



All-Party Parliamentary Group on Modernising Employment

MEETING MINUTES: AI in Hiring
7 March 2024, 11:00am via Zoom

Chair's welcome by Lord Lucas: This is a really crucial subject worth embarking on today: working towards best practise in how to use AI in hiring. When I was starting out in work, the first job I got was on the basis of who's your father. The second was on having my handwriting sent to Switzerland to be analysed. AI can encompass both of those and a lot more. So it's a huge potential benefit in looking at the whole of what's going on.

There are huge potential dangers if we don't use it properly and I imagine it will also be used to give us insights into what our current workforce is and how that all works together. A Prime Minister who had an AI view of all their backbenchers would be in a supremely powerful position.

Present: Lord Lucas; Lord Holmes, Andrew Henderson (Secretariat), Keith Rosser & George Warrington, Better Hiring Institute; (see list at end)

Speakers:

- 1) Keith Rosser, Better Hiring Institute – (Slides 4 – 10)

We're at a critical moment where artificial intelligence is already here. It's already being used by work seekers and employers. We know this and today it's really important that we look at steering and shaping the future of how we want artificial intelligence in hiring to work ethically going forward.

The rise in technology is clearly making UK hiring faster. The purpose of today's event is to work towards the first principles of best practise for the use of artificial intelligence in the hiring process. The Better Hiring Institute is working to make UK hiring faster, fairer, and safer. We have already created the UK's first national Hiring framework, which has spawned better hiring tool kits across various industries that by the summer 2024 will cover 80% of the UK workforce. It's important because in standardising and creating frameworks we can help innovate and modernise the hiring process. Alongside our toolkits, we are soon to launch the Better Hiring Charter. This is designed to ensure that we are making UK hiring fairer and safer at the same time as making it faster. You can see lots of best practises already been produced through the APPG and the Better Hiring Institute such as tackling hiring fraud, identifying name changing in hiring and today's session on AI in hiring. So, let's look for a moment on the work of the institute around making UK hiring the fastest globally that faster work stream.

We met in July with our Chair Emma Hardy, and we presented a 10 point plan to make UK hiring the fastest globally. On average, it is still taking more than a month to hire people in the UK and if we can get that down to a matter of a few days, that means more money's been paid to the Treasury. We can help boost productivity and the economy and cut waiting lists and workloads.

What about fairer? We also want to make UK hiring the fairest in the world. This has been a key topic for the APPG from the beginning. We've met to discuss how to improve inclusion and reduce barriers, how to ensure fairness in the UK, hiring international talent pool. We met last



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week ahead of International Women's Day on "women in the workplace" and all of this work has fed into the Better Hiring Charter which will be released in just a few weeks.

What about safer? It's not just about faster and fairer, it's also about making UK hiring the safest it can be. Our January APPG session met to talk about safer hiring in the digital world. I am delighted to say that working in conjunction with Simon Fell MP, who is the Prime Minister's anti-fraud champion, we are launching the UK's first guide for employers on tackling hiring fraud. This includes new frauds created using technology such as Artificial Intelligence. In summary, the Modernising Employment APPG and the Better Hiring Institute have made great progress.

The proposal to Minister Hollinrake to make UK hiring the fastest globally covers how we improve inclusion and reduce barriers, improve regionality and flexibility of work, improve fairness in the international talent pool as well as making UK hiring safer. The APPG November meeting on improving fairness and the international talent pool has led to a one-page submission to the Home Office on how they could improve the current process for employers. That has been met very favourably by civil servants who are keen for us to meet with their Lords' Minister as well. I mentioned our event with women in the workplace. We are currently drafting the first set of best practise principles for equality in work, which will feed into the Better Hiring Charter. This will be launching in the coming weeks. It's a voluntary code for employers to make UK hiring faster, fairer and safer. It mirrors the Government's back to work plan focused on the changes that it can make on things such as the welfare system, the Better Hiring Charter focuses on the changes employers can make to make hiring more accessible, particularly for people from diverse groups and communities. It tackles everything from the way job adverts are advertised and worded through to the interview process all the way to onboarding. It's a clear and actionable plan for employers to implement. It will be being launched to over 10,000 employers shortly. We will be coming out to you specifically to ask for your support for the Charter over the coming weeks.

2) Lord Chris Holmes, House of Lords

Thank you very much indeed, Keith. Very keen to hear all of your views on the implications for AI in hiring at every point of the recruit / on board process. So please do connect with me on LinkedIn at Lord Chris Holmes. Really keen to hear all your views because the only way to make my private members Bill and indeed all of our work on this as good as it can be is to have everybody's perspective in the mix.

