

A photograph of a person walking past a building entrance. The person is wearing a dark jacket, blue jeans, and red sneakers, and is holding a large blue umbrella. The building has a green sign that says "jobcentreplus". The scene is outdoors and appears to be raining.

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SUSTAINABLE EMPLOYMENT SOLUTIONS:

SUPPORTING
SUSTAINABLE
FLEXIBLE EMPLOYMENT
IN THE
SOUTH WALES VALLEYS

A Bevan Foundation report for Working Links

The Bevan Foundation is an influential, independent think-tank that believes Wales should be a fairer place. It carries out research, organises conferences and seminars and publishes articles, reports and books. It is funded by membership subscriptions, research grants and commissions, and income from conferences. To find out more or join please visit [.bevanfoundation.](http://bevanfoundation.org)

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1. INTRODUCTION

Following the deepest recession since the 1930s, the main focus of labour market commentators has, not surprisingly, been on employment levels and the headline number of jobs. With unprecedented levels of part time employment throughout the recession at higher levels than witnessed in previous periods of economic downturn, it is clear that significant and potentially long term changes are taking place in the labour market.

These changes are shaping the immediate prospects of existing employees and of people seeking work, as well as signalling longer-term changes and implications for employers, service providers and employees themselves.

This study looks at the very recent changes in the labour market of the South Wales Valleys region to explore the increase in temporary, part-time and other forms of flexible employment patterns and make recommendations to ensure any long term changes in flexible working **support sustainable economic activity in the region.**

Working Links, as a leading provider of support to help people into employment in Wales through the Work Programme, has commissioned the Bevan Foundation to undertake research on flexible employment in the South Wales Valleys, and to develop proposals in response to changing work patterns and its effects.

This report sets out the findings from the research. It is based on an analysis of various sources of official statistics; a review of relevant literature; and semi-structured interviews with a total of 16 employers and 5 employment and recruitment agencies. As a small-scale qualitative study, while the findings cannot be said to be representative of all employers or agencies across the South Wales Valleys, the conclusions drawn from the report are valid and supported by additional findings from other studies, offering a valuable insight and snapshot into changing working patterns in the South Wales Valleys.

It is specifically focused on the Valleys rather than the whole of Cardiff City Region. Indeed, there is some evidence of two different economies in the Region in respect of flexible working, with the Valleys particularly attracting this form of working. That is why the research has been specifically focused on the Valleys.

What is 'flexible employment'?

Originally a term used to describe arrangements for parents and carers to work flexibly, the definition of flexible working has expanded to include arrangements to minimize travel and other options.

The Chartered Institute of Personnel Development defines the term flexible working as “a type of working arrangement which gives some degree of flexibility on how long, where and when the employees work. The flexibility can be in terms of working time, working location and the pattern of working.”

Flexible working practices include:

- **Part-time working:** work is generally considered part-time when employers are contracted to work anything less than full-time hours.
- **Term-time working:** a worker remains on a permanent contract but can take paid/unpaid leave during school holidays.
- **Job-sharing:** a form of part-time working where two (or occasionally more) people share the responsibility for a job between them.
- **Flexitime:** allows employees to choose, within certain set limits, when to begin and end work.
- **Compressed hours:** compressed working weeks (or fortnights) don't necessarily involve a reduction in total hours or any extension in individual choice over which hours are worked. The central feature is reallocation of work into fewer and longer blocks during the week.
- **Annual hours:** the period within which full-time employees must work is defined over a whole year.
- **Working from home on a regular basis:** workers regularly spend time working from home.
- **Mobile working/teleworking:** this permits employees to work all or part of their working week at a location remote from the employer's workplace.
- **Career breaks:** career breaks, or sabbaticals, are extended periods of leave – normally unpaid – of up to five years or more.

The most common forms of flexible employment found in the South Wales Valleys region which will be the core focus of this study will be:

- Employees working on fixed-term contracts
- Part-time employment
- Casual employees

Our interviews included employers and agencies that employed temporary and part-time workers (including casuals) but too few that said they used variable hours contracts to include here.

