



The University of Manchester



IGAU's response to the 'Greater Manchester Employer Charter' consultation, March 2018¹

The Greater Manchester Combined Authority (GMCA) is currently consulting on a 'GM Employer Charter',² linked to their strategic aim to grow the number of 'good jobs, with opportunities for people to progress and develop' and to develop a 'thriving and productive economy in all parts of Greater Manchester' (Greater Manchester Strategy). The GMCA is seeking advice and input on questions like what the charter should set out to achieve, what should be required of those employers that sign up, and what might be the best way engage employers.

The Inclusive Growth Analysis Unit has been helping to take forward this discussion in Greater Manchester by convening public discussions, including at our conference in December 2017,³ and through advising the Greater Manchester Combined Authority, and working with Greater Manchester Poverty Action, Oxfam GB and the Living Wage campaign in Greater Manchester. Last year we published a review of some local employment charters in the UK.⁴

The Unit's view is that in order to reduce poverty and inequality we need to develop a more inclusive economy and engaging and influencing employers around this agenda will be critical. A local employment charter is one means of working with employers on action to raise employment standards at a local-level,⁵ but it should be part of a much wider agenda aiming to promote responsible business practices. Our forthcoming report sets out a framework for describing these business practices, aiming to open business models up to wider scrutiny.⁶

Promoting good employment is one way the charter could help to promote greater economic inclusion and the fairer distribution of the benefits of economic activity. For this reason, we talk about the potential and limits of an 'employment charter', rather than an 'employer charter', which may or may not be particularly concerned with employment policies and the terms and conditions experienced by workers.

We set out below the kinds of commitments that we would like to see in the charter, and how a charter might promote these. We are also submitting a direct response to the GMCA charter development team, addressing some of the specific questions raised by the consultation.

¹ IGAU is funded by the Joseph Rowntree Foundation (JRF) and the University of Manchester. JRF will be submitting a separate response to the charter consultation

² GM Good Employer Charter Consultation March-April 2018, accessed via <https://www.greatermanchester-ca.gov.uk/employercharter>

³ IGAU 2017 conference proceedings: http://hummedia.manchester.ac.uk/institutes/mui/events/local-approaches-improving-quality-work/IGAU_December_Conference_Writeup.pdf

⁴ Hughes, C., Hurrell, D., Ball, E. & Skinner, T. (2017) Good jobs in Greater Manchester: the role of employment charters, IGAU briefing paper

⁵ Hughes et al. (2017)

⁶ Rafferty, A. & Jelley, R. (forthcoming) Promoting inclusive growth through responsible business in Greater Manchester, IGAU briefing paper

Background to the GM charter

Local employment charters offer a way to engage employers and start a conversation about how they can offer jobs that enable local people to live and work well. They are voluntary initiatives that set out to describe good employment practices & recognise those employers that adopt them.

Interest in local employment charters is growing. Liverpool City Region and London are in the process of consulting on their own city-wide charters⁷ and a number of employment charters have already been introduced in local authority areas across Greater Manchester, including the 'Salford City Mayor's Employment Standards Charter, established in 2013, and the Oldham Fair Employment Charter. The GM employer charter will also sit alongside other new charter initiatives at GM-level including a Homelessness Charter and a Carer Charter.

There is much that we can learn from other charter initiatives. Other employment charters in particular offer insight into the kinds of commitments they might require of employers (or public sector leaders for that matter), and how they propose to influence employers and bring about change in local practices. We discuss some different types of employment charter below, drawing on what we have learnt about previous local charter initiatives through our review paper and through public consultations.

Monitoring and evaluation of local charter initiatives is often quite limited. For our review we collected basic information on the number of employers that had signed up to the charters in our sample. Though not a comprehensive assessment, we found that the larger and more established local charter initiatives had achieved in the region of 400 employer sign-ups. This compares to around 90,000 employers operating in Greater Manchester, the majority small employers.⁸ Instead of relying on a local charter initiative to raise employment standards, this indicates the value of seeing a local charter initiative as part of a much wider agenda to promote responsible business practices. As the Greater Manchester charter develops, decisions will need to be made about how employer practices can be influenced at a local-level, and what role the charter can play in this. We discuss some of these considerations below.

