Employment retention and progression – addressing the 'low pay, no pay' cycle

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About CFE

Services	• Research • Consultancy
Knowledge	• Employment and skills policy • Labour markets, partnership working
Reputation	• Established over 12 years • Proven track record
Added value	• Link policy and practice • Creative approach to delivery

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The challenge

The current situation

- **4.8m** in workless households
- **1.9m** children in a household where no-one works
- **Six in ten** poor households have somebody in work
- **Over half** of children living in poverty live in a working household

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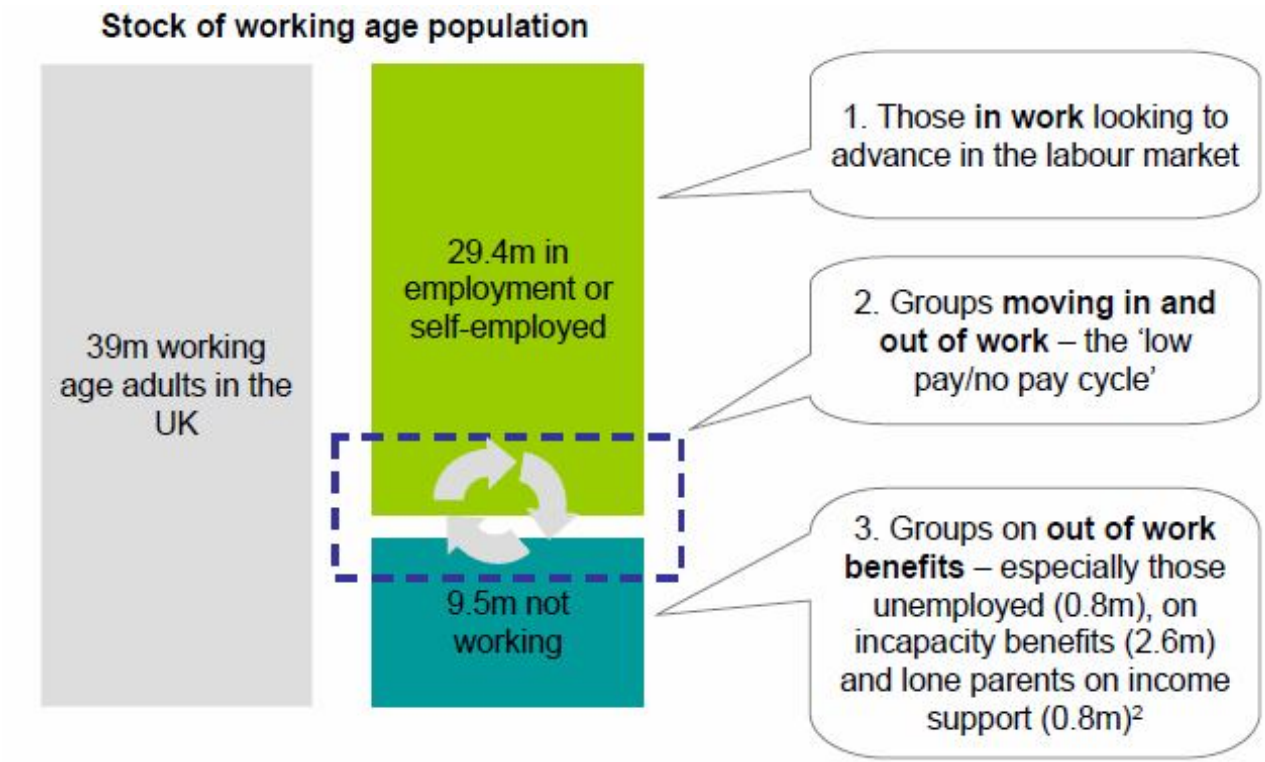
Labour market opportunities



Source: Life Chances: Supporting people to get on in the labour market
DWP, DIUS and Cabinet Office (2008)