Other forms of flexible working, such as working from home and mobile working, while prevalent in the region, are often characteristics of full time employment and will not be focused on for the purposes of this study.

The Valleys Area

The area of interest in this study is the South Wales valleys. The 'valleys' as an area does not fit neatly with any combination of local authority boundaries, with most local authorities that include some valleys communities also including parts of the M4 corridor. For the purposes of this report we have defined the valleys into two sub-areas as follows:

South East Wales Valleys

- Blaenau Gwent
- Caerphilly
- Merthyr Tydfil
- Rhondda Cynon Taf
- Torfaen

Bridgend & Neath Port Talbot

- Bridgend
- Neath Port Talbot

We have also compared these two areas with Cardiff & Coast, which consists of Cardiff itself plus the Vale of Glamorgan and Newport.

We recognise that this definition includes areas that are not valleys communities. Despite this there are marked differences between the areas which suggest that the boundaries we have adopted are reasonable for the assumptions and conclusions drawn. For example, the valleys and coast have very different industrial and occupational mixes: the service sector is stronger in the Cardiff and Coast economy; while the valleys has a higher proportion in lower occupational groups particularly process, plant and machine operatives and elementary occupations.

Clearly not all people who live in the South Wales valleys work in the same area as well. Indeed a characteristic of some valleys authorities is the high level of out-commuting, especially to Cardiff. According to the Statistics on Commuting in Wales figures in 2011, In terms of net commuting, Cardiff had the largest net inflow at 50,000 (315 per 1,000 working residents; 37 per cent of all people working in Cardiff commuted in from elsewhere). The largest net outflows were from the Rhondda Cynon Taf (24,000 or 255 per 1,000 working residents) and Caerphilly (16,500 or 235 per 1,000 working residents).

These statistics show that about 16 per cent of the total population of the South East Wales valleys and Bridgend & Neath Port Talbot commute to work in the Cardiff & Coast area, with a further 9 per cent travelling from one valleys authority to another to work.

So, while the valleys are a very varied area and the boundaries are difficult to define, it is nevertheless economically and socially distinct from Cardiff & the Coast, and that this is an important context for the development of flexible employment.

This report looks at, first, the prevalence and characteristics of flexible employment in the valleys area; and, second, the nature of the workforce from which flexible employees are drawn. Lastly, the report highlights some of the actions that could be taken to maximize the potential of flexible employment in the area, addressing any issues affecting long term sustainable employment.

2. FLEXIBLE EMPLOYMENT IN THE VALLEYS

Approximately 6% of all employment in the valleys is classed as 'flexible' with 25% being part-time. Flexible working and part-time working are particularly common in manufacturing, other services and the public sector. And while flexible and part-time employment is found in all types of occupation, it is generally more prevalent in lower-skilled jobs.

More than one in ten employees in elementary occupations in the South Wales valleys is employed flexibly as is one in twelve in caring, leisure and other service occupations (43% of caring, leisure and other service jobs, 47% of elementary occupations and 53% of sales and customer service jobs are part-time).

This section looks at the two main forms of flexible employment found in the area – part-time employment and temporary and agency employment.

Part-Time Employment

In June 2011, around a quarter of all employees in the areas under consideration worked part-time.¹ There is however a marked gender divide in part-time employment: just over one in ten males works part-time whereas part-time working is the norm for women with more than five out of ten women working less than 30 hours a week.

Looking at the distribution of working hours in Table 1, it is clear that so-called mini-jobs of under 10 hours are relatively uncommon with only around 3% of all employees working these hours. Working 10 to 34 hours a week, which done by about 29% of employees, is much more common. As with part-time work overall, there is a marked gender divide here too, with women being more than three times as likely than men to work under 10 hours a week than men, and four times as likely to work between 10 and 34 hours a week.

¹ Defined as fewer than 30 hours a week.

