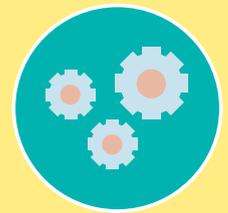# LEP
LEEDS CITY REGION ENTERPRISE PARTNERSHIP

PROGRESSION FROM LOW PAY:

RESEARCHING SECTOR BASED PERSPECTIVES IN THE LEEDS CITY REGION

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Executive Summary

Introduction: background, purpose and methodology

This research was commissioned as part of ongoing discussions regarding the rising prevalence of in-work poverty, supported by evidence[1] via the Leeds City Region and Joseph Rowntree Foundation More Jobs, Better Jobs partnership, suggesting that a sector based approach to engaging with business and individuals could help support progression from low pay.

The purpose of the work was to allow the Leeds City Region Enterprise Partnership (LEP) to test this evidence with a business audience. Three sectors were identified as being well placed to give a view – these being manufacturing, social care, and transport and logistics. Seventeen businesses were engaged in in-depth interviews, alongside an online survey, in order to better understand opportunities for progression and barriers to it; what businesses are already doing to progress staff; and what support businesses need to help them go further on this in the future.

Together, these findings provide further evidence to inform development of funding through the European Structural and Investment Funds Growth Programme 2014-2020 to support skills for in-work claimants; as well as to feed into ongoing work by the LEP and the West Yorkshire Combined Authority on inclusive growth and good jobs.

Context: the case for sector based progression as a route to tackle low pay

Low pay matters for people, businesses and the economy. Work undertaken by Green et al[2] summarises this well. Too many people have become stuck in low paid work and are unable to raise themselves above the poverty line despite working. This disproportionately impacts on certain groups of people and those that work in certain sectors such as retail and care. Too many businesses likewise are stuck in a low pay, low skill, low productivity cycle. On the contrary, those who invest in skills see associated improvements in competitiveness, productivity and growth that in turn support higher wages. The trend of low skill and low pay is set to continue, compounded by a hollowing out of the mid-level labour market. All of this works together to hold people back from fulfilling their potential, puts the brakes on economic growth and output, and leads to a higher welfare and service bill for government.

Evidence[3] as to what works in supporting progression from low pay is relatively hard to come by, and where it is available, it is often hard to pinpoint exactly which element of support drives success. It would appear that there is no single intervention that provides a straightforward solution, and that in fact, a rounded approach that boosts business demand for skills, meets business need and expands an individual's level of skills and education is best placed to deliver change. Sectors provide a logical entry point for engaging business on this, providing a focus for establishing career ladders/pathways and workforce development programmes, offering a route to tailor industry-focused responses and helping to align with wider economic priorities and business support interventions.

[1] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF
[2] Ibid
[3] Green, A., Sissons, P., Broughton, K., De Hoyos, M., Warhurst, C., and Barnes, S-A. (2015) How Cities Can Connect People In Poverty With Jobs. York: JRF

Messages from business

Businesses were asked for their perspectives regarding four core themes, the core messages of which are summarised below.

a) The importance of progression to business: All interviewees were clear that, at a fundamental level, progression was important to their businesses and its long term success, and there was a common thread that it was the right thing to do.

In the social care sector, progression was part of a culture of learning and positioned as central to being a good, values-led employer with strong leadership, setting them apart from their competitors, with the outcome being provision of excellent, people-centred care. Progression was also seen as a direct business response to the challenges of recruiting and retaining staff into roles where wage flexibility is constrained and where there is much competition from entry level work in other sectors, where pay can be the same or more for significantly less physical or emotional responsibility.

In the manufacturing and engineering sector, progression was directly linked to business growth, delivering customer requirements and it being far easier and quicker to bring people through the business. Interviewees referred to "spotting talent", defined both in terms of technical and work capability and in having a rounded set of skills such as good attitude, flexibility, and willingness to learn and communicate. Poor recruitment experiences and lack of suitable candidates reinforced this. Additional drivers included succession planning for an ageing workforce, a drive to transform ways of working around modern business practices, and overall company cultures of valuing people as a business asset.

In the transport and logistics sector, each business used progression as a way to retain detailed understanding of the business and accumulated knowledge of highly bespoke in-house systems that can be very complex for new starters to learn. The view also was that "bringing people through the ranks" was good for the business and for employees because it built loyalty, a shared drive to achieve and ultimately resulted in good outcomes and experiences for the customers. From an employee perspective, positive attitude and willingness to be flexible was seen to be the key ability to progress from low pay.

b) Mechanisms for progression being used by business: In the main, no business had gone so far as to fully implement a set progression scheme; and whilst they did not rule out doing so in future, felt that it was too onerous, inflexible or formalised for current needs. Preference was for a more organic approach, where people progressed in line with business needs and using a variety of tools according to individual circumstances. Appraisals were common across all interviewees for managing performance and progression, albeit this was more embedded, sophisticated and formalised in some instances.

In the social care sector, career pathways with systems for supporting technical qualifications, coaching and training needs analysis were the most frequently referenced tools, and any use of apprenticeships was more likely to be found in office based roles. Appraisals, performance management and effective communication was seen to be sufficient in spotting talent. Other mechanisms cited included helping people to develop the rounded skill set needed for more senior roles; applying corporate values as a way to drive confidence, motivation, and aspiration; competency-based role profiles to identify training needs, gaps and bring clarity on progression steps; and investment in web-based learning.

In the manufacturing and engineering sector, businesses did not immediately relate to or refer to skills jargon, nor did they feel that such formalised approaches sat well in an SME context. Skills development was instead more personalised, tailored to individuals and evolving roles and business requirements. Tools

that did come to the fore included use of skills matrix and multi-skilling on the shop floor, establishing cross-functional teams and working groups to help give people in lower paid roles more diverse work, exposure to new skills and experiences, and apprenticeships. Also noted were the use of in-house skills academies, job shadowing and rotation, monthly breakfast clubs and tours to other local businesses, together with support for confidence building and personal development.

In the transport and logistics sector, it was here that the greatest diversity of approach was seen. This ranged on the one hand from a highly developed and structured corporate approach in a national logistics plc, using multiple techniques from career pathways to talent mapping and trainee programmes; to on the other, the sort of flexible and tailored approaches shown in SMEs interviewed in other sectors as described above. This demonstrated the huge variation in the needs and capacity that businesses have to offer, run and administer systems for progression. Other systems noted here included succession planning, working with the local authority to identify a labour pool, and specific training for fork lift trucks and HGV drivers. This was the only sector which referred to working with the union to reach staff and deliver training.

c) Challenges for delivering progression

In the social care sector, interviewees consistently referred to the ceilings beyond which you can not progress without the right qualifications and technical experience. With no ability to 'leapfrog' junior and low paid positions, the pace at which people move to better paid work is influenced by the presence of opportunities either in the business or locally together with an individual's confidence, aspiration, motivation, and personal circumstances, including the ability to work the longer hours required in more senior positions. There was also an issue with the extent to which businesses recognised the value of investing in skills and around 'backfilling' positions. Surrounding this, sits a complex mix of circumstances concerning the sector itself, such as its profile, funding model, pay differentials and relationship with the health sector that influence propensity to invest in progression and to move to higher wage models.

In the manufacturing and engineering sector, all businesses were clear that progression was directly correlated to business needs, pace of growth and the nature of organisational structures and that, in an SME environment, this could constrain movement, especially in businesses with limited staff turnover. There was concern of this impacting on ability to retain good, ambitious people. There is a need for people to be flexible and adaptable in responding to opportunity; however, personal barriers and matters related to benefits and childcare could hamper this. There was also concern as to whether businesses had the right systems and infrastructure in place to help people gain increasing levels of responsibility at a pace that worked for them and the business, and whether people had the rounder skills needed in more senior roles.

In the transport and logistics sector, an individual's mobility and flexibility are the key determinants in the ability to progress on the basis that sites are usually dispersed, and opportunities arise in multiple locations. Even more senior roles often require people to work shift patterns within a 24 hour operation, and this too requires flexibility. Issues were cited of there being a mis-match between shift patterns and local public transport, especially concerning staff at lower paid levels who do not have access to their own vehicle. The final barrier identified by all was the recognised HGV driver shortage, compounded by an ageing workforce, high cost of training (that is often at the individual's expense), age restrictions on licencing, the prohibitive cost of insurance for the under 25s, unsocial working patterns and a poor perception of roles and career opportunities in the sector. This makes it very hard to attract new entrants, particularly of a younger age. The LGV driver labour market it similarly challenged.

d) Opportunities for delivering progression: The table below summarises where businesses identified that they would like to act, or do more, on progression.

Sector		Options for New / Further Tools		
		Social Care	Manufacturing & Engineering	Transport & Logistics
Basic Skills	ESOL, IT, literacy, numeracy	X	X	X
Wider Skills	Management and leadership	X	X	X
	Confidence and softer skills	X		
	Workplace champions	X	X	
	Coaching and mentoring	X	X	X
	Personal development		X	
Sector Specific	Technical qualifications	X	X	X
Infrastructure	Job rotation and secondments	X	X	
	Culture and values	X	X	
	Skills matrix and training needs	X	X	
	Competencies and role profiles	X		
	Career pathways and mapping	X	X	X
	Internal systems and processes	X	X	X
	Apprenticeship programmes		X	
	Cross-functional teams		X	
	Learning events		X	
External	IAG	X		X
	Partnerships & networking	X	X	X
	Data	X		

Conclusions and implications for future action

Findings that have emerged throughout this work will provide helpful pointers for the Leeds City Region on a number of levels – first, in informing specific investment to tackle in-work poverty by supporting progression from low pay; second, as part of a wider inclusive growth agenda and focus on better jobs; and third, in respect to how businesses are engaged and brought on board with this evolving policy focus. Business perspectives gathered here are concentrated around four headline messages, from which lessons for future action can be drawn.

1) Progression is seen as a crucial factor in driving business success and this is underpinned by a common thread that supporting staff is the right thing to do. But there is quite a distance to travel to make this commonplace across all businesses and sectors.

Lessons for future action: To gain most traction on low pay and progression - and on inclusive growth and good jobs more widely – careful consideration is needed in respect to:
- the language used and clarity of message that is conveyed on the case for investing in progression
- what is being asked of business and how their engagement is framed
- how it is made real to business and tuned to sector needs
- how it is enveloped within the case for good jobs and inclusive growth

2) Good communication and perseverance will be key to establishing meaningful dialogue with business and wide participation on this agenda.

Lessons for future action: A robust and systematic methodology for identifying both 'low hanging fruit' and businesses that are harder to reach and for subsequently identifying and approaching businesses will be key to achieving maximum traction and to extending impact amongst a more challenging cohort of businesses. It will need to concentrate on:
- quality and quantity of contacts
- using the right platform and fully leveraging sector, business and place-based networks where there is already established relationships and dialogue
- working in partnership with unions where possible to open up routes for engaging individuals
- generating early wins and examples of success as case studies for the programme
- using business champions and advocates to model good practice, open doors and influence others
- continually taking stock of what works in reaching business to feed back into action, allowing it to continually evolve and sharpen engagement
- consistency with other City Region interventions that support growth and productivity improvements in business to reduce confusion and achieve multiple outcomes

3) No one intervention stands out as providing the solution to progression, especially in an SME context.

