

Institute for Public Policy Research



DECENT WORK

HARNESSING THE POWER OF LOCAL GOVERNMENT

**Marcus Johns,
Luke Raikes
and Jack Hunter**

May 2019

ABOUT IPPR NORTH

IPPR North is the dedicated think tank for the north of England, with bases in Manchester and Newcastle.

IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank. We are an independent charitable organisation with our main office in London. IPPR Scotland is based in Edinburgh.

IPPR's purpose is to conduct and promote research into, and the education of the public in, the economic, social and political sciences, science and technology, the voluntary sector and social enterprise, public services, and industry and commerce.

20th Floor
City Tower
Piccadilly Plaza
Manchester
M1 4BT
T: +44 (0)161 694 9680
E: north@ippr.org
www.ippr.org/north

Registered charity no: 800065 (England and Wales),
SC046557 (Scotland)

This paper was first published in May 2019. © IPPR 2019

The contents and opinions expressed in this paper are those of the author only.

The progressive policy think tank

CONTENTS

Summary	3
1. Introduction	6
1.1 Local innovation	7
1.2 Defining decent work	8
2. Decent work innovation: Financial challenges	9
2.1 Background: austerity and local government.....	9
2.2 Local innovations in the North: overcoming financial challenges....	10
2.3 Recommendations for local authorities.....	13
3. Decent work innovation: Legal issues	14
3.1 The legal issues raised by decent work requirements in procurement	14
3.2 EU procurement rules	15
3.3 UK procurement rules and social value	16
3.4 Local innovations in the North: overcoming legal issues.....	19
3.5 Recommendations for local authorities.....	21
4. Opportunities for local influence	22
4.1 The role of soft power	22
4.2 Local innovations in the North: local influence	24
4.3 Recommendations for local authorities	27
5. Embedding decent work practices in wider activities	29
5.1 Local authority ownership and direct control.....	29
5.2 Building decent work in wider strategy making	30
5.3 Partnership working.....	30
5.4 Recommendations for local authorities	30
6. Conclusion and recommendations	32
6.1 Recommendations for northern political leaders and local councillors.....	32
6.2 Recommendations to central government	34
References	35
Appendix	39

ABOUT THE AUTHOR

Marcus Johns is a researcher at IPPR North.

Luke Raikes is a senior research fellow at IPPR North.

Jack Hunter is a research fellow at IPPR North.

ACKNOWLEDGEMENTS

The authors would like to thank all those interviewed as part of this project, across the case studies throughout the report.

Thanks to Peter Urwin at UNISON North West, Mathew Johnson at Alliance Manchester Business School, Aristeia Koukiadaki at the University of Manchester School of Law, and Peter Schofield at Manchester City Council for their input into previous drafts.

Thanks to IPPR North director Sarah Longlands for comments and feedback throughout and to Leah Millward for providing research support.

This project was funded by UNISON's Campaign Fund.



Download

This document is available to download as a free PDF and in other formats at:

<http://www.ippr.org/research/publications/decent-work>

Citation

If you are using this document in your own writing, our preferred citation is:

Johns M, Raikes L and Hunter J (2019) *Decent Work: Harnessing the power of local government*, IPPR North.

<http://www.ippr.org/research/publications/decent-work>

Permission to share

This document is published under a creative commons licence:

Attribution-NonCommercial-NoDerivs 2.0 UK

<http://creativecommons.org/licenses/by-nc-nd/2.0/uk/>

For commercial use, please contact info@ippr.org



SUMMARY

The North is enduring a severe job quality crisis. Record high employment figures conceal major deficiencies in the quality of work people are doing. And while every region of the country has seen an unprecedented squeeze on wages, real weekly pay has fallen by £21 since 2008 in the North – more than the national average. Poor job quality and low pay has a profound effect on people in terms of in-work poverty, personal wellbeing and income inequality.

But many local authorities in the North are innovating to improve job quality in their area. Local authorities are major employers, they commission services from local businesses and charities, and they have considerable ‘soft power’ to influence a broader range of local organisations. Many local authorities in the North have used this power to implement ‘decent work’ policies that improve employment conditions.

This is often a difficult task, as there are legal and financial challenges that must be overcome. But some northern local authorities have found innovative ways through these obstacles – as have others across the country. This report aims to help other local authorities in the North and across the country by showing how this innovation can boost employment conditions in their areas.

OVERCOMING FINANCIAL CHALLENGES

Austerity has hit local authorities in the North particularly hard: total public spending in the North has fallen by £6.3 billion in real terms since 2009/10 and local authorities bore the brunt of this (Raikes et al 2018). This has had a significant effect on local government’s ability to deliver services, and budget decisions are extremely difficult. This means that decent work policies, like paying staff a living wage or requiring this of contractors, can appear impossible.

Local authorities in the North, however, have still managed to find ways to implement decent work policies. The costs are often not as high as they first appear and can be worked through:

- Manchester mitigated costs in various ways, such as by tying the living wage to upskilling, and adopting a case-by-case approach to procurement
- Warrington found it cost less than previously anticipated to introduce a living wage by building it into its annual budgeting process
- Salford aims to become a living wage city and it reduced costs by aligning implementation within the council with overall reforms to council pay and phasing it into procurement over time
- Preston also aims to become a living wage city and as a district council without responsibility for social care, internal introduction of the Living Wage was considerably cheaper.

WORKING THROUGH THE LEGAL ISSUES

In procurement, legal challenges are often cited as a barrier to implementing decent work requirements. EU law is often invoked, and the advice from local authority solicitors tends to be to avoid any potential for ‘legal challenge’.

But local authorities in the North have worked through these legal issues. EU law explicitly permits the use of decent work considerations in procurement, subject

to circumstances. UK law actively encourages such practices – and even compels authorities to consider social value. The threat of legal challenge has never materialised and is unlikely to prove a significant problem:

- Liverpool’s legal advice found employment terms could be included in procurement where it could be linked to best value in the contract, and they justify this on a case-by-case basis
- Salford was able to use the Social Value Act and its Employment Charter to encourage contractors to pay the living wage and include this in the evaluation of contract bids
- Manchester includes employment considerations in its 20 per cent Social Value weighting in the evaluation of tenders and requires bidders to indicate if they pay a living wage in all invitations to tender.

USING SOFT POWER AND INFLUENCE

Local authorities and new metro mayors have considerable ‘soft power’ or influence over their local economies. They are able to use various informal measures to persuade local employers to implement decent work policies.

Local authorities and mayoral combined authorities in the North have used their ‘soft power’ in a number of ways.

- Greater Manchester is co-designing a tiered employment charter with employers, employees, trade unions and others – which won’t duplicate existing accreditations, but rather encompass them. The charter will promote decent work principles to employers, and could help raise productivity in the city region.
- Liverpool City Region is also developing an employment charter and uses decent work criteria in decision-making about which projects to fund with its £500 million Strategic Investment Fund.
- Salford has a longstanding employment charter, which it references in procurement so it can score bids against it, and it is exploring embedding it within its business support offer.
- Preston has worked closely with local anchor institutions to embed decent work principles and promote a living wage and is now working with partners, including SMEs and businesses, to explore how the city can become a living wage city.

EMBEDDING DECENT WORK ACROSS LOCAL GOVERNMENT ACTIVITY

There is even more that local authorities can do to improve working conditions in their local areas. Many local authorities in the North are looking across all of their activity and finding ways to improve the quality of employment.

- Local authorities can use their direct control over business or premises, such as Wirral’s local authority trading company Wirral Evolutions which is accredited by the Living Wage Foundation.
- Local authorities can embed decent work in planning, like Manchester’s use of Local Labour Agreements through the planning process.
- Local authorities can highlight to businesses what each party can expect of each other, such as Wigan’s Deal for Business which highlights what the council’s offer is to business who meet the council’s demands.

RECOMMENDATIONS

Northern political leaders

- › Prioritise decent work outcomes in procurement and collaborate to help each other to overcome any obstacles to achieving this
- › Develop a Northern Employment Charter – built up from their own individual initiatives
- › Set out a vision and plan to become a ‘living wage region’ by 2025 at the latest

Local authorities

- › Explore and implement the practical steps and recommendations outlined in this report to overcome barriers to decent work policies, and to promote and embed them

Councillors

- › Explore and undertake the 10 practical steps in the ‘Councillors guide’ to decent work in commissioning and procurement’ included in this report

Central government

- › Increase funding to local government, as part of a package including fiscal autonomy, a fair system of redistribution that reflects need and deprivation, and long-term financial settlements

1. INTRODUCTION

The UK is enduring a job quality crisis. Although the number of people in employment has grown, wages are still 2 per cent lower than in 2008 and the quality of many new jobs is often poor – the number of jobs on a zero-hours contract has increased dramatically – from 190,000 in 2011 to 901,000 in 2017 and the total number of employees receiving in-work training is lower than it was a decade ago, despite increases in the working-age population (ONS 2018a, ONS 2019). These pressures, combined with significant major cuts to in-work benefits together with reforms such as universal credit, have pushed the number of people living in working households but below the poverty line to almost 5 million (JRF 2018).

This crisis is particularly acute in the north of England: a quarter of workers – 1.6 million people – are paid below the real living wage, rising to one in three for women in the workforce. Weekly pay has also fallen by £21 (3.8 per cent) since 2008 in real terms – more than nationally (3.3 per cent) (Raikes et al 2018).

The responsibility for this crisis lies principally with central government. As IPPR's Commission on Economic Justice set out, the UK's labour market regulations need an urgent reform across three areas: raising the minimum wage; strengthening employment rights; and improving enforcement (CEJ 2018). This has also prompted calls for sectoral collective bargaining from some quarters (Ewing et al 2017).

At the same time, almost a decade of austerity has had a profound impact on local government finances. The National Audit Office found that government funding for local authorities has been reduced in real-terms from 2010/11 to 2017/18 by almost a half, and that austerity has disproportionately affected local authorities in the north of England (NAO 2018). The scale of cuts to date have severely undermined the ability of many local authorities to effect change beyond their basic statutory obligations.

But, despite these financial pressures, there is also scope for local government to support and encourage better employment. Local councils and combined authorities have considerable power to influence employment in three key ways:

- as employers – paying their staff well and offering them opportunities to progress
- as commissioners of outsourced services¹ – using weighting in their procurement criteria to stipulate the minimum terms of employment provided by suppliers and to preference contractors who meet particular criteria
- as influential agencies in their local economy – by working with other local public bodies or through employment charters, for instance.

¹ Commissioning refers to the whole cycle of assessing need, designing services, choosing who delivers them, and delivering those services. Procurement refers more specifically to the process of buying goods, works, and services – and is more technical. Procurement is governed by public procurement policies nationally and by local strategies.