Table 1 Part-Time Employment, June 2011

	Bridgend & NPT		Cardiff & Coast		SE Wales Valleys	
Hours of Work	No.	%	No.	%	No.	%
All Employees						
under 10 hours	2,800	2.5	9,300	3.5	7,500	3.1
10-34 hours	33,100	29.5	76,800	28.8	69,900	28.6
35-44 hours	52,900	47.1	121,100	45.4	116,000	47.5
45 hours or more	23,500	20.9	59,800	22.4	50,900	20.8
Males						
under 10 hours	800	1.3	2,500	1.8	1,700	1.4
10-34 hours	7,000	12.0	19,700	14.3	16,200	12.8
35-44 hours	30,900	53.6	73,300	53.1	68,800	54.1
45 hours or more	19,100	33.1	42,500	30.8	40,400	31.8
Females						
under 10 hours	2,100	3.8	6,800	5.2	5,800	4.9
10-34 hours	26,200	47.9	57,100	44.3	53,700	45.8
35-44 hours	22,000	40.2	47,700	37.0	47,200	40.3
45 hours or more	4,400	8.0	17,300	13.4	10,500	9.0
All Part Time (less than 30 hours pw)	29,800	26.5	72,200	27.0	63,700	25.9

Source: Annual Population Survey

Characteristics of Part-Time Employment

Part-time employment is concentrated in certain occupations, industries and generally tends to be closely associated with lower pay when compared to full-time employment. In terms of pay, part-time work *overall* tends to be less well rewarded than full-time work, although the figures do not take account of the different mix of occupations in each category. The average part-time worker has hourly earnings that are about two-thirds of those of a full-timer. Table 2 shows that part-timers' median hourly earnings are slightly lower in the South East Wales Valleys, at between £6.86 and £7.88, than in Cardiff and the Coast, where the top rate is £8.25 in the Vale of Glamorgan.

Table 2 Median Hourly Earnings, Full-time and Part-Time

	Median Hourly Earnings, full-time workers (£)	Median Hourly Earnings, part-time workers (£)	Part-time as % of full-time
South East Wales Valleys			
Blaenau Gwent	10.13	6.86	67.7
Rhondda, Cynon, Taff	11.22	7.38	65.8
Merthyr Tydfil	10.25	7.39	72.1
Caerphilly	10.80	7.66	70.9
Torfaen	10.90	7.88	72.3
Bridgend & Neath Port Talbot			
Bridgend	11.84	7.36	62.2
Neath Port Talbot	12.56	7.98	63.5
Cardiff and Coast			
Newport	11.76	7.77	66.1
Cardiff	12.55	8.06	64.2
The Vale of Glamorgan	13.63	8.25	60.5

Source: Annual Survey of Hours and Earnings, Workplace-based

Trends in part-time employment

Part-time employment has been relatively immune from the recession and economic downturn, and in some cases, has bucked the trend to see levels of part-time employment rise.

During what was viewed as the worst period of the recession, between March 2008 and March 2010, part-time employment increased in the Coast area and Bridgend & Neath Port Talbot while the South East Wales Valleys lost just 900 part-time jobs compared with 16,900 full-time jobs.

Since March 2010, the part-time employment trends in these areas have reversed. Part-time employment has increased markedly in the South East Wales Valleys, up 3,400 employees, with an increase of 2,000 in Bridgend &

Neath Port Talbot. In contrast, part-time employment in the Coast area decreased by 2,700 between March 2010 and June 2011.

The majority of the employers we interviewed employed part-time workers, although seven of the eleven who did so had fewer than 10 part-timers. (Two had between 11 and 25 and two had between 26 and 50 part-timers). Four employers interviewed said the number of part-time employees had increased, with eight reporting numbers had stayed the same – only one reported a decrease. Employers said changes in part-time working had occurred across all occupational groups, with admin and clerical being the one most often mentioned (by eight out of 11 employers).

Drivers for Change

The demand for part-time employment has been found by this research, as well as other sources, to have two key drivers of demand – increased business flexibility and responsiveness and employee demand.

