

GMCA Good Employment charter: Consultation response

Inclusive Growth Analysis Unit, November 2018

The Inclusive Growth Analysis Unit was established in 2016 by the Joseph Rowntree Foundation and the University of Manchester to support inclusive growth in Greater Manchester and other UK cities. Its objectives are to help ensure that poverty reduction is central to current policy debates and action around economic growth, the 'Northern Powerhouse' and devolution in Greater Manchester, and to support the development of evidence-based strategies for inclusive growth.

Concerted action is required to tackle the challenges facing workers and residents across the city region. In many cases, people in paid employment do not earn enough to meet their families' basic needs, often because of low rates of pay, or uncertainty over work schedules.¹ Raising productivity (including in low paid sectors), supporting firms to move up the value chain, and redesigning employment support services to support good employment outcomes for all are key steps. The Good Employment Charter offers another means to engage and support employers in Greater Manchester to offer better work and to raise employment standards. This paper sets out some recommendations for developing the Charter to ensure a clear focus on raising employment standards.

Summary

- Reducing the number of low paid and/or insecure jobs, and increasing access to good work, particularly for under-represented and more disadvantaged groups, should be a core aim for the Charter.
- The employment characteristics set out in the Charter – and the specific commitments associated with them – should be reviewed to ensure that they promote good employment practices for all workers (including those working in supply chains, or who are on temporary or insecure contracts). We have made some suggested amendments to help clarify and widen the scope.
- It will be important to balance any flexibility on offer to employers against the Charter's aims of growing the number of good jobs and developing a thriving and productive economy in all parts of Greater Manchester. The distributional dimensions of these objectives require more attention.
- Linking the Employment Charter with Social Value is a good idea, as long as it does not reduce incentives to do 'additional' activities which enable access to jobs and the creation of inclusive economies across GM. To achieve the desired incentive, it should apply to a much wider range of public procurement (lower financial threshold as well as to goods). Social Value approaches should be encouraged within 'anchor' organisations, as well as within larger businesses.
- Steps should be taken to ensure that the 'supporter' status does not become the default Charter 'membership' option for employers. One option might be to require those signing up as a supporter to agree an action plan and timeline for implementing changes.
- Take-up of the Charter, particularly by SMEs, will be increased if a GM body is specifically resourced and tasked with, for example, mapping and joining-up relevant business support so it can be tailored and accessed by individual businesses (not just through an online portal for providers); engaging formal and informal business networks (and seed new ones) as well as other points of business contact such as incubators; or developing toolkits targeting critical points of business change such as start-up, or succession.
- Greater Manchester's 'good work' agenda needs to extend beyond the Charter. This can be done through opportunities such as the Industrial Strategy, as well as by diversifying the kinds of business models used by GM organisations in all sectors.

¹ See also Just Work in Greater Manchester (2017) Report, <http://www.research.mbs.ac.uk/ewerc/Portals/0/Documents/cartwright-report.pdf>

Background

The Greater Manchester Combined Authority (GMCA) is consulting on a 'Good Employer Charter', which will support 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 consultation questions supplied by the GMCA are listed in Appendix A.

The Inclusive Growth Analysis Unit has already supported the development of the Greater Manchester Employer Charter in a number of ways. The Unit has produced several related evidence and briefing papers:

- A [policy paper](#) on the role an employment charter might play in developing a more inclusive labour market;
- [Case studies](#) of existing local employment charter initiatives in the UK;
- A [blog](#) on local employment charters for policy@manchester
- Our response to the [first stage consultation](#) of the draft Employment Charter in GM.

We have also been working directly with the GMCA team in charge of developing the Charter.

The Employment Charter consultation documents sets out twelve consultation questions in all (see Appendix for numbered questions) which we group into five broad themes. These are:

- 1) Scope of the Charter: the six 'employment characteristics' covered by the Charter, and which would apply to charter members (Question: 4);
- 2) Implementation of the Charter: the 'tiered' charter design; its suggested flexibility; and evidence for its achievement by individual organisations (Questions 1, 5, 6, 8, 9);
- 3) Whether to align the charter with the GM Social Value framework for public sector procurement (Questions: 11);
- 4) How to judge the 'success' of the charter (Questions: 12);
- 5) Promoting take-up: either through a) other accreditation schemes b) sign-posting to appropriate advice and c) ways to engage and support employers to work together to adopt good work practices and share experiences and ideas. (Questions: 2, 3, 7, 10)

This response draws on our research and policy analysis to offer ideas for addressing some of the challenges raised by the consultation document and proposed charter design. We have not covered all the questions within the Charter, but have indicated below those to which we have responded.

