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**Report to:** Inclusive Growth and Public Policy Panel

**Date:** 4 December 2020

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

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## 1. Purpose

- 1.1 To seek views on possible options for encouraging the creation of good work and the adoption of better employment behaviours and practices across all sectors of the regional economy.

## 2. Information

- 2.1 Too few people in the region's economy are currently in good work, in terms of enjoying high quality, secure, well paid employment:
- In-work poverty is a significant problem – 271,000 WY employees (29% of the total) are not in good quality work (ONS definition based on the Taylor Review), so for example they are paid below the real living wage.
  - Poor mental health (15.1% of people in West Yorkshire suffer from depression and anxiety, compared to 13.7% nationally) is not just a wellbeing problem, it increases the risk of permanent exclusion from the labour market. This contributes to West Yorkshire lagging England's employment rate (74% vs 77%).
  - Various inequalities mean that many of our communities face barriers to securing good work, eg BAME, 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 and lack of social mobility); and
  - The region has a productivity challenge – there is correlation between low pay and lack of workforce diversity and lower innovation and productivity.
- 2.2 The Good Work Standard approach (also sometimes known as a Good Employment Charter, or Pledge), secures commitments from – and gives

recognition to – employers in terms of driving positive employment behaviours and practices.

- 2.3 The model, if effectively designed, resourced, and implemented has the potential to address the in-work poverty, wellbeing, inequality, and productivity issues set out above. As such, it is a key commitment of the West Yorkshire Economic Recovery Plan which seeks to deliver an inclusive economic recovery.
- 2.4 The September meeting of the Panel identified various merits of developing a standard (or charter) for this region and agreed that options should be prepared for considering the most appropriate model, for example designing an entirely bespoke approach, implementing an existing established approach, or working up an approach which builds on an established model. For each option, the Panel suggested the following common principles should apply:
- Relevance to all sectors and irrespective of business/organisation size;
  - Aligns with any local and national approaches and so does not duplicate effort and confuse employers; and
  - Covers a range of employment-related themes, such as fair pay, workforce voice, health and welfare, leadership, and equality, inclusion & diversity.
- 2.5 At LEP Board on 17 November, strong support was expressed by Board members for the development of a Good Work Standard for the region.
- 2.6 Also in September, the NP11 and the Convention for the North committed to adopting good employment charters across the North, setting a common definition of good work for the whole of the North, and encouraging more employers to commit to high standards.
- 2.7 Factoring in the above views about the most appropriate model for the region, following potential options for consideration are set out below:
- Option 1 – implementing an existing model;
  - Option 2 – building on an existing approach; and
  - Option 3 – a bespoke model.

### **Option 1 – implementing an existing model**

- 2.8 There are various examples of good work standards, charters and pledges, both in existence and in development locally, nationally and internationally. The Greater Manchester Good Employment Charter is particularly relevant to our region, in part because it has been developed with regional and pan Northern expert and stakeholder involvement, eg ACAS, Chambers, Universities, and the CIPD.

- 2.9 Membership of the GM Charter requires employers (irrespective of their size or sector) to demonstrate minimum standards across seven characteristics (full details are included at Appendix 1):
- Secure work;
  - Flexible work;
  - Real living wage;
  - Workplace engagement & voice;
  - Recruitment practices & progression;
  - People management; and
  - Health and Wellbeing.
- 2.10 The GM charter has been launched and operational for several months. It is being delivered on behalf of GMCA by an independent Charter Implementation Unit. This is a dedicated resource which is funded for at least three years and is considered a critical success factor by enabling a consistent, rigorous approach to promoting the charter and assessing the suitability of applicants. The unit also provides the necessary capacity to consider a sectoral focus, eg potentially targeting the health and social care sector to address its historic low levels of productivity and pay. To date, the unit has engaged with 230 employers, of which 115 are signed up as supporters of the Charter, and 20 are full members that collectively account for more than 200,000 employees.
- 2.11 Alignment of the GM charter with other local and national approaches is important to avoid duplication and unhelpful competition. Where other charters or standards exist and which are consistent with the GM charter, there are reciprocal arrangements agreed so that membership of a local charter gives automatic membership of the GM charter, and vice versa. Where local initiatives take the form of business engagement in work and skills support and delivering local economic and social goals, employers joining the GM charter will be linked into this provision. A similar pragmatic and reciprocal approach could be adopted in our region.
- 2.12 Adopting an existing model such as the GM Good Employment Charter offers the opportunity for rapid implementation of a robust approach, subject to ensuring alignment with local approaches, and putting in place fit for purpose and delivery arrangements.

### **Option 2 – building on an existing approach**

- 2.13 There are reasons why any existing model may need to be further developed and built upon to better fit within the current West Yorkshire context:
- Although not identified as a headline GM good work characteristic, the principles of enabling equality, diversity, and inclusion are understood to be woven into each individual characteristic. In Appendix 1, under the Recruitment standard, for example, the requirement is for selection processes to be designed to eliminate unconscious bias. A possible

alternative view is that equality, diversity and inclusion should be treated as a headline characteristic in its own right. There would therefore likely need to be regional discussion and agreement on this point which could re-shape the model to some extent.

- The GM characteristics were developed before the advent of the pandemic and it may therefore be useful to consider changes that respond to the health and economic impacts of COVID-19. GM is undertaking a similar review, which has identified the following potential issues:
  - Employees at greater health risk not being disadvantaged by employers' response;
  - Managers adopting new ways of working to keep teams united while working from home; and
  - Greater focus on mental and physical health of the workforce.

2.14 The GM charter requires members to commit to paying the Real Living Wage (currently £9.50 per hour). Ongoing restrictions and economic conditions are likely to place downward pressure on wages and create a challenge in asking West Yorkshire employers to commit to the Real Living Wage. Consideration could be given to relaxing this requirement, at least initially.

### **Option 3 – a bespoke model**

2.15 The option of developing an entirely bespoke model which does not adopt - or adapt - an existing approach would have benefits, including:

- Maximising local engagement and buy-in from all sectors and stakeholders; and
- Developing criteria or standards that are fully reflective of local views of what better employment looks like, and therefore likely to prove most effective in the long run.

2.16 Option 3 also has potential drawbacks including:

- Compared with adopting (or adapting) an existing model, the increased lead time to launch a bespoke model could be significant. Depending on the various stages of engagement, consultation and evidence gathering required, the development period for a bespoke approach could be between 12 and 18 months, based on the experience of others.
- Subject to Panel views, Options 1 and 2 show that a broadly relevant and robust model that could be adopted (and adapted, as necessary, to fit the current regional context) already exists, and this would also be in line with the Convention for the North and NP11 commitment to progressing a common approach across the North;

## **3. Clean Growth Implications**

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

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

- 4.1 The report identifies the opportunity to develop a Good Work Standard, or similar model, for the region, which will have a clear focus on delivering an inclusive economic recovery.

#### **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 The Panel is requested to:
- Note the regional proposal to develop and deliver a fit for purpose approach to encouraging better employment behaviours and practices across all sectors of the economy to deliver an inclusive economic recovery.
  - Consider the three options set out in Section 2:
    - Option 1 – implementing an existing model;
    - Option 2 – building on an existing approach; and
    - Option 3 – a bespoke model.
  - Provide advice to the LEP Board on any preferred option.

#### **10. Background Documents**

- 10.1 There are no background documents referenced in this report.

#### **11. Appendices**

- 11.1 Appendix 1 – Greater Manchester Good Employment Charter