First, employers employ part-timers rather than full-timers because it enables them to match the hours that employees work to peaks and troughs of activity. The Recruitment and Employment Confederation's Flexible Work Commission Report stated that "the ability to respond quickly to fluctuations in demand is paramount to business survival," enabling business to manage financial constraints better and be more competitive. This was the main reason for employing part-timers given by four employers interviewed. They valued the flexibility offered by part-timers which allowed employee numbers to be more closely matched to workload, so keeping costs down as these quotations show:

Some jobs do not require full-time hours. Some positions may require one and a half people not two for example, so you can overlap two part-time employees

More pairs of hands for the work means more flexibility

The second driver for part-time employment is employee demand, i.e. existing full-time staff request a reduction in working hours, usually to accommodate caring responsibilities.

All but one of the employers we interviewed said that the increase in part-time employment in their establishment was because of workers' requests. Employers

in this study mirrored findings in other research, reporting the benefits of flexible working and part-time employment including improved staff retention and morale, as jobs could be adjusted to suit employees' circumstances.

Good for morale, especially amongst current staff who feel comfortable about asking about changing their working patterns

Major influence on morale and a happy workforce - the company believes strongly in work-life balance and staff reward the company for the privilege of working part-time by being completely loyal and hard working

Significantly, despite misconceptions, most employers reported no real disadvantages to employing part-time workers, citing only that ensuring effective communications systems are in place and having more staff to manage were the only additional factors to consider. Three employers said that they had experienced difficulties with employing part-timers in roles involving contact with customers, because of issues with continuity.

Temporary and Agency Employment

The second main type of flexible employment to be considered is temporary employment. Closely associated with the use of temporary staff is the use of agency workers, as many temporary workers are placed and / or employed by employment and recruitment agencies.

It is estimated that more than 80% of employers use agencies to recruit temporary employees (CIPD, 2007). Indeed in some sectors (e.g. cleaning, food, hospitality), agencies are now a very important, and sometimes the only, entry route (Devins et al, 2011).

Number of temporary and agency workers

At both UK and all-Wales level there is some evidence that most of the net increase in employment since 2010 is accounted for by an increase in temporary employment.

Approximately 6% of Wales's employment was temporary in June 2011 – the highest rate of temporary employment in the UK. Unfortunately there is very little evidence indeed on the placement or employment of workers by agencies, even

at UK level. One of the few sources of data is the Labour Force Survey, which suggests that there were 5,650 agency workers in Wales in the first quarter of 2010 (LGA, 2010). The Labour Force Survey is thought to considerably underestimate agency working by a factor of at least four (BERR, 2008), so it would be reasonable to estimate that there are at least 22,000 agency workers in Wales.

There is limited data available on temporary employment below all-Wales level, as small sample sizes generate both large margins of error in the data that is available and some data is not available at all as it is either unreliable or disclosive. What data is available (Table 3) suggests that about 5% of the workforce across South Wales is employed in fixed-term, seasonal, agency temping and casual work. The proportion of employment that is flexible and temporary is slightly higher in the South East Wales valleys than elsewhere, with a total of 11,600 flexible temporary employees in June 2011, about 5.7% of all employment.

Table 3 Flexible Employment, 12 months to June 2011

	South East Wales Valleys	Bridgend & Neath Port Talbot	Cardiff and Coast
All employment	203,700	101,700	309,900
Flexible [temporary] employment	11,600	4,600	17,000
Percentage in flexible [temporary] employment	5.7	4.5	5.5

Source: APS workplace analysis, via NOMIS

Note: the data is subject to error because of small sample sized

In South Wales as in the UK as a whole, temporary employment is found in all industrial sectors, with the highest proportion being in “other services”, public services and manufacturing.

There is considerable variation in the use of temporary employment in different occupational groups. Whilst temporary working is found in all occupations, including professional and managerial occupations, it is particularly prevalent in lower-level occupations. In the South East Wales Valleys and Bridgend & Neath Port Talbot areas, more than one in ten employees in elementary occupations is employed on a temporary basis. As elementary occupations are those often entered by new entrants to the labour market, this relatively high level of

temporary employment is likely to be a significant factor in shaping new entrants' experiences.

Changes in demand for temporary and agency workers

In terms of change over time, it is clear that temporary employment has followed the same pattern as total employment, with the early part of the recession seeing a fall in temporary working in the South East Wales Valleys that was not experienced by Cardiff. In contrast, in the year to June 2011, temporary employment increased in the South East Valleys but declined in Cardiff.

