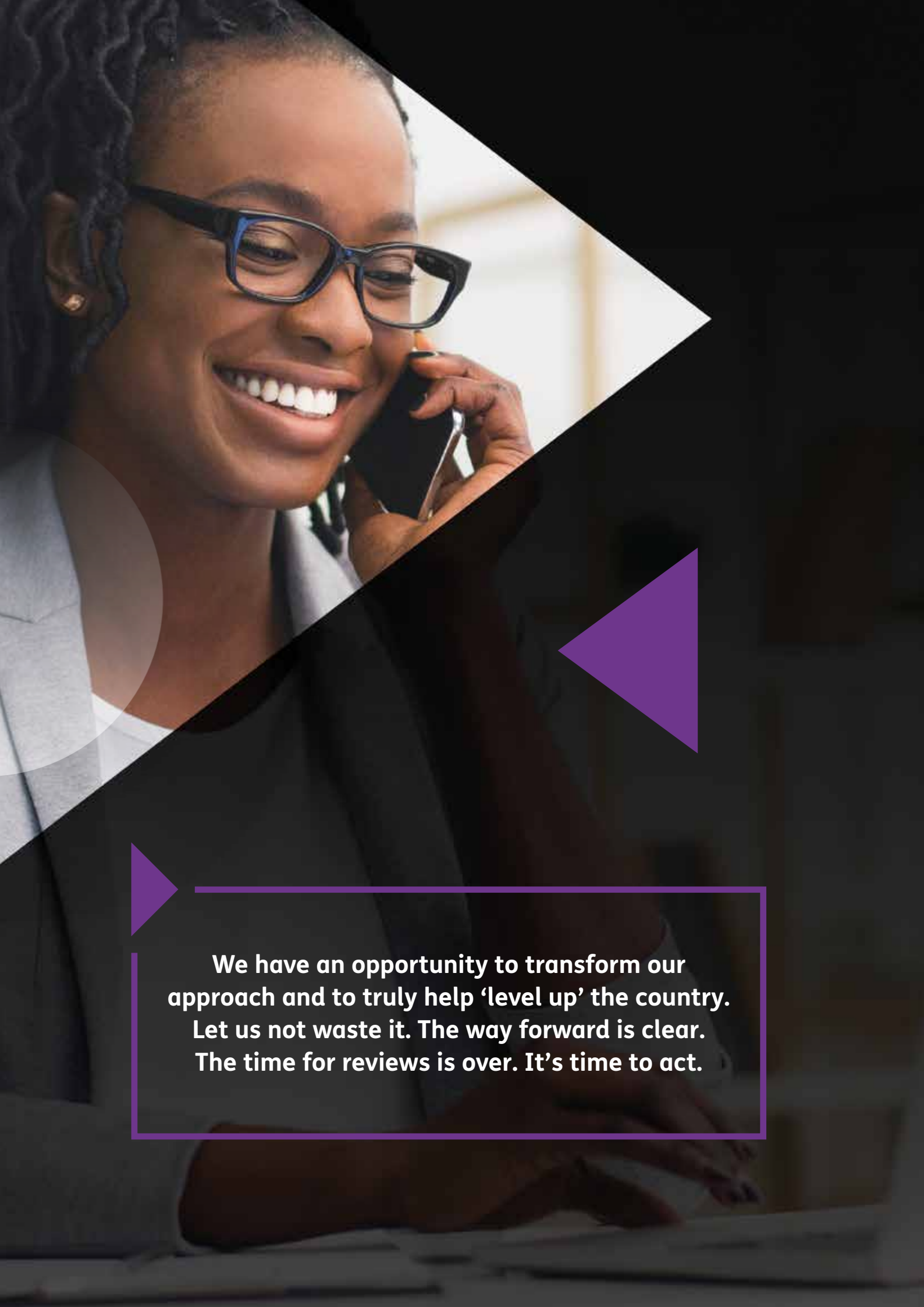


# Supporting progression out of low pay: a call to action

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In-Work  
Progression  
Commission



**We have an opportunity to transform our approach and to truly help 'level up' the country. Let us not waste it. The way forward is clear. The time for reviews is over. It's time to act.**

**Note:**

As far as has been possible, the Commission has used statistics that apply to the entirety of the UK. When UK-wide data has not been available, the Commission has used statistics either for Great Britain and where possible Northern Ireland or for individual nations of the UK. The scope of the data used is clearly marked within the text.

It should be noted that at times the Commission has chosen to use pre-COVID-19 figures given the uncertainties around the extent of the impact of the pandemic.



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# Foreword

from **The Rt Hon Thérèse Coffey MP**  
Secretary of State for Work and Pensions



Since my appointment as Secretary of State for Work and Pensions in September 2019, one of my ambitions has been to ensure that everyone, no matter their background, has the opportunity to have a fulfilling working life – one that allows them to rise up the career escalator and to develop throughout life.

Many people already have this opportunity, but for others, especially those in low-pay, there can be too many barriers to progression. I want to change this, which is why I asked Baroness Ruby McGregor-Smith, who has also conducted thought-provoking reviews into the barriers facing women and ethnic-minority workers, to lead an independent Commission investigating the challenges faced by those in low-pay looking to progress in work.

One of the impacts of the COVID-19 pandemic has been the disruption of the labour market in a way not seen for generations. I am proud of the work of my Department to ensure that people get the help they need and then to return to the labour market. While that work is still underway through the Plan for Jobs, it is also important that we consider how to put the right systems in place to ensure that once people are in jobs they can continue to learn, develop and increase their earnings.

I thank Baroness McGregor-Smith and her advisory panel for this independent review and I will consider it carefully, as will all of Government, in helping us build back better and fairer.

A handwritten signature in black ink, appearing to read 'T. Coffey', written in a cursive style.

**The Rt Hon Thérèse Coffey MP**  
Secretary of State for  
Work and Pensions

# Executive foreword

from **Baroness Ruby McGregor-Smith**  
The In-Work Progression Commission



I am a passionate advocate for increasing aspiration for all. My own background, and the challenges I and many others have faced, make me so determined to ensure we remove the barriers for everyone. I have experienced the struggles faced by my family trying to make ends meet while I was a child and I know the value of having good opportunities in work to help unlock potential and enable progression.

While this report is aimed at decision-makers, I hope that many people in low-pay jobs will read it too. To them, let me be clear, my mum and dad experienced many of the challenges you have faced. I grew up with that and saw how difficult it was at times for them. They managed to break the cycle of low-pay and supported my sisters and I to see the value of education and work and I am determined to break the barriers people stuck in low-pay face.

No individual should be held back and not able to fulfil their potential. I want the United Kingdom to be thought of by everyone as an incredible place to grow up in and for there to be many opportunities in the workplace to progress out of low-paid work.

When I was asked by the Secretary of State for Work and Pensions in early 2020 to lead a review into how people in low-pay can be better supported to progress in work, I had no idea of the human and economic catastrophe the country and the world was about to face. While the last year has been incredibly heart-breaking and challenging, it has also given us the opportunity to reconsider how we work. As this report will show, people in low-pay find it very hard to progress to, and stay in, higher earning work. This is due to a variety of reasons, including a lack of skills, logistical challenges, such as a lack of suitable transport or childcare arrangements, as well as confidence and motivational barriers.

While there have been reports that have looked at some of these barriers for the low-paid in the past, there have been few, if any, that have brought them all together in one place. This report aims to rectify that. It is not possible to solve the low-paid 'progression puzzle' simply by looking at one set of barriers in isolation to the others. No matter how great a training course might be, for example, a person has to believe that they can achieve something by taking that course and they need to be able to actually access the course – is the course run at a time and in a location that works for people who do shifts, for example, or does it offer childcare?

In researching this report, I have had the pleasure of talking to employers, local and devolved authorities, Jobcentre Plus Work Coaches, academics, charities and others. I was guided by an Advisory Panel of innovative and committed organisations who continually supported and challenged me to address the barriers to progression that people in low-pay face. I am also grateful for the many organisations that took the time to respond to the Call for Evidence. It is clear that while there is a real passion for supporting people to progress in work, even during the COVID-19 pandemic, many challenges remain.

The Commission has identified a gap in provision for people in low-pay. Most Jobcentre Plus support is tailored to help people get in work, as is much of the free or low-cost training provided to help people increase or diversify their skillset. Many employers in low-pay sectors also struggle to find the right way to encourage progression among their staff. Simply put, there seems to be a mind-set that progression happens naturally for the vast majority of people. But this is just not the case. In fact, only one in six<sup>1</sup> of those workers in low-pay ever truly escape.

It is absolutely right that current efforts in the labour market are directed at getting people back into work. However, in doing so, it is imperative that we do not do so in such a way that leaves people in low-pay sectors to make their own way afterwards. Nor should we forget about the people who are currently in low-paid work and who may have been in these roles for a considerable length of time. We need to act now if we are to avoid consigning people in low-pay to stay there forever.

While I did this report for the Department for Work and Pensions, I am clear that progression cannot be the preserve of one Department or of Government alone. The Departments for Work and Pensions, Education, Business, Energy and Industrial Strategy and Transport, and their equivalents in the Devolved Administrations, collectively have a role to play in ensuring that policies are designed to support progression in work among the low-paid. The Department for Work and Pensions, in particular, has an opportunity to build on its local relationships and to transform its hundreds of Jobcentres into convening centres of expertise on progression support. Employers also need to ensure that they are proactively encouraging and facilitating their employees to develop and progress in work. I am also clear that much of this work will only succeed if it happens at a local level. That is why it is essential that local authorities and other local actors are part of the solution.

This report has recommendations for government at every level and employers. I call on government and employers to consider them carefully and to act now to help support people in low-pay to progress in work and to continually keep this work under review. We have an opportunity to transform our approach and to truly help 'level up' the country. Let us not waste it. The way forward is clear. The time for reviews is over. It's time to act.



**Baroness Ruby McGregor-Smith**  
The In-Work Progression  
Commissioner

# Summary

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**The Commission wants everyone in low-pay to have the opportunity and support to progress in work and increase their earnings.**

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The Commission's report identifies the multiple barriers faced by those in low-pay looking to progress and sets out key actions that governments at every level across the UK, employers and others should take to minimise and remove these barriers. It is clear to the Commission that it will require a united effort from these actors to tackle the obstacles that keep people trapped in long-term low-pay.

- ▶ **Chapter 1** is an introductory section which **looks at the Commission's objectives and rationale for focussing on progression out of low-pay**, considering the evidence to date, including who is more likely to be in low-pay. The Commission identifies the multi-pronged nature of barriers to progression and considers findings from the Department for Work and Pensions' Future Cohort Study and Randomised Control Trial to determine how to best support people in low-pay to sustainably increase earnings. The Commission asserts that governments across the UK should seek to play a broad facilitating role, ensuring that there is a long-term focus on in-work progression, including through policy design. The Commission further advocates for greater oversight of and collective action on progression support across UK government departments and their equivalents in the Devolved Administrations.
- ▶ **Chapter 2** considers the role that **Jobcentres** can play in supporting progression. This role draws on their existing strengths as a national network of local centres of expertise on employment support. Considering the evidence to date on support for in-work progression among the low-paid, the Commission recommends how support that motivates

people to progress and gives them the tools to do so could be embedded into the core service of Jobcentres. The Commission also looks at whether the policy design of Universal Credit can better incentivise progression and how well the system in relation to progression incentives is understood by claimants and employers.

- ▶ **Chapter 3** considers how governments and employers across the UK can **embed a culture of lifelong learning** to support an ambitious and productive workforce. The Commission advocates that developing skills and an understanding of the value of continual learning among the low-paid is essential to help people in low-pay sustainably progress in work. The Commission looks at current skills initiatives and identifies the barriers to uptake for those in low-pay. The Commission advocates for more bespoke development support for workers in low-pay through a progression and learning plan, and describes how to ensure that learning offers are appropriate, accessible and appealing to all demographics of workers in low-pay.
- ▶ **Chapter 4** explores the role of **employers**. The Commission advocates that employers are best-placed to engage with their low-paid workers and notes the benefits that progression has for businesses. This chapter sets out actions to assist employers to become 'progression-focused' to better support their employees to progress in work and to make the most of their potential. The Commission provides a 5-point progression checklist, which employers of all sizes can adopt, and also makes recommendations on how employers can embed progression into their organisational culture. The Commission also argues for transparent national and local progression pathways for each low-pay sector, to help workers have a clear 'line-of-sight' to their potential career path.

- ▶ **Chapter 5** looks at the potential that **public procurement** has in incentivising good employment practice, including progression. The Commission looks at case studies of programmes which go over and above their core contract commitments to deliver social good as part of public sector spending. The Commission encourages government to go further and increase the minimum weighting of social value in public procurement to 20% over time as well as developing mechanisms for sharing good practice in assessing social value between public procurement teams in local, national and devolved authorities.
- ▶ **Chapter 6** focuses on the significant barriers that lack of suitable **transport** and **childcare** pose. The Commission argues that local bus networks offer an opportunity to transform employment potential for workers in low-pay sectors and recommends governments throughout the UK continue to enhance reliability and availability of services and decrease costs to help those in low-pay seeking to progress. In relation to childcare, the Commission looks at the flexibility, availability and understanding of current provision, concluding that governments across the UK must be more aware of the role childcare plays in supporting progression and act accordingly. The Commission also makes recommendations to employers in relation to childcare and transport for their workers.



# Chapter 1: Introduction

## The Commission's objectives

The Department for Work and Pensions set up the In-Work Progression Commission in March 2020 to look at the barriers to progression for those in low-pay roles, particularly for those with whom the Department comes into contact through its Jobcentres. This was just weeks before the first public health lockdown of 2020 and the Commission's work since then has had to balance short-term considerations of unemployment with longer-term considerations of what more could be done to support those in low-pay. The Commission is extremely grateful to its partners throughout the UK, both within and outside government, who worked with it through this period and provided valuable time and insight which has been instrumental in shaping the report and recommendations.

It has been clear through the course of the Commission's work that the barriers to progressing out of long-term low-pay, and most of the accompanying solutions, are relevant to all those in low-pay, even if they do not interact with the welfare system. The Commission therefore decided to include not only issues relating to the Department for Work and Pensions' direct service delivery, but also wider issues of policy and culture driven by government and employers, which enable or unintentionally impede progression out of low-pay.

## Defining progression and the Commission's focus on progression out of low-pay

The Commission learned that there is no single, widely recognised definition of in-work progression. Studies commissioned by the Department for Work and Pensions, which are discussed more fully later in this report, suggest that views of progression are varied. For some it is about increasing hours, while for others it is primarily about increasing hourly pay. The Commission also recognises that

being in work is a pre-requisite to progression and so, for some, addressing the short term instability of insecure, low-hours or seasonal contracts, or the longer term concern of sectoral decline, will be a crucial element of any approach to in-work progression. The 2017 Taylor Review of Modern Working practices reflected these varied perspectives when it chose to assess quality work according to six criteria: wages, employment quality, education and training, working conditions, work-life balance, and consultative participation and collective representation<sup>2</sup>. The Commission supports this helpful work and that of the UK government's response, the Good Work Plan<sup>3</sup>. The focus of this Commission's report, however, is how to enable higher hourly wages for better quality work, whether for the same employer, in the same field, or in a different sector entirely. In this report, the Commission identifies the main barriers to progression out of low-pay and sets out the key actions that the Commission believes need to be taken to support those stuck in low-pay to progress in a meaningful and sustained way.

It is clear to the Commission that both employers and governments at every level have central roles to play in tackling the obstacles that keep people trapped in long-term low-pay. Employers are best-placed to engage with their low-paid workers, understand the challenges they face when seeking to progress and consider what action they can take to make the most of the potential of their employees. The report also sets out steps that governments, at national and local level, can take to ensure policies are designed to help those in low-pay progress. This includes playing a broad facilitating role, whether through incentivising employers to act by embedding consideration of progression into public procurement processes, actively encouraging lifelong learning for all or ensuring this country has the right infrastructure to support an ambitious and productive workforce.

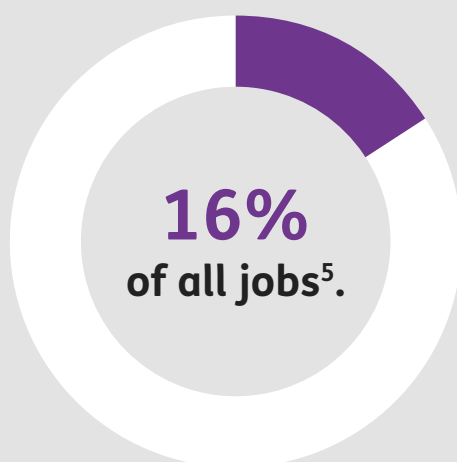
Figure 1

## Why in-work progression matters

According to the Office for National Statistics, in April 2019 there were over

**4.2 MILLION**

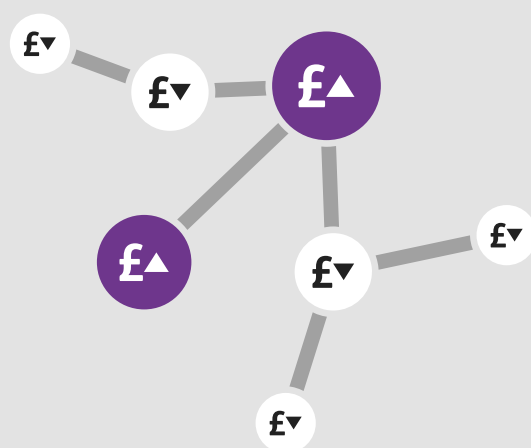
low-paid jobs in Great Britain



Research from the Resolution Foundation for the Social Mobility Commission found that

**ONLY 1 IN 6**

of those low-paid in 2006 managed to escape low-pay over the course of the following decade<sup>6, 7</sup>.



## LOW-PAY IS NOT EVENLY SPREAD

Low-paid roles are more prevalent in particular sectors and geographical areas and the likelihood of being in low-pay also varies for different demographic groups<sup>8</sup>.

Graphic created by the In-Work Progress Commission.

## Low-pay in the UK

The Office for National Statistics (ONS) defines low-pay as less than two thirds of median hourly earnings. In 2019, in Great Britain, the median hourly wage was £13.34, therefore, according to the ONS definition, low-paid workers were earning an hourly wage of £8.89 or less<sup>4</sup>. In April 2019, there were over 4.2 million low-paid jobs in Great Britain by this definition, 16% of all jobs<sup>5</sup>. Furthermore, research from the Resolution Foundation for the Social Mobility Commission found **that only one in six of those low-paid in 2006 managed to escape low-pay over the course of the following decade**<sup>6 7</sup>.

Low-pay is not evenly spread. Low-paid roles are more prevalent in particular sectors and geographical areas and the likelihood of being in low-pay also varies for different demographic groups.