Why have I chosen to introduce a private members bill on AI? Why at this time and how does it relate to recruitment and the hiring process?



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Perhaps even more of a start point, what is the private members Bill? In essence, every Member of Parliament has the opportunity to bring a bill on whatever subject they so choose. You then have to have the great good fortune of being pretty much in the top 25 of the ballots when the Bills are selected at the beginning of the session to have a chance of getting it through the parliamentary process. So I fortunately came sixth.

I have second reading of my bill which is the first opportunity for Parliament to look in detail and debate all of the clauses and the wider context for the bill. The second reading for the AI regulation bill will be taking place on the 22nd of March at 10:00 AM.

Why did I decide to introduce a bill at this time? I think it's high time to legislate in this area. I don't think wait and see should be an option. The government's position, and this is slightly reductive, is that the technology is moving at such a pace so let's wait and see how it develops some more before stepping in with regulation or legislation. I think if we're to get optimal results for candidates, for recruiters for all of our livelihoods our economy and indeed our society, then we should legislate. We should lead, we should put a stake in the ground as to how we believe AI should be part of our lives in the UK.

To the bill itself, there are a number of clauses I won't go through them in detail, but firstly.

- i. I suggest a regulator for AI, but not a do it all regulator that would be bureaucratic, undesirable, unnecessary and inefficient. I think we should have a light touch, agile right sized AI authority which has a horizontal role to look across all existing economic regulators to assess their competency to address the challenges and the opportunities that AI presents, and indeed where any gaps are. Similarly, to look at all relevant legislation to assess its competency to address the challenges and opportunities from AI. The authority would also be the touchstone for all of the values and principles that I believe AI deployment in the UK should be underpinned by; transparency, fairness, accountability, explainability and interoperability. It should have an international, outward looking perspective and, crucially, inclusion and inclusive by design.
- ii. The second clause looks at an AI responsible officer for all organisations. It's proportionated in nature, so it doesn't mean that for a small business or start-up they have to have an individual who does nothing but concern her or himself with AI. It should be proportionate to the size of the business and obviously proportionate to the deployment and the use of AI in that business. Crucially, it's tied to Companies Act reporting requirements to put AI alongside the same sort of focus and attention of financial reporting, for example.

Similarly, there's a clause on labelling which is particularly applicable in the recruiting and hiring process, so wherever a service or a good is using AI or has AI in the process, there needs to be



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clear, unambiguous labelling. So, applicants, recruiters, consumers, citizens can be fully aware that AI is in that service or that process and then they can determine how they want to interact, or indeed if they want to interact with that service. Again, it's proportionate, it's not burdensome, and the technology can very much help in terms of how to achieve that labelling.

If we have an AI challenge, if we so choose, you can set an AI to solve a significant part of that AI challenge. We'll get the best results for candidates for recruiters and recruiters, and indeed across our economy and society if we conceive of AI and indeed other new technologies such as DLTs, block chains as tools in our human hands, incredibly powerful tools of course, but tools in our human hands. We determine how to deploy them. We choose how to interact with them, and again, that fundamental principle underpinning it as well is that it's our data. Thus, we must be empowered to decide and to determine whether and how we choose to avail ourselves of services and provide our data into those services and businesses.

With the AI authority and AI responsible officer you have protections around data use, IP and copyright.

- iii. Probably the penultimate clause just before the interpretations is the most important clause. This is all around public engagement putting a responsibility on government to undertake meaningful long term sustainable public engagement. We will only get the best outcomes and be fully cognizant of the risks and shortcomings of AI if we have a thoroughly engaged public, meaningful, proper public debate, more than what passes for government consultations right now. People should be able to say what's in this for me, why should I care about this stuff? How's it going to change my life? Fundamentally, if we get it right, it will enhance our democracy. If we don't, it could be fundamentally damaging if people lose trust because of deep fakes, for example. If they lose trust in AI, they lose trust in the process. If they lose trust in our very democracy, then democracy itself as we know it, will effectively die and be something very different. So the stakes couldn't be higher. But the opportunities could barely be greater. Fundamentally, it's down to us. It's in our human hands. We all have a voice and a say. We all have a leadership role to play in this, in all of our various areas of economy and society.
- iv. Finally, with 900,000 open vacancies, it's clear we have to do much more to match candidates, to opportunities to be internationally focused, to go further, to look harder and farther for that talent. People are hard to reach because they're hard to reach. We need to look at getting to every corner of the UK with an open offer to all of the 900,000 vacancies, deployed effectively through human led and overseen AI. We've got a chance of doing something pretty special in the coming decades. It's down to us. Thank you very much.