We interviewed a total of 16 employers across a range of sectors in the area, eleven of which said they employed temporary, seasonal or casual employees. Five employed fewer than 10 temporary employees, four employed between 11 and 25, and two employed 26 or more. Seven of the employers said the number of temporary staff they employed had increased over the last 18 months, echoing the statistics. Eight out of the thirteen employers we interviewed used agencies to recruit workers, five used agency workers regularly and a further three used them occasionally.

Notably, at a time when general demand had decreased, all four agencies interviewed reported a significant increase in demand for temporary employees in the previous 18 months. All commented that the demand for temporary employees was driven by employers opting for the flexibility and controlled costs of temporary staff to ensure the business remained responsive to uncertain economic conditions.

However all four agencies commented that demand for temporary staff in recent months had reduced considerably, with the decrease attributed to a mix of seasonal factors (January / February traditionally being quiet months), a worsening economic situation and the impact of the Agency Workers Directive (see below). One noted that demand was now for very short-term placements:

We aren't getting the big orders for temp employees any more ... it could be down to any number of reasons

Recently all the work has been on a very short term or ad-hoc basis ... before we were placing people into temporary roles that lasted for quite a while

Two employers said the number of temporary employees was unchanged, and three said the number had decreased.

Employers said that change to temporary employment had taken place across all occupational groups, although professional, managerial and technical roles were less likely to be affected than elementary and operative occupations, clerical and admin and skilled trades.

Three of the four agencies interviewed recruited to a wide range of occupations, although several had specialist sections dealing with, for example, education, aerospace and technical roles. Recruitment had increased across the board, with one commenting that the upturn had been especially marked in manufacturing.

Perceived advantages of temporary and agency employees

As has been found in other studies, many employers use temporary employees as a means of managing variations in workload. Amongst employers we interviewed, five of them mentioned that they had recruited temporary workers to manage workload in an uncertain economic climate.

Temporary recruitment really assists business peaks and troughs ... There was a need to reduce the permanent head count so the temporary head count has increased.

There has been a slight increase due to market instability and customer patterns. It is easier to control company workload by using temporary staff

Employers saw this flexibility as by far the main advantage in employing temporary workers:

If the workload fluctuates or is seasonal, such employees are more flexible

Temporary labour can fill a gap in operations when it's needed

However this was not the only advantage. Several employers also identified the ability to recruit quickly if the business required it:

Quicker recruitment and selection process

Able to fill staffing gaps at a much quicker rate than if the company was recruiting permanent positions

Speed and cost were cited as the reasons why employers used agencies.

Using recruitment agencies is now a cheaper option than advertising vacancies in the local paper and we only pay a fee when we have made an offer of employment - for temporary roles this is a quick way to fill a position.

Speed at which the company can recruit is the main benefit. Agencies can often put forward suitable candidates very quickly.

Agencies also mentioned the cost advantages to employers of recruiting agency workers. However, the Agency Workers' Directive has removed the differential in wages and other terms and conditions for temporary employees contracted for more than 12 weeks, and several interviewees felt this was highly likely to affect how employers sourced temporary staff. They also suggested that over time some might begin to recruit directly themselves, via job centres or organisations such as Working Links.

employers still need the flexibility of temporary employees so will not stop using them, if anything they may simply stop using recruitment agencies and recruit temporary staff themselves to cut costs

However they suggested that there were still cost advantages to employers recruiting temporary workers to permanent positions.

An additional advantage cited by some employers of recruiting via agencies was that staff had often done similar work before with transferable skills and experience, resulting in greater speed and productivity and reduced training costs.

Perceived Disadvantages of Temporary and Agency Employees

However, if not properly managed some drawbacks with the use temporary employees were cited by half employers. The main disadvantages reported were an apparent lack of commitment and difficulties with knowledge of the business:

The level of engagement is less, there needs more time to get them up to speed and they will always have an eye on permanent work elsewhere.