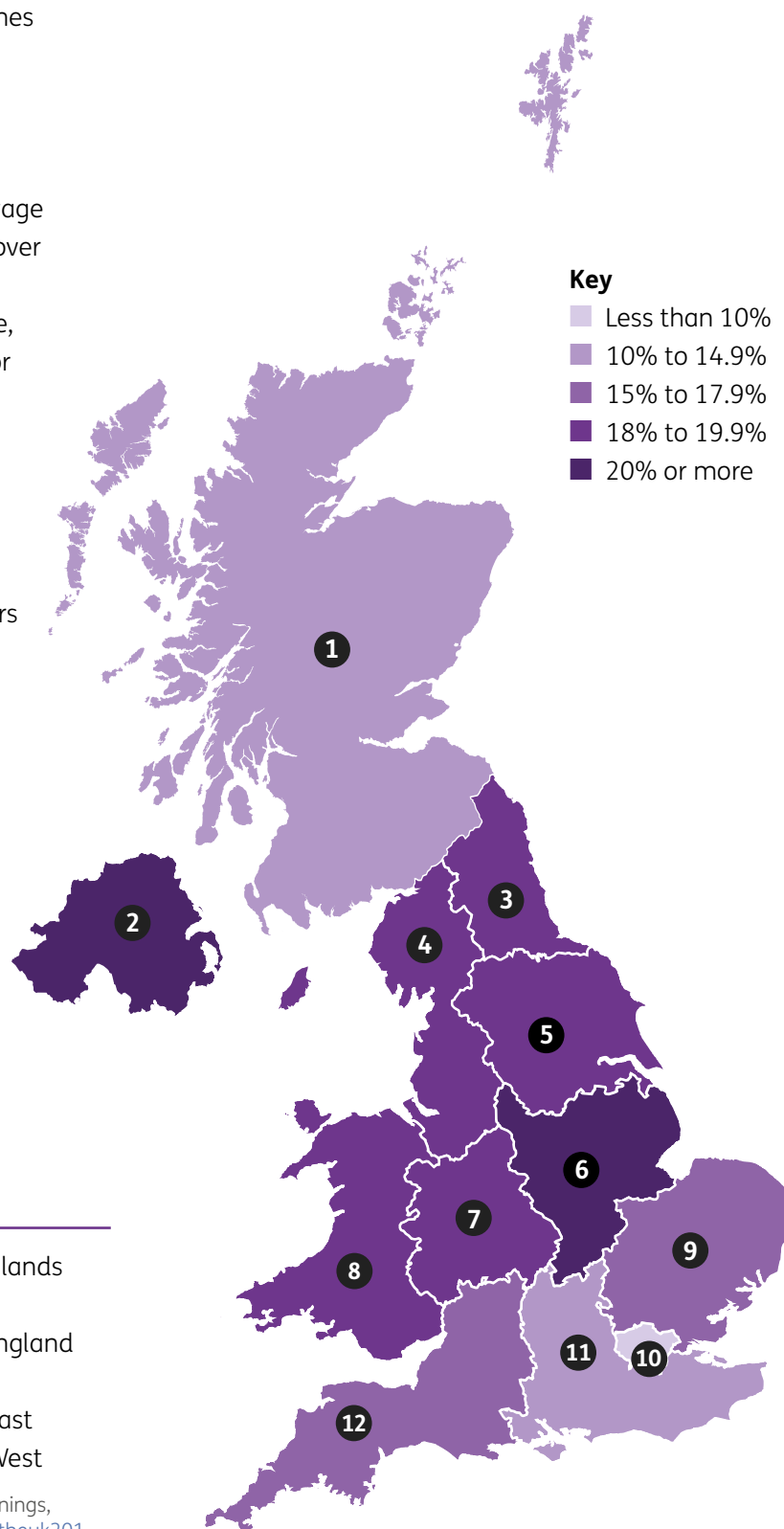
### Location

Within the UK, in 2019, Northern Ireland (21.1%), the East Midlands (20.1%), the North East (19.9%) and Yorkshire (19.6%) had the highest proportions of low-paid jobs. London (8.7%), the South East (13.9%) and Scotland (14.5%) had the lowest proportions of low-paid jobs. In Wales, 19.1% of jobs were classed as being low-paid<sup>8</sup>.

**Figure 2**

- |                             |                    |
|-----------------------------|--------------------|
| 1. Scotland                 | 7. West Midlands   |
| 2. Northern Ireland         | 8. Wales           |
| 3. North East               | 9. East of England |
| 4. North West               | 10. London         |
| 5. Yorkshire and the Humber | 11. South East     |
| 6. East Midlands            | 12. South West     |

Data taken from ONS, Annual Survey of Hours and Earnings, <https://www.ons.gov.uk/releases/employeeeearningsintheuk201>



However, inequalities are often more striking when looking within UK regions and constituent nations — comparing their constituent counties and local authority areas — than when making comparisons between regions. Unlike many other countries, where inequality in productivity and pay often reflects an urban-rural divide, the distribution of low-pay is mixed in the UK. While some large cities do well, others do not. Some small towns and rural areas do comparatively better than poorer performing cities<sup>9</sup>.

Improving progression out of low-pay can therefore play an important role in levelling up opportunity and growth within regions, as well as across the UK.

## Sectors

In April 2019, as shown in figure 3, close to half of all low-paid jobs (45%) in Great Britain were in the Wholesale and Retail trades and Hospitality. Residential and Social Care and Business Support Services (which includes outsourced agency work) are also sectors with large numbers of employees in low-pay, together accounting for 21% of low-paid jobs<sup>10</sup>.

**Figure 3 - Number of employee jobs in thousands in Great Britain**

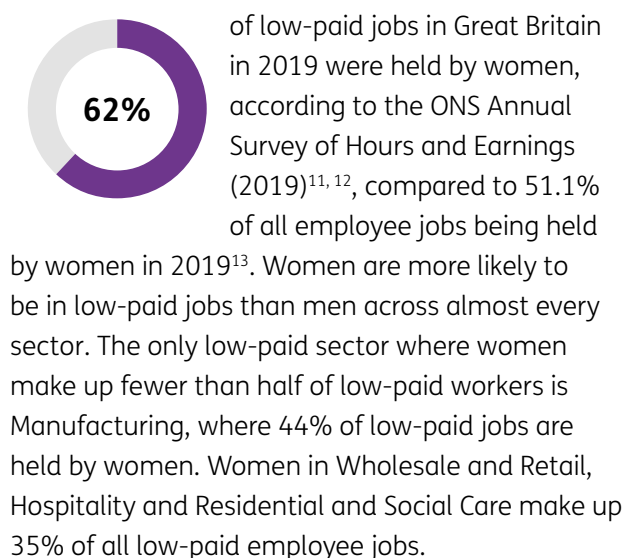
Industry	Low-paid jobs	Better-paid jobs	All jobs
Wholesale & Retail	1,083	2,565	3,648
Hospitality	812	669	1,481
Business Support	449	1,212	1,661
Education	309	3,346	3,655
Residential & Social Care	449	931	1,380
Manufacturing	250	2,097	2,347
Creative & Sports	158	392	550
Rest of Economy	703	10,396	11,099
<b>Total</b>	<b>4,213</b>	<b>21,607</b>	<b>25,821</b>

Source: ASHE, 2019, Great Britain. Data taken from Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.

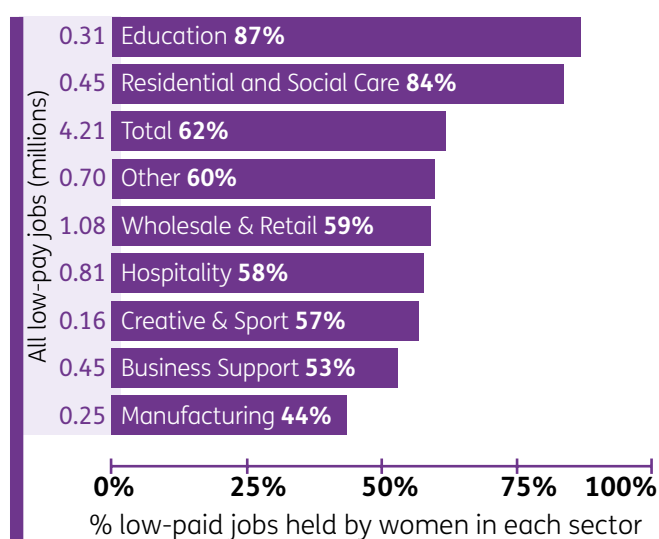


## Demography

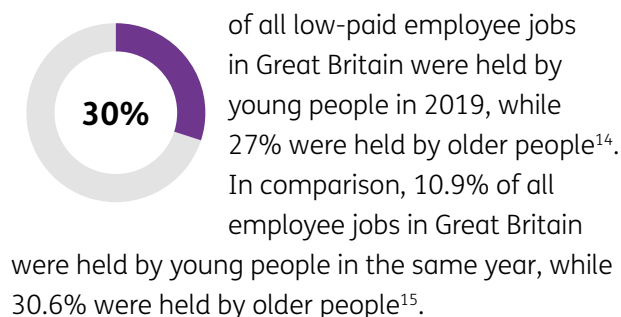
The Commission has also learned that certain worker groups are more likely to be in low-pay:



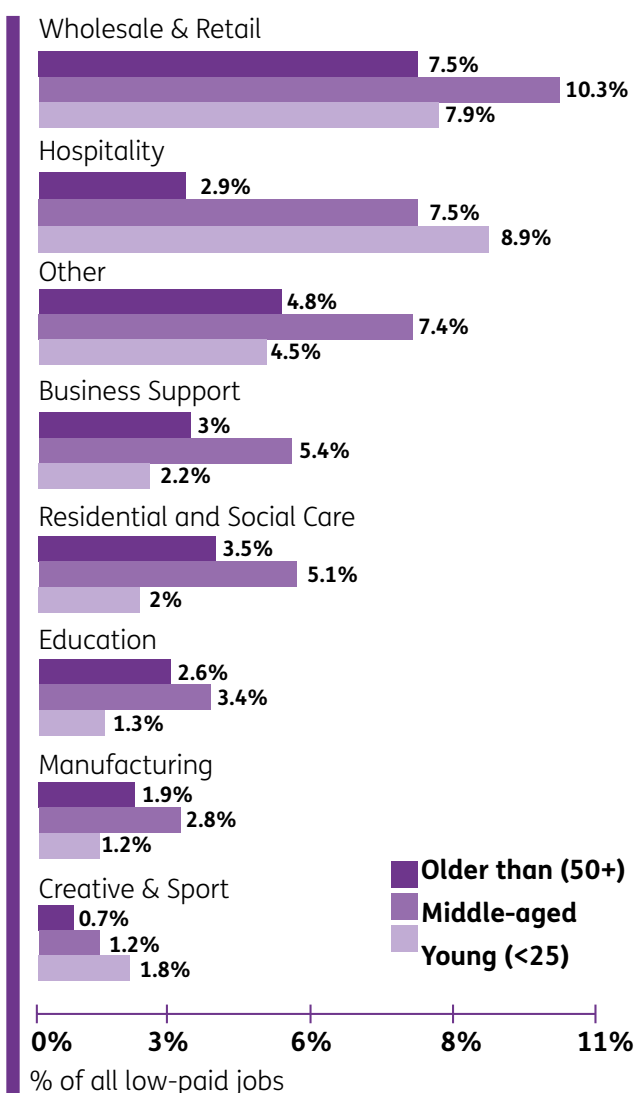
**Figure 4 - The majority of low-paid jobs are held by women in almost every sector.**



Data taken from Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.



**Figure 5 - Low-paid jobs held by different age groups in each sector as a share of all low-paid employee jobs.**



Data taken from Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis<sup>16</sup>.

The Commission also received a significant number of representations through its Call for Evidence that asserted that ethnic minority and disabled workers also face significant challenges around progression and are more likely to be stuck in low-pay for long periods of time. While the Annual Survey of Hours and Earnings does not provide statistics for the proportion of low-paid jobs which are held by ethnic minority or disabled workers, data regarding pay gaps and occupation types provides an indirect indication of the challenges these groups face in relation to progression.

In 2019, the ethnicity pay gap between White and Ethnic Minority groups stood at 2.3% in England and Wales, its lowest level since 2012<sup>17</sup>. However, this headline figure masks a wide variation in the experiences of different ethnic minority groups. For example, in 2019, in England and Wales, the median hourly pay for the Bangladeshi ethnic group was £10.58, while for the Pakistani ethnic group it was £10.55 per hour, compared with £12.49 per hour for White British employees<sup>18</sup>. In contrast, individuals from the Chinese, White Irish, White and Asian, and Indian ethnic groups earned higher median hourly pay than White British employees across 2012 to 2019<sup>19</sup>.

Furthermore, in the UK in 2018, 11% of people from the White ethnic group worked under the ‘Managers, Directors and Senior Officials’ occupation group, compared to 5% from the Black ethnic group<sup>20</sup>. In the same year, 41% of workers from the combined Pakistani and Bangladeshi ethnic group were in the three least skilled types of occupation compared to 24% of White British workers.

For disabled workers, in 2018, the pay gap in the UK was 12.2% although around a quarter of the difference in mean pay can be accounted for by factors such as qualification and occupation<sup>21</sup>.

Disabled workers are also less likely than non-disabled people to move into work, as well as being more likely to move out of work<sup>22</sup>.

In 2018, disabled employees in the UK were generally under-represented in higher skilled and typically higher paying occupation groups, while they were over-represented in lower-skilled and lower paying occupations when compared to their non-disabled counterparts<sup>23</sup>.

### Progression out of low-pay

Resolution Foundation analysis, which tracked initially low-paid employees (earning below two-thirds of median hourly pay in 2006) over the course of a decade, found that under 25s were less likely to get stuck<sup>24</sup> in low-pay than the average low-paid employee<sup>25</sup>. A proportion of this age group will escape low-pay over time by moving from an occupation that pays relatively low wages into an occupation with higher average earnings.

For those in their late thirties onward, progression out of low-pay is proving difficult. Older individuals who were low-paid in 2006 were less likely to have escaped<sup>26</sup> low-pay in 2016 than 16-20 year olds<sup>27</sup>. Those in their late thirties in 2006 were already 33 percentage points less likely to progress than a 16-20-year-old, with the size of the gap increasing for older groups.

In addition to age, gender also has an impact on progression out of low-pay, with women more likely to remain in low-paid work for longer<sup>28</sup>. Women are also more likely to spend more time in part-time work, a factor which is negatively linked to progression.

## The impact of COVID-19

The Commission appreciates that its findings and recommendations will need to be considered alongside the overall economic recovery effort to address the impact of COVID-19. The costs of the pandemic have particularly impacted some sectors, with some, such as hospitality, suffering a 90% fall in output during the first lockdown, while others, such as finance, have hardly been affected<sup>29</sup>. While it is right to focus now on helping the economy to recover and supporting people back into employment, it is also important to put the right structures in place to support people to progress and move into better quality work as the economy strengthens.

## Barriers to progression

For many workers, the barriers to progression are multi-pronged, overlapping and change over time. The barriers can be broadly divided into three categories, as shown below.

**Figure 6 - Barriers to progression**

### Internal drivers including Confidence/Risk appetite

- Lack of confidence to take up new roles
- Risk/reward ratio not seen as worthwhile / too precarious
- Lack of understanding progression opportunities and how to access them
- No mentors/role models
- Content with current situation

### Logistical/Structural

- Geography of jobs
- Transport
- Childcare
- Lack of flexible working
- Universal Credit Progression Incentive
- Structure of training/Apprenticeships

### Skills

- Lack of previous educational attainment/ accredited training
- Gaps in functional skills
- Course costs/ accessibility
- Lack of clear progression pathway/ not clear why training is worthwhile

## Barriers

In 2019, the Department for Work and Pensions commissioned Ipsos MORI to produce the Future Cohort Survey<sup>30</sup>. The survey looked at barriers to progression for the 'future cohort': individuals in Scotland, England and Wales who were working and receiving tax credits or Housing Benefit only, who, based on their earnings, might move into the 'Light Touch' conditionality group if they moved onto Universal Credit.

Many of the future cohort are in stable employment. For example, four in ten (41%) have been in their current job for over five years, and a similar proportion (42%) have been in their role for between one and five years. Respondents with no qualifications are more likely to have been in the same job for more than five years (48%).

Many work short hours and face financial difficulties. On average they work 21 hours per week. Average household earned income is £709 per month, while a quarter (26%) have monthly earnings of less than £500 and 16% more than £1,000. Three-quarters (75%) of the future cohort report at least some difficulty with keeping up with their bills and other financial commitments. Parents are more likely to report financial difficulties than single adults (77% compared with 71%).

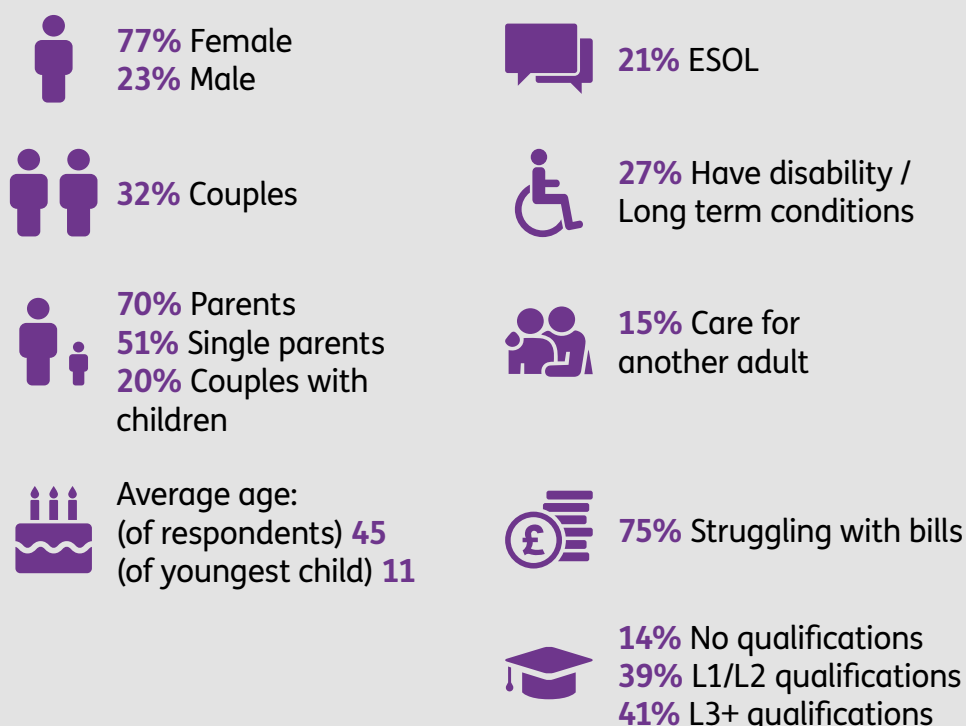
Reflecting the stable work that many are in, the majority of the future cohort are satisfied with the work that they do. Eight in ten (81%) report feeling satisfied with their job overall. Satisfaction is highest with work-life balance (80%) and the number of hours worked (79%). Two-thirds are satisfied with their pay and training opportunities (64% and 66% respectively) and over half (56%) with opportunities for career development. Reflecting the high overall satisfaction, two-thirds (64%) of respondents strongly agree that their biggest priority is keeping their current job rather than looking to progress at work.

Graphic created by the In-Work Progress Commission.

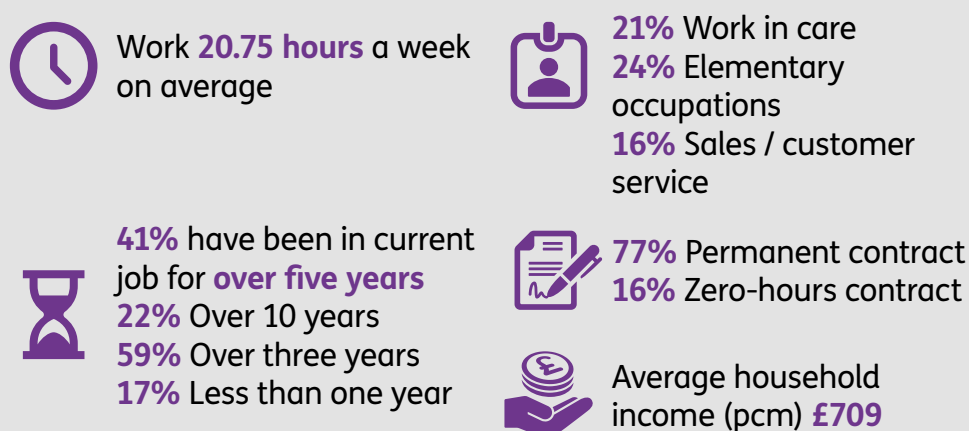
Figure 7 - Diagram showing demographics of future cohort participants.

## Overall key characteristics of the future cohort

### FAMILY & HOME



### WORK



Base: All future cohort participants (3,144). Data taken from The Department for Work and Pensions. (2021) The Future Cohort Study: Understanding Universal Credit's future in-work group.

While most of the future cohort are satisfied with their current job, many are also taking steps to explore or pave the way for progression. Around 7 in 10 (72%) report taking at least one action to progress in the past 12 months, most commonly taking a training course (34%) or speaking to their manager about progression opportunities (32%). However, nearly half (47%) feel they first need to improve their skills and qualifications, with IT skills an area in which many felt at a disadvantage.

In addition to these findings, the Commission learned through its consultations and [Call for Evidence](#)<sup>31</sup> that many are also unconvinced of the personal benefits of progression, especially if it means unpicking carefully balanced work-life arrangements for uncertain benefits. The Equality and Human Rights Commission has found that workers frequently lack the necessary information needed to consider potential personal progression as too few low-pay sectors and businesses set out clear progression pathways<sup>32</sup>. Furthermore, the Commission has heard that the lack of flexibility in more senior roles can often mean that women in particular are unable to take up opportunities to progress due to the need to work around existing caring responsibilities and challenges associated with accessing affordable childcare at the required hours<sup>33</sup>.

