



*Championing better  
work and working lives*

**Commission on the future of employment support**

Submission to the Institute for Employment Studies

**Chartered Institute for Personnel and Development (CIPD)**

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### **About CIPD**

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years.

It has 160,000 members across all sectors and sizes of organisation and provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers. It also seeks to promote and improve best practice in people management and development and to represent the interests of our members.

## **Introduction**

In recent years public policy on employment support has expanded beyond simply finding people jobs, to helping them stay in employment<sup>1</sup> and progress in work<sup>2</sup>, which has put a greater focus on the role of employers and the ‘demand-side’ of the system. This is particularly the case given that attempts to-date to incentivise and support claimants to earn more/progress in work have not been successful<sup>3 4</sup>.

CIPD’s response focuses first on the role of employers in helping people who want to move into work, stay in work or progress in work, particularly those in disadvantaged groups. We also consider the changes required more broadly to skills and other areas of policy if wider policy objectives such as helping more people into higher wage and skilled jobs are to be met.

This point was also made by the IFS senior research economist Tom Waters, commenting on the conclusions of the recent IFS report *Benefits and Tax Credits*, “Policymakers would do well to look beyond the headline employment number when setting benefits policy, and consider how the system – and other parts of policy – can be shaped to promote longer-term career progression.”

### **‘What examples of good employer practice are there in relation to recruitment, retention, job quality, design and progression?’**

CIPD’s research, suggests there are some core best practice HR and people management practices that can together enable employers to recruit and retain a more diverse workforce, including people from among more disadvantaged groups. Our evidence shows that many aspects of HR and people management practice are interdependent and connected. For example, the ability of people to progress in work depends on whole range of factors including the attitude and capability of line managers, learning and development support and opportunities, as well as job design and access to flexible working.

### **Inclusive recruitment**

Inclusive recruitment practices will help employers recruit and retain a broader pool of workers and support policy makers’ efforts to increase labour market participation.

CIPD’s evidence-based guidance, written by the Behavioural Insights Team, outlines how [HR/employers](#) and [people managers](#), with responsibility for recruiting can put into practice inclusive recruitment practice. The Inclusive recruitment guides emphasise the need to redesign recruitment processes to reduce the influence of bias. Clear, objective, structured, and transparent processes are fairer for candidates, supporting more equal outcomes, and

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49884/the-work-programme.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49884/the-work-programme.pdf)

2 <https://www.theguardian.com/society/2023/feb/01/uk-benefit-changes-have-pushed-people-into-dead-end-low-paid-jobs-says-ifs>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1123353/helping-people-secure-stay-succeed-higher-quality-higher-paying-jobs.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123353/helping-people-secure-stay-succeed-higher-quality-higher-paying-jobs.pdf)

3 <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial>

4 <https://ifs.org.uk/inequality/benefits-and-tax-credits/>

enabling employers to attract more diverse talent pools and to select the most suitable candidates for the role.

Evidence based recommendations on inclusive recruitment practices:

**1. Role design and the job advert**

Make role requirement clear, specific and behaviour-based  
Remove biased language from job adverts  
Offer flexible working, wherever possible

**2. Attracting diverse candidates**

Place job adverts where they are more likely to be seen by marginalized applicants  
Provide candidates with clear expectations, timelines and communications  
Proactively ask applicants if they need reasonable adjustments during the recruitment process

**3. The application process**

Anonymise applications  
Avoid asking candidates about the dates of their employment history

**4. The selection process**

Reduce bias in automated sifting  
Include more marginalised candidates in the shortlist  
Use structured interviews and skill based assessment tasks  
Make decisions about candidates in batches  
Use calibrations for hiring decisions  
Collect and share feedback from and to all candidates

**5. Monitoring and measuring**

Set diversity targets for recruitment  
Collect high quality data to measure inclusion outcomes  
Analyse recruitment data to prioritise inclusion efforts

## Flexible working

Flexible working can also support people back into work and make work more sustainable for a wide range of workers, including the growing proportion of those with caring responsibilities, or with a disability or long-term health conditions<sup>5</sup>.

It also supports people's work-life balance and their engagement and wellbeing in the workplace and their continued retention in the labour market. Flexibility is also important to people's ability to remain in work and progress if they have caring responsibilities or experience health problems.