What should go into the charter

There is no single definition of what constitutes good employment, but numerous frameworks have been proposed to describe what decent or good work looks like.⁹ These point to some common dimensions of good employment, including fair pay and reward, security of employment, access to training and progression opportunities, and autonomy at work. A study by Oxfam found that low paid workers particularly valued decent hourly pay, job security, access to paid leave and a safe working environment, though rankings varied with the consultation method.¹⁰

Based on our analysis and recent work,¹¹ we propose that the Greater Manchester employment charter should set out to promote fair terms and conditions of employment and create opportunities for under-represented and disadvantaged groups (see Figure 1). In terms of offering fair terms and conditions of employment, this might include paying all workers enough to achieve a basic standard of living through the Real Living Wage. But we

⁷ Information on the London Mayor's Good Work Standard <https://www.london.gov.uk/what-we-do/business-and-economy/making-london-best-city-world-work> and Liverpool City Region Fair Employment Charter <http://liverpoolcityregion-ca.gov.uk/100-day-plan>

⁸ For example, 45,000 employ five or more people. Source: ONS UK Business Activity, Size and Location – March 2017

⁹ Warhurst, C., Wright, S. & Lyonette, C. (2018) Understanding and measuring job quality, CIPD; Stuart, F., Pautz, H., Crimin, S. & Wright, S. (2016) What makes for decent work? A study with low-paid workers in Scotland, Oxfam; Philpott, J. (2014) Rewarding work for low-paid workers, JRF

¹⁰ Stuart et al. (2016)

¹¹ See for example Lupton, R., Rafferty, A. & Hughes, C. (2016) Inclusive Growth: Opportunities and Challenges for Greater Manchester, IGAU. Further references included below

can also look beyond pay to other commitments, including requiring employers to review their promotions criteria and decisions to ensure fair processes are in place.

The charter could also include a commitment relating to targeted recruitment and further opportunities for people from under-represented groups. There are clear disparities in labour market outcomes by disability, ethnicity and gender at Greater Manchester level.¹² The charter is unlikely to resolve these disparities but it can promote targeted recruitment activities and ask employers to look at the kinds of jobs they offer.

Figure 1: What commitments should the charter contain?

- Offering fair terms and conditions of employment: to include fair pay for all workers (including those in a company's supply chain); a review of promotion criteria and decisions to ensure following best practice and equalities duties;
- Seeks to create pathways into work for under-represented and/or disadvantaged groups: employers commit to recruit from under-represented groups through targeted recruitment activities, and review current recruitment practices and decisions, particularly in relation to ethnicity, disability, and gender ;¹³ employers encouraged to offer more well-paid jobs on a flexible, part-time basis.¹⁴

How might these commitments be taken forward in an employment charter?

Employment charters rely on a common set of stakeholders – employers, employees and their representatives and (often) public sector leaders – but their respective roles and the relative importance of other actors may vary with the design of the charter. Table 1 outlines five types of charter. These have been identified on the basis of our recent review of local charter initiatives and in the course of public consultations held over the last year.¹⁵ They attempt to illustrate that the way charters are designed can reflect different assumptions about how to influence change and what resources can be drawn on.

For example, introducing a local charter that aims to promote fair pay through public sector commissioning processes might be appropriate if it is the case that it is not possible for contractors to pay a fair wage within the current terms of service (or if it unlikely that contractors will do this if it is not a requirement). It would also need to be the case that any increase in the cost of a commissioned service will be passed on to employees in the form of higher wages.

