

Creating pathways out of low pay and designing in-work progression support



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INTRODUCTION TO RESEARCH

The aims of this project were to:

- Review evidence on the **level of low pay, rates of progression and skills gaps** in Northern Ireland
- Explore **contextual factors relevant to low pay, progression and skills**, and the **availability and effectiveness of upskilling and earnings initiatives** designed to tackle these challenges
- Gain a better understanding of the **current types of employment and skills provision** that can support upskilling and earnings progression among disadvantaged groups available in Northern Ireland
- Improve **awareness of tailored approaches to upskilling and in-work progression** among policy and practice stakeholders across Northern Ireland

PROJECT METHODS

The project was made up multiple strands of primary and secondary research, including:

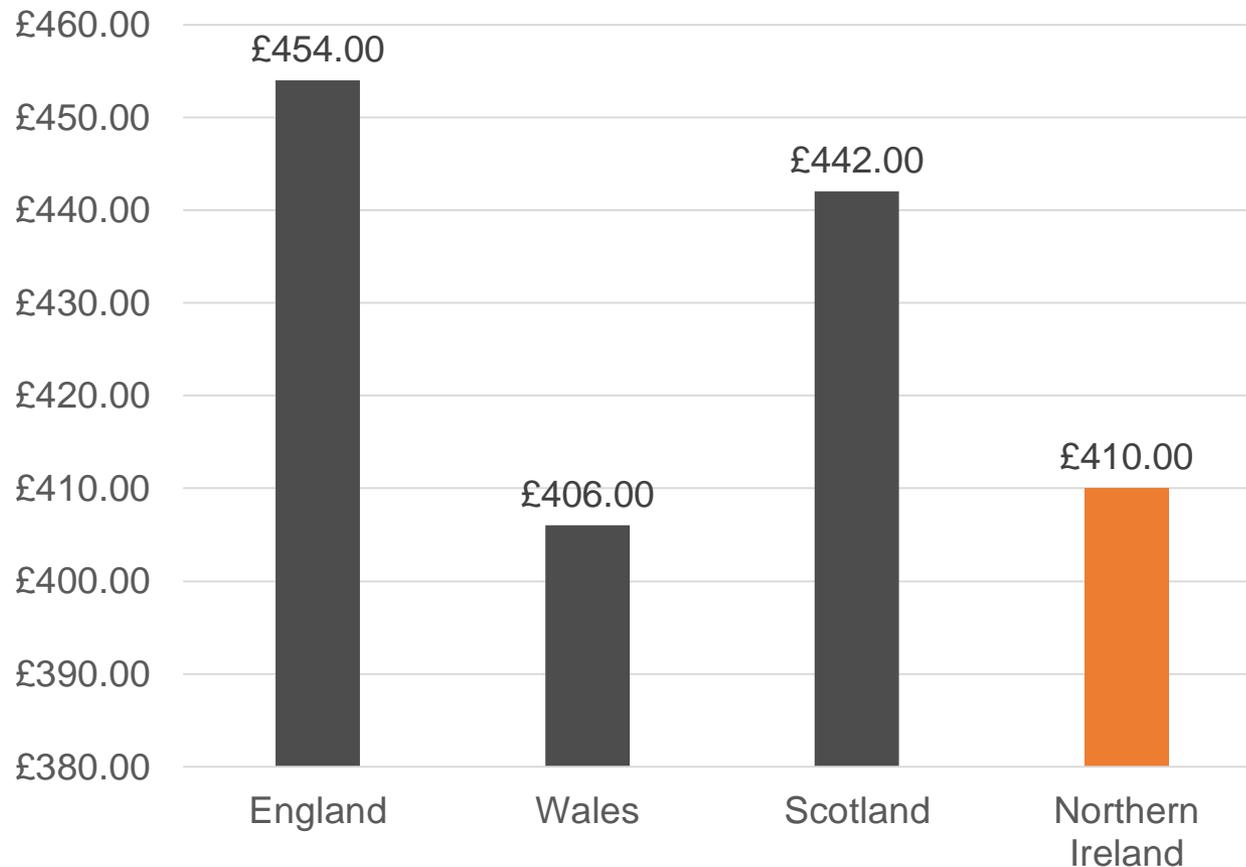
- **Data review:** analysis of data on low pay, in-work progression and upskilling and retraining in Northern Ireland
- **Review of support landscape:** provision mapping exercise to identify relevant upskilling and progression initiatives in operation across Northern Ireland
- **Consultation with stakeholders:** engagement with senior policy and practice professionals to provide insight into a) barriers to upskilling and in-work progression and b) local challenges in developing effective support
- **Policy workshop:** explore findings, present support options and discuss possible barriers, enablers and recommendations