However, in too many workplaces, obstacles such as a lack of understanding and even negative attitudes of leaders and line managers towards flexible working can prevent its benefits being realised either for individuals or the business. It is important therefore to make the case for employers to invest in creating more flexible working opportunities across their workforce, and to help in attracting people from different backgrounds and experiences. CIPD has a range of reports and [guidance](#) for employers on how to increase the provision and uptake of flexible working.

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<sup>5</sup> [https://www.cipd.co.uk/Images/understanding-older-workers-report\\_tcm18-107672.pdf](https://www.cipd.co.uk/Images/understanding-older-workers-report_tcm18-107672.pdf)

Key recommendations for employers:

**Implement internal policies** that allow employees to request flexible working from day one of employment and, wherever possible, stipulate in job adverts that jobs can be done flexibly.

**Raise awareness of different forms of flexible working**, such as compressed hours and job-sharing, and explore how they can be effective in roles that have traditionally been seen as non-flexible.

**Provide training to managers on how to manage flexible workers** effectively, including performance management, remote communication, collaboration and relationship-building.

**Consult and collaborate with employees** when designing hybrid working practices. Develop clear and transparent policies and principles about eligibility for – and access to – hybrid working.

**Assess organisation risks relating to equality and inclusion** and develop an action plan to ensure that hybrid working supports inclusion. Ensure equality of opportunity for learning and development and reward and recognition, regardless of where and when people work.

### **People/line management capability**

Line managers play a critical role in ensuring that HR policies are effectively implemented, with their behaviour having a major effect on workers' job satisfaction, wellbeing and progression.

Line managers are central to workers' wellbeing, for example, through how they manage people's workloads, stress and workplace conflict and the extent they provide flexibility and support if people have a mental health problem<sup>6</sup>. In addition, CIPD research highlights line management behaviour as integral to people's sense of inclusion at work and organisational approaches to improving diversity.

These outcomes depend on managers being equipped with the necessary people management skills to manage, develop and support their staff. CIPD research and guidance<sup>7</sup> highlights the core management behaviours required by managers to get the best out of employees and support their health and wellbeing at work.

### **Learning, development and progression at work**

Line managers have a particularly important role in supporting employees' skills development and shaping workplace cultures that are productive and supportive of learning<sup>8</sup>. Good line managers help identify learning needs, encourage participation in both informal learning activities and training, and help to assess learning impact. They are also much more likely to support informal learning, learning transfer and help assess the impact of learning, conclusions supported by the consensus in workplace learning research literature<sup>9</sup>.

<sup>6</sup> [https://www.cipd.co.uk/Images/mental-health-guide-sept-22\\_tcm18-10567.pdf](https://www.cipd.co.uk/Images/mental-health-guide-sept-22_tcm18-10567.pdf)

<sup>7</sup> <https://www.cipd.co.uk/knowledge/fundamentals/people/line-manager/introduction-to-support-materials>

<sup>8</sup> [https://www.cipd.co.uk/Images/learning-skills-work-report-2021-1\\_tcm18-95433.pdf](https://www.cipd.co.uk/Images/learning-skills-work-report-2021-1_tcm18-95433.pdf)

<sup>9</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590493/skills-lifelong-learning-workplace.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590493/skills-lifelong-learning-workplace.pdf)

## Health and wellbeing

The role of the line manager is central to the effective management of absence and ill health. Line managers are normally the first point of contact if someone is calling in sick and responsible for ensuring policies around absence reporting and sick leave are effectively applied.

CIPD has published guidance for managers to support people's return to work if they do have to take time off due to ill-health<sup>10</sup>, either for short periods of time for minor illness, or as a result of a long-term health condition or disability. We have also published joint guidance with the Department for Work and Pensions for line managers on the considerations needed if they are recruiting or managing someone with a disability or long-term health condition, including making reasonable adjustments<sup>11</sup>.

Early referral and access to occupational health support is also important and can make a significant difference to whether an employee with a health condition is able to make a timely and sustainable return to work<sup>12</sup> or leave employment altogether.

### **'Is there a role for employment services in supporting employer investment in skills?'**

There may be an opportunity for employment services to support employer investment in skills through more bespoke, sector-based support, which could prepare people with the skills to work in particular industries, along the lines of WorkAdvance. This positively evaluated US programme is aimed at helping low-income adults move into new careers in growth (for instance health and care) sectors which offer opportunities for progression. It includes formal training that takes into account employers' skills requirements and results in industry-recognised certifications.

