

# Low Pay & Progression - evidence review

## 1. Introduction

Low pay and in-work poverty is a growing issue nationally, and the subject of increasing attention from policy-makers, funders and practitioners, in attempts to understand and address the associated problems. The majority of households in poverty in the UK now contain at least one working adult, and evidence shows that for many people a low-paid job isn't a stepping stone on the way to higher pay, but a destination they become stuck in for many years.

This brief report outlines evidence from studies and evaluations of in-work support, and synthesises this evidence to provide an overview of the causes, impacts and best ways to tackle low pay.

## 2. Research and Evaluation Evidence

A review of a wide range of existing studies and evaluations into low pay and provision to support people out of low paid work was carried out, and the findings are summarised below.

### Who is likely to be low paid, and to get stuck in low pay?

- Women
- Likelihood of getting stuck increases with age
- Those outside London
- Lone parents
- Those with long term health condition/ disability
- Those with low levels of qualification
- Those in part-time work
- Foreign workers with non-recognised qualifications
- Temp contracts do not necessarily signal low pay – can be high prevalence of low pay in perm contracts
- Positive attitude strongly correlates with progression

### What sorts of jobs are most likely to be low paid?

- Part-time
- Small employers
- Private sector rather than public or third sector
- Sectors: hospitality; sales; manufacturing; retail; admin and support; agriculture; 'services' e.g. including social care, cleaning; distribution
- Some sectors have particularly complex routes to progression
- Many sectors have the expectation of senior roles needing to be full time

### What works in helping people to escape low pay?

Whilst there is still limited evidence as to what kind of support and interventions are most effective in helping people in low paid work to progress to higher wages, some common themes do emerge from the available evidence.

### **Key points for individuals:**

**Careers information, advice and guidance** is crucial. Just because someone is working, doesn't mean they understand their local labour market. Support to understand what a better paid job might be, where they are and how to successfully apply for one is hugely important. Due to the long periods for which many people become stuck in low paid work, it could be several years, even decades, since someone has needed to look for or apply for a new role, therefore up to date information and help with job search and application may well be necessary.

**Tailored support**, adapted to and driven by individuals and their unique circumstances seems to be important. To provide this, support workers and advisers must be **skilled and experienced** and able to deal with potentially complex needs and barriers. Individuals benefit from working with advisers in a **coaching and mentoring** capacity, setting their own **clear, tangible outcomes**, including opportunities to try new careers and put new skills into action, for example through work experience.

This support also needs to be **integrated** with other services and sources of support, for example housing, skills or childcare. The barriers to in-work progression are many and varied, and so a single intervention may not be effective on its own. Someone looking to work more hours may need help to organise childcare, or someone with higher level qualifications from abroad might need to improve their English before they can take up better paid work suited to their previous experience.

**Funding for training** is important, as many on low wages have struggled to pay fees and expenses associated with learning and training. Recent changes to eligibility for Adult Education Budget funded training should help to alleviate this. Finding a role with higher pay isn't the end of the journey, **transitional support** to settle into a new job is beneficial, as is ongoing financial support, for example with childcare costs, or increased costs of travelling to work further afield.

Whilst **employer commitment and leadership** on offering and supporting progression opportunities to staff is important, **changing jobs and employers** seems to make it more likely that someone will escape low pay.

### **Key points for employers:**

Providing clear, structured progression pathways offers a variety of **benefits for employers:**

- Improved retention
- More flexible workforce
- Improved productivity
- Improved reputation

Employers need to develop **clear progression pathways** within their organisations, and ensure these are communicated to their employees. Looking at the business as a whole and its workforce development needs and **developing an ethos of progression** for the organisation overall, may be more effective than singling out low paid employees.

**Recruitment and promotion practices** can be changed to open them up to the whole workforce, for example using work trials rather than formal interviews to allow more junior staff to show their potential, instead of having to prove it on paper. **Job redesign** is also an important tool, allowing local managers to, for example, make supervisory roles part-time rather than full-time as is often the norm.

Internal processes such as **appraisals** can be proactively used to identify opportunities for low paid staff to progress, and to put in place the necessary steps to help them to achieve, for example **building**

**confidence and motivation.** Consideration of both **soft and hard skills** should be part of the appraisal and progression process.

**Key points for provision of in-work support:**

In general, supporting people on low pay to progress to a better job is **not a quick process**, and usually takes a period of months, or longer if for example someone needs to take a long training course. Therefore any progression service and/ or provision of funding needs to take this into account and should aim for **consistency and longevity**.

Recruitment of participants onto progression programmes also takes time and resources, and needs different approaches to standard unemployment programmes. Existing referral pathways, for example from JCP or voluntary sector organisations, may not be relevant, as people in work are likely to be in contact with different services. Participants may have **complex needs and lives**, and need significant support to be able to stay on a programme. Therefore, **good quality and experienced** providers are needed to deliver programmes.

Whilst training is likely to be one of the core offers of a progression programme, it needs to be **flexible and accessible** for people in work: offering courses on weekdays during working hours is unlikely to be sufficient. Evidence also suggests that **training alone may not be enough** to lead to a positive outcome; most likely it will need to be linked to a wider package of support and guidance. Whatever the package of support, it needs to be informed by and linked to the **local labour market**.

Whilst progression programmes are likely to focus on increased earnings as their major goal, a basket of **wider outcome measures** is also important, as a host of other impacts can be achieved through progression, leading to better overall wellbeing for participants. Some participants might be looking to progress 'vertically' within their existing sector, whilst others may want to progress 'horizontally' into a new sector: this may not immediately deliver an increased wage but could have better long-term potential.

**Continuous employment**, whether with the same employer or not, appears to make it more likely for people to progress than if they have periods of unemployment, so programmes should generally aim to help participants stay in work whilst they are working towards their progression goals. **Cycling in and out of low pay** is not uncommon; a single progression outcome may not lead to long term sustained benefits if the individual slips back into low pay.

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