GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Developing the GM Good Employer Charter

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PURPOSE OF REPORT

- The GMS Implementation Plan committed to developing a GM Good Employer Charter, which is being developed through a process of co-design.

- Following the publication of an evidence paper and consultation document earlier in the year, further discussions have continued with the expert group put together to help develop the Charter, and with districts (both HR and work and skills policy leads), business groups, trade unions, campaign groups, universities and others.

- Those discussions have developed a proposed approach set out in this report.

- Following feedback from the LEP and other key stakeholders, a draft Charter will be prepared for consultation in September.

RECOMMENDATIONS

LEP Board members are asked to provide any comments on the proposed approach set out in the report.

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1 Introduction

1.1 The Greater Manchester Strategy sets out priorities to deliver ‘good jobs, with opportunities for people to progress and develop’, and ‘a thriving and productive economy in all parts of Greater Manchester’.

1.2 As part of GM’s work to meet these priorities, the GMS Implementation Plan, which sets out the actions required to deliver on GM’s ambitions, commits to the creation of a Good Employment Charter.

1.3 As discussed by the LEP at previous meetings, the Charter is being developed through a process of co-design, with employers (across the public, private and voluntary and community sector), trades unions and others involved at every stage.

2 Background

2.1 In early 2018, a group of employers from all sectors, employees and districts were engaged to compile an evidence paper and consultation document.

2.2 The evidence paper described the strengths and challenges inherent to GM’s economy; set out the evidence on how productivity could be improved, and better services provided in the public and voluntary and community sectors, through secure and well-paid employment; and summarised existing charters and employment initiatives in GM and the UK.

2.3 The evidence paper was published alongside ten consultation questions which asked respondents for broad views on good employment, the structure of a charter and how it could work to deliver our GMS ambitions.

2.4 The evidence paper and consultation document were published on 5th March 2018, with the consultation running until 13th April, receiving 120 responses. Respondents included the Confederation of British Industry, Federation of Small Businesses, GM Chamber of Commerce, North West Business Leadership Team, Institute of Directors, TUC North West, Joseph Rowntree Foundation, GMCVO and others.

2.5 Responses to the consultation provided examples of responsible business and good employment practises already in operation across the city region and proposed for inclusion in the Charter.

2.6 They also raised some key questions for the co-design process, for example how to ensure that the Charter is straightforward and attractive for employers to join, while delivering ambitious and stretching goals for the city region.

2.7 A slide deck summarising the response to the consultation is annexed to this report.

2.8 Since the consultation’s close, discussions have continued with employers, representative bodies, trades unions and academics around the points raised in the consultation and a proposition for the Charter has started to emerge.
3. **Emerging Proposition**

3.1 An outline proposition is now taking shape, which will be developed into a draft Charter, to be published for further public consultation in September.

3.2 It is proposed that the Charter has a tiered structure, enabling the Charter to:
- Engage a wide range of businesses, public service providers and voluntary and community sector organisations, while
- Encouraging them to meet higher employment standards by progressing up the tiers, learning from best practice, and thereby improve productivity and service quality.

3.3 This approach would also mean support could be provided for progression to higher standards and better outcomes, establishing the Charter as a journey for employers, rather than an assessment at a single point in time.

3.4 The first tier of the Charter would be for those employers who supported the aims of the Charter and GMS, but were not yet in a position to meet the requirements of accreditation. These supporters would be:

   (a) able to show how they are pursuing responsible business practices and contributing to the city region;
   (b) sign-posted towards the wide range of existing assistance already available for organisations looking to raise productivity and improving services through better employment practices and
   (c) linked together in a Supporters’ Network in order to galvanise a movement behind the Charter.

3.5 The next tier of the Charter – membership – would require employers to become accredited. As well as employers demonstrating their contribution to the priorities set out in the Greater Manchester Strategy, accreditation itself would be based around a small number of clear standards – around four or five – drawn from the areas raised in the consultation (remuneration, flexible working, recruitment & progression; access to work; extending good management; productive & healthy work; employment terms & conditions; workplace voice).

3.6 There are many existing accreditations in these areas, both local and national. Rather than duplicate existing standards, the proposed approach is to combine other accreditations into the GM standard – which becomes an overarching framework for those standards. In order to meet the GM standard, an employer would therefore have to meet high standards across a range of requirements, but with each of standards measured through existing accreditations run by others.