Support would include intensive screening of applicants to assess level of career interest in sector, skills assessment to identify transferable skills and identify gaps, sector-specific career readiness training and occupational skills training to meet employer needs. The programme also covers employer engagement and job brokerage to 'open the door' to job opportunities to participants. Participants would also be provided with post-employment retention and <sup>13</sup>advancement support – including ongoing coaching and training. The WorkAdvance programme was estimated to cost \$5,700 per participant (equivalent to around £4,000), so if 100,000 people accessed the service it would cost approximately £400million<sup>14</sup>.

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<sup>10</sup> [https://www.cipd.co.uk/Images/line-manager-guide-managing-return-to-work-after-long-term-absence\\_tcm18-97859.pdf](https://www.cipd.co.uk/Images/line-manager-guide-managing-return-to-work-after-long-term-absence_tcm18-97859.pdf)

<sup>11</sup> <https://www.gov.uk/government/publications/disability-confident-and-cipd-guide-for-line-managers-on-employing-people-with-a-disability-or-health-condition/guide-for-line-managers-recruiting-managing-and-developing-people-with-a-disability-or-health-condition>

<sup>12</sup>

[https://www.som.org.uk/sites/som.org.uk/files/Occupational\\_Health\\_The\\_Value\\_Proposition\\_March\\_2022.pdf](https://www.som.org.uk/sites/som.org.uk/files/Occupational_Health_The_Value_Proposition_March_2022.pdf)

<sup>13</sup> <https://www.mdrc.org/publication/long-term-effects-sectoral-advancement-strategy>

<sup>14</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/september2020>

The *What works centre for local economic growth* has published the results of an evidence review<sup>15</sup> on employment training programmes for adults which highlights some key issues when considering the role of employment services in supporting employer investment in skills. This found:

- Training has a positive impact on participants' employment or earnings in around half of the evaluations reviewed.
- Shorter programmes (below six months, and probably below four months) are more effective for less formal training activity. Longer programmes generate employment gains when the content is skill-intensive.
- In-firm or on-the-job training programmes tend to outperform classroom-based training programmes. Employer co-design and activities that closely mirror actual jobs appear to be key design elements.
- The state of the economy is not a major factor in the performance of training programmes; programme design features appear to be more important than macroeconomic factors.

It also highlights the following key lessons:

- Involve employers in training: in firm and on the job programmes are more effective.
- Where participants forgo income during longer training programmes, they may need additional support.
- Short programmes have a positive impact on larger numbers of people, so appear to be better value for money.
- There is no difference in success rates between locally delivered or nationally delivered programmes.
- The impact of training on employment is modest and should not be oversold.

**'How well do you feel that employers understand the support and services that may be available to them?'**

**'How well-coordinated are employment support, skills and training, careers information and guidance, and other public services?'**

CIPD research shows that from an employer perspective, awareness of and engagement with employment support services and skills development initiatives is poor, suggesting that there is a lack of knowledge of the services/initiatives and support available and/or a lack of confidence in their quality or relevance.

For example, just 7% of private sector services employers responding to CIPD's *2020 Resourcing and Talent Planning Survey* reported that Jobcentre Plus had been an effective way of attracting candidates in the last 12 months. In contrast, 75% of respondent organisations cited their own corporate website as having been effective in recruiting candidates, 73% said professional networking sites such as Linked-in had been effective and 63% reported that commercial job boards had been effective.

There is a similar lack of employer engagement with key initiatives underpinning government's skills policy in England. A significant thrust of current plans to reform further education is to put employers at the heart of the system to ensure that the skills and

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<sup>15</sup> [Evidence topic: Employment training - What Works Growth](#)

qualifications provided by colleges and other training providers meet the needs of local employers and help tackle skills shortages.

However, CIPD research *Employer views on skills policy in the UK* finds that too few employers engage with the further education (FE) sector and that employer awareness of the Government's technical education reforms remains low. Just 19% of 2,000 employers surveyed said they used their local further education college to develop workers, while just 46% of employers have heard of T Levels, and even among employers that know about T levels their knowledge is typically poor. Knowledge and engagement with FEs and T Levels among SMEs was appreciably lower than the survey averages.

The low level of employer engagement with/use of employment services and the skills system is linked to the high degree of complexity in the skills policy delivery landscape both at a national and local level<sup>16</sup>. At national level, key stakeholders include the Department for Education (DfE), Department for Work and Pensions (DWP) and the Education and Skills Funding Agency (ESFA).