Output: Evidence-based recommendations to improve opportunities for upskilling and retraining initiatives for those in low-paid work in Northern Ireland

NORTHERN IRELAND: LOW PAY, PROGRESSION AND SKILLS

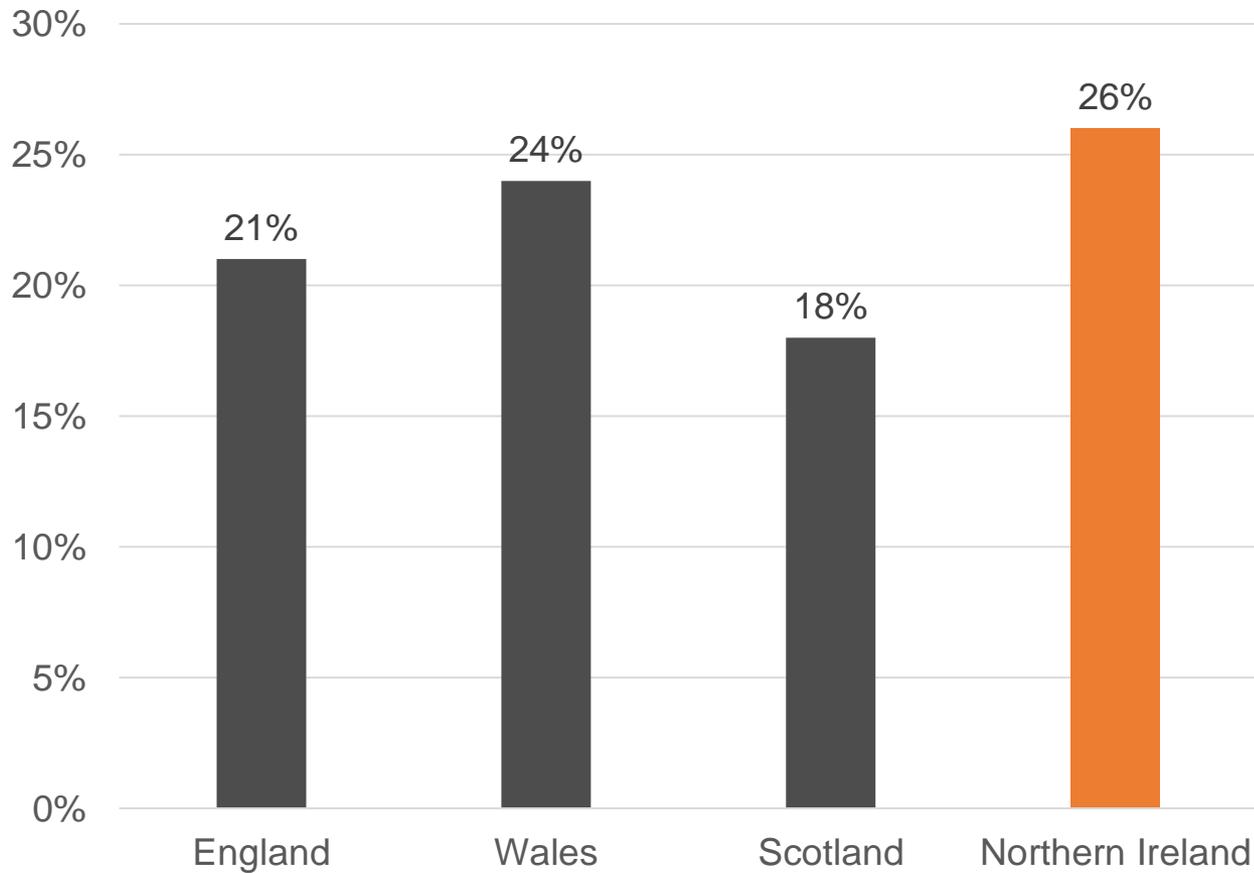
- Average weekly earnings in Northern Ireland were £410 - much lower than England (£454) and Scotland (£442)
- 28% of workers in Northern Ireland earn below Real Living Wage (£8.75) – lower than UK average 23%
- Gross disposable household income (GDHI) per head indices (UK = 100) in Northern Ireland is 80.9
- Career progression rates in Northern Ireland (2.5%) are substantially lower than the rest of the UK (6%).
- Skills gap: significant under-supply for Level 3-5 and work-based competencies
- Earnings gap: The higher the level of qualifications achieved, the higher the average earnings potential, with those below Level 4 earn less than the Northern Ireland average, whilst those at Level 4+ earn higher than the average

