areas Seetec believes will be able to deliver on the key overarching strategic challenges:
 - 2.6.1 More focused long-term active labour market policies and a commissioning plan that is linked to technological advances, generational employment barriers and changes in skill demand;
 - 2.6.2 Ending the digital divide by improving access, literacy and connectivity to boost productivity;
 - 2.6.3 Greater investment in the accessibility of workplaces and transport for disabled people;
 - 2.6.4 Ending barriers faced by long-term jobseekers and disabled people. This includes addressing the harmful stereotypes about over-50s in the workplace and developing a stronger commitment to help them reskill too;
 - 2.6.5 Championing employee-owned businesses by updating the Nuttall Review recommendations, supporting the need for greater plurality in business models and better promotion of the Social Value Framework. This could also enable employee-owned businesses to invest more in the economic recovery;
 - 2.6.6 Increased longer term investment in technical education alongside ending the false divide between technical and academic education; and
 - 2.6.7 A regionally-led recovery, including more devolved skills and training budgets to drive forward an inclusive recovery.

² BBC News (7 May 2021), *UK economy set to grow at fastest rate in more than 70 years*, available from: <https://www.bbc.co.uk/news/business-57008220>

Committee Questions

3.0 How much difference can Government policy make to economic growth?

- 3.1 The Government's policy paper 'Build Back Better: our plan for growth' is setting in motion a shift in emphasis towards a greater focus on infrastructure, innovation and skills as it looks towards a post-Covid world. This matters because it helps set the parameters for how to deploy the macro-economic framework and provide the structure to influence the type of economic growth that needs to be pursued.
- 3.2 Seetec delivers a range of commissioned services on behalf of the Government. This includes supporting those with disabilities, the long-term unemployed, people of working age who have been made unemployed during the pandemic, those with English as their second language, and also ex-offenders trying to build a new life as they progress on their rehabilitation journey. All of these groups have seen additional barriers placed in their way caused because of the lockdowns and restrictions rightly put in place to keep the public safe. Those who were already furthest away from employment face a more competitive labour market because a large number of people have entered the jobs market.
- 3.3 To avoid a cliff edge when the Government's furlough scheme and business support grants are phased out, Ministers will need to think carefully about the ongoing support provided once the 'new normal' returns in the late summer. The Government must not lose sight of pump-priming the regional approach to the recovery, addressing the wealth gap will be key to boosting growth across all parts of the country.
- 3.4 It is also crucial that the Government's skills policies meet the need to have a competitive edge in a post-COVID world. The Department for Education's White Paper 'Skills for Jobs' published in February 2021, alongside speeches by the Secretary of State for Education, make it clear that:

"...further education and higher education to be thought of as two sides of the same coin, both as highly regarded and as well-resourced as the other."³

The false divide between technical and academic education must end. We fully endorse this as it is more crucial than ever before to develop a more skilled post-Brexit workforce. The Government needs to continue to push on to make this a reality through apprenticeships, investment in the wider further education sector, T Levels and the enforcement of the Baker Clause within schools. We believe the newly announced Skills and Post-16 Education Bill's focus on productivity complements the push to strengthen the country's skills base post-Brexit.

- 3.5 To improve the national skills base, further investment to stimulate innovation in technical education is needed. To develop a truly employer-led skills system, the UK needs regional knowledge centres, similar to the professional skills lighthouses⁴

³ Rt Hon Gavin Williamson MP (18 November 2020), *Association of College's FE summit*, available from: <https://feweek.co.uk/2020/11/18/gavin-williamsons-speech-on-lifting-fes-potential-through-the-white-paper-the-full-text/>

established in Denmark, to ensure vocational education keeps up with labour market developments.

3.6 The Government's focus on skills and jobs as overarching priorities is a positive step in the right direction, but more needs to be done to shape the implementation around what the regions and their disadvantaged communities need first. The forthcoming Devolution and Recovery White Paper will be crucial in giving the regions, including Metropolitan Mayors, more tools to be able close the regional economic and skills gap.