1.1 LOCAL INNOVATION

There are numerous examples of local authorities using their power and influence to improve work locally. Across the country, councils have become living wage employers² or have implemented other policies that encourage decent work. Preston City Council has become well known for a range of decent work initiatives and has also worked with organisations embedded locally – known as anchor institutions – to maximise the influence they have over their local economy (CLES 2018a).

These initiatives have also now become part of a resurgence in what has been called ‘new municipalism’ and ‘community wealth building’ movements (ibid). These movements frame such interventions as part of a wider, more radical response to global capitalism; as an alternative approach to public services that moves beyond ‘new public management’; and as democratisation of the local economy. They have been accompanied by a new recognition in the UK for the important role of state intervention – and the ‘entrepreneurial state’ – in the economy, and as such there is an opportunity for these to align with local industrial strategies which are being drawn up across the country (Mazzucato 2013).

However, this activity is far from mainstream. For example, of the 326 local authorities in England (excluding parish councils) just 49 are living wage accredited (Living Wage Foundation 2018). In the north of England, just eight local authorities, as well as three combined authorities, are accredited living wage employers, although others, such as Newcastle City Council, pay a living wage but are not officially accredited. In addition, employment charters have long been in place in Oldham and Salford, but few other areas have taken these forward.

The reasons for this variation are complex. In particular, there are significant financial and legal barriers, both real and perceived, that stand in the way of implementing decent work policies.

This report assesses the challenges and opportunities many local authorities face to encouraging and supporting decent work practices (see box below), both through their direct spending, and through their soft power within the local economy. It draws on the experiences from different areas in the North West to show how some have been able to overcome challenges and embrace opportunities to improve pay and conditions for people in their respective local areas.

It is informed by discussions and one-to-one interviews with local politicians and officials working in commissioning and procurement across Greater Manchester and Liverpool City Region, as well as wider desk-based research. It draws extensively upon case study examples of strategies that have been developed to overcome real barriers to implementing decent work policies at the local level and sets out recommendations for local authorities, their leaders and officers to consider.

2 In the UK, the living wage is promoted by the Living Wage Foundation, which also oversees how its value is calculated. The real living wage is calculated on an annual basis, based on a Minimum Income Standard identified through public consultation. There are two real living wage rates in the UK – one for London and one for the rest of the country. This is because housing costs are so much higher in the capital – there is little variation outside of London in terms of living costs (Holden and Raikes 2012). For 2019/20, the UK living wage rate is £9 and in London it is £10.55. Confusingly, the government introduced a higher legal minimum wage in 2017 and called this the ‘national living wage’. As it is not based on living costs and doesn’t apply to those under the age of 25, it does not meet the definition of a living wage. This government’s ‘national living wage’ is currently £8.21.

1.2 DEFINING DECENT WORK

For this project we use a working definition of ‘decent work’ drawn from the Trade Union Congress (TUC) definition of ‘great jobs’, which has six principal elements as outlined in table 1.1. There is a debate to be had about the finer points of what constitutes decent work, but this report focuses on practical steps that can be taken by local authorities, and therefore takes this widely recognised definition as a reference point.³

TABLE 1.1

Elements of decent work from the TUC’s *Great Jobs Agenda*

Voice at work	This includes collective bargaining, trade union recognition, collective consultation with respect to pay and conditions, and worker representation on company boards.
Fair and decent pay	This includes paying all workers at least the real living wage, negotiating pay settlements with recognised trade unions, working towards high pension contributions, ensuring pay policies do not widen the ratio between top and bottom pay, and reducing the gender pay gap by carrying out regular pay audits.
Regular hours	This includes avoiding zero-hours contracts by giving staff who want them contracts with guaranteed hours reflecting normal working patterns, agreeing minimum notice periods for allocating and changing shifts, and reporting the use of zero-hours contracts, short-term contracts, and agency work in annual reports accompanied by an explanation of why they are used.
Fair treatment and respect	This includes working with unions to put in place a zero-tolerance approach to all forms of discrimination, harassment and bullying at work.
Healthy workplaces	This includes implementing policies for workplace well-being, having an active joint health and safety committee and trade union health and safety representatives.
Learning and progression	This includes providing learning and progression opportunities for all; making all employees aware of training and development rights, including their right to request time off for training and study; negotiating with trade unions on quality apprenticeships and learning opportunities; recognising the rights of trade union learning reps; and giving employees time off to pursue union-led learning.

Source: Trades Union Congress, *The Great Jobs Agenda* (TUC 2017)

³ For example, the North West TUC has set out its criteria for a city region employment charter: https://d3n8a8pro7vhm.cloudfront.net/unisonnw/pages/500/attachments/original/1523456714/NWTUC_Employment_Charter_March_2018_-_2page_v2.pdf?1523456714

2. DECENT WORK INNOVATION: FINANCIAL CHALLENGES

Financial costs are often mentioned as an obstacle to implementing decent work policies, in particular living wage policies. This chapter reveals how some are managing to overcome these in the context of significant cuts to local authority budgets.

2.1 BACKGROUND: AUSTERITY AND LOCAL GOVERNMENT

Local government is facing intense financial pressure, having endured almost a decade of austerity. UK local authorities are highly dependent on central government grants, and these grants have been cut by 49 per cent since 2010 overall, with some local authorities, including many in the North, facing even higher cuts (NAO 2018).

This makes any discussion about decent work financially challenging for the following three principle reasons.

- **Capacity:** Officers often lack the staff time needed to make such policy changes. Local government employment fell by 857,000 staff in the UK from 2010 to 2018 (ONS 2018b), and the axe has often fallen on the economic development directorates who may often lead on such innovations.
- **Direct cost:** The expectation is that policies – such as the living wage – will cost more to implement as they require directly employed or contracted staff to be paid more.
- **Uncertainty:** The trajectory of local government funding also disincentivises ambitious long-term policies or accreditation with the Living Wage Foundation.

Fair Funding Review

In February 2016, the government announced to parliament it would conduct a fair funding review (Sandford 2018). The review looks at how funding is allocated and redistributed between local authorities from 2020 onwards. In Winter 2017/18, the UK government consulted for the first time and undertook a second consultation in 2018/19.

The review will set new baseline funding allocations for local authorities, but it does not consider the overall amount of funding for local government, which will be covered by the spending review – that is, it sets out how existing funds will be apportioned, not how much will be available (ibid).

The first consultation looked at potential cost drivers including population, rurality and deprivation (ibid).

In December 2018, the Ministry of Housing, Communities & Local Government opened a second consultation on proposals for the review (MHCLG 2018). Some of the proposals relevant to this report include:

- only using population in calculation of the foundation formula
- removing deprivation from the foundation formula and only including it in service-specific formulas for adult social care, children and young people's services, public health and fire & rescue services
- adding a mechanism to adjust the foundation formula for rurality
- adding a labour cost adjustment to the foundation formula, accounting for average weekly pay in the local authority.

Many northern cities and metropolitan councils expressed concern at these proposals after the consultation was published as potentially switching high levels of funding from deprived areas with high need towards rural, suburban councils (Butler 2019).

2.2 LOCAL INNOVATIONS IN THE NORTH: OVERCOMING FINANCIAL CHALLENGES

Despite the significant pressures of austerity, many local authorities have pushed forward with measures that are aimed at improving their local economies. The case for intervention often rests on the mandate local authorities have to do what they think is best for their employees, their residents and businesses in the local area. Local authorities are responsible for economic development, for stewardship of their local economy, and for 'place shaping' (Lyons 2014) – and in the context of austerity, what has been called 'place shielding' (Quirk 2008). The case for intervention therefore often stems from a desire to improve the living standards of residents and develop a more inclusive economy, but the case is often made that it is also good for business: such policies can generate increased productivity and staff retention or are looked upon favourably by customers (see for example Salford City Council n.d.).

Local authorities have found a number of ways of working through what can seem like an insurmountable financial challenge. The assumption underlying the cost estimates is that 100 per cent of the increased cost to a supplier will be passed on. This may seem like a sensible assumption, but it doesn't hold true:

- suppliers can absorb these costs by reforming the way they work
- some costs are saved by reducing staff turnover
- higher levels of pay and better conditions often lead to higher levels of productivity benefiting both workers and the enterprise itself
- under competitive tendering conditions, companies seek to reduce the costs that they pass on to a council in order to win the contract in the first place and must keep that in consideration throughout the procurement process or else lose on price.

Councils have found that the initial cost estimates of such policies are often far higher than the reality, and what costs do remain can be met without cutting services elsewhere – if these policies are applied strategically.

In fact, recent increases in local government pay mean that the marginal costs of paying a living wage to those directly employed by councils are less than they have been previously. From 1 April 2019 the lowest grade on the nationally agreed pay spine will be a wage of £9 per hour.⁴ This is currently equal to the real living wage, although it is not indexed to it, meaning that future increases in the living wage may not be reflected in local authority pay. Nonetheless, it represents a 16 per cent increase, over two years, in the pay of those on the lowest pay scale that local authorities across the country will have to find ways to pay for.

4 See: <https://www.unison.org.uk/at-work/local-government/key-issues/pay-national-joint-council-njc/>

Manchester City Council's living wage policy

In 2014 Manchester City Council sought to encourage suppliers to implement a living wage policy in order to help mitigate the severe levels of poverty that the city faces. This built on the 'Manchester Minimum Wage' policy implemented for its own employed staff in 2009 (now known as the Manchester living wage to reflect the alignment with the Living Wage Foundation's living wage). At first, the council was concerned that the immediate implementation of such a policy would result in significant additional costs for the local authority.

To help offset this the city council worked with its suppliers to recognise the benefits of a minimum level of pay while encouraging them to adopt the Manchester living wage. Benefits include: increased retention and motivation of staff, improvements in recruitment and employee relations, and improvement in the wellbeing of individuals, as well as a positive impact on an organisation's reputation.

Further to this, the council helped mitigate the prospect of additional costs being passed on to it in a number of ways, including:

- tying the living wage to the upskilling of staff and therefore to higher productivity
- adopting a case-by-case policy with procurement
- phasing in the policy across contracts as they expired and were re-let
- initially paying increases in the form of a stipend to reduce the knock-on costs that would result from rearranging the whole pay spine.

The city council is also a major employer in the city and, obviously, continues to adopt the Manchester living wage. The implementation of the policy is helping the council to meet its own aspirations with respect to inclusive growth. Since implementing the policy, the council has seen a reduction in turnover at lower grades (Manchester City Council 2018a). The council reviews the Manchester living wage annually.

Warrington Borough Council Living Wage Group

In 2013, Warrington Borough Council set up a Living Wage Working Group to investigate adopting the living wage at the council, for its suppliers, and more widely in its local economy. At that point, Warrington decided not to implement the living wage. Its then principal reasons for not adopting the living wage were that it estimated its implementation would cost £400,000 per annum (Warrington Borough Council 2013).