Average weekly earnings in Northern Ireland are much lower than England and Scotland: 2017



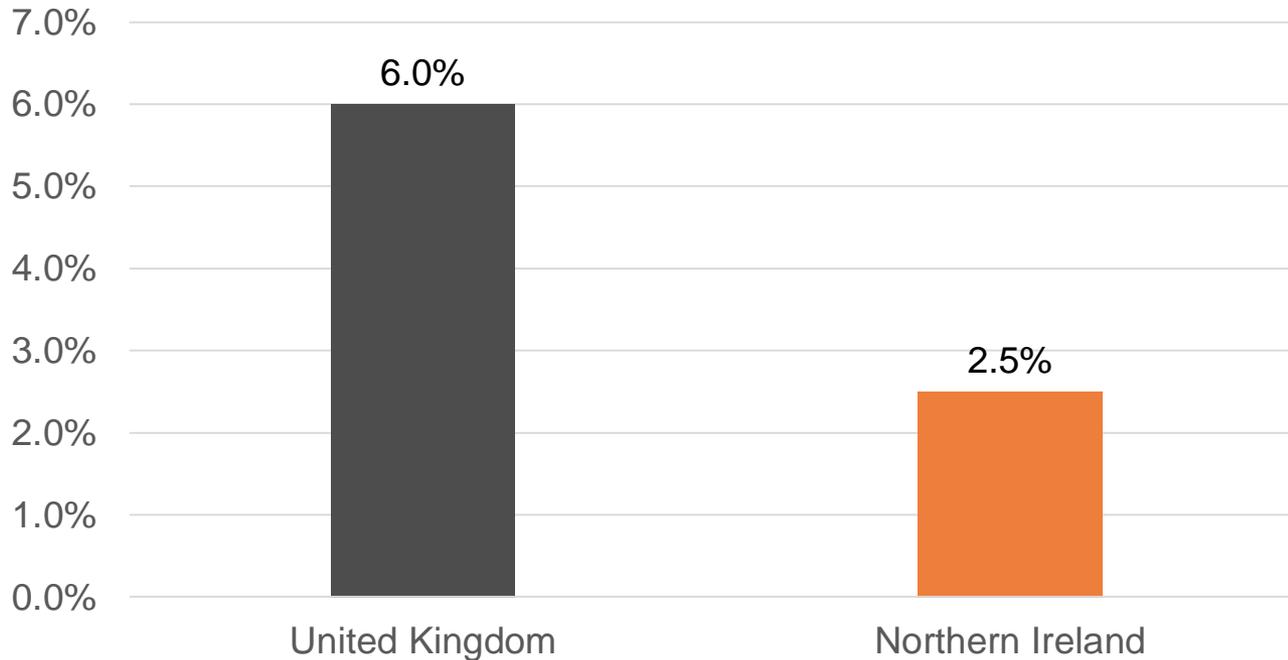
Source: L&W analysis of Annual Survey of Hours and Earnings, Office of National Statistics (2018)