4.0 How successful has the Government's pandemic response been in protecting jobs to date, and how can it help reduce and mitigate the economic scarring effects of the pandemic going forward?

4.1 The Government's post-pandemic responses should be based on taking advantage of the opportunity to deliver an inclusive recovery. The growing focus on lifelong learning, employability and skills is vital. The commissioning of the JETS, Kickstart and Restart programmes were welcome interventions by the Government. As a provider of the JETS programme, we have seen the benefit of the support during the pandemic:

Fran from Devon, who we supported on the JETS programme, told us⁵: "I felt brilliant when I got this [health care assistant] job. It feels like the first real step back into becoming a registered nurse, as that is my long-term goal."

4.2 As the Restart programme mobilisation heads towards the launch in June, we recognise our responsibility to help thousands of people unemployed in the South West as the prime provider in that region. These types of major labour market interventions are a significant step forward to rebuild post-COVID, we believe Restart is an opportunity to reverse some of trends in the labour market that are now embedded as a result of the pandemic, in particular, stemming the number of under-35s who have borne the brunt of job cuts.

4.3 The Government should consider the impact on each individual sector of the economy (developing health check style analysis reports) to better understand how the pandemic has changed employers' ways of working and skills needs. This can be used to create an overarching long-term strategy which aims to support plans for increased stability and resilience across sectors. It is our hope that the Government's 'Sector Visions' document, included for development in the 'Build Back Better – our Plans for Growth' policy paper, will achieve just that.⁶

5.0 Does the Government have the right mix of policies and a coherent strategy to promote long-term productivity growth and create new high-quality jobs?

⁴ CEDEFOP (5 March 2018), *Denmark: VET knowledge centres*, available from:

<https://www.cedefop.europa.eu/en/news-and-press/news/denmark-vet-knowledge-centres>

⁵ Seetec Insights (14 April 2021), "I felt brilliant when I got this job. It feels like the first real step back into my long-term goal." - Fran's story, available from: <https://www.seetecpluss.co.uk/insights/community/frans-story/>

⁶ HM Treasury (3 March 2021), Build Back Better: our plan for growth, page 106, available from: <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

- 5.1 We believe that the Government broadly has the right approach to growth and job creation. The investment in employability for those who find themselves out of work or at risk of unemployment is welcome.
- 5.2 There can be a danger that if too much focus is placed on ‘high-quality jobs’ which is ill-defined in itself, then entry or re-entry level positions become downgraded or not seen as important. This can inadvertently trap people in low paid jobs. For many of those we support, such as ex-offenders, the long-term unemployed and those with disabilities, those jobs are a vital gateway to achieving sustained employment. We believe the Government should be more focused on an aspirational vision for employability that supports people to enhance their earning potential once they enter a gateway role.
- 5.3 Rather than using the term ‘high-quality’, Seetec would prefer terms such as ‘highly-technical’ or ‘skilled’ as ways to differentiate certain roles. It is how we view the work in our employability and health, and skills divisions. Our training and apprenticeship programmes with employers are aspirational and encourage learners to push the boundaries of their ability to develop new skills. For example, our skills division recently formed a partnership with Bombardier to deliver their advanced aircraft maintenance apprenticeship programme. This focus could be replicated to complement the Government’s commitment to create 250,000 ‘highly-skilled’ green jobs in the UK as part of the ‘Green Industrial Revolution’.⁷ The development of skilled green jobs will boost the UK’s competitiveness and upskill current and future generations to meet the growing skills demand in this sector.
- 5.4 In a post-COVID and post-Brexit world, it will be important to bridge the gap between gaining highly technical knowledge and matching it with the skills that employers need. This is essential to deliver the jobs, growth and productivity needed to rebuild our economy. Apprenticeships at Level 4 and above are crucial alongside the emphasis on wider technical education.

