



‘Building back better’: How social recruitment can drive a stronger economy, and fairer society



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skills for growth

Real levelling up

As the country prepares to rebuild after the pandemic, the government's stated policy commitment to 'level up' needs to be meaningfully delivered, and not just rhetoric. The opportunity to change many people's lives for the better must be seized.

For decades, policy makers have grappled, more or less effectively, with how to reduce the economic divides that exist between more prosperous areas and deprived communities across the UK. Policy instruments such as devolution and targeted spending on skills and improved local services undoubtedly have a key role to play. However, one glaring gap is tackling entrenched long-term unemployment, which blights the lives of individuals, families and communities.

This report highlights the role employers can play in addressing this problem. A far more concerted effort is needed to mobilise UK employers and provide support for them to address employability gaps. This will benefit both them and wider society, allowing the UK to capitalise on the talents of people that have long been ignored – those who have faced long term employment simply based on their level of social capital, ethnicity the fact they have a disability, or because of past misdemeanors. For too long, a history of poverty has trapped people into ongoing poverty.



Dr Julian Huppert
Director of the Intellectual Forum
Jesus College, Cambridge

The government needs to be bolder in its response to the coming unemployment and skills gap crisis. In doing so, it will make the levelling up agenda real, benefiting the UK economy as well as achieving greater levels of social cohesion as we rebuild our nation in the wake of the COVID-19 pandemic.

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Staffline

Group PLC

Staffline is one of the UK and Ireland's leading recruitment and training providers, it has three divisions; Staffline Recruitment GB, Staffline Recruitment Ireland and PeoplePlus. Recruitment GB provides flexible blue-collar workers, supplying approximately 40,000 staff per day on average to around 450 client sites in the UK, across a wide range of industries including e-retail, supermarkets, drinks, driving, food processing, logistics and manufacturing.

The recruitment Ireland business offers a 360 degree recruitment solution from executive placement and recruitment process outsourcing right through to blue collar volume placements. PeoplePlus' purpose as an organisation is to help people transform their lives, get jobs, keep jobs and develop their careers. PeoplePlus delivers adult education, prison education and skills-based employability programmes, as well as supporting people to live independently through health and social care services across England, Scotland and Wales. To date they have helped over 500,000 people into employment through their frontline services.

FOREWORD.

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All of this requires companies to think differently about the pool of talent they draw from when recruiting into new roles”.

The Covid-19 pandemic has reshaped the fabric of our society, bringing with it unique and difficult challenges for the business community. Notably however, it has also unlocked a strong sense of resilience and determination on the part of businesses to find innovative ways to overcome the challenges associated with social distancing rules, lower levels of face-to-face interaction and ensuring safe working for employees.

The labour market too, has undergone a significant shift over the last eighteen months. **Data published in August 2021 by the Office of National Statistics (ONS)**¹ shows that, despite buoyancy in certain sectors and an overall record number of vacancies, **long-term unemployment is up by 40% with over 3.4 million people who want a job still out of work**². Newspaper headlines are filled with real-life examples of how skills shortages are having far reaching consequences across the economy. **This includes: social care providers concerned that staff shortages are affecting the level of care available for vulnerable people**³; **a 100,000 shortfall in HGV drivers needed in the UK**⁴; and unfilled vacancies for customer service and hospitality roles, as well as a shortage of butchers, chefs, scaffolders and electrical engineers. The cost to the economy, and the lost opportunity in terms of productivity is significant. **Skills gaps in the digital sector alone are estimated to cost £2bn per year**⁵.

How we solve this labour market 'paradox' of increasing unemployment at a time of record vacancies requires organisations to think differently about the pool of talent from which they draw when recruiting. Moreover, it requires policy makers to take steps to overcome the disconnect between skills policy and active labour market policies (ALMPs), which was highlighted by PeoplePlus in our 2019 report, **Creating an Employment Superhighway**. If we achieve a closer alignment between labour market intelligence and skills and employability programme objectives, then we may finally cease the counter-productive, counter-intuitive practice of training people for jobs that don't exist.

The need to adopt this demand-led approach has never been greater than at present time. Concerning levels of unemployment – particularly for the long term unemployed – and a re-shaped labour market with persistent skills shortages, gives real impetus to a more ambitious inclusion agenda that can help tackle many of the long-standing labour market inequalities which have been exacerbated by the impact of Covid-19. We need to build a movement of employers and public sector organisations that will allow us to seek out and grow the potential and talent of millions of candidates facing significant labour market barriers. In doing so, we can diversify our workforce and help build stronger, more cohesive communities.

This ambition sits at the heart of what has been termed social recruitment – a commitment to organisational policies which drive active, targeted recruitment and job progression for groups facing continued unfair disadvantage in the labour market. This includes people with disabilities, ex-offenders and members of black and ethnic minority (BME) communities that face employability challenges, as well as those with lower educational attainment.

During PeoplePlus' many conversations with employers, policy experts and third sector organisations over the past eighteen months, it has become abundantly clear that there is a renewed drive to support inclusive social recruitment. With the Government's clear emphasis that social value should be placed at the heart of public sector procurement and its commitment to "levelling up" our regions and nations, there has never been a better time to tackle the inequalities that have for too long bedevilled the UK's labour market.



Albert Ellis
Group Chief Executive Officer,
Staffline Group Plc.

CHAPTER 1.

BUILDING INCLUSIVE GROWTH IN THE POST-PANDEMIC ERA

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You never let a serious crisis go to waste. And what I mean by that is it's an opportunity to do things you think you could not do before”.

As the UK emerges from the pandemic, one of the era-defining questions it faces is how to develop a more equitable, sustainable labour market, capable of driving inclusive growth. Policymakers have long articulated a vision of intelligent, inclusive employment that seamlessly meets employer need and, in turn, has a positive impact on society.

