

**To: UC Programme Board Members****From Simon  
McKinnon****Date: 11<sup>th</sup> March  
2022****Paper Title: DWP Digital UC recruitment****Issue: DWP Digital UC recruitment****For Information only / below the line paper.****Introduction**

1. This briefing is for information only to inform UC Programme Board of the actions being taken to address the risk to delivery resulting from the recruitment challenges facing the UC Digital team, as discussed at the previous Programme Board,

**Context**

2. The national skills shortage across Digital Data and Technology (DDaT) is a well-known and increasing issue. Research shows that the UK Job Market recorded more than 1 million vacancies as of Sept 21, with tech roles having the highest volume of vacancies (163k), noting the gaps were particularly for Software Engineers, Software Developers and Cybersecurity experts. On average, employers are receiving few applications and 47% of UK employers have increased their wage rates in 2021 to attract more talent towards hard to fill roles.
3. Tech candidates now see flexible working options as an expectation rather than a 'nice-to have.' Nearly a third of candidates are unsure they would accept a role without hybrid working options and around 6% of tech roles are 'officially' listed as permanently remote, already higher than any other industries in the UK.
4. Universal Credit digital service has been developed in Java, an industry standard language for enterprise applications. The digital services now include over 3 million lines of code. Without experienced Java developers the service cannot be changed and updated to support policy changes, new initiatives and respond to changes in the external environment. Changes to the Universal Credit digital

service are made on a weekly basis and at the beginning of the pandemic the Universal Credit Product Development team were releasing multiple changes to the digital service every day to keep up with the rapidly changing external environment.

5. Java developers are now the most in demand skills in the IT market against lower supply levels, meaning that we need to become much more flexible to react to this situation, as well as going forward to other scarce digital skills such as within the data space.
6. In line with the market-side challenges of supply, we too are unable to recruit enough experienced Java software engineers. We pay up to £25k less in one of the permanent Java roles than the national average. The recruitment challenges extend to both permanent resource (we currently have 176 vacancies across 5 role families) and the use of contingent labour (we have 36 vacancies). The recruitment challenge has been acute for the Move to Universal Credit work over the last 6 months, and we are seeing signs of similar problems in other deliveries. The issue continues to deepen to the point where a UC delivery risk has materialised. The table below provides the context of the UC requirement.

	Positions	Permanent	Contractors	Vacancies
UC - Java dev / tech lead	74	19	38	17
Move 2 UC – Java dev / tech lead	10	0	7	3

7. We have implemented many different approaches and actions to improve the situation (Annex A) and we now believe that without more radical and flexible action our UC Digital delivery plans will be put at risk.
8. We recognise that this paper is attraction, recruitment and retention focused, as the need is to bring in and retain additional capacity to enable us to deliver. However, we are strategically committed to a 'grow our own' strategy which will see us focus on building capability internally including through a refreshed approach to Practices, clarity on career pathways and increased use of Apprenticeships.

**Current UC Digital workforce insights**

9. The UC workforce plan contains 85 Java engineering positions .The data tables in Annex B set out the current position and demand in relation to software engineers, and more specific data in relation to Java engineers for Universal Credit and Move to UC.
10. Our recruitment process is necessarily robust though we continue to keep this in review, as the conversion rate within Engineering from applicant to successful hire is very low. For both permanent and contractor recruitment specific to UC, we currently have high numbers of applicants failing the offline and interview technical tests which are required to ensure good quality code for this critical service. We are currently reviewing this process to reduce friction whilst maintaining quality.
11. Fortunately, within UC, retention of permanent software developers (of which there are 19, mostly junior) has not been a large issue to date but the challenge of recruiting more has meant that the programme is heavily reliant on contract developers (we have 47 at present) and we have had 7 senior, experienced developers leave within the last 3 months, with one more leaving soon. UC are currently carrying 19 vacancies for Java engineers that is likely to increase very soon.
12. According to a recent PSR report about the contract market 39% of contractors have an increased rate for inside IR35 roles. All our roles are inside IR35 in order to comply with tax legislation and therefore our day rates need to reflect this or else our offer is not attractive in this market.

### **Further actions to take**

13. As listed in the Annexes, we have taken a wide variety of actions to build permanent and third-party Java capability. This ranges from process improvements, new ways of partnering with suppliers to setting up a Birmingham hub to tap into new talent.
14. There are a set of key next steps which we need to take to further increase our options and try to make greater strides:

#### *In the permanent workforce space*

Long term:

15. Working with CDDO to consider the adoption of the DDaT framework to establish whether this would provide a more competitive offer than our current offer. However, this would normally be a multi-year implementation span should we choose to go down this route. We are also acutely aware that this framework will not cover all roles within DWP Digital and would impact all Digital roles. We are therefore also proposing the medium-term option below. A joint paper is being presented to Digital Executive Team on 15<sup>th</sup> March to determine next steps.