Lessons for future action: Findings suggest that businesses need support that is flexible and allows them to respond to opportunities, whilst at the same time, enables them to become over time more sophisticated in their approach to investing in and managing talent. This could include, for example, offering:
- a menu or toolkit approach to identify, define and demystify the range of tools that can be applied in support of progression from low pay
- guidance as to when to use certain approaches or when to marry a number of solutions together
- advice on how best to embed tools into internal policy and systems, and how to implement them in a way that is open, fair and consistent with business needs
- opportunities to interact and share good practice with other businesses

4) There is scope for a universal approach that supports all businesses to get the basics right, but that can then be adapted and extended to target barriers and opportunities faced at a sector and business level.

There is a core of solutions that all businesses use in supporting people to move around their business – appraisals are a good example of this. There is also a consistent set of challenges that impact on a person's

ability to progress e.g. basic skills, IT and ESOL, management and leadership skills. These are in effect the basics that businesses across sectors should be supported to get right. These sit alongside needs that are nuanced by sector according to distinct drivers e.g. technical skills or career paths. Finally, there is a level that recognises that each business is unique and so will want solutions that are appropriate to it.

Lessons for future action: This suggests blending together what can be done universally, what can be done for the sector, and what can be done at an individual business level to ensure that:

- **Universally** there is a core offer that helps businesses to get the basics right on progression with a menu of support from which they can select as best suits their needs e.g.:
    - Appraisals and performance management systems
    - Developing training needs assessment, skills audits, competency frameworks
    - Getting the right systems, processes and policies in place
    - ESOL, literacy, numeracy, IT
    - Management and leadership skills development and application
    - Coaching and mentoring tools and techniques
    - Confidence building
    - Internal communications

- **Sectors** can access provision in a way that is tailored to reflect understanding of the sector e.g.:
    - Plotting career pathways and ladders
    - Pay scales
    - Sector specific skills, technical qualifications and competencies
    - Alignment to existing sector activity, partnerships, networks and unions
    - Career information, advice and guidance

- **Businesses** are supported individually to understand their needs, identify how to enhance what they already do and bring in new options, and put in place systems to embed skills, learning and progression as a way to maximise business success in a way that reflects the SME context e.g.:
    - Identifying opportunities for workplace champions, cross-functional teams and working groups
    - Job rotation, job design, role profiles and succession planning
    - Shifting and embedding organisational cultures, values and 'good job' practices
    - Establishing internal skills academies and ways to celebrate and recognise learning
    - Employee engagement
    - Connection to local community e.g. people, schools, other businesses

A wider perspective

Businesses interviewed were specifically asked for their perspectives on progression from low pay. The insights that have been generated as a result have a wide application and can – if considered as a whole and within a package of interventions – go on to have an impact on the wider inclusive growth, good job and productivity agenda. As part of this, consideration should also be given on how to:

- Support people on the lowest wages to stretch their take home pay e.g. HR policy, non-pay benefits etc
- Instil a business-led movement for good jobs and higher skill, value, pay and productivity
- Lever the role of anchor institutions as trailblazers for progression and good jobs
- Work with and through supply chains and through social value procurement practices
- Better connect businesses to their local communities and its systems and infrastructure
- Align the strategic and investment frameworks e.g. through Industrial Strategy, Adult Skills Budgets

1. Introduction: background and purpose

In late 2015, an Inclusive Growth sub-group was established by the Board of the Leeds City Region Enterprise Partnership (LEP), tasked with identifying interventions that could be practically applied to move the inclusive growth agenda in the City Region forward. This was informed in part by discussion with the Joseph Rowntree Foundation in response to messages emerging from the commissioned evidence base of the More Jobs, Better Jobs partnership.

Two pieces of commissioned research came to the fore in this, both undertaken by the University of Warwick's Institute for Employment Research. The first, *How cities can connect people in poverty with jobs*,[4] assessed evidence on approaches to connecting people to jobs across a four stage employment pathway.[5] The second, *Improving progression from low-paid jobs at city-region level*,[6] extended focus on the in-work progression stage and generated a package of initiatives in support of this, one of which was a recommendation for the City Region to develop and pilot a sector based progression approach involving both employers and individuals.

With this academic context in mind, the LEP wanted to test business views on progression from low pay in order to be clear on what basis businesses would wish to get involved in any City Region response e.g. based on needs such as growth, staff turnover or recruitment issues, long term competiveness and productivity improvements; and what support businesses would need to do this. The LEP also wanted to ensure alignment with funding streams, central to this being an ongoing funding call via the European Structural and Investment Funds Growth Programme 2014-2020, seeking investment proposals to support skills development for in-work claimants.

This research project was commissioned as a result by the LEP to engage with businesses in three targeted sectors – manufacturing, social care, and transport and logistics - to:

- Explore how to open up opportunities for progression for low paid workers with a focus on:
  - Understanding opportunities for progression as well as issues/challenges/barriers to it
  - Understanding what businesses are already doing to progress staff
  - Allowing business to help shape a model of support based on their needs

- Provide further evidence to inform development of the in-work progression model to be delivered through the European programme and to feed into emerging work by the LEP and the West Yorkshire Combined Authority on inclusive growth.

Nicky Denison at Wordfern Ltd completed the work on behalf of the LEP between December 2016 and April 2017. This report compiles the findings, presenting the results of business engagement in each sector and identifying how this may feed into work going forward.

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[4] Green, A., Sissons, P., Broughton, K., De Hoyos, M., Warhurst, C., and Barnes, S-A. (2015) How Cities Can Connect People In Poverty With Jobs. York: JRF
[5] Four stages of the pathway being pre-employment, employment entry, staying in work and in-work progression
[6] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF

2. Context: the case for sector based progression as a route to tackle low pay

It is useful to recap the key messages emerging from the commissioned evidence base cited in section 1, that point to the need to make progression from low pay a policy imperative in the Leeds City Region; and that suggest a sector based approach as being a route through which to do this.

2.1 Why does low pay matter?

Drawing on the literature review, analysis and findings of the work undertaken by Green et al[7], we can summarise why low pay matters to inclusive growth on three dimensions:

- **For individuals,** the rise in prevalence of in-work poverty across the country tells us that too many working people have become 'stuck' in low pay. In other words, they are unable to earn enough to lift themselves and their families above the poverty line. They still need to access the benefit system to top up their earnings to help them achieve a minimum standard of living. We know that an individual's skill levels help determine the wage they can command; and that young people, women, part time workers, some ethnic minorities and people working in particular sectors such as retail, hospitality and care are more likely to be low paid. We also know that higher paid work is more often associated with better work – in job security, terms and conditions etc.

- **For businesses,** low demand for skills correlates with low pay and productivity. Businesses that invest in skills see associated improvements in competitiveness, productivity and growth and their ability to move into higher value-added areas. This in turn supports higher wages. Yet, the trend of low skill and low pay is set to continue in the City Region, and there will be less opportunity to move out of low pay as the labour market continues to hollow and loose mid-level jobs. Analysis goes on to suggest that this will be most challenging in those sectors such as retail, hospitality and care where working poverty is already most prevalent and where it is harder to increase productivity and implement a higher wage. This has a direct knock-on impact on output and the ability of the economy to grow and thrive.

- **From a national perspective,** public policy, and as such skills funding, to date has largely focused on helping the unemployed to gain the skills they need to get into work. There has been little national policy focused on progression, and so any resources targeting those who are already in work are minimal. Yet, in-work progression is core to government's vision for making work pay in a country that works for everyone, particularly when considering welfare reform and the conditionality requirements of Universal Credit.

2.2 The case for a sector based approach

Assessment of national and international practice undertaken by Green et al[8], found that evidence as to what works in supporting progression from low pay is relatively hard to come by, and where it is available, it is often hard to pinpoint exactly which element of support drives success. It would appear that there is no single intervention that provides a straightforward solution, and that in fact, a rounded approach that combines boosting business demand for skills and meeting business need alongside growing an individual's

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[7] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF

[8] Green, A., Sissons, P., Broughton, K., De Hoyos, M., Warhurst, C., and Barnes, S-A. (2015) How Cities Can Connect People In Poverty With Jobs. York: JRF

overall level of skills and education is best placed to deliver change. Of the available evidence, an approach that focuses on sectors comes to the fore as it:

- Helps align to economic priorities and policy interventions and provides a logical entry point for coordinating effort and engaging with businesses using existing networks/partnerships;

- Provides a focus for establishing career ladders/pathways and workforce development programmes, particularly when linked to sector growth;

- Offers a route to deliver benefit for employees and employers alike, with the motivation for employer engagement typically being driven by skills shortages or high staff turnover; and

- Offers a way to tailor industry-focused training and help develop closer links between training providers and employers.

Employment projections, patterns of pay data and national / international practice in seven sectors[9] was also explored to examine where a sector based approach to progression from low pay in the Leeds City Region could be most usefully targeted. From this, it suggests piloting activity in sectors where there is:

- A ready of supply of employers with recruitment, retention and skill problems to address;

- A ready supply of low paid workers;

- Scope for a career progression pathway and / or sector growth potential.

In developing the brief for this project, the LEP used this evidence and married it with a) their detailed and practical experience of working with business in the City Region; b) existing networks, infrastructure and intervention within the Leeds City Region; and c) with areas of the economy in which the LEP was keen to develop further insights. Three target sectors were selected as a result to form the basis of this work – social care, manufacturing and engineering, and transport and logistics. Further rationale as to the case for selecting each is given in section 4 of this report.

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[9] Retail, hospitality, social care, construction, transport and logistics, financial and professional services, and manufacturing

3. Methodology

3.1 Project methodology

The project methodology was designed to deliver a business engagement exercise across three sectors between December 2016 and April 2017. The approach within this was two-fold.

a) Qualitative interviews

This formed the central plank of the project, with an objective to secure fifteen business interviews across the three sectors. A database of businesses to invite to participate was built using the following sources:

- LEP database of businesses that had accessed or enquired about one or more of the LEP's business support products and services;
- LEP Skills Service;
- Skills for Care and the Care Alliance for Workforce Development (CAWD) network;
- Local Authority key account management functions; and
- LEP Board and Panel members and peer-to-peer relationships.

The first approach to businesses was made by the LEP or organisation / person where the contact had originated from, and was subsequently followed up twice by Wordfern. The majority of interviews were secured following the second email by Wordfern, with businesses more likely to respond immediately when the first contact had been made by a peer. There was no significant correlation between securing interviews and those businesses that had previously accesses or enquired about LEP services.

Once interviews were secured, participants were sent a set of semi-structured questions in advance to act as a guide for the discussion, usually by phone but also face to face. These questions were designed to explore with business how they could open up opportunities for progression for lower paid workers, how to tackle any barriers that held this back and to learn what works in supporting progression.