There is now an unprecedented opportunity to, finally, deliver on this agenda, by heeding the words of Barack Obama's first White House chief of staff, Rahm Emanuel, in the immediate aftermath of the last global economic crisis – the so-called 'Great Recession' of 2007-2008.

He said then that “you never let a serious crisis go to waste. And what I mean by that is, it's an opportunity to do things you think you could not do before.”

A decade and a half on, and in the midst of another global economic shock, **Emanuel's observation captures the historic moment that now exists for the UK as it looks for solutions to tackle the UK's skills crisis**⁶ on the path back to growth. This report maps out the opportunities and identifies the role that social recruitment can play in delivering a new era of more equitable prosperity in a post-pandemic world, and how it can support the UK Government to realise its “levelling-up” agenda.



⁶ UK faces 2 years of labour shortages, CBI warns | Financial Times (ft.com)

¹ UK labour market: August 2021 - Office for National Statistics (ons.gov.uk)

² UK job vacancies at record high, but still 3.4 million people out of work who want a job (fenews.co.uk)

³ Social care facing 'unprecedented crisis' over staff shortages, say officials | UK News | Sky News

⁴ 'It will take at least 18 months to train 100,000 HGV drivers' (rha.uk.net)

⁵ Open University, 'The £2.2 Billion cost of the skills gap', 2017: <https://ounews.co/around-ou/ou-speaks-out/uk-skills-gap-costs-businesses-billions/>

“

Competition is strongest in sales and customer service roles and occupations such as cleaners, security guards and manual labour”.

Social recruitment is an approach to hiring that positively impacts every part of society and the economy by moving unemployed people, who are furthest away from the labour market, into sustainable jobs. These 'disadvantaged' groups include young people not in education, employment, or training (NEET), unpaid carers, ex-offenders, and people with long-term health and disability challenges.

The potential opportunity to drive positive change is huge; however, data from the Government and external forecasters highlight the hurdles that stand in the way of good employment options, especially for those individuals that face additional labour market challenges. Multiple sectors have been thrown into turmoil by the pandemic and its economic impact, while the furlough programme has suppressed the underlying unemployment rate. The true state of the labour market, which has been in suspended animation since the jobs scheme began, will only be fully revealed when it is wound down in autumn. However, such is the scale of the economic shock since spring 2020, fears have been voiced that, without concerted national action, we risk heading into a darker age of growing inequality. CBI Director-General, Tony Danker for example, asserts that there is now a clear danger of flatlining productivity, stunted economic growth and the United Kingdom becoming a more divided country.

With the pandemic resulting in a 40% increase in long term unemployment⁷, further action needs to be taken to improve the prospects of individuals currently in,



or facing, long-term unemployment. It is vital that we respond to the body of evidence that shows that the pandemic has hit society's most disadvantaged the hardest. A study by the Joseph Rowntree Foundation highlights, for instance, how lower-paid workers, disproportionately concentrated in poorer UK regions, and who have lost their jobs during the crisis, are finding it hardest to find new roles.

Considering the risks of growing labour market inequality, we can nevertheless learn the lessons from previous major economic crises, including that of 2007-2008, by establishing an environment that better connects employer need to skills and training in order to drive an historic once-in-a-generation

employment reset. This should be a key enabler of the Government's ambition to "level-up", helping to foster a new era of inclusive growth for a more equitable, sustainable economy. Jobs, particularly those that offer career progression, are the vital ingredient in this national recovery effort. As the CBI's Tony Danker has again highlighted, what is now needed to drive this recovery mission is a vision and a clear roadmap for levelling up with a "plan and a consensus as a nation to pursue it".

In so doing, we can deliver a stronger recovery than that achieved after 2007-08 and the early 1980s when long-term unemployment increased significantly. These periods resulted in permanently poorer earnings and

careers for many which impacted on wider families and communities, as well as having a negative impact on mental health.

So, if we are to successfully turn crisis into opportunity, and promote greater prosperity across the nation, inclusive employment must play a leading role.

It is to this topic that we turn to in the next chapter as we look in further detail at why the social recruitment opportunity for the United Kingdom in coming years is so significant.



CHAPTER 2.

THE URGENT NEED FOR A UK SOCIAL RECRUITMENT REVOLUTION

Social recruitment is still perceived by many as an altruistic act on the part of employers. Yet far from being, as it were, an optional adjunct of Corporate Social Responsibility (CSR), such recruitment practices must continue to become mainstream. They are an essential component of the UK's recovery after the pandemic, with Government policies having a critical supporting role to play.

Leading inter-governmental think tank, the Organisation for Economic Cooperation and Development (OECD), has recently made this case. It cites the disproportionate impact that the Coronavirus crisis has had on groups already underrepresented in the labour market and asserts that addressing this issue "is not only an ethical imperative, but it also makes great sense from an economic and social cohesion perspective".