Medium Term:

16. Preparing a business case for HMT to increase the amount of Digital Allowance we pay to Java engineers, in order to be competitive in the marketplace. The current limitations of Digital Allowance as mentioned are that it is time limited and could be removed which makes it less attractive than directly addressing the permanent pay scales as above. A decision on how to proceed is expected to be taken at the meeting on 15<sup>th</sup> March.

Short Term:

17. Exploring the bounds of possibility for more flexibility within the hybrid working approach for critical DDaT roles ie less time requirement to be in a hub. In order to take this forward we are progressing discussions with Employee Relations and Workplace Transformation colleagues on handling (14/3), as whilst we are not proposing homeworking for Java colleagues, this would be at odds with departmental steers on hybrid working. HR colleagues will then present this handling advice to DET.

18. We have kicked off the process and are now accelerating the active recruitment into the new Birmingham hub. Vacancies are currently in the pipeline and we are aiming for up to 15 people per month (with some of these being Java) starting in April until November depending on the market and recruitment success as this is the first time we are recruiting into this area.

19. Asking Minister for Brexit Opportunities and Government Efficiencies, Cabinet Office and Government Communications Service for approval of our submission

for £250k Digital recruitment marketing budget so that we can proceed to advertise for these roles more effectively in the market from beginning of April. Last year approval wasn't reached until September.

20. We are carrying out analysis to identify Java developers working on other DWP projects/programmes, to explore whether these can be redeployed onto UC. However, whilst this may provide a short-term fix, this does not remove the risk of further attrition by dealing with the root cause which is we cannot backfill software engineers. It also impacts Digital's ability to transform other parts of the department (a commitment of the recent spending review) and destabilises existing teams. We would not recommend this option.

#### *In the Contingent Workforce and Supplier space*

Short Term:

21. PSR and CCS this week in response to our commission and their market research have just agreed to add two further senior roles to their Java catalogue, thereby significantly increasing the day rates – Principle (G6) to £900pd and Lead (G7) to £850pd. We have now implemented this and will need to consider its impact, including on the wider community and their perception of potential underpayment.

22. Continue to explore whether a bulk purchase of Java engineer availability aligned to a quality standard that we can draw down from would provide another resourcing option.

23. Use the new CCS resource framework from the end of March to draw from in bulk. We initially developed this as a DWP framework which CCS adopted for cross government, so the risk is that we are in competition again for resources.

#### **Financial Implications**

24. In the permanent space implementing the long term DDAT framework will have financial implications which is currently being worked through as the salary information becomes available.

25. In the third party space, increasing the day rate for Java CLs would need to be calculated based on this latest change from PSR and will depend on whether we



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need to increase day rates for any of the existing community. We are in the process of scoping and impacting.

## Annexes

### Annex A

#### **Action already taken for permanent workforce**

26. We have conducted a strategic review of our recruitment activity, recognising that there were improvements that could be made and have so far reduced the process to hire by approx. 16 days and continue to improve.
27. Explored the use of an external Recruitment Agency (Sanderson) to source, attract and recruit 150 hard to fill roles over a 6-month period, however less than 10% of the roles were filled at the end of the project. They provided us with a permanent workforce analysis to improve our process and the challenges which need to be resolved.
28. Set up and are establishing a new digital hub in Birmingham to tap into a new market, supported by focused marketing activity.
29. We have also reviewed the salaries of our hardest to fill roles against an external market comparator. Using this analysis, we have refined our offer in the market to ensure we maximise the usage of the Digital Allowance (£15k). However, this is not as attractive as a salary as can be removed.

#### **Action already taken for contingent labour and 3rd party suppliers**

30. To address the demand for Move to UC, we approached the contingent labour and supplier market. Despite great efforts from the team, we have not yet successfully secured the full complement required. The activity included
- Running a competition for a supplier partner. BJSS won this competition but pulled out before the contract was signed, as it became clear that they could not meet our requirements.
  - Closer partnering with Alexander Mann Solutions (AMS) and streamlining the vetting process,
  - Exploring the GCloud route and engagement with Tata Consultancy Services (TCS), MadeTech, OpenCast and others which are at various stages of engagement; and
  - Engaging with IBM through the ADEP/ADRO contractual route
31. We are finalising the implementation a whole new resourcing contract with CCS to give us access to a further 50 suppliers.