



## **National Skills Fund, skills shortages and customer service**

### **APPG on Customer Service Meeting, 27<sup>th</sup> October 2021**

**This meeting was a virtual meeting, held on Zoom**

In attendance:

- Chris Evans MP, Co-Chair (Labour/Co-operative Party, Islwyn)
- Philip Davies MP, Co-Chair (Conservative, Shipley)
- Liz Twist MP, Officer (Labour, Blaydon)
- Steven Bonnar MP, Officer (SNP, Coatbridge, Chryston and Bellshill)
- Margaret Ferrier MP (Independent, Rutherglen and Hamilton West)
- Martyn Day MP (SNP, Linlithgow and East Falkirk)
- Lord Whitty (Labour, Life Peer)
- Martin Whitfield MSP (Labour, South of Scotland Region)
- Emma Evans – Office of Chris Evans MP
- Sarah Varley – Office of Philip Davies MP
- Stine Holm – Senior Parliamentary Assistant to Liz Twist MP
- Andrew Fellows – Senior Parliamentary Assistant to Andrew Lewer MP
- Caroline Snowden – Senior Parliamentary Assistant to Sara Britcliffe MP
- Jo Causon - CEO, Institute of Customer Service
- Anne Stoddart – Commercial Director, Institute of Customer Service
- Sue Glynn – Director of Academy, Standards & Quality, Institute of Customer Service
- Iain Murray – Senior Policy Officer TUC
- Angela Lockwood - Chief Executive, North Star Housing Group
- Mark Gait - Director of Customer Service, Virgin Media / O2
- Martin Oakley - Customer Operations Director, Laithwaites Wine
- Simon Hill – Managing Director, YPO
- Oliver Hazell – Senior Account Manager, Cavendish Advocacy
- Alexia D’Rosario – Account Executive, Cavendish Advocacy

Chris Evans MP opened the session by thanking all in attendance. He explained that the discussion would look at skills shortages cross-sector, identifying the huge vacancies across the economy that need to be addressed. He noted how this issue is particularly highlighted in customer service roles at this time of year, given the Black Friday and Christmas periods ahead, which can be stressful for customer service staff.

After this, Mr Evans opened the floor to Joanna Causon, Chief Executive of the Institute of Customer Service.

#### **Joanna Causon, Chief Executive at the Institute of Customer Service**

- Focused on the challenges that many employers are facing across the board in regard to customer service and the knock-on effects these are having on their business.
- Highlighted how 80% of GDP in the UK is within the service sector, which means that the current skills shortage has been detrimental to much of the economy.
- 61% of the workforce are in customer facing roles, they are experiencing first-hand the second-hand effects of skills shortages – such as abusive behaviour from customers.
- Mentioned that a perfect storm had been created insofar as a shortage of labour was leading to a worsening treatment of staff by customers and this was, in turn, leading to the deterioration of customer service workers’ mental health.
- She noted that there were issues both in attracting people to customer service roles and in retaining current customer service staff. More of an issue in terms of attracting people to the sector as well as retention.
- Said the Institute had responded to the National Skills Fund consultation and that skills funding needed to be made more accessible for organisations and that organisations are able to deploy funds in such a



way that they are providing opportunities. Pointed out that many members of the ICS have not been able to deploy funding down through the Apprenticeship Levy currently.

### Contributions from invited speakers

#### Iain Murray – Senior Policy Officer TUC

- Noted that customer service facing roles have been transformed by technological change and economic change. Said that in both the public and private sector, they are having to constantly update their technical and people skills.
- Explained that the TUC called for stronger training reforms for younger people and those who are retraining to go into a customer service role. The labour and skills shortages have affected a huge number of sectors and the reality is that they're being affected by a long-term issue on wages and the rise on household costs.
- Stated that the Budget and Spending Review didn't go far enough, especially for groups who experience discrimination in gaining training and upskilling, and in general in customer service jobs.
- Wanted more of a national coalition around skills, with more done by government in experience and expertise of employers and trade unions. Called on government to establish a national skills taskforce – this is now needed more than ever, in recovering from Covid19 and Brexit. The skills system needs serious reform to support more people to progress to sustainable employment.
- A new right to retrain should also be established, so people can make career changes and move into customer service jobs. Apprenticeships need more focus now, with the skills shortage. Calling on reforms to the levy that can boost the level of people who can access high level apprenticeships.

#### Angela Lockwood – Chief Executive, North Star Housing Group

- During Covid19 bolstered the community by helping vulnerable people. The labour shortage within the construction sector, has been exacerbated by a growing material shortage. Not just because of Brexit, but due to the Suez Canal blockage in March 2021 as well as the California Wildfires at the start of this year.
- The main impact of Covid19 has been the disappearance of people who had previously decided to work there. All these impacts mean building work is unfeasible, with the potential of no materials as well as labour shortages – also making the sector very expensive.
- Repairs services could not be provided due to the circumstances in the external world, with the stress that the supply chain has been put under, which has caused delays in every aspect of the sector.
- There have been major shifts in the conversations and issues had with tenants, unable to even have a conversation with customers on the timescale of issues as no one had access to this information.
- Because of new build delays there have been microaggressions towards staff which then created another issue of staff protection.