In total 90 businesses were invited to participate, leading to 17 interviews, detailed in section 4.

b) A quantitative online questionnaire

This was open for businesses from any sector to respond to and was live between March and April 2017 in order to extend reach and gain additional business insights. The survey was circulated via:

- LEP Business Communications Group[10] (BCG) to their member businesses;
- LEP Skills Service;
- Skills for Care employer network.

It is not possible to say how many businesses the survey was sent to via the BCG network, on the basis that onward circulation occurs at the discretion of each individual membership organisation; nor via the Skills for Care network. It is certain however that it was circulated to 238 manufacturing and engineering contacts via the LEP Skills Service. In total 32 responses were received, analysis of which is set out in section 5.

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[10] Membership includes bodies such as the Federation of Small Businesses, Institute of Directors and the CBI.

3.2 Messages arising from the methodology

It is worth spending some time reflecting on the methodology because, along with the insights gathered through the interviews and survey, this also delivered a number of learning points regarding mechanisms for engaging with business on this agenda. Key to this is that:

- *Patience and perseverance is needed* – there can be a lengthy time lag from the initial approach to business to securing a conversation, often requiring reminders and prompts to gain attention. For the transport and logistics sector, timing of engagement also matters, with the pre and post-Christmas peak being completely off limits;

- *Quality of contacts matter* – business to business, peer and day to day relationships can make a big difference in influencing participation, and it is important to use established and relevant channels to reach businesses in different sectors;

- *Quantity of contacts is also important* – businesses are busy, and despite often having the best will, day to day matters take precedence, so the net needs to be cast wide and through multiple channels to get the level of participation required to make a substantive difference;

- *Language is key* – we know that it is hard to secure businesses engagement in discussion on why investment in skills and development matters, and it appears to be no different in terms of progression from low pay. To maximise opportunities to open dialogue with business, communication must therefore be framed as to why this particular issue matters to business competitiveness and productivity. Furthermore, past engagement is not necessarily an indicator of future engagement – it will depend on the relevance of the topic as to what the business needs at that time.

These are by no means new findings. Many other projects and programmes have encountered similar messages, and as a result, systems for working with the business community have evolved and become more sophisticated over time.

However, as the LEP and City Region partners begin to move into a new form of dialogue with business around progression and the wider inclusive growth agenda, the learnings that have emerged from this project serve as useful reminders that finding the right platform, route and message for engaging businesses is essential if meaningful dialogue and participation is to take place, and time and effort should be invested accordingly. It also points to an approach that makes strong use of sector based or other business networks and place based business account management functions that already have established relationships and dialogue as a route into business. Perhaps most importantly, it also points to the vital role that business champions and advocates can play in modelling good practice, opening the doors for discussion with a network of businesses, and influencing and encouraging the behaviours of others.

The remainder of this report sets out in section 4, the findings of interviews with businesses in each sector. Section 5 looks at the messages emerging from the on-line survey. Section 6 seeks to draw out a number of conclusions from the findings and pointers for informing future workstreams and investments in this area.

4. Messages from business: findings of interviews by sector

This section sets out the findings of interviews with businesses. For each sector, it details the nature of businesses interviewed and then provides a perspective on the importance of progression to business, mechanisms that are already in place to support progression in business, barriers they or their sector face, and opportunities for additional action. For the latter, opportunities are grouped to focus on:

• Basic skills enhancements e.g. literacy improvements
• Wider skills enhancements e.g. management skills
• Sector specific skills enhancements e.g. technical qualifications
• Operational systems e.g. the internal systems and processes needed to support a culture of skills, learning and progression
• External factors e.g. working with partners to influence change

In total, 90 businesses were invited to participate, leading to 17 interviews, or a conversion rate of 19%; the breakdown of which is shown in the table below.

Sector	Number of businesses invited	Number of interviews held	% conversion	Source of business contacts
Social Care	16	5	31%	Skills for Care CAWD Peer to Peer
Manufacturing	51	8	16%	LEP database Peer to Peer
Transport and Logistics	23	4	17%	Local Authority LEP Skills Service
Total	**90**	**17**	**19%**	

4.1 Messages from the SOCIAL CARE SECTOR

Based on the work of Green et al,[11] the table below outlines the rationale for selecting the social care sector as one of the three focus sectors for this project. It was also selected because of:

- Presence of existing LEP routes and City Region networks through which to invite participation;
- Desire by the LEP to gather a deeper understanding of the needs of the sector;
- No significant levels of engagement in the past, yet where there is scope for future alignment as part of an inclusive growth agenda for the City Region.

Figure 1: Summary of key trends and issues in the social care sector and implications for progression

Employment growth trajectory (medium-term)	Drivers of change	Barriers to entry	Progression prospects	Implications for skills policy	Other considerations
Relatively strong employment growth is projected.	Greater integration of health and social care. New technologies. Constraints to public funding. New regulations.	Low	Typified by high staff turnover.	Focus on expanding qualifications has not generated consequent changes in HR practices and internal labour markets. Addressing weak HR practice, management, and weak career ladders is a core challenge.	Potential opportunities will be created by greater integration of health and social care and some evidence of programmatic interventions in this area

Source: Green et al (2016)[12]

Key points emerging from engagement grouped around the main issues and questions discussed in business interviews are set out below.

a) Nature of businesses interviewed

Four businesses from the independent care sector were interviewed, from an invited 16, ranging in size from 30 to 250 permanent members of staff. Two businesses operate in multiple locations across Yorkshire and the North of England and two are registered charities. Skills for Care was also interviewed in order to provide a broader sector perspective. Each business provides a mix of domiciliary and residential care services, but also extending into settings such as schools and leisure / community facilities. Periods of care range from one hour home visits to 24 hour care, including through a Shared Lives;[13] and are provided to people from birth to end of life. Provision responds to a diverse range of needs including:

- Home care for people needing additional support with household tasks or personal care
- Day care services
- Residential care for elderly people needing support with activities like personal hygiene, dressing and eating; but increasingly for those suffering with dementia and complex needs
- Enabling people to get out into the community, access work or services, or providing support on matters such as tenancies
- Longer, more technical or invasive personal care for those with complex additional health needs
- Provision of end of life care and symptom management for those suffering from non-curative illness such as cancer and motor neurone disease

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[11] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF

[12] Ibid

[13] National scheme for people with needs such as learning disabilities, mental health problems or physical disabilities to gain the support they need by living with or regularly visiting (including for overnight breaks) a Shared Life carer.

Staffing structures were reported as being broadly split into two core functions – those providing hands-on care and making up the bulk of staffing numbers, and those providing back office functions that support the running of the business. Each of these operated within pay banding structures but with the former also operating within technical qualification structures.

From a care perspective, interviewees were consistent in describing the core structure or path that carers in the sector and their organisations take. Although sometimes using different job titles, essentially this starts at entry level care worker (often paid at or just above national living wage of £7.20 per hour) and progression is based on gaining increasing levels of qualifications, practical experience and co-ordination / supervisory skills, to become in turn a senior care worker, supervisor and then a registered manager. It is rare that an individual does not move sequentially through these stages in developing their career in care.

Other roles described follow this core grounding, but branch off to become more specialised in certain aspects of care for people with additional complex health needs that demand an increased level of technicality or intensity of care. This often requires more invasive personal care e.g. management of ventilators, tracheostomies and as such more advanced levels of clinical or nursing skills and qualifications are needed. It was noted that this ability to specialise is an important aspect of progression in the sector.

Back office operations were the same across each business including areas such as administration, training and development, business development and marketing, and finance; as well as support functions such as catering, housekeeping and grounds maintenance. For charitable businesses there are also roles in fundraising and volunteer management. Here, businesses noted progression as being much less structured and more ad-hoc and opportunistic. For example, an accounts junior could gain new skills and experience when providing maternity leave cover or being promoted into a vacated role. Businesses reported that in their experience there tended to be little movement between these care and office functions, and where it did happen, the flow tended to come from carers moving into the office (e.g. into learning and development or training roles) rather than vice versa.

b) Importance of progression to business and to individuals in the social care sector

All interviewees were clear that, at a fundamental level, progression was important to their businesses, and sought to value staff and help them to reach their potential whilst at the same time providing an excellent service and level of care.

A culture of learning and progression, backed up by Investors In People accreditation, was in all cases present and positioned as central to being a good employer, setting them apart from their competitors and being perceived in the local labour market as being a good place to work. It was also seen as just one part of a wider values based approach to running the business – for example, on good terms and conditions, open communication, non-pay benefits, respect etc. Combined, this was seen as a win-win-win situation for the business, staff and client with the outcome being provision of excellent, people-centred care.

The primary benefit of progression was seen as being a **direct business response to the challenges of recruiting and retaining staff** into roles where wage flexibility is constrained by funding models and where there exists a great deal of competition from entry level work in sectors such as tourism, hospitality or retail, where pay can be the same or more for significantly less physical or emotional pressure or

responsibility. For the sector as a whole, data gathered between 2010 and 2012[14] shows that good retention practices can be the difference between staff turnover being as low as 5% or as high as 100%.

There was a general consensus that **employees also recognised and placed high value on working for an organisation committed to supporting employees in training** beyond just the mandatory requirements thus enabling their progression, seeing it as part of their wider financial and non-financial employment package and part of having a 'good' job. One business reported staff leaving who subsequently returned because this package was not matched elsewhere in the local area.

From a sector perspective, it is important to note that 80% of care provision is delivered through the independent sector. This means that owners, along with their senior management team, have an immediate and direct impact on the ethos and values of the business. Interviewees felt that there was a **very clear relationship between strong, values driven leadership and the importance placed on progression and on training and development more broadly;** and that this consequently, had a direct impact on the ability of the business to deliver high quality and compassionate care. On the converse, those businesses that did not recognise the importance of progression, tended to be poorly led, with management firefighting issues, receiving poor Care Quality Commission reports and having a closed culture with high staff turnover and low staff morale. This all adds up to a poor care experience for the client and perpetuates poor perceptions of roles and opportunities for people to enjoy rewarding careers in the sector.

c) Mechanisms for progression being used by businesses in the social care sector

Businesses were asked whether there were any systems in place within their organisation to facilitate progression; and also, whether they had ever trialled schemes such as career mapping or pathways, job design, job rotation, training needs assessments, apprenticeships, competency frameworks or mentoring.

While all had tried a number of elements of the above, **none had gone so far as to fully implement a particular scheme;** and whilst they did not rule out doing so in future, felt that it was too onerous, inflexible or formalised for their current needs. Of the approaches listed, career pathways, coaching and training needs analysis were the most frequently referenced, and any use of apprenticeships was more likely in office based roles. Instead, existing appraisal systems, performance management and good communication with staff was seen to be sufficient in spotting talent and appetite for progression.