## What would support progression?

Turning to the support that people felt they needed to progress at work, a randomised control trial (RCT) run by the Department for Work and Pensions<sup>34</sup> considered how those on Universal Credit could be supported to increase their earnings and progress in work. It found that about a third of the cohort looked to their employers for support, whilst a quarter wanted more support from their local Jobcentre. Those who had benefited from talking

to their Work Coach felt that their Work Coach had tailored the support to their needs and that this had increased their motivation.

The Future Cohort Study sample appeared more willing to seek support. Most (six in ten) would look to their employers for support while around a third would consider seeking support from their Jobcentre. People's needs varied. While many valued a job that would fit around their caring and family responsibilities or health condition, some were looking to increase their earnings and expressed a wish to come off benefits or tax credits. A common theme in both studies was the value people attached to having personal support which felt tailored to their needs.

In terms of skills, job-related training appeared to be effective in raising earnings for the RCT cohort. Among Future Cohort Study participants, over half wanted support to improve their work-related skills, and many identified support to enter further or higher education (45%) or find a new job (42%) as being useful to progression.

The Commission has also heard about Universal Credit and its impact on progression out of low-pay. While it was largely recognised by respondents to the Call for Evidence that Universal Credit is an improvement on the benefits it replaces, the Commission heard that claimants and their employers find the structure of Universal Credit confusing and often misunderstand the implications that an increase in working hours will have for their award. It can also act as a disincentive to progression because pay increases when moving from entry-level to first-line supervisory roles in low-pay sectors can be very small and workers do not believe that there is sufficient reward for taking on greater hours and undoing stable and trusted childcare and transport arrangements.

## Recommendations

It is clear that the barriers to progression are multi-faceted and interlocking and cut across the responsibility of a number of central government departments, including in particular, the Department for Work and Pensions, the Department for Education, the Department for Business, Energy and Industrial Strategy and the Department for Transport. Therefore, substantially increasing progression out of low-pay requires cross-government effort.

- 1.1** For national and England-only policies, the UK government should create a body or oversight mechanism that can bring together the work of the Department for Work and Pensions, the Department for Education, the Department for Business, Energy and Industrial Strategy and the Department for Transport in providing a long-term focus on in-work progression. The Devolved Administrations should consider doing likewise for relevant policy areas.



# Chapter 2: The Low-Paid on Universal Credit: The Department for Work and Pension's Role in Progression

**Universal Credit was introduced in 2013, replacing a range of existing benefits and tax credits.**

This brought the Department for Work and Pensions into contact with more people who are in work and on low-pay, while previously its focus was primarily on those out of work. **There are currently over 2 million people on Universal Credit who work, which is close to two in five of all claimants<sup>35</sup>.**

This means that the Department has at least some contact with over 2 million people in low-pay. The Department runs over 600 Jobcentres across Great Britain, forming an important network of frontline support for unemployed people with, crucially, the potential to extend this support to working people on low-pay.

It was surprising for the Commission to note that Jobcentres do not currently have an in-work progression support offer. Currently, Jobcentres are understandably focused on mitigating the impact of COVID-19 by helping get people back into work. However, beyond COVID-19, there are two things the Department must do to help those on low-pay through its Jobcentres: make progression support part of its core service; and make sure that the financial incentives built into the Universal Credit system are conducive to progression and well-understood by claimants.

This chapter is split accordingly - first it looks at a new role for Jobcentres as conveners or co-conveners of local knowledge and expertise on jobs, skills and progression pathways; and secondly, at the design of Universal Credit and its financial incentives for progression.

## A new role for Jobcentres

Jobcentres have a range of existing strengths which provide a strong foundation on which to build in-work progression support: a national network of Jobcentres staffed by a large workforce of Work Coaches with knowledge of the benefit system, local labour markets, childcare, and skills; a recognised brand; relationships with national and local employers, and local authorities; and emerging capabilities to interact with claimants virtually.

Even so, introducing in-work progression support requires a major shift in how Jobcentres operate. The challenge associated with doing so was articulated by the Work and Pensions Select Committee in 2016:

“

*For in-work progression to succeed, Jobcentre Plus (JCP) Work Coaches will need to be a new kind of public servant, possessing new skills and operating on a new agenda. They will need to address structural barriers to progression, such as access to childcare, skills development and job opportunities, on a personalised basis. They will also need to understand local labour markets and engage with employers to a far greater extent than they have done before. Compared to the existing role of moving people out of work into employment, this will require the [Department for Work and Pensions] to nurture Work Coaches with a substantially expanded set of skills<sup>36</sup>.”*

The Work and Pensions Select Committee

Through its Call for Evidence, the Commission heard a similar call for Jobcentres to evolve into hubs of expertise on skills and progression. Responses suggested that individuals need more specialised support to progress, better relationships with Work Coaches and, critically, they need to view Jobcentres as welcoming, inclusive and sensitive to personal circumstances.



*Jobcentres have an important role to play in delivering in-work progression at a local level. There is more that can be done by Jobcentres to co-ordinate engagement between employment support providers, local authorities and employers to help more jobseekers to find and sustain employment. Jobcentres taking on a greater leadership role, as a hub for employability, by sharing more data about labour market challenges so that providers of employment support schemes, in partnership with local authorities and employers, can best support disadvantaged communities. A data driven approach to helping people into employment is the best way to target resources.”*

Seetec, In-Work Progression  
Commission's Call for Evidence<sup>37</sup>





*...they [Jobcentres] should look to expand into the concept of Employment and Training Hubs....the hubs should focus on adult learners, post-19, complementing recent Government investment in younger learners, and should provide:*

- *a one-stop training and employment matching service*
- *rapid diagnosis of adults' skills and development needs*
- *emergency support for upskilling back into meaningful employment via short courses specifically designed to get people into jobs*
- *continuing access to training and upskilling for those most at risk of displacement from their current roles, by factors such as automation and AI*
- *ongoing training focused on improving business productivity*

*In areas where they are located, they would seek to reflect local and regional needs, and improve the visibility of and access to existing training provision through partnerships with employers, training providers and local government. They will make today's sometimes fragmented skills training system more coherent and intelligible to adults seeking employment, and to existing and potential employers in each region where they are established."*

City and Guilds, In-Work Progression Commission's Call for Evidence<sup>38</sup>

The Commission is aware of the Department for Work and Pensions' Youth Offer. This mostly supports Universal Credit claimants aged 18-24 who are not in work and are in the intensive work search regime. As part of this, the Department is opening new Youth Hubs in England, Scotland and Wales. They are co-delivered and co-located with partner organisations to provide access to multiple services and work related opportunities in one place. Some will offer a drop-in service for young people who need support to find or progress at work, including those not claiming Universal Credit. The Commission is supportive of Youth Hubs and hopes they will help young people to progress at work.

## **The evidence to date on in-work progression**

There is already some evidence of what could make Jobcentre support for in-work progression most effective.

### **In-Work Progression Randomised Control Trial**

As mentioned in the previous chapter, between 2015 and 2018, the Department undertook a large Randomised Control Trial (RCT) that tested the impact of adopting a similar approach for in-work claimants as is used for unemployed claimants<sup>39</sup>. The trial focused on testing increased contact with a Work Coach and a requirement to fulfil a 'claimant commitment', with benefits reduced if the claimant did not participate.

Those selected for the trial were randomly assigned to one of three levels of support: fortnightly contact with a Work Coach; contact every eight weeks; and, as a baseline offer, an initial telephone call, followed by a call after eight weeks. Thereafter claimant earnings were monitored to compare how each group fared on average.

**Figure 8**

Amount of in-work support	Average increase in earnings at 52 weeks	Increase in average earnings, compared to the baseline group
Baseline group - Two telephone calls with a Work Coach	5.20	-
Contact with Work Coach every 8-weeks	9.63	£4.43
Fortnightly contact with Work Coach	10.44	£5.25

Source: Universal Credit: In-Work Progression Randomised Controlled Trial, Impact Assessment. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/739767/impact-assessment-universal-credit-in-work-progression-randomised-controlled-trial.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739767/impact-assessment-universal-credit-in-work-progression-randomised-controlled-trial.pdf)

The results of the trial were published in September 2018. The analysis compared how people had got on 52 weeks after joining the trial, by comparing the average earnings of each group. The fortnightly group were, on average, earning £5.25 per week more than the baseline group, whereas the eight-week contact group were earning an additional £4.43 per week. Each level of intervention was 'value for money', generating higher earnings that exceeded the cost of providing the support, although the eight-week contact had a clear lead by this criterion. A follow-up study at 78 weeks concluded that the positive impact on progression had been sustained for the fortnightly group, but not the eight-week contact group<sup>40</sup>.

Overall, the trial found that the lowest earning claimants appear to benefit from having regular contact with a Work Coach, albeit that the magnitude of the earnings lift appears to be quite modest. A survey that accompanied the trial highlighted the importance of the interaction between an individual's personal motivation and their relationship with their Work Coach. Those with greater barriers to overcome often increased their hours and earnings when given one-to-one support.

### The Employment Retention and Advancement demonstration

The Employment Retention and Advancement (ERA) demonstration (2003 –2007)<sup>41</sup>, targeted lone parents who were either unemployed or were receiving Working Tax Credits, and the long-term unemployed. It offered individuals financial incentives for completing training and for sustaining full-time work. Coaching and support were provided, together with a fund to help with out-of-pocket expenses. The ERA found that people responded to the financial incentives for completing training. The trial showed people were more likely to take courses relevant to their occupation, with those with lower educational qualifications and parents of older children most likely to do so. Yet, the link between course-taking and higher subsequent earnings was not straightforward, with more course-taking not by itself enough to foster earnings progression. The ERA also found that the longer-term outcomes differed between the lone parents and the long-term unemployed. After three years, the (previously) long-term unemployed had sustained their higher earnings impact, but the lone parent groups largely had not, once the financial incentives were withdrawn.

## A future in-work progression offer

Ideally, the Commission would want in-work progression support to be fully mainstreamed into the work of Jobcentres. Everyone should be given the opportunity of support to progress and this support should be provided over a sustained period of time. This means that if you are in receipt of Universal Credit and in contact with a Jobcentre, you should be spoken to about progression regularly. The Commission recognises that there is not enough detailed evidence on what works best in supporting in-work claimants to move into higher-paid work and that the Department for Work and Pensions is likely to want to trial different approaches. The Commission believes that one approach could be to provide an annual progression-related career conversation which would:

- ▶ signpost claimants towards high-quality training;
- ▶ support claimants to take calculated risks (such as travelling a distance for a job interview in an industry different to the one they are in currently);
- ▶ share local knowledge about employers and employer needs, through bespoke individual progression and learning pathways.

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### Recommendation 2.1

Jobcentres need to have an established, credible in-work offer for all working benefit claimants. This could include, for example, annual, high quality, progression-focused career conversations. To realise this, Jobcentres need to invest in specialist expertise in progression. This will include acting as a specialist hub for expertise on local labour markets in close partnership with local actors including employers, local authorities and skills providers, amongst others.

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The Commission understands the sensitivities around sanctions and would like, instead, to propose a system of incentives for these progression conversations. For every milestone that a claimant reaches on their individual progression and learning pathway, they could, for example, be 'awarded' with credits which they can put towards training, or certification costs, or childcare or transport costs to allow them to reach their next milestone.

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### Recommendation 2.2

The Department for Work and Pensions should consider ways to incentivise claimants to reach milestones on their individual progression and learning pathways. For example, for every milestone that a claimant reaches on their individual progression and learning pathway, they could be 'awarded' with credits which they can put towards training or certification costs, or childcare or transport costs to allow them to reach their next milestone.

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The Commission is conscious that mainstreaming a quality progression offer into the work of Jobcentres will require more of Work Coaches. Work Coaches need to know what progression means for different types of workers and what progression journeys look like locally in different sectors. This understanding would need to be rooted in strong local partnerships and sectoral knowledge.

To support Work Coaches in developing this knowledge, or perhaps as an alternative solution, the Commission believes there may be a need for a more senior progression specialist team to support each Jobcentre or a district of Jobcentres. The purpose of these specialist teams would be to: develop knowledge and expertise on progression in their local area; form strong local partnerships, especially with local authorities and employers;

identify and source training providers; liaise with sector bodies; and pass this knowledge on to Work Coaches on a regular basis and on request as required. The benefits of this arrangement, should it be successful, would be immense. It could even mean that Jobcentres, in partnership with local authorities, become convening bodies on the issue of progression, committed to shaping the progression landscape on a local level. In designing this arrangement, the Commission encourages the Department for Work and Pensions to work closely with the Department for Education and the Department for Business, Energy and Industrial Strategy in particular.

This uplift in expertise available to Jobcentres may also go some way in addressing concerns raised in the Call for Evidence about a lack of confidence in the ability of Jobcentre staff to provide encouraging, personalised and enabling support to claimants, while also balancing enforcement duties.



*.... working clients struggle to engage with Jobcentres, either because they feel it is unsuitable or overly-associate it with unemployment support.”*

Better Placed, In-Work Progression  
Commission's Call for Evidence<sup>42</sup>



*We advocate a shift to a more supportive and enabling approach. Support needs to be genuinely tailored to individual needs, and advice should be informed by broader economic and industrial strategies.”*

Kumar and Jones, Manchester Metropolitan  
University, In-Work Progression  
Commission's Call for Evidence<sup>43</sup>

The Randomised Control Trial demonstrates that the Work Coach-claimant relationship is absolutely crucial. There are several ways to enhance the experience of claimants in working with the Department's frontline staff. As described above, this includes building greater staff expertise on progression, including local and regional industrial landscapes and strategies, alongside broader knowledge of the Department's vision and aims for progression. It might also be a case of reassessing Jobcentre staff caseloads. Adjusting the design of Universal Credit itself, as set out below, may also contribute to a changed perception of Jobcentre staff by claimants.

## Progression incentives in Universal Credit

Universal Credit represents a major reform of the welfare system. It replaces six benefits: income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Housing Benefit, Working Tax Credit and Child Tax Credit. These benefits were provided by the Department for Work and Pensions, Her Majesty's Revenue and Customs and local authorities. This simplification of financial support has removed the disruptive barriers which previously arose when people started work and had to cease claiming certain benefits and apply for different benefits.

Universal Credit is intended to strengthen incentives to enter any form of paid work and, amongst those who are already in work, to increase hours or earnings. It is designed to remove barriers to temporary, flexible and part-time work, while also ensuring claimants are better off in work. In this way, Universal Credit targets resources towards reducing the number of workless households, by increasing the incentive for at least one member of the household to enter work.

## Financial incentives in Universal Credit

The current policy design of Universal Credit includes a work allowance which is the amount some households can earn before their award starts to reduce. Work allowances are intended to encourage those members of households with children and/or an adult with a disability or health condition which affects their capability for work to enter work. There are two levels of work allowance: a higher work allowance of £515 a month for those without housing costs included in their Universal Credit award; and a lower work allowance of £293 a month for those with housing costs included.

After any work allowance is taken into account, Universal Credit reduces as household earnings increase according to a single taper rate of 63% which applies to all households with earnings. This means that for every pound the household earns above any work allowance, the Universal Credit award is reduced by 63p.

The Commission has heard from academics, employers, local authorities, trade unions and others about the challenges of designing a benefit system that provides a strong safety net for people in real need, while also ensuring that, that safety net is not withdrawn too quickly as individuals start to get back in to work. The Universal Credit approach of benefit reducing gradually and at a consistent rate as earnings increase has the merit of avoiding the cliff edges of the previous arrangements. Broadly, returns to the Commission's Call for Evidence on this topic agreed that Universal Credit is an improvement on the benefits it replaces in terms of support for people in work.

In line with the fundamental policy design of Universal Credit as a household benefit, work allowances are applied to a Universal Credit claim rather than to individual claimants and earnings are aggregated for the Universal Credit calculation. The work allowance applies to the household's earnings rather than individual earnings. Because of this, work allowances are a stronger work incentive to a first rather than a second earner, where any additional earnings above the work allowance level are immediately subject to the 63% taper. The Institute for Policy Research, University of Bath, shared findings from their research which suggested that some claimants found the 63% taper rate 'demotivating'<sup>44</sup>. Employers have echoed this in discussions with the Commission<sup>45</sup>.

Responses to the Call for Evidence also pointed to the likelihood that the taper rate affected women's work incentives more than men's, due to women often being the second earner. The Institute for Policy Research, University of Bath highlighted their findings that as support for the cost of childcare is also absorbed within the monthly payment and tapered away as earnings rise, some working households were unable to pay their childcare fees and got into debt as a result<sup>46</sup>. It would be understandable if claimants in this position decided that any benefits associated with promotion or increased hours were outweighed by financially unsustainable impacts.

The Commission recognises that the Department for Work and Pensions has made improvements to the financial incentives in Universal Credit, reducing the taper rate from 65% to the current rate of 63% in April 2017 and significantly increasing work allowances by £1,000 a year in April 2019, which undoubtedly provided a boost to the incomes of 2.4 million of the lowest paid.

The Commission understands that reducing the taper rate is hugely expensive, costing billions of pounds, and that changes to the Universal Credit system are complex. The Commission does, however, believe that the design of Universal Credit, especially the taper rate and work allowances, should be considered over time to ensure it can best support progression incentives.

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#### **Recommendation 2.4**

The Department for Work and Pensions and HM Treasury should consider how the design of Universal Credit, especially the taper rate and work allowances, can best support progression incentives.

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### **Improving understanding of Universal Credit incentives**

Universal Credit is designed to simplify the benefit system. However, it is clear from the Commission's discussions with employers and from responses to the Call for Evidence that more can be done to help claimants and employers fully understand how employment decisions impact on Universal Credit payments. Research by the Department for Work and Pensions shows the existing system is not very well understood by claimants – the most recent [Universal Credit Full Service Omnibus Survey](#) showed that more than half of those surveyed did not understand the work allowances and earnings taper, which are intended to incentivise claimants to work.

If a significant proportion of people do not know whether they will be better off working, then more will need to be done to improve their understanding. The Commission believes that as a starting point the Department for Work and Pensions should undertake in-depth research about claimants' understanding of the work incentives within Universal Credit, including support available for childcare costs, so that better advice and information can be given to enable more people to benefit from the improvements in the system.

This research could explore where claimants are currently getting their information about work incentives from, as it may be that the existing communication arrangements are not as well targeted as they should be. It would also be useful to understand other factors which may be preventing people from increasing the hours they work, such as caring responsibilities. The research could also seek the views of claimants about the level of incentives which they believe need to be offered to encourage them to consider increasing the hours they work. Such research could then provide an evidence base to inform future policy development about the direction of existing incentives.

The Commission has also heard from employers who have larger numbers of employees on Universal Credit that they would welcome more bespoke learning sessions on how the system works so they can better help their employees in taking career progression decisions.

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#### **Recommendation 2.3**

In advance of launching its progression offer, the Department for Work and Pensions should consider a high-level communications campaign to inform people on low-pay that the government is changing how it supports them; and to assure them that this support is for them regardless of their individual circumstances.

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#### **Recommendation 2.5**

The Department for Work and Pensions should also commit to improving how well Universal Credit, and in particular its rules for claimants in work, are understood by employers in low-pay sectors.

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## Recommendations

- 2.1** Jobcentres need to have an established, credible in-work offer for all working benefit claimants. This could include, for example, annual, high quality, progression-focused career conversations. To realise this, Jobcentres need to invest in specialist expertise in progression. This will include acting as a specialist hub for expertise on local labour markets in close partnership with local actors including employers, local authorities and skills providers, amongst others.
- 2.2** The Department for Work and Pensions should consider ways to incentivise claimants to reach milestones on their individual progression and learning pathways. For example, for every milestone that a claimant reaches on their individual progression and learning pathway, they could be 'awarded' with credits which they can put towards training or certification costs, or childcare or transport costs to allow them to reach their next milestone.
- 2.3** In advance of launching its progression offer, the Department for Work and Pensions should consider a high-level communications campaign to inform people on low-pay that the government is changing how it supports them; and to assure them that this support is for them regardless of their individual circumstances.
- 2.4** The Department for Work and Pensions and HM Treasury should consider how the design of Universal Credit, especially the taper rate and work allowances, can best support progression incentives.
- 2.5** The Department for Work and Pensions should also commit to improving how well Universal Credit, and in particular its rules for claimants in work, are understood by employers in low pay sectors.