#### Mark Gait – Director of Customer Service, Virgin Media / O2

- Building on the Service with Respect campaign, the tolerance level of consumers has not been where it should be. Technology sector has not been immune to the issues raised, but the nature of work made it easier to transition into hybrid working and working from home. Were able to give people the option of working from home or coming into the office, which made hiring of extra staff a lot more appealing.
- The appetite people have to work at home was far greater than those wanting to work in the office, this flexibility positively impacted people's mental health. Since there is a clear demand for people to work from home, this should be harnessed when trying to recruit.
- The technological transformation that the customer service sector has undergone with Covid19 has shown there is no longer a need for people to be working in an office, this however might lead to a vulnerability issue for those who were not able to adapt to the new growth of technology.

#### Martyn Oakley - Customer Operations Director, Laithwaites Wine

- Every part and aspect of business was impacted by the Covid19 Pandemic and by Brexit.
- In the period running up to Christmas, orders are typically doubled (both in warehouse and call centre) however this has not been possible with the lack of labour to deliver customers' orders.



- Struggled with skills and labour shortages, weren't enough people to maintain the level of business the company was used to. The consequence of delays and cancellation of orders has then resulted in abuse of workers.
- Regardless of measures put in place, the company was still not able to fulfil the needs of customers or employees. Opening recruitment on a national level was not enough to close the gap. This resulted in having to move business to South Africa as they could not support workers. Also recruiting workers directly from Romania, who already have training to fill the gaps.
- Predominantly a people shortage, were looking for people who were willing to learn and do the training provided. Many young people and graduates with higher education who were working in call centres, who were looking for progression and development up the ladder (role progression). This has again, made employee satisfaction extremely important in trying to retain these younger people who want to move up the company.
- The Apprentice Levy has not been successful, with a 60% drop out rate - people needed a shorter duration and less commitment. It missed the point and became a wasteful concept in need of reform.

**Philip Davies MP**

- Thanked all speakers for their thoughts and comments regarding the skills and labour shortages.
- Mentioned how his son decided to defer university for a year, due to not being able to have the typical experience. Wondered if any of the speakers had noticed a trend in younger people choosing not to go to university this year and instead going into the workplace.

**Mark Gait - Director of Customer Service, Virgin Media / O2**

- The criteria used to employ people is mainly focused on the skill set they will use, rather than their age. Those in the call centres are typically the younger generation, who had ultimately made the choice not to pursue further education or those who are graduates and cannot find a job in the sector they want. Retail is one of the few sectors who hasn't suffered with the labour shortage.

**Martyn Oakley - Customer Operations Director, Laithwaites Wine**

- Technology enabled people to work from home, which would not have been possible prior. This opened more doors to employers, but workplace connectivity then became an issue when employees need support.

**Philip Davies MP**

- Asked Angela Lockwood when the supply issues may ease for her company.

**Angela Lockwood - Chief Executive, North Star Housing Group**

- CIH couldn't see anything easing for next 12-18months, which impacts every area of her sector. There has been no way to convey this message positively to customers and the company struggled to communicate with people the severity of the issue. An essential requirement to manage people's expectations has been implemented and not get people's hopes up until there is a light at the end of the tunnel.

**Margaret Ferrier MP**

- There was still reluctance to go back into work physically, especially when people were so productive in lockdown, they have questioned the necessity of going back into work when it's proven unwarranted.
- However, many employees felt like they cannot maintain confidentiality when working at home with their families in the house.

**Jo Causon – CEO, Institute of Customer Service**

- The Institute's Purpose of Work reflected how employees felt about people working from home and it was highlighted that confidentiality was a concern to people. There was a clear issue that employers had to do more to make customers feel safe. It will depend on the organisation and how they have adapted to virtual working from home.



**Mark Gait - Director of Customer Service, Virgin Media / O2**

- Recognised that productivity remained the same, regardless of people working in the office or at home. Did depend on the individual whether they wanted to work at home, or whether they really valued the human relations in the office.
- There is technology that exists that will protect customers and their information.

**Liz Twist MP**

- Has experienced a lot of queries from tenants and housing providers, which is good as they maintain regular contact. But has there been a breakdown in communication because of the skills shortage, is there any way to improve this in the meantime?

**Angela Lockwood - Chief Executive, North Star Housing Group**

- When informing tenants about repair delays human contact was more successful in delivering bad news. In these scenarios, human contact was more important and so investing more resources into this has made the best out of a bad situation. More time and effort had to be put into communicating with tenants, in listening to understand rather than listening to respond.

**Martyn Oakley - Customer Operations Director, Laithwaites Wine**

- At the beginning of COVID-19 was when customers were at their most understanding, and treated staff the best. Whereas now, customers are far less tolerant when it comes to dealing with inconvenient news. There was an increase in passive aggressive behaviour directed towards call centre staff, who may have been home alone and unable to properly deal with the impacts this has on their mental health.

**Iain Murray – Senior Policy Officer TUC**

- The widening of the workforce was achieved by implementing the work from home model. Many people did not enjoy commuting into the office everyday but forget how essential it was in building workplace relationships and encouraging opportunities.

**Jo Causon – CEO, Institute of Customer Service**

- Thanked all for attending.
- Highlighted how the debate around the skills and labour shortages must be continued, with the accessibility to funding at the forefront and that organisations must be helped by the government in providing the required training.

**Ends at 10:27am**