Appraisals came to the fore as being the main system in place for managers to identify and discuss pay (with banding scales used within roles to allow for development), performance and people's appetite to progress, and for setting in train the support they need in order to do so. All businesses had some form of appraisal meetings and documentation in place, although this was more embedded, sophisticated and formalised in some. One business noted their appraisal system as being directly related to organisational strategy and values, outcomes and competencies; two others expressed a desire to do this in the near future and to better link appraisals to business development needs and development of role profiles.

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[14] Ecosgen and Skills for Care (2013) Why are some employers more successful than others in retaining their workforce? http://www.skillsforcare.org.uk/Document-library/Finding-and-keeping-workers/Recruitment-and-retention-strategy/Workforceretentionfullresearchreport.pdf

From identifying skill needs at appraisal, all businesses had **systems for supporting technical qualification development;** for example, with care workers supported to achieve NVQ Level 2 and to move on to Level 3. This commitment to learning in one businesses was such that staff were all asked to sign up to achieving NVQ Level 2 and 3 and were expected to complete on-line learning modules e.g. on safeguarding, mental capacity and domestic violence, such that their hands-on experience is backed up by academic understanding. In this case, all staff were supported by two structured support sessions per year alongside their appraisal and informal guidance, and this was seen as having a very positive impact on motivating staff to gain qualifications. Level 5 diplomas had also been supported for care home registered manager roles.

Other areas in which businesses were delivering activity in support of progression included:

- Action to help people to **develop the softer and more rounded skill set** needed for more senior roles. This included for example development of a Moving into Management taster programme; and care workers being part of a cross-organisational Customer Committee.

- **Applying corporate values** as a way to drive confidence, motivation, and aspiration particularly in terms of ethos to empower oneself before caring for others. One business saw this as being essential to success noting that "you can't teach compassion".

- **Systems for advertising internal vacancies** via notice boards, bulletins and on-line – although it was noted that poor levels of IT access or literacy can be a real barrier in this.

- Developing **role profiles based on competencies** to support identification of training needs, bring clarity on what is needed in order to progress to more senior roles and to spot skills gaps where external recruitment is needed.

- **Investment in web-based learning and Learning Management System** as an online portal for appraisal and e-learning, including all mandatory training and providing a record of all learning undertaken. The desired outcome of this investment was to encourage people to take greater ownership of their own learning and development, and move it away from being a manager-led discussion.

- **Informal buddying** particularly for new starters.

From a sector perspective, there are two mechanisms to note. Firstly, the **Care Certificate** launched in March 2015 and developed by Health Education England, Skills for Care and Skills for Health, as a way to equip health and social care support workers with the knowledge and skills which they need to provide safe, compassionate care. The Certificate is designed to be delivered at induction for all new starters new to care. That said, it is not a statutory requirement, nor is it an accredited qualification, meaning that it is not recognised between employers especially between the health and social care sectors in the way it could be if it was externally assessed. As such, it is not necessarily a tool in progression, but more in encouraging a learning culture. The second area of sector activity is in moves to develop a **skills passport,** giving agreed training and expectations for core skills and competencies. As and when this comes on stream, it has the potential to act as a recognised framework of transferable skill.

d) Challenges for delivering progression in the social care sector

Interviewees were asked for their views on whether there were any barriers – perceived or real – to progression and internal mobility in their own organisations, and if there were, whether these were typical in the sector. Responses were mostly made in reflecting on the sector as a whole, and consistently pointed out the issues below.

At its most basic is a central issue regarding an individual's level of skills. There are **ceilings and limits beyond which you simply cannot progress if you do not have the right level of qualifications combined with technical experience.** Furthermore, it is very rare for people to 'leapfrog' junior positions given the important cumulative building of skills and experience. The ability to pass through these stages with pace, and as such to move from low to better paid work, depends on an individual's own circumstances as well as the presence of opportunities either in the business or in the sector locally.

Equally, with all the best intentions, there is a **limit to how far businesses can go in paying for staff to gain qualifications and a ceiling on the extent to which this can lead to a more senior role or higher wage.** Investment in skills comes at a cost and must be based on business needs.

Ironically for the businesses interviewed, their positive approach to providing 'good' jobs, meant that they were **not seeing the staff churn typical of the sector and hence whilst people may want to progress, there are less opportunities to fill.** In theory this could lead to a situation in which people are opting to stay in lower paid roles because they want to stay in the business. This demonstrates the multi-faceted drivers of low pay and an individual's attitude towards it, and points out how highly people value non-monetary benefits and personal satisfaction they receive from being in a good job. Finding other ways to motivate and fulfil people's capacity and capability will be important in these situations; as well as generating new opportunities from growing the business and so creating new posts. In one case, new roles had been created specifically to move people with potential into.

Personal factors are also important here. **Appetite to progress depends on an individual's confidence, aspiration, motivation and previous experience of learning.** All businesses talked of instances where people had been held back because they felt training was 'not for me' or perceived themselves to lack the necessary ability. When unpicked, this lack of ability is often in areas that are in fact very readily addressed – in fear of technology, poor literacy or lack of experience in different communication styles; or simply because they have not studied for a while and are concerned about returning to it. Issues related to complex personal circumstances were also described in terms of holding people back, particularly for people who were often just about managing their work / life balance or who simply could not afford time outside of work to study. An observation was made that it would help if people were able to 'try out' new roles before committing.

As in many sectors, there is an issue with the **extent to which businesses recognise the value to their business of investing in skills.** Furthermore, that businesses **fail to reconcile the connection between perceived immediate cost and the potential savings down the line.** This is compounded by a reluctance to invest because it will lead to people leaving; and on a practical level, because it results in complicated backfilling arrangements and less staff available to deliver care. Communicating directly to workforce would seem to be key here, in order to make them aware of what they can do out of the workplace and to advise them on their options for developing and progressing their career in care. Yet, this in itself is fraught

with difficulties – the care workforce is not regulated so the routes to make direct contact are not there; and as noted above, the personal circumstances of so many low paid care workers also come into play.

Basic skills in literacy, numeracy and IT plus ESOL are essential in more senior roles, and without the necessary grounding, people struggle to progress. On IT, whilst, employees often do have digital / technology skills e.g. through smart phones, they do not relate this to or apply it in a work setting.

Around all of this is a **complex mix of circumstances to do with the sector itself, such as its profile, funding model and relationship with the health sector** that influence propensity to invest in progression.

A situation exists in which **pay differentials at the lower end are extremely narrow.** The introduction of the national living wage for the over 25s has had a considerable impact in raising the salaries of the lowest paid. That said, this is still low pay for what is, in reality, a challenging role, often working with people with very challenging behaviours and requiring increasing levels of skills as care needs become more complex. The gap between entry level roles at this wage and the next step up can now be as little as 30 to 40 pence per hour, with businesses having little flexibility to adjust these rates because of the financial funding model they are operating within.

Added to that, there are in some cases, **significant increases in hours required in more senior positions, and the need to travel by car.** Instances were described in which a minimum contract of 16 hours per week could increase to a requirement for 25 hours for managerial roles, with a loss of ability to top up wages through overtime and sleepovers. For anything above a care worker role, it is highly likely that the employee will need to own a car, especially in rural areas where public transport is less flexible. These factors can act as a real disincentive to progression – with people unwilling to take on more responsibility or change work / life arrangements for little additional wage. Discounted driving lessons and interest free loans for car purchase are options for tackling travel mobility.

The profile of the sector as a career option is also a barrier – **people do not perceive the sector to offer scope for long term progression.** It is seen as being low paid, low skilled work, yet with significant responsibility and unsociable hours, and not as having rewarding pathways for young people to build their career over the long term. As it stands, only 10% of the workforce nationally is under 24 years of age, with 70% over 55. [15]   There is a real challenge to readdress this for example in terms of succession planning.

e) Opportunities for delivering progression in the social care sector

Interviewees highlighted a number of areas where they felt additional support would be beneficial in supporting and going beyond activity already in place, illustrated as follows:

Basic skills enhancement
- **Support with basic skills for literacy, ESOL, maths and IT** to have the necessary grounding needed.

Wider skills enhancement
- **Developing excellent management and leadership at all levels,** notably front line managers, many of whom have been promoted into the role over time and have had little formal training on management

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[15] Skills for Care

and leadership styles. Support should focus on team building, communication and listening, reflecting constructively on performance, setting clear expectations and making people feel valued.

- **Getting people ready for management,** supporting budding managers to see themselves in a more senior role and using **career mapping tools** so that they clearly understand what it takes to achieve these goals.

- **Techniques to boost employee confidence** and to support a reinforcing upward cycle of skills and development; focused on empowering ourselves before we care for others, confidence, feeling valued, being assertive, communication skills and putting points forward constructively.

- **One to one coaching and mentoring** to help people to realise they have potential, but must be relevant to the workplace and must be flexible enough to cope with staffing rotas.

Sector specific skills enhancement
- Identifying opportunities for people to gain **skills and qualifications needed to deliver more complex care and in a wider spread of settings** e.g. in schools providing teaching assistant support or pursuing nursing degrees; or to become workplace champions e.g. in IT or end of life care.

Operational systems and processes
- **Opportunities for job rotation, secondments or placements** so people have the opportunity to try out other roles and gain new skills before fully committing.

- Supporting businesses to **build and embed strong workplace cultures** as an essential ingredient of business success in this sector, including values based approaches, where all staff are empowered and able to talk openly and honestly to ensure continual improvements in service delivery.

- Supporting businesses who might not have the capacity or know-how in **developing systems, procedures and infrastructure needed to underpin a culture of learning and progression** e.g. via training needs assessments, competency based role design / profiles and succession planning.

External engagement
- **Using Skills for Care National Minimum Data Set for Social Care**[16] to target interventions to support employers in improving their business, e.g. using pay rate and staff turnover by role type and location, demographics and levels of qualification to inform targeted interventions on progression.

- **Partnerships** should be used to drive up awareness of funds to support progression from low pay e.g. encouraging more to businesses to access Skills for Care Workforce Development Funding.

- **Careers advice and guidance** needs to reflect the full range of roles and opportunities in the sector, helping to shift perceptions, professionalise the sector and roles, influence teachers and agencies such as Jobcentre Plus and influence more positive media representation.

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[16] Primary source of workforce intelligence for the adult social care sector in England

4.2 Messages from the MANUFACTURING AND ENGINEERING SECTOR

Based on the work of Green et al,[17] the table below outlines the rationale for selecting the manufacturing and engineering sector as one of the three focus sectors for this project. It was also selected because of:

- Presence of existing LEP routes through which to invite participation, notably due to the sector having typically been the largest enquirer into and recipient of LEP funded business support products and services;
- Desire by the LEP to gather a deeper understanding of the role that the sector could play in a wider inclusive growth agenda given its spread and depth across the City Region.

Figure 2: Summary of key trends and issues in the manufacturing and engineering sector and implications for progression

Employment growth trajectory (medium-term)	Drivers of change	Barriers to entry	Progression prospects	Implications for skills policy	Other considerations
Projected employment decline (although differences across sub-sectors).	Technology. International competition.	Medium	Apprenticeships widely used. Some sub-sectors have significant low-pay.	Managing transition of displaced workers in new jobs. Ensuring availability of skills to meet replacement demand needs.	Wide variation in sector and product market and competitiveness strategies, influencing prospects for progression.