Northern Ireland has the highest proportion of workers earning less than 'Real Living Wage': 2017



Source: Living Wage Research for KMPG, IHIS Markit (2018)

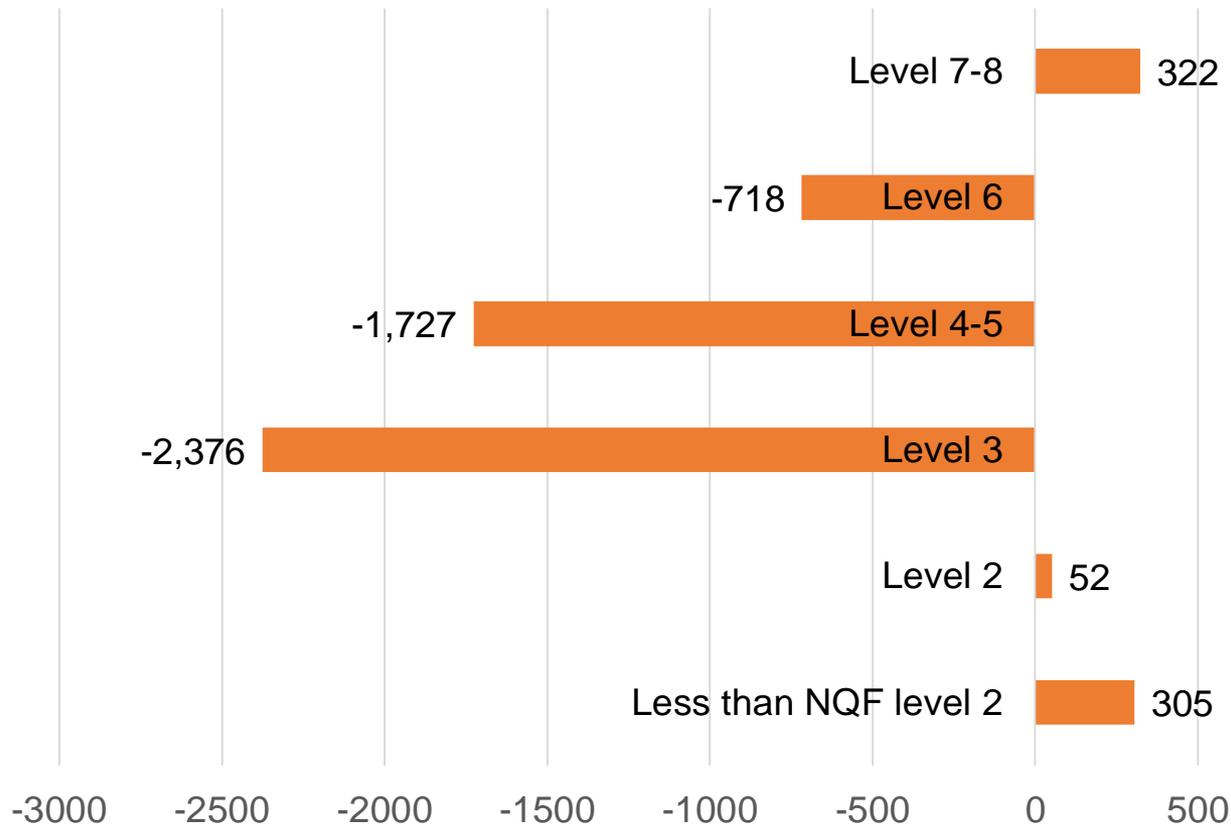
Career progression rates in Northern Ireland are substantially lower than rest of the UK: 2013-17