1. Scope of the Charter: the six employment characteristics

Question: Do you agree or disagree with the proposal for Charter members? (Q4)

We agree with the ambition to focus on a number of clear requirements for employers within the charter. However, we believe there is scope for more clarity in the proposed commitments. The current proposals could also reflect more of the core aspects of good work principles that were raised in first stage of the consultation. We review the proposed employment characteristics in the table below and propose a number of amendments with the aim of more closely aligning the charter with the Greater Manchester Strategy ambitions to grow the number of good jobs, and support a thriving and productive economy for all. We have put suggested additions in red and used '/' to indicate where we have removed text.

Table: Outline employment characteristics for the GM employment charter

	Dimension and amendment	Notes and further considerations
1	A real Living Wage for all workers and fair pay for all;	<ul style="list-style-type: none"> • There should be a clear emphasis on tackling low pay. Pay commitments must also extend to those in the business's supply chain – can you be a 'good GM employer' if you outsource low paid work to other businesses and contract with them largely based on cost? • The definition of 'good employment' in the consultation document mentions fair pay. The Charter should, at the very least, promote transparency over pay, including reporting on pay structures, distribution and gaps by gender and ethnicity, where possible²
2	Flexible working for those who need it, such as employees with caring responsibilities, // and security for those who are working regular hours;	<ul style="list-style-type: none"> • It is very unclear what is meant by 'security for those who are working regular hours'. We suggest that this be further clarified, and examples added.
3	Workforce engagement & voice in the workplace, so that employees can wherever possible shape their own roles & the direction of the organisation, being able to engage through the independent collective voice of the workforce, with facilitated trade union activity & formally recognised unions where possible;	<ul style="list-style-type: none"> • Any supporting material should recognise that different business models, such as co-operatives, or employee-ownership, are specifically designed to prioritise workforce engagement, ownership and involvement in decision-making all of which can have impacts on productivity, pay and motivation³
4	Excellent people management practices, including ensuring diversity at all levels by, for example, valuing older workers // or moving towards gender parity on the board;	<ul style="list-style-type: none"> • These requirements should extend to all people working for the organisation – e.g. fair treatment of agency, temporary and self-employed workers • Diversity at all levels (including the board) • It is important to note that there is an overlap between the dimensions of employment discussed in 4 and 6
5	A productive, safe and healthy workplace, including adjustments for people with long-term conditions and disabilities and support for better mental health;	<ul style="list-style-type: none"> • Safety is also key – though this should be a minimum standard
6	Excellent recruitment practices and progression in the workplace, including through engagement with schools, well-paid apprenticeships, transparent and open recruitment and skills development for employees.	<ul style="list-style-type: none"> • Retention is also important • There should also be recognition for those employers that have made concerted efforts to diversify their workplace, and particularly those who try to include the most disadvantaged

Each of these employment characteristics can be viewed as the high-level principles that employers signing up as charter members should commit to. Further consideration is needed for how each of these commitments should be applied and evidenced for employers of different types.

² Our report on ethnic inequalities in the Greater Manchester labour market recommended that pay gap reporting requirements outlined under the 2010 Equality Act should also be extended to ethnicity data. See <http://hummedia.manchester.ac.uk/institutes/mui/igau/briefings/IGAU-Briefing-7-Ethnicity.pdf>

³ See for example the evidence in Vickers et al (2017) *Cities, the social economy and inclusive growth*, JRF.

2. Implementation of the Charter: The ‘tiered’ charter design; its suggested flexibility; and evidence for its achievement by individual organisations

The tiered charter

It is proposed that the draft Charter will offer employers the option to engage either as supporters (working towards achieving the Charter commitments), as members (where they meet the requirements, though with some potential flexibility) or as Charter advocates (recognising where, in addition to being members, employers play an active role in promoting and supporting the development and goals of the Charter).