## Chapter 3: Promoting a Culture of Lifelong Learning

A willingness to continue to learn and develop is vital to progress in the workplace. Regardless of role, or pay bracket, learning should feature at every and any stage of professional life, whether this means acquiring technical, language or digital skills, or developing confidence and leadership skills. If low-paid workers in the United Kingdom are not able and willing to develop their skills, they will find it more difficult to progress and increase their earnings.

Despite successive governments recognising the importance of developing a skilled workforce, the United Kingdom is currently ranked 13th for numeracy and 10th for literacy among the 34 OECD countries<sup>47</sup>. As of 2018, 6 million adults in the UK did not hold a qualification at level 2 (GCSEs)<sup>48</sup>. In England, research also shows that adults who have yet to attain qualifications to level 2 or above are more likely to be unemployed or have low-paid jobs<sup>49</sup>. Employers have also reported significant skills shortages. In 2017, 22% of vacancies in the UK were difficult to fill because of skills shortages<sup>50</sup>. Furthermore, the OECD's Employment Outlook 2019 suggests that 12% of UK jobs are at high risk of automation and that those occupations at the highest risk of automation are mostly low-skilled<sup>51</sup>.

Skills policy is devolved, to the Scottish Government, Welsh Government and the Northern Ireland Executive. Each Government is alive to the challenge of improving skills across the United Kingdom as summarised below. Skills policy is an opportunity to learn from each other, share good practice and learn from experience across the UK.

### England

In January this year, the Department for Education published a White Paper on Skills for Jobs<sup>52</sup> for England, setting out its blueprint for ensuring that everyone has the skills they need to have good jobs, both now and in the future. The Commission welcomes this White Paper, which builds on technical education reforms, with a focus on employer needs. Local Skills Improvement Plans will bring together employers, skills providers and local stakeholders to decide on key technical skills required. The White Paper commits to increasing the provision of higher-level, high-quality technical education and training through the National Skills Fund, Institutes of Technology, T Levels and Higher Technical Qualifications.

The White Paper also sets out plans to introduce a Lifelong Loan Entitlement. This entitlement is the equivalent to four years' worth of post-18 education and can be used by individuals undertaking level 4-6 study over their lifetime. It can also be used to support modular study. The Commission welcomes the Lifelong Loan Entitlement but notes that a loan may not be feasible for people on very tight budgets and on low-pay. The Commission also acknowledges and supports the Government's continued full funding of English and Maths qualifications (up to and including level 2), essential digital skills qualifications (up to and including level 1) and the first full level 2 and/or first full level 3 qualification for individuals aged 19 to 23. It also fully funds provision up to and including level 2 for eligible learners aged 19 and over who are unemployed or employed, or self-employed, where they are earning less than a low wage threshold (£17,374.50 gross annual salary)<sup>53</sup>.

The Lifetime Skills Guarantee announced in September 2020 aims to help people train and retrain at any stage in their lives<sup>54</sup>. Adults in England who are 24 and over and do not yet have A levels, an advanced technical diploma or equivalent, can now take their first level 3 qualification for free. Adults can choose from almost 400 free courses to gain new skills that will help them access opportunities and get a better job. This means that tens of thousands of adults who have not achieved a level 3 qualification stand to benefit, which is particularly important as the Commission understands that achieving a level 3 qualification improves chances of progressing out of low-pay<sup>55</sup>.

At the same time, however, the Commission has heard that achieving the next level of formal qualifications is not always relevant or desirable for those in low-pay, nor do many people feel ready to take this step. What some people need instead are technical and job-specific skills. Therefore, not all reskilling or upskilling should be focussed on attainment of formal qualifications. Appropriate targeted training for progressing in a role or in a sector should be part of this learning offer. The Commission hopes that the newly introduced Skills Bootcamps, which offer a shorter flexible programme of high quality, medium to higher level skills training for adults based on the skills in-demand by local employers and sectors, will help to fill this gap.



## Scotland

The Scottish Government continues to invest in skills and education to drive economic growth and prosperity, to support high quality jobs and enable employers to gain the skilled workforce they need. In recognition of the challenges ahead, Scotland's Future Skills Action Plan (published in 2019) is focused on improving the provision of lifelong learning and enabling people to reskill either later in life or within emerging sectors, such as the green economy. The Flexible Workforce Development Fund offers employers support to upskill and retrain their workforces to improve productivity and support economic growth. The National Transition Training Fund enables individuals to upskill or retrain where their job is at risk or to re-enter employment, supporting training in growth sectors, or those sectors most affected by the economic impact of COVID-19 and EU Exit, with a particular focus on supporting the transition to a net-zero economy. Individual Training Accounts offer unemployed people or those on low incomes the opportunity to access £200 per year to build their skills to get a job or progress in work.

Scotland's Young Person's Guarantee was launched in November 2020 and offers all young people between the ages of 16 and 24 the opportunity of: an apprenticeship; fair employment which includes work experience; training; a formal volunteering programme; college or university study. Scottish citizens are also exempt from paying tuition fees if they wish to study full-time at a Scottish university or college. Their fees are covered by the Student Awards Agency for Scotland.

## Wales

The Welsh Government's Economic Action Plan and Employability Plan identifies the need to promote progression to boost earnings and hours in low-paid, entry-level jobs. The Working Wales service offers free, professional employability and careers advice and guidance for anyone aged 16 and over in Wales. The service can advise on retraining support for employed people to support them in finding new or better employment, switch sectors and explore new job opportunities. They can signpost to further support such as ReAct and the Personal Learning Account Programme.

The Flexible Skills Programme supports employers to train individuals in work to improve skills levels to tackle skills shortages and improve workforce capability and productivity and is currently focussed on addressing skills gaps in advanced digital skills, as well as support for upskilling in engineering, manufacturing, creative and tourism and hospitality sectors. Apprenticeships offer a further option for individuals to progress and for employers to develop their workforce.

Skills provision in Wales has been built up from the Welsh Government's understanding of employers' needs through partnership working, informed by Regional Skills Partnerships, and supported by a commitment to ensure everyone aged 16 and over can access advice and support to find work, pursue self-employment or find a place in education or training. The Skills Gateway for Business also provides advice for employers on how to access funding and support to upskill their workforce. There are currently a number of ways skills and courses can be funded, including Higher Education funding.

## Northern Ireland

The Northern Ireland Executive is developing a new Skills Strategy for Northern Ireland for consultation and publication in 2021. The overarching focus of the strategy is on developing a skills system which drives economic prosperity and tackles social inequality. It is founded upon three major policy objectives: addressing skills imbalances, creating a culture of lifelong learning and enhancing digital education and inclusion across society.

The Department for the Economy has allocated £6.2 million to support the provision of free, flexible, training, aimed at supporting individuals whose jobs have been directly impacted by the COVID-19 pandemic, to improve their skills in economically relevant areas, and thus employment opportunities. This includes an online postgraduate certificate in Software Development. In addition, they are offering a pilot scheme of Information and Communications Technology training for women returners, with a guaranteed interview from a Northern Ireland employer in the digital sector and graduate placement opportunities for recent graduates, blending training in Leadership and Management, and Digital, with an internship at a local employer.

Programmes are also offered through Northern Ireland's Further Education Colleges. InnovateUs offers free training to small businesses with fewer than 50 employees to acquire the skills necessary to engage in innovation activities while Assured Skills is a short, demand-led, pre-employment training programme to upskill individuals and help them compete for guaranteed job vacancies in areas such as financial services, business consultancy and data analytics.

## UK Shared Prosperity Fund

The commission also notes that the UK Shared Prosperity Fund (UKSPF) offers an opportunity to ensure there is provision which reflects a balance of needs between people and places across the UK in a way that is additional, complementary and does not duplicate existing UK provision. The UKSPF could be an important vehicle to ensure there is a consistent offer in place across the UK that could include equipping people with the right skills to help them overcome barriers and progress into and in work.

## Learning for the low-paid: motivational and practical barriers

Those who are most likely to benefit from learning are those who are most unlikely to participate in it. Lower paid mid-career workers are the least likely to access training opportunities – with those in either intermediate or routine and manual skill-level jobs 13% and 12% less likely to have received training than those in managerial roles during 2019<sup>56</sup>. Dispositional barriers, such as a fear of learning or low levels of confidence, can prevent adults from taking steps towards learning, or taking more formal education<sup>57</sup>.

Better Placed told the Commission in its response to the Call for Evidence that low-paid workers who they help:



*will often seek more hours at the same pay, which is an immediate income solution. Training for potential future progression is uncertain and in many cases too much of a risk."*

Better Placed Joint Committee (Lambeth, Lewisham and Southwark), In-Work Progression Commission's Call for Evidence<sup>58</sup>

The Commission believes that there is also another set of challenges: practical ones such as digital access, transport and caring arrangements. Learning also needs to be flexible; available to access when it suits the individual, as far as possible, and take into account the various personal circumstances that limit time and bandwidth to pursue progression opportunities.

The Commission is pleased that the Department for Work and Pensions has already taken steps to remove barriers to learning; the new Train and Progress initiative which is aimed at increasing access to training opportunities for claimants, will see an extension to the length of time people can receive Universal Credit while undertaking work-focused study.

The Commission thinks that tailored support is needed to enable people on low-pay to take up learning opportunities. This should be provided by employers, Jobcentres and National Careers Service advisers (and their equivalents in the Devolved Administrations). Everyone in work should have an individual progression and learning plan, setting out how they can progress in their existing job or area of work, or in a different one. In relation to progressing in the same workplace, large employers should ensure that plans are formulated jointly by the worker and a line manager or HR advisor. In the case of smaller organisations with fewer resources, these plans could signpost workers to other local or digital support, such as the National Careers Service in England, Careers Wales, Skills Development Scotland and Careers Service (Northern Ireland). For those in smaller organisations who are claiming Universal Credit, these plans could be developed in partnership with Work Coaches.

The Commission recognises that Wales and Scotland both already have programmes designed to support individuals with learning throughout their lives. In Wales, the Working Wales offer is intended to be

the single thread that runs through an individual's career. Advisers, working alongside Work Coaches offer personalised support and signpost to national/ community provision. In Scotland, the No One Left Behind strategy also puts the individual at the centre of delivery and supports individuals to help them identify and plan their route back to, or progress in, work. The Commission would encourage the Devolved Administrations to work with employers to ensure that workers in low-pay sectors are supported to continue to learn and develop and to ensure that workers are able to take advantage of new labour market opportunities.

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### **Recommendation 3.1**

People on low-pay should be proactively encouraged and enabled to take up learning through a progression and learning plan. Employers, Jobcentres and National Careers Service advisers (and their equivalents in the Devolved Administrations) should work with individuals to develop and action these plans. For people on Universal Credit, these plans may, for example, be achieved through a wider use of Jobcentre claimant commitments.

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## **Learning and older workers**

Evidence suggests that people over the age of 55 are significantly less likely to participate in learning compared to younger people<sup>59</sup>. Considering this data in the context of people living longer and healthier lives, there is a considerable risk that older workers may find it challenging to remain in or re-enter the labour market. The Future Cohort Study discussed in Chapters 1 and 2 of this report revealed that those aged 45 and over are less likely to agree that they feel confident about applying for a new job than those under 45 (59% compared with 67%)<sup>60</sup>.

The Department for Work and Pensions has developed the free Mid-life MOT<sup>61</sup>, which is available across the UK. It provides online support to encourage more active career planning, including on the issue of skills and reskilling, as well as enabling productive workplace conversations. The Mid-life MOT encourages those considering a change in career to take stock across the key areas of work, wealth and wellbeing. It offers help from the National Careers Service, Skills Development Scotland and Careers Wales, NHS Better Health (England), NHS 24 (Scotland), NHS 111 (Wales), Health and Social Care Online (Northern Ireland) and Money and Pensions Service.

In February 2021, the Department for Work and Pensions held short mid-life MOT Digital Discovery Trials in 10 Local Enterprise Partnerships (England only) to test a localised and place-based approach to delivering the Mid-life MOT aimed at improving signposting and access to the Mid-life MOT and building the capability of small and medium-sized firms who find it less easy to help their staff access it.

The Commission recommends that employers of all sizes and in all sectors use this Mid-life MOT to help their older workers assess their career needs, including skills. The Department for Work and Pensions should review the Mid-life MOT to ensure that it is relevant to those in low-pay and is easy to use in support of progression.

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### **Recommendation 3.2**

The Department for Work and Pensions should review the Mid-life MOT to ensure it is easy to use for those in low-pay and that it is used more often and more widely by employers of all sizes and in all sectors, as well as by Jobcentres, to help older workers to assess their career and skills needs.

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## **The role of employers in changing the learning culture**

There is a business case for investment in learning. Recent CIPD research found that more productive firms were more likely to train and invest to tackle skills gaps in their workforce. 75% of organisations who reported above-average productivity developed talent internally, compared with just 42% of those who report below-average productivity<sup>62</sup>. In addition, a report by Gallup, considering a global study of nearly 50,000 business units in 45 countries, also found that businesses that develop their staff's strengths have been found to reduce employee turnover by up to 72%<sup>63</sup>. Accenture Business Case for Employability Programmes research commissioned by three English NHS trusts demonstrated that for every £1 spent on employability programmes, Trusts could recoup that £1 alongside an additional £2.50 in financial and economic benefits<sup>64</sup>.

Some employers may be reluctant to offer learning opportunities that lead to transferable qualifications which equip an employee to apply for other jobs<sup>65</sup>. However, the Employer Skills Survey 2019 found that nine in ten (90%) employers felt that having staff attain vocational qualifications had led to better business performance and 78% had experienced improved staff retention<sup>66</sup>. Similarly, in a report by LinkedIn Learning, a global study showed that 94% of employees agreed that they would stay at a company longer if it invested in their career development<sup>67</sup>.

The Commission found further evidence for this in conversations with employers.

National Express revealed that they have employees who have built careers of thirty years or more with the company. National Express recognises that their people may want to stay with a company for decades, but most won't want to do the same job for that whole time. The company credits their learning programme as helping to build

loyalty and they now include their learning offer in their recruitment campaigns as evidence of their commitment to development. Their approach to skills development has enabled them both to retain talent and helped them recruit new talent as their people act as advocates for the company.

McDonald's invests £43 million in learning each year, and shared their rationale for supporting staff learning and development with the Commission:



*We need our people to succeed if we are going to be successful. It is because of this focus on our people that we are proud to say that many stay with us for a large part of their careers. In fact, nine out of ten of our restaurant managers, and one in five of our franchisees, started out as crew members behind the counter or in the kitchens. Additionally, one third of our executive team started their career in one of our restaurants. We are especially proud of this because it is a clear result of how we have prioritised people's training and progression throughout their career at McDonald's... The McDonald's training philosophy centres on career long learning – “from the crew room to the boardroom”. Every one of our employees working for McDonald's has the opportunity to take part in structured training, whether it's in customer service, teamwork or financial management. Although a huge number of our employees do want to stay at the company, for those that want to change careers – we set them up by providing them with business skills that last a lifetime.”*

McDonald's, In-Work Progression  
Commission's Call for Evidence<sup>68</sup>

The Commission recognises that larger companies will have an advantage when it comes to offering and funding learning. The Department for Education's Employer Skills Survey 2019 found that the proportion of employers providing training in the previous 12 months increased with establishment size. Less than half (46%) of employers with 2 to 4 employees had done so, compared with three-quarters (75%) of those with 5 to 24 employees and almost all (92%) of those with 25 or more employees<sup>69</sup>. A recent report from the Federation of Small Businesses indicates that while 91% of small businesses recognise the value of investing in staff training and development, just 43% said they did invest<sup>70</sup>. The main barriers to providing training for small businesses in England were cited as: employees are too busy (25%); training is too expensive (21%); and training is not available locally (16%)<sup>71</sup>.

This is where the Government's skills and apprenticeships policy (discussed below) has the potential to offer support to small businesses. It is also where critically, sector bodies and sector-wide efforts can shift the opportunities for learning. Additional recommendations on supporting progression for employers of all sizes are explored in Chapter 4.

## Apprenticeships

Apprenticeships are the Government's principal in-work technical education offer. Apprenticeships are devolved to Scotland, Wales and Northern Ireland. Although the Apprenticeship Levy operates across the UK, policy and how the levy money is spent is a matter for individual constituent nations to decide.

The UK Government continues to focus on developing a high-quality apprenticeships system including a £7m fund that will be launched in July 2021 to help English employers set up and expand a new portable approach to apprenticeships.

Apprenticeships are intended to be used by employers of all sizes in all sectors, and by employees whatever their age, or life stage who need structured and substantial training to reach competence in a specific occupation. There are over 600 apprenticeships on offer - ranging from intermediate (level 2) to degree level (levels 6/7).

The Commission believes that apprenticeships have huge potential to change the skills landscape in the United Kingdom and welcomes the efforts over recent years being made by governments across the UK to make apprenticeships and the Apprenticeship Levy as effective as possible. The following content on apprenticeships relates to the programme in England.

The Commission believes there are some specific barriers to be addressed in relation to apprenticeships: entry requirements, employer-focus on lower skilled workers, and take-up among older workers.



## Entry Requirements

It is important to ensure that the entry requirements for apprenticeships do not hinder the lowest-paid workers from taking them up, as the Commission heard from some employers has, at times, been the case. The Commission welcomes the Government commitment on accelerated apprenticeships to strengthen initial assessment by training providers to recognise where apprentices have considerable relevant experience and account for this in the training.

The Commission heard some excellent case studies where this is already happening in practice. For example, Southampton Universities Foundation Hospital Trust worked with Southampton University to set realistic entry requirements for their nursing degree apprenticeship, reflecting the on-the-job skills already gained by their staff. The apprenticeship has a 100% retention rate<sup>72</sup>.

## Greater take-up among older workers

The Commission further advocates for making apprenticeships accessible and attractive to all workers – not just younger workers. In 2019/20 just 9% of new apprentices in England were aged between 45 and 59<sup>73</sup>. Used well, apprenticeships could be a way to help keep those over 50 active in the labour market.

The 2021 Budget announced that employers who hire a new apprentice between 1 April and 30 September 2021 will receive £3000, regardless of the apprentice's age – a considerable increase on previous incentives. While the Commission welcomes this policy and understands the need to focus on getting people back into work, it would also like to highlight the benefits that exist for employers and learners when existing staff take on apprenticeships.

## Employer-focus on lower skilled workers

In England, starts to level 2 apprenticeships have fallen every year since 2014/15<sup>74</sup>. Apprenticeship starts in England for 2019/20 academic year at level 2 decreased from the previous year by 31%. Conversely, higher-level starts (level 4+) continued to grow in 2019/20, increasing by 10% on 2018/19<sup>75</sup>. Statistics for apprenticeship starts in England, Scotland, Wales and Northern Ireland are not directly comparable with each other. In Scotland in 2019/20 a smaller proportion of Modern Apprenticeship starts were at SCQF level 5 (equivalent to level 2 in England and Wales) than at SCQF levels 6 and 7 (equivalent to level 3 and 4 in England and Wales). The proportion of Modern Apprenticeship starts at SCQF level 5 has decreased since 2018/19 while the proportion of SCQF levels 6 and 7 starts has increased<sup>76</sup>. In Wales for the academic year 2019/20 there were more apprenticeship starts at level 2 compared to level 4, but the highest number of apprenticeship starts were at level 3<sup>77</sup>. While, in Northern Ireland for the 2019/20 academic year, 46% of Apprenticeships NI 2013/2017 starts were at level 2, 7% at level 2/3 and 48% at level 3<sup>78</sup>.

The Commission notes that the Augar Review<sup>79</sup> highlighted that employers are increasingly offering degree level apprenticeships (level 6 and 7), which are often the most expensive, in order to spend their Levy contribution. The Commission also heard from Business in the Community, in their Call for Evidence response, that graduates are over three times more likely to participate in training than those with no qualifications (30% vs 8% in 2017) and 49% of adults from the lowest socioeconomic groups have received no training since leaving school<sup>80</sup>. The Commission advocates where possible targeting apprenticeships to those without qualifications or who are low skilled rather than those who are already highly skilled.

The Commission therefore considered and agrees with the Augar Review recommendation that, in order to better target training to benefit those on low incomes, Levy funding should be focussed on those with the lowest qualifications. Level 6 and above apprenticeships should normally only be funded through the Levy where an apprentice has not previously undertaken a publicly-supported degree, where there is a skills shortage in a particular area, or where a specific degree is a requirement of an occupation.

