

# UK Futures Programme Competition brief:

## Progression Pathways in Retail and Hospitality

October 2014



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### Summary

The UK Commission for Employment and Skills (UKCES) and the Department for Work and Pensions (DWP) are inviting proposals from employers to develop progression pathways for low paid workers in the retail and hospitality industries. This competition responds to the challenge of increasing earnings for low income workers whilst also addressing the costly retention, recruitment and skills gaps faced by businesses in these industries. We are looking for employer-led proposals from firms or groups of companies of all sizes to run initiatives lasting 12 to 18 months. Proposals must be joint investments with employers investing in cash, in kind or both alongside a maximum government contribution of £250,000 per project.

The deadline for submissions is **28th November 2014**.

This document outlines the nature of the UK Futures Programme progression pathways in retail and hospitality. **It should be read alongside 'The UK Futures Programme: an introduction' and accompanying guidance for applicants (see end).**

### The challenge

Retail and hospitality are two of the most important sectors of the economy, between them providing 6.9m jobs, which is 20% of all jobs.<sup>i</sup> What's more both sectors are set to grow, providing new opportunities at all levels from the shop floor to senior management. However, they have traditionally seen high rates of labour turnover, requiring significant outlay on recruitment and induction training for new staff at the expense of development training and progression for existing staff. This in turn can lead to undue pressures on remaining staff and lost sales.

Employers in these industries are aware of the issues. Surveys of retail employers show that over a third (38%) believe that their staff do not have a long-term commitment to the business. Key reasons cited are complications arising from the benefits trap, low wages and a lack of progression opportunities.<sup>ii</sup> Retail and hospitality are both extremely price competitive, which in turn naturally leads to business models that focus on cost minimisation.

The workforce in these sectors are typically employed

part-time (38% in wholesale and retail) and are therefore likely to have very low pay; while the seasonal nature of some work can seriously limit opportunities for progression. Government is changing the benefit system and rolling out Universal Credit to substantially improve incentives to earn more, remove current hours restrictions and replace out of work benefits including tax credits on which £21 billion is spent per year.<sup>iii</sup>

Research suggests changing practices to help low earners progress at work can lead to improved customer service, better decision making abilities, reduced turnover, better morale and increased customer spending.<sup>iv</sup> We know that organisations adopting good working practices are likely to be more productive, more profitable, experience lower labour turnover and benefit from reduced absenteeism.<sup>v</sup>

### The Invitation

The UK Futures Programme invites proposals for funding from employers of all sizes, groups of employers or employer representative bodies in the hospitality and retail sectors. We seek proposals to test or pilot new or alternative ways of improving the earnings and progression of low paid workers through changes to business practices. Proposals must also demonstrate the clear aim of making a direct positive impact on employers, such as improved productivity or lower staff turnover.

Some indicative examples of the proposals that we anticipate funding are set out below. However, we welcome further ideas for innovative proposals:

- **Employers re-designing job roles** – Some job roles are narrowly designed with limited skills requirements resulting in a low productivity and low pay culture. In turn, this can effect job quality and the desire for employees to stay in and develop in a job. Some good practice exists where employers in retail and hospitality are re-designing job roles, ensuring workers experience a variety of tasks and develop broader skill sets. We wish to extend the reach of existing best practice.
- **Working with employers to implement and test “progression pathways”** – This involves employers mapping job roles within an organisation,

aligning them with training and development opportunities, and communicating these opportunities to all staff regardless of their contractual status. Then, using assessment, mentoring and appraisal through good, active line management, identifying and helping workers to progress.

- **Working with employers to implement and test high performance working (HPW) practices with low paid workers** – ‘HPW’ is a catch-all term for a bundle of employer practices associated with improved business performance. These include employee involvement (for example ensuring worker autonomy, task variation and problem solving teams), skills acquisition (on and off the job training, work shadowing, performance reviews) and motivational practices (employee consultation, performance related pay, flexible working etc.)

- **SME led collaborative approaches to progression** – Smaller businesses can face serious issues helping staff to progress. Collaborative approaches where, for example, groups of employers “share” staff or arrange progression pathways between themselves could be one way to help address the issue.

A key principle is that the UK Futures Programme is a test-bed for employer-devised, innovative solutions to the challenges identified in each competition. The UK Futures Programme encourages innovative experiments to better understand what works, what doesn't work, and why. This approach is most successful when a wide range of possible solutions to the problems facing employers are developed and piloted. Sharing the learning is important as is a wide recognition that not all approaches tried will succeed. Proposals must be rooted in a ‘logic chain’ approach, listing inputs, activities, outputs, outcomes and impacts to demonstrate how the proposed approach is appropriate to tackle the identified problem.