Another employment charter might set out to support individual employers to adopt better employment practices, tailoring their commitments based on current practice. For this approach to be effective it needs to be possible for the charter team to assess where employers currently stand on employment issues, and they will also need time to work with employers to negotiate commitments and perhaps support employers to adopt different practices. A shared definition of what good employment looks like is needed, as well as strong incentives for employers to engage. There are difficulties with this kind of approach, like how to maintain momentum, or how to communicate what has been achieved by the charter if there is no standard definition of what good employment looks like.

¹² Lupton, R., Rafferty, A. & Hughes, C. (2016) Inclusive Growth: Opportunities and Challenges for Greater Manchester, IGAU.

¹³ Elahi, F. (2017) Addressing Ethnic Inequalities in the Greater Manchester Labour Market, IGAU briefing paper

¹⁴ Timewise (2017) Timewise flexible jobs index Greater Manchester

¹⁵ GM Good Employer Charter Consultation March-April 2018, accessed via <https://www.greatermanchester-ca.gov.uk/employercharter>; GM Living Wage Campaign, Living Wage Week 2017 participant feedback

It should be noted that these are stylised types of charter and they do not correspond directly to actual charter initiatives. The list is also not definitive and it may be extended and adapted as the discussion moves forward. We do not advocate for GM to adopt a particular type of charter as this will need to be tailored to the aims of the charter but we do propose some principles for developing a local employment charter (and outlined in Figure 2 below).

Less is more

Which commitments should go into the charter? It has already been suggested that the charter may include commitments to address the gender pay gap, tackle the use of exploitative zero hour contracts, promote [ethical business practices](#), and ensure that we offer [fair pay to apprentices](#). These are important issues and more are likely to be identified in the course of the consultation. One way that other charters have dealt with this is to include several commitments but make some obligatory (e.g. paying the Living Wage) while designating others as additional, or 'nice to have', though there may then be little incentive for employers to adopt the additional commitments. An alternative approach could be to focus on a small set of commitments which match the level of resource going into the charter initiative. This avoids over-promising on what the charter can deliver and leaves open the question of what is to be done about the issues not included within the charter.

Recognise employers who are making an effort to offer good employment

Employers come in different shapes and sizes, and the jobs they offer attract very different terms and conditions. One aim for the employment charter could be to challenge employers to adopt good employment practices given the context in which they operate.¹⁶ This could be achieved by differentiating some of the employer commitments by size or sector. For example employers in the construction sector might work with a slightly different set of commitments than those in the hospitality and service sector. Alternatively, the charter might offer different levels or types of accreditation (for example, gold/silver/bronze).

Our review did not include examples of the former kind of charter operating at a local level, but sector-based charters such as the Unison Ethical Care charter give an idea of the kinds of commitments that might be specified for a given sector (in this instance care). A number of local initiatives do adopt a tiered approach to accreditation. A challenge here is that there may be little incentive for employers to progress through the different levels of accreditation. A charter aiming to work in this way will need to have the resource to engage employers and work with them to explore different ways of working.

Setting out the desired impact of the charter

A charter aiming to increase access to good jobs and fair pay might be judged in terms of the number of employees that have experienced a pay uplift, the number of well-paid jobs now being offered on a flexible, part-time basis, and/or the number of employers signing up who operate in a particular sector. The measures will depend on the aim of the charter. In addition, we could build in opportunities to reflect on the impact of the charter and collect feedback from employers, employees and others. We propose that GMCA convenes employers, employees, policy experts and campaigners on equal terms to review progress, perhaps setting up an independent review panel.

¹⁶ Hughes et al. (2017)

Figure 2: Some principles for designing a GM employment charter

- Prioritise clear and meaningful commitments and includes resource to engage and work with employers to secure change;
- Contextualise employer achievements: set the bar high but recognise where progress is being made;
- Build a movement around the charter: the idea would be to bring together employers, employee representatives, campaigners and others on equal terms to review the charter. They could also act as a resource, helping to engage others;
- Bring employers together to share learning and ideas on how to change employment practices. For example, the Green City Business Consortium aims to offer opportunities for business-to-business learning on environmental issues.¹⁷ This might be replicated for employment practices, perhaps with coordination by the Chamber of Commerce;
- Set out what the charter is aiming to achieve and commit to regular and transparent review. The aim should be to understand the extent and level of engagement and how many workers have been affected across Greater Manchester. The Living Wage Foundation, for example, collects data on the number of employees that have benefited from employer accreditation.