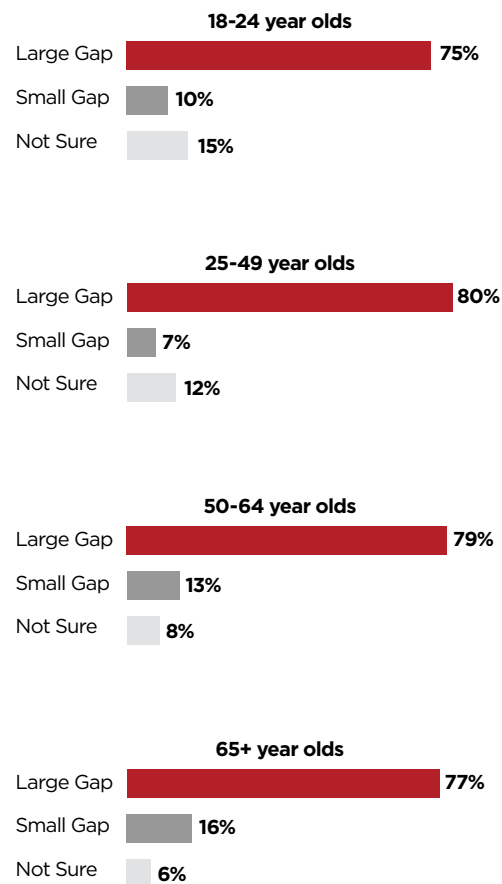
In the United Kingdom, social mobility had gone into reverse even before the pandemic began, according to January 2020 data from the Government's Social Mobility Commission. This research found stark regional differences in terms of perceptions of life prospects. Fewer than a third of people in the Northeast of England, for example, felt that they had a good chance to progress in life, compared with 74% of those in the Southeast and 78% of Londoners. This data is reinforced by the commission's Social Mobility Barometer, illustrated in Figure 1, which found that four in five adults believe there is a large gap between different social classes.

Dame Martina Milburn, recent chair of the commission, has termed the findings a call to action for politicians to start to reverse "the inequalities of generations" and give people an equal chance in life.

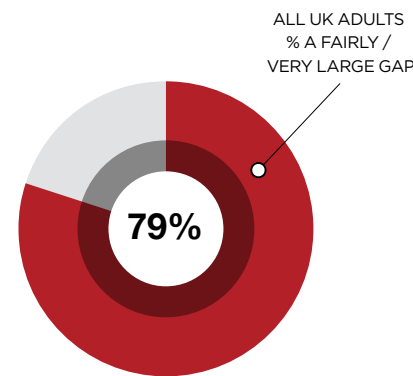
She has also advocated that UK regions that have been marginalised for decades should get greater investment to provide more employment opportunities, so that people no longer need to move out to move up.

Figure 1: Social Mobility Barometer 2019-20

How large or small do you think the gap between different social classes in Britain today?



Source: Public attitudes to social mobility in the United Kingdom 2019-20, Social Mobility Commission



Percentage of people in each region Who say there's a large gap...	
%	Region
84%	Scotland
84%	Northern Ireland
81%	London
80%	North West
79%	South East
79%	Wales
79%	Yorkshire & the Humber
78%	West Midlands
77%	East Midlands
77%	North East
76%	East of England
75%	South West

“
Levelling up must mean investment in people”.

The Government is emphasising 'levelling up' as a key component of the national recovery, with Rt Hon Michael Gove MP becoming Secretary of State for the newly named "Department for Levelling Up, Housing and Communities" and the creation of a new 'levelling up' taskforce chaired by former Bank of England chief economist Andy Haldane.

While a more detailed social mobility roadmap may have to wait until the publication of that document, it is already clear that there will be practical challenges around how to deliver "levelling up". One specific critique made in March by former Bank of England Chief Economist Andy Haldane, Chair of the UK Industrial Strategy Council, is that current plans to "build back better" rely too much on big public sector investment spending like HS2, and other one-off, centralised schemes originating from Whitehall. He highlights that insufficient emphasis has been placed on how to "build back" through a redirection and re-alignment of skills and employability efforts.

The Industrial Strategy Council mirrors these criticisms and proposes that, rather than relying on large infrastructure spend, what is needed is "a comprehensive reorientation of the Government's approach to levelling up"⁸. Cabinet Secretary Lord Gus O'Donnell, who is currently leading a major project on the future of UK civil society, amplified this point by asserting that the scope of levelling up needs to be expanded to a skills-based agenda "to invest in individuals and not just

infrastructure". For him, this means addressing issues like the "adult skills crisis...to give all people the skills they need" which he recognises requires leadership from across the public, private and third sectors.

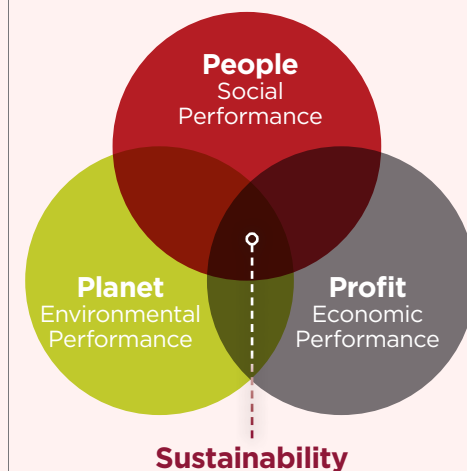
A critical part of the 'levelling up' strategy, and ambitions to improve opportunities and livelihoods, must involve the active labour market policies (ALMPs) introduced by the Government to support a post-Covid Recovery. Government initiatives aimed at re-energising the supply side of the labour market through programmes like Traineeships and Kickstart (which provide funding to create job placements for 16- to 24-year-olds on Universal Credit) are a good starting point. We now also need to simplify the funding landscape for large national employers so that they have greater clarity on how to play their part by tapping into these programmes and using social recruitment to meet their talent and recruitment needs.

Creating the right environment for social recruitment to take place at scale, however, requires us to focus more clearly on what employers are looking for. Research by Centre for the Employment Relations, Innovation and Change (CERIC) asserts that businesses need simpler, more straightforward propositions and more information on the benefits of recruiting larger volumes of people from under-represented groups if we are finally to see better balance across what is often called the Triple Bottom Line (TBL).

The TBL concept, as illustrated in Figure 2, was first developed in the

mid-1990s to evaluate organisational outputs in a broader perspective than simply financial performance.

Figure 2: Triple Bottom Line framework



Source: The Corporate Sustainability Solution: Triple Bottom Line, The Journal of Accounting and Finance, July 2017 Special Issue 18.