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3) Tamara Quinn, partner in the commercial team, Osborne Clark. AI specialist particularly in the regulatory intellectual property and data aspects of AI law.

The firm has been involved in AI law and in the parliamentary process for many years now. We are on the Advisory Board of the APPG on AI and have given evidence on various legal aspects to it. Members of our team have written some of the definitive books on AI and the law. My focus will be on the EU's draft Artificial Intelligence act (Slides 12 – 20).

The EU is pushing ahead with specific AI regulation, in contrast to the UK Government's current view. It's worth understanding how the EU legislative process works. This legislation was regarded by everybody in the EU as important but has been extremely controversial and it's currently mired in the trilogue process. Typically, the Commission will start the process and the Council comments on it. The Parliament produces a version and then this gets repeated and repeated until some kind of agreement is reached. It's obviously a political process and many states have different views on things.

There has been a leaked copy of this, which has been widely circulated and most of what we say and know now is based on that. This is thought to be a final draft. It's not a done deal as yet. There is still dialogue going on. There's been mutterings of disapproval on from various parts of the EU. The current thinking is that there are going to be some kind of substantial changes coming out of it. However, we only know once it is agreed. The best guess now is that's it will probably come into force sometime this summer. In practice most of the provisions are likely to be 24 months off, so a couple of years after publication before it comes into effect. Some aspects of it may come in sooner, but we pretty much know the key items and the major shape is unlikely to change, but there could still be some amendments.

The scope of application here: the important thing to bear in mind is that, as with many EU rules, and you'll be familiar with this from the General Data Protection Regulation that it has extra territorial reach. Even if you are not in the EU, it will have an effect. If you are a provider based in, say the UK, where the output of an AI system you've created is being used in the EU it will have a very significant impact on people in this in this country. That is why we're paying so much attention to it. Once somebody has got some detailed legislation in place that affects a lot of people, it does risk becoming the de facto standard worldwide. Thus, a lot of people are looking to comply with it even if they are not themselves based in the EU.

So you've heard me talk about things like providers, deployers, importers, distributors for a whole range of different players in the AI ecosystem who could be affected by the EU AI act. Most of the provisions are based on the providers of these systems and obviously in the UK we want to see people providing systems which are used in the recruitment and hiring market. We have great IT systems here and we want we want these to be generally available. It's going to be directly relevant to people developing them in this country as well as employers who might be



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using these systems with people who are based in the EU, for example, or for branches of their companies based in the EU.

If you are provider of the system, there are a whole raft of compliance obligations. There's life cycle risk and quality management, testing and conformity obligations as well as governance provisions, onerous record keeping obligations and obligations to report potentially problematic incidents to the authorities. There are transparency requirements about use of AI systems. There are requirements for human oversight so that a human can always switch them off. There are many obligations for systems being robust, accurate for cybersecurity obligations and an obligation to register some AI systems in an EU wide database. There are also obligations on deployers of the systems as well. Anyone who's using an AI enabled recruitment system, for example, is going to be affected by that. And there are still compliance obligations on these organisations as well.

Slide 15 shows in very broad terms the approach of the AI Act. On the left are the risk pyramids. At the top, you have types of AI which are completely prohibited, followed by AI systems which are deemed to be high risk and then you've got everything else.

On the right you have general purpose AI. These are some provisions that were bolted on late in the day. When people became aware of how powerful these systems were becoming and the impact of large language models, such as ChatGPT some extra provisions were added on. One can expect that high-risk AI systems will be heavily regulated with fairly minimal transparency type obligations for all the rest.

Of the types of AI that would be prohibited completely, the one that is most relevant here is in motion recognition in the workplace and educational establishment.

It's fairly easy to see that this could be an issue for any recruiter who relies on automation to carry out candidate assessments. This includes AI systems for candidate assessments that use various types of emotion recognition. One of the challenges with AI systems is that it's quite easy to inadvertently use some of these systems without realising that you're doing so because it's not always possible to tell what an AI system is actually basing its decisions on.

Slide 18 gives a flavour of the high-risk categories that I mentioned, these are the ones that have the most compliance obligations around them. Slide 19: high risk employment systems are regarded automatically as high-risk systems, although there are some exceptions depending on how the systems are deployed. There will be significant obligations on people who are developing, deploying, and using AI systems in the employment context.

