Social partnership mechanisms in the children's workforce

Introduction

1. On 31 March 2006 the Department for Children, Schools and Families (DCSF) commissioned the Children's Workforce Development Council (CWDC) to report on the role of the total rewards package in improving workforce recruitment and retention across the children, young people and families sector.

2. CWDC presented an initial report in June 2006 and a final report in October which contained four recommendations. One of these focused on the value of bringing together social partners to discuss issues relating to recruitment, retention and rewards. In March 2007, the DCSF asked CWDC to explore this recommendation in more detail.

3. This paper examines the options for a mechanism that could bring together social partners to discuss issues relating to recruitment, retention and rewards in some parts of the children's workforce[1] covered by CWDC. In this context the social partners could include trade unions, public and private sector employers, representatives from the third sector, parents' groups and others. The development of a set of options is based on an assumption that no existing mechanism is sufficiently robust or comprehensive to support reform across the full range of occupations and professions in this part of the children's workforce. This reflects the scale of the task and the complexity of adequately addressing all of these issues in a meaningful and coordinated way.

4. A central tenet behind the following options is that workforce reform and modernisation can be advanced alongside discussions on recruitment, retention and rewards. Each option provides an opportunity for more sustained progress than can be offered by the current arrangements.

5. Establishing a mechanism that gains consensus on issues of recruitment, retention and rewards will take time, not least because of the need to agree:

   - the terms of reference under which the mechanism would operate;

---

[1] The invitation to look at recruitment, retention and rewards asked CWDC to consider: sessional care workers; out of school workers; daycare workers; childminders; nannies; education welfare staff; learning mentors; Connexions personal advisers; foster carers; children and family social services; children's home staff; CAFCASS staff.

   - the stakeholder groups and organisations that would need to be involved;
   - which occupational and professional groups should be included;
   - how the mechanism relates to the existing structures, systems and processes; and
   - the reporting and monitoring arrangements.

Background

6. The labour market for staff in the children's sector is complex because the provision of high quality services is dependent on recruiting and retaining large numbers of specialist staff as well as individuals with general skills and competences. It is worth recognising that an increase in demand for a particular group of occupations does not necessarily provide increased opportunities for all staff as there is limited workforce mobility. This can lead to recruitment problems in some areas of the children's workforce alongside a potential over-supply of staff in other areas. Market forces and the existing arrangements do not provide an adequate mechanism for managing the supply and demand of labour in the children's workforce[2].

7. The employment market within children's services is spread across employers in the private, voluntary, independent and public sectors. CWDC's recruitment, retention and rewards research highlighted that 57 per cent of this part of the children's workforce is employed in the public sector, 25 per cent is in the private sector and 18 per cent is in the third sector.[3]

8. As these sectors have different employment arrangements (e.g. pay levels, pension provision, flexible working etc.) there are both barriers to mobility and incentives for individuals to move between employers both within and across the children's sector to improve their terms and conditions. There are financial and non-financial incentives for employees to look for new positions in the children's workforce. There are also incentives for employers to look for new staff currently employed by their competitors, particularly where they experience skills shortages and face difficulties in recruitment. However, there are barriers to mobility and the labour market is not free to operate in an unrestrained way. The delivery of children's services (and hence the reason for the employment of staff) is heavily dependent on public funds, and there is a widespread recognition that these will always be limited.

9. The demand for staff within the children's workforce varies greatly between occupational groups. In Stage One of the CWDC's Sector Skills Agreement[4], our analysis of the existing workforce highlighted the large number of self-employed in the sector, and the large number of employees working in early years. This report could be seen to cover over 500,000

---

[2] The CWN's work on barriers to occupational mobility and the development of an Integrated Qualifications Framework will both help to make the labour market more fluid and more able to respond to market signals surrounding vacancy levels and rates of pay.
[3] These figures are based on DfES data and quoted in the CWDC's March 2006 report on recruitment, retention and rewards. The figures are approximations and exclude volunteers.
[4] http://www.cwdcouncil.org.uk/projects/sectorskillsagreement.htm, CWDC, 2007

employed and self-employed people within those occupations as outlined in footnote 1.

Occupational sub sectors	Proportion of workforce (paid or self-employed)[5]
Children and family social care	28%
Early years and childcare	68%
Advisory and education support	4%

10. In addition to the employed and self-employed individuals in this part of the workforce, CWDC estimates there are over 250,000 volunteers working with children and young people.[6]

11. The development of new roles within the children's sector, the move to greater integration and the increasing expectations surrounding the expertise of those who work with children have led to employers seeking more qualified and experienced staff who are able to take on new roles and work in new ways and in new teams. As integrated working develops further, and multi-agency teams are created, the difficulties in defining job roles[7] will be exacerbated. These developments create a more fluid labour market (despite the existence of barriers to mobility) and more uncertainty for employers and employees. It can also lead to recruitment difficulties as a lack of clarity about individual roles can limit the number of people applying to work in the sector.