It argues that best business practice embraces two important additional objectives alongside financial success'. 'Profit' must be aligned with consideration for 'People' and 'Planet' for companies to demonstrate their performance and their impact on society and the environment in a wider, more holistic context. Of course, it can be reasonably assumed that any business will give due consideration to the financial 'bottom line'. It is striking to note however, just how widely the environmental elements of TBL thinking have been adopted in the past decade - particularly in comparison with the social dimension of 'People'.

⁸ Industrial Strategy Council, Annual Report 2021(industrialstrategyCouncil.org)

Sustainability considerations are now a routine boardroom issue, and approximately four fifths of UK businesses have made recent investments to make manufacturing more environmentally friendly. And it is impossible to ignore how closely-aligned considerations for the 'Planet' have become with 'Profit'. Reducing environmental impact by cutting down on energy consumption is 'good business' in both senses of the phrase.



As we emerge from the pandemic and confront the labour market 'paradox' already identified in this report - that unemployment rates for the long-term unemployed are rising at the same time as unfilled vacancies - there is growing appetite from employers to prioritise the social dimension of their activities because they recognise, again, that this would be 'good business'. PeoplePlus is working with a wide range of firms and employer-led organisations, developing a clear roadmap to realise this ambition. Our goal is to provide positive outcomes for business and society by turning lives around, creating healthier, safer, more prosperous societies and, ultimately, a new era of inclusive, sustainable growth.

The collective impact, with the public, private and third sectors working more closely together,

is that social recruitment can increasingly be deployed at scale, meaning that many more people from disadvantaged backgrounds can be trained for sustainable jobs in those industries most impacted by the country's crisis and most likely to help make the United Kingdom more competitive on the international stage in the post-Brexit era.

As well as greater recognition from employers about the combined business and social value that can be unlocked when recruiting from the previously untapped labour market pool of the long term unemployed and disadvantaged groups, the Government has also created an added impetus for social recruitment through an update to the Social Value Act 2012. This places greater emphasis on tackling workforce and economic inequality within government procurement exercises.

Whilst it is true that enablers such as the 2012 Social Value Act have yet to fully deliver higher levels of social recruitment, significant moves are now underway to unleash their potential. In chapter 4, this report makes several recommendations building from recent initiatives, including the important 2020 Green Paper on Transforming Public Procurement.

Driving social recruitment at scale however, requires other key non-political ingredients too. Some have argued that programmes to get people from disadvantaged backgrounds into work have been failing to meet the needs of employers.

The collective impact of these developments, with the public, private and third sectors working more closely together, is that we can be guided more directly by employer need. In turn, this means many more people from disadvantaged backgrounds can be trained for

sustainable jobs in industries and help to address the UK's critical skills shortage. If organisations of all sizes across the public, private and third sectors can, increasingly, tackle these problems and help ignite a social recruitment revolution, business and society can become better connected and flourish after the pandemic. The so-called 'shared value' approach this embodies was pioneered by leading academics Michael Porter and Mark Kramer. They define shared value as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates".

In other words, the health of a company and the communities around it are mutually dependent. This approach is gaining traction around the world, including the United States where CEOs of nearly 200 major companies in the Business Roundtable issued a landmark statement in 2019 declaring that shareholder value is no longer their main objective.

The world's biggest investors too are increasingly shining a spotlight on Environmental, Social, and Corporate Governance (ESG) data and "getting more aggressive about voting in favour of not only climate-related issues but also social measures". PeoplePlus shares the commitment of organisations embracing the shared value paradigm and sees huge potential in social recruitment strengthening the connections between societal and economic progress.

In the next chapter, we highlight an exciting new tool that is already helping deliver on this promise with the goal of unleashing a sustained wave of inclusive economic growth across the UK.

CHAPTER 3.

WHY CURRENT SUPPLY-CENTRIC MODELS FAIL TO DRIVE SOCIAL RECRUITMENT AT SCALE

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High quality and granular data”.

Harnessing the demand side of the labour market is crucial if the United Kingdom is to drive a strong recovery from the pandemic. There have been too many instances, in recent decades, of training people for jobs that simply don't exist because of excessive reliance on supply-centric models.

This supply-centric model has hampered the efforts of policy makers for decades. In 2010/11 more than 94,000 people completed hair and beauty courses, yet only 18,000 new jobs were created in the sector. More recently, in the construction industry in 2015/16, 192,000 people began classroom-based construction courses but only 21,460 people continued to a related apprenticeship in the same 12-month period.

Post pandemic, we need to address this disconnect by focusing on employer demand and helping organisations recruit the talent they need. The CERIC study cited in the preceding chapter emphasises the need for employability programmes and skills provision to link more effectively together, using employment need forecasting as their foundation.

As the economy builds momentum after the coronavirus crisis, the good news is that many multi-regional and national employers already have the desire, capabilities, and motivation to bring social recruitment into the mainstream. At this historic crossroads, we need to tap into this positive sentiment so that social recruitment can be delivered, at pace.

A key enabler of this is the Government's employability programmes such as Kickstart and Restart. These supply side schemes have massive potential to encourage employers to bring a wider range of talent into the workplace. But to fulfil their potential, it is imperative that they connect effectively to short and longer-term demand-side requirements allowing the creation of routeways into employment for individuals who need extensive support. This requires simple, straightforward, joined-up employment propositions that are easy for employers to navigate. Closing the gap between supply and demand in the labour market therefore requires a collaborative approach that serves the national interest. This calls for organisations with the ability to influence the national employment and skills landscape to work together in constructive partnership.