There is a higher absence rate with temporary staff as they do not have the same commitment levels as permanent staff. However the company has only had to terminate two temporary staff over the last 2 years

The key disadvantage is consistency, knowledge of the client is all important and this can cause difficulties with temps. The company mainly looks to administrative and clerical roles for temps now as the higher-level skills are lost with temps after the investment and time in training them.

Two companies mentioned that they did not have confidence in agencies' checks on prospective employees and so did checks themselves.

Some studies (e.g. McCollum, 2011) show that some temporary employees do become, understandably, demoralized and disenchanted with repeated spells of temporary work and unemployment. Yet if as is shown below, employers use a period of temporary employment in which to assess the suitability of staff for permanent work, lack of engagement and commitment could deter an employer from recruiting an individual.

Characteristics of Temporary and Agency Employment

For many workers, temporary employment provides flexibility that is actively sought because it fits in with personal plans. However in some cases temporary work is accepted as the only alternative available to a permanent job. Evidence pre-dating the current recession suggests that around 60% of agency workers took temporary employment because they were unable to find permanent employment (BERR, 2008).

Temporary work varies considerably in the terms and conditions offered. At the bottom of the labour market, a number of studies suggest that temporary workers typically earn lower rates than permanent workers. TUC found that temps' pay rates are around 80% of the hourly wage of permanent workers. Another study compared agency workers with permanent employees with less than two years' experience, and found agency workers' hourly earnings were 94% of the level of permanent employees (BERR 2008).

Some studies report agency workers to be significantly less satisfied with their job security, pay and management than other workers (Forde and Slater quoted in BERR, 2008), although other studies report relatively high levels of satisfaction (BERR, 2008).

Agency Workers' Directive

Recent legislation means that flexible workers are now entitled to the same benefits and working conditions as permanent, full-time employees following the introduction of the Agency Workers' Directive, on October 2011. Part-time employees have been entitled to the same terms and conditions as full-timers since 1995. Those on fixed-term contracts have been entitled to the same pay and conditions, benefits and protection against redundancy and dismissal because of fixed-term status since 2002. The recent Agency Workers' Directive gives agency workers the right to the same facilities as equivalent permanent staff from day one and the right to the same pay, working hours, holiday and breaks after 12 weeks continuous employment.

All the employers we interviewed said that they offered temporary and part-time employees the same employment conditions as permanent workers. However, not all offered the same entitlement to sickness absence pay and only two offered access to a company pension, both of which are outside the scope of the Agency Workers' Directive.

The directive gives agency employees the same basic employment and working conditions, including overtime, bonus payments and annual leave, as if they had been recruited directly, once they have been at an employer for a continuous period of 12 weeks. They should also have access to facilities, such as a canteen, and to information about vacancies, from the first day of their employment.

Agencies we interviewed said that it was too early to judge whether the Directive was having an effect on the recruitment of temporary employees. Some agencies suggested that employers were likely 'to stop using agencies and recruit temporary staff themselves to cut costs' and others noted a shift in demand towards very short-term assignments, possibly to avoid the 12-week rule. However, a survey of agencies in the UK concluded that the Directive had had little effect on temporary recruitment. It is difficult to separate out the effects of the Directive from the impact of wider economic conditions.

In the UK as a whole, it is reported that employers are continuing to use agencies with a 13% rise in the use of temporary employees reported in January 2012 ([://www.hrmagazine.co.uk/hro/features/1072609/awr-months-demand-contractors-](http://www.hrmagazine.co.uk/hro/features/1072609/awr-months-demand-contractors-)) while Adecco has reported that only 16 per cent of companies hiring temps say that AWR have “impacted on their plans” (Elizabeth Hunt Recruitment, 2012).

There are reports that some employment and recruitment agencies are adapting to the Directive by promoting the so-called ‘Swedish derogation’ or ‘payment between assignments (PBA)’ model of employment. PBA means that the agency employs staff directly, and then sends them to work for clients for a temporary period. Staff are paid between assignments, even if they have no work to do, at a rate of 50% of the previous assignment and are entitled to four weeks’ notice. But because agency employees are not employed by the client company, comparisons between the agency and the clients’ workers are avoided.