Slide 20: how is it that these systems might be used in the job interview situation? It is fascinating how well this so-called deep fake technology is working at the moment. I'm sure



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many of you will have seen that there are lots of images out there which have been generated by AI systems. You see lots of them where things are being faked using celebrities. Politicians are creating fake images. Some of them are pretty obviously fake, either from a context or by looking closely at them. Some are much more difficult to spot. One needs to be aware that it is known that there are uses of deep fake technology to spoof the interviewee. In an interview you think you're interviewing a real person and in fact you might be interviewing someone different, or a BOT generated by AI. It might be that someone is using deep fake tunnel technology for example to alter their voice or appearance in real time. This is not science fiction. The FBI issued a warning about this in 2022. This was taking in companies and is particularly an issue where people were applying for remote working opportunities where there might not be people actually seeing that this person is not actually real.

There are all kinds of risks associated with this use of AI: wasting time and resources; you risk discarding applicants that you might want to actually take, because the spoof ones who come across better. There are all kinds of risks if you end up hiring someone who has been able to use deep fake technology. There is evidence that bad actors are using these techniques to plant people within organisations so they can get access for cyber-attacks, ransomware attacks, committing industrial espionage etc. It's especially problematic when we combine it with AI systems, which are used automatically to assess candidates, record, and analyse job interview video footage. Thus, you can end up with a situation where you may have a fake person or a partially faked person being interviewed by an AI system and because there is not necessarily a human in in the loop at an early enough point, it creates serious issues.

In sum, do not underestimate the power of AI technology. We are just in the first in the foothills now. The technology now is as bad as it's ever going to be, and the rate of improvement is phenomenal and things which might seem unrealistic now are going to be seeming very realistic over the next two-to-five-year horizon. Thank you.

4) Dr Huw Fearnall-Williams, University of Lancaster

Slide 22 – this is the recruitment and selection process. Point to make that from the beginning, pre-recruitment when you are defining the role, advertisement etc., these could be done by AI language models. Again, there are tools that claim that they can right adverts that will be taken up by more people, higher demographic etc. Will also help you determine where to place an advertisement. AI can now help do the short listing and managing application processes.

Recruiters can use Chat bots to have low level conversations with applicants. Finally, the selection process, methods that are used etc.



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Slide 23 – the opportunities of AI powered hiring tools. The tech is so new that it is not possible to determine whether it works as is claimed. Will automation be able to replace certain routine tasks, not people? Will they get rid of bias?

Slide 24 – recruitment sector is likely to be classed as high risk.

NYC bill requires employers to understand systems. Recommends the commissioning and publication of anti-bias audits.

Slide 25 – Amazon case study, this was an experiment rather than something used in practice. Preferred male applicants and filtered out female candidates.

Slide 26 – categories of bias: pre-existing bias is historical, technical bias are those put into the coding and emergent bias. This last emerges from the learning of the algorithm. You could ask an algorithm to analyse recordings. The algorithm may learn that candidates cough or blink during an interview, humans would disregard this, but the algorithm may well pick it up as a factor in decision making.

Slide 27 – picks up on the role of the black box. Google's page rank algorithm is legally protected so cannot be "unboxed".

Slide 28 – challenge: are we replacing trust in human systems with trust in AI?

Slide 29 – transparency is a key ethical component of AI systems. Need suitable checks and balances to protect from computer failures. Systems need constant interrogation. NYC recommends an annual audit to track bias.

Slide 30 – recommendations: no-one had a clue when computers came in how they would transform society. Easy to weigh up advantages vs disadvantages. However, we cannot easily separate out the human from the AI. What does human oversight mean in practice? This is the key question. We need research using multi-disciplinary teams to explore this in full.

The typical user is a time-pressed HR staff member or recruiter. They need to understand fully how the tools work.

5) Estelle McCartney, Arctic Shores

Slide 32 – worked with 3m candidates worldwide. AI should not be used to make the final decisions. Hard to explain the validity of an assessment if you cannot explain how it works. Do not use a black box. Arctic Shores approach is grounded in scientific research. Do not employ AI associated techniques.

AI is worth experimenting with, especially for routine tasks. Arctic Shores have issued a number of reports based on research. Looked at this from the candidate and recruiter perspective.

Slide 33 – how AI is changing candidate behaviour in applying for jobs and how companies should respond. GenAI is embraced by candidates.

Slide 34 – candidates see GenAI as a way of levelling the playing field.



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Slide 35 – not just being used by candidates to improve their CV but across the hiring process. Slide show companies who help candidates improve / streamline their CVs.

Slide 36 – Chat GPT is effective in helping to write applications but also in assessing the candidate. Chat GPT scored higher than most candidates in verbal reasoning. Chat GPT can adapt its personality to suit the job application.