12. Initial research, funded by CWDC[8], has shown that there are no existing mechanisms that could simultaneously address issues of recruitment, retention and rewards within a context of workforce modernisation. The establishment of such a mechanism could lead to a quicker implementation and wider acceptance of the need for, and the benefits from modernisation.

13. CWDC's initial research[9] on recruitment, retention and rewards includes the comment that "*the evidence does not indicate that there is a direct link between the levels of pay and rewards and recruitment across the children's workforce*". However the research also identified that, in some occupations, lower pay is a significant factor in the high turnover of staff with individuals in both lower paid and better paid occupations regularly moving in search of higher pay.

14. In these circumstances it is difficult to be confident that the majority of this part of the children's workforce is ready to respond quickly and productively to a modernisation process. (See annexe for a summary of the lessons to be learnt from other modernisation processes.) CWDC continues to believe that there are significant potential gains for

employers, employees, parents and children in a process that combines modernisation with recruitment, retention and rewards.

15. Given the variations in readiness for workforce modernisation, it is worth considering whether the same amount of progress can be made across all occupational groups. While it can be important to view this part of the children's workforce as a coherent whole, setting unrealistic expectations can be unproductive and lead to failure. Given the size of the challenges faced, it is worth considering other approaches, such as:

- an early focus on one or more occupational groups;
- a different approach in different occupational areas;
- a phased approach where early lessons are learnt through a rolling programme of reform and applied to the subsequent phase;
- a focus on those occupations which are predominately in the public sector where government has greater influence over issues of reward;
- selecting those occupations which experience the greatest problems with recruitment and retention.

There are undoubtedly tensions between the capacity and capability of any mechanism to achieve widespread and sustained change, and the desire to address the needs of all employers and employees in this part of the children's workforce.

16. As set out earlier there are questions around which organisations and stakeholders should become involved in any process. Most existing mechanisms[10] in other occupational areas seek to involve everyone with an interest in the outcomes of any discussions. In this part of the children's workforce, there are a very large number of organisations that may wish to be included in any mechanisms. The children's workforce is diverse, the range of employers is large, there are many individuals who are self-employed, and the lack of a unionised workforce makes it difficult to easily identify organisations that can genuinely speak on behalf of the different interest groups.

Options

17. In preparing this paper, the CWDC has identified four different approaches which could bring together social partners to discuss issues of recruitment, retention and rewards. The success of each option could be assessed by the extent to which it helps to achieve the following:

- encourages the development of a more diverse workforce;
- improves the skills and competences of those within the workforce;
- changes the perception of working with children and young people;
- establishes a mechanism for discussing issues relating to pay and rewards;
- develops additional career opportunities;

---

[5] These calculations are based on DFES' original figures in the March 2006 letter to CWDC
[6] http://www.cwdcouncil.org.uk/projects/sectorskillsagreement.htm, CWDC, 2007
[7] http://www.cwdcouncil.org.uk/projects/workforceintelligence.htm
[8] Social Partnership Models for Workforce Reform, Ecotec/CWDC, January 2007
[9] Recruitment, retention and rewards in the children's workforce, CWDC, October 2006

---

[10] Social Partnership Models for Workforce Reform, Ecotec/CWDC, January 2007

- supports the development of additional training and development opportunities;
- support existing and new retention strategies.

18. The four options can be summarised as follows:

- using the commissioning process by including a set of rules on workforce issues;
- the establishment of a social partnership group which includes representatives from stakeholders with an interest in recruitment, retention and rewards;
- asking the newly created CWDC Board's membership group to take on this role;
- consider the introduction of a minimum wage for this part of the children's workforce.

Option 1: a commissioning process

19. An important part of any mechanism is the need to consider how the private, voluntary and independent sectors are affected and involved. By their nature these employers and employees are outside the public sector and consequently the government's direct influence is limited. Other than the minimum wage legislation, there are no direct levers to influence the level of rewards offered to these employees. As such any mechanism will only be able to influence rewards and will not be able to fix levels of remuneration.

20. One of the mechanisms that directly affects the private, voluntary and independent sectors is local authority commissioning. Much has already been achieved through the joint planning and commissioning process[11] in order to deliver the five outcomes for children. However the current process does not explicitly include references to the pay and rewards offered to staff. In securing the provision of services for children and young people, local commissioners could include a series of rules, with accompanying guidance, for all those who tender for contracts.