3.7 As well as reducing duplication, this approach would also require fewer resources than setting up a whole new process which would then need to be monitored and enforced. However, resource would still be needed for activities such as promotion, branding, and overseeing the accreditation process.

3.8 A third tier, beyond membership, could be also created, offering more stretching targets for employers that would like to improve their practice further. These employers would be identified as ambassadors for the Charter and would help to shape its ongoing development.
3.9 Signing up to the Charter process would help employers navigate the wide range of support available to organisations, and share good practice with their peers. Other incentives to join the Charter process suggested by respondents to the consultation included the celebration of good practice (e.g. through an awards ceremony), mentoring, and embedding the Charter’s standards in public procurement. The current review of the GM social value framework has provided an opportunity to consider a potential role for the Charter as a way of measuring social value. Financial incentives were also raised in the consultation, but the general view has been that such incentives would be difficult to target and mean employers signing up without being fully committed to the Charter and therefore undermining its impact.

3.10 Where local Charters already exist within GM's districts, reciprocal arrangements would be introduced. Where local initiatives take the form of business engagement in work and skills support and delivering local economic and social goals, the GM standard could be used to link employers to this provision.

3.11 Based on feedback from the consultation an Independent Panel could also be set up to oversee the running of the Charter and its development over time – as it keeps up with best practice. This would be made up of employers, employees and other experts, and draw on feedback from the evaluation of the Charter.

4. **Next Steps**

4.1 Following feedback from the LEP Board and other key stakeholders, another public consultation document setting out the draft Charter will be prepared for publication in September. The draft will be circulated to LEP members for comments ahead of publication.

4.2 Depending on the outcome of that consultation, a final Charter is expected to be produced by the end of the year.
Developing A GM Good Employer Charter

Evidence Paper: Consultation Responses
Part 1: Consultation Process
Process To Date (1)

• Evidence Paper developed with input from private and public sector employers, trade unions and districts published on 5th March.
• Started from the vision in the Greater Manchester Strategy to “make Greater Manchester one of the best places in the world to grow up, get on and grow old....”
• GMS Priority 3: **Good jobs, with opportunities for people to progress and develop**, including through:
  – Increased number of Greater Manchester residents in sustained, ‘good’ employment;
  – Improved skills levels.
• GMS Priority 4: **A thriving and productive economy in all parts of Greater Manchester**.
  – Improved economic growth and reduced inequality in economic outcomes across Greater Manchester places and population groups;
  – Increased business start-ups and inward investment, and improved business performance.
The Evidence paper went on to:

- Describe the strengths of GM’s economy – such as the prime and supporting capabilities.
- Assess the size of the challenge on low productivity, low pay and insecure work.
  - Between a fifth and a quarter of the labour force are low paid;
  - Temporary and insecure work have also become a growing part of the labour market which provides welcome flexibility for some, but insecurity and stress for others.
- Set out the evidence on how providing secure and well-paid work helps make firms more productive and profitable and the public and voluntary and community sector improve their services.
- Summarise existing charters, pledges and deals in GM and the UK – run by the districts, by trades unions and national bodies.
- Then ask for views on the possible content, design and operation of a Charter.
Process To Date (3)

Consultation Questions:
• 1: What does a good employer do (or not do)?
• 2: What do you want from the Charter?
• 3: What should be in the Charter, which employers would have to sign up to?
• 4: How could a GM Good Employer Charter be promoted?
• 5: How could employers be encouraged to sign up? What could discourage employers from signing up?
• 6: Should different sizes and types of employer be treated differently by the Charter? If so, how?
• 7: What should the relationship be between the GM Good Employer Charter and other local and national standards and Charters, to ensure that they are mutually reinforcing and avoid confusion for employers?
• 8: How should the application process and ongoing monitoring of the Charter work so that it is straightforward for employers but also ensures that commitments are met?
• 9: How could the impact of the Charter be measured and who should do this?
• 10: Is there other evidence which should be considered in the development of the Charter from academic research, practical experience or other sources?
Characteristics of Respondents (1)

Sectors of those responding to the consultation (as organisations or as individual employers or employees).

