



The University of Manchester



Local employment charters: case studies from the UK

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Introduction

In the context of declining union membership, limited employment regulation and a growing disconnect between pay and living costs, employment charters are one means for cities to engage employers and start a conversation about how their employment practices can enable local people to live and work well.

This paper contains a series of case studies of local employment charter initiatives from across the UK. It describes the rationale, design and reach of these initiatives, drawing on desk research and interviews with people involved in their design and implementation.

The paper accompanies the summary briefing paper 'Good Jobs in Greater Manchester: the role of employment charters', available [here](#). The briefing paper finds that:

- There is considerable interest in the idea of developing an employment charter in Greater Manchester. Local employment charters are voluntary initiatives that set out to describe good employment practices & recognise those employers that adopt them
- Charters should not be relied on to tackle long-term structural issues within the labour market but they can play a role in engaging businesses and pressing for change
- Employment charters can include commitments relating to pay and conditions, recruitment practices, employee engagement and investment in training and development
- To maintain momentum and establish their credibility, charters need to be promoted and monitored. It is important to look at the extent and level of engagement and how many workers have been affected

The research does not offer a comprehensive review of all employment charters in the UK. Instead it has focused on identifying initiatives that included the term Charter; had some form of kite mark, or accreditation process; and focused on improving employment conditions and the employability and skills of residents in the local area.

Case studies were selected to reflect variations in types of Charter, scale focus and approach; and to identify potential good practice.

The generic term 'local employment charter' is used to describe these examples as we were interested in ones that had been developed at sub-regional levels. The exception is the Scottish Business Pledge, which applies across Scotland, and is included as an example of a more established charter.

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Birmingham Business Charter for Social Responsibility

Background and aim

In April 2013, the Council Cabinet approved three interlinking policies – the Social Value Policy through which it would conduct its commissioning activities, the Birmingham Living Wage Policy and the Birmingham Business Charter for Social Responsibility (Charter). All three policies have recently been revised.

The Charter is a set of guiding principles that the Council adheres to and invites all organisations to adopt as a mechanism for managing how they deliver social value. Charter signatories will consider and describe how they can improve the economic, social, and environmental wellbeing of Birmingham that result from their activities. This includes indirect outcomes through commissioning and procurement.

The outcomes of the Charter are derived from the key Council policy drivers of: children; homes; jobs and skills; and health.

Charter focus

The definition of 'local' in the Local Employment and Buy Local elements of the Charter is context-dependent. Guidance specifies that within 30 miles of the point of delivery is reasonable.

Where a framework agreement is established that covers an area wider than Birmingham, participating Contracting authorities can claim social value outcomes for their relevant areas. The West Midlands Combined Authorities have established a Social Value Task Force with the aims of sharing information and best practice and looking at how they can work together on this.

The Charter is aimed at businesses in all sectors and of all sizes. Charter signatories include a broad representation of sectors. Due to contracting specifications, smaller businesses may be underrepresented.

Design and accreditation approach

It is a compulsory requirement of Birmingham City Council that all contractors including grant recipients must sign up to the Charter (subject to thresholds below, see Figure 1), however any organisation can sign up to the Charter voluntarily. Often organisations sign up to help them manage their CSR (Corporate Social Responsibility) activity.

All Contractors, subcontractors and grant recipients are required to adhere to the Birmingham Living Wage Policy regardless of contract/grant value.

Charter signatories are required to complete an action plan template specifying how they can improve the economic, social, and environmental wellbeing of the locality that results from their activities. This includes indirect outcomes via the supply chain.

The actions specified in the plan need to be relevant to the contract, if contracted, or to the business of the organisation if not contracted. The social value questions contained in the tender process will make it clear which aspects of the Charter are most relevant. The value of the activities will be greater if they are targeted at areas / groups with the greatest need. The action plan contains a list of Birmingham wards in order of deprivation for guidance.

Approved projects, led by Third Sector organisations, which meet the authority's key priorities and are relevant to the contract are included within the action plan. Supporting these projects must be

the primary focus of the action plans. The additional benefit of this approach is the strengthened relationships between businesses and the third sector.