Although PBA is reported to be used by several major employers, only one company interviewed said they used it. This company said that the costs of paying employees between assignments were far outweighed by the savings on lower wages. The employee engaged on PBA gains continuity of employment but is very likely to be paid lower rates than those paid to the client’s permanent employees and has to withstand periods on 50% pay. A UK survey found that PBA was being used by 27% of employers (CBI, 2012).

Flexible working, and particularly part-time employment and temporary work lasting more than 12 weeks, ought to be no worse in terms of pay and conditions than permanent or full-time employment. The issue is, at least in theory, not so much the conditions of flexible work compared with permanent employment, but that the pay and conditions of a great deal of low-skill work, flexible or not, are relatively poor.

Conclusions

Flexible working in some form or another is here to stay and offers employers advantages so great that flexible working is highly likely to continue to be used by employers for some time to come.

While full-time employment is clearly a preferable option for many people, it is clear that at the same time flexible employment does offer individuals significant advantages, enabling them to balance commitments outside of work and

maintain a work-life balance. There are widely reported business benefits to responding to the increased employee demand for flexible working, including improved staff retention and productivity, reduced costs and adaptability to market forces.

However, there is some evidence that flexible employment, particularly temporary work, without proper management and support can act as a barrier to developing a pattern of sustainable employment. This is a major challenge to all those in Wales seeking to build a more prosperous and fair future for its people, and particularly to those organisations based in the south Wales valleys.

Some of the actions that could help to improve the position of flexible workers lie outside the remit of Welsh organisations, with the UK government and with employers themselves.

The recommendations highlighted in this report signpost a way forward for the Welsh Government and agencies working throughout the South Wales Valleys region to collaborate to increase levels of employment in the area and maximize the advantages offered through flexible employment to create long term sustainable jobs and growth in South Wales.

3. RECOMMENDATIONS

There are two broad ways in which the prospects of ‘flexible’ workers, including part-time, temporary and agency employees, could be improved: first, by ensuring the individual has the best prospect of securing and retaining flexible employment; second, by supporting progression into permanent, better paid employment; and last, but by no means least, the number and quality of jobs, including flexible jobs, needs to improve.

Support for Individuals

‘Flexible’ employment is valuable because it can provide recent work experience to people who are out of the job market and demonstrate their employability. The challenge is to convert that experience into sustainable employment and avoid the cycle of short-term work, unemployment, and short-term work. Action that may help people to secure long-term employment includes:

1. Providing support to individuals for an extended period

There is conclusive evidence that providing support and incentive payments to individuals for at least two years after taking up employment significantly improves individuals’ employment and earnings, with those who are typically hardest to place in employment benefiting the most. Both the support and incentive elements appear to be more effective in achieving change than general training. To be most effective, the support offered must be high quality and take account of local labour market conditions.

2. Maximise the ‘employability’ of people entering low-skilled and flexible employment

Competition for unskilled temporary as well as permanent positions is intense, and comes from people with higher-level skills who are ‘bumped down’ the job market in their search for work as well as from other unskilled workers. Being able to demonstrate ‘employability’ in the absence of a strong employment record is key, not only when entering a job but to retain an individuals’ competitiveness when seeking subsequent employment.

Making the most of employee 'career assets' e.g. by enabling employees to present their experience and skills effectively, to keep up-to-date with work-related skills and experiences and use job search networks effectively could help employees to find secure employment in the longer-term. Evidence suggests that different employees require different kinds of support to be 'employable', involving a mix of basic skills, employability and technical skills. This skill mix may change over time and it is vital that the advice and support provided responds to changing needs.

3. Develop coping skills

Some of the negative impact of flexible employment on individuals could be ameliorated if they have appropriate coping skills and access to resources. This could include advice on managing benefit claims, advice on budgeting with a variable income and specifically help (perhaps via a local credit union) in developing a cash reserve. Help and advice with job search in anticipation of and during periods of unemployment are also valuable.