Slide 37 – some examples of the impact on hiring teams.

Slide 38 – how should companies respond to AI enabled candidates, what skills do we need to assess candidates for in an AI world.

Slide 40 – three responses from companies. Banning is not sustainable. Staying neutral is challenging because certain groups need guidance on how to use AI and it creates a terrible candidate experience. Companies need to capture authentic insight. Shoosmiths: <https://www.shoosmiths.com/careers/emerging-talent/careers-blog/blog/future-proofing-your-legal-career-why-ai-matters-in-your-job-application> are a forward-thinking law firm and welcomes responsible use of AI to enhance the application.

Slide 41 – options that companies have with the use of AI. Can be a terrible candidate experience. Recruiters need to redesign the selection process. Language focussed sifting methods for instance will be vulnerable.

Slide 42 – AI changes how we select and what we must select for. In sum:

Massive changes to core skills required, historically important skills will lessen in importance as AI takes over some tasks.

Need greater critical thinking, problem solving etc. Will be more important to assess, and hire based on how people learn and interact.

Slide 43 – need a rethink about how we hire. Hiring has been focussed on the leaves of the tree. We need to look at the roots as well.

Slide 44 – what do we gain from embracing AI and what do we need to consider?

Slide 45 – How we should use AI to include and not exclude.

Slide 46 – ethical and fair use of AI.

Slide 47 – the gains to be made from using AI

Slide 48 – QR codes for resources and tools.

6) Russell White, Future Work

Slide 50 – introduction

Slide 51 – different iterations of AI. Latter two are still in the pipeline. Self-awareness probably 20 years away.



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Slide 52 – automation in recruitment is not AI. Automatic tracking systems that take a candidate through AI are not AI.

Slide 53 – AI is becoming more prevalent for searching platforms to identify candidates for instance. Aware of interviews conducted by Chat bots in the US.

Slide 54 – predictive analysis to look at historical data. AI does reduce human bias which is a challenge in traditional processes. AI can scan candidates' social media to predict personality traits.

Slide 55 – potential for bias and discrimination in AI systems. There is an over-reliance on AI systems and CV optimisation tools.

Slide 56 – AI bias is the biggest threat to diversity in candidate selection. If English is not your first language but the AI is written in English you could be at a disadvantaged. Cited an Article of a young women interviewed by machine, not a good experience.

Slide 57 – Candidates will use AI to create compelling CVs and covering letters.

Slide 58 – conclusions are positive. AI will bring in efficiency and speed up decision making.

Slide 59 – need guard rails in the form of legislation. Companies will need policies to ensure that AI is being used fairly.

Slide 60 – recommendations.

Questions and comments:

KR – using Chat bots to select candidates is really interested. Both exciting and terrifying!

There is a risk of us trying too hard to over correct bias and create different bias.

KR – would using AI to recruit someone from the EU come under the EU's AI Act?

Tamara – It is only a draft so one cannot say at the moment. As a UK firm using AI to recruit in the EU, you would need to be very aware of whatever are the final provisions of the Act.

Ruth Miller – for certain industries and LAs there is a big cost to keep the tech up to date.

James Dellow – can AI level up and help hard to reach people?

EMcC – the research that we did suggested that lower income groups were using Gen AI more extensively than other groups. It provides support, guidance and advice that are not available elsewhere. Gets complex when you move to products behind a paywall. Chat GPT was behind a subscription paywall originally. On balance a blessing and an enabler.

Kirsty May - Will the new software the Civil Service are looking into for all recruitment use AI to help diversity in hiring?



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KR – one for Lord Holmes who is championing more diverse recruitment in the Civil Service.

Conclusion

Lord Lucas – important to get right. How we assess and look at what happens elsewhere in the world is key. In favour of basing things on red teaming rather than thinking that we can put technical restraints on an all-pervasive system. Judge the tree by its fruit!

Present:

Dr Huw Fearnall-Williams, Lancaster University

Tamara Quinn, Osborne Clark

Andrew Henderson (Secretariat)

Keith Rosser, George Warrington - Reed

Gary Franklin

Russell White, Future Work

Kirsty May, People Scout UK

Andrew Park, Imperial Brands plc

Shaun Kennedy

Marilyn Fernandes, The Crewing Company

Cristina Nicolae, Speciality Fibres and Materials Lgd

Xian Mayes, The Advantage Travel Partnership

Muzammal Hussain,

Alex Sadler, Derivco Sport

Madeleine Leonard

Jon Hall

Estelle McCartney, Arctic Shores

Gosia Banach, Child Poverty Action Group