Figure 1: A tiered approach to charter commitments for contractors and grant recipients

| | Tier 1 Charter does not apply | Tier 2 Light touch application tailored by contract or grant type | Tier 3 Fully consider Social Value and all action plan measures |
|----------------------------------|--|---|---|
| | Contract value or grant value as appropriate | | |
| Contracts for Services | <£200k | £200k to £750K | Over £750K |
| Contracts for supply of Goods | < £1m | £1m to £5m | Over £5m |
| Contracts for execution of Works | < £1m | £1m to threshold in Article 4(a) Directive 2014/24/EU* | Over threshold in Article 4(a) Directive 2014/24/EU* |
| Grants | < £200k | £200k to £750K | Over £750K |

For compulsory signatories the action plan must be submitted as part of the tender return. Where a business is signing up to the Charter on a voluntary basis they contact the Charter Team who will issue them with guidance and an action plan template for completion.

Once an action plan has been agreed, the business will be approved as a Charter signatory.

Employers committing to the Charter are required to agree to the following key principles:

- Local employment – secure opportunities for local residents targeting priority areas and groups, work with schools and colleges, use council Employment and Skills services
- Buy local – choose suppliers close to point of service delivery, endorse buy local principles via supply chain
- Partners in Communities – Play active role in local communities especially those in need, support health and wellbeing
- Good employers – adhere to council’s living wage policy, recognise rights of freedom of association, Commitment to health and wellbeing of employees promote diversity and inclusiveness, no exploitative zero hours’ contracts
- Green and sustainable – reduce carbon footprint, protect environment in activities
- Ethical procurement – commit to highest ethical standards in own operations and those within their supply chain.

In return employers:

- can bid for Council contracts/grants
- receive a Charter certificate and logo to promote their accreditation
- are promoted on the council supplier portal finditinbirmingham
- receive newsletters receive invitations to celebrations and events

Funding

There is no formal funding dedicated to supporting the Charter. However, to gain access to Council grants and contracts businesses must commit to the Charter.

Where relevant, employers will be directed to funding available from existing partner programmes. Commitments are taken forward as part of the contract management process.

Take up and monitoring

As of early 2017 there were 391 Charter signatories.

Signatory action plans need to include commitments that are proportionate, relevant to the contract, specific and measurable and cover the contract period. Progress on them will be monitored via an annual report undertaken as part of the contract management process. The Jobs and Skills team will follow up on relevant employment and skills commitments.

Key outputs include:

- Number of individuals uplifted to Living Wage via Council commissioning
- % of spend with tier 2 and 3 organisations
- Ward-based data, as available

At present no summary reports of outputs or outcomes from the Charter are undertaken. However, they are currently looking at getting the data onto the e-tendering portal in order that such reports can be generated.

Learning

- It has political and business buy in at a high level which helps to secure resource, action and on-going support
- Well integrated into Council activities. There is a strong link to key Council priorities which helps to ensure this. The Charter is fully incorporated within procurement, grant and contract management arrangements
- There is dedicated resource to support the management of the Charter
- Where the business is set to gain via awarding of a local authority contract or grant there is a clear motivation to commit to the Charter. What is less clear is whether businesses who do not have this relationship are motivated to commit to the Charter
- There is a commitment to ensuring specific and measurable outputs and outcomes and while there is no combined data available to date there is a commitment in place to improve collation, and reporting of monitoring data
- It is important to share practice at the Combined Authority level and have agreements in place regarding contracts/grants that extend beyond local authority boundaries

Croydon Good Employer Charter

Background and aim

The Charter was launched at the Croydon Economic Summit in November 2016 and followed on from the [Opportunity and Fairness Commission](#) and Croydon Council becoming a London Living Wage employer. The Charter is seen as a mechanism for building a network of good employers that do business responsibly. The Local Authority worked in partnership with businesses to develop the Charter.

Charter focus

The Charter is very much a Croydon initiative and as such has involved and been promoted to Croydon businesses. That said businesses who wish to commit to the Charter from outside of Croydon are encouraged. Indeed, Gatwick, the Institute of Directors, and a few other larger employers have approached them about getting involved in the Charter.