Employment retention

Definition of employment retention

"staying steadily employed in any job for a minimum period of at least 12 months"

- Jobcentre Plus
  - 13 weeks
- Flexible New Deal
  - 6 months
- Proposed Conservative Work Programme
  - 12 months

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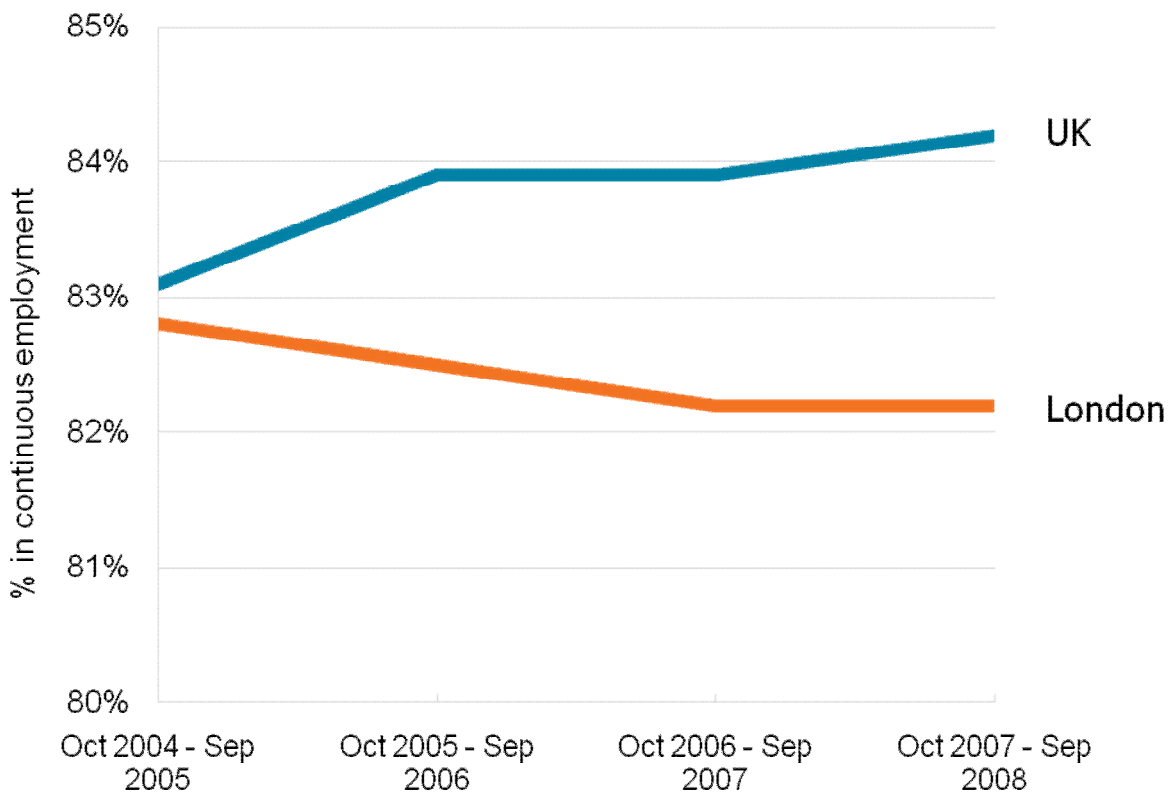
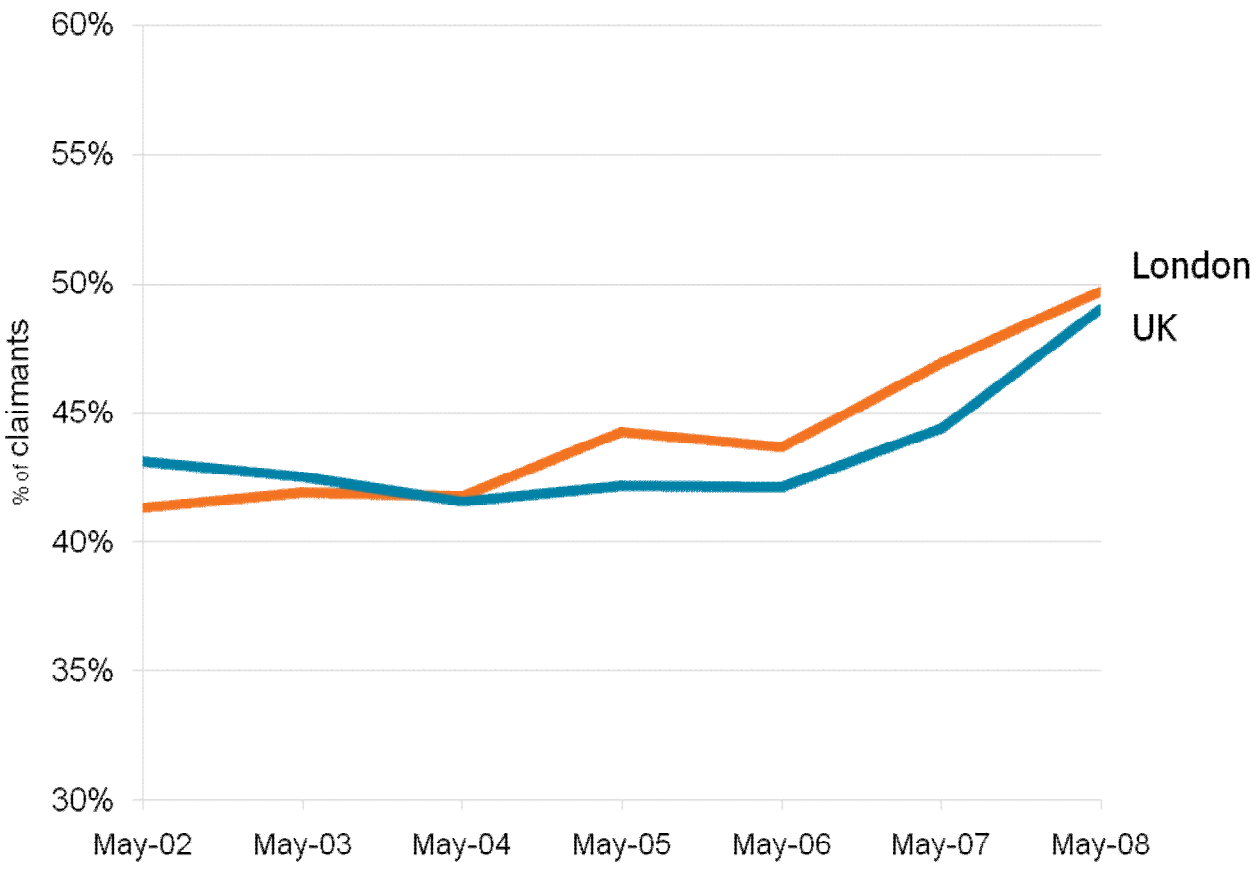
Levels of employment retention



