

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 8 December 2022

Present:

Councillor Johns (Chair) – in the Chair
Councillors Noor, Raikes, I Robinson, Shilton Godwin and Taylor

Also present:

Councillor Craig, Leader of the Council
Councillor Midgley, Deputy Leader of the Council
Jen Atkins, Bruntwood
Nick Cooper, Adept Corporate Services
Ross Holden, GMB
Ian MacArthur, Director of the Greater Manchester Good Employment Charter
Professor Anthony Rafferty, University of Manchester
Conor Rand, USDAW

Apologies: Councillors Bell, Good and Moran

ESC/22/47 Minutes

Decision:

That the minutes of the previous meeting, held on Thursday, 10 November 2022, be approved as a correct record.

ESC/22/48 Living Wage City: Evidence Hearing

The Leader of the Council introduced the item and explained that the Council and Manchester had been on a significant journey to become a Real Living Wage Place, which would bring the Real Living Wage together across a range of sectors to ensure all residents and workers in Manchester receive the pay they deserve. There were over 200 Real Living Wage accredited organisations in Manchester, reaching around 65,000 residents, and it could be demonstrated that between 5000 and 6000 people had directly received a pay rise as a result of their employer becoming accredited.

The Leader acknowledged that almost a quarter of Manchester residents earned less than the Real Living Wage and that challenges around poverty in certain areas of the city remained. The Council's Anti-Poverty Strategy worked to alleviate and support those living in poverty and a well-paid job with good terms and conditions and working standards was highlighted as the easiest way out of poverty.

The committee welcomed and heard from a number of guests from a variety of industries and sectors within Manchester on the Living Wage and the good practice they undertake.

Ross Holden, Research and Policy Officer for GMB trade union, explained that GMB engaged with a range of bodies on minimum wages and the Real Living Wage and

that GMB were pursuing a policy for the national minimum wage to be raised to the same rate as the Real Living Wage and that a Foundation Living Wage of £10.90 p.h. be introduced for those sectors in which low pay was particularly prevalent.

He noted that the adoption of the Real Living Wage was influenced by certain factors, including government funding and the emerging economy, but he believed that there were levers in place for the Council to encourage more businesses and organisations to pay the Real Living Wage.

Ross raised points around private social care, where some staff were having to rely on food banks and there were issues around a lack of contractual sick pay and travel time between visits being unpaid. He called on the Council to encourage private social care providers to pay the Real Living Wage, to support GMB's campaigns and to meet with trade unions to identify how social care can be commissioned differently. He also suggested that the Council commit to involving trade unions in the commissioning process and highlighted GMB's Ethical Home Care Commissioning Charter, which other local authorities had signed up to.

In response to these suggestions, the Leader stated that the Council would be happy to work towards signing up to the Ethical Home Care Commissioning Charter and that similar work had been undertaken in 2018/19 with Unison to redesign how social care providers were commissioned, abolishing 15-minute visits, not paying people by the minute and ensuring that travel time between visits were paid.

GMB was also working to improve workers rights within platform organisations and asked that the Council, as a majority shareholder, worked with other shareholders at Manchester Airport Group (MAG) to ensure it becomes Real Living Wage accredited and that the Real Living Wage is paid to all workers, including contractors, in the airport zone.

Conor Rand, Senior Researcher for the Union of Shop, Distributive and Allied Workers (USDAW) explained that the union represented around 360,000 workers in the UK and held agreements with a range of major retailers. He reflected on the importance of good work, given the cost-of-living crisis which had massively impacted USDAW members. USDAW had undertaken a cost-of-living survey in November 2022 and found that 80% of respondents in Manchester had been unable to take time off work when ill and 77% reported the financial worries were impacting their mental health.

Conor expressed that the cost-of-living crisis was largely a crisis of low pay, weak employment rights and a lack of good work. Whilst low pay was a significant issue, Conor advised that many USDAW members struggled most with the number of hours worked, whether this be above or below their contracted amount, and being denied extra hours by their employer.

