

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 8 August 2017	<b>Meeting Name:</b> Cabinet Member for Business, Culture and Social Regeneration
<b>Report title:</b>		Southwark Council's response to the call for evidence on the Mayor of London's Good Work Standard	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Head of Chief Executive's Office	

## RECOMMENDATIONS

1. That the Cabinet Member for Business, Culture and Social Regeneration endorses the Mayor of London's proposed Good Work Standard, notes that the council meets the proposed criteria and reaffirms the council's commitment to promoting good employment practice across the borough.
2. That the Cabinet Member for Business, Culture and Social Regeneration submits the formal response to the call for evidence provided at Appendix 1.

## BACKGROUND INFORMATION

3. In June 2017 the Mayor of London released a call for evidence on his vision for a new compact creating a Good Work Standard with London employers. The call for evidence set out the goals of the proposed Good Work Standard covering fair pay, excellent working conditions, diversity and inclusion, good worklife balance, health and well-being, opportunities for professional development and lifelong learning, and employee voice and representation in London's workplaces. It invited responses in the form of written evidence from organisations and individuals with expertise in employment practices, responding to the specific questions set out in the call for evidence plus any other information to be considered.
4. The council has made a concerted effort over many years to adopt good employment practice and promote it among employers in Southwark. The council holds Investors in People Gold status, has adopted the Healthy Workplace Charter and continues to invest in innovations such as the Southwark Women's Network. Measures such as the adoption of the London Living Wage, the Ethical Home Care Charter and the Fairer Futures Procurement strategy have led the way in enforcing good employment practices in the council's supply chain. These measures have been reinforced through the promotion of local standards such as the Southwark Apprenticeship Standard and Diversity Standard across our business, public and third sector networks.
5. The refresh of the council's Economic Wellbeing Strategy 2017-2022 further reinforced this ambition, placing issues such as the gender pay gap at the heart of our approach to economic wellbeing. The strategy aims that:
  - Every Southwark resident in work has the opportunity to develop their careers

in line with their aspirations

- Jobs are sustainable, with work that is fairly paid, reflecting our commitment to the London Living Wage and pay equality
- Southwark is a Living Wage borough where all workers are treated fairly
- There is genuine pay equality in Southwark and for Southwark residents
- Business, trade unions and the council work together to ensure strong employee representation and fair employment rights.

## **KEY ISSUES FOR CONSIDERATION**

6. The Mayor's Good Work Standard proposes that employers in London sign up to a set of goals that promote fairness at work. To meet the standard, employers would need to commit to:

- Gaining accreditation as a London Living Wage employer, with all their workforce paid the voluntary London Living Wage as a minimum (the rate for 2017 is £9.75 per hour)
- Ensuring **everyone** in their workforce has excellent working conditions and is treated fairly, and their terms of employment are not exploitative or unlawful, such as through the inappropriate use of 'zero hours' contracts to exploit people in low-paid roles.

7. These two core commitments are supported by further developmental goals that employers signing up to the Good Work Standard would be encouraged to commit to and take steps to reaching over time:

- Embedding diversity and inclusion into how they hire, train, manage and reward at all levels of the workforce, considering characteristics like gender, ethnicity, disability, age, faith, and sexual orientation.
- Promoting a flexible working culture and other policies that support the workforce in achieving a balance between their work and personal life. This could include supporting parents returning to work and people with other types of caring responsibilities.
- Developing a policy around workforce health and wellbeing, and improving understanding around mental and physical health. This could include adopting the London Healthy Workplace Charter.
- Supporting people to manage costs and finances through access to affordable financial products and advice. This could include partnering with a credit union or offering payroll loans, such as those for childcare, rental deposits, and travel season tickets.
- Creating employment opportunities for young Londoners from lower socio-economic backgrounds, such as through high quality apprenticeship and technical entry routes. This could include building on the London Ambitions scheme to offer career advice and experience of the world of work for young Londoners below the age of 16.
- Supporting lifelong learning for those who wish to retrain and upskill, such as by providing paid leave for training or skills-based volunteering, helping with tuition costs through loans or subsidies and building learning into appraisals.
- Supporting practices and a culture that enables employees to have a voice, and engage and participate in the organisation's future. For example, through recognition of and constructive engagement with trade unions, or workforce representation on boards.