Warrington Council's Executive Board then set in motion a review of the council's position, concluding in 2015. It recommended the adoption of a living wage policy, which the council adopted – paying all directly employed staff the living wage from 1 April 2016 (Warrington Borough Council 2016).

At the point of adoption in 2016, the council estimated it would cost £270,000 for the first year (Warrington Borough Council 2015), lower than previous estimates. It built these costs into its annual budgeting process to ensure the implementation was funded as part of wider financial considerations (ibid). It also reviewed the charges of those areas of the council that provide services to external customers as is normal practice when salaries increase.

Following the adoption of the living wage for directly employed workers in 2016, Warrington started to investigate the ways in which it could include living wages in its procurement and commissioning processes. Warrington is preparing a new procurement strategy, the draft of which includes commitments in relation to social

value and the living wage. The policy would make the living wage a compulsory question in procurement.

Salford City Council: a living wage city

Salford City Council has a vision to become a living wage city. The council sought to implement a living wage policy in 2013 in order ‘to ensure that wages (salaries) in the city can sustain families and individuals and underpin a thriving economy’ (Salford City Council 2018).

The council mitigated this cost in a number of ways:

- aligning implementation with reforms to council pay that were already needed, meaning the introduction was cost neutral
- phasing in the procurement policy over time in social care contracts.

Salford became the first council in Greater Manchester to become living wage accredited in June 2013 by the Living Wage Foundation. Its initial introduction increased the pay of 1,200 Salford City Council employees.

Preston City Council: a pioneering living wage employer

Preston City Council became a living wage employer in 2009 in order to ‘have a positive impact on the delivery of services as well as economic and social benefits in the City’ (Preston City Council 2017). Initially, it expected this to cost £196,000 (Preston City Council 2008) – much less than in other authorities. This is firstly due to its small overall size, but also because the council isn’t responsible for social care contracts – which fall to Lancashire County Council (also now a living wage employer). Indeed, the proposals in 2008 only affected 39.2 full-time equivalent employees (ibid).

The committee that first looked at proposals recommended rejecting them. The committee’s decision cited budget implications, the impact upon pay and grading scales, the differential impact on casual and permanent employees, and potential negative impact on local employers who supply the council as reasons. However, this was overturned by a meeting of Preston’s full council. The city council then mitigated the cost by adopting the living wage on a case-by-case basis in procurement.

Preston’s commitment to the living wage has held since, and in 2012 it became the first accredited employer in the north of England by the Living Wage Foundation. By 2018, Preston had 45 businesses and organisations accredited by the Living Wage Foundation and with the city council as living wage partners (Brown 2018).

Preston is also well known for its community wealth building initiatives, what has become known as the ‘Preston Model’ (CLES (2018a)). This has focused on working with anchor institutions such as its hospitals, universities and Lancashire County Council, which is based there to increase the amount of public procurement expenditure that is spent locally – a fundamental aspect of this has been ensuring that they too adopt a real living wage.

2.3 RECOMMENDATIONS FOR LOCAL AUTHORITIES

While the upfront costs of decent work policies can appear to be a disincentive, local authorities should consider them alongside other factors such as long-term cost savings, economic uplift, wider strategic aspirations, and cost mitigation including future funding opportunities.

Below are some practical steps councils can take.

- 1.** Undertake robust cost-benefit analysis to understand the full – positive and negative – financial impact of living wage policies and other interventions such as moving to guaranteed contracts or payments for travel time in social care. These should be done without premature assumptions about cost in isolation from other considerations, including the strategic aspirations of the local authority and the increased spending in the local economy that can arise from higher pay levels.
- 2.** Consider the ways in which other councils have helped to mitigate and share costs, and explore these in partnership with trade unions.
- 3.** Implement living wage policies in parallel to changes to the overall pay structure.
- 4.** Campaign in partnership with other local authorities and local public sector employers such as colleges and NHS foundation trusts for living wage deals with central government, asking for rebates based on the higher tax take central government would receive.

3.

DECENT WORK INNOVATION: LEGAL ISSUES

The legalities of implementing decent work requirements in contracts are also often raised as an obstacle. This chapter discusses the specific issues that arise from procurement before showing how local authorities in the North have overcome them.

3.1 THE LEGAL ISSUES RAISED BY DECENT WORK REQUIREMENTS IN PROCUREMENT

Authorities that try to implement decent work policies in procurement – for instance, payment of decent or living wages to staff or influencing suppliers through procurement – often face uncertainty regarding the risk of litigation against such policies. Foremost among these is currently the invocation of EU law – specifically the Ruffert case summarised in the box below. This is often interpreted by local authority legal teams as precluding local authorities from requiring a living wage of their contractors. As the city solicitor of Manchester City Council – shared by Salford – said in 2014:

Should the council compel its contractors or potential contractors to pay the living wage to their employees whether on a blanket approach basis or otherwise, to do so would put the council at significant risk, as it is highly likely that the imposition of a requirement that successful contractors must pay the living wage to their employees, either as a contract award or contract performance criterion, would be unlawful, on two fronts. Firstly, as a matter of UK law under section 17 Local Government Act 1988, and secondly in breach of the EU principle of freedom to provide services and proportionality

Manchester City Council 2014

Section 17 of the Local Government Act 1988 requires local government to disregard any non-commercial matters from its contracts:

It is the duty of every public authority to which this section applies, in exercising, in relation to its public supply or works contracts, any proposed or any subsisting such contract, as the case may be, any function regulated by this section to exercise that function without reference to matters which are non-commercial matters for the purposes of this section.

Local Government Act 1988, Section 17

This appears to preclude commissioning for decent work considerations, and local authorities are bound by law not to act against accurate legal advice that they have received. But this is in fact a very small part of the legal picture.

3.2 EU PROCUREMENT RULES

Social benefits are appropriate considerations in EU law under a number of different directives. Recent EU directives (notably 2014/24/EU) changed and simplified the majority of procurement exercises, including replacing the earlier directives. The directives are clear that there is scope for building in economic, innovation-related, environmental, social or employment-related considerations. As adopted into UK law (as the Public Contracts Regulations 2015), all contract awards must be based on the 'Most Economically Advantageous Tender' (MEAT) which can include social and environmental requirements that relate to the contract. As such, there is scope under EU law for contracting authorities to develop and apply award criteria tailored to decent work policies, including awarding marks to bidders who commit to pay a living wage.

The directives also provide for contracting authorities to include social and employment-related considerations in conditions for contract performance (Koukiadaki 2014), and Article 70 of the 2014 Directive, adopted wholesale into UK law as Regulation 70 of the Public Contracts Regulations 2015, adds specific reference to employment terms:

(1) Contracting authorities may lay down special conditions relating to the performance of a contract, provided that they are –

(a) linked to the subject-matter of the contract within the meaning of regulation 67(5), and

(b) indicated in the call for competition or in the procurement documents.

(2) Those conditions may include economic, innovation-related, environmental, social or employment-related considerations.

Public Contracts Regulations 2015, Regulation 70

These regulations also permit flexibility for contracting authorities to exclude suppliers who have breached social, labour, or environmental law during procurement and contract performance (CCS 2015). This includes permitting exclusion on the grounds of breaching conventions such as the Right to Organise or Freedom of Association, protecting trade union organising, where commercial organisations have not shown changes to the way the company operates since breaching (so-called 'self-cleaning').

Many local authorities in the UK ask bidders to indicate their willingness to pay the living wage to staff and include this in scoring bids (Koukiadaki 2014). There have been no legal challenges at all to councils only accepting bids that offer a living wage, and there is no evidence of legal challenges from domestic contractors based on EU law principles (ibid). Recent changes in UK law discussed below have also broadened this scope.

The UK's future relationship with the EU is at present the subject of much debate but this is unlikely to impact on procurement. As the above discussion has shown, EU law is not an obstacle to requiring contractors to pay a living wage. Indeed, the European Commission has included case studies on living wage policies in the UK, such as Transport for London's, as good examples of the strategic use of procurement in promoting social policies (European Commission 2019). Furthermore, in March 2019, a Statutory Instrument was passed which made minimal changes to EU directives as adopted in UK-law by way of Public Contract Regulations to maintain them as UK law (Cabinet Office 2019). If, when and how the UK leaves the EU then this in itself will not change – for better or worse – the ability of local authorities to implement such requirements in their procurement policies.

The Rüffert case and RegioPost

The Rüffert case is often cited in opposition to living wage contracts in the UK. However, the wider evidence does not support the argument that the Rüffert case precludes the inclusion of living wage requirements in the context of EU law.

In April 2008, the European Court of Justice (ECJ) ruled that EU Member States and authorities within them cannot adopt legislative measures which limit contractors for public works contracts to tendering authorities who agree to pay their employees at least the rate set by a collective agreement.

This decision resulted from a case in the German federal state of Lower Saxony, which limited contracts to tenderers who agreed to pay the collective agreement within the construction and transport sectors (EurWork 2010). The winning contractor to construct a bridge in the state under the terms of this contract condition, then subcontracted the work out to a company in Poland. This company was found not to be paying its workers on the project the contractual minimum wage, so the contract was terminated, and a penalty notice issued.

This was taken to a German court which referred two questions to the ECJ, focusing on whether the obligation to comply with the collective agreement reduced the competitive advantage of companies in other Member States (with lower wages) and if this interfered with the freedom to provide cross-border services (ibid). The ECJ ruled that the restriction on freedom to provide services from the requirement to pay the collective agreement wages was not justified by the objective of ensuring the protection of workers.

However, the judgement overwhelmingly focused on the specific circumstances of the collective agreement, including its lack of universal application – particularly between public and private sectors – (ETUC 2008) and there is a well-argued opinion that it only applies to the situation of posted workers (Koukiadaki 2014). Posted workers are defined by the EU as a worker who for a limited period of time carries out their work in the territory of a different EU member state to the one in which they normally work.

Moreover, the Rüffert case has been joined by new case law. The RegioPost case is particularly important, because it created the principle that living wage conditions only applying to the public sector should not be a barrier, as was found in the Rüffert case (Norton Rose Fulbright 2016). RegioPost was excluded from a tender process for refusing to pay a regional minimum wage and the case was referred to the ECJ. In their judgement on this case, the ECJ noted that the 2004 Public Procurement Directive allowed for special conditions relating to the pursuit of social objectives where that special condition is based on a law – in that case the regional minimum wage which applied to all sectors where public contracts were awarded. Overall then, EU case law does not provide a barrier to including decent work principles in procurement

3.3 UK PROCUREMENT RULES AND SOCIAL VALUE

The Social Value Act

In 2012, the UK adopted the Social Value Act which made specific provision in UK law for social value to be a mandatory consideration in public-sector procurement and commissioning. The EU changes outlined above combined with the Local Government Act 1999 – which mitigated some of the conditions of the 1988 Act

and introduced the duty of best value – have significantly expanded the scope for including employment-related outcomes in procurement, which gives considerable force to the inclusion of decent work principles and the living wage in procurement.