He explained that USDAW had created a New Deal for Workers campaign, which called for a minimum wage of £12 p.h for all workers, a minimum 16-hour week

contract for those interested, a right to a normal-hours contract to reflect the actual hours worked, a ban on zero-hour contracts, improved sick pay and a holistic approach to good work. Members were advised that USDAW had successfully negotiated for minimum 16-hour week contracts for those interested and normal-hours contracts with Tesco and this was hoped to be replicated with other retailers.

The committee took the opportunity to ask questions of the trade union representatives and queried what work trade unions were undertaking to address discrepancies between hours of actual work and holiday entitlements.

Conor responded by explaining that USDAW's request for a minimum 16-hour week would benefit this and was seen to be the benchmark for access to statutory work rights and ensures a level of flexibility for employer buy-in.

Issues around universal credit and how changes in pay can result in a claimant receiving less than anticipated were highlighted. Conor reiterated the effect of changes in pay and additional bonuses on allowances and the contrast in pay dates of wages and universal credit.

A query was also raised as to what more the Council could do to improve the working lives of residents. It was suggested that there were major employers in Manchester who did not allow trade union oversight and the Council could apply significant pressure on such organisations and particularly national and international brands. The Council also had a role in leading by example socially and politically and it was suggested that social value could be maximised within the procurement procedure, although it was recognised that the Council had embedded social value into its procurement framework.

In response to a question from the Chair around how trade unions were organising those who worked in a non-traditional workplace, Ross explained that GMB were increasing public knowledge and undertaking partnership work.

Jen Atkins, People Director at Bruntwood commercial property company and member of the Real Living Wage Action Group, explained that the Real Living Wage had provided financial security for Bruntwood employees and helped them to feel valued for their work.

Jen highlighted how paying the Real Living Wage was also beneficial for businesses as this improved recruitment, retention and performance. She acknowledged the impact of the cost-of-living crisis, increased energy costs and challenges in recruitment and how this reiterated the need to be a good employer. She concurred with the previous speakers that paying the Real Living Wage should be a minimum.

In response to a question as to what more the Council could do to encourage businesses to pay the Real Living Wage, Jen acknowledged the leadership and influence that the Council had and that it could promote workers rights and entitlements to increase awareness.

Jen was also asked how businesses absorbed additional costs of paying the Real Living Wage and advised that, in Bruntwood's experience, there had been a £250k impact and that some of this had been passed onto customers through increased costs and that savings had been made through using smarter, digital technology and greater automation which reduced the amount required for repairs.

It was asked what advice Jen would give to small businesses wanting to pay the Real Living Wage, and Jen suggested that they think about the long-term benefits for the company and the advantages this would have on retention and productivity.

Members also referred to the issue of employees working more hours than contracted for, which was raised earlier. It was stated that Bruntwood offered both variable hours and 16-hour minimum contracts. Quarterly reviews were also undertaken to ensure that employees were not working over their contracted hours.

Professor Anthony Rafferty, Professor of Employment Studies and Managing Director of the Work and Equalities Institute at the University of Manchester also attended the meeting and explained that there had been good progress in the number of organisations in Manchester signing up to the Real Living Wage. He suggested that there was a need to make the Real Living Wage attractive to employers, particularly with business cases such as an evidence base of retention and recruitment figures for those organisations already paying the Real Living Wage.

Anthony expressed his belief that topics such as organisational development and business transformation would be pathways to opening up discussions on the Real Living Wage with organisations who may not be initially receptive. He also explained that the Productivity Institute had recently received funding to establish employer panels to guide through interventions to improve productivity and this may be useful to the work of the Council and the Living Wage Foundation.

Ian McArthur, Director of the Greater Manchester Good Employment Charter, provided an overview of his work and highlighted how the Real Living Wage was a binary condition of the Charter and that it was often a barrier to engaging with an employer.

A Good Employment Week would be held in 2023 to address messaging directly to employees to help understand what was meant by 'good work'. Ian acknowledged a need to reach out to those experiencing low pay and insecure work.

Ian was joined by Nick Cooper, Managing Director of Adept Corporate Services which was the only security manned guarding company to be Real Living Wage accredited in the UK. Nick explained that Adept was a supporter of the GM Good Employment Charter and did not meet the eligibility criteria to become a member as Adept did not provide sick pay from the first day of employment. This would be implemented in 2023 and Adept would become a member of the Charter.

