

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

Overview

As part of our role as the UK co-ordinator for the European Agenda for Adult Learning, Learning and Work Institute have led a programme of research to investigate low pay and in-work progression in Northern Ireland. The aims of the project were to review the evidence on the level of low pay and rates of progression in Northern Ireland; explore the contextual factors relevant to low pay and progression; gain a better understanding of the availability of employment and skills provision that can support earnings progression amongst disadvantaged groups in Northern Ireland, and; improve awareness of the types of approaches that can be taken to supporting upskilling and in-work progression among policy and practice stakeholders in Northern Ireland.

Methods

The project included 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 the barriers to upskilling and in-work progression and local challenges in developing effective support
- **Policy workshop:** workshop with key stakeholders to share findings, present support options and discuss possible barriers, enablers and recommendations to improve provision in Northern Ireland.

Low pay, progression and skills

There is a clear gap in earnings between Northern Ireland and the rest of the UK, with lower wages, household income and rates of progression.

- Average weekly earnings in Northern Ireland were £410 in 2017 – much lower than England (£454) and Scotland (£442).¹
- 28% of workers in Northern Ireland earned less than the Real Living Wage in 2017 (£8.75) – much lower than the UK average of 23%.²
- Gross disposable household income (GDHI) per head indices (UK = 100) in Northern Ireland in 2017 was 80.9.³
- Career progression rates in Northern Ireland (2.5%) are substantially lower than the rest of the UK (6%).⁴

Pay, progression and skills are interlinked. The higher the level of qualifications achieved, the higher the average earnings potential – with those qualified up to Level 3 earning less than the Northern Ireland average earnings, and those qualified at Level 4 and higher earning higher than the Northern Ireland average earnings.⁵ Data also shows a gap in mid-level skills in Northern Ireland, with a significant under-supply of skills Level 3-5 and marginal under-supply at Level 6.⁶ This undersupply is likely to affect individuals' access to pay and progression opportunities.

Impact of low pay:

Low pay and in-work poverty have wider implications, it:

- Contributes to intergenerational disadvantage – with a big impact on living standards and social mobility
- Links to economic competitiveness – related to low skills and the Northern Irish productivity gap with the rest of the UK
- Leads to significant fiscal costs for the exchequer as a result of in-work benefits including tax credits and housing benefit

Context for low pay and progression

A range of factors influence on likelihood of an individual being in low pay:

1) Personal and household circumstances

¹ L&W analysis of Annual Survey of Hours and Earnings, Office of National Statistics (2018)

² Living Wage Research for KMPG, IHIS Markit (2018)

³ Regional gross disposable household income (GDHI), Office for National Statistics (2018)

⁴ Career progression rate: Proportion of people moving from low-skilled jobs to middle-skilled or high-skilled jobs

⁵ Ibid.

⁶ Source: Ulster University NI Skills Barometer (2017)

Low pay is linked to a range of personal characteristics and circumstances. Women, younger and older workers, those with no or low skills and disabled people are more likely to be in low pay.

Other personal circumstances can also have an impact, including:

- Poor experience of (and transition from) permanent education – leading to low skills, attitude towards learning and self-belief.
- Familial responsibilities matched with costly childcare and the limited accessibility and flexibility of employment and support opportunities can limit an individual's capacity to fully engage in the labour market or engage with employment and skills support.
- Financial barriers and a lack of awareness or access to assistance can also limit access to the labour market or employment and skills support options.

2) 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, with a general absence of specialist progression-focused support.

Where relevant support is available, there are typically restricted entry-pathways and funding for low paid, low skilled workers. Further, support opportunities are often inaccessible – with limited accessibility and visibility amongst in-work cohorts (for example, part-time, flexible, online or affordable options). For example, Higher Education (HE) and Further Education (FE) courses offer relevant ways for workers to upskill but are often not designed in reflection of the needs of a low paid, in-work cohort.

3) Local labour markets and employer practices

The incidence of low pay is reflective of the nature of the Northern Irish economy, with a heavy reliance on low-paid sectors including agriculture, health and social care, and retail and hospitality. Employer practice (remuneration policies, use of progression pathways and investment in learning and development, for example) also have a substantial impact on low pay and progression. This is likely to be affected by the fact that a large proportion of employers in Northern Ireland are SMEs, which introduces challenges around HR management, access to skills development and internal progression opportunities.