Supporter status

Question: Do you agree that employers should be able to sign up as Supporters of the Charter? (Q1)

There may be advantages to offering a lighter touch ‘supporter’ affiliation, where it marks the start of a conversation or ‘journey’ where the business can engage with other businesses through networks, or with business support organisations, to understand, trial, and implement good employment practices. (See Section 5 below for our thoughts on how to increase take-up and achievement of the Charter).

However, [our review](#) of local charter initiatives also highlighted issues with offering a light touch membership option to employers. In particular, there may be little incentive for employers to progress through the different levels of accreditation. How might GMCA ensure supporter employer membership is available to those employers that are keen to make changes, and engage fully with the process? What might enable employers to continue their commitments and progress? One option would be to introduce a time-limited supporter option for employers, with an action plan for the coming 1-2 years outlining what they will do to meet the commitments in the charter, and/or a ‘supporter’ might be asked to re-pledge at the end of each year, setting out what steps they have taken and what progress they have made. Supporter employers might also be asked to identify external pressures and constraints preventing them from signing on in full and what might be done to address these, particularly where they are part of the GMCA/LA supply chain. This information will be useful in the ongoing development and refinement of the Charter and any supporting activities.

Flexibility for charter members

The consultation document poses a number of challenging questions relating to flexibility in the commitments applied to charter members (e.g. 5, 6 and 8):

Question: Are there any of the six areas where you think an employer might not be able to meet the aspiration due to circumstances out of their control? (Q5)

Question: If there are circumstances where an employer might not be able to meet excellent practice due to circumstances out of their control, should they still be able to achieve Charter Membership? (Q6)

There are a number of issues here. First, some flexibility is important given the Charter is hoping to engage a wide range of businesses, rather than targeting particular kinds of employers (e.g. by size, sector, maturity and/or supply chain integration). This means that the commitments may be a real stretch for some employers, while others will already be meeting them. GMCA needs to be careful in offering flexibility not to undermine the Charter as a marker of good employment practices.

Balancing flexibility with rigour and maintaining the standard of the Charter, will take judgement. In some instances it may be possible to point to external constraints that clearly prevent employers from meeting some of the aspirations of the Charter. For example, in some sectors, such as social care, constraints may be imposed on employers by the policies and practices of the GMCA and its constituent local authorities. However, these

constraints will largely depend on the individual circumstances of an employer. Where there are external constraints, there may still be things that employers can do to raise employment standards. In these cases, employers should be able to set out what they can do.

There could be a role for the proposed external monitoring board to periodically review the flexibilities that are on offer to employers and whether they uphold the principles of the charter. A decision may be needed on whether some of the commitments are more important than others, distinguishing between those commitments that *must* be fulfilled in order for an employer to be a member of the Good Employment Charter, compared to other commitments, where greater flexibility might be allowed.

Question: Where accreditations are not available, or they are difficult for employers to sign up for, how can we assess excellent practice in a way which is simple but robust? (Q8)

There is no straightforward way to assess members, or those on the road to becoming members. Offering flexibility for employers has resource implications. One option might be for employers to fill in a voluntary statement of activity for each of the employment characteristics. This would be need to be reviewed by an independent person, whether at the GMCA, or an intermediary, or perhaps through peer accreditation, provided critical distance can be established.

3. Whether to align the charter with the GM Social Value framework for public sector procurement

Question: Do you agree with linking the Employment Charter process with public sector procurement through the Social Value Framework? (Q11)

Overall, we think that linking Charter membership to public procurement by enabling employers to use the Charter to 'tick off' the 'employment' dimension of the Social Value framework appears to be a good idea. But further consideration is needed to enable this linkage to have an impact beyond the public sector supply chain and to ensure that it does not inadvertently undermine efforts to 'go the extra mile'. Additionally, since the GM Social Value framework appears to be under review, we can only base our comments on the current GM approach. Any proposed changes to the Social Value framework will need to reflect the scale and scope of the Charter activities, as well as enabling additional activities.

