

Response to Call for Evidence on DWP's preparations for changes in the world of work

Summary

- Supporting businesses and supporting jobseekers are two sides of the same coin.
- Employers need to be at the heart of the conversation from day one, from commissioning through to frontline delivery both to jobseekers and employers.
- Employer-facing staff need to have access to data-driven labour market intelligence and have the skills and capabilities to effectively service employers.
- Co-opetition is critical to provide a better service to employers and to assist more people into jobs.

Introduction

1. This paper has been developed in response to the Department for Work and Pensions' (DWP) Call for Evidence on DWP's *Preparations for Changes in the World of Work* by Associate Professor Jo Ingold FIEP FRSA, Leeds University Business School and the Institute of Employability Professionals (IEP), in consultation with the Employment Related Services Association (ERSA).

1.1 In this paper, we specifically focus on working with employers and on the following questions from the Call for Evidence:

- Are DWP Work Coaches well equipped to advise people who are looking for work on new and emerging sectors and jobs?
- What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?
- How could DWP work more closely with employers to ensure that claimants have the skills they need to find work in the future labour market?

1.2 We are happy to provide oral evidence on these topics.

2. Are DWP Work Coaches well-equipped to advise people who are looking for work on new and emerging sectors and jobs?

- 2.1 In terms of the sub-question *How could DWP improve the training and advice it offers to jobseekers?*, it is critical to acknowledge that supporting businesses and supporting candidates are two sides of the same coin. Business engagement is crucial to increasing employment outcomes and to effectively moving people into sustained employment.
- 2.2 However, business engagement is rarely considered as a core skill for frontline advisers. The skills involved in advising individual candidates and those involved in engaging with businesses are very different.
- 2.3 Research conducted for the UK Economic and Social Research Council found that Jobcentres were not resourced to undertake business development activities. Some were undertaking worthwhile business-facing activities despite this constraint but this was not standard practice.¹
- 2.4 DWP's own evaluation data suggested that Work Coaches did not have time to spend on business engagement². In the context of an unprecedented increase in benefit claims, there is a significant risk that business engagement is neglected. This concern has been voiced by some IEP members working in Jobcentre Plus.
- 2.5 In the context of expenditure cuts and mergers and closures of Jobcentres, staff capacity and capability for business engagement has reduced. This is extremely concerning for Work Coaches' ability to advise candidates. In the context of many more Work Coaches being recruited, staff capability to hit the ground running will be key.
- 2.6 Critically, it is important to assess what training is available to Work Coaches, at different stages of the human resource management process, from on-board to continuing professional development. Specific business engagement training is required that covers aspects of business-to-business consultative selling, vacancy management, employer relationship management and post-placement support. The IEP has already developed Standards, or is in the process of developing and implementing these, at Levels 2, 3 and 4, of which there are consistent components around employer engagement.

¹ Ingold, J., Sarkar, M., Valizade, D., Garcia, R., Scholz, F. (2017) *Employer Engagement in Active labour Market Programmes in the UK and Denmark: Final Report, CERIC Policy Report No. 8*, Leeds: Centre for Employment Relations Innovation and Change.

² Turner et al (2018) *Evaluation of the Personalisation Pathfinder: Supporting people with health conditions and disabilities into employment*, London: Department for Work and Pensions.

2.7 In the post-Covid19 context, DWP Work Coaches are likely to be advising a more diverse of cohort of claimants than ever before, including those with higher level skills. This demands in-depth and sophisticated labour market expertise. A diagnostic tool is needed in each Jobcentre Plus district to effectively refer jobseekers to external organisations for support and not just provision contracted by DWP.

2.8 Work Coaches need good labour market intelligence (LMI) in order to effectively advise people who are looking for work, particularly in terms of new and emerging sectors and jobs. Labour market intelligence needs to cover the skills required, as well as information about the recruitment and selection processes. Work Coaches need to be labour market experts but the current system requires them to focus more on benefit systems and processes.

2.9 It will also be crucial that Work Coaches make use of data-driven technologies (for example, EMSI) alongside traditional LMI - and draw out the differences between the different data sources.

2.10 Particularly in digital and tech sectors, bespoke business engagement is needed in order to be able to advise candidates. This is also needed to advise candidates who may not have considered jobs in tech but who are in labour markets where there is demand for these skills. However, currently, many assumptions are being made about digital and technology within workplaces. A new Economic and Social Research Council-funded Research Centre (DIGIT³) run by Leeds and Sussex Universities is exploring in detail what changes in digital and automation mean for workplaces and jobs. This includes a case study of the employment services sector that will map out the digitalisation of different elements of activation and support.

3 What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?

3.1 To begin with, a key problem is that the current definition of in-work progression is based on an income threshold. This is not progression as understood amongst human resource management as an academic field, or amongst HR practitioners.

3.2 In-work progression could instead be measured in terms of skills capability and progression and could be tied into upskilling and completion of skills modules.

3.3 In-work progression needs to apply not just to organisations with employability contracts but also skills contracts. Research found that effective business engagement

³ <https://digit-research.org/>

involves the ability to draw upon a range of employability and skills contracts to service both business and candidate needs, from traineeships through to workplace training⁴.

3.4 There is a broader organisational and societal issue in terms of a lack of career reviews, where individuals have an opportunity to re-evaluate where they are, unless they experience a crisis, such as ill-health or redundancy. There is a need to return to the concept of 'lifelong learning'.⁵ The involvement of businesses in creating appropriate learning opportunities is essential.

3.5 There is also a need to re-evaluate how programme outcomes are measured, specifically hard job outcomes versus 'softer' outcomes/progression towards employment.⁶

4 How could DWP work more closely with employers to ensure that claimants have the skills they need to find work in the future labour market?