4) Wider contextual factors

Finally, wider contextual factors also have an impact on the chances that an individual will be in low pay, and on the capacity of key stakeholders to address it. These include:

- A general disconnect between key stakeholders, including government departments, FE, HE and voluntary and community sectors and employers.
- The legacy of the troubles, leading to generational trauma and divided communities – this restricts learner and labour mobility, and contributes to wider social issues.
- The current political stalemate and suspension of Stormont – restricting the devolved government's capacity to ensue a legislative agenda designed to tackle the issues facing Northern Ireland.

- Risks of automation, widening skills gaps in certain sectors and the loss of job opportunities.

Northern Ireland: Employment and skills support landscape

Overall, the provision mapping review found that employment and skills pathways specifically designed to help those in low pay to upskill and / or progress are significantly under-developed, with a lack of progression-focused provision.

The review identified 45 relevant initiatives which contributed to worker's ability upskill or progress in work. However, the main objectives of such initiatives were typically to support workforce development and business success / development, as opposed to being specifically designed to help low paid workers to progress.

The initiatives ranged in size, scope and purpose, with a mix between:

- Localised, community focused-projects and regional and national programmes.
- Initiatives led by a range of stakeholders, including professional employment and skills services, voluntary and community sector providers and local and central government.
- Delivery focused on sector-based workplace training, one-to-one coaching and jobs advice, skills support and financial assistance, business support or careers-related resources and tools.

Of the 45 initiatives identified, several providers and stakeholders stood out as demonstrating good practice in engaging workers and employers or providing support which could help workers to upskill or progress in work. Whilst not specifically focusing on supporting the progression of low paid workers, the types of programmes and initiatives led by these providers and stakeholders could act as a basis for future progression support. These include:

- **Invest NI** – A publicly funded body which provides skills assessments, support and funding to SMEs and sector-led employer groups to support business development and expansion.
- **Business in the Community NI** – A charitable business organisation which provides employer-focused advice and support through campaigns, toolkits and direct provision to help improve business practice (including responsible employment practices). Through previous campaigns focused on employment, BITCNI has helped to place 2,000 unemployed people into work.
- **HE and FE courses** – There are numerous examples of learning programmes and skills development opportunities focused on helping individuals to upskill and retrain available through FE and HE providers. For example, courses provided through Open University, the Centre for Flexible Education at Ulster University and courses delivered through local and regional FE colleges.⁷

⁷ However, these have not always been designed in consideration of the needs of low paid workers, and as such accessibility barriers exist – restricting engagement.

- **UnionLearn** – A learning budget to support employees to access workplace learning each year. Support is typically focused on helping employees to develop their job-related skills. The annual fund is worth £250,000 and typically supports 100 learners per year.
- **Department for Economy** - Skills-focused initiatives provided to help employers improve business practice. Includes InnovateUs and Skills Focus which provide subsidised skills support to develop knowledge and skills for innovation in business.
- **Department for Communities** – Several community-focused programmes designed to tackle worklessness. This includes Steps to Success and Workable NI which help those furthest from the labour market to move into work.

What next? Designing in-work progression support

The programmes and initiatives led by the providers and stakeholders identified above represent good practice in engaging workers and employers and providing learning and support options which can improve employees' skills and employment circumstances. However, they are not specifically focused on helping low paid workers to progress.

Moving forward, 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.

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



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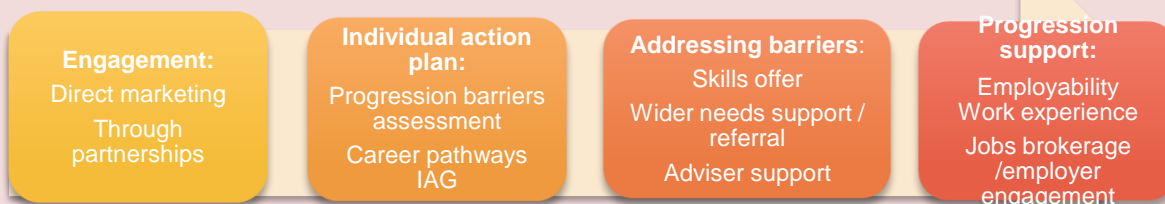
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1. Individual-led support

Individual-led support focuses on working with individuals to help support them to progress in work. This typically includes working with individuals to identify what progression means to them, and then provide a personalised pathway to progress. This can include a range of support options, including one-to-one adviser contact, employability-related advice and wider provision such as training, health, housing or financial support. Whilst employers can play a role within individual-led programmes, this tends to be focused on work placements and job brokerage, rather than the direct provision of support to the employer.