Widening the impact of this incentive

Aligning the Charter with the Social Value framework should encourage those firms that wish to provide services to the public sector to sign up to the Charter. But this will apply only to a relatively small number of firms. To remedy this situation, the approach could also be implemented within the supply chains of 'anchor' organisations (such as hospitals or schools) or certain large businesses operating in the region. In our report in April 2018 [Ways to promote a responsible business agenda in UK cities: Greater Manchester](#), we gave the example of Trafford Housing who have five themes within their Social Value procurement process, including promoting local employment and thriving local businesses, raising the living standards of residents through fair pay, all of which are similar to the GMCA themes.

Whether applied to the public sector supply chain, or more widely, the smallest suppliers may struggle to meet the requirements. Where justified they should be encouraged to become 'Supporters', and set out how they might progress to full Charter membership (as discussed above).

Finally, the threshold for Social Value procurement may need to be reconsidered since currently not all procurement falls within the scope of this proposal, and the focus should also extend to goods, not just services.

Danger of reducing the impact of Social Value

Despite the potential noted above, there are possible downsides. Because the GM Social Value priorities relating to good work are not fully covered in the Charter, it may be that linking the two might inadvertently undermine some of the other employment-related 'additional' initiatives supported by the Framework, which also promote good work and inclusive growth within GM. This applies particularly to initiatives which support people who live in particular places and those with particular backgrounds who may find it harder to access the labour market and progress (such as ex-offenders or the long-term unemployed).

The fundamental aim of Social Value in relation to procurement is to secure and identify the wider benefits from delivering a contract above and beyond those which are specified – whether that is through the nature of the provider's business model or practices; or through additional activities. At present, the GMCA Social Value Policy has six themes, three of which are relevant to good work. These are:

1. Promote employment and economic sustainability (employing locally, supporting people in accessing work)
2. Raise the living standards of local residents (supporting good work)
3. Promoting equity and fairness (reducing poverty, health and education inequalities)

The Employment Charter is relevant to (2) but does not engage fully with (1) and (3). It is therefore important in any reconsideration of the GM SV framework to particularly retain a work-related theme along the lines of (1) and (3) to encourage firms to go further and support wider inclusive growth within GM.

Finally, if this approach to incentivising Social Value is to work amongst GM business, it will need to apply below the current threshold for SV (whilst taking into account the points made above about how this could be difficult for the smallest companies within a supply chain - some of whom may only have a few employees - or for certain sectors such as social care); as well as applying to goods and not just services.

4. How to judge the 'success' of the charter

Question: What would be the best ways of measuring the benefits for employers and employees of joining the Charter? (Q12)

In order to judge the success of the Charter in terms of the benefits for employers and employees, it would be necessary to have an idea of the added value that the Charter has achieved. For example, from an employee's perspective, the benefits of the Charter will flow from their employer adopting better employment practices. This does not apply if their employer is already meeting the aspirations set out in the Charter. Assessing 'added value' requires us to establish a baseline of employment practices and then to record what the employer has managed to achieve once they have become a member, or advocate. While this may be difficult, one option might be to survey a random sample of employers each year and ask them to describe what they are doing differently as a result of the Charter. In-depth case studies of employers and employees outlining what has changed might also be instructive. These should illustrate how employers have managed to change what they do, rather than simply celebrating their achievements. Case studies may therefore need to be anonymised to ensure a candid account will be given.

More generally, there are a number of measures to consider in assessing what the Charter has achieved. For example there should be periodic reporting of the number of employers signed up to the Charter, disaggregated by sector and size. This will enable an assessment not just of how many employers have engaged with the Charter, but also whether they are clustered in particular sectors, or whether particular types of employer are under-represented. This monitoring should be supplemented by analysis of the number of employers that have become supporters, members or advocates. If few are progressing over time, a review of the design of the Charter may be needed.

Broad measures of 'good work' are already being reported on as part of the GM Strategy dashboard. While changes in these broad measures are unlikely to be attributable to a relatively small-scale employer charter, it would be helpful to link these two conversations. To what extent are labour market trends moving in the right direction? What role might the Charter have played? What actions, beyond the Charter, are needed to help achieve positive change?