Now is a good time to test the potential of local action on employment issues in Greater Manchester as part of a wider agenda to promote responsible business practices. The charter can build on action already underway across GM, including that of the Greater Manchester Living Wage campaign, the Greater Manchester Social Value network, and work influencing the procurement approach of large employers.¹⁸ We hope the charter will take up the challenge of growing the number of good jobs in Greater Manchester, and of increasing access to these jobs among under-represented groups.

¹⁷ The Consortium is linked to the Plastic-Free GM campaign <https://www.plasticfreegm.com/about/>

¹⁸ See for example CLES (2018) Manchester City Council Spend Analysis 2016/17

Table: Five types of employment charter

Type	Aim	Key actors	Assumptions	Considerations	
				+	-
<i>The 'value-added' charter</i>	To create a personalised plan for charter employers, supporting them to adopt good employment practices	Charter core team Public sector leadership	There is a shared definition of what good employment looks like A baseline of employer practices can be captured by the charter team Experienced employer engagement team able to negotiate employer commitments and monitor adherence Strong incentives for employers to engage (procurement requirements, consumer awareness)	Recognises employers making an effort to improve on what they do/offer Flexible, meaning may be possible to engage employers in wide range of sectors	Resource intensive Difficult to communicate what has been achieved if there is no standard definition of what good employment looks like Difficult to maintain momentum Requires strong employer commitment to social value/other incentives
<i>Local commissioner charter</i>	To change the terms on which local services are commissioned enabling employers to offer better work	(Public sector) commissioners Sector bodies	The current terms of any contract prevent employers from offering better employment There is scope to spend more on services to secure better terms and conditions Any increase in the cost of the service to the commissioner will be passed on to employees in the form of increased wages (where this is the object) Resource available to monitor compliance	Directs attention to the terms on which services are commissioned and whether these need to change Offers incentives for contractors Shares responsibility for monitoring (with commissioners)	May have implications for other areas of public spending Only tackles employment standards in certain parts of the economy

Type	Aim	Key actors	Assumptions	Considerations	
				+	-
<i>Employer-led charter</i>	For employers to take the lead in defining what good employment looks like and thereby influence others employers	Large employers Employer representatives, including SMEs	Employers recognise the potential productivity and reputational gains associated with committing to good employment practices and taking a lead on employment issues Employers see benefit in working in partnership, and in public, to demonstrate leadership on employment issues	Leading by example – can use engaged employers as a means of reaching out to other employers Not as resource intensive – if the ‘sell’ to business is obvious	Difficult to engage small employers, those in low value/low pay sectors Lack of transparency Possible watering down of commitments or risk that they reflect practices of a few employers rather than supporting wider change
<i>The ‘movement builder’</i>	To enable consumers to identify employers who offer good employment and to prioritise buying from them	Consumers Campaigners/activists Employee representatives	The charter contains a set of commitments for employers that are valued by residents, employees and/or consumers (may or may not be aspirational) Consumers can choose who they buy from & are willing to change consumption patterns & possibly pay more for goods and services (if wage costs are passed on) Resource available to raise awareness of the charter	May bring together a wider group of people – less dependent on often poorly resourced core charter team	Not all employers are customer-facing Relies on shared sense of what good employment means
<i>A low wage sector charter</i>	To raise employment standards in low paying sectors	Employers in retail, hospitality, social care sectors	There are employers in low pay, low value added sectors who want to compete on employment practices Success of charter is defined in terms of engagement with employers in key sectors	Targeted initiative may improve terms and conditions for lowest paid workers	Progress may be slow – limited signs of success may undermine efforts Time and resource needed to engage and work with employers