Social value is known to be quite difficult to define. The government’s introductory guide to the Social Value Act outlines social value in talking about what the Social Value Act requires of commissioners and policymakers:

The Social Value Act (SVA) requires you to consider, at the pre-procurement stage, how procurement could improve the social, economic and environmental well-being of the relevant area, and also to consider how in conducting the process of procurement, the commissioner might act with a view to securing that improvement. This means you should think about the potential social benefit of a service from the start of the commissioning process.

Department for Culture, Media and Sport, *The Public Services (Social Value) Act 2012* (DCMS 2018)

Moreover, there is considerable flexibility in the ability to incorporate social value into public sector procurement that falls below particular contract value thresholds, and guidance indicates that public procurement should always consider social value (CCS 2015).

The Association of Greater Manchester Authorities (AGMA) Procurement Hub developed a standard definition of social value which frames social value as ‘a whole life basis’ consideration, and was nominated for the ‘Social Value Leadership for an Organisation’ award in the 2016 Social Value Awards, run by the UK government. AGMA’s definition is:

A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy whilst minimising damage to the environment.

Association of Greater Manchester Authorities, *GMCA Social Value Policy* (AGMA 2014)

Government guidance makes clear that commissioners ‘should be taking a value for money approach – not lowest costs,’ and, as a matter of good practice, should consider social value in order to obtain maximum value for money – where value explicitly includes social value (Cabinet Office 2012). This is in keeping with the Social Value Act amending the aforementioned Section 17 of the Local Government Act 1988. The amendment states that where ‘the authority considers it necessary or expedient to do so to enable or facilitate compliance’ with the Social Value Act, Section 17 does not prevent these non-commercial considerations. Subsequent statutory guidance also gives significant emphasis to social value under best value considerations, which matters because local authorities are required to have regard to statutory guidance in the procurement process (DCLG 2015).

As contract awards must be those that are MEAT, it should be noted that the government explicitly considers value for money to include:

- economic value
- environmental value
- social value (DCLG 2015).

The consideration of employment should then be a consideration in all procurement, as part of social value in the design of, invitation to and judgement of tenders.

Considering social value in practice

Local authorities consider social value in different ways. They use Social Value and Procurement Frameworks to outline how much they will consider social value in the tendering process. Some local authorities, such as Knowsley and Manchester, have given social value a 20 per cent weighting in evaluation criteria – Manchester has even explored increasing this to 30 per cent (Manchester City Council 2018a). Other local authorities have given social value a weighting of 5 per cent, or do not include social value weightings in their evaluation criteria at all.

These considerations can be included as criteria in the procurement process, though there are some limitations. Government guidance states that this is ‘permitted as part of specification, award criteria, or terms and conditions as proof of compliance with a requirement with specific characteristics that are *linked to the subject matter of the contract* (eg working conditions of the employees producing coffee to be supplied to the authority)’ (CCS 2016).

Government guidance goes on to state that criteria should be transparent and non-discriminatory, awarded by a body independent of the supplier, and be sufficiently advertised during the whole procurement – this, for example, leaves open the inclusion of employment charters (as highlighted in the case study from Salford City Council below). It should also be noted that suppliers can’t be excluded for failing to have received a particular label and must be able to offer other proofs of compliance if there is not enough time to achieve the certification to the relevant label – for example, a bidder could provide evidence that they meet the criteria of an employment charter and would be scored as if they had signed it (ibid). By openly referencing an employment charter throughout tendering processes, local authorities can give consideration to how a bidder meets good employment criteria with respect to social value.

The Official Journal of the European Union (OJEU) notes that social value considerations should be clearly explained in all pre-procurement guidance and tender documentation. Government guidance on social and environmental aspects directly references contract performance conditions relating to employment being possible provided that they were indicated in the call for competition or procurement details (CCS 2015).

These steps are possible and practical in all local authorities and it is clear therefore that government guidance not only allows but actively promotes social value considerations such as decent work requirements – albeit within quite reasonable parameters.

Legal challenge

The threat of ‘legal challenge’ often arises with regard to procurement. This may sound alarming to those not acquainted with procurement – but the possibility of legal challenge is a common and mundane consideration for any public authority. All local authorities consider the risk of legal challenges across the services they deliver and make proportionate judgements in consideration too of their overarching strategic goals.

Many activities that are undertaken by councils are open to legal challenges, for example:

- commissioning and procurement
- premises licensing
- planning
- social care provision
- children’s care provision
- building control
- bus lane, parking, and other traffic fines.

Indeed, public sector austerity has given rise to a number of legal challenges to councils' budgets on equalities grounds, including cuts to library services. Procurement should be seen similarly, as one area of local authorities' activities that is open to legal challenge but can also be used to further the achievement of overarching strategic goals of the local authority.

To date none of the local authorities with living wage policies have been subject to a legal challenge owing to the inclusion of these requirements in their procurement processes, and nor have any other public authorities including NHS trusts or the Scottish government. Largely, given the discussion above, such policies are compatible with both domestic and EU legislation when applied appropriately. Aside from this, it appears further unlikely that many contractors would want to challenge a council in this way, because it could cause reputational damage or sour relationships. Furthermore, if requiring decent work in a contract increases the amount of money available to providers then it is likely to be more warmly received, and decent work requirements can benefit providers – by improving staff retention, for example.

3.4 LOCAL INNOVATIONS IN THE NORTH: OVERCOMING LEGAL ISSUES

Councils that have implemented living wage policies have therefore often sought to manage risk but have pressed ahead with making requirements of their contractors. In these examples, councils have successfully worked through any legal challenges to implement policies that encourage or even require decent work practices, including legal advice that prima facie appeared to preclude them from doing so.

Liverpool City Council: decent work on a case-by-case basis

Liverpool City Council received legal advice stating that owing to both Section 17 of the Local Government Act 1988 and Part 1 of the Local Government Act 1999, there was a duty to consider best value – but they were prevented from considering employment terms in procurement. However, this was combined with Regulation 70 of the Public Contracts Regulations 2015, so the advice concluded that they could consider employment terms where necessary or expedient in order to permit or facilitate compliance with Best Value duty. This was conditional upon it being proportionate to the subject matter of the contract. This advice would, for example, preclude the earlier example given in government guidance which refers to the working conditions of employees producing coffee.

In light of this, Liverpool City Council assesses each case for compliance with the above guidance and formulates justifications that stand up to scrutiny, which it generally includes from the pre-procurement business case stage onwards as a Specific Procurement Consideration. It demonstrates the council's belief of conditions being necessary or expedient and proportionate to the subject matter of the contract.

Liverpool City Council strongly encourages, and has asked bidders for their position in tender documentation, on the following:

- a pay policy committed to supporting the living wage
- fair employment practices
- clear managerial responsibility for talent development
- a strong commitment to apprenticeships and supporting Liverpool's young workers
- learning and development opportunities for workers
- no inappropriate use of zero-hours contracts
- support for flexible working
- support for flexi-time
- support for workers to take career breaks.

Salford City Council: implementing a real living wage and linking to its Employment Charter

Salford City Council received independent legal advice which stated that insisting staff must be paid the living wage in contracts is risky and open to legal challenge under European procurement laws. It committed to developing collective guidance with Salford Clinical Commissioning Group and a review of legal advice.

From this, Salford began to innovatively apply the Social Value Act in combination with Salford City mayor's Employment Charter to encourage contractors to pay the living wage. It has been sufficiently successful in this to become accredited by the Living Wage Foundation. Because the charter includes a living wage commitment, and the charter is referenced in invitations to tender as a key component of social value, Salford is able to include the living wage as part of the evaluation of bids.

The council reinforces this in a number of ways: it references the living wage in its procurement strategy, promotes the living wage, the city mayor's employment charter and its social, economic and environmental objectives in all bidder-facing, procurement-related information. This enables Salford to incorporate the living wage in the procurement of services, goods and works – including in social care.

Salford City Council and the NHS Salford Clinical Commissioning Group have five agencies that are contracted to provide social care in the city. The five agencies signed up to commitments to improving terms and conditions for staff, such as paying a living wage – formally committing to these standards in writing after the award of the contract. Part of the justification for this was to overcome problems recruiting and retaining staff.

Manchester City Council: responding to legal barriers of commissioning for a living wage

Manchester City Council received legal advice that echoed the advice that Salford Council had received. Principally, the advice found that requiring contractors to pay the living wage could not be enforced, but it could be encouraged.

Advice given to policymakers agreed that the probability of being challenged was abstract and very unlikely. In terms of risk, it was recognised that many of its activities were open to legal challenge.

Policymakers considered this advice overall, alongside academic research and other advice, and they concluded that the council should not require contractors to pay the living wage but would commend that the living wage be paid. The council attaches a 20 per cent weighting to social value in evaluation of tenders and a supplier's commitment to paying the living wage is considered during the tender process.

In invitations to tender, whether above or below OJEU thresholds, Manchester City Council requires bidders to indicate if they pay the Manchester living wage and commends payment of the Manchester living wage to all service providers and subcontractors – £9 per hour at the time of publication – and will be reviewed as part of the council's commitment to achieve Living Wage Foundation accreditation.

3.5 RECOMMENDATIONS FOR LOCAL AUTHORITIES

Local authorities should minimise the already small risk of legal challenge by taking a number of practical steps, such as by building a robust evidence base, embedding decent work considerations in strategies, routine and high engagement with the market on decent work, and keep up to date with ways in which other local authorities are overcoming legal challenges.

Below are some practical steps that councils can take.

5. Embed decent work considerations in all relevant local authority strategies, such as family poverty strategies, and the overarching council strategy, and influence LEPs to embed them in local industrial strategies.
6. Build a robust evidence base in order to justify policies, including reference to the local authority's economic and social context, local labour market conditions, capacity and staffing in the appropriate sector, cross-departmental strategies, which allow you to justify implementing decent work principles on a case-by-case basis to all procurement processes, further reducing the likelihood of a legal challenge.
7. Be transparent with suppliers, engaging with them ahead of implementing policies and including decent work conditions in all pre-procurement engagement, tender advertisements and specifications. This could include discussing cost implications of moving towards higher minimum standards on the contract. It might also include asking suppliers for detailed cost plans to highlight any inefficiencies in costs assumed by the bidder, such as excessive management fees, which could be better used to pay staff.
8. Learn from the legal advice given to other local authorities and their experiences of implementing these policies where they have resolved potential legal issues.
9. Ensure that the monitoring of contractual obligations includes the reporting of decent work standards that are sufficiently detailed to evidence outcomes but not onerous on suppliers or the local authority's procurement teams, and consider working with trade unions to support communication and feedback from subcontracted workers with respect to whether the contract conditions are being truly implemented.

4.