The Commission repeatedly heard from employers that they would like greater flexibility in how they can use the Apprenticeship Levy. Tesco told us they support Apprenticeship Levy reforms that would give employers increased flexibility in how Levy funds are spent, including supporting non-training costs or funding other forms of accredited training and skills development, whilst maintaining the quality of apprenticeship provision. While Marks & Spencer, as well as the Chartered Institute for Personnel Development also told the Commission that they want the Levy to enable employers to fund other forms of accredited training and skills development, to develop in-house training and to make a case-by-case judgement as to how much learning time an individual needs. The Commission's view is that the Levy plays a valuable role in ensuring employers invest in substantial learning and development for their staff. However, the Commission does recognise that more needs to be done to help employers to support their lowest skilled staff.

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### **Recommendation 3.3**

The Department for Education and Devolved Administrations should ensure that apprenticeships are accessible and attractive to more established workers, especially those who have been in their role for significant periods of time, and older workers.

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### **Bridging training**

The Commission has considered all the representations that it has received, as well as published research and has come to the conclusion that there are gaps in formal training provision for low skilled workers across the UK who do not meet the entry criteria for a level 3 apprenticeship or for whom an apprenticeship may not be appropriate. The Commission has already highlighted the fact that the number of level 2 apprenticeships available in England is falling. The Commission understands that this has included the cessation of courses which had provided much-needed and valuable core skills, and which were popular among employers, such as the Business Administration level 2 apprenticeship, as it failed to meet the robust quality requirements to be classed as an apprenticeship. The Commission recognises the importance of all apprenticeships meeting high quality standards and supports the Government's aim to ensure courses are suitably rigorous, but employers told the Commission that there is a gap in provision for workers in low-skilled roles who have been in these roles for a longer period of time and who need help to progress in work.

The Commission is aware that in England traineeships are available. Traineeships are a skills development programme that includes a work placement help to prepare the youngest workers (aged 16-24 or up to 25 for those with an Education, Health and Care Plan in England) for jobs or an apprenticeship. However, there is little similar provision for workers who are 25 or over. The Commission agrees that there is a place for core skills training and believes that bespoke training could bridge the skills gap between entry-level roles and more senior positions and enable more people in low-pay to subsequently access higher-level training opportunities including apprenticeships. Governments should oversee the development of this training, working with employers, the Institute for Apprenticeships and Technical Education (or its equivalent in the Devolved Administrations) and sector bodies. This training should be standardised

within each low-pay sector and aligned with existing skill frameworks so that the course can be credited toward sector-specific apprenticeships.

Considering the likely pressure on employers' learning and development budgets as a result of the impacts of COVID-19, this training should be subsidised by Governments (across the UK).

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### **Recommendation 3.4**

Governments across the UK should oversee the development of subsidised sector-specific bridging courses to enable low skilled workers to gain access to higher-level training and progression. This should be done in partnership with skills bodies, sector representative bodies and employers. These bridging courses should be robust enough to count towards sector-specific apprenticeships.

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## Recommendations

The Commission welcomes the recent White Paper on Skills for England and all that it is trying to achieve. The Commission advocates for not losing sight of those in low-pay in rolling out the plans of the Skills for Jobs White Paper, for England, as well as in the work on skills development in the Devolved Administrations. In this context, it recommends:

- 3.1** People on low-pay should be proactively encouraged and enabled to take up learning through a progression and learning plan. Employers, Jobcentres and National Careers Service advisers (and their equivalents in the Devolved Administrations) should work with individuals to develop and action these plans. For people on Universal Credit, these plans may, for example, be achieved through a wider use of Jobcentre claimant commitments.
- 3.2** The Department for Work and Pensions should review the Mid-life MOT to ensure it is easy to use for those in low-pay and that it is used more often and more widely by employers of all sizes and in all sectors, as well as by Jobcentres, to help older workers to assess their career and skills needs.
- 3.3** The Department for Education and Devolved Administrations should ensure that apprenticeships are accessible and attractive to more established workers, especially those who have been in their role for significant periods of time, and older workers.
- 3.4** Governments across the UK should oversee the development of subsidised sector-specific bridging courses to enable low skilled workers to gain access to higher-level training and progression. This should be done in partnership with skills bodies, sector representative bodies and employers. These bridging courses should be robust enough to count towards sector-specific apprenticeships.

## Chapter 4: The Role of Business and Employers in Progression

As set out in Chapter 1, most employees will look to their employer to set out what progression routes are available and to proactively encourage them to take steps to progress in the workplace. Employers need to lead the way in supporting employees to progress and increase their earnings. The Commission believes that any business, regardless of its size, can become progression-orientated and that it makes good business sense to do so.

### Progression is good for business

While there is a lack of evidence to directly demonstrate the business case for progression, there is evidence on the relationship between human resource management (HRM) and business performance. Through extensive stakeholder consultations, especially with the business community, the Call for Evidence and additional research, the Commission believes that this evidence is a relevant proxy. A number of reports have indicated that good management practices can be linked with increased productivity and performance<sup>81</sup>. Similarly, the ONS found significant association between management practices and labour productivity in British manufacturing, production and service industries. In fact, the ONS has estimated that improving the quality of firms' management practices from poor to average could increase productivity by 19%<sup>82</sup>. Productivity gains were most strongly associated with improvements in management practices relating to employment management and continuous development (e.g. performance reviews, training, promotions and managing underperformance). In Britain, small and medium-sized firms (SMEs) who used more formal

management practices were more likely to exhibit high rates of growth and productivity according to the findings of the National Institute of Economic and Social Research<sup>83</sup>. Some employers who actively support their staff to progress reported that they gained greater workforce flexibility, improvements in productivity and a reduction in turnover rates<sup>84</sup>.

The Commission has already shown in Chapter 3 that businesses that invest in their workforce can enjoy greater loyalty and higher retention rates<sup>85</sup> amongst their workers. By offering progression opportunities, businesses are also more likely to attract the best talent. In a global survey of millennials, 52% said opportunities for career progression make an organisation an attractive employer, making it the most commonly cited factor<sup>86</sup>. The same survey also reported that the most influential factor leading millennials to accept their current position was the opportunity for personal development offered by the company, closely followed by the reputation of the organisation itself.

Investing in development and progression can also have implications for a business's reputation. Some businesses that already provide good progression opportunities for their low-paid staff draw an explicit link between their progression rationale and their reputation as an organisation and as an employer<sup>87</sup>. The Commission believes that progression will become an increasingly important consideration for business as 'good work' moves higher up the agenda of policymakers, investors and employees themselves, and as the public sector increasingly focuses on social value in procurement, as set out in Chapter 5.

## Whitbread Case Study

The largest hospitality employer in the UK, Whitbread PLC, found that its internally-developed Kitchen Managers performed at the expected level or above 6-12 months earlier than those who had been recruited externally. They were also 40% more likely to have remained in the role 12 months later. Whitbread have also seen staff retention improve since they launched their Premier Inn 'Pay for Progression' programme, which sees staff receive increased pay as they acquire new skills. In the programme's first year, labour turnover decreased by 8% which led to a reduction of £2.1 million in costs alongside an improvement in customer service. For Whitbread, retaining and developing low-paid employees has actively helped to increase profit and improve their business performance.

Whitbread PLC, In-Work Progression  
Commission's Call for Evidence.<sup>88</sup>

## What does a 'progression-focused' employer look like?

The Commission recognises that the support an individual is given by their employer in order to progress their career can vary in quality. The Commission believes that this is in part to do with

what an employer chooses to prioritise, which may also be sector-specific, as well as the resources available to an employer depending on their size. The Commission has heard great examples from progression-focused employers such as McDonald's<sup>89</sup>, Marks & Spencer<sup>90</sup> and numerous small businesses around the country<sup>91</sup>, however, there is still work to do among many employers.

The Commission believes that 'good work' standards have a key role to play in improving progression opportunities throughout the UK by raising the bar for employment standards and supporting businesses to offer good-quality jobs. The Commission has closely studied regional good work charters such as the Greater Manchester 'Good Employment Charter' and the Liverpool City Region 'Fair Employment Charter' and national schemes, including Disability Confident and the Scottish Business Pledge, which look to improve employment standards. Employers value membership of these charters and achieving formal accreditation, both for the reputational boost and for the support it offers them in improving their business practices<sup>92</sup>. These standards each have clear merits and some already incorporate consideration of progression, however, no existing framework focuses solely on progression. The Commission believes that more guidance would be useful for employers who wish to improve their progression offer but need support on the practical steps they should look to take.

The Commission has therefore created a checklist of practical steps for employers looking to make progression a priority. The checklist has been designed to mitigate key workplace barriers to progression identified over the course of the Commission's extensive engagement with

stakeholders. It also draws upon successful initiatives across different sectors highlighted in responses to our Call for Evidence. What ‘progression excellence’ looks like in practice will differ between employers, especially between employers of different sizes, but the themes are universal.

The checklist below emphasises how specific practices such as flexibility and mentoring can help employers to build a diverse talent pipeline and to ensure that everybody has the opportunity to progress in work and move out of low-pay, regardless of their background. It is also not enough to simply offer these practices; employees, particularly those more likely to be stuck in low-pay (and more likely to be from under-represented groups), need to be proactively encouraged to take them up. Demonstrating a top-down commitment to building an inclusive and diverse workplace at every level, such as having senior role models talk openly about balancing work with their caring responsibilities or highlighting job-sharing and part-time working at senior levels, could help to avoid stigmatisation of employees with different working needs.

**Figure 9 - Progression checklist**

- ✓ Individualised progression and learning plan
- ✓ Mentoring
- ✓ Flexibility
- ✓ Shadowing and work experience
- ✓ Supporting professional development

Created by the In-Work Progress Commission.

## 1. Individualised progression and learning plan

A commitment to a progression plan for each employee, with regular reviews, including an in-depth conversation with a manager or senior member of staff. Employers who have established progression pathways (see below) will find this easier to do because employees and managers will have a clear line of sight when it comes to progression from entry onwards.

In a larger organisation, the creation of this plan may be part of the initial on-boarding and ongoing performance review processes; in smaller organisations this might be more appropriately handled through informal routes. Companies should work to develop an open culture within their organisation which invites conversations about progression and where each member of staff has at least one named senior colleague (e.g. their line manager) who is responsible for ensuring that progression planning is a key part of their employee offer. Line managers should set aside time for informal development conversations, encouraging employees to speak openly about their long-term ambitions so that they can be supported to build the skills and identify the steps they need to take to reach their goals<sup>93</sup>. Employers should consider how they provide opportunities for employees to develop core soft skills (i.e. communication, problem solving and leadership skills) in their day-to-day work, as well as offering access to technical training where appropriate.

Marks & Spencer told the Commission how they provide line managers with a set of tools to help them spot employees who can make the move from customer assistant to first line manager, including a talent ‘check-in’ at which they focus on listening to the employee’s aspirations for the future<sup>94</sup>.

The Chartered Institute of Personnel and Development (CIPD) also told the Commission that:



*The two most important factors reported by workers who said their career progression had exceeded their expectations were firstly the relationships they had built across the organisation, followed by good quality line management [...] Amongst workers who had failed to progress in their career as they would have liked, the top ranked obstacle to progression in the workplace by some way was that they experienced poor-quality line management when they entered work or at key points during their career.”*

CIPD, In-Work Progression Commission’s Call for Evidence<sup>95</sup>

## 2. Mentoring

A scheme allowing junior staff to learn informally from their senior colleagues. In a smaller organisation, coaching and mentoring might not be through a formalised scheme, but there would be a clear focus on allowing junior staff the space and time to learn from, and get exposure to, senior colleagues. Some organisations, such as Marks & Spencer<sup>96</sup>, even encourage inverted mentoring which is the practice of a junior employee mentoring a senior colleague to help them understand the issues faced by junior staff and supporting them to make changes either in their personal approach, or at a structural level within the organisation.

Regular mentoring conversations help to build junior colleagues’ understanding of the wider business they are working within and hear about others’ experiences of progression. The West Midlands

Combined Mayoral Authority (Productivity and Skills Directorate) emphasised in their response to the Call for Evidence that mentors not only motivate individuals and support them to identify their next career steps, they also help the individual to recognise their potential and build the confidence they need to seek out progression opportunities<sup>97</sup>. Mentoring and access to role models has been found to be particularly welcomed by employees from ethnic minority backgrounds who say they have found it effective in helping them to progress in work<sup>98</sup>.

The importance of mentoring is also discussed in the previous chapter in relation to motivation and confidence to pursue learning later in life. For the Commission, mentoring is about building confidence and the report has already shown how a lack of confidence acts as a barrier to progression for those in low-pay.

## 3. Flexibility

The flexibility of many entry-level jobs is one of the key advantages cited by workers in low-paid roles. This flexibility can be lacking in more senior roles and this can act as a barrier to progression<sup>99</sup>. The Commission believes that offering greater access to flexible working could have benefits for all and that building a more flexible workplace could help to remove the additional barriers to progression faced by women<sup>100</sup>, older workers<sup>101102</sup> and disabled people<sup>103</sup>. A survey by the CIPD found that 76% of employers reported that flexible working improved staff retention and 73% reported that it improved staff motivation<sup>104</sup>. Flexibility in low-paid sectors can be achieved, for example, through enabling job-sharing, offering the choice to work compressed hours, or providing flexibility around start and finish times.

Figure 10

## Demand for flexible working cuts across all age groups and genders

**93%**

of non-workers who would like to work **prefer**

**flexibility**



**87%**

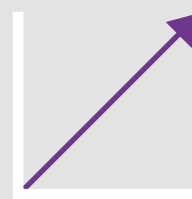
of full-time UK employees either work flexibly or would like to



**84%**

**91%**

**84%** of male full-time employees either work flexibly or would like to. Amongst women, this rises to **91%**



The **greatest demand** for flexible working comes from **younger workers**.

Data taken from Timewise. (2017) Flexible working: A talent imperative.

Available at: <https://timewise.co.uk/article/flexible-working-talent-imperative/>

Graphic created by the In-Work Progress Commission.

Flexibility is not just about working hours. The COVID-19 pandemic has given new meaning to ‘flexibility’ as workers across the world have shifted to working from home. The Commission sees no reason why offering employees the choice to work in the office or from home (at least some of the time) cannot become the standard for desk-based jobs. The CIPD has reported that a third of employers surveyed plan to introduce new forms of flexible working or to try and increase the uptake of flexible working arrangements, including working from home<sup>105</sup>. The British Chambers of Commerce confirmed that the pandemic has also accelerated the adoption of digital communication technologies and flexible working practices to enable more agile working in SMEs<sup>106</sup>.

Businesses should think creatively about working patterns and locations as both employers and employees stand to benefit from a truly flexible working culture. As with all flexible working considerations, it is important to ensure that workers are not inadvertently hampered by a lack of visibility in the workplace while balancing the benefits that flexible working brings.

Making certain aspects of jobs more visible in job adverts (including flexible working) has been shown to increase the number of applicants, in some cases by up to 30%<sup>107</sup>. For example, the Commission heard from the [Behavioural Insights Team](#) that, by advertising all new vacancies as open to part-time working or as a job-share by default, Zurich Insurance significantly increased the share of female applicants they received, with the share of women applying for senior roles rising by 19%<sup>108</sup>.

## 4. Shadowing and work experience

Schemes aimed at low-paid workers and/or general work experience programmes that offer individuals a taste of all areas of the business, from the shop floor to the board room. For smaller organisations, this wouldn’t necessarily need to be a formal scheme managed by HR: it is the commitment to allowing and encouraging this practice at all levels of the organisation which counts.

Some organisations may also wish to use secondments to support employees to develop a variety of skills. Larger organisations could offer secondments to other departments within their business, while smaller companies could consider how they can partner with other businesses to provide new development opportunities for their staff.

Allowing employees to briefly experience what greater responsibility looks and feels like before they make the leap in applying for a more senior role can help to address the attitudinal and confidence barriers that often limit in-work progression. The high street baker, Greggs, did this by giving employees the opportunity to sample senior jobs and offered promising employees a four-week trial promotion without an interview whilst holding open their previous job. Nine out of the eleven employees who took part in the pilot scheme decided to accept the senior post. The scheme has since been rolled out across the country<sup>109</sup>.

## 5. Supporting professional development:

Paying for and/or providing paid time for staff to work towards a professional qualification, or to develop skills which would allow employees to progress within their current role or elsewhere in the business. Government could support smaller businesses by ensuring that high-quality, flexible and accessible generic training (alongside training specific to in-demand sectors) is available and subsidised, as recommended for bespoke progression support training in Chapter 3.

A small childcare provider in Bolton has been able to provide their staff with better training by using an online portal set up by their local council. Their experience was shared by the Federation of Small Businesses in their response to the Commission's Call for Evidence:



*We use an online learning system through the local authority. It doesn't offer mandatory training, but it does provide a lot of additional learning, such as leadership skills training, epilepsy awareness, and so on. You pay per employee, and we've signed up to three years, so it's fairly cost effective."*

The Federation of Small Businesses, In-Work Progression Commission's Call for Evidence<sup>110</sup>.

Training workers in a wider range of areas is good for business. Benefits can include increased productivity, increasing the versatility of employees and allowing businesses to respond to fluctuations in demand, as well as boosting the range of experience which staff can cite when applying for promotions<sup>111</sup>.

The Commission recommends that all employers use this checklist as part of a self-assessment exercise to ask themselves if they are doing all they can to support their staff to progress in work. Likewise, regional charters and national frameworks should ensure their existing frameworks take account of progression, using the checklist set out on page 42 as a guide. Doing so would ensure that progression would become a priority for hundreds of businesses overnight.

**The Commission is delighted to announce that Investors in People have already agreed to champion progression and have worked with the Commission to introduce a greater emphasis on progression within their framework.**

The Investors in People framework is based on the latest research into High Performance Working Practices and therefore will also help employers improve productivity alongside improving progression opportunities.

### Recommendation 4.1

Businesses and employers of all sizes should adopt the 5-point progression checklist.

## The need for progression pathways

The importance of a 'clear line of sight' and individualised progression and learning plans has been demonstrated in preceding chapters (see Chapters 2, 3 and above), however responsibility for improving in-work progression cannot be the preserve of employers, Jobcentres and training providers alone. Sectors more broadly, particularly those with a high proportion of low-paid workers, also need to consider how they can make routes to achieving progression clearer to those working in the area.

The Commission heard through responses to its Call for Evidence that low-pay sector employees often find requirements and pathways to seniority opaque and difficult to identify. For example, the CIPD shared the following quote from their 2014 report on the barriers to progression faced by those in low-pay<sup>112</sup>:



*You don't know the different levels and you don't know where you can find the information. Nobody's going to come and say, "look at this, it tells you how you can get more money, how you can get a better job". You need to find it yourself or make a point of asking and asking and asking."*

(Younger man, Croydon)

CIPD, In-Work Progression Commission's Call for Evidence<sup>113</sup>

The Commission is convinced that having clear progression pathways that can be adapted to reflect the local labour market will both help to ensure low-pay sectors are seen as viable long-term careers and to encourage more people to consider roles in these sectors and, crucially, remain and progress in these sectors in the long term.