5. Promoting take-up

For our responses to the questions in this section, we have drawn on an IGAU report from April 2018 on how the business support infrastructure can engage with employers to realise good work, particularly for SMEs. The report by Anthony Rafferty and Robyn Jelley, [*Ways to promote a responsible business agenda in UK cities: Greater Manchester*](#) investigates ways to support, promote and, in some cases, require businesses to better enable 'good' work and wider corporate responsibility. There was a particular focus on the roles of GM intermediaries, business support bodies, and business networks. Whilst this paper was written before the draft Employment Charter had been developed, and was exploratory rather than comprehensive, the points made are still relevant to this discussion.

Question: What other support are you aware of that is provided by other organisations that should be promoted through the Charter? (Q3)

The existing support provision within GM (as well as more specific sector and national sources of information and advice) does indeed include a wide range of suitable offers. Our report on responsible business found for example, that support can be general; linked to accreditation (Living Wage Foundation; Timewise councils); or what we called 'practice advocacy' – designed to raise awareness and provide business case evidence, such as through the approach adopted by the Timewise Foundation on flexible working.

Relevant support can be delivered by national government (e.g. Business Support Helpline); Local Enterprise Partnerships (LEPs); local government (as well as GM Growth hubs); membership organisations (including unions e.g. the Ethical Care Charter from UNISON; Federation of Small Businesses (FSB); GM Chambers of Commerce (GMCC); publicly funded providers (e.g. ACAS on resolving workplace problems); Equality and Human Rights Commission (free employer toolkits and briefings on employment issues such as equality and diversity, equal pay, human rights and discrimination); business networks (formal or informal) of which there are many within GM at local level and across the region; charities, social enterprises and other non-profits (e.g. The Work Company; Business in the Community; CIPD; Timewise Foundation; GMCVO's Talent Match); universities and colleges, and other private sector business support services.

However, our research found that unsurprisingly this support is very fragmented and often divided into specific themes rather than being comprehensive suites of advice and support. It will therefore be important for GMCA to do a full audit of what is available, particularly since local sources of advice, whether business networks or specific providers (public or private) are likely to be more easily accessible, and relevant for local and smaller businesses, and possibly better able to help match advice to company need.

We also think that this fragmentation of supply requires a lead body to be tasked with joining the provision up, and enabling businesses to create bespoke solutions. Our report recommended that GM Growth Hub takes on this role, and be adequately resourced to do so.

We also found a range of barriers for GM small business in accessing available support which will therefore restrict take-up (and by implication the ability to realise the Charter's aims). Firstly, businesses have to seek this information out proactively (something that the Employment Charter proposals are seeking to address). However, they may not have the time or expertise to assess what is most useful and relevant for their needs. Small firms also have time and resource constraints – sometimes lacking a specific HR function, or have little spare money.

Ease of access to available support is also an issue, since many support services are centralised within Manchester city centre.

Smaller firms appear also to have relatively fewer skills or time for PR and communication, which is useful to translate their employment or wider ethical activity into the benefits of consumer value, or to attract and retain employees.

We also concluded that it is also important to go beyond just providing information through a single portal, or indeed directly about good work. The draft Charter currently states that businesses and organisations will be given access to a “signposting service ... to identify and access the support they need” and to help them “navigate the wide range of support which is already available in Greater Manchester and choose what is suited to their needs”.

This ‘sign-posting’ (and the related linkages between different providers, as well as the peer networks created by businesses themselves) will be critical to enabling businesses to progress from being Supporters to full Members, and to encourage a general increase in the standard of good work across the GM city-region. However, if it is purely a platform based primarily on national and/or large providers, it will only have partial benefit. It must recognise more local support. The role of any coordinator would therefore be to convene locally, to link support providers and membership organisations to businesses. They could also help identify the most appropriate accreditation schemes, and coordinate communications to target businesses.

Access to appropriate support is also unlikely to just be through one single sign-posting portal, or even through a co-ordinating body, but rather through a range of points which businesses come into contact with naturally, whether when accessing other business support, or through local or sectoral business networks, or within managed workspaces or accelerators. It is at these points of contact within different localities, sectors or stage or life of businesses, that promotion of both the Charter, awareness raising as well as available support and networks could be promoted. Again, this means that there will be a need to put a reasonable amount of resource into effective ‘marketing’ drawing on the knowledge of core business intermediaries and local level knowledge.