OPPORTUNITIES FOR LOCAL INFLUENCE

Local government can also exert informal influence over local employers both in the private and public spheres. This section discusses how so-called soft power can work to encourage employers to implement decent work policies, and focuses on employment charters as the principal means of doing so.

4.1 THE ROLE OF SOFT POWER

Soft power is an important tool for local authorities who can exert significant local influence on their local economies. McDaniel and Berry (2018) conclude that ‘public entrepreneurship’ is seen as ‘one of the ways in which leaders “in” place can draw on and deploy institutional resources (public and private) in order to effect change in pursuit of public benefit ... The varying priorities of local officials, can fundamentally reshape decisions around what to invest in.’

This is especially true for the new metro mayors in England. These new directly elected mayors were elected in 2017 and 2018, with a new mayor elected in the North of Tyne in 2019. While they do have some formal powers,⁵ they can arguably exert greater influence through their ability to convene and work with local people and organisations (Raikes 2017).

Employment charters

This soft power can be used to influence decent work innovation and one of the most prominent ways in which it has been brought to bear is through the employment charters. These are a way for public authorities to encourage other organisations, such as businesses and charities, to implement better practices. They can include commitments relating to pay and conditions, recruitment practices, employee engagement, and investment in training and development (Hurrell et al 2017). Employment charters often include living wage commitments, secure hours and enhancing worker representation through trade unions. They can also further aim to address pay inequalities for women and young people, ensure workplaces are representative and inclusive, create more employment opportunities and improve environmental sustainability.

They are often seen as a means to alleviate growing in-work poverty by increasing wages, job security, trade union recognition, and encouraging upskilling and opportunity creation.

Employment charters are by their nature somewhat limited, but they can be influential, and their impact can be increased if they are combined with procurement practices. Employment charters rely on businesses, public-sector employers and third-sector organisations voluntarily signing up to these practices and therefore the process of co-design is therefore seen as crucial. Consultation with trade unions and broader civic society has also been highlighted as important in moving employment charters forward. Indeed, a deep dive into the role of employment charters in the UK highlighted that ‘charters should not be relied

⁵ See for example Sandford 2019.

on to tackle long-term structural issues within the labour market, but they can play a role in engaging businesses and pressing for change' (Hurrell et al 2017).

Employment charters can be integrated with procurement and commissioning practices, as discussed in chapter 3, which can greatly increase the incentive to sign up to them. Some institutions (for example Salford City Council, see below) have also looked at ways to require businesses to sign up to employment charters – such as requirements to access business support.

Table 4.1 is adapted from an analysis of local employment charters by the IGAU in 2017. We use it as a realistic working definition for decent work practices that are already being considered at the local level.

TABLE 4.1
Elements of good business practice from employment charters

Fair terms and conditions of employment	Pay the living wage to direct employees and across the wider supply chain, in compliance with the Living Wage Foundation criteria
	Promote fair and/or flexible contracts: reduce/eliminate zero-hours contracts; offer posts on a flexible basis
	Voice at work: promote and engage constructively with trade unions
	Increase investment in training/skills for employees: possibly by linking employers to training providers or funding
Health and wellbeing at work	Ensure compliance with basic standards and/or best practice
Access to employment opportunities	Follow best practice with regard to equalities and other policies
	Create local jobs or training opportunities: these might include full- or part-time jobs and apprenticeships, including targeted opportunities for residents
	Targeted recruitment: offer opportunities to groups that tend to be disadvantaged in the labour market, and/or engage with council and Jobcentre Plus recruitment services
	Offer work experience, internships, mentoring: often for young people or disadvantaged groups
	Engage with schools, and colleges, input to curriculum and/or skills provision

Source: Hurrell et al, *Local employment charters: case studies from the UK* (Hurrell et al 2017)

Other forms of 'soft power'

Working with local 'anchor institutions' has also been effective in some places. The Centre for Local Economic Strategies (CLES) has undertaken research to engage with those organisations that are necessarily rooted in the local area – including hospitals, police constabularies and universities (see for example Jackson and McInroy 2017). This has had positive impacts in some places, but is considerably harder in major city regions where universities are run as large, often multinational, corporations, and hospitals' ability to procure locally is restricted by the need for the appropriate medicines and equipment – which is often highly specialised. Experimental work in this vein is being explored such as the Queen Elizabeth Hospital, Birmingham (CLES 2018b). As discussed below, Preston is the principal example of a place that has strategically engaged with local anchor institutions, resulting in decent work outcomes.

Housing associations and registered providers are also large procurers of services and anchor institutions. Local authorities can and do encourage registered providers in their districts to implement social value policies in their own procurement activities. For example, local government procurement officers in Greater Manchester have supported the Greater Manchester Housing Providers Partnership in working together to look at social value and supply chain opportunities, including helping 2,219 of their residents into employment in 2019 (Greater Manchester Housing Providers 2018).

Local industrial strategies also offer an opportunity to align economic policy with decent work practices. There is currently often a separation between local economic policy and the workforce, and procurement policies of local authorities. Most local authorities have reduced their economic development functions severely and, in most areas, local enterprise partnerships (LEPs) are the primary economic policymaker. Many LEPs do not see their role as being about improving the quality of employment in local areas, and aren't incentivised towards doing so by central government bidding processes – as an analysis of their strategic economic plans has shown (Cox et al 2014). However, LEPs and combined authorities are currently drawing up local industrial strategies that offer an opportunity for them to put quality employment at their heart. There is currently a debate about the alignment of local industrial strategies, strategic economic plans and inclusive growth, but many areas – including Liverpool City Region and Greater Manchester – see both as a priority.

4.2 LOCAL INNOVATIONS IN THE NORTH: LOCAL INFLUENCE

Numerous places across the North are already demonstrating this type of leadership in various ways.

Greater Manchester employment charters

Greater Manchester is one of the largest metropolitan hubs in the country, and its businesses, investment and innovation assets are highly internationalised. Many of the people working in Greater Manchester are in low-paid and insecure roles that allow few opportunities; public services and the third sector are facing challenges; and business is less productive than other places in the UK and internationally (GMCA 2018a). In response, the Greater Manchester Strategy Implementation Plan incorporated the development of an employment charter to assist in delivering good jobs and opportunities.

The aim of the Good Employment Charter is to get the best from employees through the good jobs that Greater Manchester needs – secure work, fair wages, flexibility for those who desire it, and better opportunities. Policymakers intend that a local employment charter can improve the livelihoods of people living and working in Greater Manchester – as part of the wider Greater Manchester Strategy that can only be achieved if all can benefit from economic growth (GMCA 2018a, 2018b).

The charter was highlighted in the Independent Prosperity Review in Greater Manchester as having the potential to raise productivity by delivering better workforce engagement, improving leadership, skill utilisation and improved business practices (Coyle et al 2019).

The charter is being co-designed with businesses and employers from all sectors, workers, volunteers, trade unions, residents and others. Two rounds of public consultation took place. First, a general consultation asked what should be included, how it should be promoted, and how its impacts should be measured. From this, a draft charter was released in late 2018 for further consultation and

engagement that featured the key characteristics of good jobs and how the accreditation should function.

The co-design process involved employers, employees and others in the design of the policy and deliberating on how it would work. Principally, this focused on a tiered structure and support system whereby employers could progress towards higher employment standards. The second consultation asked for views on this proposition to be certain that the charter would support the Greater Manchester Strategy's aims for better jobs, improved services and business growth (GMCA 2018a).

The proposed tiered structure has three progressing levels in the proposition from Supporters, then Membership, to Advocates.

- The Supporters tier is for employers who support the aims of the charter but cannot yet meet accreditation requirements. They must demonstrate that they are pursuing responsible business practices and are positively contributing to the area.
- The Membership tier requires employers to show excellent employment practice in seven key areas: secure work, flexible work, a real living wage, workplace engagement and voice, excellent recruitment practices and progression, excellent people management, and a productive and healthy workplace.
- The Advocate tier includes employers who not only meet the excellent standard required for membership, but also then encourage other employers to join the charter process.

Greater Manchester will avoid duplicating existing accreditations, looking to encompass them under the charter framework. There are pre-existing charters – in Salford and Oldham for example – but local charter memberships will entail automatic Greater Manchester Charter Membership, and vice versa. Employer incentives are planned to include the celebration of high workplace standards, mentoring and embedding these standards into the combined authority's procurement and investment.

Finally, notable feedback from the consultation also included a Supporters' Network to allow collaboration, annual reviews of Supporters to demonstrate improvement, the need for additional support for smaller employers to reach membership acknowledging the specific challenges they face, the inclusion of diversity and equality as a specific goal, and the ease of engagement and access to support. A piloting process is planned with the aim to ensure the charter creates no unintended barriers for workplaces, and thresholds are suitable (GMCA 2019).

Liverpool City Region employment charter and Strategic Investment Fund

Liverpool City Region has many of the same challenges and opportunities as Greater Manchester: lower productivity in comparison to the rest of the UK, London and internationally. This is combined with high poverty, especially child poverty, and a lack of good quality work available for workers. More than a quarter of the labour force earn less than the real living wage – 61 per cent of these are women (LCRCA 2018). Temporary and insecure contracts form an increasing share of the labour market (ibid). Groups already at a labour market disadvantage, including BAME and female workers, are concentrated in this kind of precarious work.

Liverpool City Region mayor Steve Rotherham set out his goals for “a fair, progressive, and sustainable economy ... that nurtures all its citizens” (ibid). Specific objectives are good-quality jobs available to all, along with an industrial strategy that includes the entire region (ibid).

Liverpool City Region is undertaking a consultation with local employers and employees across all sectors, trade unions, academics and members of wider civil society. The aim is for all these parties to collaborate in creating the Fair Employment Charter. It is hoped that this collaboration in all sectors and with trade unions will promote inclusive growth throughout the process.

The mayor of Liverpool City Region has also used the Strategic Investment Fund (SIF) criteria to promote decent work. The £500 million investment fund covers local transport, land and property, infrastructure, low carbon, culture, business support and innovation, and skills and employment sectors. The principles for the SIF ensure that all projects meet the city region's strategic objectives and embed inclusive growth and social value in decision-making (Liverpool City Region 2018). Investments delivering inclusive growth and reduced inequality will only be made where they include decent work commitments, which include the provision of quality jobs and training.

Salford City Council's Charter for Employment Standards

Salford City Council introduced their employment charter in 2013. The charter was designed to champion good employment standards, promote the living wage, and drive Salford's strategic aspirations of economic growth, social inclusion, and better living standards (Salford City Council n.d.).

The charter involves two levels of support based on a set of pledges, centred around three categories: investing in the local workforce, workplace equality, and adhering to high-quality working conditions.

The first level, Charter Supporter, involves an employer pledging to improve in at least one of the above three categories and outlining the steps they will take to do so. To achieve full accreditation, 'Charter Mark', an employer must meet all pledges in all three categories. Salford City Council gives public recognition to Charter Mark businesses (ibid). More than 100 employers have signed up since its inception; however, only a small minority have achieved accredited Charter Mark – around 7 per cent (Hurrell et al 2017).