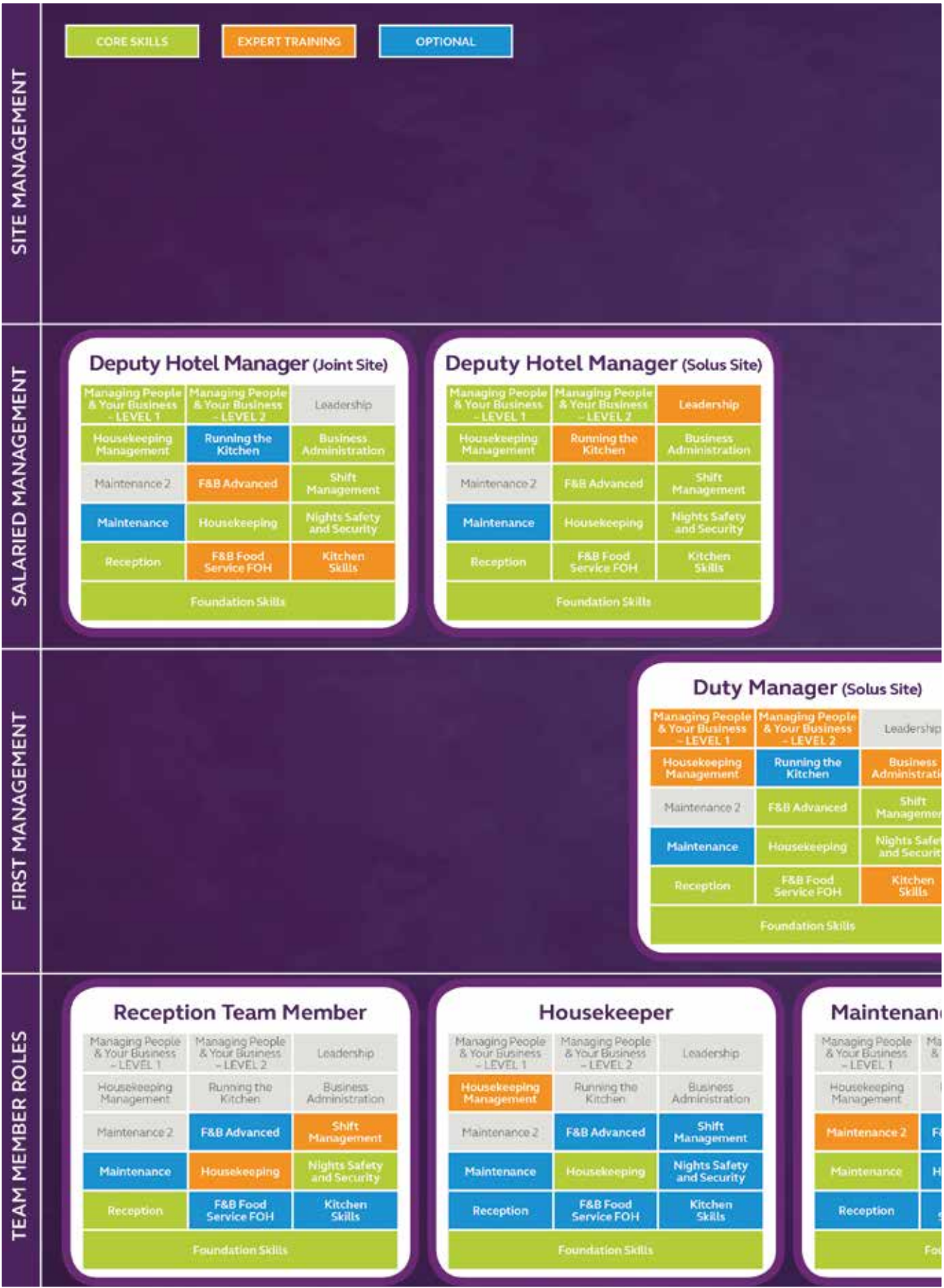
Some low-pay sectors have already taken steps to improve the visibility and understanding of career options available to workers, including both the steps to the next level and, importantly, the routes to developing a specialism within their sector. The Commission received a number of examples of steps being taken in sectors to highlight progression opportunities. For example, the British Retail Consortium (BRC) has developed a Future Retail

Careers Framework<sup>114</sup> which aims to support those working to understand and develop the skills and capabilities needed for future retail careers. This is supported by a website which provides case studies from six different career areas (Community, Innovation, Customer, Product Management, Experience and Research & Development) showing the paths that someone looking for a career in retail might choose to take.

The UK's biggest hospitality employer, Whitbread, has also shared excellent practice in this area with the Commission<sup>115</sup>. The company has developed a skills matrix (see figure 11) which demonstrates clear pathways to both pay and career progression. Employees are then able to map their own personal development and training against this matrix. It makes clear what is part of the core development programme for their role, as well as setting out optional programmes.

However, there is still some way to go to achieve clear progression pathways across all low-pay sectors and employers. The Commission calls on all low-pay sector bodies, employer representative bodies and employers, as appropriate, to develop and promote sector-specific progression pathways. All low-pay sectors can do more to improve the visibility of options for workers, especially through the development of easily understood and well-publicised progression pathways that can be adapted for the local picture. Jobcentres, employers, local authorities and skills providers should be part of these discussions and efforts, as discussed in Chapter 2. This collaborative approach is of particular importance as progression pathways will be an essential resource for Work Coaches when supporting progression discussions with Universal Credit claimants.

Figure 11 - Skills matrix developed by Whitbread PLC



In this regard, the Commission welcomes the work of the Institute for Apprenticeships and Technical Education on their occupational maps<sup>116</sup>. The Commission believes that these maps will support the work to design clear progression pathways and that they will act as a useful tool for employers and Work Coaches when suggesting training opportunities as part of individual progression and learning plans. When these progression pathways are being designed, the Commission would encourage employers and sector bodies, as appropriate, to also consider the qualifications that are expected at each stage and ensure that these are not unnecessarily focused on proof of qualification over proof of skill.

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#### **Recommendation 4.2**

Developing transparent progression pathways within a company and an industry is paramount to ensuring that entry-level jobs are a stepping-stone. Low-pay sector bodies, employer representative bodies and employers, as appropriate, should lead development of these pathways. They should also consider reviewing what qualifications, if any, should be required at each stage of the pathway.

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### **The Care Sector**

The Commission would like to highlight the particular challenges facing the care sector throughout the UK, which the COVID-19 pandemic has brought into sharp focus. The sector experiences significantly higher turnover than other public service sectors with around three in ten adult social care workers in England leaving their job in 2019/20<sup>17</sup>, which represents approximately 430,000 people in the sector leaving their jobs over the course of a year<sup>18</sup>. The Commission believes that the sector needs to be transformed to enable it to be seen to offer a long-term career for those



who wish to work in adult social care. Carers work with some of the most vulnerable individuals in society and deserve recognition for the skill and dedication that this involves. This is evidenced by the views of the majority of respondents to the All-Party Parliamentary Group on Adult Social Care's 2019 inquiry into the future of the adult care sector who felt that perceptions about the status of the profession (71%) and low-pay (72%) were the major reasons people are deterred from a career in social care<sup>119</sup>. The Commission is concerned about the impact that negative perceptions of work in the care sector has on employee progression, as was highlighted repeatedly in responses to the Commission's Call for Evidence. Researchers at the Sustainable Care: Connecting People and Systems' research team at the University of Sheffield, the University of Kent and the London School of Hygiene and Tropical Medicine told the Commission that:



*There is little incentive to gain qualifications in a sector viewed as low status and of low value by wider society. Most care workers talk about having the right personal qualities to care, rather than the right qualifications. Those working in care perceive it as involving highly skilled work, but workers tend not to view care work as a profession.<sup>120</sup>*

Researchers from the National Institute for Health Research (NIHR) Policy Research Unit in Health and Social Care Workforce told the Commission<sup>121</sup> that the lack of clear career pathway in the care sector is a significant barrier to progression. Those who do participate in training struggle to 'prove' their acquired skills as the multiplicity of training providers limits their 'transferability' between employers.

The Commission believes that setting out a clear progression pathway for the care sector which identifies the different career paths available to carers, alongside the training required, would go some way to helping to change perceptions of care. To support this, the Commission recommends that England follows [Scotland](#), [Northern Ireland](#) and Wales<sup>122</sup> in their steps to require care workers to be registered centrally. Registration would enable care workers to prove their existing skills and knowledge through recognised qualifications, as well as giving those registered access to a range of resources to support continuous professional development. It also signals to carers and the public alike that caring is a profession with associated standards and expectations, similar to those set out for nurses by the Nursing and Midwifery Council<sup>123</sup>.

The Commission recommends that this central body should play a central role in embedding a culture of lifelong learning within the adult social care sector, providing the requisite funding and mechanisms to enable learning without economic disadvantage to either individuals or their employers. This change would end the need to retrain employees when they switch employer as accreditation of previous training would be recognised and trusted by employers across the sector. Opportunities should be flexible enough to fit around personal circumstances.

In this respect, the Commission wishes to highlight the strides made by the construction sector which the care sector could seek to emulate across the UK. In the construction industry, the Construction Skills Certification Scheme card<sup>124</sup> is widely used by employers. The card provides individual workers with transferable proof that they have the training and qualifications for the job they do. Not only does this practice achieve safer construction work,

it also allows individuals to seek new work and switch employers at will<sup>125</sup>. In addition, construction workers are also able to work towards small qualifications known as ‘tickets’ through short courses. This might include traffic marshalling, first aid or driving a forklift truck. Some of these are linked to extra pay while others open up a wider range of job opportunities to individuals, either with their own employer or elsewhere.

The Commission recommends that care workers in England are registered under a central body as has been done in Scotland, Northern Ireland and Wales and as has already been successful in sectors such as construction and security provision in England.

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#### **Recommendation 4.3**

Care workers in England should be registered under a central body, as in the Devolved Administrations, which can manage and certify their registration, training and ongoing professional and skills development.

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### **Increasing transparency around progression**

The Commission believes that the only way to really effect change around progression at an organisational and national level is for businesses to monitor progression in the same way that they track other aspects of their business. Put simply, what gets measured gets managed. The Commission recognises that placing new requirements on business is always a delicate balancing act, and this is particularly true in the current economic climate.

The need for transparency was a common subject raised throughout the Commission’s stakeholder consultations. Two central themes emerged from the Call for Evidence<sup>126</sup> and discussions with the Advisory Panel on this topic. The first is that transparency can encourage companies to think about progression more seriously and can serve to support the ambitions of investors, who are placing greater emphasis on corporate social responsibility and environmental, social and governance (ESG) practices. The second core argument made to the Commission is that greater transparency around progression can support individuals to make more informed decisions when they seek to change employer or move into work. Currently, it is often difficult for an individual to determine how much a company actively supports staff development, especially in low-paid jobs.

In time, the Commission would like to see a low-burden simplified reporting system in annual reports whereby all reporting requirements can be combined. Pay reporting is perhaps the easiest way to assess progression but it is not an ideal measure as it does not immediately capture steps which may lead to pay progression in the longer-term, and while increases to hourly pay in the same role are positive, they do not represent true progression. In discussions with the Commission, employers were broadly supportive of the concept of measuring and reporting progression but felt that the implications would depend on how the system is designed.

## McDonald's told the Commission

that in addition to offering comprehensive training and development opportunities, they also have the ability to track the progression of every employee. Doing so allows them to take steps to ensure their business benefits from the diverse backgrounds, accrued experience and expertise of their employees. 9 out of 10 of their restaurant managers and 1 in 5 of their franchisees began their career at McDonald's as a crew member, either working behind the counter or in the kitchen. The career ladder that McDonald's offers stretches all the way to the top, with 33% of their executive team having started their career in one of their restaurants. By investing in their employees' progression and tracking their progression, McDonald's are able to use data demonstrating their excellent internal career pathways to attract ambitious new recruits.

Therefore, the Commission recommends that the Government works with businesses to determine how best to monitor and report on progression – with particular attention on those in the lowest paid roles. This could include developing an appropriate

metric to track individual progression and looking at whether, in the longer term, pay reporting data should be part of annual company reports. The Government should also consider whether making this reporting mandatory would be the most effective way of ensuring change. The Commission has heard arguments both for and against mandatory reporting and feels that a voluntary approach may be the most effective starting point.

The recent revisions to the reporting requirements linked to the Companies Act (2006)<sup>127</sup> and the Corporate Governance Code<sup>128 129</sup> puts employee engagement firmly on the boardroom agenda. Companies should make an appropriate senior leader responsible for embedding support for progression into management practice. For 'premium listed' businesses, this would sit in the same area as their employee engagement mechanism (whether this is a workforce director, an advisory panel or a designated non-executive director). All other large companies should look to find a way of formalising this progression focus within their board structure. Business owners in medium, small and micro enterprises could, for example, do this by taking personal responsibility for delivering the 5-point progression checklist (see page 42).

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### Recommendation 4.5

Companies should make an appropriate senior leader responsible for embedding support for progression into management practice.

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## Recommendations

- 4.1** Businesses and employers of all sizes should adopt the 5-point progression checklist.
- 4.2** Developing transparent progression pathways within a company and an industry is paramount to ensuring that entry-level jobs are a stepping-stone. Low-pay sector bodies, employer representative bodies and employers, as appropriate, should lead development of these pathways. They should also consider reviewing what qualifications, if any, should be required at each stage of the pathway.
- 4.3** Care workers in England should be registered under a central body, as in the Devolved Administrations, which can manage and certify their registration, training and ongoing professional and skills development.
- 4.4** The Government should work with employers to consider how businesses can best be supported to accurately monitor individual progression over time, increasing transparency around in-work progression, with particular focus on those in the lowest-skilled roles. This could include developing an appropriate metric to track individual progression and looking at whether, in the longer term, pay reporting data should be part of annual company reports.
- 4.5** Companies should make an appropriate senior leader responsible for embedding support for progression into management practice.

# Chapter 5: Public Procurement and Progression: Unlocking Social Value on the Good Work Agenda

In 2019/20, public procurement expenditure was £306 billion<sup>130</sup>. Every pound spent is an opportunity to deliver wider social benefits and the UK government is already taking up this opportunity. The Public Services Social Value Act 2012<sup>131</sup> requires public authorities to consider economic, social and environmental well-being when awarding public services contracts.

In 2018, the Government announced that it would extend the requirement of the Social Value Act to ensure that all major procurements in central government explicitly evaluate social value, where appropriate, rather than just considering it<sup>132</sup>. This enhancement came into effect from 1 January 2021. It is supported by the Social Value Model<sup>133</sup>, a framework that sets out the themes and award criteria from which in-scope public purchasers can select requirements to include in tender documentation for assessing bids. The Commission wholeheartedly welcomes the inclusion of in-work progression in the evaluation criteria in the Social Value Model, alongside other foundational principles of good work (fair pay, participation, voice and autonomy) under its theme of 'Tackling Economic Inequality.' Within this theme, sub criterion 2.2 focuses on the conditions of employment specifically, including progression.

The Commission is delighted that the immense potential of public procurement in incentivising good employment practice, including on progression, is being advanced by the Government so seriously. The weighting (in application scoring) given to social value is currently set at a minimum of 10% for public purchasing teams, with the option to increase the weighting where it is relevant and proportionate to do so; and as Greater Manchester has done (case study below). The Commission believes there is scope to increase this weightage to 20% as the

minimum acceptable ratio over time, to signal how seriously the Government takes the delivery of social good, especially through increasing life chances for all, as part of public sector spending.

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## Recommendation 5.1

The government should increase the minimum weighting of social value in public procurement to 20% over time.

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The onus is now on purchasing teams to fully understand the contexts for which they are procuring, so that they can set out a clear vision for what social value they expect bidders to deliver as part of any given contract. Leadership and strategic vision combined with specific targeting and clear measurements, will be necessary to make good work and progression related gains out of public procurement.

In 2019 Carnegie UK set out a six-step process for authorities looking to deliver good quality work through public procurement. This includes clear criteria for success, annual reporting requirements, targeting improvements in the lowest paid sectors and helping to make the case for the benefits of good work by continuously collecting good practice<sup>134</sup>. The Commission hopes that central government will continue to work with third sector experts to identify and apply good practice in public procurement and to share this learning with Devolved Administrations and local authorities.

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## Recommendation 5.2

The Cabinet Office should develop a mechanism for sharing good practice in assessing social value between public procurement teams in local, national and devolved authorities.

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## **1684 weeks of paid employment as part of a public sector contract: case study from Northern Ireland**

Since 2016, all large construction contracts procured under Northern Ireland Public Procurement Law have been required to implement the 'Buy Social Approach for Construction' in their procurements<sup>135</sup>. The approach requires that contractors delivering those contracts must deliver 52 weeks of employment for New Entrant Trainees and 2 weeks of unwaged work experience for every £1m of contract value as well as Business in Education initiatives. New Entrant Trainees are defined as people who are long term unemployed or who have left education or training in the last 12 months. The approach also specifies that between 25 and 50% of the weeks must be filled by apprentices.

As part of a £24m contract for construction on the South Regional College Armagh, the successful contractor had a target of 1300 weeks for New Entrant Trainees and 50 weeks of work experience to deliver. As the client was a further education college the contractor was also required to work in the first instance with the client to identify people within the college student body to fill those placements. To date the contractor has provided 1684 weeks of paid employment for New Entrant Trainees.



## In their own words: How the Greater Manchester Combined Authority prioritises Social Value

Social Value forms a key part of our commissioning of skills and employment activity at the Greater Manchester Combined Authority (GMCA)<sup>136</sup>. Through our procurement activity, we want to ensure all our programmes go over and above their core contract commitments to deliver activity that will support local communities, businesses and the voluntary, community and social enterprise (VCSE) sector. Using a social value policy aligned to our strategic objectives, we can use our approach to tackle the inequalities which exist across Greater Manchester.

### Working Well: Work and Health Programme

In the commissioning of the Working Well: Work and Health Programme, a major emphasis was placed on social value which accounted for 20% of the tender evaluation score. As a result, social value is now embedded in the delivery of the programme to ensure that it makes a long lasting, positive impact on participants and also local services and residents.

To deliver social value, InWorkGM have 43 social value key performance indicators to deliver against, and which are monitored every six months. All social value commitments are aligned with the six objectives in Greater Manchester's Social Value Policy 2014.

The types of social value activity delivered ranges from recruiting staff from priority cohorts and ensuring all staff have good employment terms including being paid the Real Living Wage, through to promoting voter registration and reducing fuel poverty. We have already seen considerable impact of the social value delivered through the Working Well (Work and Health Programme) for communities across Greater Manchester, some examples of this include:

- ▶ Supporting new Greater Manchester business start-ups through business mentoring
- ▶ Providing volunteer days for staff to support local VCSEs and to deliver employability support within the community
- ▶ Running Disability Confident events for local businesses in partnership with VCSEs to develop the understanding around the benefits and practicalities of employing people with disabilities amongst local employers
- ▶ Promoting the Real Living Wage and supporting employers to commit to the Mayor's Good Employment Charter
- ▶ Delivering local focus groups with local residents, co-designed with GM Local Authority leads, to develop a greater understanding of their needs
- ▶ Offering apprenticeships within the providers and promoting apprenticeships to businesses

The background of the page is a black and white photograph of the Elizabeth Tower (Big Ben) in London. The tower is partially visible on the right side, showing its intricate Gothic architecture and a large clock face. Overlaid on the left side of the image is a large, dark, semi-transparent geometric shape that resembles a stylized 'A' or a series of overlapping triangles. A white rectangular box is positioned on the left, containing the 'Recommendations' section. A white triangle points to the right from the top-left corner of this box.

## Recommendations

- 5.1** The Government should increase the minimum weighting of social value in public procurement to 20% over time.
- 5.2** The Cabinet Office should develop a mechanism for sharing good practice in assessing social value between public procurement teams in local, national and devolved authorities.

# Chapter 6: Transport and Childcare

The Commission has found that barriers to progression are multiple, complex and varied, depending largely on an individual's circumstances and stage of life. However, the Commission has heard that transport and childcare are particularly central barriers which directly affect individuals' physical ability to take up progression opportunities, and therefore has explored these areas in greater depth. The Commission recognises that many people will also have wider caring responsibilities which it has reflected as part of the flexible working recommendations set out in Chapter 4.

## Transport



*If you're doing bars and restaurants and stuff then getting home's not going to be easy. And same with cleaning jobs, early morning there's no transport, you simply cannot get there."*

Harpurhey, local stakeholder – Joseph Rowntree Foundation<sup>137</sup>



*It could be a nightmare. If a bus doesn't turn up, you could get the sack. It affects the house and everything. I hate being late. It puts me off changing [buses]. Employers expect you to be there nine to five. If you're not, it's like: "Right, out the door!"*

Castlemilk, female, aged 48 – Joseph Rowntree Foundation<sup>138</sup>

As these quotations taken from a [Joseph Rowntree Foundation study](#)<sup>139</sup> illustrate, public transport can play a vital role in enabling, or preventing, someone from accessing work opportunities. Journey planning is integral for success in employment – simply put, transport availability dictates which opportunities individuals can access<sup>140</sup>.

The Commission has discovered just how dependent many workers, especially those in low-pay, are on public transport. The Institute of Transport Studies found that 77% of interviewed job seekers do not have regular access to a car, rising to 87% amongst 18–24-year-olds and additionally, only 43% of interviewees have a valid driving licence<sup>141</sup>. Through the Commission's Call for Evidence, Reed in Partnership shared that it was common for their Employment and Health and Wellbeing advisers to work with participants in rural areas who were unable to consider or apply for a job because of transport barriers<sup>142</sup>.

