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**Report to:** Business Innovation and Growth Panel

**Date:** 16 September 2020

**Subject:** **Good Work Standard**

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## 1. Purpose

- 1.1 To seek initial Panel views on the development of a regional Good Work Standard and, subject to agreement in principle, to endorse further work to develop options for a fit for purpose approach.

## 2. Information

### *Policy context*

- 2.1 The impact of COVID-19 has demonstrated the range of inequalities and injustices that permeate our region, as well as nationally and globally.
- 2.2 The draft West Yorkshire Economic Recovery Plan seeks to deliver inclusive growth and a decent standard of living, where good work and wellbeing allow as many as possible to contribute to, and benefit from the region's economy.
- 2.3 A key goal of the Plan is to ensure that good work is made available to everyone, which means that sustainable, high-quality employment is provided by employers that:
  - value diversity - at all levels,
  - promote employee health and wellbeing, and
  - invest in their workforce including in terms of good pay and development.
- 2.4 The Plan also recognises that good work is a driver for levelling up through increased productivity. This builds on work previously discussed by the BIG Panel regarding development of the Local Industrial Strategy. One of the emerging options for how to take this work forward was to consider utilising an approach based on business behaviours that would improve productivity<sup>1</sup>. Any

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<sup>1</sup> As a starting point we have considered the behaviours outlined in the [BEIS business productivity review call for evidence \(2018\)](#)

approach to a Good Work Standard could work alongside the behaviours agreed as important to boosting productivity.

- 2.5 A Good Work Standard for West Yorkshire is proposed in the Plan as a key intervention which, subject to funding, would focus on securing commitments of - and giving recognition to - a range of employers that drive positive employment and productivity.

### *Regional Socio-Economic Challenges*

- 2.6 Currently, not everyone in the region enjoys good work, for example:
- In-work poverty is a huge challenge – for example, 271,000 WY employees (29% of the total) are not currently in good quality work (ONS definition based on the Taylor Review), eg they are paid below the living wage
  - Poor mental health - 15.1% of people suffer from depression and anxiety in West Yorkshire compared to 13.7% nationally
  - Many of our communities and individuals are excluded from good work because of:
    - Inequalities and barriers in the labour market for specific individuals, groups and communities, eg BAME communities, disabled people, and mothers who want to work (especially lone parents), all suffer from higher than average levels of unemployment, also in terms of pay gaps, and opportunities for employment and progression (ie underemployment)
    - the spatial distribution and accessibility of good employment differs across the region.
  - LCR has a low productivity challenge – there is evidence that low pay and lack of workforce diversity is a drag on innovation and productivity. There is also evidence of low performance against identified behaviours of high productivity e.g. innovation, higher level skills, exporting.

### *Good Work Standard*

- 2.7 Subject to the views of the Panel on the principle of establishing a Good Work Standard for the region as a potential means on addressing the above challenges, possible aspects of a Standard could include the following:
- Setting out best employment practices to help employers address the above challenges
  - Be applicable to all types of employers i.e., businesses and enterprises of all sizes, plus public and third sector organisations.
  - Be designed in a way that is complementary/additional to local activities and learn from similar standards implemented elsewhere, eg the Mayor of London's Good Work Standard.
  - Require employers to evidence their commitment, eg to the following aspects of good work:

<ul style="list-style-type: none"> <li>○ Fair Pay</li> <li>○ Fair Contracts</li> <li>○ Financial wellbeing</li> <li>○ Workforce dialogue and voice</li> <li>○ Health, Wellbeing &amp; Welfare</li> <li>○ Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>○ Management &amp; Leadership</li> <li>○ Skills &amp; development/progression</li> <li>○ In-work progression</li> <li>○ Equality, diversity &amp; inclusion</li> <li>○ Fair and inclusive recruitment practices</li> </ul>
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- Employers' progress to be assessed against an achievement scale, eg the London model includes a range of:
  - 'Foundation' - The basics for every employer, starting with the minimum legal requirements
  - 'Achievement' - Employment practices every good employer should aim to achieve in a fair and decent workplace; and
  - 'Excellence' - More exemplary practices that can help create a highly collaborative, inclusive, and innovative workplace
- Signing up to the standard would be made easy for employers (online with opportunity for some 1:1 support) and free at the point of access including guidance and resources to help employers become exemplars.
- Public recognition of a community of good employers holding the Standard, including those achieving the highest level, would also be an encouragement for others to engage with the Standard.
- Commitment to the Standard could become a key condition of receiving LEP grant support, potentially replacing the current approach of commitments from a 'menu' of specific Inclusive growth related and other activities. This would need to be considered alongside work discussed previously at BIG panel in February 2020 around how to encourage clean growth activity through LEP grant support conditions/incentives.

#### *Possible outcomes*

- 2.8 If designed and implemented effectively, and subject to take up of the Standard, the following types of outcomes and impacts could be in view:
- An increase in the proportion of workforce paid the living wage (eg as an illustrative example if a quarter of the 302,000 workers in LCR who currently earn below the living wage benefited from this uplift, it would derive an estimated local economic benefit of £54m p.a., and benefit the public finances by c.£33m p.a.);
  - Reduced employment and pay gaps for disadvantaged groups;
  - Increased workforce diversity and social mobility;
  - Increased workforce skills development and skills utilisation leading to reduced skills shortages/gaps;
  - Reductions in staff turnover and absenteeism; and
  - Increased innovation and productivity

## *Next steps*

- 2.9 Subject to the initial views of this Panel, and those of the Inclusive Growth and Public Policy Panel, further work could be undertaken by officers to:
- Identify options for a WY Good Work Standard model – either an existing ‘off the shelf’ or a bespoke approach;
  - Scope out the potential costs and funding sources;
  - Identify potential risks and mitigations, including alignment with any existing or proposed local approaches; and
  - Propose a critical path for delivery and key milestones

### **3. Clean Growth Implications**

- 3.1 There are no clean growth implications directly arising as a result of this report.

### **4. Inclusive Growth Implications**

- 4.1 The report identifies the opportunity to develop a Good Work Standard, which will have a clear focus on delivering more inclusive growth across the City Region.

### **5. Financial Implications**

- 5.1 There are no immediate financial implications arising as a direct result of this report.

### **6. Legal Implications**

- 6.1 There are no legal implications arising as a direct result of this report.

### **7. Staffing Implications**

- 7.1 There are no staffing implications arising as a direct result of this report.

### **8. External Consultees**

- 8.1 No specific or official external consultations have been undertaken in relation to this report.

### **9. Recommendations**

- 9.1 Initial Panel views are sought on the principle of developing a Good Work Standard for the region.

- 9.2 Subject to the views of the Panel (and those of the Inclusive Growth and Public Policy Panel), officers will progress next steps including those outlined

in section 2.9, and provide an update and options for further consideration at the next meeting.

**10. Background Documents**

There are no background documents referenced in this report.

**11. Appendices**

None