

MEW 09

Gwneud i'r economi weithio i'r rheini sydd ag incwm isel

Making the economy work for people on low incomes

Ymateb gan: Sefydliad Dysgu a Gwaith

Response from: Learning and Work Institute

Learning and Work Institute is a new independent policy and research organisation dedicated to lifelong learning, full employment and inclusion.

We research what works, develop new ways of thinking and implement new approaches. Working with partners, we transform people's experiences of learning and employment. What we do benefits individuals, families, communities and the wider economy.

We bring together over 90 years of combined history and heritage from the 'National Institute of Adult Continuing Education' and the 'Centre for Economic & Social Inclusion'.

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## Introduction

1.1 Learning and Work Cymru welcomes the opportunity to contribute to the work of the Committee in looking at making the economy work for people on low incomes. Our submission focuses on two key areas:

1. Creating progression pathways out of low pay;
2. Addressing insecure work.

1.2 Learning and Work Institute Cymru feels as a starting point the Committee should recognise the diversity of the modern workforce and those groups most likely to be in low pay. In the main the groups most likely to be in low pay are women, young people, older people, people with no qualifications, some ethnic minority communities, lone parents and disabled people. Of these groups women, older workers and people with no qualifications are most likely to be persistently facing low paid work.

1.3 Understanding this diversity and the rise in the proportion of older workers (with one third of Welsh workers expected to be over 50 in the next five years) is an important starting point for explaining the challenge and for designing solutions.

## Creating progression pathways out of low pay

2.1 Analysis from the Resolution Foundation found that three-quarters of people in low paid work were still in low paid occupations more than a decade later. This persistence of low pay and a lack of focus on progression for people in work remains an important driver of both in-work poverty and under-productivity.

2.2 To make the economy work for people on low pay the focus of employability strategies and labour market interventions needs to be far broader than only focusing on supporting people into work.

2.3 It is essential that Regional Learning Partnerships have progression from low pay as a key outcome of their strategies. For all three partnerships there are particular opportunities to use expected infrastructure projects to provide progression routes for people currently in low pay work. More generally, meeting employer demand by raising skill levels of those already in work and providing appropriate support mechanisms for both individuals and businesses needs to be a priority for the Welsh Government.

2.4 Learning and Work Institute has considerable experience in developing and evaluating models to support progression, including through the Ambition London scheme. The scheme looks to test and trial a range of interventions to engage, train and support people to change their lives with the support of Advanced Learner Loans. The Committee should further consider best practice elsewhere in the UK to support progression from low pay.

2.5 Evidence also shows that upgrading skills on its own is not always sufficient to impact on pay progression. This requires engagement with employers in the design and delivery of services and a focus on individual needs, supportive HR practices in the workplace, accessible training provision and strong links between skills activity and progression routes.

2.6 In research for the Joseph Rowntree Foundation in 2016, LWI made three specific recommendations to better support low pay progression. These are:

- Careers information, advice and guidance services targeted at low paid workers: this would support people to move between jobs and sectors as part of a strategy for pay progression. High quality IAG services, with outreach and digital support targeted at people currently in low pay, are required to support this;
- An in-work progression service: evidence suggests a sector-based approach can be effective where it targets high-growth sectors and

engages employers in the development of training provision and career pathway mapping. Providing a focus on meeting skills gaps and enabling better retention will help to support business engagement in this type of service;

- Business support service: this should be aimed at shaping workplaces practices around progression, especially for part-time workers, through generating peer-to-peer business support networks and offering a specialist advice service on job redesign. This service would help to address the understandable lack of specialist HR and management capacity in many small firms in Wales.

2.7 Throughout all of this would be a central recommendation that these services offer a sufficiently tailored, individualised service to appropriately address the needs of workers most likely to be in low paid work.

2.8 Based on the points made above, the Committee should consider recommendations that go beyond just an investment in skills and that instead recognise the broader services required to improve progression from low pay. This should include a careers IAG service targeted at low paid workers and that has outreach support, an in-work progression service, and a business support service. Employers should be central to the design and delivery of these services.

2.9 The Committee should consider recommendations which ensure that Regional Learning Partnerships have explicit plans to promote progression from low pay and specifically how they will make the best use of proposed major infrastructure projects and the expected increase in employment arising from growth industries.

### Addressing insecure work

3.1 For the purposes of recent research undertaken for the TUC (the full research will be published by the TUC on 3 July), LWI defined insecure employment as the low paid self-employed and employees who are on some

form of temporary employment, excluding those who are on fixed term contracts not combined with any other form of insecure or temporary employment, such as agency working or being on a zero-hour contract.

3.2 The key findings of that research which are already in the public domain were:

- that in 2016 across the UK one in ten workers were in insecure employment. In Wales, the equivalent figure is one in eleven.
- Between 2011 and 2016 the number of insecure workers in the UK increased by 660,000 (27%) from 2.4m to over 3m.
- Food and beverage services workers make up one fifth of the increase: The number in insecure work more than doubled, rising by 146,000 (+128%) since 2011.
- Education workers account for over one tenth of the increase: The number in insecure work has risen by 82,000 since 2011 (+42%).
- Social care accounts for a tenth of the increase in insecure work. The number of care home workers facing insecurity has risen by 66,000 (+133%) since 2011.

3.3 Given that two of the sectors which saw the biggest growth of insecure employment in this period were education and residential care, it demonstrates that this is not a challenge restricted solely to the private sector.

3.4 Public sector austerity and local authorities' considerable purchasing power in their local market (monopsony) has often led local authorities to reduce the prices they are willing to pay for social care in real terms. One result has been a rise in insecure employment in the social care sector. In contrast, high-quality social care depends on strong relationships between staff and their clients. These require both low staff turnover, and staff access to training and development. The Committee should further consider the policy and funding provided to support the development of more secure employment in social care to help improve relationships between staff and

clients, specifically through measures to improve retention and to give staff greater access to training and development.

3.5 The Learning and Work Institute is currently evaluating a pilot scheme looking at in-work progression in the social care sector in Glasgow. The scheme is working with around 40 social care businesses and around 400 employees in the social care sector with the aim of providing a sustainable model of employee progression with the sector.

3.6 The introduction of substantial fees for taking cases to Employment Tribunals in 2013 has impacted on workers' ability to challenge their legal employment status. The House of Commons Justice Committee's inquiry into courts and tribunals fees concluded in June 2016 that "the regime of employment tribunal fees has had a significant adverse impact on access to justice for meritorious claims". The Committee should consider a recommendation to the UK Government to review the impact of these fees with a view to abolishing or markedly reducing their level.

3.7 Access to training and other means for individuals to progress to better employment tend to be predicated on an individual's secure employment relationship. Those in insecure employment, especially those designated as self-employed, have less opportunity to progress in work. Learning and Work Institute Cymru feels that Committee should recommend that the Welsh Government Employability Strategy initiatives should specifically consider how support can be accessed by those in insecure forms of employment.