- Public sector, 27%
- Private sector, 28%
- Not-for-profit sector, 34%
- Prefer not to say, 4%
- Other, 7%

Size of organisation worked in by those responding (on behalf of those organisations or as individual employers or employees).

- More than 1000 employees, 24%
- 250-1000 employees, 12%
- 50-249 employees, 25%
- 10-49 employees, 24%
- Fewer than 10 employees, 12%
- Don't know, 0.91%
- Prefer not to say, 4%

Note: The data is specific to the GMCA region and includes pie charts illustrating the distribution of respondents by sector and size of organisation.
Characteristics of Respondents (2)

Geographical area covered by the organisations of those responding to the consultation (on behalf of those organisations or as individual employers or employees).

- Prefer not to say: 1.80%
- World-wide: 4.50%
- European Union countries: 0.90%
- Great Britain: 14.41%
- England: 4.50%
- North West: 12.61%
- Greater Manchester: 24.32%
- Borough-wide (e.g. Bury, Bolton, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan): 27.93%
- Local town: 9.01%
Characteristics of Respondents (3)

Sector of the organisations of those responding to the consultation (on behalf of those organisations or as individual employers or employees).
Characteristics of Respondents (4)

As well as individual employers, employees, and Districts, other types of organisations who have given views on the Charter include:

**Business & Professional Groups**
- CBI
- Chartered Institute for Personnel & Development
- Federation of Small Businesses
- GM Chamber of Commerce
- Institute of Directors
- The North West Business Leadership Team (NWBLT)

**Universities & Research Organisations**
- Centre for Ageing Better
- Decent Work and Productivity Research Centre, at Manchester Metropolitan University
- Inclusive Growth Analysis Unit at the University of Manchester
- Joseph Rowntree Foundation
- Work and Equalities Institute, University of Manchester

**Voluntary Sector Groups**
- Bolton Community and Voluntary Services
- GMCVO
- Salford CVS

**Others**
- Greater Manchester Talent Match
- The Oddfellows
- Timewise
- Wigan and Leigh Carers’ Centre
- Wythenshawe Community Housing Group

**Trade Unions**
- National Education Union (NUT Section)
- Salford City UNISON
- TUC North West
- UNISON Greater Manchester Transport Branch
- UNISON North West
- Unite the Union
- University and College Union
- Usdaw

**Campaign Groups**
- Breakthrough UK
- Greater Manchester Poverty Action
- Living Wage Foundation
- Manchester Mind
- Mind in Greater Manchester
- OxfamGB
- Royal British Legion
- The Prince’s Trust
Part 2: Issues Raised & Key Questions for Next Co-Design Stage
There was widespread agreement that the Charter needed to be simple and straightforward to sign up to in order to succeed. But, there was a wide range of views on the characteristics of good employers, and therefore on characteristics which could be included in a Charter. Characteristics put forward were:

**Remuneration:**
- Pay the Real Living Wage or a Manchester Living Wage;
- Pay for apprentices or young people above legal minimums;
- Reduce pay inequality within organisations;
- Reduce pay gaps e.g. by gender or age;
- Promote the use of credit unions through payrolls.

**Flexible Contracts:**
- Flexible working, including for carers;
- But, secure contracts (not zero-hours contracts) for those who want them and have regular hours.

**Recruitment & Progression:**
- Transparent and open recruitment processes;
- Training and skills development for employees.

“If it's too long and complicated, people won't sign up, it needs to be clear and simple with the option to go into more depth if an employer wants.”
Scope of the Charter (2)

Increasing Access to Work:
- Increasing the number of apprenticeships;
- Supporting back-to-work programmes for groups outside the labour market, such as the Work & Health Programme.

A Productive and Healthy Working Environment:
- Adjustments for those with long-term conditions;
- Improving mental health in the workplace;
- Support for disabled people;
- A safe and comfortable working environment;
- Reducing stress, e.g. through areas for relaxation

Extending good management:
- Supporting and improving performance management;
- Promoting other good management practices;
- Improving awareness around sexual harassment and discrimination (including during pregnancy);
- Valuing older workers and tackling age bias.

Employment Terms and Conditions:
- Promoting the understanding of existing employment laws;
- Leave entitlements above the legal minimum;
- No tribunal findings against an employer in the last three years.
Scope of the Charter (3)

Workforce Engagement and Voice:
• Involving employees in the development and direction of an organisation;
• Trade Union recognition;
• Responsible treatment of contractors;
• Support for volunteering.