4.1 Employer engagement involves business to business interactions. It is dependent upon the building and maintaining of good relationships.⁷ Consequently, Employer Advisers need to be able to effectively communicate with businesses. This involves 'needs-led' rather than 'product-led' approaches that diagnose business needs, including future workforce development needs. It also involves the ability to sell the benefits (the 'value proposition') of programmes.

4.2 Comparative cross-national research in the UK and Denmark⁸ found that it was easier for Jobcentres in Denmark to engage employers in a sustained way because businesses are considered within the commissioning process. By contrast, in the UK, with its weaker institutional framework, business engagement was much harder to achieve because employability organisations are on the 'backfoot'. Consequently, businesses, if they do engage in programmes, engage on a transactional or ad hoc ('instrumental') basis, rather in a repeated or sustained way. Our research found that 'relational' employer engagement in Denmark was double (60%) that in the UK (30%).

⁴ Ingold, J., Sarkar, M., Valizade, D., Garcia, R., Scholz, F. (2017) *Employer Engagement in Active Labour Market Programmes in the UK and Denmark: Final Report, CERIC Policy Report No. 8*, Leeds: Centre for Employment Relations Innovation and Change.

⁵ Warner, P. and Gladding, C. (2019) *Employers in the Driving Seat*, London: Association of Employment and Learning Providers.

⁶ See Blake et al (forthcoming) *Evaluation of Leeds City Region Talent Match*, Knaresborough: Your Consortium.

⁷ Ingold, J. (2018) 'Employer engagement in active labour market programmes: The role of boundary spanners', *Public Administration* 96: 707-720.

⁸ <https://business.leeds.ac.uk/faculty/dir-record/research-projects/743/employer-engagement-in-active-labour-market-programmes>

- 4.3 Businesses are confused by the number of programmes and providers, they do not know about programmes, how they can help their business, or how to access them. A persistent challenge in DWP/Jobcentre Plus (and contracted provider organisations) has been a lack of dialogue between employer engagement staff (the demand-side) and frontline advisors (the supply-side). This has exacerbated mismatches between candidates and employers.
- 4.4 Within Jobcentre Plus offices, having a separate employer engagement/business development team is a good model to adopt. However, it is critical that Work Coaches engage with business development/employer engagement teams and employer-facing staff in order to provide a better service to both candidates and employers.
- 4.5 Work Coaches need better information about employers' vacancies. When uploading a vacancy, employers should be asked to provide information on essential and desirable requirements. It is in the employers' interest to do this, as they would then receive fewer but more appropriately-targeted applications. Employers should also be asked to include information about opportunities for in-work progression. However, ideally this information needs to be augmented by good relationships with employers to ascertain their needs. Employers do not always know what their needs are so a diagnostic function for employers is as important as it is for jobseekers. This may include providing advice on recruitment and selection, particularly for smaller businesses.
- 4.6 In the post-Covid19 labour market intermediaries (employability providers, recruitment agencies) will be competing to place people into larger volume jobs. Providing a bespoke and seamless service to businesses – collaboration amidst competition, or 'co-opetition'⁹ - requires collaboration between delivery partners. In engaging businesses, it is important that DWP engages with partners.
- 4.7 Sector-based work academies (SBWAs) are a good model of employment support delivery that includes co-production of both demand-sided and supply-sided employment support with the employer at all stages¹⁰. A key strength of SBWAs is that they can be targeted at a single employer with volume vacancies, or at a sector and include SMEs.

⁹ Ingold, J., Sarkar, M., Valizade, D., Garcia, R., Scholz, F. (2017) *Employer Engagement in Active labour Market Programmes in the UK and Denmark: Final Report, CERIC Policy Report No. 8*, Leeds: Centre for Employment Relations Innovation and Change.

¹⁰ Ingold et al (2017) Ingold, J., Sarkar, M., Valizade, D., Garcia, R., Scholz, F. (2017) *Employer Engagement in Active labour Market Programmes in the UK and Denmark: Final Report, CERIC Policy Report No. 8*, Leeds: Centre for Employment Relations Innovation and Change.

4.8 However, current commissioning structures and performance metrics dis-incentivise organisations from collaborating. Since Work Programme, there has also been an intensely competitive culture between DWP and contracted providers. This has intensified with the Work and Health programmes and is at a cost to both candidates and businesses. However, the Covid-19 context has given a synergy of purpose to employability organisations to solve problems in a more inclusive way.

4.9 DWP Employer Advisors having individual performance targets is problematic. If they have such targets, this means that they are unwilling to share their employer contacts, leading to an inferior service to employers. Information about employers and their needs and vacancies, should instead be shared between DWP Employer Advisors and contracted employment support providers. No jobseeker should be discriminated against because they are on outsourced provision or another funded contract.

4.10 Better business engagement involves a significant shift both from the level of commissioning down to service delivery. Currently, both commissioning and delivery focus on singular interactions rather than the varied spectrum of employability and skills provision. Employers need to be at the heart of the conversation from day one. Not considering the demand-side of the labour market (employers) within the commissioning process means that providers have to retrofit their delivery. Key questions for all employer-facing employment support organisations to ask themselves are:

- Do we have a genuine focus on what employers' need?
- Do we consider this in a strategic, focused way?
- Do we approach employer engagement in terms of solving their problems/meeting needs and providing high quality support?

4.11 Effective business engagement requires cross-departmental working between BEIS, DfE and DWP. Local Enterprise Partnerships also need to take a lead and create local economies that are more progressive. Regional clusters where key stakeholder partners fund a 'front door' for employers could be explored.