

Response to: NI-Economic-Strategy@economy-ni.gov.uk

The Labour Relations Agency's Response to the Department for the Economy's January 2017 Consultation on an Industrial Strategy for Northern Ireland

1. Introduction

- 1.1** The Labour Relations Agency (the Agency) is an executive Non-Departmental Public Body sponsored by the Department for the Economy (DfE). The Agency has a statutory duty to promote the improvement of industrial relations in Northern Ireland. In fulfilling this objective the Agency promotes best employment practice and the early resolution of workplace disputes as a preferred alternative to formal and potentially costly litigation.
- 1.2** The Agency delivers on its statutory remit through the provision of a wide range of bespoke dispute prevention and early resolution services to employees and employers that are highly valued by our customers and stakeholders. Research has highlighted the following as key outcomes of an effective employment relations system:
- Industrial competitiveness;
 - A strong employee voice;
 - Cohesive labour market characterised by job security; and
 - Strong commitment to social justice where diversity in the workplace is recognised and valued

2. The Agency's Response

- 2.1** The Agency responded to the Executive's October 2016 consultation on the draft Programme for Government and welcomes this opportunity to contribute to the Department's consultation on an Industrial Strategy for Northern Ireland. In addition to providing specific responses to the individual questions posed in this consultation the Agency makes the following general remarks about the draft strategy.
- 2.2** The Agency is of the view that the main tenets of the draft Industrial Strategy are consistent with the outcomes- based approach promulgated in the draft PfG; the Agency is also supportive of a vision for the Northern Ireland economy which recognises the strong correlation between competitiveness and inclusiveness. This is totally consistent with the Agency's statutory role in promoting better performance in organisations and supporting individual citizens through the delivery of impartial and high quality employment relations services.

- 2.3** The Agency is somewhat concerned that the draft Programme for Government and now the Industrial Strategy are both silent on the impact of good employment and industrial relations on productivity, competitiveness and social cohesion. The Agency's Chair and Chief Executive met with the Department's SRO for the draft PfG outcomes and made this very point. It is encouraging that the Department is positively disposed to referencing the work of the Labour Relations Agency in the supporting narrative to the PfG action plans.
- 2.4** The Agency offers the following commentary to support the argument for employment/industrial relations to be cited in the Industrial Strategy probably under the Building the Best Economic Infrastructure or Enhancing Education, Skills and Employability Pillars for Growth.
- 2.5** The work of the Agency is quite unique in that it impacts on every workplace across the public, private, and community and voluntary sectors. The Agency's core business is about capacity building through the development of good employment/industrial relations which increases the productivity of individual workplaces allowing enterprises to concentrate their energies on their core business; and when disputes do arise to assist in helping parties to an early resolution.
- 2.6** The Agency currently facilitates the Northern Ireland Employment Relations Roundtable which is representative of all trade unions and the main employer bodies. The Roundtable is a very strong advocate of the economic impact of good employment/industrial relations and has commissioned work to develop employment relations skills training for generic line managers. The intention was to seek a meeting with the Department to discuss the potential inclusion of this training in the Skills Strategy. It now appears that the Skills Strategy has been subsumed within the Industrial Strategy and that training relating to employment relations skills is likely to fall under the Enhancing Education, Skills and Employability Pillar for Growth. The Roundtable offers a unique consultation opportunity and the Department may wish to consider meeting with the Roundtable before finalising the Industrial Strategy.
- 2.7** The economic impact of good employment/industrial relations is not a new concept; in the 1990s the then Industrial Development Board cited NI's industrial relations track record when promoting Northern Ireland to potential Foreign Direct Investment (FDI) companies and its successor organisation, Invest NI, is actively involved in briefing potential FDIs on Northern Ireland's system of employment regulation and how it differs to the rest of the UK and other EU countries. The Agency works in partnership with INI in vetting the employment-related content for NIBusinessinfo and recently met with Alastair Hamilton to explore other opportunities for joint working. There is also a growing body of research on the economic impact of good employment/industrial relations.
- 2.8** In 2012 the Agency commissioned a SROI (Social Return on Investment) study of the Agency's frontline services funded by our former sponsor Department, the Department for Employment and Learning. The study identified the following as the main benefits that flow out of the services that the Agency delivers to its customers:
- Resolving disputes quickly and efficiently saves time and money to all parties;
 - Preventing disputes from arising in the first place contributes to greater well-being in the workplace and higher productivity;
 - Enabling more equal access to good quality professional information generates fairer outcomes for employees and employers.