The Charter is aimed at businesses in all sectors and of all sizes. Initially they had a target list of businesses that they intended to make contact with regarding the. To date it has been easier to gain commitment from large and medium sized employers. Engaging smaller businesses is proving more difficult.

Design and accreditation approach

The Charter aims to boost the local economy by supporting the local supply chain, creating job opportunities, ensuring employees are paid a fair wage, and promoting equality and diversity in the workforce.

The Charter is a formal accreditation scheme. Businesses can apply to become accredited via completing a self-assessment and application. This will then be verified within 10 working days and if successful the business will receive an accreditation badge and certificate. The business name will also be listed on the Charter website and employers will be given access to support and networking opportunities/learning events.

To become accredited employers need to:

- Pay the Living Wage – evidenced via confirmation of Living Wage accreditation
- Employ Local – by registering with Croydon Works job brokerage service and to use this when recruiting;
- Buy Local – by registering with Value Croydon and using the website to promote procurement and supply chain opportunities;
- Include All – have an equality policy or commitment to develop one and a statement to explain how this is monitored and reviewed (also link to Workplace Health Charter);

If the business does not already meet the requirements for full accreditation they can submit a pledge to become a Charter employer by working with local authority staff to support them to meet the criteria.

Accredited employers are given access to:

- Networking/learning events
- Advice and support – employment, training and business support
- Toolkits and guidance
- Croydon Works job brokerage service

- Local supply chains
- LBC commissioning and procurement/funding opportunities local authority contract opportunities

In addition, SMEs are able to claim a discretionary business rate discount of up to £1000 in the first year of membership. This is limited to the first 100 SMEs who become accredited in 2017/18. It is a one-off payment that has been developed with the aim of increasing SME engagement.

Funding

There is no formal funding or resource dedicated to supporting the Charter. The business rate discount is available only to selected SMEs for a short period and is funded by the local authority. To date it is reported that the discount has not proved to be a strong motivating factor for businesses wishing to commit to the Charter.

It is recognised that funding to support the operation and further development of the Charter needs to be looked at. To date resources have come from in-kind commitments from partners.

Funding for marketing and promoting the Charter moving forward is an issue.

Take up and monitoring

As of early 2017 8 businesses had been accredited and 35 businesses had pledged commitment to the Charter. No formal monitoring arrangements have been put in place yet but they hope to be able to undertake a regular review of Charter performance.

Learning

- Strong partnership between local authority, businesses, and other partners and there is buy in across Council departments
- There are other initiatives in place which the Charter can tap into/link with e.g. Croydon Works Job Brokerage Service, Value Croydon, Healthy Workplace Charter, London Living Wage
- There is a commitment to provide in-kind resource to assist establishment of the Charter but on-going funding needs to be looked at
- There is a recognition that monitoring arrangements should be put in place
- Having some form of incentive to get employers on board is important – be that funding or formal certification/accreditation
- More effort is involved in getting smaller employers to commit to Charter

Oldham Fair Employment Charter

Background and aim

The Oldham Fair Employment Charter was introduced in 2014. It sets out the council's expectations around what constitutes fair employment and is seen as a means to increase the number of good jobs available to residents.

The council is considering how to develop the charter over the coming year. For example, they will link the charter to the business support offer that will be made available through the European Regional Development Fund. The fund targets companies with growth potential. The idea is that companies will be better able to deliver on the charter if they are supported to be more productive.

Charter focus

The Charter is a voluntary initiative that aims to engage businesses that employ people living in the borough. A key route for employer engagement has been the Get Oldham Working programme as well as inclusion in the Council's social value procurement rules which encourages its suppliers to sign up to the charter.

Design and accreditation approach

Employers can sign up to the charter by completing an online application form which is then reviewed by the council. Employers tick boxes to identify the fair employment practices that they undertake across six key areas. They are then asked to provide further information to evidence their commitment. The six types of commitment are:

- Paying the living wage to all employees;
- Offering fair contracts and stable employment;
- Offering access to training and support;
- Supporting membership of trade unions;
- Enabling and encouraging employees to contribute to the community
- Supporting local people into work through the Get Oldham Working scheme.

