PURPOSE OF REPORT

To agree funding for the establishment of the Greater Manchester Good Employment Charter.

RECOMMENDATIONS:

Members are asked to agree the allocation of funding from retained Business Rates for the implementation of the Charter at a cost of £230,000 per year for three years from 2019-20.

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Risk Management – N/A
Legal Considerations – N/A
Financial Consequences – Revenue – see paragraphs 4.3 to 4.7
Financial Consequences – Capital – N/A

Number of attachments included in the report: None
Paper agreeing the establishment of the Charter (see below) was discussed by the Economy & Business Scrutiny Committee on 8th February 2019, and the Committee has set up a Task & Finish Group which has been involved in the co-design of the Charter and now its implemented.

BACKGROUND PAPERS:

- GMCA Paper on the Good Employment Charter, agreed at the meeting on 1st March 2019;
- Consultation papers published by the GMCA in March 2018 and October 2018 (available on the GM Consult website).

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<td>Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?</td>
<td>No</td>
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<td>TfGMC</td>
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1. INTRODUCTION

1.1 The GMCA meeting on 1st March 2019 agreed:

- The model for the GM Good Employment Charter.
- That when the detailed work on implementation is complete, a further paper would be provided to the Combined Authority with full revenue implications and identifying funding sources, which could include a limited amount from retained Business Rates as a short term funding source.

1.2 This paper sets out plans for implementation and revenue implications.

2. BACKGROUND

2.1 The GMS Implementation Plan included the development of a GM Good Employment Charter in order to help deliver the priorities of ‘good jobs with opportunities for people to progress and develop’ and ‘a thriving and productive economy in all parts of Greater Manchester’. The Charter is being developed through a process of co-design – involving employers from all sectors, employees, districts and other experts.

2.2 Following a process of co-design, and consultation in March 2018 and October 2018, a model was developed for the Charter. This has a tiered structure, with an initial tier of Supporters, and then Membership, and then Advocates. This will enable it 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.

2.3 There was strong and widespread support for this approach in the consultation, which 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.

2.4 Membership of the Charter will require employers to demonstrate excellent practice in key characteristics of employment practice:

i. Secure work;
ii. Flexible work;
iii. A real living wage;
iv. Workplace engagement & voice;
v. Excellent recruitment practices & progression;
vi. Excellent people management;  
vii. A productive & healthy workplace.

2.5 Employers would be required to meet high standards in all of these areas to achieve Charter Membership, creating a distinctive GM approach. A number of consultation responses highlighted the importance of diversity and equality in the workplace to deliver more productive businesses and better services. As the detailed definitions of excellent practice are developed under the key characteristics, diversity and equality will be explicitly addressed in each of them. The effectiveness of this approach will be assessed through the piloting process described in section 3 below.

2.6 There are many existing accreditations that cover the Charter characteristics, both local and national, raised through the consultation process. Rather than duplicate existing standards, other accreditations will be combined into the GM standard – which becomes an overarching framework for those standards.

2.7 The importance of linking to support provided by individual Greater Manchester districts was also underlined. Where charters already exist which are consistent with the GM Charter, there will be reciprocal so that membership of a local charter gives automatic membership of the GM Charter, and vice versa. Where local initiatives take the form of business engagement in work and skills support and delivering local economic and social goals, employers joining the GM Charter will be linked in to this provision.

2.8 Incentives to join the Charter will include the celebration of good practice (e.g. through an awards ceremony), mentoring, and embedding the Charter’s standards in public procurement and investment through the funds which are directly managed by GMCA.

2.9 There was also strong support for the creation of an Advocates tier. These would be employers who meet high standards in all the key employment characteristics to be Members, and then go out to other employers to encourage them to raise employment standards and join the Charter process.

2.10 Further detail was set out in the paper for the GMCA meeting on 1st March 2019. The proposition was also discussed by Economy, Business Growth & Skills Overview & Scrutiny Committee on 8th Feb 2019. Issues raised included the importance of equality and diversity being embedded in the aims of the Charter, the need for buy-in from the private sector, the interaction with other accreditations and standards, and implementation. These have been addressed in the development of the final proposition.
3. IMPLEMENTATION OF THE CHARter

3.1 It is proposed that the Charter and supporting functions are managed by a dedicated and independent Good Employment Charter Unit, hosted by the Growth Company, giving it a high profile and ensuring that all the groups involved in the process so far can continue to help develop the work of the Unit. The co-design process can then continue, with ongoing involvement of employers, employees and others, working with the CA, Growth Company and Districts.

3.2 An Advisory Group for Charter implementation has been convened, bringing together representatives of employers in all sectors, trade unions, academic institutions, the Advisory, Conciliation and Arbitration Service (ACAS) and the Chartered Institute of Personnel and Development (CIPD). It will oversee the work of a Technical Working Group that will bring together prospective and potential Charter members to test the viability of the systems, alongside technical experts from partner organisations.

3.3 The GM Districts will continue to be closely involved through the Human Resources and Work & Skills groups that bring together lead officers from across the city region and have been involved in the Charter’s development, while the Growth Company will engage locally via its existing work with Districts.

3.4 The main areas of implementation work are around the technical development of the Charter – ensuring that robust processes are in place and that standards are set at a level which is stretching but realistic – and the communications and campaign which need to sit around the Charter. An evaluation process is also being put in place, not only to give an accurate understanding of the impact of the Charter, but also to develop the case studies which will be crucial in showing the benefits to employers of raising employment standards.