One key ingredient needed is ensuring that tailored skills training and support is matched to accurate intelligence obtained from "high quality and granular data" on labour market demand so that people are not being trained for jobs that do not exist. This was the genesis of the PeoplePlus Social Recruitment Framework (SRF) which leverages our UK reach to collaborate (rather than compete) with our network of local, regional, and national training providers to fill vacancies.

Through extensive dialogue with employers, we have long recognised that there is real frustration when businesses cannot access funding and they are not invited to define how it is used. The SRF partnership

team works with employers to navigate the employability and skills training landscape to help them access individuals seeking work and requiring support to prepare for it.

So, the SRF creates routeways into employment, particularly for harder to reach individuals in the labour market. This is done via employability provision, skills provision, or both, depending on the nature of the role and the training support required. Achieving this greater alignment between issues related to employment and skills at a national policy level is a topic we address in more detail in the next chapter.

Employers using the SRF can access a network of high-quality training providers so that, if employer requirements lie outside PeoplePlus' geographic or sectoral delivery, this support will be offered by another provider in the SRF network. This helps these local providers to expand and strengthens local market capacity.

By replacing guesswork with employer data, the SRF creates an ecosystem which benefits all the actors within it; The job seeker whose chances of achieving sustained employment are increased, the employer now recruiting pre-trained candidates, the training provider as they can be confident they are training people for roles that need to be filled, and the funding body whose skills support efforts are optimised in line with economic and social investment objectives.

This is achieved by the SRF's ability to match employers, training providers and jobseekers at a local,

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The huge potential of SRF is highlighted by our work in 2020 with our sister company Staffline to deliver the 'Feed the Nation' worker transition service campaign”.

regional, and national level, in real time. In what has been called, a 21st century employment superhighway, employers are finally able to navigate the availability of funded training and recruitment support.

The SRF also supports employers by providing a single point of co-ordinated access to some of the UK's best local, regional, and national employability and skills training providers. It therefore equips employers with a dedicated resource for tapping into UK skills and employability funding opportunities.

The huge potential of the SRF is highlighted by our work in 2020 with our sister company Staffline Recruitment to deliver the 'Feed the Nation' worker transition service campaign. Once the pandemic struck, industries such as retail and travel were acutely impacted by a fall in demand whilst other sectors associated with food production, supermarkets and delivery services had an immediate need for thousands of additional workers.

With the combined PeoplePlus and Staffline Recruitment partner community, we created a nationwide 'transition service' for workers who had been made redundant, were on zero hours contracts, or worked in the gig economy. The model enabled these workers to transition into jobs in these new 'essential' services on a direct-to-interview or training-to-interview basis and succeeded in placing over 25,000 people into work in only three months, targeting new skills delivery against demand in essential growth sectors.

This case study underlines the potential of the SRF and social recruitment more broadly to offer seamless solutions for accessing talent, including from disadvantaged groups. Given the increasingly large number of employers that want to make a positive impact on society, the goal now is to extend their reach to power a national recovery fuelled by an intelligent, data-driven response to employer demand.

Making sure that everyone in society has the opportunity to gain new skills and play their part in the UK's recovery is imperative, particularly as those people who are in lower paid jobs have been hardest hit by the pandemic and are, in the longer term, most at risk of disruption from automation.

The next chapter will explore other key potential catalysts for embedding social recruitment at the heart of the United Kingdom's return to growth.



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CASE STUDY.

CASE STUDIES OF SOCIAL RECRUITMENT SUCCESS IN ACTION

INVESTING IN MARITIME IN BARROW-IN-FURNESS

The shipyard in Barrow-in-Furness dates back to the 19th century and is the largest in the UK. Over 370 merchant ships, 312 submarines and 148 naval surface ships have been built in the town, including most of the Royal Navy's nuclear submarines.

The shipyard has long been a driver of the local economy, providing skilled, well paid jobs, and this case study looks at the example of how BAE has built from this legacy by investing more than £40 million since 2016 in two state of the art Academies for Skills & Knowledge. This includes one in Barrow-in-Furness to train and develop employees.

Since 2019, BAE's three maritime businesses have welcomed young people on to the Movement to Work scheme. This is a four-week programme introducing people who need a job - very often from disadvantaged backgrounds - to the world of employment.

The programme is aimed at people aged 16 to 30 who are not in employment, education, or training. They spend time within the business, and at Furness College, and are taught employability skills and CV writing. BAE has then gone on to recruit people who have shown promise on this scheme.

In 2021, the firm's submarine headquarters at Barrow-in-Furness will take in more than 400 new employees. It is also participating in the Kickstart scheme, and has recruited 20 apprentices from other companies who were no longer able to continue with their programmes during the pandemic.

In 2021, the firm's submarine headquarters at Barrow-in-Furness will take in more than 400 new employees.

CHAPTER 4.

KEY BUILDING BLOCKS OF THE SOCIAL RECRUITMENT AGENDA

The Government is laying strong foundations for a more inclusive labour market with major new employment schemes like Restart and Kickstart. If they can effectively connect to demand-side requirements, these programmes have the potential to create efficient routeways into employment for those disadvantaged individuals requiring high levels of support.

However, there are other potentially significant enablers of the social recruitment agenda at a national level that urgently need activating too.

Take the example of the 2012 Public (Social Value) Act. At present, many stakeholders believe that this

important legislation has not fully delivered on its promise of being a key driver of social recruitment. One leading figure who takes this view is Chris White, the former Conservative MP for Warwick and Leamington, who took the act through Parliament in a private member's bill. White has made a series of recommendations for pushing this agenda further forward, including the creation of a formal external awarding body to assess and verify the credentials of organisations based on the social value standards in the Act's guidance.