Each of these categories is associated with a set of statements that describe what constitutes fair employer practices. For example, under 'offering fair contracts and stable employment' employers are asked to set out whether they a) offer employment contracts which do not fetter employees unfairly without remuneration; b) offer contracts of employment to casual workers who have been working with them for more than 12 weeks; c) ensure employees have known hours of work; d) pay travel time between appointments; e) minimise zero hour contracts; f) offer direct and permanent employment where possible, instead of relying on agency or temporary workers; and g) offer tangible non-wage benefits.

The charter is seen as a way to start a conversation with employers. Those employers that meet the main criteria – paying the Living Wage, not using exploitative zero hour contracts, offering training, for example – can sign up provided they work toward achieving any outstanding commitments.

Council suppliers/contractors are not required to sign up to the charter, though it is encouraged.

Employers that sign up to the charter receive a certificate and a plaque. There are no further incentives available to accredited employers currently but the proposed alignment with the ERDF programme will aim to reduce barriers to signing the charter by tackling the productivity gap.

Funding

The charter does not have dedicated funding. It draws on the resource and investment that the council has made in the Get Oldham Working programme.

Take up and monitoring

As of early 2017 160 employers were signed up to the Fair Employment Charter. Monitoring is carried out by a cross-departmental team including Get Oldham Working, Procurement and People Services. The revised charter will become part of their business growth and account management approach which should lead to increased prominence locally and be championed by the sector.

Learning

- The commitments specified in the charter can be usefully seen as the start of a conversation between the employer and the council. A charter can be used to identify those employers that satisfy most of the commitments and then support can be put in place to move employers toward fair employment practices;
- Maintaining momentum and also engaging employers in low paying sectors can be challenging. In sectors like Adult Social Care it is difficult to start a conversation about paying the Living Wage, employment terms are set by contracting arrangements to some extent.
- Language is important. Some businesses question the legitimacy of the 'fair employment' criteria set out by the council.

Salford City Mayor's Charter for Employment Standards

Background and aim

In 2013 the then city mayor was keen to develop a charter that would champion good quality working standards and promote the Living Wage across Salford. The charter, developed by the City Council's Skills and Work Team, draws on learning from previous initiatives and from the Birmingham Business Charter for Social Responsibility and is linked into the local social value agenda.

The aim is to encourage employers in the city to create jobs and training opportunities for local residents, particularly from identified priority groups such as young people, ; work toward the introduction of the Living Wage; oppose the use of zero-hour contracts; and promote positive working practices. The charter also includes a local procurement pledge where employers may commit to source goods and services from local companies and organisations.

Charter focus

The charter aims to promote employment opportunities, employer best practice and procurement within the Salford area.

Design and accreditation approach

There are different levels of commitment to the charter. The first grade of commitment is as a 'Charter Supporter'. Employers may sign up if they are working towards implementation of the pledges. They receive a certificate and will be listed on the Salford charter/council website. To become an accredited 'Charter Mark' holder, employers must demonstrate that they are committed to upholding 'the highest employment standards in the city' across the pledge areas (though it is also possible to achieve this level of accreditation without committing to the local procurement pledges – 'Buying in Salford').

Table: Salford Mayor's Charter for Employment Standards components

| Pledge category | Pledges |
|-----------------------|---|
| Putting Salford First | <p>Pledge 1 - Creating training and employment opportunities for Salford people. In particular for the long-term unemployed; young people not in education, employment or training (NEET); looked after children and lone parents.</p> <p>Pledge 2 - Working in partnership to promote local employment opportunities and encouraging and facilitating the learning and development of the Salford workforce.</p> <p>Pledge 3 - Encouraging Salford based suppliers to also become Charter Mark employers</p> |
| Buying in Salford | <p>Pledge 4 - Looking to buy Salford goods and services at every practicable opportunity, while ensuring fair payment terms.</p> <p>Pledge 5 - Working with Salford City Council and its partners to proactively source local suppliers.</p> |

| | |
|----------------------|--|
| Setting the standard | <p>Pledge 6 - Paying staff at or working towards the Living wage.</p> <p>Pledge 7 - Encouraging a healthy workplace, good work-life balance and fostering positive management - staff relations through regular dialogue, for example, with recognised Trade Unions.</p> <p>Pledge 8 - Opposing the use of zero hours contracts which undermine decent working conditions for employees.</p> |
|----------------------|--|

Applications for accreditation are considered three times a year by an independent panel.