The council is investigating whether it can integrate its business support offer with charter engagement, including offering assistance with local recruitment and candidate selection, as well as local supply chain advice. However, the council has not yet made engagement with the charter a requirement of participation in its wider business support (ibid).

The charter is currently being updated to focus on three categories:

- investing in the local workforce
- having excellent employment practices
- being an equal and inclusive employer.

The Greater Manchester Employment Charter is being developed to closely align with the categories and employment characteristics present in Salford's charter. The proposal for a tiered structure and the potential for reciprocal recognition between Greater Manchester and Salford's employment charters is being explored.

Salford City Council is further exploring embedding its employment charter in its wider business support offer, and it has embedded decent work principles in other areas. For example, the Salford Skills for Business Apprenticeship Fund, which is only available to employers who pay at least the national living wage to all employees regardless of age or are working towards paying their employees the Living Wage Foundation living wage.

The Preston Model: towards a living wage city

The much-discussed Preston Model was initially rooted in using procurement practices at seven principal anchor institutions in Preston to grow the local economy sustainably and provide for decent work outcomes. Preston City Council is also one of the few living wage-accredited local authorities in the North.

Preston City Council worked in partnership with anchor institutions such as Lancashire County Council, Preston College, UCLan, Cardinal Newman College, Lancashire Constabulary and Community Gateway to drive an increase in their contribution to the local economy despite an overall decrease in procurement spending over the period (Todd 2017). These anchor institutions increased the proportion of their procurement budget spent with Preston-based organisations from 5 per cent to 18 per cent and with Lancashire-based organisations from 39 per cent to 79 per cent (ibid). It has been successful in ensuring its local anchor institutions such as Lancashire Constabulary and Lancashire County Council become accredited real living wage employers too.

Preston is developing this approach further. For example, Preston's new market project was led by local contractor Conlon's, who put in place an extensive apprenticeship scheme as part of their contract. The city council is also working in partnership with Calico to encourage developers through the planning system to provide training and job opportunities targeted at local people. To achieve this, the council adopted a Supplementary Planning Document on Employment and Skills, which requires developers to demonstrate how they intend to support this agenda as part of the submission of planning applications (Preston City Council 2019).

The Preston Model is highly lauded, and Preston City Council has played an important role in moving forward the Local Wealth Building agenda from procurement towards other means – and decent work outcomes clearly flow from this agenda. Preston had the joint-second biggest improvement in its position on the indices of multiple deprivation between 2010 and 2015 (LCRCA 2018).

On the back of overarching work in Preston to encourage local businesses to adopt a real living wage, Preston is now working in partnership with SMEs, anchor institutions, local third sector organisations, business representatives and the Living Wage Foundation to explore how Preston can become one of the first living wage cities in the UK.

4.3 RECOMMENDATIONS FOR LOCAL AUTHORITIES

Local authorities should use their 'soft power' to engage a wide group of stakeholders in the decent work agenda, which includes developing employment charters where possible, encouraging greater diversity in the membership of LEP boards, encouraging a greater focus on decent work in local industrial strategies and looking to implement the agenda in regional bodies or infrastructure projects such as Northern Powerhouse Rail and Transport for the North.

Below are some practical steps that councils can take.

10. Develop employment charters in collaboration with local employers, workers trade unions, and other local trade or business networks such as Chambers of Commerce that have a clear, evidence-based vision for decent work with transparent and measurable criteria for employers to achieve.
11. Offer progressive levels of commitment to employment charters – while all employers should be expected to meet a high standard, some smaller employers might need assistance to improve and should still be engaged despite not meeting this high standard initially.
12. Monitor signatories of employment charters over time to ensure they continue to meet its standards.

13. Include employment charters in procurement once they have been developed, accepting that bidders are able to show that they meet the required standard without necessarily signing the charter.
14. Require LEP members to sign up to employment charters.
15. Broaden the range of stakeholders on LEP boards to include unions and civil society.
16. Report and publicise the number of jobs paid below a living wage locally at the total level across the district; in the local authority; in the local authority's supply chain; in local public sector bodies; and in the local private sector
17. Seek to include and influence existing partners and anchor institutions such as schools, universities and hospitals, in economic policy – setting joint ambitions for decent work.
18. Develop local industrial strategies that prioritise decent work, and use interventions to support higher pay and good conditions.
19. Support decent work principles in pan-regional strategies and bodies including Transport for the North, the northern powerhouse, and similar pan-regional agendas elsewhere in the country, ensuring commissioning for regional services includes decent work principles.
20. Set out and communicate a clear and consistent vision of the local authority's values and the type of economy it is trying to shape.

5.

EMBEDDING DECENT WORK PRACTICES IN WIDER ACTIVITIES

Commissioning and procurement play significant roles in enabling local authorities to pursue a decent work agenda for their citizens. Local authorities are increasingly looking at other ways in which their activities have significant influence and could engender decent working conditions. As this report has revealed, local government has been finding ways to improve the quality of jobs in their area for many years, but they are now reaching for new levers through innovative means – which this chapter highlights.

5.1 LOCAL AUTHORITY OWNERSHIP AND DIRECT CONTROL

Local authorities have a further way of influencing the quality of employment in their local area where they are landlords of commercial floorspace – for example when they own offices or industrial units. They are then able to include social value and decent work commitments as part of commercial leases. Where local authorities have implemented these policies in lease agreements, their tenants have been required to implement those policies in their businesses in order to take up the office space. Some local authorities have had success in encouraging developers who have purchased land or worked in partnership with local authorities during the construction of commercial properties to implement similar policies in their lease agreements where they remain the landlord of the built assets. The commercial property market and leverage as a landlord is a large area of opportunity given the dramatic increase in market activity by local authorities – with local authorities spending around £3.8 billion between 2013–17 on purchasing commercial assets (Carter Jonas 2018).

This not only applies where local authorities are landlords, but also where local authorities are shareholders in companies. For example, Manchester Airport – which is part owned by the 10 local authorities that form Greater Manchester – worked with the Centre for Local Economic Strategies to support residents in the nearby area of Wythenshawe who faced severe disadvantage to access opportunities at the airport, including tailored training and apprenticeship programmes (CLES 2018b).

There has also been an increase in the number of local authority trading companies (LATCs). This is partly in response to austerity, and also the Localism Act 2011 which gave local authorities more powers to trade (Holland 2018). LATCs are being used to deliver services and to generate revenue for local authorities – with the latter being more common, but there has been growth in the former too as a means to partially in-source some services (ibid). LATCs are wholly owned by a local authority, which provides the authority with direct, strategic control over the company, its operations, and where applicable the service it provides to the local authority. This also means direct control over employment in the LATC – meaning decent work principles can be directly embedded. For example, Wirral Evolutions is owned by Wirral Council which provides services to enrich the lives and opportunities of people with learning and physical disabilities. It is accredited

by the Living Wage Foundation, as is Wirral Council (Wirral Evolutions 2016, Wirral Council 2014).

5.2 BUILDING DECENT WORK IN WIDER STRATEGY MAKING

Local authorities, such as Manchester City Council, are increasingly including Local Labour Agreements as planning conditions in planning consent. Local Labour Agreements are negotiated as part of the planning process, under Section 106 of the Town and Country Planning Act 1990, which enables planning authorities to require developments to benefit local people with the employment opportunities they create. Manchester uses a policy in its Core Strategy (part of its adopted Local Plan), which focuses on employment and economic growth in Manchester. The policy includes a specific priority for 'demonstrating that employment-generating development has fully considered opportunities to provide jobs for local people, through construction or use' (Manchester City Council 2012).

5.3 PARTNERSHIP WORKING

Wigan Council is also using its leverage to work towards decent work outcomes by framing its ask of economic actors in Wigan as part of a two-way agreement of equal partners.

Wigan has the Wigan Deal as its overarching strategy. The deal is an informal agreement between Wigan Council, and the residents, businesses and institutions of Wigan to help work together to create a better borough in a time of austerity (Wigan Council n.d.). Part of the Wigan Deal is the Deal for Business. This aspect of the deal outlines what is expected of businesses and what the council pledges in return – with a Wigan Works Deal for Business certificate available to employers who embrace the deal. Business obligations include employing apprentices and trainees with appropriate training programmes in place, a high proportion of employees being local residents, alongside other facets such as on-time payment of business rates and community support. In turn, the council's pledges include liaising with businesses on how it will drive economic growth, supporting businesses with providing targeted employment opportunities for complex groups, and filling training and skills gaps (ibid)

5.4 RECOMMENDATIONS FOR LOCAL AUTHORITIES

Local authorities should actively explore and consider the areas of influence and control where decent work principles can be embedded, such as where a local authority is a landlord of a commercial property or operates local authority trading companies.

Below are some practical steps that councils can take.

21. Developing and sharing new innovation with other local authorities routinely, through pan-regional forums such as the Convention of the North, Transport for the North and the NP11.
22. Embedding decent work principles in additional areas that the local authority controls or influences including business ownership, planning, commercial leases, and local authority trading companies.
23. Working with housing associations to encourage and support the inclusion of decent work principles in their procurement practices.
24. Building close relationships with local health commissioners, academy trusts, and other public bodies or anchor institutions operating in the area, and discussing best practice to encourage and support them in adopting decent work principles.

25. Embedding decent work principles in health strategies and healthy work considerations in local economic strategies.
26. Reviewing the local authority's Local Plan to ensure that it has a specific policy around growing jobs and using that policy as justification to include decent work measures such as local labour agreements as a condition of granting planning permission.
27. Decent work principles could also underpin or be a condition of business support or grant making.

6.

CONCLUSION AND RECOMMENDATIONS

Local government in the North is proving to be innovative and determined despite incredibly difficult financial circumstances. While their residents are struggling against headwinds of low pay and welfare reform, they have found ways to improve their lives by implementing policies that improve the quality of local employment.

This report has highlighted their good work. It has shown that there are many examples of local authorities playing an important role in their economy through procurement and other forms of local leadership. There is a lot of forward-thinking practice in the North, and local authorities across the country can learn a great deal from this northern innovation.

In the rest of this chapter we offer recommendations to northern political leaders about how they could take this forward together, and ask central government to enable local authorities to further innovate.

6.1 RECOMMENDATIONS FOR NORTHERN POLITICAL LEADERS AND LOCAL COUNCILLORS

› 1. Northern leaders should prioritise decent work outcomes in procurement and collaborate to help each other to overcome any obstacles to achieving this.

Northern leaders – including metro mayors, council leaders, Transport for the North, local enterprise partnerships (LEPs) and the NP11⁶ – can have a significant impact on the quality of work in their areas using their procurement processes. This report has shown how many northern public bodies are pioneering and innovating in the way they procure services and that this is having a significant impact on the pay and conditions of their employees, and those in their supply chains.