Career progression rate: Proportion of people moving from low-skilled jobs to middle-skilled or high-skilled jobs

Source: IPPR Scotland analysis of Labour Force Survey, Office of National Statistics (2018)

Northern Ireland has a significant mid-level skills gap: 2016



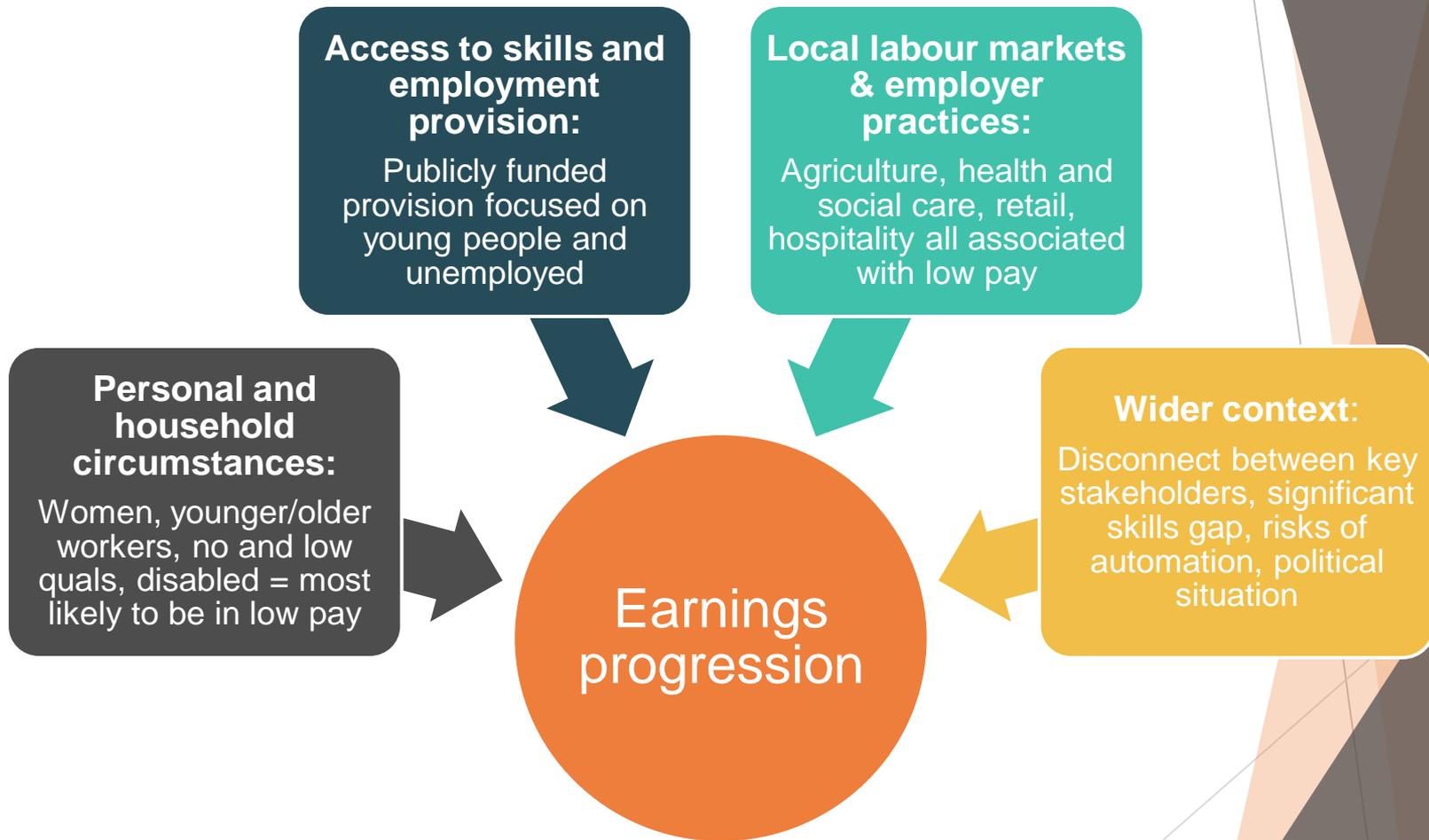
Skills gap: Significant under-supply between Level 3-5 and marginal under-supply at Level 6