There are some soft incentives to sign up to the charter. Employers with Charter Mark status may be able to work with the council on press coverage to promote their accreditation. There are efforts to integrate charter engagement with the wider business support offer from the council – i.e. offering assistance with local recruitment and selection and advice on access to local supply chains – but this support is not contingent on signing up.

The content and format of the charter is under review and it is likely that it will have a stronger social value element in future.

Funding

The Skills and Work team, Business team and other teams across the council have championed the initiative. There is no additional capacity or resources to support the Charter.

Take up and monitoring

As of early 2017 90 organisations were signed up to the charter and 6 had gone through the formal accreditation process

Learning

- The charter is strongly linked into existing infrastructure and priorities around procurement and commissioning
- Efforts are made to ensure that the charter is a real quality mark for good employment standards. The charter requires a substantive commitment from employers and only those able to demonstrate that they are delivering on these commitments can be fully accredited.
- Relatively few employers have attained this status. They have found that some of the asks are difficult to evidence or need to be contextualised, the use of zero hour contracts for example.
- Challenge to maintain momentum following initial activity around the launch
- There is a need to be explicit about the aim of the charter and business case for engaging
- Dedicated resource is needed to support employer engagement and sign-ups and subsequent monitoring/evaluation of impact.

Scottish Business Pledge

Background and aim

The Scottish Business Pledge, a 'values-led' initiative by the Scottish government, launched in 2014 and is premised on working in partnership with businesses to implement ethical and fair business practices.

Charter focus

The pledge is for all employers based in Scotland.

Design and accreditation process

The pledge is formed of 9 components (living wage, zero hours contracts, workforce engagement, balanced workforce, invest in youth, innovation, internationalisation, community and prompt payment).

Investing in the Living Wage is a core requirement for businesses (excluding Modern Apprentices and those under 18), alongside meeting two of the other pledge requirements. There must also be a long term commitment to achieve the rest of the components. The pledge is not considered a 'quick fix' but something that is sustained over the long term to embed sustainable practices.

Businesses that sign up receive support from Scottish Government agencies and may also be able to access training, grant funding and business rates discounts. Those signing up can have their logo displayed on the Scottish Business Pledge website. Firms can in turn use the pledge logo in their business transactions and advertising.

Take up and monitoring

As of early 2017 338 businesses had signed up, including SMEs and larger employers and the public sector. Though small employers are under-represented, 65% of the businesses that have signed up are small, employing less than 50 people.

Recent figures show that 38 businesses are fulfilling the nine components of the Business Pledge and that 267 businesses (80%) are fulfilling at least six of them. 100% of the businesses pay the living wage and do not use exploitative zero hours contracts. This means zero hours contracts have to be used appropriately, for example, in a context where there are variable workloads such as seasonal work. In addition zero-hour contract workers have the same employment rights as other staff.

Most businesses that have signed up were operating in professional, scientific and technical services and information and communication sectors. There have been no business pledges from mining and quarrying industries or accommodation and food service activities. In terms of local areas, Glasgow and Edinburgh have the highest levels of participation.

The case studies suggest that businesses have signed up because they value equal opportunities (i.e. for women) and the ethical value of fair working conditions. However some companies have stated that they signed up to raise the profile of the business and give the business more credibility and that people would be encouraged to work for the business and potential clients would want to work with them.