Source: Changes in continuous employment for 12 months or more - ONS, Annual Population Survey (Oct 2004 to Sept 2008)

The low pay, no pay cycle



Source: Proportion of out of work benefit claimants returning to benefits within 6 months of their previous claim, DWP, May 2002 - 2008

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Discussion points

- What should sustainable employment be defined as?
- Should this be measured nationally?
- Are we suitably addressing retention today?
- Are there people that miss out on the eligibility of programmes due to frequent churn?

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Employment progression

Definition of employment progression

"The recipient of a 'better job'

i.e. jobs with higher pay, better benefits and conditions of service, regular hours and increased occupational responsibility"

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What is progression?

- Fiscal progression
  - The concept of low pay
  - The profile of the lowest earners
  - Analysis of the low pay economy
  - Movement out of low pay
- Job / occupational progression
  - Increases in managerial responsibility
  - Access to job related training

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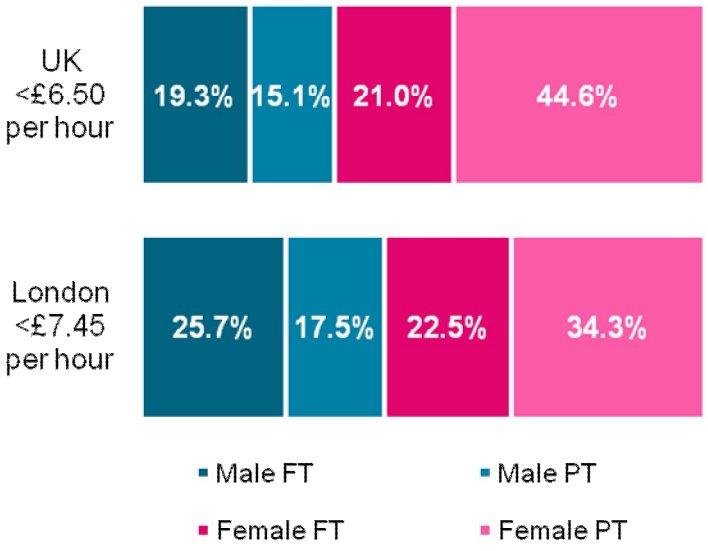
Fiscal progression

By gender and hours worked



By sector

Source: Proportions of low paid employment (left by gender and hours worked, and right sector) ASHE 2008

Individuals become stuck

- **One in ten** people who have been with the same employer continuously for 10 years or more are currently paid less than £7.45

- **53%** of low paid residents of London had experienced no significant improvement in their income between 2006 and 2008

Source: Staying In, Moving Up: Employment Retention and Progression in London, CFE for London Development Agency