Source: *Ulster University NI Skills Barometer (2017)*

NORTHERN IRELAND: IMPACT OF LOW PAY, PROGRESSION AND SKILLS GAP

- Low pay is a major contributor to in-work poverty in Northern Ireland – whilst IWP is not the biggest challenge (e.g. worklessness and economic inactivity), it is a significant issue.
- Intergenerational disadvantage - big impact on living standards and social mobility
- Link to economic competitiveness - low pay linked to low skills and Northern Ireland productivity gap
- Significant fiscal costs for the exchequer – tax credits and housing benefit

CONTEXT FOR LOW PAY & PROGRESSION



BARRIERS: PERSONAL AND HOUSEHOLD CIRCUMSTANCES

Not a homogenous group – there are a range of characteristics and backgrounds who are more likely to be less well paid:

Characteristics		Northern Ireland
All		£375
Gender	Male	£433
	Female	£316
Age	16-24	£213
	25-49	£404
	50-64	£369
Disabled	Equality Act Disabled	£308
	Not Equality Act Disabled	£385
Ethnicity	White	£375
	Mixed/Multiple ethnic groups	£111
	Indian	£510
	Bangladeshi	£351
	Chinese	£248
	Any other Asian background	£410
	Black/African/Caribbean/Black British	£395
	Other ethnic group	£247
Level of Qualification	NQF Level 4 and above	£577
	NQF Level 3	£365
	NQF Level 2	£331
	Below NQF Level 2	£337
	No qualifications	£282

BARRIERS: PERSONAL AND HOUSEHOLD CIRCUMSTANCES

A range of personal / household circumstances which impact on an individual's likelihood to have low skills and be in low pay, including:

- Poor experience of (and transition from) permanent education – leading to low skills, attitude towards learning and self-belief
- Familial responsibilities, costly childcare and limited accessibility and flexibility of support – hindering engagement with employment and skills provision
- Financial barriers to accessing provision and lack of awareness or access to assistance – preventing access to adult education

BARRIERS: ACCESS TO SKILLS AND EMPLOYMENT PROVISION

The mainstream employment and skills system in Northern Ireland is very much focused on supporting the unemployed and economically inactive to prepare for and enter work:

- General absence of progression-focused support
- Limited entry-pathways and funding for workers with no or low level of qualifications
- Limited visibility of support options that are available to workers with no or low level of qualifications
- Accessibility of provision – for example, part-time, flexible, online and affordability
- Lack of recognition and funding for non-traditional approaches, for example community learning

BARRIERS: LABOUR MARKET

Local labour markets and employer practices have a substantial impact on an individual's likelihood to have low skills and be in low pay:

- There is a heavy reliance on low-paid sectors within the Northern Irish economy, including agriculture, health and social care, retail and hospitality
- Employer practices have a heavy influence, for example limited progression pathways or opportunity to engage in learning can hinder individual's progression chances
- A large proportion of employers in Northern Ireland are SMEs – introduces challenges around HR management, access to learning and internal progression opportunities

BARRIERS: WIDER CONTEXT

Finally, wider contextual factors have a varying impact on an individual's likelihood to have low skills and be in low pay:

- General disconnect between key stakeholders, including FE sector, HE sector and employers
- Legacy of the troubles leading to generational trauma and divided communities – restricting learner and labour mobility, and contributing to wider barriers
- Current political stalemate and suspension of Stormont - restricting devolved government's capacity to ensue a legislative agenda
- Risks of automation, widening skills gaps in certain sectors and loss of jobs

"We don't have a coherent approach; we have a siloed approach where different bits of the government machine provide funding to meet the activity targets that are set within their silo."