Source: Green et al (2016)[18]

Key points emerging from engagement grouped around the main issues and questions discussed in business interviews are set out below.

a) Nature of businesses interviewed

Eight businesses from the manufacturing and engineering sector were interviewed, ranging in size from 30 to 120 employees, and working in industries such as automotive, leisure, food and drink and textiles. Specific work areas ranged from the full design, build, installation and servicing of bespoke equipment and unique solutions; to the remanufacture of automotive components; to the production of electrical systems and fabricated metal frameworks.

Staffing structures were broadly split into two functions with a range of skill and pay levels in each – the factory delivering hands-on manufacturing and production, and office functions supporting the running of the business and housing staff working on technical design and product development. In each, businesses described having a core of long standing members of staff and there being a level of churn on the margins. One described this as being that "if people settle in the first few weeks, they will stay for a very long time".

Within the factory side, no one typical staffing structure was described, although by and large, it followed a pattern of entry level or labouring roles often filled by apprentices, and progressing to supervisors, team leaders and then shop floor and production managers. In most cases, businesses had in place a pay structure based on the increasing levels of skills required at each stage. In just one case, factory roles were all categorised as being semi-skilled, on the basis that an unskilled entrant could gain the necessary level of skill in a matter of weeks. This was seen as helping the business with having one pay band and contract

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[17] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF

[18] Ibid

type, although was recognised as offering little scope for progression. Businesses described their operations as being divided into various units or cells, and sought, where possible, to multi-skill staff within and around these to give flexibility. A number of businesses also ran warehouses and had staff involved in the logistics of this, from pickers to warehouse managers.

Office operations comprised core functions such as administration, training and development, business development and sales, purchasing and finance, as well as more technical design, engineering and IT roles. Skills requirements in these roles ranged from apprentice and entry level to degree level.

b) Importance of progression to business in the manufacturing and engineering sector

All interviewees were clear that progression was important to their business. This was **directly linked to the context of business growth and/or delivering customer requirements.** In this case, it was far quicker, easier and less risky to develop internal talent, with people who had been with the business for some time, who "knew the ropes", and who had demonstrated good aptitude and potential. Businesses spoke of poor recruitment experiences - not being able to find the right candidates, in part because of the bespoke nature of their work and systems, and the time taken to get people up to speed. External recruitment was felt to be of benefit when looking for a completely new skill set in support of business growth, winning new work or needing "fresh eyes" in a certain area. It tended to be in more senior, better paid levels of the organisation and so not as relevant to a discussion on progression from low pay.

This fed directly into three further linked reasons. Firstly, in terms of **succession planning for an ageing workforce** (see below for more detail) and a preference to bring people up through the business with a view to ultimately being able to fill posts vacated through retirement. Secondly, as part of a **drive to transform ways of working around modern business practices** and to deliver an overall strategy to upskill the business over time. Thirdly, as part of an **overall company culture** where people are valued as a vital business asset. One business also spoke of progression being part of an underlying mission of acting as a team across all functions with everyone committed to being and doing their best.

From an employee perspective, it was noted that **younger members of staff were much more likely to push and challenge management for progression opportunities**, having a different mindset to older team members, who perceived themselves as having "got as far as they were going to go". Businesses felt that they needed to be alert to this, particularly in terms of knowing which members perhaps had an unrealistic expectation of how far they could develop and those who were genuinely the "star players", who were keen to get on and had the aptitude and attitude to support them in doing so.

Yet alongside this there was also **an expectation that people would "meet you half way",** both in expressing their goals and in committing to putting in their time and effort in learning such that there was a fair and mutual win. Most businesses noted the risk of investing in people who then left to work elsewhere, but felt that it was an informed and judgement based risk you needed to take on a case by case basis, with one saying, "there is a risk that people will leave but you can't afford not to take it even if you want to maintain the business as it is let alone grow it".

The overriding observation to draw from interviews in this sector that sums up these points was the **emphasis placed on "spotting talent".** Businesses described themselves as being the right size to be able to do this, with directors and management having a hands-on role in the day to day running of the business

and so being on the lookout for talent in people. This talent was defined both in terms of technical and work capability and in having a rounded set of softer skills such as good attitude, flexibility, willing to learn, appreciation of how the business worked, and a willingness to communicate and constructively challenge the status quo. This latter point was seen as often being the defining difference between someone who progressed a few stages and someone who could go as far in the business as they wanted to, and therefore of it making a huge difference in terms of the ability to move out of the lower pay scales.

c)   Mechanisms for progression within business in the manufacturing and engineering sector

Businesses were asked whether there were any systems in place in the organisation to facilitate progression; or whether they had trialled any specific schemes in support of progression such as career mapping, career pathways or skills audits.

The overriding impression gained from this element of questioning was that this was **language that businesses did not immediately relate to or refer to themselves.** Furthermore, there was a sense that such formalised approaches leant more to the large business world and **did not fit with their SME business.** Bearing in mind the emphasis on spotting talent, there was a sense that skills development needed to be much more personalised, tailored to individuals and evolving roles and business requirements, and flexible.

From this, people spoke in much broader terms that whilst drawing on the sentiment of the schemes in question, were much more likely to comprise **elements of a number of schemes depending on the case in hand.** For example, people described situations in which, when an individual was identified as having the potential to progress, they would work with them in identifying the skills they needed, mapping the route they might take, helping them obtain experience in other parts of the business, talk to them to help boost their confidence and possibly fund them to undertake some level of qualification. Therefore, whilst there are a number of tools at play here, they are possibly not recognised as such and their application is more ad-hoc than following a set process from start to finish.

When these points are taken together, they point to a **more organic approach, where people are supported into more advanced skills and experiences over time and in line with business needs**, than of them being put through a formalised cross-organisational programme. It also suggests finding ways to **support businesses to dip in and out of a mix of approaches by helping to get the right policies and tools in place** that can then be applied according to different circumstances and individual needs.

This goes with the grain of the message from at least half of the businesses interviewed, that they are working to become more structured with respect to skills and development, and more sophisticated in understanding the businesses skills needs. This was seen as part of a wider **journey to transform their organisation's wider culture in support of long term growth.** A number of tools come to the fore in this.

A **skills matrix approach** had been brought into several businesses with a view to multi-skilling the factory team to drive efficiency, to meet peaks in demand, to cover holiday and sickness, to respond to a churn and to provide opportunities for more varied work and job rotation. This was seen as being an important part of supporting progression and keeping people engaged in their work, as well as in supporting training needs analysis and spotting skills gaps. In one case, a skills matrix process - developed in the HR team but driven by the production team in terms of its application – had been found to have a direct and measurable correlation with output as measured on a daily basis. This business was also establishing **formal cross-**

functional teams and working groups to help give people in lower paid roles more diversity of work and more exposure to new skills and experiences. This included, for example, staff working on the implementation of LEAN methodologies and working together on areas such as improvements to facilities and IT and on environmental sustainability.

All businesses had **some form of appraisal system in place** although this varied in depth, detail, frequency and formality. There was general agreement that this was the best route for managers to discuss performance, development needs and longer term job goals and to make decisions on pay increases linked to performance; but some also felt that this must be alongside regular one to one communication and stressed, "we don't want to wait a year to talk about problems". One business had in the last 12 months implemented an appraisal system as a result of feedback from a staff survey, in which people wanted more opportunity to interact with their line managers. Whilst there had been some settling-in issues as people got used to new processes, it was felt to have made a positive impact on engagement, particularly as it was brought in as part of a wider suite of policies covering areas such as grievance, sickness and absence.

Pay scales were in place in all businesses. One organisation described how they matched roles against a skills framework in order to present a very clear organisational structure against which they could consolidate and link pay bands. This had been found to be very helpful in informing progression dialogues through the appraisal process and being very clear on the point at which a person had developed sufficiently to meet the next skill level and therefore up to the next pay band.

There were **mixed views on the benefits of using apprenticeships** as a route to bring people in and progress them through the business. All had tried in the past to varying degrees of success, and current use ranged from not having any in the business to there always being at least two in post. For those with no apprentices, the core reason was that they simply did not have the time needed to properly mentor and support an individual to get the best for them and the best value for the business. Additionally, the quality of candidates in the past had been mixed, with young people having differing attitudes to work and not being "apprenticeship ready".

At the opposite end of the spectrum, two businesses always used apprentices in both factory and office settings, and whilst they understood the reservations expressed by others, found apprenticeships on balance to be a good way to bring in young talent and progress it through the business. One noted that good quality candidates realise they are lower skilled in the first few months, but ask for more exposure and soon learn that you can get on by showing the right merit, capability and attitude. Another spoke of how they were supporting older workers coming up to retirement age to reduce their hours gradually over time by taking on apprenticeship mentoring roles. This was seen as a win-win-win situation, particularly in ensuring that deep skills and experience is transferred within the business. Finally, on the issue of apprenticeships, all referred to uncertainty regarding the apprenticeship levy, and were cautious about the impact it would have.

Other areas in which businesses were delivering activity in support of progression included:

- **Establishing an in-house skills academy** to bring all training and development together with an emphasis on establishing modern management techniques that recognised and celebrated skills

development as a way to get the best from staff; as well as using this as a route to increase and improve staff engagement.

- Arranging **job shadowing and rotation for new starters** so that they can learn and get a full picture of systems and processes. Any incoming graduates also do this so that they fully understand the operational side; this being critical if they are to progress into management.

- **Running a monthly Breakfast Club** for people from the shop floor up to come together to talk about a particular issue concerning the business.

- **Support for building confidence** and helping the full team to be aware of the vital role they play in the organisation; as well as looking at **communication styles.**

- Arranging **factory tours** with networked businesses in the local area to help people in a range of roles, including lower paid ones, to see how other businesses operate.

- **Systems for advertising internal vacancies** via notice boards, bulletins and on-line.

- **Informal buddying** particularly for new starters and apprentices, which was seen as a good way to use the skills and experience of longer standing employees.

- **Sponsoring personal development and developing more flexible working** packages that help people to achieve a better work life balance.

- Funding for **ESOL.**

d) Challenges for delivering progression in the manufacturing and engineering sector

Interviewees were asked for their views on whether there are any barriers – perceived or real – to progression and internal mobility in their own organisations, and if there were, whether these were typical in the sector.

All businesses were clear that **progression was directly correlated to business needs and that, at times and in an SME environment, this could constrain movement.** Factors that were key to this included patterns and pace of business growth, long term strategic plans and growth objectives, the size of the business itself, and the nature of organisational structures and size of individual departments or units within it. One business operating multiple sites also noted that smaller sites offer less opportunities unless people can travel or are willing to relocate, but that that was not typically an option for those looking to move from lower paid roles.

Limited staff turnover was also a block on progression for a number of businesses. As one interviewee noted, "it can be pot luck if a position arises or someone retires". Businesses were concerned about the impact on their ability to retain good people, with one noting that they had in the past looked at ways to redesign roles so that some additional skill, experience and responsibility could be recognised and rewarded.