Since 2012, the Government has taken some welcome steps forward to drive social recruitment, including its 'Guide to using the Social Value Model' published in December 2020,

which establishes a clearly defined structure that is flexible and provides clear practical guidance, set against defined goals. If the Act is to be a bigger catalyst of change, however, Whitehall and local government must be seen to increasingly be putting these principles into practice in public sector recruitment and procurement.

Ministers should also consider including new regulations to incentivise large employers to publish information relating to social recruitment, like those for the gender pay gap. Moreover, the Treasury could change its accounting systems in favour of creating social value. For small businesses, there should be greater financial incentives and recognition



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New technologies mean that nine in ten employees will need to learn new skills by 2030”.

for local employers who give job opportunities to people from disadvantaged backgrounds.

Another key political reform, long overdue, that could further enable social recruitment is bringing job creation and skills policy closer together in Whitehall. If this cannot be within one department, then there must be a more joined up approach between the Departments of Work and Pensions (DWP), and Education (DfE) by, for example, merging Education and Skills Funding Agency and DWP funding and reporting to help provide a more comprehensive offer to employers.

With greater political will, these ideas are not a pipedream. There are already examples of good collaboration between DWP and DfE, including the Adult Education Budget. This is funding that is accessible to employers and individuals for training that is proven to be a valuable resource to upskill and support career progression.

There have also been important steps made towards driving a skills-based recovery after the pandemic. The Lifetime Skills Guarantee will offer tens of thousands of adults the opportunity to retrain in later life, helping them gain in-demand skills and access further job opportunities. Meanwhile, the Skills for Jobs FE White Paper states that employers will be encouraged to play a major part in designing “almost all” technical courses by 2030 to ensure training meets their skills needs.

Government can also use its industrial strategy to ensure that a greater range of sectors embrace social recruitment. To date, some industries have been more participatory than others in recruiting people who are furthest from the labour market. Technology is one sector, critically important to the UK's future prosperity, that could increase its positive impact through social recruitment with a stronger, collective commitment to it. Around 10% of all UK job vacancies are for tech jobs, and there has long been a digital skills gap in the United Kingdom. At present, there is no clear indication that this challenge will be successfully addressed, and the CBI's chief UK policy director Matthew Fell recently highlighted that “**new technologies mean that nine in ten employees will need to learn new skills by 2030**”⁹ Tech firms, in partnership with the Government and providers, must make a greater commitment to upskilling the workforce and those outside of it to support the future of the digital economy.

To be sure, there are some pioneering large technology firms, like Amazon, which are already adopting social recruitment at scale. But many more are urgently needed. **Vacancies for UK tech roles rose 36% in 2020 and there were 100,000 of these jobs advertised in February 2021**¹⁰. With so many roles to fill, successful firms in the sector aiming to fuel their impressive growth aspirations have an opportunity to broaden their net to a more diverse range of candidates. Beyond technology, a wider number of employers in white collar professions such as law,

banking and accountancy must also be encouraged to expand their talent pools. These sectors offer meaningful careers and good salaries that can transform the prospects of individuals, families, and communities.

To encourage firms in a wider range of industries to utilise social recruitment, organisations that already recruit employees from disadvantaged groups can also help other employers understand how it benefits the triple bottom line with reference to their own success. It's likely too, that employers need greater clarity on measurement of future social value outcomes. They can look here to the National Themes Outcomes and Measures (TOMs) framework which aims to provide a minimum reporting standard for measuring social value and can support organisations in understanding the fiscal and social value of their social recruitment activities.

If we can put more of these building blocks in place at a multi-regional level, we will be in a strong position to ensure that social recruitment impacts every corner of the United Kingdom.

In the next chapter, we turn our attention to these local level considerations and explore the role that social recruitment can play to provide better employment outcomes for disadvantaged groups, drive regional productivity and support improved social / community cohesion at a regional and sub-regional level.

⁹ Matthew Fell, Chief UK Policy Director, CBI comments on Skills for Jobs White Paper | CBI

¹⁰ Jobs and Skills Report | Insights | Tech Nation

CHAPTER 5.

FROM NATIONAL FRAMEWORKS TO LOCAL ACTION

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SRF works strategically with employers to understand recruitment profiles and identify employability training best placed to prepare people for these vacancies”.

As the preceding chapter has highlighted, establishing the right national framework for social recruitment is vital if we are to drive a more equitable national recovery and use this opportunity of a 'jobs reset' to reduce the employment gap for people who face significant disadvantage in the labour market.

But that in itself will not guarantee an equitable recovery across the UK. This framework must also be underpinned by specific focus at a regional and local level with large businesses and SMEs actively encouraged to support social recruitment in the communities that they operate in. No two parts of the country are identical and bespoke solutions will often be needed to supercharge inclusive employment in particular areas to further their specific “levelling up” strategies.

Increasingly, the impact made locally around the United Kingdom is also how we can transform the lives of those that are struggling most. 70% of adults across the nation feel that unemployment or job loss has a negative effect on mental health.

To address this effectively, local stakeholders must work closely together to identify and respond to the evolving needs of jobseekers in their communities. In so doing, they can provide an increasingly joined up ecosystem of support that can prepare people for success in sustainable employment.

At a local level, there is already a strong track record of action to build on. For years, many UK councils have provided guidance to help officers, commissioners, and suppliers embed social value into commissioning

and procurement activity by public bodies. It is also increasingly typical for high-profile projects and events to build in social value from the start.

Take the example of the Birmingham 2022 Commonwealth Games, which is founded on a commitment to bring benefits to the community as part of its legacy. This is a useful blueprint that can be shared with all local councils to ensure that major events in the future do the same, thus giving every employer that wants to play its part the opportunity to consider candidates from disadvantaged groups.