3.5 The Charter aims to improve employment standards across all GM employers regardless of size, sector or geography. With this focus, it will need to be effectively piloted to ensure that it is adaptable and relevant to all and that it can be pitched effectively to drive up standards.

Technical Development

3.6 There are a number of practical and technical elements that need to be tested and resolved before the launch of the Charter. First, employers within the Supporters’ Network will be the subject of an annual review to monitor progress. The Technical Working group will consider how this will operate and the criteria to determine continued involvement as a Supporter or whether an employer should drop out of the network.

3.7 Second, Charter Members would need to demonstrate ‘excellent practice’ across the key characteristics of employment practice as set out in the Charter. The Technical Working group will consider what ‘excellent practice’ means in this context and will make recommendations on the standards to be achieved. This will be a significant piece of work to
ensure that organisations are not excluded from Charter membership on account of their circumstances whist sustaining the credibility of the Charter, ensuring consistency and recognising precedent.

3.8 Once the proposed thresholds across the seven characteristics are agreed, a pilot group of twenty representative employers from across Greater Manchester will be recruited to test the viability of the standards required for Charter membership. It will also test the way in which the Charter’s standards can be embedded in public procurement and investment through the funds which are directly managed by GMCA.

3.9 Third, the Technical Working group will review existing employment standards and accreditations and determine which are of value in the assessment of an employer’s suitability to become a Charter Member or Supporter. While this may cut down on some of the assessment processes, there will be a need to audit and review third party accreditations to ensure they are official and up to date, and test self-assessment approaches.

3.10 There is also a variety of other employment initiatives across GM districts with different forms and approaches. These Charters and Standards will be reviewed and assessed to make recommendations on how they fit with the GM Charter. On this basis reciprocal or transitional arrangements can be developed.

3.11 Finally, a key role of the Good Employer Charter Unit will be to link the Charter process with the wide range of support provided by different organisations to improve employment practice. This provider engagement and sign-posting activity will be important for supporting employers to raise their standards.

Communications and Campaigning

3.12 Throughout the co-design process, the importance of communications and campaigning has been emphasised in developing a viable and successful scheme of this kind. Indeed, for a voluntary initiative such as this, some respondents suggested that the development of a brand and character was the most important ingredient in the success of the Charter.

3.13 Developing effective promotional collateral and information resources in readiness for the launch of the Charter will therefore be essential. This will include the development of a suitable brand and messaging which is engaging for employers and encourages them to sign up. It will also include a website, and social media platform so that employers can approach the Unit to sign up as Supporters and Members, find online access and guidance to the wide range of support around the city region, and support self-assessment and accreditation (depending on the final processes adopted).
Evaluation

3.14 Robust evaluation will be necessary not only to understand the impact of the policy, but also to provide prospective members with case studies of the benefits they could expect to see if their organisation obtains membership. Clear direction on the metrics to be measured as well as the frequency of the review of the Charter campaign and process will need to be agreed at the outset of the process and will assist in the short-term piloting of the Charter process. An evaluation framework is being developed ahead of the pilot, and members will be kept updated.

3.15 The evaluation will consider the Charter in the context of broader efforts to increase Greater Manchester’s productivity. There is a significant amount of academic evidence that makes the link between good employment standards and productivity gains, including through the Greater Manchester Independent Prosperity Review, but this will need to be demonstrated for individual employers.

4. TIMELINE AND RESOURCING

4.1 The aim is for the mechanisms and processes for the Supporters’ Tier to be in place for a launch by July, alongside beginning of the pilot of the Membership Tier.

4.2 A proposal is also being developed for a Good Employment event in the autumn to formally launch the Charter. In addition to providing a platform to show case good practice, this event would be run as a working conference that would review the progress made on each of the seven characteristics through the ‘piloting’ process and would form technical working groups that would drive the development of what excellent standards would look like across the Charter’s characteristics. By involving stakeholders in this way, the Charter will continue to build on the co-production approach.

4.3 Implementation of the technical development of the Charter (including the pilot with employers), the design and launch of the communications and campaign, and the setting up of the evaluation process, as set out above, would require £233,000 in 2019-20. This would establish the Charter, engage employers and ensure that the processes are robust.

4.4 The ongoing baseline running costs for the Employment Charter Unit are then estimated to be £236,000 in each of 2020-21 and 2021-22 when the Charter is fully rolled out. This would cover the cost of a Head of the Employment Charter Unit (a part-time role), a Technical Programme Manager, a Marketing and Comms Executive and Apprentice, a Charter Adviser for engaging employers, the costs of evaluation and communications and the costs of IT equipment. The majority of overheads for the Unit would be met by the Growth Company as host.
4.5 These costings will provide all the main functions needed in the Employment Charter Unit. However, the demand for the services of the Unit from employers is uncertain given that this is an innovative approach at the forefront of this agenda, and there are not direct parallels to learn from other places. If the demand from employers for services and support was very high, then there would be a risk that demand could outstrip the capacity of the Unit to provide high quality support. In that case, further advice would be provided to the GMCA.

4.6 It is proposed that the costs of £233,000 in 2019-20 and £236,000 in both 2020-21 and 2021-22 are funded through retained Business Rates, given the Charter’s role in supporting business productivity and growth. It is also proposed that it is allocated to the Unit through grant funding to the Growth Company, given the role they already play in delivering business support across the city region and their ability to continue to draw together and engage all the parties involved in the co-design process.

4.7 Beyond 2021-22, a decision would be needed, based on the evaluation of the Charter, about how and whether it would continue and develop and on what basis it would be funded.