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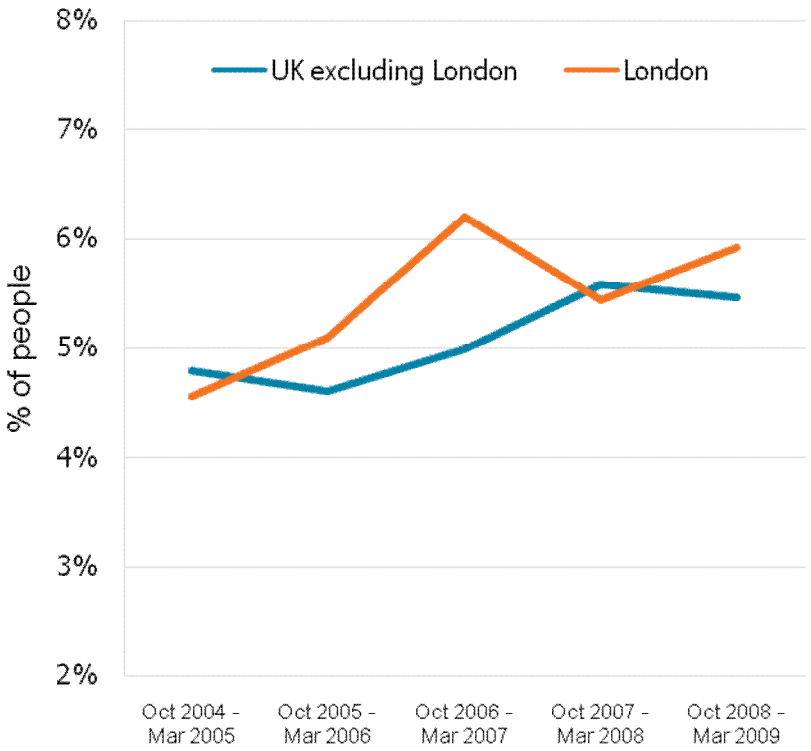
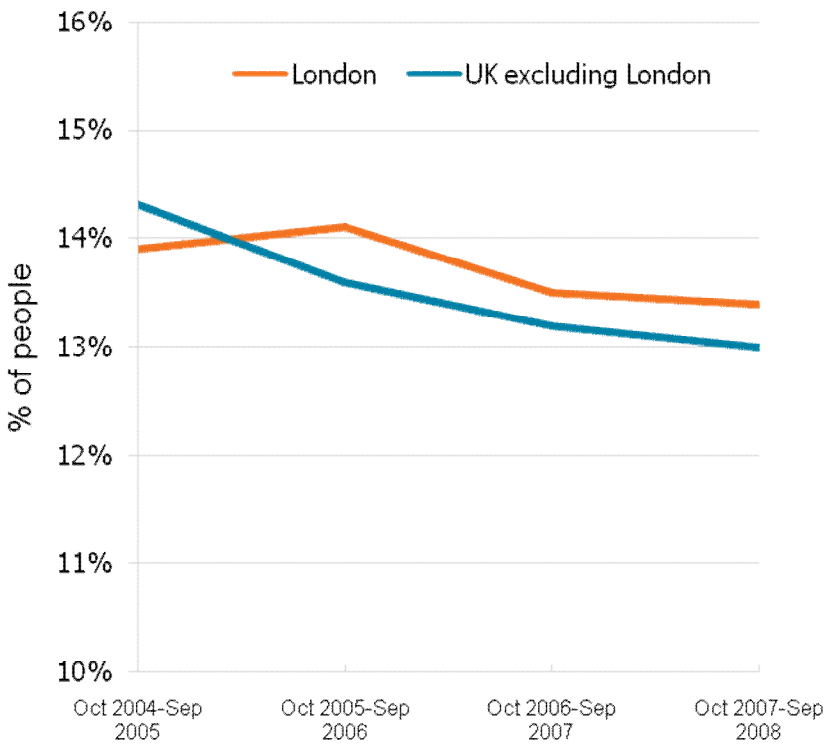
Job / occupational progression

Changes in those with higher managerial responsibility than their previous job



Source: Two quarter longitudinal Labour Force Survey, Oct-Dec 08 - Jan-Mar 09

Changes in those undertaking work based training in the last 4 weeks



Source: Annual Population Survey, October 2004 to September 2008

Who receives work based training?

Londoners that engaged in work based training in the previous four weeks:

- **38%** already had a degree or equivalent ONLY **4%** held no previous qualifications

- **45%** were in managerial and professional occupations ONLY **13%** were in routine and lower supervisory and technical occupations

Source: Staying In, Moving Up: Employment Retention and Progression in London, CFE for London Development Agency

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Discussion points

- Should progression be a concern?
- How is progression addressed in the system today?
- How is progression measured?
- How could we better address progression?
- Is progression important to employers?
- Should employers be offering more training opportunities?

What works?

Recommendations

Two-tier approach

- Individual approach
  - Re-employment services
  - Financial support
  - Case management
- Employer focused interventions
  - Careers ladders

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Individual approach

- Two types of financial support:
  - Earnings supplement (those recently moved from unemployment into employment)
  - Discretion fund (emergencies or training)
- Various services through one case manager
- Available at all stages throughout career
- Delivery through partnerships and sub-contracted to community-based organisations
- Tailored to individual needs

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Employer focused: career ladders

- Ensures sector has progression opportunities
- Partnership approach (employers, providers and key stakeholders)
- Owned by an employer led organisation
- Customised to meet organisational needs
- Skills needs conducted of existing workforce
- Participation voluntary for employers and employees

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Discussion points

- What is the role of in-work support for both retention and progression?
- What are the benefits of an holistic approach to support both getting work and when in work?
- Individuals vs employers – where should the focus be?
- Who should lead career ladders?

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Thank you

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