6.0 Is the Government doing enough to encourage corporate investment?

- 6.1 All businesses need clarity and the right political and economic environment to consider investment opportunities. The Government is laying the ground for this and it is vital that the economy keeps growing, unemployment falls (enhanced employability support provided) and inflation is kept under control.
- 6.2 The Government needs to be far more proactive in creating a public sector procurement framework that encourages corporate investment. This approach can also be achieved by developing a greater understanding of the overall market environment across public service organisations. For example, creating an environment where public service contracts are subject to longer and more stable cycles, would encourage more investment and the space to innovate to drive efficiency in delivery. Procurement policy also needs to have more flexibility to take into account rapid changes and economic shocks in the macro-environment (such as the pandemic). A number of large-scale public service contracts require significant

⁷ The Prime Minister’s Office, 10 Downing Street (18 November 2020), *PM outlines his Ten Point Plan for a Green Industrial Revolution for 250,000 jobs*, available from: <https://www.gov.uk/government/news/pm-outlines-his-ten-point-plan-for-a-green-industrial-revolution-for-250000-jobs>

front-loaded investment. The longer the contract pathway, the more spread the investment is, and also the pricing of risk will be lower. This, of course, would also lead to continuing improvement throughout the life of the contract. The outline proposals put forward in the Government's Procurement Green Paper support this approach.

- 6.3 The Government could also be more ambitious when pushing forward with implementing the Social Value Framework and Model. Public sector procurement is a key tool in helping to deliver social inclusion, moving forward with the levelling up agenda and community development, so it should always be recognised as being more than just a basic economic consideration. These principles combine 'good capitalism' with a greater responsibility on contracting authority decisions to be multi-dimensional in approach.
- 6.4 Ministers should also look at new ways to embrace the evolution of employee ownership and how this type of business structure will complement a post-COVID economy. Enhancing workers ability to have a say and shape the direction of their business is important. It is time the Government commissioned a review that examined the further democratisation of business structures to build a more inclusive capitalist model.

7.0 Is the 'Plan for Growth' an adequate replacement for the 'Industrial Strategy'?

- 7.1 The 'Plan for Growth' sets out a positive direction of travel to boost economic activity, but it needs to include a fifth ambition for growth that covers resilience. The impact of the pandemic has been felt across a range of sectors which has affected economic growth and employment, which is why a wider strategy, focusing on resilience, is more applicable now than perhaps it would have been pre-pandemic.
- 7.2 We welcome the concepts behind the 'Plan for Growth' and its focus on infrastructure, skills and innovation – particularly as these three pillars will be the driving force for the levelling up agenda.
- 7.3 With respect to the second pillar (skills), the acknowledgement of the need for high quality education and skills training as a driver of economic growth, international competitiveness and productivity is important. We agree that creating opportunities to improve the skills of people in all regions is critical – including young people looking for their first job, to the over 50's who, as the Resolution Foundation has stated:

"The Covid-19 crisis has led to the biggest annual employment fall for workers over 50 since the 1980s."⁸⁹

- 7.4 It is vital that the jobs-led recovery is focussed on skills, re-skilling and upskilling so that no one is left behind. As the Government continues to roll-out major labour market interventions, specific support to help disabled people navigate the COVID

⁸ Resolution Foundation (26 April 2021), *Covid-19 crisis has caused the biggest annual employment fall for older workers since the 1980s*, available from: <https://www.resolutionfoundation.org/press-releases/covid-19-crisis-has-caused-the-biggest-annual-employment-fall-for-older-workers-since-the-1980s/>

⁹ BBC (26 April 2021), *Older workers 'see biggest jobs fall since 1980s'*, available from: <https://www.bbc.co.uk/news/business-56862888>

jobs market in the short-term will be important. Access to public transport needs to return to normal as soon as possible so that disabled people are not prevented from accessing opportunities on an equal basis. Concerns remain, for example, that disabled rail passengers say they are left “humiliated” by inaccessible replacement bus and coach services.¹⁰

7.5 We also feel that that putting employees in the driving seat to help shape the direction of our business group better informs the approach we take when responding to the social and economic challenges caused by the pandemic. Our deep-rooted commitment is to deliver greater social value in the communities that we serve, which also means we have an innate willingness to work in the national interest to aid the Government’s plans. This type of business model should be given more prominence and expressed support from the Government. It is nearly ten years since the Government published the Nuttall Review (2012)¹¹ into employee ownership. Now would be a perfect time to review progress and update the recommendations to reflect the vital role that employee-owned businesses have to play.