As with any policy, there are challenges for prioritising decent work in procurement. This report has shown how legal and financial obstacles have been considered and overcome in many different areas. As such, there is no reason not to press forward. Given the severity of low pay in the North, this is an urgent matter that needs to be resolved without delay.

In areas that don't already have 'decent work' policies in place, political leaders should work collaboratively with their officers to work through the practicalities – for example through task and finish groups. They should take the recommendations in this report as the starting point and work with other political leaders in the North to learn lessons from each other. In areas that do already have policies, political leaders should ensure they have the best policies possible and learn from each other's experiences.

Northern leaders can influence and change the markets providers operate within by working together to ensure all public bodies prioritise decent work outcomes in procurement, and these decent work requirements become standard practice for providers.

6 The NP11 is a body made up of the chairs of the 11 local enterprise partnerships in the North.

› 2. Northern leaders should develop a Northern Employment Charter – built up from their own individual initiatives.

Employment charters are already in place in many local authority areas in the North and are being implemented in some mayoral combined authorities too. It is important that this continues and that local leaders take this agenda forward in their own areas first – they need to be co-produced with local businesses, trade unions and employees – building on the local brand and existing relationships to retain their value.

Although each charter will be different, there are likely to be common themes that recur from area to area. This suggests that there could be scope to develop a pan-northern charter, under which local initiatives could be tied together under a single brand and driven forward collectively. As discussed in the report, employment charters can be included in procurement and mutual recognition between local authority charters, and recognition of a pan-northern charter, would help to build confidence in suppliers (in meeting criteria) and in local authorities (in embedding criteria in procurement).

This would bring greater coherence across the region and help to promote the agenda within areas that have employment charters. It would also help to support those areas that don't yet have employment charters to bring them forward, for example by offering them guidance and support. By working at the pan-northern level, policymakers can also work with larger businesses, and business organisations with footprints larger than districts or combined authorities – such as the regional offices of major firms or pan-northern organisations such as Business North.

The first steps should be taken towards this at the Convention of the North 2019. The Convention of the North 2018 raised the prospect of such an employment charter and 2019 should see the first steps proposed towards this.

› 3. Northern leaders should set out a vision and plan to become a 'living wage region' by 2025 at the latest.

Northern leaders – including metro mayors, council leaders, Transport for the North, LEPs and the NP11 – need to address the challenges of low pay and poor-quality work as a strategic priority throughout all of their work and their interactions with government.

To do so, they should set the objective to become a living wage region by 2025 at the latest and then act to meet this objective. This includes requiring living wage in procurement and employment charters as described above. But it also means working to raise the pay of all northerners to at least a real living wage. This includes but isn't limited to:

- prioritising 'everyday economy' sectors such as retail, hospitality and social care in local industrial strategies and in a Northern Industrial Strategy
- lobbying central government to increase the minimum wage to the Real Living Wage
- encouraging private businesses to consider decent work in their own outsourced services
- working with trade unions across the North to identify key sectors where targeted support is required to help raise employment standards and to support workers who may be particularly vulnerable to poor working conditions, including women, BAME, and young people.

› 4. Councillors should consider the 10 steps they can take to move this agenda forward in their local authority.

There are 10 practical steps councillors can take to move this agenda forward in their local authority (for further details see appendix):

1. adopt a living wage policy
2. sign UNISON's Ethical Care Charter
3. reference decent work principles in all strategies
4. work with trade unions to deliver decent work policies
5. develop an employment charter or ask to be consulted on one that's already being developed
6. use overview and scrutiny to monitor standards
7. encourage local anchor organisations such as universities, health authorities and businesses to adopt decent work principles
8. work with LEPs, local chambers of commerce, and other business-facing organisations, including any in-house business support
9. work across regions, subregions and neighbouring local authorities to discuss innovation in the decent work agenda
10. promote decent work principles widely and visibly to the public and stakeholders.

6.2 RECOMMENDATIONS TO CENTRAL GOVERNMENT

› 1. Central government should increase funding to local government, as part of a long-term and sustainable settlement including devolution of tax-raising powers, within a fair system of redistribution between areas.

The direct financial costs to implementing decent work policies can sometimes be significant. There are numerous innovations to mitigate against this cost, such as those utilised by local authorities in our case studies. But ultimately the decision to adopt decent work policies could involve increased financial costs to the local authority, while many of the benefits, including increased income tax receipts, and the health benefits of more secure and better-paid work, accrue to central government. At a time when local government has shouldered almost a decade of cuts to their budgets, and face ongoing uncertainty about their future sustainability, it is completely understandable that some councils may feel unable to pursue policies that may leave their finances worse off – even though there may be net gains to the local economy.

That means that the biggest step central government can take to improve local innovation in this area is to fund local government properly. As part of the Fair Funding Review, central government should set out a sustainable long-term settlement for local government, to shore up council finances and provide local politicians and officers with the fiscal certainty to make bold and radical choices that will benefit their residents. This should include devolution of fiscal powers over taxation, similar to the powers wielded by local authorities in most other comparable EU countries, and a system of redistribution between areas to ensure fairness.

REFERENCES

- Association of Greater Manchester Authorities [AGMA] (2014) *GMCA Social Value Policy*. https://www.gmcameetings.co.uk/downloads/file/336/gmca_social_value_policy
- Brown M (2018) Living Wage Week, Preston Guild City blog. <https://www.prestonguildcity.co.uk/blogs/preston-guild-blog/2018/11/living-wage-week-councillor-matthew-brown/>
- Butler P (2019) 'Plan to redirect inner-city funds to Tory shires "a stitch up"', *Guardian*, 20 January 2019. <https://www.theguardian.com/society/2019/jan/20/ministry-of-housing-plans-to-redirect-inner-city-funds-to-tory-shires-branded-stitch-up>
- Cabinet Office (2012) Procurement policy note 10/12: The Public Services (Social Value) Act 2012. <https://www.gov.uk/government/publications/procurement-policy-note-10-12-the-public-services-social-value-act-2012>
- Cabinet Office (2019) Public-sector procurement after a no-deal Brexit. <https://www.gov.uk/guidance/public-sector-procurement-after-a-no-deal-brexite>
- Carter Jonas (2018) *Fixing our town centres: Phase One*. <https://www.carterjonas.co.uk/fixingtowntcentres>
- Centre for Local Economic Strategies [CLES] (2018a) *Wealth for all: Building new local economies*. https://cles.org.uk/wp-content/uploads/2018/10/Wealth-for-all_Building-new-local-economies_Neil-McInroy_November-2018.pdf
- Centre for Local Economic Strategies [CLES] (2018b) *Local wealth building in Birmingham & beyond: A new economic mainstream*. <https://cles.org.uk/publications/local-wealth-building-in-birmingham-and-beyond/>
- Cox E, Broadbridge A and Raikes L (2014) *Building economic resilience? An analysis of local economic partnerships & plans*, IPPR. <https://www.ippr.org/research/publications/building-economic-resilience-an-analysis-of-local-economic-partnerships-plans>
- Coyle D et al (2019) *Greater Manchester Independent Prosperity Review: Reviewers' Report*, GMCA. <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-independent-prosperity-review/>
- Crown Commercial Service [CCS] (2015) 'The Public Contracts Regulations: Guidance on Social and Environmental Aspects'. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/361006/Final_Trainer_Slideset_-_EU_Procurement_Directives_Training.ppt
- Crown Commercial Service [CCS] (2016) 'Reform of the EU procurement rules – public sector, Briefing for Procurement Practitioners'. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/558032/20160912socialenvronmentalguidancefinal.pdf
- Department for Communities and Local Government [DCLG] (2015) *Revised Best Value Statutory Guidance*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418505/Revised_Best_Value_Statutory_Guidance_final.pdf
- Department for Communities and Local Government [DCLG] (2017) *Fair funding review: a review of relative needs and resources*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669440/Fair_funding_review_consultation.pdf
- Department for Culture, Media and Sport [DCMS] (2018) *The Public Services (Social Value) Act 2012: An introductory guide for commissioners and policymakers*. <https://www.gov.uk/government/publications/social-value-act-introductory-guide>
- European Commission (2019) *Study on 'Strategic use of public procurement in promoting green, social and innovation policies'*, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs. <https://publications.europa.eu/en/publication-detail/-/publication/6a5a4873-b542-11e7-837e-01aa75ed71a1>

- European Trade Union Confederation [ETUC] (2008) *Rüffert C-346/06 Judgement summary*. <https://www.etuc.org/en/ruffert-case-judgment-summary>
- EurWork (2010) *Rüffert case: European Industrial Relations Dictionary*, Eurofound. <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/ruffert-case>
- Ewing KD, Hendy J and Jones C (2016) *A Manifesto for Labour Law: towards a comprehensive revision of workers' rights*, the Institute of Employment Rights. <https://www.ier.org.uk/publications/manifesto-labour-law-towards-comprehensive-revision-workers%E2%80%99-rights>
- GLA Economics (2009) *A Fairer London: The 2009 Living Wage in London*, Greater London Authority. https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/mayor-economic_unit-docs-living-wage-2009.pdf
- Greater Manchester Combined Authority [GMCA] (2018a) *Consultation on Developing a GM Good Employment Charter: Evidence Paper*. https://greatermanchester-ca.gov.uk/media/1127/final_emp_charter_condoc_5_mar_18.pdf
- Greater Manchester Combined Authority [GMCA] (2018b) *Developing a Greater Manchester Good Employer Charter: Summary Document*. https://www.greatermanchester-ca.gov.uk/media/1128/final_emp_charter_summary_doc_5_mar_18.pdf
- Greater Manchester Combined Authority [GMCA] (2019) *Greater Manchester Good Employment Charter*. <https://www.gmcameetings.co.uk/meetings/meeting/659/greater-manchester-combined-authority>
- Greater Manchester Housing Providers (2018) '2018 social value infographic'. <https://gmhousing.co.uk/2018-social-value-infographic/>
- Holden J and Raikes L (2012) *Pay up? Living costs and the living wage in Manchester*, New Economy Working Papers. <https://www.scribd.com/document/101827199/New-Economy-Working-Paper-Pay-up-Living-costs-and-the-living-wage-in-Manchester>
- Holland V (2018) 'Grant Thornton Blog: Latest Trends in Local Authority Trading Companies', County Councils Network. <https://www.countycouncilsnetwork.org.uk/grant-thornton-blog-latest-trends-in-local-authority-trading-companies/>
- Hurrell D-L, Hughes C and Ball, E (2017) *Local employment charters: case studies from the UK*, IGAU. <http://hummedia.manchester.ac.uk/institutes/mui/igau/briefings/IGAU-Employment-Case-studies.pdf>
- Jackson M and McInroy N (2017) *Community Wealth Building through Anchor Institutions*, Centre for Local Economic Strategies (CLES). <https://cles.org.uk/publications/community-wealth-building-through-anchor-institutions/>
- Joseph Rowntree Foundation [JRF] (2018) *UK Poverty 2018: A comprehensive analysis of poverty trends and figures*. <https://www.jrf.org.uk/report/uk-poverty-2018>
- Joseph Rowntree Foundation [JRF] (2019) *Where next for Universal Credit and tackling poverty?* <https://www.jrf.org.uk/report/where-next-universal-credit-and-tackling-poverty>
- Koukiadaki A (2014) 'The Far-Reaching Implications of the Laval Quartet: The Case of the UK Living Wage', *Industrial Law Journal*, 43(2) 91-121
- Liverpool City Region Combined Authority [LCRCA] (2018) *Fair Employment Charter*, consultation document. https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/FEC_2019.pdf
- Liverpool City Region [LCR] (2018) *Strategic Investment Fund Strategy*. https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA_Strat_Invest_Fund_July_2018.pdf
- Living Wage Foundation (2018) *Accredited Living Wage Employers*. <https://www.livingwage.org.uk/accredited-living-wage-employers>
- Lyons M (2014) *The Lyons Housing Review: Mobilising across the nation to build the homes our children need*. https://www.policyforum.labour.org.uk/uploads/editorfiles/The_Lyons_Housing_Review_2.pdf
- Manchester City Council (2012) *Manchester's Local Development Framework: Core Strategy Development Plan Document*. https://secure.manchester.gov.uk/downloads/download/4964/core_strategy_development_plan