8. The council endorses these goals for the Good Work Standard. As an employer,

the council meets each of them. The council is also well placed to integrate the promotion of the Good Work Standard with existing initiatives to drive improvements in the quality of employment locally via the Southwark Business Forum, BIDs and small business networks, as well as across public sector and VCS partners. Activity to promote good employment practice currently includes:

- Promotion of the London Living Wage
- Promotion of the Southwark Apprenticeship Standard
- The SEEDS project delivering London Living Wage apprenticeships and jobs for young people with local SMEs
- The Southwark Smart Savers programme and links to Credit Union services
- The development of a local skills strategy for Southwark
- Initiatives to address the gender pay gap and increase in-work progression
- Promotion of the London Ambitions scheme
- Promotion of the Healthy Workplace Charter
- Implementation of the Fairer Futures Procurement strategy and Ethical Home Care Charter
- Promotion of the Southwark Diversity Standard, which shares elements with the Good Work Standard in promoting equality of opportunity, respect for diversity and preventing unlawful discrimination

9. The learning gained from the council's efforts to promote good employment practice locally has provided a substantial body of evidence to inform the formal response to the Mayor's call for evidence at appendix 1.

### **Consultation**

10. The principle of promoting good employment practice across the borough was adopted in the refresh of the council's Economic Wellbeing Strategy in 2016, following consultation with key business, public sector and VCS partners.
11. The council's Living Wage Symposium, held in 2016 in conjunction with Southwark Citizens and the Living Wage Foundation, brought together participants including employers, trade unions, economists, housing experts and policy makers to discuss how to take effective local action to improve pay and conditions. The findings, set out in the report 'Local Action Towards a Living Wage', have contributed extensively to the council's response to the call for evidence on the Good Work Standard.

### **Policy implications**

12. The proposed Good Work Standard supports and reinforces existing council policy, particularly in those areas listed in paragraph 7 to this report.
13. Officers will work to ensure that any future adoption and promotion of the standard continues to align with council priorities and emerging policy in areas such as social regeneration.

### **Community impact statement**

14. Not applicable

## Financial Implications

15. There are no financial implications arising from this report.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

16. Not applicable

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Economic Wellbeing Strategy 2017-2022	Local Economy Team	Nick Wolff 020 7525 5676

## APPENDICES

No.	Title
Appendix 1	Mayor of London's Good Work Standard call for evidence response

## AUDIT TRAIL

<b>Lead Officer</b>	Stephen Gaskell, Head of Chief Executive's Office	
<b>Report Author</b>	Nick Wolff, Principal Strategy Officer	
<b>Version</b>	Final	
<b>Dated</b>	8 August 2017	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	No	No
Strategic Director of Finance and Corporate Services	No	No
<b>Cabinet Member</b>	Yes	No
<b>Date final report sent to Constitutional Team</b>	8 August 2017	

## APPENDIX 1

### Mayor of London's Good Work Standard call for evidence Response from Southwark Council

#### 1. Are there any other goals we should consider, which are related to work and employment specifically?

Southwark Council supports the goals set out in the call for evidence. They align with our aspirations to promote good work standards, as an employer and across the borough through our [economic wellbeing strategy](#).

The standard covers a wide range of goals and it may be beneficial to highlight and prioritise areas for improvement that currently receive less attention such as the gender pay gap and mental health in the workplace. Individual employers may also need to be supported to prioritise with employees which areas they should focus on improving.

There is some overlap here with the contents of the Investors in People Standard and also the Cabinet Office Principles of Good Employment Practice. We would suggest that the Mayor have regard to the contents of both in developing the detailed standard, for example recognising the importance and supporting basic skills such as literacy, numeracy and spoken English. Employers should also be supporting digital literacy to ensure people are not 'left behind' as access to services shifts online.

'Excellent working conditions' is not currently defined. Could the standards ensure that where there is a dispute, employees are aware of and have access to clear processes for dispute resolution. This is standard in large organisations but less so with smaller employers.

#### 2. What can we do to ensure that the Good Work Standard helps to extend social mobility, and supports people working in occupations where low pay, poor progression and other poor workplace practices are more commonly found?