8.0 Conclusion

8.1 The post-Covid recovery must be used to seize the opportunity to end economic and social divisions that have been widened during the pandemic. The Government, through its new economic policies, should focus on tackling these head on to close key gaps within our society.

8.2 We believe that there must be a far greater emphasis on employee-ownership as a core business model to drive productivity and increase overall economic resilience to better withstand shocks. An improved public procurement framework will enhance investment in and deliver greater certainty around the deployment of schemes that aim to boost economic activity.

9.0 Recommendations

9.1 **To build a more resilient economy in a post-COVID world, that boosts job creation, uses targeted investment to spread prosperity to all parts of the country and adapts to address the current productivity gap, Seetec believes the Government should consider the following recommendations:**

9.2 **Closing the regional economic gap:** It is vital that there is further devolution of skills budgets to the regions and more investment opportunities made available in the further education sector. The Government should consider including in the forthcoming Local Economic Recovery and Devolution White Paper a COVID specific support fund to establish regional skills and employment support initiatives to upskill jobseekers to fill local vacancies that are closely linked to major local employers’ plans.

¹⁰ BBC (17 September 2020), *Rail replacement services ‘humiliating’ disabled people*, available from: <https://www.bbc.co.uk/news/uk-england-53905214>

¹¹ Department for Innovation and Skills (4 July 2012), *Sharing success: the Nuttall review of employee ownership*, available from: <https://www.gov.uk/government/publications/nuttall-review-of-employee-ownership>

- 9.3 Enhanced Labour Market intervention:** Alongside the Government's COVID specific programmes to address unemployment. The Government should consider the benefit of a more focused long-term procurement cycle to implement active labour interventions linked to technological advances, generational employment barriers and changes in skills demand.
- 9.4 Resilience:** Establish a new independent body, on a statutory footing, to be tasked with the goal of advising the Government, without fear or favour, to plan ahead (next 10 to 20 years) and anticipate potential national economic and social shocks. This body would then propose policy recommendations designed to outlive Governments to adjust the economy and domestic policy today, to meet the challenges of tomorrow.
- 9.5 Sector specific inventions:** The Government should bring forward its 'Sector Visions' proposals set out in the 'Build Back Better – our plan for growth' policy document to be completed in the next six months. The 'Sector Visions' proposals will need to include resilience measures, developed in collaboration with the sectors, to mitigate future economic shocks.
- 9.6 Progression out of low pay:** A new scheme to help those aspiring to learn new skills and progress out of lower paid jobs could be one way for the Government to enhance its existing post-COVID strategy. A combination of employability and skills development, targeted to fill sector specific roles in demand that offer pay progression, will not only address the productivity gap, but also provide better financial security to those wanting to increase their earning potential.
- 9.7 Greater support for Employee Ownership:** Employee ownership is a real catalyst for increasing productivity and in shaping a modern Britain as a whole. It forms a key driver for Seetec in supporting the national response to the pandemic. The Government should review progress and update the recommendations from the Nuttall Review (2012) to further boost the vital role that employee-owned businesses have to play in 'Building Back Better'.
- 9.8 Addressing the generational employment divide:** The Government, senior leaders from business and employability providers should form a taskforce to address the employment gap faced by the under-35s and the over-50s currently in the labour market. It should be a time limited and a focused taskforce that produces recommendations to improve employment levels and also complement the Government's Lifetime Skills Guarantee, so that both of these age groups secure new jobs, have increased job security and contribute to a further boost in economic growth.

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