21. A set of rules would have the advantage of considering reward levels for those in the private, voluntary and independent sectors as employers could be asked to set out their pay structures and levels in any tender for children's services.

22. This mechanism does not directly address recruitment and retention, nor does it affect employers in the public sector. And it is worth noting that the current level of commissioning is relativly low and it is often other sources of funding that need to consider reward levels in their tendering and decision making processes, for example funding through the Lottery, large charitable trusts and public sector grant funding schemes.

23. For such a mechanism to be effective, commissioners would need to agree collectively to a set of rules which affect the workforce. These could

[11] For example www.everychildmatters.gov.uk/strategy/planningandcommissioning

include reward levels, training and development, qualifications, skills etc. Depending on discussions, it is possible for this process to look at whether commissioners would expect those tendering for work to adopt public sector processes e.g. Single Status Agreement[12], the JNC[13] or the Soulbury[14] arrangements

24. The advantage of this mechanism are:

- workforce development and rewards are explicitly considered during the procurement process;
- there is a focus on the private, voluntary and independent sectors.

25. The disadvantages of this mechanism include:

- issues relating to employees in the public sector are not considered;
- the mechanism does not address recruitment, retention and workforce modernisation – it is a mechanism that focuses solely on reward structures;
- local authorities will face increasing costs as those tendering for work seek to recover their additional costs of labour through higher prices;
- the commissioning group could be seen to control pay and rewards in the children's sector and local authorities may find it difficult to cooperate.

Option 2: a social partnership group

26. The second option involves establishing a mechanism which allows all those with an interest in recruitment, retention and rewards across this part of the children's workforce to meet. This would involve an agreement on which organisations would be invited to meet to discuss these issues, the preparation of terms of reference under which the individuals meet, and an agreement on the powers and responsibilities of such a group.

27. Given the size and breadth of this part of the children's workforce, it would be difficult to identify and include all the stakeholders. As such difficult decisions will need to be made about those organisations who are invited to participate. If this mechanism was to cover all the occupational groups set out in footnote 1, there is a risk that it would be unwieldy and bureaucratic. However, if the group was to cover a more limited range of occupations, then more progress is likely to be made.

28. A social partnership group offers the advantages of:

[12] Single Status is the harmonisation of pay and conditions across a local authority for comparable posts. Following the national single status agreement on local government conditions of service and pay scales in 1997, local authorities had until 31 March 2007 to implement single status.
[13] The Joint Negotiation Committee covers pay for the youth and community workers.
[14] The Soulbury Report covers the following local authority staff: educational inspectors and advisors; other groups of school improvement professionals such as Key Stage and national strategy consultants; educational psychologists; and youth and community service officers.

- a single process that could cover recruitment, retention and rewards alongside workforce modernisation;
- a unified process that covers the private, voluntary, independent and public sectors.

29. The nature and complexity of such a process also leads to the following disadvantages:

- it is not always clear which organisations should be asked to represent each interest group;
- the relationship between this process and other arrangements (such as the JNC, the Soulbury system and the Single Status Agreement) are not clear;
- developing a mechanism which could affect pay systems and structures in the private, voluntary and independent sectors could be controversial as, other than the minimum wage, there are no processes for commenting on reward systems outside the public sector;
- increased expectations around pay and rewards;
- increased pressure on the social partners to deliver improvements.

Option 3: the CWDC Board's membership group

30. As set out in the discussion on option 2, a social partnership group would be complex and involve a very large number of stakeholders. Establishing such a group from a standing start would be time-consuming and there would be inevitable delays as membership is discussed, terms of reference agreed, and reporting arrangements finalised. A short cut to getting a group started may involve looking at how the proposed membership group to the CWDC's Board is configured. This group is due to be in place by April 2008 and will, in due course, comprise stakeholders with an interest in children's workforce issues.

31. Agreement on the establishment of this membership group has taken some time, and has involved extended discussion with the CWDC Board. Discussions on the remit, role and responsibilities of the group are ongoing, and consequently there is time to consider whether this group's terms of reference should be widened or enhanced in order to include recruitment, retention and rewards.

32. This option has the advantage of:

- not creating a new structure or system;
- providing a reporting process through CWDC.

33. However there are some disadvantages to this option, namely:

- issues of rewards for those in the children's workforce are not the responsibility of CWDC;
- any reporting mechanism that goes through an ENDPB is unlikely to be seen as independent;

- asking this membership group to take on additional responsibilities may make the work unmanageable or distort the original purpose of the group;
- the membership group would need to increase in size to represent all stakeholders.