Learning

- The Pledge emphasises the business and social case behind the pledge, however this hasn't evolved with time and take up remains low

- Challenge around maintaining momentum. Further research into the barriers to engagement may be needed. This has been inconsistent across localities with strong representation in the more urban areas.
- The Pledge was developed by one section of the Scottish government which was not discussed or collaborated on with other departments to increase its influence and policy coherence
- The Pledge is also viewed by many businesses as 'political' and linked to the Scottish National Party or independence. This suggests that the Pledge should be developed in partnership and not simply through government
- The scheme lacked branding and perhaps would have benefitted from engaging in media partnerships, better PR and investment in the brand
- Lots of scepticism from very small business who can't afford to pay the Living Wage
- Many companies already pay the living wage, so it needs to be about Living Wage Plus.
- There is believed to be a lack of clarity around the accreditation process. There is also a risk that it undermines the Living Wage accreditation process. The Business Pledge states that employers need to pay staff the living wage. There is not an emphasis on extending this throughout supply chains and it is unclear as to whether businesses are required to sign up to the Living Wage Foundation's accreditation scheme
- Some of the components of the pledge may require further development, including a commitment to family friendly working
- Engagement with the private sector needs to be developed. The private sector needs to know what is in it for them as businesses have to be convinced internally

Worcestershire Charter for Inclusive Growth

Background and aim

Through the Worcestershire Local Enterprise Partnership, the private, public, and voluntary sectors are committed to ensuring the County's workforce reflects all sections of society and that everyone can contribute to and benefit from Worcestershire's growing prosperity.

The idea was to build on the ESF Building Better Opportunities resource and on the momentum generated by the new Prime Minister with regard to ensuring opportunity for all. They hope the benefits of focussing on 'inclusive growth' will be the development of a diverse and talented workforce, greater wellbeing of residents, an increase in tax contribution, and a reduced demand on the public sector, allowing investment in prevention and services to support those most in need.

Charter focus

The Charter covers the Worcestershire County LEP area. However, there are also local charters at individual local authority level. This is considered important as the relationships with employers exist at a local-level (especially smaller employers) and it allows for a focus on issues particular to local economies and labour markets.

The Charter is aimed at businesses of all sizes and across all sectors. To date it has been easier to gain commitment from large and medium sized employers due to their Corporate Social Responsibility commitments. Getting smaller businesses involved is proving more difficult. There is a broad representation across sectors.

Design and accreditation approach

Employers committing to the Charter are required to:

- Work with training providers, voluntary sector and DWP to create pathways into employment for socially and economically excluded
- Provide work experience placements for long term unemployed and those facing additional barriers to employment
- Demonstrate a flexible and creative approach to creation of job opportunities for those who experience barriers to getting a job.
- Provide mentoring support to those entering employment for the first time or after a long period
- Create apprenticeship opportunities within their workforce and supply chains
- Business, training providers and the voluntary sector investing in developing employment skills to lay foundation of a dedicated and committed workforce.

There is no formal certification/accreditation process. A sign-up event was held to promote the benefits of the Charter to businesses. Following this employers were asked to sign up to the Charter. The intention is employers will continue to work with the County once they have signed up and will discuss how public sector partners can best support them to meet Charter commitments.

Despite initial success in securing sign up there is much to do in terms of securing follow through actions and on-going commitment. There are no formal incentives available to employers who sign up to the Charter.

Funding

There is no formal funding or resource dedicated to supporting the Charter. Employers are directed to funding available from existing partner programmes. Several interested employers have asked about funding and incentives available.

It is recognised that funding to support the operation and further development of the Charter needs to be looked at. The ESF Building Better Opportunities programme has enabled them to recruit an Employer Engagement Officer as it is felt that they will play a crucial role in supporting employers to commit to the Charter and follow through with tangible actions.

Take up and monitoring

70 businesses attended the Charter event and 30 committed to the Charter.

No formal monitoring arrangements have been put in place yet. It is recognised that this is required as part of on-going development of the Charter. At the moment, there is some linkage with the Building Better Opportunities programme monitoring.

Learning

- It had political and business buy in at a high level which helped with initial development and launch
- There is a need for an on-going dedicated resource to support Charter implementation and to support employers
- Without any sort of incentives, funding and/or accreditation/certification it is difficult to get employers to give on-going commitment
- While having overarching design and key principles at County level is important it is necessary to have a local element to delivery in order to tap into local contacts and respond to local economies and labour market issues