Across the United Kingdom, buses are the primary mode of access to city centres<sup>143</sup>. **More people commute by bus than all other forms of public transport combined** and around 400,000 people are in better, more productive jobs as a direct result of the access to opportunities bus services provides<sup>144</sup>.

Although popular, the reliability and availability of buses is often identified as an issue, especially where users are making longer journeys that involve changing services. For example, research by the Institute for Transport Studies found that 19% of the workers in their sample have turned down a job at some time because of poor quality bus services<sup>145</sup>. This situation is even more challenging for people with additional needs; in response to the Commission's Call for Evidence, Scope and the Business Disability Forum detailed the transport-related struggles faced by people with disabilities and the complexity of their journeys due to inaccessible transport connections<sup>146</sup>.

For these reasons, the Commission has chosen to focus its thinking and recommendations on how to improve bus use as a means to enable progression in work. The Commission therefore wholeheartedly welcomes the Department for Transport's recently published National Bus Strategy for England. In particular, the strategy looks at the role bus services play in helping people to access labour market opportunities<sup>147</sup>. The Devolved Administrations should also consider how innovative use of bus services can better support labour market growth.

### Recommendation 6.1

The Commission welcomes the funding commitment that has been made in the Department for Transport's National Bus Strategy for England and calls on the Department for Transport and HM Treasury to ensure that this commitment is translated into a firm multiyear commitment over the next Spending Review.

This is not to say that wider regional connectivity, via schemes such as High Speed 2, or schemes to encourage physical mobility such as the Government's cycling strategy in England, Sheffield City Region's "[Wheels for All](#)" scheme<sup>148</sup> or Derby's "[Bike It](#)" service<sup>149</sup>, providing cycles for job seekers, are not critically important. The Commission welcomes all schemes that aim to improve access to transport for people in low-pay. However, the Commission believes that local bus networks have the greatest opportunity to transform employment potential for workers in low-pay sectors.

## Demand-responsive transport and restoring socially necessary services

Regular bus services often do not run in areas where there is low passenger demand because the service is not considered financially viable by bus operators<sup>150</sup>. However, the Commission feels that this may be a catch-22 situation whereby numbers are low because of a lack of availability and vice versa. In recognition of the importance of improving bus services in lower density areas, the UK government established a Rural Mobility Fund to award funding for demand-responsive service pilot projects in previously underserved areas of England.

The Welsh Government shared with the Commission their work to improve bus availability. In collaboration with local authorities and local transport operators, Transport for Wales introduced a pilot demand-responsive bus service in 2020. The service was designed to help people make essential local journeys: buses picked up passengers at their request and dropped them off anywhere within a designated service area. The Commission understands that the pilot is currently being evaluated, however, early indications are very positive with 88% of reviews offering a 5-star rating<sup>151</sup>.

The Tees Valley Mayoral Combined Authority told the Commission about their current trial of a demand-responsive bus service. The TeesFlex service app directs passengers to nearby safe and convenient pick-up and drop-off points (generally within 100m of their requested area), enabling efficient shared trips that take users where they like, when they like. The Commission understands that this service started just prior to the COVID-19 pandemic but early findings show it has helped to directly tackle issues in remote areas where public transport is limited to a bus service that does not run often enough or at times that suit shift work (early starts/late finishes)<sup>152</sup>.

The Commission understands that earlier attempts to deliver demand-responsive transport solely by the private sector, such as [PickMeUp](#)<sup>153</sup> in Oxford, run by Go-Ahead Group, have proven commercially unviable and were stopped as a result. The Commission recognises that these schemes can only exist with financial backing from the public sector. Using lessons learned throughout their Oxford trial, Go-Ahead launched a demand-responsive service, [JustGo](#)<sup>154</sup>, with funding from East Yorkshire council in autumn 2020. The funding enables Go-Ahead Group to offer this service, which operates at times to suit shift patterns and staggered working hours<sup>155</sup>, thereby providing better transport access for employees, and others, and which would otherwise have required Go-Ahead group to take a potentially significant revenue risk<sup>156</sup>.

A pure profitability principle cannot apply to these transport services, if those out of work and those on low-pay are to take up new opportunities. This is all the more so for ‘socially necessary’ bus services which connect urban and rural areas or run outside of traditional hours to serve shift workers.

In the National Bus Strategy for England, the UK government has committed to issue new guidance on the meaning and role of ‘socially necessary’ services, expanding the category to include ‘economically necessary’ services for the first time<sup>157</sup>. This recognises the vital role that buses have in getting people to work at all times of the day and night. The strategy also describes what the government expects to see in local Bus Service Improvement Plans, such as the bus service levels that different communities need (including in evenings and at weekends) and that economically disadvantaged places and the places where residents in those communities work, should be included in that thinking. If this cannot be achieved by agreement, Government will consider statutorily requiring the provision of socially necessary bus services.



Furthermore, the Commission agrees with the Joseph Rowntree Foundation that bus franchising is an important policy tool which can be used to empower combined authorities to tackle transport barriers to work<sup>158</sup>. The Bus Services Act 2017 for England provides Mayoral Combined Authorities with the powers to implement bus franchising in their area. This limits the ability of bus companies to unilaterally decide routes, fares, frequency etc., and will enable mayoral combined authorities to coordinate the overall bus network and improve bus governance, taking into consideration the needs of citizens and the local economy. The Bus Services Act also allows for the use and creation of Enhanced Partnerships which allows local authorities to introduce bus priority measures and change wider transport policy. Enhanced Partnerships have been shown to increase the reliability of buses by, for example, enabling buses to bypass congestion and improve their frequency<sup>159</sup>.

The National Bus Strategy for England requires that by June 2021, every Local Transport Agreement commits to establishing an enhanced partnership or starts the process of franchising, in order to access additional funding. The Commission welcomes this incentive for bus operators and local authorities to work together as this will lead to improvements in bus services across all of their areas, thereby benefiting individuals seeking to progress in work.

Similarly, the Transport (Scotland) Act 2019 enables local authorities to work in partnership with bus operators to provide bus priority measures to combat congestion and enable buses to be more reliable. Transport Scotland's recent announcement in 2020 of their Bus Partnership Fund complements these provisions in the Act. The Bus Services (Wales) Bill included similar provisions regarding franchising and partnerships but has since been withdrawn.

Noting the benefits of better bus governance through these partnerships and franchising, policymakers across Great Britain should continue to consider this in the design of their transport policy. The Commission understands that bus services are not deregulated in Northern Ireland. The Commission would encourage the Northern Ireland Executive to consider the impact of public transport, including buses, on supporting progression among the low-paid.

### Recommendation 6.2

In England, local authorities should fully utilise the powers available to them under the Bus Services Act 2017, including the ability to set and limit fares, allow use of flexible ticketing, implement bus franchising and create Enhanced Partnerships. Devolved Administrations should also consider the benefits of these mechanisms in the design of their transport policy.

## Affordability



*The sort of jobs I am going to get will wipe out in bus fares ... I've been offered loads of jobs online, the only reason I've not been able to take them is cos of the distance, a lot of them are in Bradford or Leeds and by the time I've paid for travel expenses to get there, work in a part-time job on a part-time wage, it wouldn't be worth my while travelling that far."*

Dewsbury Moor, female, aged 59 - Joseph Rowntree Foundation<sup>160</sup>

It is vital that there are affordable options for public transport, to enable people in low-pay sectors to be able to access new progression opportunities. The Commission has heard through a number of Call for Evidence responses that “a lack of accessible and affordable public transport is a key barrier to progression for people on a low income<sup>161</sup>” and that “the availability (and cost) of regular and reliable public transport influences the radius within which lower paid workers may be able to work<sup>162</sup>” displaying that the cost of transport can be a significant factor in people deciding whether to take up job opportunities.

In England, the Government has taken steps to address the affordability of buses. The Bus Services Act 2017 has a number of provisions to limit bus fares, including those mentioned above in relation to bus franchising as well as the power to set a cap on the cost of a particular route<sup>163</sup>. The National Bus Strategy for England asks local transport authorities to produce Bus Service Improvement Plans, which should include plans and costs for fares and ticketing<sup>164</sup>. To ensure fares are lower and simpler it sets out methods to make low flat fares (or maximum fares and daily price caps across operators) the norm within cities and towns as in London. Importantly, the Act allows for multimodal operator tickets, including on smartcards, mobile phones or contactless bank cards which would simplify journeys by enabling passengers to make journeys across different modes of transport using a single payment type. Having fully-integrated multi-modal, transparent ticketing systems could reduce the cost penalty paid by people who need to use several buses, potentially operated by different companies, especially for those who need to reach employment sites in out-of-town locations<sup>165</sup>. Additionally the Government’s Low and Ultra-Low Emission bus schemes have resulted in significant

investment from UK bus operators in cleaner and greener buses. It is expected that zero emission buses will achieve operating cost savings in the longer term which can be reinvested in lower fares.

The Department for Work and Pensions recognises the cost challenge and offers assistance with transport costs through its Flexible Support Fund (FSF). The fund can be used to cover expenses associated with taking up work or training, including transport costs for the first three months in employment. The Commission is pleased that the FSF is now available to even more Universal Credit claimants. However, the Commission would like to see the fund made available to provide help with transport costs to anyone on Universal Credit who is in work in a low-pay sector where these costs are acting as a barrier to them taking specific steps to progress, such as attending a relevant training course or taking on more hours or a new role.

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### **Recommendation 6.5**

The Flexible Support Fund should be expanded to be used to support any Universal Credit claimant in work who faces specific fixed costs which are acting as a barrier to them taking defined steps to progress in work, for example support for transport or childcare to support attendance at training.

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## **The role of employers**

Employers can also play a significant role in helping to reduce costs of travel. Not only can it enhance an employer’s standing with its employees, support with travel costs can also, if used innovatively (see examples below), help employers to reduce their carbon emissions, helping the UK’s government net-zero ambitions, and improve employers’ Environmental, Social and Corporate Governance (ESG) rating<sup>166</sup>.

The Commission believes that in medium and large employers, help with transport could start with a review of the transport situation for all staff which includes developing a better knowledge of all the transport options serving the premises, mapped against the home locations of their staff; surveying the ways in which their staff get to work; and their staff's assessment of the difficulty of their commuting journeys. This would help employers to better design subsequent assistance for employees. For example, for shift workers, companies could think innovatively about matching bus services to shift patterns. The Trades Union Congress (TUC) shared with the Commission that their members who are shift workers often found that they were faced with a choice of either arriving significantly too early for a shift or risk being late due to bus timetables not aligning with shift times<sup>167</sup>. Knowing this information would also give employers greater negotiating power when discussing improvements to public transport with local authorities linked to labour market growth.

Subsequent initiatives could include:

- ▶ Running a carpool scheme within their organisation so that car owners could provide lifts to colleagues if public transport routes are particularly difficult. Employers could provide a matching scheme for employees so that car users and passengers can find each other and could provide incentives to car owners by reimbursing some fuel money if they travel with a colleague.
- ▶ Offering fully flexible, zero-interest loans on subsidised season tickets or partnering with local bus providers to offer affordable season tickets.

- ▶ Running bus shuttle schemes in areas where public transport is unreliable or non-existent.
- ▶ In the longer term, considering access to public transport when reviewing future location choices, as well as working with local authorities in ensuring new business parks etc. are designed with suitable transport links in place.
- ▶ The Commission welcomes the announcement of the Government's Levelling Up Fund which can be used across the UK to improve local transport connectivity including upgrades to local bus and road infrastructure. Employers may be able to use any review of their staff's commute to help inform local authorities' bids to the Fund.

### Recommendation 6.3

Local authorities should work with transport operators and local employers when designing new housing and industrial/retail estates and when amending existing bus routes to eliminate transport deserts. The Levelling Up Fund should be used to improve infrastructure and connectivity where there is a lack of access.

### Recommendation 6.6

Employers should develop an understanding of the transport and childcare options available to their staff in carrying out their duties and use this to inform business practice.

### **Arriva good practice: Employer Travel Club – For those who fund their own travel**

Through their [Employer Travel Club](#), Arriva offer individuals the option to spread the cost of an Annual Saver ticket by paying monthly via Direct Debit instead of the usual one-off payment. Individuals are not tied into a contract, so can stop and start direct debit payments when they wish. The ticket provides unlimited bus travel every month (within chosen zone) and free child travel (up to 2 children at weekends and Bank Holidays), as well as this the ticket is sent direct to the individual's home each month. When organisations and stakeholders join the Employer Travel Club membership scheme with Arriva, employees of their organisation can then arrange their Direct Debit, choosing their chosen ticket zone and preferred Direct Debit date. There is no contract between an employer and Arriva and, no obligation for the minimum amount of individuals who are required to join the scheme. The scheme is free to set up with Arriva, they only need the organisation's logo and then they sort the rest, including providing literature for distribution.

### **McDonald's good practice: Contracting out a minibus company for employees**

A McDonald's franchisee faced some real challenges in recruiting staff for a new restaurant at a service station off a busy motorway. There are no public transport links to the service station and few people live close to the site.

To overcome this problem, the franchisee contracted out a minibus company, at a cost of £124,000 per year, to pick up and drop off employees to the services each day from one of his other nearby restaurants.

By providing transport, and ensuring the staff are well looked after, the franchisee has been able to recruit and retain 85 crew members to work at the restaurant. In fact, the number of leavers and general staff turnover rate at this restaurant is lower than the average across the country.

## Ensuring Reliability and Harnessing the Power of Data

As highlighted above, reliable bus services are important to support strong labour markets and are a factor in people's decisions about taking on increased hours or new job opportunities. London commuters benefit from Transport for London's innovative successful open data strategy where apps like Citymapper provide commuters with real time information on their phones, identifying the most efficient transport routes and the timing of their next bus. [Deloitte's paper](#) assessing the value of TfL's open data and digital partnerships, which is used for apps such as Citymapper and Bus Times London, found that 'the release of open data by TfL is generating annual economic benefits and savings of up to £130m for travellers, London and TfL itself<sup>168</sup>. The Parliamentary Under Secretary of State for Devolution, Roads and Light Rail, the Rt Hon. Baroness Vere of Norbiton further highlighted in a speech to Parliament in 2019 that these benefits came from travel time savings, additional journeys and reduced congestion<sup>169</sup>.

Joseph Rowntree Foundation research showed that low-income groups sometimes lack the confidence to navigate public transport systems, pointing the complexity of the system as part of the issue as well as unfamiliarity with routes<sup>170</sup>. The Commission is encouraged that the Department for Transport has established the Bus Open Data Service which provides data on bus timetables, fares, real time vehicle location and punctuality data for every local bus service in England. Data for other modes of transport is also being published to the service including for tram, light rail, coach, metro rail and underground services. The Department for Transport is also working on a commitment to include predictions data so local authorities and

app developers can notify passengers about journey times. In the longer term, the Department for Transport will explore inclusion of cycle share, rail and micro-mobility<sup>171</sup> data in the service too.

## Jobcentres and travel advice

As mentioned in Chapter 2, Jobcentres are at the forefront of Government efforts to support a large proportion of those in low-pay. The chapter also made the argument that Jobcentres need to play a more active role in claimants' progression in work. Playing this more active role will require an understanding of the entirety of a claimant's experience of taking up a new opportunity. Transport is part of that experience.

The Commission understands that a few local authorities have trained Jobcentre staff to provide high quality transport advice in order to better understand the challenges faced by individuals to advise them accordingly. In the Liverpool City Region, for example, Jobcentre staff were taken out on buses across the network for them to experience transport options available to claimants first-hand<sup>172</sup>. The Commission recommends such training for Jobcentre staff is replicated across all regions and all Jobcentres. This would address concerns voiced by the [Joseph Rowntree Foundation](#) that Work Coaches do not fully comprehend the unreliability of public transport in some areas and therefore fail to accommodate for it when providing advice<sup>173</sup>. Jobcentres can also promote better and more frequent use of the Jobcentre's Flexible Support Fund to help individuals with an aim to progress.

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### Recommendation 6.4

Jobcentre staff across the UK should increase their knowledge of the connectivity landscape in the areas in which they work.

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## Childcare

The Commission could not write a report on the barriers to progression for the low-paid without considering the significant impact that childcare plays. Childcare was the single most discussed topic in the Call for Evidence, with over two-thirds of responses dealing with this area. It has also been discussed extensively by think tanks and third sector organisations (see, for example, reports by [Gingerbread](#)<sup>174</sup> and [Coram Family and Childcare](#)<sup>175</sup>). Government and many employers do recognise the importance of childcare but from the evidence the Commission has seen, there is still much more to be done to ensure that parents, and especially women, have the support they need so that they do not have to choose between caring commitments and progressing in work.

The Commission recognises that not all working parents will choose to use childcare of any kind, however, for those that do, childcare provision impacts on all the other decisions a parent considering progression needs to make –

from taking up an optional training opportunity, to considering taking on more hours or a new role or moving employers. Formal childcare can be expensive and a fairly rigid service.

A [2019 report](#) by the Young Women's Trust<sup>176</sup> found that more than three in four of young mums (78%) aged 18 to 30 in the UK surveyed said a lack of flexible and affordable childcare was a barrier to finding employment. In the Department for Education 2018 [Childcare and Early Years Survey of Parents](#)<sup>177</sup>, 44% of working mothers in England with children aged 0-14 said reliable childcare helped them go out to work. The following [year](#), a further survey focusing on parents of 0-4 year olds, found that reliable childcare was important to an even higher proportion of working mothers at 69%<sup>178</sup>. Additionally, having a job that allowed mothers to balance childcare and work was the most commonly cited factor by mothers in England which enabled them to enter work in the two years immediately prior to the 2018 survey<sup>179</sup>.



Worryingly, the Young Women's Trust report also found that a third of young mothers from the focus group had been forced to leave a job as a result of not being able to afford childcare. These are not isolated findings and will apply equally to considerations about changing work or taking on more hours. Many of the Call for Evidence responses<sup>180</sup> highlighted reports by charities, think tanks and employer-bodies, showing the stark choice that many parents, especially mothers, regardless of age, have to make between working and looking after their children. The Department for Work and Pension's own research, the Future Cohort Study, further adds to this evidence, with respondents reporting that balancing caring commitments was twice as important as pay when considering a role<sup>181</sup>. This has become even more acute during the COVID-19, when restrictions affected many formal childcare settings. The [2021 Coram Family and Childcare's annual childcare survey](#)<sup>182</sup> reported, for example, that childcare providers are struggling to remain sustainable during the coronavirus crisis, with 39% of local authorities in England seeing providers in their area raise their prices over the last year and 32% reporting that some providers have reduced the number of free early education entitlement places they offer. It is too early to say whether these are early indications of long-term issues.

Childcare provision is often something which people in low-paid work have carefully arranged, sometimes relying on a complex and finely balanced mix of formal childcare provision with support from family and friends.

The risk of taking on a new role or increased hours that would mean undoing all of these trusted and stable arrangements can sometimes seem too great, especially where the financial reward may be minimal, at least in the short term, as discussed elsewhere in this report.

There are some fundamental challenges around childcare provision which are difficult to reconcile. The Commission recognises that childcare businesses are expensive to run and providers need financial certainty, while parents, especially those in low-pay, often need greater flexibility and wraparound support outside of normal 'office hours' than can easily be offered. When surveyed, parents consistently say that they want to see more affordable childcare, greater provision during school holidays and longer opening hours<sup>183</sup>.

## Government support with costs

Government-supported childcare provision has improved over recent years. Some form of [free childcare is on offer](#)<sup>184</sup> to children of preschool age across the United Kingdom, although provision differs in [each nation of the UK](#)<sup>185</sup>. Households across the UK, earning at least the National Minimum Wage or Living Wage for 16 hours a week on average, with combined incomes below a specific threshold are additionally eligible for up to £2000 a year towards their childcare bills through [Tax-Free Childcare](#)<sup>186</sup> for children aged 0-11 (more if the child is disabled). Evidence shows, for England at least, that the Government-funded childcare support has been well-received by parents and has had a positive impact on supporting working households<sup>187</sup>.

## Childcare entitlement<sup>188</sup>

### England

The Department for Education funds three early education entitlements (for 38 weeks per child per year). The 15-hour entitlement for disadvantaged families with 2-year-olds and the universal 15-hour entitlement for all families with 3 and 4 year olds. An additional 15 hours is available for working parents of 3 and 4 year olds (known as 30 hours).