In 2016, as part of our local action in support of the London Living Wage, Southwark Council hosted a Living Wage Symposium at the House of Commons. The report of the symposium, [Local Action Towards a Living Wage](#), highlights a number of learning points related to implementing higher employment standards in lower paid, less secure occupations:

- Businesses are overwhelmingly in support of the principle of improving pay and conditions. The challenges lie in practical implications, particularly the key cost barriers in labour intensive sectors. Businesses need to be engaged directly and offered support to navigate and overcome the perceived practical barriers to better pay and conditions.
- Changes at policy level that drive improvements to pay and conditions across the board also encourage employers to meet higher, voluntary standards. For example the introduction of the National Living Wage closed the gap to the London Living Wage and encouraged employers to look at moving towards it. The Mayor should consider if any wider measures could be implemented at a London level to close the gap between mandatory and voluntary standards.
- Businesses competing in sectors with poorer pay and conditions, in particular those where self-employed or agency work is the norm, perceive a price

disadvantage to raising employment standards. This can be mitigated through consumer or business-to-business purchasing behaviour changing the marketplace. For example, the spread of the Living Wage through supply chains of accredited companies has brought in sectors such as facilities management. The Mayor should therefore explore how individual and institutional buying choices can be embedded into the roll-out and adoption of the standard.

- The integration of skills development with improved pay and conditions can further embed productivity into the case for better work standards. The Mayor should therefore explore how skills funding and support to offer in-work training may be aligned with the standard in a 'productivity package' for employers.
- Small businesses perceive that they already face high costs and risks from taxes and regulations that apply equally to small and large employers. This reduces their appetite for adopting further voluntary measures. The Mayor should therefore consider what further incentives and support can be offered to smaller employers to adopt the Good Work Standard.
- Recent years have seen the growth of in-work poverty and deterioration of employment conditions. Housing and transport costs in London are limiting the benefit of the London Living Wage on employees and their families. The Mayor should consider what other support could be offered to employees where employers adopt the Good Work Standard to incentivise take-up and demonstrate greater impact on employees' welfare.
- In sectors where union representation is low and employment relations more fluid, there is often a greater need for improvements in employment standards but limited dialogue. The Mayor should consider what support could be made available for such employers to engage with employees on which changes would be of most benefit and deliver most impact for them.

The call for evidence promotes apprenticeships and technical entry routes for "young Londoners from lower socio economic backgrounds". This statement could be reviewed to avoid reinforcing class-based assumptions about apprenticeships and technical education being for some social groups and academic routes for others.

**3. What standards should employers meet to ensure fair treatment and excellent working conditions for their workforce?**

**4. Are there ways in which some firms' business models create unfair outcomes for clients and customers, such as tariffs or payment plans that are unfair to those on lower incomes, that could be addressed in the Good Work Standard?**

Our response to question 2 highlights how poor practice embedded across business models in certain sectors can be challenged through buyer practices. The Mayor could look further at a local example in Southwark where we were the first local authority to sign up to Unison's Ethical Home Care Charter in 2013. We have since implemented its core commitments in the recommissioning of home care services, seeing improvements in services and a change in the local market through:

- not using zero contract hours in place of defined contracts
- payment for travel time between clients
- occupational sickness schemes

**5. What other evidence is there that could be used to communicate the business case behind the Good Work Standard's goals to employers?**

Timewise, who partner with the GLA have done a lot of work building the business case for flexible working <http://timewise.co.uk/clients/our-clients/>

**6. What learning or best practice is there that would be relevant to evaluate the Good Work Standard's success?**

**7. What are the challenges for employers in London in implementing the policies and goals of the Good Work Standard?**

We have learnt from the implementation of the Southwark Apprenticeship Standard<sup>1</sup> in recent years. Employers that are unable to implement the full criteria at once are encouraged to sign up as 'supporters' of the standard and work towards full status over time. This has enabled supportive relationships with a range of employers moving at their own speed. It is encouraging to see the Mayor's proposals for including developmental goals in the Good Work Standard and it is important that support be offered to participating businesses to move towards these goals.

A resource intensive accreditation process or costly joining/assessment fees would be a barrier to many employers. The London Healthy Workplace Charter or Mindful Employer charter models would be preferred.

Please also see our response to question 2 above.

**8. What are the most effective measures employers of all types and sizes can take to support the Good Work Standard's goals?**

In addition to personal adoption, employers could require adoption as part of procurement arrangements.