All interviewees reflected on the **need for people to be flexible and willing to adapt** if they are to seize opportunities for progression. Older members of the workforce were seen as being the least likely to respond to changing business needs, and to be reluctant to get involved in training because they did not recognise the benefit that skills brought to themselves, even in terms of being able to command higher rates of pay, or the business. This was seen as having an impact on wider ambitions to shift organisational culture towards having an enhanced skill set across the business and more progressive and values based approaches.

Where people at lower levels in the pay scale did put themselves forward or show potential, there were some concerns regarding **whether the business had the right infrastructure in place** to help give people increasing levels of responsibility over time at a pace that worked for them and the business. One interviewee was concerned about the way employees received being identified for progression, and cautioned against raising expectations or handling it in a way that would put them off, pointing out that many people in lower paid roles were not familiar with the language of managing progression and that it needed the right balance of formality.

This introduced discussion on **helping people to develop the rounder skill set** needed in more senior roles; for example, supporting people to become more professional and to relate more closely to corporate values, policies and systems. The issue of management and leadership skills were raised here as a barrier too, in particular in terms of having strong communication skills.

Unlike in the social care interviews, lack of confidence did not emerge strongly as a barrier to progression. However, people did identify that often **people did not articulate their aspirations** and one business suggested that it would be useful to understand innovative methods for encouraging people to be more open about this, as well as to find small steps back into learning.

Employers felt that there were a number of **personal barriers** in place from an employee perspective, including a reluctance or inability to do additional learning in their own time and concerns over taking on more responsibility. The requirements of the benefit system were seen as preventing people from working more hours; likewise, the high cost of childcare versus levels of pay. Because of this, in order for people to progress, they need to be able to see how they will make the jump through the lower salary levels and past the tipping point on benefits, costs and wages. This was seen as being a complex and personal situation and staff needed to be supported to see into the longer term. A culture of trust needs to exist between employer and employee to emphasise that this is a partnership, but also recognition on both parts that there will be times when people will need to move on if they want to progress.

Whilst it is not necessarily a barrier, **some people are happy doing what they do** for all manner of reasons. As one interview noted, "not everyone wants to be the boss and that's fine". Instances were cited where individuals had been identified as candidates for progression but had not shared the same view and so nothing had come of it. All agreed that the trick was in knowing when to push this and when not to. In other words, when a little bit of coaching or mentoring might help the person to think differently about it.

e) Opportunities for delivering progression in the manufacturing and engineering sector

Interviewees highlighted a number of areas in which they felt additional support would be beneficial in supporting and going beyond activity already in place as follows:

Basic skills enhancement

- **Support with basic skills for literacy, ESOL, maths and IT** to have the necessary grounding needed.

Wider skills enhancement

- **Getting people ready for management,** supporting budding managers to see themselves in a more senior role and **using career mapping** to clearly understand what it involves to achieve those goals.

- Use **cross-functional working groups** as a way to give people exposure to wider business issues and skills and as a route to boost employee engagement and help people take steps into learning.

Sector specific skills enhancement

- Identifying opportunities for people to gain **advanced skills and qualifications or to become workplace champions**, including assessing all new business streams for the skills and progression opportunities that they present.

Operational systems

- Being **clear on career pathways** around the business supported by realistic role design and training needs assessments so people can see exactly how far they need to travel and the competencies they need, and use case studies to demonstrate past successes.

- **Using opportunities for job rotation, secondments or placements** to give people opportunity to undertake more varied work and to expand their skills and experience.

- **Supporting businesses to build and embed strong organisational cultures** that recognise the case for investing in skills, the impact on savings through recruitment and succession planning, and of the benefit of modern management techniques.

- Supporting businesses who might otherwise not have the capacity or know-how in **developing the systems, procedures and infrastructure needed to underpin a culture of learning and progression linked to business success** e.g. through training needs assessments, competency based role design / profiles and succession planning.

- **One to one coaching and mentoring**, including using older team members to link to apprentices and connecting members of the leadership team to "star talent".

- Continue to provide support to business on how to approach and launch a successful **apprenticeship programme.**

External factors

- Use **local business networks to give employees external experiences** e.g. through factory tours with supply chain partners to help broaden mindsets, observe other approaches, and build ideas in areas such as health and safety, cost control, operations and LEAN techniques.

4.3   Messages from the TRANSPORT AND LOGISTICS SECTOR

Based on the work of Green et al,[19] the table below outlines the rationale for selecting the transport and logistics sector as one of the three focus sectors for this project. It was also selected because of:

- The sector having had limited engagement in the past at a City Region level, including in accessing LEP funded business support products and services, despite having very strong local presence and critical mass in key parts of the geography;
- Desire by the LEP to better understand the needs of a sector known to have very specific future skills challenges and as such how to better connect businesses to support.

Figure 3: Summary of key trends and issues in the transport and logistics sector and implications for progression

Employment growth trajectory (medium-term)	Drivers of change	Barriers to entry	Progression prospects	Implications for skills policy	Other considerations
Growth expected.	Information technology. New value-added activities. Environment and resources.	Medium	Low staff turnover. Relatively little evidence on career pathways and these will vary by sub-sector.	Employment is concentrated in lower-skilled occupations. Up and reskilling for routine occupations is a concern.	This is a diverse sector with large numbers of small firms. Use of contract workers to meet fluctuations in demand.

Source: Green et al (2016)[20]

Key points emerging from engagement grouped around the main issues and questions discussed in business interviews are set out below.

a)   Nature of businesses interviewed

Four businesses from the transport and logistics sector were interviewed, working in areas such as retail, food and drink and transport equipment. This included a major national plc and a globally owned operation. This presented an interesting contrast to the SME businesses interviewed in this sector and in fact across all other sectors. Notably in the case of the plc, systems for progression were very well developed over a long period of time, highly formalised and structured and cut across the entire organisation as part of a wider package of training and skills development. This was in sharp contrast to SMEs, where action tended to be more flexible and individually tailored, and showed the huge variation in need and in the capacity that businesses have to offer, run and administer systems for progression.

Warehouse operatives were the main lower paid role described here, with scope to progress to team leaders and warehouse managers. Within the plc context, this was noted as being a short chain of command for such an extensive organisation and that this was very helpful in giving line of sight along progression routes. Other roles included HGV and LGV drivers and engineering and maintenance staff; and office functions typically in accounts, sales and customer services. All were described as needing very few

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[19] Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving progression from low-paid jobs at city-region level. York: JRF
[20] Ibid

entry level skills. From an office perspective, basic IT literacy was needed, but what was considered to be more important was a polite manner, and good customer focus and verbal communication.

In the case of the plc, lower basic hourly pay rates for warehouse operatives were combined with an internal productivity incentive scheme, such that the more items a person picked per hour, the greater their bonus earning potential was. In this way, it was possible for a person to earn up to 55% of their salary, seen as a big incentive and a real win-win for the individual and the business.

Of the three other businesses interviewed, all sought to offer enhanced pay at the lowest levels where possible. One business described paying above the Apprentice Living Wage for example because it, "helps to attract and retain higher quality candidates and because it is the right thing to do". They also offered stepped progression in pay from the National Living Wage level following a successful probationary period.

b) Importance of progression to business in the transport and logistics sector

Once again, all businesses stressed the importance of progression to their business, from the national plc to the local firm employing 25 people. Each business was looking to retain detailed understanding of the business built up over time and accumulated knowledge of highly bespoke in-house systems that underpinned operations and that can be very complex for new starters to learn. The view was also that "bringing people through the ranks" and showing them that they can progress with you, was genuinely good for the business and for employees. It built up loyalty, a shared drive to achieve and strive for excellence, and ultimately resulted in good outcomes and experiences for the customers.

From an employee's perspective, positive attitude and willingness to be flexible was seen to be the key, where those that wanted to progress could and would. From the plc and global firm's perspective, the opportunities of this were seen as being uncapped – including scope to move to overseas operations. This then had a snowball effect on others, who saw people moving forward and were inspired to get involved and put themselves forward for development. On the flipside, as in other sectors, it was recognised that some people wanted to come to work, do their job and go home, and that ultimately, all businesses needed a mix of people.

c) Mechanisms for progression within business in the transport and logistics sector

Businesses were asked whether there were any systems in place in the organisation to facilitate progression, or whether they had trialled any specific schemes in support of progression such as career mapping, career pathways or skills audits.

As in other sectors, the responses here were mixed. Two businesses had dipped into a number of progression tools but did not have a fully defined programme in place; whilst two had taken very structured approaches not seen in other interviews, in direct response to business needs – one in managing a complex plc talent pipeline, the other in response to the firm having doubled in size in two years.

For the plc, this demonstrates the scale of infrastructure in place to support a rapid and continual progression pathway in a highly corporate environment. In the first instance, **all progression was led through an internal workforce development team** to manage the talent pipeline and ensure that at every

stage people were supported in a structured and staged way, and to ensure that there was never a gap in front line managers ready to step up to the role. This is structured as:

- Career paths mapped across the business each with packages of milestones, and options to move around sites (made easier by their relative proximity to each other, which is unusual in the sector);
- Talent identification through a six month appraisal system linked to corporate values and using a scoring system to track consistently high performance and scope to progress;
- Internal workshops to help people develop the skills they will need at interview/assessment centre to move up to managerial level e.g. interview techniques, presentation skills etc;
- Six-month trainee programme where a person comes out of a current role to learn new skills;
- Fast track system for talent to progress to team manager – stepping stones in place that make people see that it is a realistic and achievable jump.

In the case of the business doubling in size in two years, at the heart of their approach sat a robust succession plan and skills matrix, mapping the requirements of all teams. Staff were approached to discuss their progression aspirations and to then identify any skills gaps going forward. For those individuals, a career plan was also used to formalise and document commitment to progression on both parts. All learning and development was housed in an internal skills academy, with modules tailored to suit different areas of the business as well as a robust induction process to guarantee all new starters a minimum level of ability and expertise. Finally, a customer service product awareness course had been developed and then run by staff with bronze, silver and gold levels of specialism awarded. In its totality, this was part of an embedded culture of learning across the organisation, driven by members of a senior management team who had themselves progressed through the organisation.

All businesses had **some form of appraisal system in place,** but with the exception of the plc, there was a shared view that these could be laborious and there was a preference towards monthly catch-up meetings, using a checklist assessment to monitor progress and to instil a more open and regular dialogue.

Again, there were **mixed views regarding apprenticeships**, used with some success by some in engineering, maintenance and office based roles. One business noted that warehousing roles were not suitable for apprenticeships given the limited scope for skill development and not to use apprentices as "cheap labour".

Specific areas of skill development invested in in this sector primarily focused on putting people through the **fork lift truck training and test.** Offering this was seen as being key to attracting people into roles, and whilst there was a risk that people would then leave and take this transferable skill with them, it was seen as being the necessary thing to do for the benefit of the business.