NORTHERN IRELAND: SUPPORT LANDSCAPE

Overall, the review found that employment and skills support pathways specifically designed to help those in low pay to progress are under-developed, with a real dearth of progression-focused provision.

The review did identify 45 relevant initiatives - however, the main objectives of the support identified was typically workforce development and business success – as opposed to supporting low paid workers to progress.

These ranged in size, scope & purpose, between:

- Localised, community focused projects and regional / national programmes
- Led by professional employment and skills services, voluntary and community sector providers and local and central government
- Delivery of sector-based workplace training, one-to-one coaching and jobs advice, skills provision and financial assistance, business support and careers-related resources and tools.

NORTHERN IRELAND: SUPPORT LANDSCAPE

Of the 45 initiatives to be identified, a number stood out as demonstrating good practice in engaging workers and employers, or providing employment, skills and wider support to encourage workers to upskill and progress.

As with the main cohort, these differed across size, scope and purpose, including:

- ❖ **Invest NI:** Publicly funded body which provides skills assessment, skills support and funding for SMEs and sector-led employer groups – focused on supporting business development and expansion.
- ❖ **Business in the Community:** Charitable business organisation which provides employer-focused advice and support through campaigns, toolkits and direct provision to help improve business practise – has helped to place 2,000 unemployed people into work.

NORTHERN IRELAND: SUPPORT LANDSCAPE

- ❖ **HE and FE system:** Several relevant programmes and general upskilling and training initiatives available to workers and employers – but typical barriers to participation for in-work cohort.
- ❖ **UnionLearn:** Learning budget to support employees access workplace learning each year – support is typically focused on helping employees to build their job-related skills. Annual fund of £250,000 which helps to support around 100 learners per year.
- ❖ **Department for Economy:** A number of skills-focused initiatives focused on upskilling to improve business. Includes InnovateUs & Skills Focus – subsidised skills support to develop knowledge and skills for innovation.
- ❖ **Department for Communities:** A number of community-focused programmes designed to help those furthest from the labour market to move into work e.g. Steps to Success and Workable NI.

SUPPORT: WHAT NEXT?

Good practice – but big gaps remain

Whilst these initiatives represent good practice in engaging workers and employers, and providing learning and support options which can improve participants skills and employment circumstances, they do not specifically focus on helping low paid workers to progress.

How to fill gap and provide progression support?

There is a need for key stakeholders and practitioners to develop and refine employment and skills provision in line with the purpose of engaging low paid workers and/or employers, and providing specialist support purposely designed to help workers progress in work.

What should this look like?

The evidence base shows progression support can come in many shapes and sizes, with three main types of support; individual, employer and skills-provider focused models.

INDIVIDUAL FOCUSSED

Engagement:

Direct marketing
Through
partnerships

Individual action plan:

Progression
barriers
assessment
Career pathways
IAG

Addressing barriers:

Skills offer
Wider needs
support / referral
Adviser support

Progression support:

Employability
Work experience
Jobs brokerage
/employer
engagement

Important aspects in successful implementation:

- **Personalised and flexible support** - tailored to individual aspirations, capabilities and needs.
- **Adviser skills and capacity** - knowledge of sectors and skills, partnership building, benefits guidance, coaching, sustaining engagement.
- **Effective partnership working** – co-ordinated with wider support and provision for referrals, to address career goals and meet wider needs
- **Achieving progressions:** individual job changing support and brokerage (marketing clients, recruitment agencies, matching and carving)

EMPLOYER FOCUSED

Employer engagement:
Business case
Pledges
Business development offers

Training needs analysis:
Tailored to business needs
Identify eligible/suitable employees