### Eligibility and success criteria

The main success measures are:

- A sustained improvement in earnings for low paid staff (see below for definition)
- Positive outcomes for business, for example: increased productivity and bottom-line profits, greater staff retention, improved staff satisfaction / motivation and reductions in recruitment and induction costs

The target group for this competition is employers who have workers earning less than or close to £7.65 per hour (£1,226 per month gross if full-time). We are particularly keen on proposals that will help those whose earnings are very low i.e. earning between £329

and £957 per month (gross). In most cases these will be part-time workers whose hourly rate is at or slightly above the minimum wage of £6.50.

It is vital that all proposals demonstrate the direct links between improved pay and the potential benefits to employers. This might mean, for example, that changing business practice helps workers to be more loyal and more productive, which in turn leads to progression where low paid workers receive more pay.

We will support the development and piloting of solutions and comprehensive evaluation of each initiative is vital. During the lifetime of the project we will expect involvement in a series of periodic learning sessions - ‘Innovation Labs’ - where project representatives share learning and experiences. All projects will also be expected to fully participate in the UK Futures Programme evaluation including research interviews with employers, employees and stakeholders.

Proposals must set out the timescale over which benefits to employers and employees can reasonably be expected to appear. Impacts on earnings and profits may accrue in time after the project has completed. Longer term evaluation and tracking could provide vital evidence of success. Projects should therefore be prepared to provide basic individual level information for project participants (for example name, address, date of birth and national insurance number) to enable the evaluation to track the earnings of participants over the longer term. Information would only be gathered with the consent of those involved.

Proposals should set out likely intermediate steps along the way to increased wages and benefits to business. For example, the project could include the introduction of clear, well communicated plans to link steps taken by employees to incremental rises in earnings, changes in employer investment in staff development or employer views on the likelihood of paying their staff more in the future.

Proposals must meet the UK Futures Programme core criteria of:

- Strong employer leadership/engagement
- Innovation
- A clear path from problem to solution which demonstrates the potential for impact
- Testing and shared learning
- Public and private investment – this can be cash, in kind or both

The balance of private cash and in kind contributions should be appropriate to the proposed project.

The important thing is that the contributions from employers add value to their best effect, show that employers are leading the projects and complement the public funding requested from UKCES. In-kind contributions need to be high quality and could include employer staff providing time, expertise and resource for example. For more information please see, the 'Further Information and Guidance' section at the end of this brief.

Proposals must align with the scope of this competition if they are to pass the Gateway question as part of the assessment process (application form). A clear majority of the project's objectives and activities should be aligned with this competition brief and show that the output(s) of the project will address the problems/issues identified.

### UKCES and DWP contribution

This competition is being jointly undertaken by UKCES and the Department for Work and Pensions (DWP). A total investment pot of up to £2 million is available across 2015/16 and 2016/17 for this competition with £1m from each contributor. UKCES and DWP expect to invest up to a maximum of £250,000 per successful proposal but the amount and the proportion of total costs will differ according to the nature of the project being proposed. We anticipate projects lasting for between 12 and 18 months.

### Further information and guidance

Further information is available from the UK Futures Programme website (<https://www.gov.uk/government/collections/ukces-futures-programme-overview>).

It is important that applicants read the suite of accompanying guidance documents:

- **UK Futures Programme: an introduction**
- **Guidance for Applicants**
- **Application Form and Annexes**

We are holding webinars on the 22nd and the 24th October that will feature a live Q&A for interested parties.

Questions on the process and scope of the competition can be submitted via [enquiries.futuresprogramme@ukces.org.uk](mailto:enquiries.futuresprogramme@ukces.org.uk)

### Commissioner leadership

The UK Futures Programme is led by Scott Waddington, Chief Executive SA Brain and Co Ltd and UKCES Commissioner. This competition will be led by Sean Taggart, Owner and Chief Executive of the Albatross Group and UKCES Commissioner. Alongside him will be Dave Prentis, General Secretary of UNISON and UKCES Commissioner. It will be managed by David Massey, Senior Manager at UKCES. DWP Leadership will also play a central role in the assessment of applications and the agreement of successful projects.

### Application process

The table below sets out the timetable for the competition. An application form with guidance will be available on the website (see below).

Activity	Date
Launch of competition	10th October
Webinars	22nd and 24th October
Submission deadline for applications	12 midday on 28th November
Interviews	w/c 26th January
Applicants informed of decisions	mid February
Projects start	April

### References

- i. Office for National Statistics, (June 2014) Statistical Bulletin, Labour Market Statistics, Workforce Jobs by Industry.
- ii. UKCES Employer Skills Survey 2011 data cited in Mosley, P. Winters, G. and Wood, S. (2012), Wholesale and Retail Sector Skills Assessment 2012, UK Commission for Employment and Skills.
- iii. Keohane, N and Hupkan, C. (2014) Making Progress: Boosting the Skills and Wage Prospects of the Low Paid. Social Market Foundation.
- iv. Devins, D et al (2014) Improving Progression in Low Paid Low Skilled Retail, Catering and Care Jobs. Joseph Rowntree Foundation.
- v. UKCES (2014) The Labour Market Story an Overview, UK Commission for Employment and Skills.