4. Develop Skills and Qualifications

There is clear evidence that acquiring trade-specific skills is effective at moving individuals into sustainable employment. Training should be part of a wider advancement strategy for individuals, and should be coupled with guidance and appropriate financial support for the costs of training. Crucially, it is vital that skills and qualifications gained by individuals should be part of an occupational pathway that is directly related to employment and recognized by employers. It must also be directly relevant to the needs of the local labour market. General training that is vaguely related to an occupational area is not sufficient. However, it can take some time for training to generate demonstrable benefits in employment, and so training providers and individuals themselves should be prepared to wait for outcomes.

5. Right person, right job

Ensuring individuals are well-matched for jobs they go into is important, not least because people are more likely to sustain jobs that they like. This is important given the use of temporary positions as a means of recruiting to permanent jobs. Indeed, placing individuals in unsuitable positions which they then leave could increase the difficulties they face finding employment

subsequently.

6. Remove structural barriers to staying in employment

Many of the barriers that made it difficult for individuals to find work in the first place, e.g. lack of childcare, difficulties with public transport, make it just as difficult for individuals to retain employment. Supporting people to develop ways of overcoming barriers in the long-term (such as help with learning to drive rather than relying on a lift or identifying suitable public transport arrangements) and working with existing service providers (such as local schools and third sector organisations to provide after-school or holiday childcare) is therefore important.

7. Improve Employment Opportunities

In addition to the actions that can be taken by individuals, more can and should be done by employers to improve the quality of jobs at the lower end of the labour market. The merry-go-round of low-skill jobs alternated with unemployment is partly because so many jobs are insecure and operate on an easy come / easy go ethos. There is scope to address this.

8. Reduce use of flexible employment where appropriate

Sometimes employers use temporary employees for their flexibility even though the same result could be achieved by other means e.g. use of probationary periods. Research shows that employers in the same business sector can make different use of flexible employment, i.e. the use of temporary positions is often a matter of HR culture rather than business necessity. Incentives could be offered to employers to change their employment practices e.g. to recruit to permanent rather than temporary roles, to multi-skill employees so that workers can be redeployed across different roles. Employers, particularly large multi-function organisations such as those in the public sector, might be able to reduce the need for temporary staff if staff are 'shared' between different sites of the same organisation (school meals staff might work in leisure catering during the holidays for example). Most radically, workers themselves could establish their own employment agency on a co-operative basis to hire themselves to prospective employers.

9. Build progression pathways

Building clear progression pathways which support lateral (between and across sectors) and vertical (where workers move towards higher levels within the same employer) movement can support recruitment, retention and progression of those entering low paid work. Progression routes need to be practical, supported by employers, and include not only routes out of low-skilled or flexible employment but also include routes into supervisory and higher-level roles. It is vital that part-time and flexible employees are able to access these routes.

Public funding could be made available to encourage employers and training providers to establish progression routes out of low-skilled and temporary employment with funding also being made available to support individuals' learning and development. Doing this requires effective partnership working between Jobcentre Plus, Work Programme providers, further and higher education, sector skills councils and key local employers. Developing and strengthening relationships between local employers, training providers and employment organisations is therefore vital.

10. Create More and Better Jobs

Last - but by no means least - is the need for more jobs, and for better quality jobs, in the south Wales valleys and indeed in Wales as a whole. The fact remains that some 22,000 jobs have been lost in the valleys area as a result of the latest recession, which came on top of already relatively low levels of employment. If the pattern of previous recessions is followed this time, it is unlikely that these jobs will be replaced like for like. In manufacturing in particular, production capacity has disappeared that is hard to imagine will come back in its entirety.

Ability and willingness to travel outside the region may help some job-seekers to find work, although it is by no means the solution not least because of high levels of unemployment in many other parts of Wales including Cardiff. Similarly, willingness to try caring and service occupations, one of the few low-skill growth areas, will also be important although it must be recognized that caring roles are not necessarily appropriate for everyone. However, the long-term improvement of the economy and labour market in Wales and the UK, coupled with the regeneration of the south Wales valleys, will remain a key factor in the creation jobs of the range and quality required to move towards the goal of sustainable employment for everyone.

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