**9. What can the Mayor do to make employers more likely to sign up to the Good Work Standard's goals?**

Our experience with the Southwark Apprenticeship Standard is that employers will sign up when the business benefits are clear. These may take the form of:

- Strategic relationships – businesses that are involved in the councils supply chain or seeking to maintain strong relationships with the council.
- Access to support – we offer employers support to create and employ apprentices which is not conditional on signing up to the Southwark Apprenticeship Standard but businesses accessing support are encouraged to engage with the standard.
- Demonstration of benefits – our [SEEDS](#) project offers a wage subsidy plus support for small employers who take on a local young person facing barriers to work in a job or apprenticeship at London Living Wage. The project practically breaks down the risks and perceived barriers to taking first steps towards a different approach to employment for smaller employers.

The suggestion that achievement across some goals could be measured through partnerships with existing programmes or accreditation schemes is welcomed. Credits could be counted towards full standard achievement. Examples include Investors in

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<sup>1</sup> The Southwark Apprenticeship Standard is a voluntary standard for quality apprenticeships based on secure employment, good quality training, access to mentoring and support with progression, and payment of the London Living Wage. We developed the standard as part of our local commitment to help create 2,000 apprenticeships.



People (liP), Timewise. As with the Southwark Apprenticeship Standard, it would be helpful if employers are able to sign up as 'supporters' of the standard while they work towards full compliance. This would mirror e.g. Stonewall accreditation where employers can indicate support through signing up for diversity champion status

#### **10. How should the Mayor recognise employers who sign up to the Good Work Standard's goals?**

Access to support is an effective way of rewarding engagement. Our experience indicates that smaller businesses in particular, but also many larger employers in labour intensive and lower-waged sectors welcome support to begin the transition to better work standards.

The Mayor should consider levers within his control to reinforce the benefits of the Good Work Standard to employees facing cost of living challenges that may be only marginally improved by their employer adopting the standard, and to employers who wish to increase productivity and retention. This may be include better access to training, support with cost of transport, participation in workplace saving schemes or similar benefits that may be leveraged effectively London-wide.

#### **11. What role can responsible procurement play in supporting the goals of the Good Work Standard?**

Southwark Council operates a corporate Fairer Futures Procurement strategy that highlights the commitments of the council and how procurement can work to support delivery of these, including the London Living Wage and Ethical Care Charter, as well as the integration of other forms of social value that can be gained for Southwark and its residents from our spend with contractors e.g. in the form of apprenticeships or work placements. Substantial outcomes have been achieved through this approach.

Greater governance and visibility in terms of the contracting and grant process that the council undertakes with the VCS sector is also something that the council is reviewing as part of its engagement process that includes a Common Outcomes Framework being developed to link outcomes across the council and Clinical Commissioning Groups. We would therefore encourage the Mayor to consider how the Good Work Standard could be implemented into procurement requirements and policy/procedures.

#### **12. Are there ways in which your organisation would be able to support the Good Work Standard?**

Southwark Council supports and meets the goals of the Mayor's Good Work Standard. Through our economic wellbeing strategy, issues such as closing the gender pay gap sit at the heart of our approach to supporting a more productive and fairer local economy.

We will explore how the standard may be integrated with our initiatives to drive improvements in the quality of employment locally. These include:

- Promotion of the London Living Wage
- Promotion of the Southwark Apprenticeship Standard
- The SEEDS project delivering London Living Wage apprenticeships and jobs for young people with local SMEs
- The [Southwark Smart Savers](#) programme and links to Credit Union services
- The development of a local skills strategy for Southwark including measures to drive in work progression, including a focus on addressing the gender pay gap



- Initiatives under development to address the gender pay gap and increase in-work progression locally
- Promotion of the London Ambitions scheme
- Promotion of the Healthy Workplace Charter
- Implementation of the Ethical Home Care Charter
- Promotion of the [Southwark Diversity Standard](#), which shares elements with the Good Work Standard in promoting equality of opportunity, respect for diversity and preventing unlawful discrimination

We will also be pleased to discuss opportunities for local promotion with the Southwark Business Forum, representing larger corporate employers in the borough, as well as local BIDs and business networks.

Please note that the content of this response is subject to council scrutiny call-in.