Option 4: a national minimum wage for the children's workforce

34. The Low Pay Commission[15] reports that the Labour Force Survey has indicated that there are "over 346,000 employees in low-paying childcare occupations in the third quarter of 2006." The Commission's report has also estimated that 10.3 per cent of "nursery nurse employees" over the age of 18 were paid below the national minimum wage in April 2006. Everyone will wish to see this position addressed quickly.

35. This option looks at whether there could be a higher minimum wage for those who work in this part of the children's workforce. The mechanism to underpin this option would involve stakeholders in discussion around whether there are merits in this idea, how the idea could be implemented, and how it should be enforced.

36. This option has some advantages, namely:

- it is in line with existing government policy of setting minimum expectations;
- it would be supported by a legislative framework;
- it would ensure additional funding found its way into employees' pay and rewards packages;
- it could cover all occupational groups across the private, voluntary, independent and public sectors;
- it directly addresses the issue of low pay.

37. A key disadvantage for this option is the precedent it sets. While there may be a case for considering this as an option, it is difficult to establish a tight definition of which occupations would be included. With a rapidly changing environment, the creation of new roles and job titles, and the permeability of this part of the children's workforce, there will always be issues of definition to be decided.

38. This option is also likely to lead to a distortion of the children's workforce labour market. It also considers pay to be the most important part of the reward package on offer to employees. This mechanism would only address rewards, and a separate process would need to be considered for recruitment, retention and workforce modernisation.

Discussion

39. In each option the disadvantages are significant as this reflects the size of the challenge associated with combining workforce reform and issues of recruitment, retention and rewards. Despite the abundance of occupational

---

[15] http://www.lowpay.gov.uk/lowpay/lowpay2007/

groups in the sector, the breadth of employment arrangements and the complexity of the relationships between different parts of the sector, there is an enthusiasm for change.

40. Issues of workforce reform and rewards are key factors in developing a world class children's sector workforce and affect the recruitment and retention of highly skilled staff. The drive for quality provision for children is dependent on well-qualified, well-rewarded and well motivated staff who are able to respond flexibly to changing circumstances. In many ways a commitment to workforce reform can be seen as a "trade-off" when it is accompanied by discussions on recruitment, retention and rewards. One without the other is likely to leave either employers or employees less than satisfied.

41. As workforce integration and mobility increases, individuals in different occupational groups will become even more aware of the terms and conditions of employment of their new colleagues. As the awareness of these different arrangements rises, there is a risk that integration and multi-agency work will stall as individuals question why those who do similar work experience such different employment conditions.

Other issues

42. As set out above, there are a series of issues which need to be considered alongside the options, namely:

- the terms of reference of any group;
- the accountability and responsibility of such a group;
- the relationship of such a group with existing mechanisms and processes;
- which organisations should belong to such a group;
- whether the mechanism feeds into government decision making, provides advice for employers, offers an opportunity to discuss issues or has other reporting arrangements;
- how each mechanism can be linked to workforce reform;
- whether it would be more effective to focus on a smaller group of occupations rather than this part of the children's sector;
- what resources are needed to support the process and the outcomes of the process.

43. In preparing a set of options that could be applicable across this part of the children's workforce, we have assumed that progress needs to be made in all occupations and professions simultaneously. This can be challenged and greater priority could be given to one or a few occupation. A decision on a partial or differentiated approach would acknowledge the wide range of occupations in the children's workforce, the readiness and appetite for modernisation in different parts of the children's sector, and the large percentage of staff who are self employed or work in the private, voluntary and independent sector.

44. At this stage of the analysis we have not considered the potential costs surrounding these options, nor have we considered the time needed to establish, promote and publicise a new mechanism. This work can be completed if this would be helpful.

Annex

A summary of the CWDC's research into mechanisms that bring social partners together identified the following factors as being important in ensuring a modernisation process can be successful:

- be part of wider reforms;
- be implemented and managed more widely than from within an organisations' human resource departments;
- be given sufficient resources to support implementation;
- be given a high priority in terms of messages to staff and those involved in driving forward the reforms and allocating resources;
- be comprehensively planned with built-in flexibility;
- be supported with clear roles for supervisors, managers and leaders;
- fully engage staff in the process, however, this must be managed to ensure expectations are kept realistic;
- include regular communications;
- be taken forward in partnership, reflecting the different sectors and interests involved;
- encourage diversity in the workforce in order to challenge stereotypes.