CIPD engagement with national policy makers finds that too often officials appear to think and work in narrow silos, with little evidence that there is an overall strategy. For example, specific teams in the DfE appear to have the role of effectively 'selling' individual policy objectives such as Apprenticeships, T Levels and Traineeships, with little regard or understanding of what employers really want or need to up their game and invest more strategically in their workers.

At a local level, Local Enterprise Partnerships (LEPS) operate within diverse infrastructures that include combined authorities and mayoral offices and chambers of commerce, with varying analytical capability, priorities and approaches on employment and skills issues. For example, a recent report published by the Gatsby Foundation<sup>17</sup> into the provision and quality of business support services provided through LEPs via the Growth Hubs found extreme variability in both the scope and scale of business support services.

Furthermore, the research found no clear pattern in the nature of the business support offered in an area relative to local economic need. It also showed huge variety in the budget and delivery model for business support services.

The Gatsby report also highlights a lack of co-ordination across the LEP network of:

- 'demand-side' business support (designed to improve management capability and business innovation)
  - 'supply-side' skills policy (designed to ensure workers have the skills businesses require).
- For example, it found typically poor links between Growth Hubs and local FE colleges, and limited evidence that Growth Hubs prioritise skills and workforce development (with some exceptions, such as the Greater Manchester Skills brokerage). The analysis suggests that most FE engagement with employers is transactional, involving tasks like placing apprentices, and does not involve dialogue about their business model or strategic growth ambitions.

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<sup>16</sup> [https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2\\_tcm18-54430.pdf](https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2_tcm18-54430.pdf)

<sup>17</sup> <https://www.gatsby.org.uk/uploads/education/reports/pdf/think-report-business-support-and-fe-2021.pdf>



**‘What if anything could be done to improve [employer] awareness and understanding?’**

**‘What support do employers want and need, and how should this be delivered?’**

**‘What would good practice look like?’**

### ***New focus needed on the ‘demand side’ of skills***

A growing body of evidence suggests that public policy on employment and skills, at both a national and local level, needs to have a much greater focus on the ‘demand side’ of skills in order to improve in work-progression opportunities and create more better quality and higher paying jobs.

This means understanding the policies and support needed to boost employer investment in skills and in the people management and development capability required to improve progression opportunities and ensure people’s skills are utilised effectively.

Currently, too many firms (particularly smaller or family-owned firms) continue to take a ‘low-road’ approach to labour and see it as a cost to be minimised, rather than an asset to be invested in, undermining efforts to help people into better paid jobs and improve firm-level productivity.

This has resulted in many Local Enterprise Partnership regions operating within low-skills equilibriums, that is, supply of and demand for low-level skills, which creates a negative cycle of firms operating low-road approaches and failing to invest in the workforce and their skills.

CIPD’s previously cited report *Employer views on skills policy in the UK* found that employers who take a more strategic approach to skills – conducting a workforce planning exercise, putting a training plan in place and having a training budget – are much more likely to invest in skills, engage with education institutions and training providers, and prepare for the future. This highlights the critical importance of building the people management and leadership capabilities of organisations to drive up the demand for skills and training. This is especially true for smaller organisations who either tend to overestimate their grasp on skills or be unaware of their skills challenges.

To address this, a recent Organisation for Economic Co-operation and Development (OECD) report<sup>18</sup> exhorts an ‘ecosystem’ approach to skills utilisation that seeks to reconcile skills supply and demand at higher levels. Mechanisms to influence skills demand include job design and robust human resource management practice, perhaps via business support programmes, to increase job quality and skills usage in the workplace. The OECD further calls for local-level approaches to economic development, arguing that these are particularly appropriate for small and medium-sized enterprises (SMEs), which often have a local focus.

CIPD has run a number of regional pilots to explore the sort of approaches that might work to raise SMEs people management and development capability through the provision of an amount of limited amount of high quality ‘pump-priming’ HR consultancy support.

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<sup>18</sup> OECD. (2017) Better use of skills in the workplace: why it matters for productivity and local jobs. Paris: OECD, ILO

These pilot schemes<sup>19</sup>, which were funded by JP Morgan Foundation, highlighted the typically very low level of people management and development capability in most small and micro firms but also among many larger SMEs.

It found that the majority of small firms (up to 50 employees) were struggling with some aspect of compliance with employment law. Many did not have written employment contracts or terms and conditions of employment in place and there was typically a lack of policy and/or process around issues such as managing conflict or absence and recruitment.