It is also important to consider thinking about the specific business life cycle point, and as for many other effective interventions, engage at those points where people and businesses are making significant changes or plans – perhaps through a specific toolkit for pre-start ups/start-ups to build in good practice from the start; or at significant growth points; or when a self-employed person has decided to start taking on employees.

Any business support, as well as the Charter itself, will also need to recognise that the nature of the business model may enable or disable the creation of good work. Currently most businesses tend to take up a standard owner-manager form. There is increasing evidence that other business models may impact on both the nature and extent of good work, as well as on (in certain cases) increased productivity and innovation, for example, through employee-ownership, co-operatives or social enterprise. Any strategy to promote good work would benefit from the recognition of a wider range of business models within business support, particularly at start-up or within succession planning.

Another aspect of encouraging take-up of both good work and the Charter, would be to incorporate awareness raising as well as information into other unrelated business support offers. This latter approach is currently being developed by the GM Growth Hub through use of a diagnostic tool and raising awareness of good work, when working with businesses on seemingly unrelated areas. They ask simple questions and record some metrics to develop a picture of attitudes and actions in relation to inclusive growth. Questions include ones about use of zero hours contracts, payment of the Real Living Wage, use of GM suppliers and activity around voluntary actions of Social Value.

Question: How could Supporters work together to share excellent practice? (Q2)

Question: What examples are there of employers working together to improve employment practice which could be drawn on in the Charter process? (Q10)

A key point to bear in mind when answering both these questions, is that rather than just creating new networks (although it would make sense to encourage these perhaps around specific local areas, or sectors) it is important to build on the wide range of existing networks, encouraging peer learning and implementation, through, for example, existing formal networks such as the South Manchester Business Association; GMCC; Business Network Manchester; Gay Business Association; or through more informal groups in local areas.

In addition, it is worth considering other spaces where groups of employers work together, and good habits could be formed in the development of a business, such as incubators like Innospace, Dotforge or MiVentures.

Our proposed convenor of the support and take-up of the Charter initiative could also learn the lessons of 'practice advocacy' to both support existing businesses, as well as help create new networks of employers. As noted above, for the smallest businesses it is often necessary to have a compelling business case. 'Practice advocacy' takes up such arguments to demonstrate their worth in the workplace. This may involve the use of practical examples and best practice to demonstrate the value of adopting certain objectives and practices, within sectors, or within local areas. Engagement can be encouraged by facilitated workshops, networking events or company-to-company contact networks.

Organisations with experience of this way of working include Business in the Community (BitC), the Real Living Wage Foundation, and Timewise Foundation. Alliances resulting from this kind of networking may also help particularly smaller companies to engage as Supporters or full Charter signatories by saving time and money, as well as sharing experience and providing mutual support, through a collaborative and sharing approach to training; HR functions; and joint childcare arrangements.

Appendix: Charter consultation questions⁴

1. Do you agree that employers should be able to sign up as Supporters of the Charter?
2. How could Supporters work together to share excellent practice?
3. What other support are you aware of that is provided by other organisations that should be promoted through the Charter?
4. Do you agree or disagree with the proposal for Charter Members?
5. Are there any of the six areas where you think an employer might not be able to meet the aspiration due to circumstances out of their control?
6. If there are circumstances where an employer might not be able to meet excellent practice due to circumstances out of their control, should they still be able to achieve Charter Membership?
7. Can you tell us any other accreditations or standards you are aware of that could be used to measure excellent employment practice?
8. Where accreditations are not available, or they are difficult for employers to sign up for, how can we assess excellent practice in a way which is simple but robust?
9. Do you agree or disagree with the proposal for Charter Advocates?
10. What examples are there of employers working together to improve employment practice which could be drawn on in the Charter process?
11. Do you agree with linking the Employment Charter process with public sector procurement through the Social Value Framework?
12. What would be the best ways of measuring the benefits for employers and employees of joining the Charter?

⁴ Outlined in the 'Greater Manchester Good Employment Charter – Full Consultation Document'. Available at: <https://www.gmconsult.org/strategy-team/gmemploymentcharter/>