“...the single most important role for an employment charter is to require, promote and encourage trade union recognition and bargaining”

Other, Non-Employment, Goals:
• Good treatment of SMEs in supply chains (e.g. ending late-payment);
• Purchasing locally;
• Investing in Voluntary & Community Social Enterprises in supply chains;
• Tackling modern-day slavery;
• Developing links to schools and colleges;
• Tackling traffic congestion through flexible working hours;
• Delivering environmental goals (e.g. the conclusions of the Green Summit);
• Increasing the diversity of senior management in organisations.

“Discourage [signing up] = Onerous or bureaucratic responsibilities (including requiring staff to join a trade union, which is a polarising issue)”
Scope of the Charter (4)

Other questions raised about scope:

- Could it be an employee charter too, with expectations of employees?
- What about organisations who are not employers?

Key Question: What is the right balance between range of areas to be included in the Charter and simplicity/ease of sign up?

Key Question: Is this an Employer Charter – covering employment issues – or a wider ‘good business/organisation’ charter covering other social and economic goals?
There was a range of views on the trade-off between having a more demanding and ambitious Charter, or having a larger number of employers signing up.

“An aspirational vision - not just catch-up but leapfrog into a truly new place…”

“[there should be] realistic requirements, not aspirational.”

Several respondents proposed a tiered structure with a large number of employers able to sign up to basic standards, but the ability to then progress to higher standards.

“Stepped levels (e.g. bronze, silver, gold) to reward commitment and meaningful action.”

Respondents also proposed a system of support to help employers progress through any tiered structure (including through Chamber of Commerce, IIP, ACAS, Living Wage Foundation, Talent Match).

“Provide a toolkit to assist smaller employers, including the steps needed to improve employment standards.”
**Structure of the Charter (2)**

- General agreement that the process for signing up to the Charter should be easy, quick and cheap or free.
- Some proposed that it should be compulsory (although it is not obvious how this could be done).
- Some proposed that nomination to join the Charter could be made by employees.

“**If it’s too long and complicated, people won’t sign up, it needs to be clear and simple.”**

“**No fee for sign-up!”**

“**Maybe a membership fee, but reasonable and dependent on size.”**

**Key Question:** What is the right balance between signing up significant numbers of employers while ensuring the Charter is stretching?

**Key Question:** Would a tiered structure, e.g. basic, advanced and excellent, be a good solution to this trade-off?
Views were evenly divided on whether there should be differentiation between employers of different sizes. Some respondents suggested different commitments by sector, depending on the challenges in each sector (although there would be a trade-off with simplicity).

“Bigger companies might have more resources to provide a wider range of benefits, glossy offices etc but - for me - this should be about fundamental principles of decent behaviour which should apply irrespective of size.”

“The Charter must recognise the differing abilities of businesses to meet the expectations it sets out, either because of their size or the sector conditions in which they operate.”

“it is important to note, …that a number of large, nationally headquartered, businesses in Greater Manchester will not necessarily have the discretion to sign up to local employment conditions whether or not they are inclined locally to do so.”

Key Question: Should there be differentiation by size of employer, whether through a single or multi-tiered structure?
Incentives for Signing Up (1)

Incentives for employers to sign up which were proposed were:

• Better opportunities through local government procurement, e.g. recognition through the social value process;
• Celebration of those signing up to the Charter, e.g. through an Awards Ceremony;
• Spreading knowledge of the benefits (linked to Evaluation below);
• Promotion through an equivalent of ‘Living Wage Week’ or a newsletter;
• Raising their profile and reputation, e.g. through a kitemark;
• Reduced transport costs;
• Reduced taxation, e.g. Business Rates reductions;
• Discounted training or grants for training;
• Free advertising or promotion.

“Annual awards to recognise good practice and promote.”

“The creation and promotion of a strong brand which allows employers to mark themselves out”

“Employers should be encouraged to sign up by leveraging the public procurement process.”
Incentives for Signing Up (2)

Other proposals included linking large organisations with smaller ones:
- Large organisations signing up to the Charter could procure from small organisations signing up;
- Large and well-known employers / the public sector could set an example for others;
- Mentoring and guidance from other employers.