Dialogue between regional and local stakeholders builds an awareness and understanding between employers, local authorities, providers, and other key influencers. Applying the principles of community cohesion and understanding the specific challenges and opportunities in each area are key ingredients for success as a rigid one-size-fits-all approach will not work as effectively. Together, all participants can grasp the main issues and supercharge the recruitment and development process in regions right across the United Kingdom.

This is one of the main benefits of the Social Recruitment Framework (SRF), developed by PeoplePlus to tackle the large-scale employment need and fragmented training base nationally, regionally, and locally. The SRF works strategically with employers to understand their short, medium and long-term recruitment profiles and thereafter defines the appropriate employability training packages that is best placed to prepare candidates for these vacancies.

Taking into consideration funding availability, training specialisms, geographical reach, training quality and capacity to deliver, the SRF intelligently matches vacancies with its network of local, regional, and national training providers. There is also a commitment to improving outcomes through 'coopetition' (collaboration alongside competition) between providers to maximise the potential of attracting and training candidates towards vacancies with guaranteed interviews, job offers and sustained employment.

Tailoring programmes at a local level is particularly important for large Government employability programmes such as Restart, given that the delivery areas are so extensive. For example, one region covers Birmingham and much of the rest of the West Midlands, including many rural communities. Clearly, there are significant differences in demographics of jobseekers across such a mixed geography.

This chapter has highlighted the fact that if the Government is to tackle inequality around the nation, and 'level up', it must develop a compelling strategy for social recruitment that is easily actionable at a local level.

In the final section of this report we look at the macro landscape, and at how social recruitment can help 'dial-up' the 'People' dimension in frameworks such as the Triple Bottom Line - measuring the non-financial contribution of businesses to the wider world in which they operate.

CASE STUDY.

CASE STUDIES OF SOCIAL RECRUITMENT SUCCESS IN ACTION

RENEWABLE ENERGY POWERED BY LOCAL TALENT

Hornsea One in the Humber is now the world's largest offshore wind farm and produces enough energy to supply over 1 million UK homes with clean electricity. The project was given the go ahead in 2014 on the condition that an employment and skills plan was approved by North Lincolnshire Council, including advertising jobs and supply chain opportunities locally.

Set to be even larger, Hornsea Two is now under construction and will produce enough green energy to power more than 1.3 million homes.

In December 2020, the UK government approved the Hornsea Three project. The issue of future labour supply is integral to the offshore wind initiative in the Humber. Schools, universities, and community groups have collaborated to inspire young people (many from disadvantaged communities) into careers in renewable energy. In 2010, SMart Wind launched a four-year initiative called SMart Futures to engage over 50 schools in the area.

The first phase of the programme was a presentation for pupils and teachers at participating schools to highlight the need to tackle climate change. The second phase included a technical workshop involving a smaller group within each school. This enabled pupils to build small wind systems and learn about the principles of extracting energy. Building from these innovative school projects, an apprenticeship scheme was launched in 2019 to support the talent pipeline for the UK's offshore wind industry. A master's degree course has also been set up by the University of Hull in partnership with Siemens, which gives students the opportunity to gain practical industry experience.

The issue of future labour supply is integral to the offshore wind initiative in the Humber.

CHAPTER 6.

HOW WE CAN SEIZE THE HUGE OPPORTUNITY OFFERED BY SOCIAL RECRUITMENT

As this report has highlighted, social recruitment offers a massive opportunity to drive the UK's national recovery from the pandemic. In so doing, it will require organisations to align their financial and social objectives and fully activate the 'People' dimension of their Triple Bottom Line (TBL).

As highlighted in Chapter 2, 'profit' must be aligned with consideration for 'People' and 'Planet' for companies to fully assess their performance and their impact on society and the environment. Yet, whilst sustainability and good environmental practices have now become part of 'business as usual', few organisations place enough emphasis on 'People' - their social impact - through important policies such as active social recruitment objectives. As the United Kingdom seeks to boost its international competitiveness after Brexit, this absence of emphasis needs to be addressed as a point of urgency, alongside related omissions such as the fact that more than half of all adults from the poorest backgrounds in England still receive no training at all after leaving school.

Employers must increasingly take a long-term view and be more willing to mould talent from all backgrounds, rather than searching exclusively for the finished product. Social recruitment should never be about box-ticking inclusion metrics. It is a powerful means to create sustained positive impact in the communities in which a business operates.

An increasing number of companies, particularly larger organisations,

acknowledge that they have a duty to do this well. One example of change is the surge in diversity and inclusion (D&I) roles in recent years. There has been an almost two thirds increase in the number of these D&I positions in the United Kingdom over the past five years alone, with many of the most prevalent roles at senior levels.

This should prompt organisations to ask how they can go further to generate more energy and commitment to social recruitment, thereby helping those furthest from the labour market.

The need for, and opportunity to deliver, greater levels of social recruitment is especially important as we recover from the coronavirus crisis with our labour market now so distressed.

PeoplePlus already has solid evidence of what can be achieved, including the results of our 'Feed the Nation' campaign referenced in Chapter 3. This campaign has highlighted the passion within PeoplePlus to ensure that social recruitment becomes an integral part of business activity rather than a CSR adjunct.

The next big step on our journey is to mobilise a wider community of UK organisations to embed social recruitment right across the public, private and third sectors.

One of our most recent initiatives has been to encourage the creation of the Social Recruitment Advocacy Group, chaired by former skills minister Rt Hon Anne Milton. This

brings together national employers, not for profit organisations, policy experts, and data specialists such as the Institute for Employment Studies, with local action boards planned to inform and shape local initiatives aligned with the Government's "levelling up" agenda. It aims to ignite a growing movement of employers to use social recruitment while actively promoting the social and business case for doing so.

The group is engaging further organisations across the nation to encourage them to make a direct contribution to the employment prospects of those most disadvantaged in the labour market.