- Manchester City Council (2014) *Procurement and Commissioning, Report to: Living Wage Task and Finish Group*, 8 October 2014. https://secure.manchester.gov.uk/meetings/meeting/2349/disestablished_overview_and_scrutiny_living_wage_task_and_finish_group
- Manchester City Council (2018a) *Manchester Minimum Wage 2018/19: Report to Personnel Committee*. https://secure.manchester.gov.uk/download/meetings/id/24859/8_-_manchester_minimum_wage
- Manchester City Council (2018b) *Social Value Weighting: Report for information to resources and governance scrutiny committee – ethical procurement sub group*. https://secure.manchester.gov.uk/download/meetings/id/24818/6_social_value_weighting
- Mazzucato M (2013) *The Entrepreneurial State: Debunking public vs. private sector myths*, Anthem Press
- McDaniel S and Berry C (2018) *Local economic performance and development: a literature review*, IPPR Commission on Economic Justice
- Ministry of Housing, Communities & Local Government [MHCLG] (2018) *A review of local authorities' relative needs and resources: Technical consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764487/Review_of_Local_Authorities_Relative_Needs_and_Resources_consultation_document.pdf
- National Audit Office [NAO] (2018) *Financial sustainability of local authorities 2018*. <https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>
- Norton Rose Fulbright (2016) 'Minimum wage special conditions in public procurement tender processes: RegioPost v Stadt Landau (Case C-115/14)'. <https://www.nortonrosefulbright.com/en/knowledge/publications/6a55b0c3/minimum-wage-special-conditions-in-public-procurement-tender-processes-regiopost-v-stadt-landau-case-c-11514>
- Office for National Statistics [ONS] (2018a) 'Contracts that do not guarantee a minimum number of hours: April 2018', statistical release. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/april2018>
- Office for National Statistics [ONS] (2018b). 'Public sector employment, UK: September 2018', dataset. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable>
- Office for National Statistics [ONS] (2019) 'EMP15: Job related training received by employees', dataset. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/jobrelatedtrainingreceivedbyemployeesemp15>
- Preston City Council (2008) *Implications of Preston City Council becoming a Living Wage Employer*, Report to Employment Committee, 4 September 2008. <http://preston.moderngov.co.uk/ieListDocuments.aspx?CId=105&MID=2859>
- Preston City Council (2017) *Living Wage Policy*. <http://www.preston.gov.uk/GetAsset.aspx?id=fAAyADQANwAwADcAfAB8AFQAcgB1AGUAFAB8ADAAfAA1>
- Preston City Council (2019) *Leaders Update: Report to Council Meeting to be held on 18 April 2019*
- Quirk B (2008) 'The shield of survival', LGC, 23 October 2008. <http://barryquirk.com/assets/the-shield-of-survival.pdf>
- Raikes L (2017) *England's new leaders: How mayors can transform their cities*. IPPR. <https://www.ippr.org/research/publications/englands-new-leaders-how-mayors-can-transform-their-cities>
- Raikes L, Millward L and Longlands S (2018) *State of the North 2018: Reprioritising the Northern Powerhouse*, IPPR. <http://www.ippr.org/research/publications/state-of-the-north-2018>
- Salford City Council (n.d.) 'City Mayor's Employment Charter'. <https://www.salford.gov.uk/scmcharter>
- Salford City Council (2018) *Pay Policy Statement: 2018/19*. <https://www.salford.gov.uk/your-council/finance/council-salaries>

- Sandford M (2018) 'The Fair Funding Review: What does it mean for local government?', House of Commons Library podcast. <https://commonslibrary.parliament.uk/economy-business/business/the-fair-funding-review-what-does-it-mean-for-local-government/>
- Sandford M (2019) *Directly-elected mayors*. House of Commons Library. <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05000#fullreport>
- Todd M (2017) 'Local wealth building: harnessing the potential of anchor institutions in Preston', Centre for Local Economic Strategies (CLES) blog. <https://cles.org.uk/blog/local-wealth-building-harnessing-the-potential-of-anchor-institutions-in-preston/>
- Trades Union Congress [TUC] (2017) *The Great Jobs Agenda*. <https://www.tuc.org.uk/sites/default/files/great-jobs-agenda.pdf>
- Warrington Borough Council (2013) 'Warrington Borough Council Executive Board Meeting, 11 November 2013, Document Pack'. <https://www.warrington.gov.uk/downloads/file/17935/executive-board---11-november-2013---document-pack>
- Warrington Borough Council (2015) 'Organisational Improvement and Development Policy Committee, 24 November 2015, Document Pack'. <https://www.warrington.gov.uk/downloads/file/18222/organisational-improvement-and-development-policy-committee---24-november-2015---document-pack>
- Warrington Borough Council (2016) 'Meeting of the Council – 21 March 2016'. <https://www.warrington.gov.uk/downloads/file/18132/full-council---21-march-2016---agenda-document-pack>
- Wigan Council (n.d.) 'The Deal for Business', Wigan Works. <http://www.wiganworks.com/Business-support/Finance/Deal-for-Business.aspx>
- Wigan Council (n.d.) 'What is The Deal?', Wigan Works. <https://www.wigan.gov.uk/council/the-deal/the-deal.aspx>
- Wirral Council (2014) 'Update on Living Wage'. <https://democracy.wirral.gov.uk/ieDecisionDetails.aspx?AllId=25040>
- Wirral Evolutions (2016) 'Living Wage Commitment'. <http://www.wirralevolutions.org/content/item/456-living-wage-commitment>

APPENDIX

COUNCILLORS' GUIDE TO DECENT WORK IN COMMISSIONING AND PROCUREMENT

Councillors play an important role in commissioning and procurement. They work with officers to set out strategies which provide the framework for officers to work within, feed directly into the commissioning process to ensure political priorities and strategic policy is appropriately reflected by officers, and scrutinise decision-making to ensure the process and its outcomes are meeting strategic policy goals and delivering as intended.

For councillors who want to implement a decent work agenda in their council's procurement and commissioning, we would recommend taking the following steps.

1. **Adopt a living wage policy.** Work with other elected members and, if possible, council leadership to adopt a living wage policy whereby all directly employed staff will be paid at least the real living wage in perpetuity, and outlining the strategic aspiration for this to be replicated in procured services, with a view to becoming a living wage accredited employer. A key way to influence this would be to work with the appropriate Overview and Scrutiny Chair to establish a living wage working group, or task and finish group, to develop the policy collectively.
2. **Sign UNISON's Ethical Care Charter.** The homecare sector has large problems with poor terms and conditions for workers, which can reduce the standard of care received. UNISON's ethical care charter outlines a minimum standard for homecare services, including specific decent work commitments like paying a real living wage and abolishing zero hours contracts in place of permanent contracts.
3. **Reference decent work principles in all strategies.** Make sure decent work considerations are accounted for by asking for them to be included in all strategies, such as the overarching council strategy, the local development plan, and health strategies.
4. **Work with trade unions to deliver decent work policies.** Listen to trade union representatives, both of directly employed staff and of procured services, to understand their aspirations, listen to their ideas, and consider ways to work together to advance the decent work agenda.
5. **Develop an Employment Charter or ask to be consulted on one that's already being developed.** As highlighted in this report, employment charters can be a tool used to encourage the private sector to adopt decent work principles and can also be levered into procurement to bolster decent work standards in suppliers. Feed into its development, making sure it is co-designed with businesses, trade unions, and employees to maximise take-up and emphasising how it should be used in commissioning and procurement.
6. **Use overview and scrutiny to monitor standards.** Ask questions about decent work principles across all procured services across the whole breadth of council services. Highlight that it is a political priority that all procurement activity aligns to strategic goals around decent work and ask for evidence that it is being implemented during procurement processes and by contractors delivering your services.

7. **Encourage local anchor organisations such as universities, health authorities and businesses to adopt decent work principles.** Where councillors sit on boards of organisations, they could ask questions about decent work policies for employees and procured services, and champion examples of best practice.
8. **Work with local enterprise partnerships and chambers of commerce, and other business-facing organisations, including any in-house business support.** Work with business-facing organisations to obtain buy-in from the private sector and to encourage the private sector to adopt decent work principles, as these organisations can articulate the benefits to businesses as well as to their employees of adopting them. Consider how council interaction with businesses, such as through any business support function, can be used to further advance the decent work agenda.
9. **Work across regions, subregions and neighbouring local authorities to discuss innovation in the decent work agenda.** Consider establishing cross-boundary working groups, discussion forums and other ways of regularly communicating about implementing decent work principles and innovations in implementing them. Ask your procurement teams how they work with other local authorities' teams to understand innovations.
10. **Promote decent work principles widely and visibly to the public and stakeholders.** Elected members have considerable influence through their local media, their social media and their links to their local community. Not only does promoting the agenda ensure they are held accountable to it, but it can also influence local businesses, other elected members in the local authority, and other councils to understand and implement decent work principles.

Institute for Public Policy Research



GET IN TOUCH

For more information about IPPR North,
please go to www.ippr.org/north

You can also call us on +44 (0)161 694 9680,
e-mail north@ippr.org or tweet us [@ipprnorth](https://twitter.com/ipprnorth)

Institute for Public Policy Research

Registered Charity no. 800065 (England & Wales),
SC046557 (Scotland), Company no, 2292601 (England & Wales)

The progressive policy think tank