### Scotland<sup>189</sup>

In Scotland, local authorities are statutorily obliged to offer 600 hours a year (equivalent to 12.5 hours per week over 48 weeks) of funded Early Learning and Childcare (ELC) for all three and four year olds. Two-year-old children who are either looked after by a local council, the subject of a kinship care order, the subject of a guardianship order, or whose parent / guardian is in receipt of certain benefits, are also eligible for 600 hours a year of funded ELC. From August 2021, the statutory offer will increase to 1140 hours a year (equivalent to 23.75 hours per week over 48 weeks). Most children in funded provision in Scotland already access 1140 funded hours.

### Wales<sup>190</sup>

The Welsh Government provides up to 30 hours a week of early education and childcare for working parents of three and four year olds for 48 weeks of the year. The 30 hours is made up of a minimum of 10 hours of early education a week and a maximum of 20 hours a week of childcare.

In some areas of Wales, funded quality childcare is offered to parents of all eligible 2-3 year olds for 2 and a half hours a day, 5 days a week for 39 weeks a year.

### Northern Ireland<sup>191</sup>

The Department for Education NI funds pre-school education provision for all children aged 3 to 4. Provision is five days per week for 38 weeks during the academic year and funded places are provided on a part time (minimum of 2.5 hours per day) or full time (minimum of 4.5 hours per day) basis. As part of the Department's Sure Start Programme, funding is provided for a developmental programme in the most disadvantaged areas for 2-3-year old children who would benefit from additional support to prepare them for pre-school. Children in NI start primary school at age 4.

In addition to the support outlined above, under Universal Credit up to 85% of actual childcare costs can be reimbursed, a more generous policy than applied to the benefits Universal Credit is replacing.

Universal Credit childcare costs are reimbursed according to a 'payment-on-receipt' system, which means that claimants need to pay costs upfront. The Commission is not seeking to reform the Universal Credit childcare system but it was concerned to hear from respondents to the Call for Evidence, including from the Institute for Policy Research at the University of Bath<sup>192</sup>, that this repayment system can make it very difficult for Universal Credit claimants to find the upfront costs needed to increase childcare provision, should they wish to take on more hours, for example, and often at short notice. The recently published [Coram Family and Childcare Annual Survey 2021](#)<sup>193</sup> points to data from the Office for National Statistics that in Great Britain the price of a part-time childcare place for a child aged under three is about twice as much as the average household spends on food and non-alcoholic drinks per week. This cost rises for younger children in nursery.

The Department for Work and Pensions has increasingly offered support with these up-front costs to parents. Help has been available through the Flexible Support Fund to cover the cost of childcare up front when a parent moves into work, with payments made directly to the childcare provider. The Commission welcomes the fact that this policy is now being extended to cover those who are looking to increase their work participation/number of hours. This has been well received and the Commission would like to see this provision expanded to allow parents to claim support for a longer period of time to give parents time for their finances to settle.

### Recommendation 6.7

The Department for Work and Pensions should look again at how it can more creatively help with the cash flow problem for parents looking to enter work - building on the recent extension of support for up-front childcare costs through the Flexible Support Fund to those in work looking to take on more hours.

## Flexibility

In terms of flexibility, many parents undertake a 'double-commute', first to the childcare provider and then to work, which they repeat again at the end of the working day. Parents have to juggle working hours with the opening hours of the childcare provider making career decisions based on whether they can access affordable childcare at the hours that they would need it if they took on more hours or greater responsibilities at work, while balancing the challenges of commuting, as referenced earlier in this chapter. The Commission heard from employers and experts alike in their Call for Evidence responses, that childcare provision needs to cover a greater range of working hours, through wraparound support, as well as to allow more flexibility in the way parents access the service. While the 2018 Department for Education Childcare and Early Years Survey of Parents<sup>194</sup> found that in England 39% of parents did not report problems with finding childcare to meet their needs, this still leaves many parents who did have difficulty.

## Availability

Availability can also be a challenge. In England, for example, the [2020 Coram Childcare Survey](#) reported that 56% of local authorities had enough childcare for parents working full-time. While COVID-19 has not significantly impacted on the availability of childcare overall<sup>195</sup>, the picture varies by local authority.

The Government has announced a £1 billion fund for England to help create more high quality, affordable childcare, including before and after school and during the school holidays. The Commission welcomes this and recognises that the recent expansion of the £220 million Holiday Activities and Food Programme in England to provide enriching activities and a healthy meal for disadvantaged children in the Easter, Summer and Christmas holidays in 2021 is a good start<sup>196</sup>. The Commission believes this programme should be expanded further to continue beyond 2021-22 and extended to cover the shorter half-term holidays. Parents also need more help throughout the year and wraparound support should be more widely available and affordable, building on and helping to resource the support that many schools offer through breakfast (see also the Department for Education-funded National School Breakfast Programme<sup>197</sup>) and after-school clubs.

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### **Recommendation 6.8**

The Department for Education should seek to create more subsidised wrap around childcare support and build on and expand the Holiday Activities and Food programme, ensuring funding continues beyond the 2021/22 financial year.

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### **Knowledge of childcare offers**

Policy makers must also make sure that parents are aware of and take advantage of the free childcare places they are entitled to. The take-up of free childcare places targeted at 2-year-olds in disadvantaged families is around 69%<sup>198</sup>. Awareness of the 30-hour offer increases with income while the take-up of formal childcare is less for lower-

income families in general<sup>199</sup>. More needs to be done to understand why this is and what can be done to increase take-up. The Commission understands that Jobcentres have been working hard with local authorities over the last six months to help ensure that parents take up their free places, particularly by promoting the 15 hours available to financially disadvantaged families with two year olds in England. The Commission would like to see these efforts continued.

The Commission has also seen evidence from the Universal Credit Full Omnibus Survey (see Figure 12) from February 2019 that understanding of the childcare element in Universal Credit is very low and the offer is, in fact, far more likely to be misunderstood. The Commission understands that the Department for Work and Pensions has invested a lot of effort since that report into improving understanding, including investing in materials and training for Work Coaches. The Commission would like to see this good work continue and would encourage the Department to continue to monitor progress.

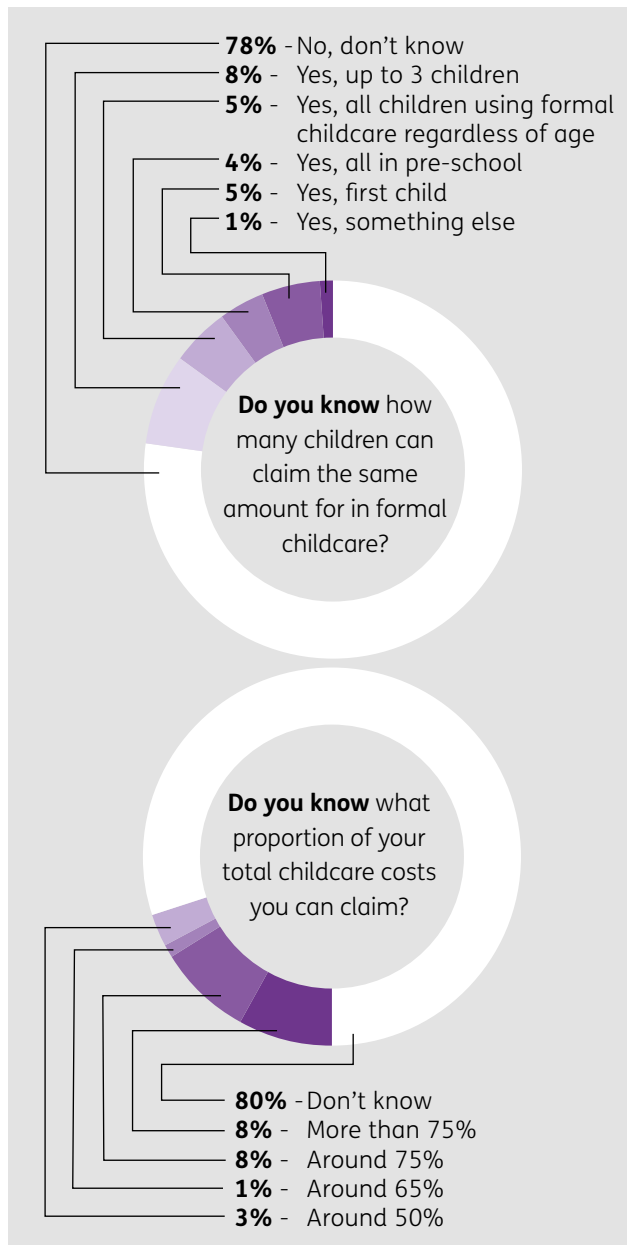
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### **Recommendation 6.9**

The Department for Work and Pensions and the Department for Education should continue efforts to ensure that parents, and especially those on Universal Credit, are aware of the childcare support available to them and that they are supported in making informed choices.

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**Figure 14 - Knowledge of the childcare element of Universal Credit<sup>200</sup>**



Data taken from Department for Work and Pensions. (2019) Universal Credit Full Service Omnibus Survey. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/783158/universal-credit-full-service-omnibus-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/783158/universal-credit-full-service-omnibus-survey.pdf)

## The role of employers

The availability and flexibility of childcare is not the responsibility of the state alone; employers also have a role to play.

Larger employers in particular could consider innovative solutions in supporting their staff either financially or practically to overcome the huge barrier that childcare presents to progression, especially for women. Some examples include:

- ▶ Subsidising childcare placements - providing financial support to staff by subsidising some of the costs of the parent's childcare provider of choice so that the parent has a wider choice of providers, or by partnering with a nearby provider and 'buying' places for the children of staff.
- ▶ Providing interest-free loans to staff to cover up-front childcare costs - introducing initiatives such as [Greater London Authority's Childcare Deposit Loan Scheme<sup>201</sup>](#), which enable employees to borrow the upfront costs of childcare from their employer, will help parents to access quality childcare and support them to return to work.
- ▶ Offering on-site, or local provision- employers who offer childcare provisions near the workplace minimise the burden placed on parents by reducing (or eradicating) the 'double commute' (to the childcare provider, and then to work) and addressing availability issues. The Commission recognises that this may not be the preferred choice of many parents, who may wish to have childcare near their home, to foster wider relationship, but it is something for employers to discuss with their employees.

A black and white photograph of a child's hand reaching for a block on a mat with large, dashed letters. The mat has letters like 'A', 'S', 'M', 'N', 'L', 'K', 'P', 'Q', 'R', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'. The child is wearing a striped sleeve. The background is blurred, showing other children and hands.

## NHS Northumbria Healthcare case study

Northumbria Healthcare NHS Foundation Trust provides on-site nurseries for their staff at their hospitals in North Tyneside, Wansbeck and Hexham to support their staff with their childcare commitments<sup>202</sup>. The nurseries are independently owned and run by Kids 1st Day Nurseries Limited, with a guaranteed number of places set aside for hospital staff. The Trust also offers a salary sacrifice scheme to help employees manage the costs of childcare.

## Recommendations

- 6.1** The Commission welcomes the funding commitment that has been made in the Department for Transport's National Bus Strategy for England and calls on the Department for Transport and HM Treasury to ensure that this commitment is translated into a firm multiyear commitment over the next Spending Review.
- 6.2** In England, local authorities should fully utilise the powers available to them under the Bus Services Act 2017, including the ability to set and limit fares, allow use of flexible ticketing, implement bus franchising and create Enhanced Partnerships. Devolved Administrations should also consider the benefits of these mechanisms in the design of their transport policy.
- 6.3** Local authorities should work with transport operators and local employers when designing new housing and industrial/retail estates and when amending existing bus routes to eliminate transport deserts. The Levelling Up Fund should be used to improve infrastructure and connectivity where there is a lack of access.
- 6.4** Jobcentre staff across the UK should increase their knowledge of the connectivity landscape in the areas in which they work.
- 6.5** The Flexible Support Fund should be expanded to be used to support any Universal Credit claimant in work who faces specific fixed costs which are acting as a barrier to them taking defined steps to progress in work, for example support for transport or childcare to support attendance at training.
- 6.6** Employers should develop an understanding of the transport and childcare options available to their staff in carrying out their duties and use this to inform business practice.
- 6.7** The Department for Work and Pensions should look again at how it can more creatively help with the cash flow problem for parents looking to enter work - building on the recent extension of support for up-front childcare costs through the Flexible Support Fund to those in work looking to take on more hours.
- 6.8** The Department for Education should seek to create more subsidised wrap around childcare support and build on and expand the Holiday Activities and Food programme, ensuring funding continues beyond the 2021/22 financial year.
- 6.9** The Department for Work and Pensions and the Department for Education should continue efforts to ensure that parents, and especially those on Universal Credit, are aware of the childcare support available to them and that they are supported in making informed choices.

# Recommendations

## 1. Introduction

- 1.1 For national and England-only policies, the UK government should create a body or oversight mechanism that can bring together the work of the Department for Work and Pensions, the Department for Education, the Department for Business, Energy and Industrial Strategy and the Department for Transport in providing a long-term focus on in-work progression. The Devolved Administrations should consider doing likewise for relevant policy areas.

## 2. The Low-Paid on Universal Credit: The Department for Work and Pension's Role in Progression

- 2.1 Jobcentres need to have an established, credible in-work offer for all working benefit claimants. This could include, for example, annual, high quality, progression-focused career conversations. To realise this, Jobcentres need to invest in specialist expertise in progression. This will include acting as a specialist hub for expertise on local labour markets in close partnership with local actors including employers, local authorities and skills providers, amongst others.
- 2.2 The Department for Work and Pensions should consider ways to incentivise claimants to reach milestones on their individual progression and learning pathways. For example, for every milestone that a claimant reaches on their individual progression and learning pathway, they could be 'awarded' with credits which they can put towards training, or certification costs, or childcare or transport costs to allow them to reach their next milestone.

- 2.3 In advance of launching its progression offer, the Department for Work and Pensions should consider a high-level communications campaign to inform people on low-pay that the government is changing how it supports them; and to assure them that this support is for them regardless of their individual circumstances.
- 2.4 The Department for Work and Pensions and HM Treasury should consider how the design of Universal Credit, especially the taper rate and work allowances, can best support progression incentives.
- 2.5 The Department for Work and Pensions should also commit to improving how well Universal Credit, and in particular its rules for claimants in work, are understood by employers in low-pay sectors.

## 3. Promoting a Culture of Lifelong Learning

- 3.1 People on low-pay should be proactively encouraged and enabled to take up learning through a progression and learning plan. Employers, Jobcentres and National Careers Service advisers (and their equivalents in the Devolved Administrations) should work with individuals to develop and action these plans. For people on Universal Credit, these plans may, for example, be achieved through a wider use of Jobcentre claimant commitments.
- 3.2 The Department for Work and Pensions should review the Mid-Life MOT to ensure it is easy to use for those in low-pay and that it is used more often and more widely by employers of all sizes and in all sectors, as well as by Jobcentres, to help older workers to assess their career and skills needs.

3.3 The Department for Education and Devolved Administrations should ensure that Apprenticeships are accessible and attractive to more established workers, especially those who have been in their role for significant periods of time, and older workers.

3.4 Governments across the UK should oversee the development of subsidised sector-specific bridging courses to enable low skilled workers to gain access to higher-level training and progression. This should be done in partnership with skills bodies, sector representative bodies and employers. These bridging courses should be robust enough to count towards sector-specific apprenticeships.

## 4. The Role of Business and Employers in Progression

4.1 Businesses and employers of all sizes should adopt the 5-point progression checklist.

4.2 Developing transparent progression pathways within a company and an industry is paramount to ensuring that entry-level jobs are a stepping-stone. Low-pay sector bodies, employer representative bodies and employers, as appropriate, should lead development of these pathways. They should also consider reviewing what qualifications, if any, should be required at each stage of the pathway.

4.3 Care workers in England should be registered under a central body as in the Devolved Administrations, which can manage and certify their registration, training and ongoing professional and skills development.

4.4 The Government should work with employers to consider how businesses can best be supported to accurately monitor individual progression over time, increasing transparency around in-work progression, with particular focus on those in the lowest-skilled roles. This could include developing an appropriate metric to track individual progression and looking at whether, in the longer term, pay reporting data should be part of annual company reports.

4.5 Companies should make an appropriate senior leader responsible for embedding support for progression into management practice.

## 5. Public Procurement and Progression: Unlocking Social Value on the Good Work Agenda

5.1 The Government should increase the minimum weighting of social value in public procurement to 20% over time.

5.2 The Cabinet Office should develop a mechanism for sharing good practice in assessing social value between public procurement teams in local, national and devolved authorities.

## 6. Transport and childcare

6.1 The Commission welcomes the funding commitment that has been made in the Department for Transport's National Bus Strategy for England and calls on the Department for Transport and HM Treasury to ensure that this commitment is translated into a firm multiyear commitment over the next Spending Review.

- 6.2 In England, local authorities should fully utilise the powers available to them under the Bus Services Act 2017, including the ability to set and limit fares, allow use of flexible ticketing, implement bus franchising and create Enhanced Partnerships. Devolved Administrations should also consider the benefits of these mechanisms in the design of their transport policy.
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- 6.8 The Department for Education should seek to create more subsidised wrap around childcare support and build on and expand the Holiday Activities and Food programme, ensuring funding continues beyond the 2021/22 financial year.
- 6.9 The Department for Work and Pensions and the Department for Education should continue efforts to ensure that parents, and especially those on Universal Credit, are aware of the childcare support available to them and that they are supported in making informed choices.

# Endnotes

- 1 D'Arcy, C. and Finch, D. (2017). The Great Escape? Low-pay and progression in the UK's labour market. London: Resolution Foundation/Social Mobility Commission. Available at: <https://www.resolutionfoundation.org/app/uploads/2017/10/Great-Escape-final-report.pdf>
- 2 Department for Business, Energy and Industrial Strategy. (2017) Good Work: The Taylor Review of Modern Working Practices. Available at: <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>
- 3 Department for Business, Energy and Industrial Strategy. (2018) The Good Work Plan. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/766167/good-work-plan-command-paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766167/good-work-plan-command-paper.pdf)
- 4 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.
- 5 Office for National Statistics. (2019) Annual Survey of Hours and Earnings: Low and High Pay in the UK: 2019. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2019>
- 6 D'Arcy, C. and Finch, D. (2017) The Great Escape? Low-pay and progression in the UK's labour market, Resolution Foundation/Social Mobility Commission. Available at: <https://www.resolutionfoundation.org/app/uploads/2017/10/Great-Escape-final-report.pdf>
- 7 Note the Commission has chosen to use pre-COVID-19 figures here.
- 8 Office for National Statistics. (2019) Annual Survey of Hours and Earnings: Low and High Pay in the UK: 2019. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2019>
- 9 Carrascal-Incera, A., McCann, P., Ortega-Argiles, R. and Rodriguez-Pose, A. (2020) UK interregional inequality in a historical and international comparative context. National Institute Economic Review, No. 253.
- 10 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.
- 11 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.
- 12 Note the Commission has chosen to use pre-COVID-19 figures here.
- 13 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.
- 14 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis. Note: 'Young people' are classed as those aged under 25. 'Older people' are those aged 50 or over.
- 15 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.

- 16 Office for National Statistics. (2019) Annual Survey of Hours and Earnings. In-house analysis.

Sectors are defined using the Standard Industrial Classifications (SIC) 2007. Sectors have been grouped and relabelled as follows:

- **Other** - Professional, Scientific and Technical Activities
- Construction
- Transportation and Storage
- Information and Communication
- Agriculture, Forestry and Fishing
- Real Estate Activities
- Public Administration and Defence
- Compulsory Social Security
- Financial and Insurance Activities
- Water Supply, Sewerage, Waste Management and Remediation Activities
- Electricity, Gas, Steam and Air Conditioning Supply
- Mining and Quarrying
- Human Health
- **Creative and Sports** — Arts, Entertainment and Recreation
- **Manufacturing** — Manufacturing
- **Education** — Education
- **Business Support** — Administrative and Support Service Activities
- **Residential and Social Care** — Residential Care and Social Work Activities
- **Hospitality** — Accommodation and Food Service Activities
- **Wholesale and Retail** — Wholesale and Retail; Repair of Motor Vehicles and Motorcycles

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