This is just the start of what we hope and believe will be an increasingly powerful collaboration that will launch a once-in-a-generation employment reset, so that social recruitment can take its place as a powerful engine of strong, equitable UK growth. We urge Government, employers, training providers and other interested stakeholders to join us in embracing the recommendations set out in this report.

Barriers must be dismantled for employers to more readily access the funding that supports inclusive recruitment. Post pandemic, we know that there is significant employer appetite in support of social recruitment. By making it easier for businesses to tap into the appropriate skills and employability funding to fill their vacancies, we can at the same time boost their efforts to support those who face the greatest labour market disadvantage.

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Level up” and “build back better”.

Government could also consider harnessing this heightened interest by introducing incentives for employers to publish information relating to social recruitment. It may indeed go further, and provide clear financial incentives for smaller business to take on people who have been unemployed for over twelve months.

But these changes must be accompanied by structural revisions that break down competitive positioning and encourage greater levels of 'co-opetition' in the skills and employability provider markets. For too long, the fragmentation in the funding landscape has resulted in a situation where people have been trained for jobs that don't exist, resulting in prospective employees frustrated with training that doesn't result in a job, and employers unable to fill vacancies with skilled employees. With the extent of the existing skills gap in the UK and increasing numbers of people facing the prospect of long-term unemployment, the structure of the market has not served employers, employees or the public purse well.

All providers will be better placed to meet employer requirements - from the perspective of both 'training need' and geographic recruitment need - if they collaborate with other training providers and partners where they cannot service a specific need. As we have evidenced from the Social Recruitment Framework, this collaboration is possible and achievable.

To underpin a more collaborative approach, however, what is needed is a powerful national framework that extends the length and breadth of the United Kingdom - because there has never been a better or a more urgent time to implement one. Perhaps the most effective way to achieve this balanced framework would be to ensure a joined-up approach between DWP and DfE - possibly by merging Education and Skills Funding Agency and DWP funding to better serve the needs of employers and those at the sharp end of long-term unemployment.

Concepts like the Triple Bottom Line (TBL) have highlighted the potential of this people agenda for three decades. In the UK, our recent Covid challenges have also coincided with post-Brexit transition needs, resulting in significant skills shortages and a much greater impact for those who are furthest from the labour market.

Now is the time to finally make TBL a reality, whilst helping to deliver the Government's post pandemic agenda to “level up” and “build back better”.



SEIZING THE OPPORTUNITY

To seize the unprecedented opportunity we have before us to 'build back better', there are a few specific policy drivers that must be leveraged more effectively.

The set of policy actions and employer related recommendations set out below are intended to focus our attention on genuine alignment of the interests of employers, those facing long-term unemployment and labour market need. Some of these changes are straightforward, others require political decisions to be made as part of the Government's renewed focus on 'levelling up'. However, we are certain that with the right emphasis from employers and with enough political will, these are steps that will deliver a more equitable future for all.



Policy

- Make a concerted effort to shift from a skills-centric to demand-led approach, tailored to current and future needs of employers
- Encourage greater dialogue with employers at an earlier stage in the process, particularly by encouraging input from BEIS
- Bring job creating and skills policy closer together in Whitehall by merging Skills Funding Agency and DWP funding and reporting to help provide a more comprehensive offer to employers
- Ensure the Government's new Levelling Up Taskforce gives full consideration to social recruitment and how it can be delivered at a regional level.
- Make it easier for employers to understand and access support and funding available
- Consider including new regulations to incentivise large employers to publish information relating to social recruitment
- Provide small businesses with greater financial incentives and recognition for giving job opportunities to people from disadvantaged backgrounds

Employers

- Publish a clear organisational ambition to use social recruitment within the overall talent pipeline
- Commit to organisational processes that actively encourage employment from disadvantaged groups
- Advertise vacancies to attract candidates who are furthest from the labour market. Use approaches that demonstrate commitment to 'in-work' support for individuals who have recently been long-term unemployed.
- Inform organisational policies with input from people who face/or have faced disadvantage in the labour market
- Encourage lead suppliers to undertake social recruitment

CASE STUDY. CASE STUDIES OF SOCIAL RECRUITMENT SUCCESS IN ACTION

CREATING SOCIAL VALUE AROUND NEW AMAZON SITES

The Social Recruitment Framework is a great example of how national employers can benefit from local labour market solutions through a model that better aligns skills funding against forecasted labour market demand.

Amazon has worked with PeoplePlus since 2016 and the company became an employer on our Social Recruitment Framework (SRF) in 2019. Amazon is committed to supporting local communities through the recruitment of vulnerable candidates and/or those who have been unemployed for an extended period, working within the SRF model to deliver social recruitment. The courses that we organise for Amazon focus on the specific skills required to fulfil the roles, as well as essential soft skills.

The SRF's network of 36 training provider partners offers a nationwide solution for Amazon which had previously worked with multiple training providers across 23 of its sites. The SRF provides Amazon with a single point of contact for all its employability

programmes that offers greater clarity and simplicity to the overall process. In 2020, Amazon announced the opening of four new sites in the Northeast of England and the East Midlands. PeoplePlus was, once again, chosen as Amazon's recruitment partner, working with Jobcentre Plus and the local combined authorities to support the training and recruitment of 500 candidates for the new sites.

Amazon, the SRF and partner networks delivered an Employability and Principles of Warehousing training qualification to over 1,700 people in 2020. This has significantly enhanced the employment prospects of candidates with Amazon.

Over two thirds (66%) of candidates interviewed were offered a job, and

85% of those same people accepted and started work with Amazon. Following the successful deployment of SRF, PeoplePlus and Amazon are now working together on training and recruitment for the new sites in multiple locations.







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