Employee interventions:
Skills offer
Mentoring
Wider support / referrals

Securing progression outcomes:
Earnings outcomes
'Better' jobs

- ▶ **Focussed targeting** of sectors
- ▶ **Messaging:** clearly linked to business needs (skills shortages, recruitment/retention) cost savings, wider outcomes (productivity, motivation, satisfaction, wellbeing, CSR)
- ▶ **Providing a tangible and tailored offer:** funded skills provision in skills need area; Business Needs Analysis and interventions, Training Needs Analysis.
- ▶ **Close partnerships** with business support services beneficial: e.g. employer engagement teams, business support services, skills provisions.
 - ▶ Whole business approach can address key concerns about retention

SKILLS PROVIDER FOCUSSED

Engagement:

Advantages of skills and training / in sector
Access and funding opportunities

Inform:

Training options
Costs
Likely return on investment
Funding options

Train:

Gaining skills and qualifications
Flexible delivery/learning methods

Progress:

Into or through work
Increased earning potential
Further education

- ▶ Wage impact more likely if skills provision is **demand led** with **employer involvement** in design and/or delivery and **clearly links to progression routes**
- ▶ Range of barriers to overcome for low paid workers to access skills development:
 - ▶ **Cost**
 - ▶ **Awareness and Confidence**
 - ▶ **Flexibility**

EXAMPLES OF PROGRESSION SUPPORT

Individual-focused

Timewise pilot

DWP: Supported low-income parents to progress their earnings

Skills Escalator

WLA: Supporting access to better paid and more stable employment through personalised advice and skills acquisition

Step-Up

Trust for London & Walcot Foundation: VCS pilots with different target groups and delivery models

Employer-focused

Glasgow In-Work Progression in the care sector

Glasgow City Deal: Employer facing business support provision to improve the skills and earnings potential of care sector employees.

GLA In Work Progression Programme

ESF/ESFA: Provision of skills support to employees to help them to progress in their roles. Employer-facing model.

Skills provider-focused

Ambition London JP Morgan Chase Foundation:

Trialled interventions to increase individual (and employer) investment in skills with the support of Advanced Learner Loans

Career Learning Pilots

DfE: Designing and supporting pilots to increase take-up of economically valuable learning through innovative approaches to outreach/cost subsidies.

What next?

There is a growing appetite to develop focused solutions in Northern Ireland. The range of barriers faced by workers and employers mean it is unlikely there will be a one-size-fits-all solution.

Rather, a variety of approaches should be developed and tested in order to tackle low pay and support in-work progression – ranging across the three main models of support.

Whilst existing models of provision offer a basis which can be refined and developed to tackle low pay, it is clear elements of the employment and skills system need to be re-designed in order to effectively address the issue of low pay.

In order to achieve this and expand the availability of progression-focused support key stakeholders must work together to explore, develop and test new approaches (or refine existing models).

What next?

This includes:

- ▶ **Integration and collaboration.** Cross-departmental integration (Department for Economy, Communities and Health) and cross-employment and skills sector (including VCS, HE and FE sectors) will prevent siloed approaches to employment and skills provision, ensure support is coherent and scaled to the right level and utilise the skills, experience and technical capacity of key stakeholders.
- ▶ **Investment to trial new approaches.** The government and other key stakeholders must invest in expanding the capacity of stakeholders to develop and trial progression-focused employment and skills support.
- ▶ **Using existing evidence.** Testing evidence-based approaches to engage with and effectively support low paid workers and employers. Stakeholders must utilise the existing evidence base and consider local contextual factors to develop, refine and trial models of support which are effective at tackling low pay and supporting progression in Northern Ireland.
- ▶ **Evaluation and sharing best practice.** New approaches and policy solutions should be robustly evaluated in order to monitor success. Lessons learnt should be shared across the sector and used to inform the onward development of the employment and skills system.