It also found that the provision of a limited (typically about a day) amount of bespoke and expert advice and support on HR and people management from a professionally qualified consultant was highly valued by owner managers and could act as a catalyst for improving people management capability.

The evaluation of the pilot schemes showed the strongest demand for support among small firms was on getting the HR 'basics' in place, including ensuring the business was complying with employment law. However, although most of the support provided was transactional in nature the evaluation found that its impact was potentially transformational. For example, owner managers were more likely to report their organisation was better or much better than similar firms in their sector on measures of workplace relations, labour productivity and financial performance after using the *People Skills* service than they were prior to using it. These benefits also came through strongly in the in-depth qualitative interviews with owner managers that participated in the *People Skills* initiative.

The pilots also provided some evidence that owner managers were more likely to subsequently invest themselves in improving their people management and development capability after taking part in the pilot schemes as this had highlighted the value of doing so.

Professor Carol Atkinson, who led the evaluation of the pilots, observed in a recent paper<sup>20</sup> that the '*HRM needs of SMEs may often be basic, but their resolution can be transformational, and stimulate a more strategic orientation towards HRM issues*'.

A similar point is made in a recent report from the Skills and Productivity Board<sup>21</sup>, which concluded that in order for skills to improve productivity, firms need to have the 'absorptive capacity' to be able to mobilise and deploy new and better workforce skills to productive effect.

## **Business support needs to be high quality, bespoke and highly accessible to be attractive to SMEs**

CIPD believes the People Skills pilots provide a model for the delivery of high quality and cost effective business support on people management and development capability that could be delivered locally via LEPs' Growth Hubs.

The pilots highlighted that a flexible, consultancy model of business support is particularly valued by owner-managers of small firms because:

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<sup>19</sup> <https://www.cipd.co.uk/knowledge/strategy/hr/hr-capability-small-firms#gref>

<sup>20</sup> <https://journals.sagepub.com/doi/full/10.1177/0266242620974586>

<sup>21</sup> [What is the role of skills and the skills system in promoting productivity growth in areas of the country that are poorer performing economically? \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644442/what-is-the-role-of-skills-and-the-skills-system-in-promoting-productivity-growth-in-areas-of-the-country-that-are-poorer-performing-economically.pdf)



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- it's easy to access

- it provides a bespoke diagnosis of the key business challenges small firms face

- it develops targeted, context-specific support or training.

In contrast, off-the-shelf business support offers with fixed curriculums and/or those requiring lengthy time investment on the part of business leaders and managers (to either access or benefit from) are unlikely to be as attractive.

We believe this type of effective capability building capacity is key to the creation of functioning local employment and skills eco-system and would support and enable firms to engage much more meaningfully with further education colleges and training providers.

It would also help efforts to increase labour market participation and the work of the employment services through enabling more employers to adopt the key HR, people management practices needed to support people into sustainable and rewarding employment.

We estimate that a People Skills type business support service could be rolled out across all 38 Local Enterprise Partnership areas in England at a cost of between £20m-£40m a year, and could potentially provide support to between 20,000 and 40,000 firms a year, depending on the level of funding. Over five years it could start to have a material effect on the people management and development capability of a significant proportion of businesses in an area.

**'How do we ensure that our approach to employment support can meet the needs of the 21st century – and in particular changes brought about by technology, home and hybrid working, population ageing, changing migration patterns and the transition to Net Zero?'**

Meeting the challenges of the adoption of new technology (or non-adoption), our ageing workforce, changes to immigration policy and the need for organisations to transition to net zero operations, will require more businesses to think strategically about their workforce and skills development.

Companies will need to understand the skills needs of the workforce and provide training and development to ensure that new and green technology can be effectively utilised as it is adopted. Changes will be required to job design and workers will need to have clear direction - embedded through appraisals and performance management systems - to work in new ways.

OECD analysis highlights that complimentary investment in technology, management capability, and workforce training is required to optimise productivity outcomes in organisations.

The changes required to meet these challenges, in investment behaviour and organisational capability, will not happen without much more effective partnership between government both at a national and local level and business.

Consequently, there is a need for more systems thinking in policy that recognises that areas such as employment services, skills, business support and labour market regulation and enforcement are linked and interdependent.

## Next gen Growth Hubs – creating a functioning local skills and employment eco-system