Nick highlighted increases in retention rates and response rates to staff surveys as well as decreases in sickness levels and in the timescale between recruitment and fulfilment as a result of paying the Real Living Wage and being a Good Employer.

He also explained that the company has the Adept Living Wage, which meant that 92% of staff were paid at least an additional 50% of the Real Living Wage. All full-time employees received an annual £500 bonus, with part-time staff receiving £250.

Some challenges in clients not wanting to pay the Real Living Wage were acknowledged and Nick provided an example of where he had served notice on a client who refused to pay the Real Living Wage and staff would be redeployed to other clients who were willing to pay the Real Living Wage.

The Chair queried what drove the reticence around providing sick pay from the first day of employment, to which Nick explained that this was due to cost and that this would work out costing Adept £84k based on sickness levels from 2022.

Ian also advised that the requirement of sick pay from the first day of employment was added to the criteria for membership of the Charter due to the COVID-19 pandemic as many low-paid workers were required to work with the virus. Experiences indicated that some sectors faced difficulties in agreeing to pay sick pay from the first day of employment due to national agreements and where sickness absence could last longer due to the nature of workplace injuries.

In response to a query as to how Nick promoted conversations on being a Good Employer and paying the Real Living Wage with his Board members, some difficulties were acknowledged and Nick emphasised the need for businesses to look at the bigger picture and future forecasts to highlight the investment in staff and the return that this could provide.

Ian also explained that the GM Good Employment Charter worked with organisations which were employee-owned and have transformed the values and culture of their business through this. Many of these also acted as advocates for the Charter and supported other employers on specific or sectoral issues. The Chair questioned how the GM Good Employment Charter worked with the labour market to encourage conversations around good employment and awareness of working rights. Ian explained that the Good Employment Week in 2023 would address this and would provide a QR code around the city, which would direct people to a website and ask a series of questions to tell them if they had a good job. The website would also advertise what the Real Living Wage is and link to resources on the GM Good Employment Charter website. This would also be sharable on social media to reach as wide an audience as possible.

In response to a question around how awareness around good employment can be increased among young people, Ian advised that the Charter was working to provide an educational kit for schools and colleges about what good work looked like to

provide a base knowledge for young people entering the workforce. It was hoped that this would be available in time for the Good Employment Week.

Work was also ongoing with the Trade Union Congress (TUC) and colleagues on the Charter's Board to encourage involvement in the Good Employment Week.

The Chair, on behalf of the Committee, thanked guests for their attendance and contributions.

ESC/22/49 Living Wage City: Report Discussion

The committee considered a report of the Director of Inclusive Economy which detailed the Manchester Living Wage Action Group's work to become a Living Wage City, why this is important, and how it intended to continue promoting the real living wage in Manchester.

Key points and themes within the report included:

- Manchester announced its intention to become a Living Wage City in September 2021 and was recognised in October 2022;
- The real living wage is set by the Living Wage Foundation and based on independent advice and was currently set at £10.90 per hour;
- Becoming a living wage city was important for Manchester as most of the city's significant problems were linked closely to poverty, and while worklessness and benefit dependency remained the main drivers of poverty in Manchester, there had been an increase in in-work poverty in recent years;
- The criteria required to become Living Wage accredited;
- The benefits for both an employer and employee;
- Manchester was required by the Living Wage Foundation to convene a Living Wage action group to collectively develop a three-year action plan to increase the number of living wage employers in the city and to be made up of a range of accredited organisations, including anchor institutions, SME employers and the third sector;
- The role of the action group and the action plan;
- The targets and actions for the Action Group; and
- Next steps of Manchester's Living Wage journey, including handing responsibility to the Work and Skills team for delivery.

The key points and queries that arose from the committee's discussions included:

- If the Council had experienced any difficulties in engaging with employers due to current financial difficulties, and whether this was difficult for specific sectors;
- Noting that voluntary, community and social enterprises (VCSE) was not typically a high-paid industry;
- Noting a recruitment and retention crisis within employment;

- If the Council was doing all it could within its licensing and planning policies to promote the Real Living Wage; and
- How the Council could promote the Real Living Wage through the commissioning procedure.