However, there were concerns that the language around the Charter could be off-putting for businesses.

“This could include the appointment of employers, who do this well, as ambassadors or champions...”

“There is a far greater willingness to view this as part of being a responsible business as opposed to a “good employer”. The implicit problem with this language is that if you are not recognised as a “good employer” then you must in some way be bad.”

Key Question: What sort of incentives would be most effective, given resource constraints?
Other Charters and Standards which were raised, and which the GM Charter would need to take into account, were:

- Those established by Districts (summarised in the consultation document);
- Living Wage accreditation;
- Investors in People;
- The Fair Tax Mark;
- Disability Confident scheme;
- Workplace Wellbeing Charter;
- Working Forward Pledge;
- Unison Care Charter;
- Investing in Volunteers standard;
- PQASSO accreditation;
- Talent Match;
- Other ‘good business’ awards.

“Our feeling is that the GM charter should run alongside any local charters within the region, rather than replace or incorporate these. It would be an additional kite mark with additional benefits. However where there is overlap in standards, for accreditation purposes GM could accept prior accreditation through local charters.”

“There should be a recognition of other Charter standards and principles so that employers who meet the principles and standards in one Charter can be recognised in another.”
Relationship with Existing Charters & Standards (2)

**Key Question:** How far should other Charters and Standards be incorporated within, or linked to, the GM Charter?

**Key Question:** How could we ensure consistency with GM’s standards and priorities if other Charters and Standards are incorporated within, or linked to, the GM Charter?
Issues raised around the assessment and monitoring of the Charter’s implementation were:

- The balance between self-assessment and assessment by others;
- The balance between assessing clearly definable measures (e.g. payment of Living Wage), and other more general goals (e.g. making a contribution to delivering GM’s environmental aims);
- Whether monitoring could be by the CA/Growth Company, or by an independent third party (suggestions included an Independent Advisory Panel, the Living Wage Foundation, or Trade Unions);
- The role for employees, through surveys (although with risks from disillusioned employees) or through Trades Unions.

“Monitor the impact through staff and employer surveys.”
Other assessment and monitoring issues raised were:

- The frequency of reassessment against the Charter criteria – time periods proposed for this varied between 6 and 36 months;
- Whether there could there be exit interviews of employees;
- The reputational risk from employers signed up to the Charter failing to maintain standards, and therefore the need for a process for reassessment (and, ultimately, removing them from the Charter).

“A suggestion is that accreditation should be reviewed regularly (every 12-24 months) to ensure continued compliance. A review could also be triggered by a complaint of non-compliance.”
Several respondents raised the need for the Charter to evolve over time as best practice and understanding develop, including through the employers who sign up to the Charter.

“The employers that form part of this organisation should be involved in developing it going forward.”

“The GMCA could appoint an independent panel to advise on the development of the charter.”

Another question raised was how much of the information given in signing up for the Charter would be made public.

**Key Question:** Who is best placed to carry out assessment and monitoring of employers signing up to the Charter?

**Key Question:** How regularly should Charter members be re-assessed?

**Key Question:** How should the Charter develop over time and who should be involved in developing it?
Evaluation (1)

The evaluation process depends on the scope of the Charter, but different levels of potential assessment proposed were:

1. Charter level data such as:
   - The number of organisations signed up to the Charter;
   - The number of employees in organisations signed up to the Charter;
   - The number of flexible or Real Living Wage jobs in organisations signed up to the Charter;
   - Collective bargaining coverage.

2. Organisation level data such as:
   - The views of employees;
   - The profits, productivity or pay in organisations signed up to the Charter;
   - Indicators of a healthy and engaged workforce (e.g. sickness absence).
Evaluation (2)

3. GM level data on good jobs and productivity – although the view of the universities was that qualitative data and case studies would be a more useful than quantitative data due to the difficulty of isolating the impact of the Charter from other factors.

“…it will be difficult to establish causality here, and some of the ways in the Charter may have impact will not lend themselves to quantitative measures. Given this, qualitative data and case studies are likely to from a significant of the evaluation. Universities are well placed to conduct evaluations of this sort…”

Key Question: What are the right measures to use in the evaluation of the impact of the Charter?
Next Steps

- Following feedback on the key questions raised here, a draft of the Employer Charter will be developed.

- There will then be a further public consultation on the draft Charter.