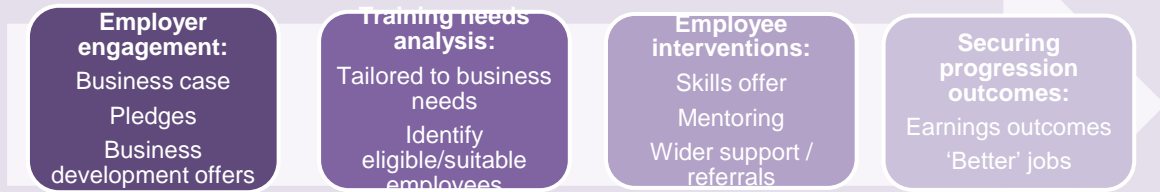
Important aspects in the successful implementation of individual-led support include:

- **Personalised and flexible support** – tailored to individual aspiration, capacity and needs.
- **Adviser skills and capacity** – knowledge of sectors and skills, partnership building, benefits guidance, coaching and ways to sustain 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 (including marketing clients, recruitment agencies, and job matching and carving).

Examples of individual-led progression support include Trust for London and Walcot Foundation's [Step Up](#), West London Alliance's [Skills Escalator](#) and Timewise and DWP's [Earning's Progression Trial](#).

2. Employer-led support

Employer-led support focuses on engaging with employers and providing guidance and / or direct support to help improve employer practices. Support can include the provision of specialist business advice, job specification re-modelling, mentoring and / or training and skills support. Employers voluntarily engage with an initiative or programme. Employer-led support typically engages both employers and workers – although the principal aim will be to progress workers in relation to their current role.



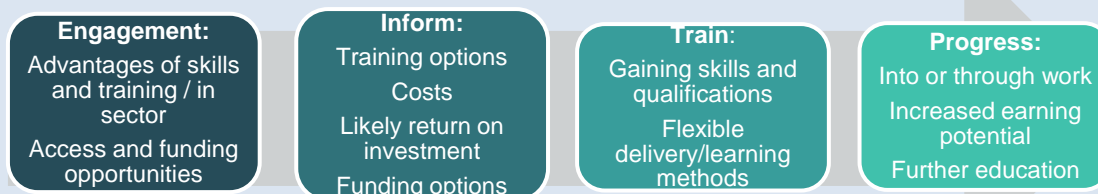
Important aspects in the successful implementation of employer-led support include:

- **Messaging** – support should be clearly linked to business needs (for example, skills shortages, recruitment and retention), cost savings and wider outcomes (for example, productivity, motivation, satisfaction, wellbeing and CSR)
- **Provide a clear, tangible, tailored offer** – funded skills provision in skills need area, Business Needs analysis and interventions.
- **Partnership working** - close partnerships with business support services, employer engagement teams and skills providers.

Examples of employer-led progression support include ESF's [In-Work Progression Programme](#) and Glasgow City Council's In-Work Progression in the care sector pilot.

3. Skills provider-led support

Skills provider-led support focuses on engaging low paid workers through skills providers. Support is typically based on the provision of skills advice and support, with a focus on supporting workers to upskill or retrain and progress in work. Support can also include wider elements, including careers advice or holistic support.



Important aspects in the successful implementation of skills provider-led support include:

- **Accessibility** – there are a range of barriers to overcome for low paid workers to access skills support, including cost, awareness and confidence and flexibility.
- **Alignment with wider business needs** – success and wage impact are more likely if skills provision is demand-led, with employer involvement in design and / or delivery, and clearly linked to progression routes.

An example of a skills provider-led model of support is the Department for Education's [Cost and Outreach Pilots](#).

Next steps

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). 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.



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