Other areas in which businesses were delivering activity in support of progression included:

- **Work with the local authority** to identify 25 young long term unemployed people to invite to interview. Of these, 12 were offered a job, and one year on, 10 are still working for business. Four people have moved on to higher paid roles, and one has become an engineering apprentice.

- **Informal buddying** particularly for new starters and apprentices.

- **Systems for advertising internal vacancies** via notice boards, bulletins and on-line.

- **Informal bite-sized training** courses e.g. on time management and communication styles.

- Funding for literacy and **ESOL**; in one case, using a local English teacher to run a series of courses in good written communication e.g. on composing emails and business writing styles, and in another through partnership with the USDAW union.

- Developing **IT skills and identifying Digital Champions** to achieve certain IT diplomas and then lead on internal training.

- **Staff engagement surveys** to identify areas of concern in skills, development and progression.

d) Challenges for delivering progression in the transport and logistics sector

Interviewees were asked for their views on whether there were any barriers – perceived or real – to progression and internal mobility in their own organisations, and if there were, whether these were typical in the sector.

An **individual's mobility and flexibility** are seen as being key determinants in the ability to progress in this sector. By the very nature of operations, sites are usually dispersed and progression can be held back if a person is not willing or able to respond to opportunities in other locations. Even at more senior levels, many roles require people to work shift patterns to match the demands of 24 hour operations, and this too requires flexibility. Issues were also cited of there being a mis-match between shift patterns and local public transport that can cause issues for staff, especially those at lower paid levels who do not have access to their own vehicle. Businesses reported working with local authorities on this as a way to better connect local people to employment opportunities.

In the case of the plc, earning potential was also, ironically identified as a barrier. As a warehouse operative who is part of a productivity incentive scheme, you can – if you are highly motivated by money – significantly boost your earning potential. Yet when you move up to become a team manager you consolidate your salary; in other words, you get a higher basic wage but no productivity led bonus. **If you want to progress, you may therefore have to accept a sideways or even slight drop in salary for a short period.** It is important that people are able to see past this to the significantly higher salaries that can be commanded if progression continues. Progression must therefore be demonstrated on a pay scale and with stepping stone increments.

The final barrier identified by all was regarding the recognised **HGV driver shortage** in the freight transport and road haulage industry. This is compounded by an **ageing workforce, high cost of training that is often at the individual's expense, age restrictions on licencing, the prohibitive cost of insurance for the under 25s, unsocial working patterns and a poor perception of roles and career opportunities** in the sector. This makes it very hard to attract new entrants, particularly of a younger age. The LGV driver labour market it similarly challenged, with a fifth of the current workforce reaching retirement age in the next 10 years and at the same time, there being a year on year fall in numbers gaining an LGV licence.[21]

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[21] All Party Parliamentary Group for Freight Transport (January 2015), Barriers to Youth Employment in the Freight Transport Sector

The sector also requires a **good level of numeracy, literacy and IT** and businesses interviewed found that there were gaps and shortfalls in this area when trying to recruit.

e) Opportunities for delivering progression in the transport and logistics sector

Interviewees highlighted a number of areas where they felt additional support would be beneficial in supporting and going beyond activity already in place as follows:

Basic skills enhancement

- **Support with basic skills for literacy, ESOL, maths and IT** to have the necessary grounding needed to progress.

Wider skills enhancement

- **Getting people ready for management,** supporting budding managers to see themselves in a more senior role and **using career mapping** to understand clearly what it takes to fulfil these ambitions.

Sector specific skills enhancement

- Support in increasing numbers of people with **LGV and HGV licences.**

Operational systems

- Being **clear on career pathways** around the business supported by realistic role design and training needs assessments so people can see exactly how far they need to travel and the competencies they need.

- **One to one coaching and mentoring** to help people to identify how they can progress.

- Supporting businesses who might otherwise not have the capacity or know-how in **developing the systems, procedures and infrastructure needed to underpin a culture of learning and progression linked to business success** e.g. through training needs assessments, competency based role design / profiles and skills audits.

External factors

- **Working in partnership with the union** (USDAW) to deliver courses, thereby tapping into the perception of the union being more approachable, more likely to discuss skills gaps than with their managers, and being helpful at breaking down barriers.

- **Careers advice and guidance** needs to demonstrate the full range of roles, opportunities and salaries available in the sector; including, for example, high level qualifications in logistics and opportunities to work internationally in technical roles such as planning, strategy, project management, systems and products design, finance, engineering, research and development, information technology and health and safety.

5. Messages from business: findings of online survey

As noted in section 3, an invitation to respond to an online survey was circulated via the LEP Business Communications Group and Skills Service and Skills for Care. In total 32 responses were received, the breakdown of which by sector is shown below.

Sector	Number of responses	Percentage of total responses
Social Care	10	31%
Manufacturing	15	47%
Transport and Logistics	1	3%
Other	6	19%
Total	**32**	**100%**

a) Importance of progression

All respondents reported that yes, progression of staff – particularly those on lower skilled or lower wage roles – is important to their business. The nuances of reasons why progression is important is also consistent with that given in the business interviews. For example, respondents from the manufacturing and engineering sector described the need for progression as being to:

- Meet niche skills requirements or in response to skills shortages;

- Be better able to supply differentiated products and services;

- Use better skills to drive more efficient or better results;

- Support rapid growth; and

- Enable people to work to their full potential, and to offer job variation, a visible pathway to more responsibility or pay, or the opportunity to learn the business as a key to progressing to more senior positions.

Social care respondents on the other hand cited reasons such as:

- Staff retention and succession planning;

- Better skills and training leading directly to better care, quality and business success;

- Improving culture and embedding an ethos of learning, development and growth and empowered staff;

- Providing a career route and pathway for everyone, regardless of skill level; and

- Although lower wages, the responsibility staff hold is high and they should be suitably skilled to carry out their role.

## b) Skills required to accelerate progression from low pay

Businesses were asked in which areas could skills be enhanced in order to accelerate progression from lower skilled or lower wage roles. Figure 4 sets out the total breakdown of response, showing sector specific skills, better targeted or more regular training and leadership and management as the top three areas for focus.

Figure 4: TOTAL RESPPONSES: Which of the following could help your business to accelerate progression from lower skilled or lower wage roles? Please tick all answers that apply.

Response	Number of responses	Percentage responses
Sector specific skills	21	65.63%
Better targeted training	20	62.50%
Leadership and management	19	59.38%
Softer skills	17	53.13%
Basic skills	14	43.75%
Culture shift	11	34.38%
IAG	8	25.00%
More flexible working	6	18.75%
Other	3	9.38%

However, looking at the data by sector in figure 5 below, shows some clear differences in needs – with social care businesses leaning towards leadership and management and basic skills enhancements, whilst manufacturing and engineering businesses are looking for sector specific skills (of which 'other' was noted as being lean manufacturing techniques, Kaizen and continuous improvement), better targeted or more frequent training and softer skills. The transport and logistics sector is a sole response, hence the 100% bars. This aligns with the other two sectors in respect to basic skills, sector specific skills and better targeted skills, and with 'other' in this case being the need for sales skills.

Figure 5: BREAKDOWN BY SECTOR: Which of the following could help your business to accelerate progression from lower skilled or lower wage roles? Please tick all answers that apply.
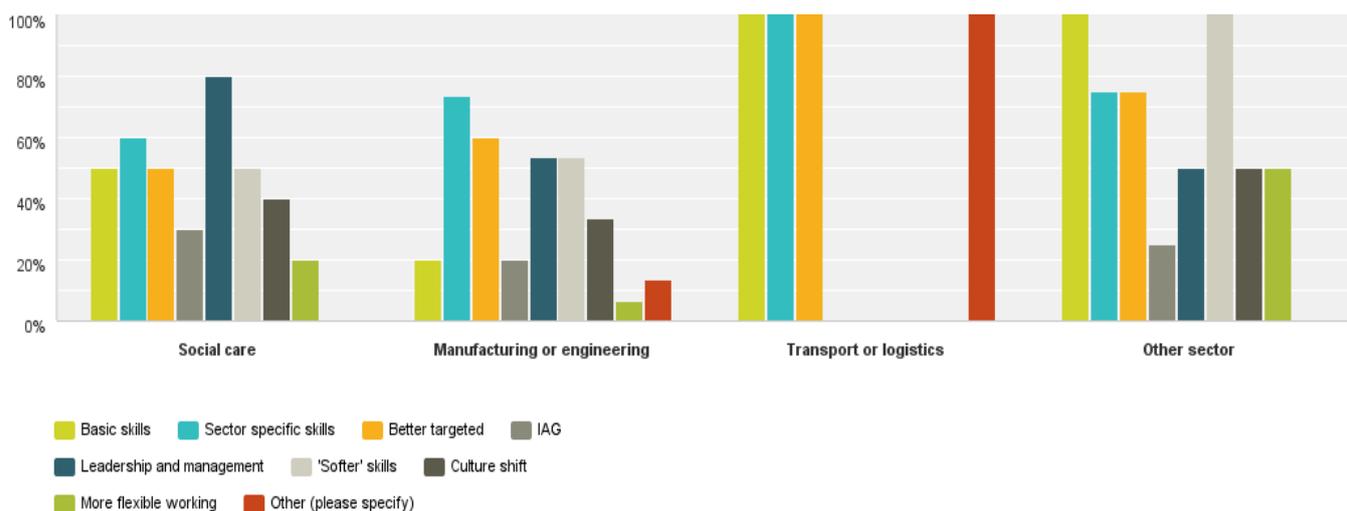
c) Mechanisms for progression

The vast majority of respondents – 28 out of 32 – confirmed that they had systems in place for supporting progression to take place. This ranged in nature from appraisals and performance management systems, to internal staff development programmes, to more ad-hoc discussions with line managers.

Businesses were asked to identify whether they had used any specific tools to support progression, and total responses are shown in figure 6. Here, mentoring, apprenticeships, and training needs assessments / skills audits / competency frameworks emerge as the most likely tools to be used currently.

Figure 6: TOTAL RESPONSES: Have you used any of the following tools to support progression in your business? Please tick all answers that apply.

Response	Number of responses	Percentage responses
Mentoring, coaching and peer support	21	65.63%
Apprenticeships / traineeships / foundation degrees	21	65.63%
Training needs assessment / skills audits / competency frameworks	19	59.38%
Job rotation or placements	13	40.63%
Skills / job matching	10	31.25%
Job role redesign	8	25.00%
Career mapping	5	15.63%
Career ladders or pathways	5	15.63%
Other	1	3.13%
Union Learn	1	3.13%
Skills escalators	0	0.00%

Again however, the total data masks differences by sector, as shown in figure 7. Looking at the three sectors, social care businesses appear to have trialled a broader range of solutions. It is the only one to have used career mapping or pathways and is much more likely to have used mentoring, coaching or peer support. On the other hand, the manufacturing and engineering businesses that have replied to this survey have tended to use apprenticeships in greater numbers as their preferred route to progress from entry level.