The Director of Inclusive Economy acknowledged that the impact of current financial uncertainties on employer engagement with the Real Living Wage. She explained that big anchor institutions were key and the Council had asked them to encourage other employers within their sectors and spheres of influence to engage with the Living Wage Foundation.

Some challenges were noted, such as the Living Wage Foundation only recognising the headquarters of a business which caused some issues if the Manchester office of an organisation wanted to become accredited.

The Director of Inclusive Economy also explained that the Council would continue to present a video on the Real Living Wage, which members had watched earlier in the meeting, and use the levers it had to further encourage other employers to become accredited.

The Director of the Greater Manchester Good Employment Charter also advised the Committee that his organisation had surveyed members of Charter after the announcement of the increase in the Real Living Wage, and members remained committed to paying this.

The Deputy Leader informed members that the Council stipulated in funding applications for VCSE that organisations must be able to demonstrate that they either pay the Real Living Wage or had a commitment to implementing this within the next two years and MACC were supporting VSCE organisations to devise an action plan for this.

The Director of Inclusive Economy added that MACC strongly urged VCSE organisations to pay the Real Living Wage but acknowledged the need for Living Wage funders, who could build enough into commissions and grants so that VCSE organisations could pay the Real Living Wage and then monitor it through contract and grant conditions. Some progress had been made on this, although it was noted that more work needed to be undertaken.

It was confirmed that there were no conditions around the Real Living Wage within the Council's planning and licensing policies as there were no legal powers to enforce this.

The Strategy and Economic Policy Manager also explained that social value was already well embedded within the Council's procurement and commissioning processes, although he acknowledged the need to ensure consistency across the organisation.

He concurred with members' points about retention issues within the workforce and reiterated that those engaged with the Living Wage Action Group remained committed.

The next phase of work for the action group would identify levers which the Council could utilise to achieve its outcomes for the city and would help to open up conversations with different employers.

Decision:

That the Committee

1. notes Manchester City Council's approach to increasing the number of residents being paid a real living wage;
2. expresses their support for the Council in using all its levers, including procurement, land ownership, civic influence and place-based lead for health to increase the number of employers paying a real living wage; and
3. supports the Council's ambition to increase the number of residents being paid a real living wage by promoting this work through members' own contacts and networks.

ESC/22/50 The Greater Manchester Good Employment Charter

The committee considered a report of the Director of the Greater Manchester Good Employment Charter which provided an update on the work undertaken to create the Charter Implementation Unit and delivery mechanisms, how the Charter had been delivered and its impacts, and reflected upon the challenges of the changing nature of work and the growth of the good employment moving in the current socio-economic climate, moving from the COVID-19 pandemic through to the current cost of living crisis.

Key points and themes within the report included:

- The Greater Manchester Good Employment Charter's role as a key partner for Manchester's Real Living Wage Campaign, Our Manchester Business Forum and the Work and Skills Team in improving good employment practice across the city;
- How the Charter would continue to create a good employment 'movement' in Greater Manchester;
- How the Charter would continue to work with its partners to deepen the pool of supporting resource and provide a platform for the Good Employment community to spread and support good practice;
- How the Charter would work with partners to develop innovative approaches to good employment practice and to continually evolve and develop new solutions;
- The characteristics of good employment;
- Since its inception in early 2020, the Charter had grown to reach around 1,300 employers, including over 450 supporters and 76 full members, covering in excess of 400,000 employees; and

- Manchester Metropolitan University (MMU) evaluated the first year of the Charter, examining both the motivations and experience of Charter 'leads' – those who took their organisation through the process of becoming either a supporter or member – and employees in Charter organisations on their experience of good employment. The findings from the evaluation were broadly positive, with some suggested next steps and recommendations on how to improve reach and impact.

Much of the previous discussions included reference to the Greater Manchester Good Employment Charter and the Committee expressed its thanks to the Director of the Greater Manchester Good Employment Charter for his attendance and contributions.

Decision:

That the report be noted.

ESC/22/51 Overview Report

The committee considered a report of the Governance and Scrutiny Support Unit which provided details of key decisions within the committee's remit and its work programme.

Decision:

That the Committee note the report.