Figure 7: BREAKDOWN BY SECTOR: Have you used any of the following tools to support progression in your business? Please tick all answers that apply.
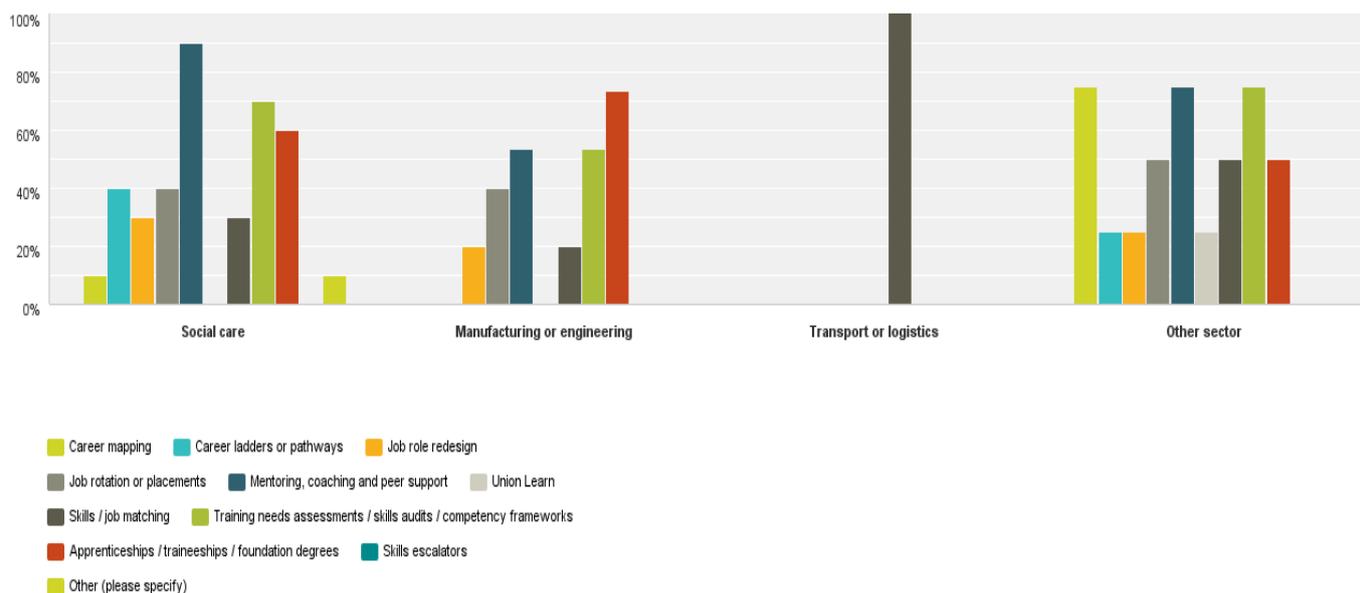
Finally, businesses were asked which of the approaches that they had tried had proved to be the most successful. In the main, businesses reported that if they had tried it, it had worked. So overall, the top four as shown in figure 6 above remained the same. There was some shuffling of orders then in terms of career mapping and career ladders overtaking skills matching and job role design.

d) Messages arising from the online survey

It is worth adding a note of caution though in respect to these results. The sample is small, largely made up of social care and manufacturing and engineering firms, and gives no indication as to why particular approaches were chosen or ruled out, whether other options were actively known of or considered, or what drove success. It is likely also that these were being applied in SMEs and at a micro level i.e. with a small number of employees as opposed to being a systematic approach delivered to all relevant employees at a large whole organisation scale. This will itself have had an influence on the sort of schemes chosen and how they panned out, and is not to say that in another circumstance and for a different employee or role, another type of approach might have been used.

That said, it does provide a useful snapshot into what comes to the fore in businesses thinking about progressing people from low pay. It also reinforces messages that emerged from the business interviews, and suggests that there is a mix of common and cross-sector perspectives and some more nuanced sector specific ones. It also shows thinking to be clustered around a number approaches that are perhaps more commonly heard of but also that perhaps intrinsically make more immediate sense in an SME setting. It may on this basis indicate that there is scope to make people aware of a wider set of tools and, if necessary, to support them in thinking about how they might be applied in their business to meet their specific business needs.

6. Conclusions and lessons for future action

Findings that have emerged through this work provide helpful pointers for the Leeds City Region on a number of levels. First, in informing specific investment to tackle in-work poverty by supporting progression from low pay; second, as part of a wider inclusive growth agenda and focus on better jobs; and third, in respect to how businesses are engaged and brought on board with this evolving policy focus. Business perspectives gathered here are concentrated around four headline messages from which lessons for future action can be drawn.

1) Progression is seen as an important factor in driving business success and this is underpinned by a common thread that supporting staff is the right thing to do. However, there is a distance to travel to make this commonplace across all businesses and sectors.

Albeit the precise reasons vary by sector, progression was in totality described as being as a win-win-win for the individual, the business and the customer and there is, as such, momentum on which action to drive progression from low pay in the City Region can build. That said, each of these businesses already recognised the impact brought about by better use of skills in the workplace in regard to competitiveness, productivity and quality, and of the value of good jobs. There is a question as to whether this view is shared at a wider sector level, with interviewees commenting that there is still a need to shift culture and to make the case for investment in skills at any level, let alone at the lower end of the spectrum.

Lessons for future action: To gain most traction on low pay and progression - and on inclusive growth, good jobs and productivity more widely – careful consideration is needed in respect to:
- the language used and clarity of message that is conveyed on the case for investing in progression
- what is being asked of business and how their engagement is framed
- how it is made real to business and tuned to sector needs
- how it is enveloped within the case for improved productivity, good jobs and inclusive growth

2) Good communication and perseverance will be key to establishing meaningful dialogue with business and wide participation on this agenda.

Following on from the point above, there would appear to be a cohort of businesses across sectors that can and will be the initial 'low hanging fruit' for work going forward because they are bought into the notion of investing now for the future and of the value of good jobs and are willing to act accordingly. There will also be those who are harder to reach and take longer to engage, convince and convert to action. Action needs to reach both of these audiences if it is to make a real difference to people and to shifting the low-skilled, low value and low pay areas of the economy.

Lessons for future action: A robust and systematic methodology for sorting through this and for subsequently identifying and approaching businesses will be key to achieving maximum traction and to extending impact amongst a more challenging cohort of businesses. It will need to concentrate on:
- quality and quantity of contacts
- using the right platforms and fully leveraging sector, business and place-based networks where there is already established relationships and dialogue
- working in partnership with unions where possible to open up routes for engaging individuals
- generating early wins and examples of success as case studies for the programme
- using business champions and advocates to model good practice, open doors and influence others

- continually taking stock of what works in reaching business to feed back into action and allow it to continually evolve and sharpen engagement
- consistency with other City Region interventions that support growth and productivity improvements in business to reduce confusion and achieve multiple outcomes

3) No one intervention stands out as providing the solution to progression, especially in an SME context.

Of the businesses engaged, only the national logistics plc had in place a formalised corporate structure for progression that had evolved over many years and with significant resource behind it. SMEs spoke of:
a) opportunities for progression and learning being ad-hoc and dictated by the day to day running and needs of the business;
b) a tendency to dip in and out of a mix of approaches depending on the individual and role in question;
c) systems, processes and capacity for supporting progression being less developed or more constrained, and needing to be proportionate to business need; and
d) being on a continual journey towards more modern management techniques and more structured approaches to skills, development and progression.

Lessons for future action: Findings suggest that businesses need support that is flexible and allows them to respond to opportunities whilst at the same time enables them to become over time more sophisticated in their approach to investing in and managing talent. This could include for example offering:
- a menu or toolkit approach to identify, define and demystify the range of tools that can be applied in support of progression from low pay
- guidance as to when to use certain approaches or when to marry a number of solutions together
- advice on how best to embed tools into internal policy and systems, and how to implement them in a way that is open, fair and consistent with business need
- opportunities to interact and share good practice with other businesses

4) There is scope for a universal approach that supports all businesses to get the basics right, but that can then be adapted and extended to target barriers and opportunities faced at a sector and business level.

It is clear that there is a core of solutions that all businesses use in supporting people to move around their business – appraisals are a good example of this. There is also a consistent set of challenges that businesses report as impacting on a person's ability to progress – basic skills, IT and ESOL are key here, as is the need for better management and leadership skills. These are in effect the basics that businesses across sectors should be supported to get right. These sit alongside needs that are nuanced by sector according to distinct drivers, for example around the technical skills needed to progress or the career paths that people can follow. Finally there is a level that recognises that each business is unique and so will want solutions that are appropriate to them and their workforce.

Lessons for future action: This suggests blending what can be done universally, what can be done for the sector, and what can be done at an individual business level to ensure that:

- **Universally** there is a core offer that helps businesses to get the basics right on progression with a menu of support from which they can select as best suits their needs e.g.:
  - Appraisals and performance management systems
  - Developing training needs assessment, skills audits, competency frameworks

- o Getting the right systems, processes and policies in place
- o ESOL, literacy, numeracy, IT
- o Management and leadership skills development and application
- o Coaching and mentoring tools and techniques
- o Confidence building
- o Internal communications

- **Sectors** can access provision in a way that is tailored to reflect understanding of the sector, using sector groupings as a useful and recognised route (e.g. local manufacturing alliances, independent care networks, Sector Skills Councils) e.g.:
  - o Plotting career pathways and ladders
  - o Pay scales
  - o Sector specific skills technical qualifications and competencies
  - o Alignment to existing sector activity, partnerships, networks and unions
  - o Career information, advice and guidance

- **Businesses** are supported individually to understand their needs, identify how to enhance what they already do as well as introduce new options, and put in place the necessary structures and systems that help them to deliver and embed skills, learning and progression as a way to maximise and drive business success. This needs to be done in a way that reflects the SME context where the senior management team is likely to be hands on in "spotting talent" and determining culture; where there are very different routes for progression between shop floor and office functions; and where in some cases there is limited churn, so businesses need to find innovative ways to offer staff scope to move around the organisation and gain new skills and experience; e.g.:
  - o Identifying opportunities for workplace champions, cross-functional teams and working groups
  - o Job rotation, job design, role profiles and succession planning
  - o Shifting and embedding organisational cultures, values and 'good job' practices
  - o Establishing internal skills academies and ways to celebrate and recognise learning
  - o Employee engagement
  - o Connection to local community e.g. people, schools, other businesses

A wider perspective

Businesses interviewed were specifically asked for their perspectives on progression from low pay. The insights that have been generated as a result have a wide application and can – if considered as a whole and within a package of interventions – go on to have an impact on the wider inclusive growth, good job and productivity agenda. As part of this, consideration should also be given on how to:

- Support people on the lowest wages to stretch their take home pay e.g. HR policy, non-pay benefits etc
- Instil a business-led movement for good jobs and higher skill, value, pay and productivity
- Lever the role of anchor institutions as trailblazers for progression and good jobs
- Work with and through supply chains and through social value procurement practices
- Better connect businesses to their local communities and its systems and infrastructure
- Align the strategic and investment frameworks e.g. through Industrial Strategy, Adult Skills Budgets