- 2.9** The study illustrated that there were substantial economic, social and health benefit outcomes from the services delivered by the Agency and this strongly resonates with the Industrial Strategy's twin emphasis on competitiveness and inclusiveness. The Scottish Government has actively promoted the use of the SROI model in determining the impact of public services and this approach influenced the development of the Executive's draft Programme for Government. The Agency has met with the University of Ulster's Economic Policy Centre and they are supportive of the Agency's proposal that a research project on the economic impact of good employment/industrial relations should be commissioned. The Agency intends to discuss this with the Department's sponsor team and Chief Economist, Victor Dukelow. Acas, the Agency's equivalent organisation in GB, has also conducted a similar study to determine the economic return from its own employment relations services.
- 2.10** The Agency is very supportive of the commitment in the Industrial Strategy's vision to create strategic coherence across the full range of the economic policies but believes there needs to be ongoing dialogue with ALBs to ensure that there is clarity about how PfG and Industrial Strategy priorities are reflected in their corporate and annual operating plans. The Agency is also encouraged that the Department recognises that the strategy can only be delivered through partnership involving local and central government, the business community, the third sector and trade unions. Partnership is part of the Agency's DNA and we would want to engage with the Department to discuss how our existing network of stakeholders and delivery partners can assist in the implementation of the Industrial Strategy. In framing this response, the Agency is minded of the need to address the operational challenges of developing a new Corporate Plan for the period 2017-2021 in a way that is consistent with the themes and direction of the Executive's Programme for Government and the Department's Industrial Strategy.
- 2.11** The Agency's extant corporate plan expired on 31 March 2017 and the Agency has just held a workshop to determine the structure and content of our new corporate plan. The Agency intends to consult on the draft corporate plan over the summer period and then to submit a final draft to the Department by the end of August. The Agency would appreciate early engagement with the Department to better understand the Department's expectations of how the Industrial Strategy and the PfG should be reflected in our corporate plan.
- 2.12** A second potential development area relates to the corporate governance requirements that will be required of ALBs in delivering on its PfG and Industrial Strategy commitments. The Agency would want to ensure that our corporate plan and governance arrangements align with the Department's expectations. There may be merit in establishing some Pathfinder ALBs to take this forward. The Agency has already had some positive preliminary discussions with the Departmental sponsor team and the Head of DfE Governance about this suggested approach.

Response to the individual consultation questions

1. Do you agree with the proposed vision for the Northern Ireland economy? In particular, do you agree with the twin emphasis on competitiveness and inclusiveness?

The Agency agrees with the twin emphasis of the draft Industrial Strategy on competitiveness and inclusiveness. It would be the Agency's intention to encompass these two goals, along with other outcomes outlined in the draft Programme for Government, in developing its Corporate Plan 2017–2021.

The Agency's principal activities are to assist employers, employees and their representatives to improve the conduct of their employment relations. The Agency provides effective, impartial and confidential services to those engaged in industry, commerce and the public services in Northern Ireland, those services including;

- advice and assistance on all aspects of employment relations and employment practices
- comprehensive conciliation, mediation and arbitration facilities for resolving both individual and collective matters.

The Agency recognises the economic, social, health and educational benefits of good employment relations and is a key contributor in the design and operation of an effective, fit for purpose employment relations system both for Northern Ireland at a regional level and also in individual work places.

The Agency, with its unique governance structure of a Board comprising of members from employer bodies, trade unions or those who have a relevant academic or employment law background has a reputation of being well respected and regarded by those in the employment relations field in Northern Ireland.

In addition the Agency currently facilitates the Northern Ireland Employment Relations Roundtable. Composed of equal representatives of employers and trade unionists, along with a representative of the Employment Lawyers Group, the aim of the Roundtable is to give advice to the appropriate Minister on matters on which there is consensus between employers and trade unions.

2. Do you agree with the proposed five Pillars for Growth?

The Agency agrees with the five Pillars for Growth. The Agency would be of a view that it has a particular key strategic role to play in the Pillars relating to Enhancing Education, Skills and Employability and Driving Inclusive, Sustainable Growth.

The Agency believes it has a key strategic role to play in enhancing skills and employability and in driving sustainable growth by the provision of the following services:

- an Individual Conciliation Service to assist in the resolution of disputes regarding alleged infringement of employment rights.
- a Collective Conciliation Service to assist in the resolution of industrial disputes.
- an Arbitration service to assist in the resolution of industrial/workplace disputes.
- a Pre-Claim Conciliation Service to provide for early resolution of alleged infringement of employment rights
- a Mediation service to assist in the resolution of inter personal workplace disputes
- the drafting and vetting of employment documentation to promote good employment practice.
- the provision of seminars/briefings to inform and upskill employers and employees in their conduct of employment relations.
- the provision of training in public sector employment to improve employment relations.
- the provision of an effective Helpline to respond to employment queries from employers and employees.

3. Do you agree with the proposed economic milestones?

The Agency is generally content with the economic milestones identified in the draft Industrial Strategy. The Agency is of the view that it is important to comprehensively identify and clearly

define appropriate milestones and accurately measure progress towards these milestones. It is important that the milestones identified are challenging but realistic. It is also important that the action taken to achieve these milestones align with the indicators in the draft Programme for Government.

4. Do you agree with the importance of continuously benchmarking Northern Ireland against other small advancing economies?

The Agency is of the view that to remain competitive it is important to benchmark against other similar economies and learn any lessons from such benchmarking to achieve the targets set out in the draft Industrial Strategy. It is also important that the resources committed to this benchmarking activity do not reduce those devoted to achieving the milestones outlined in the Strategy.

The Agency is in discussions with its sister organisations in GB (Acas) and Republic of Ireland (Workplace Relations Commission) to identify potential benchmarking opportunities in terms of the services that we deliver to the labour market. We are also exploring opportunities for joint research projects that focus on the economic and social impacts of our employment relations services.

5. Do you agree that the Industrial Strategy should move towards a rebalancing focus?

The Agency believes in having a strong, competitive economy, a more equal society and more people working in better jobs – outcomes which have been identified in the draft Programme for Government.

By promoting co-operation and the development of harmonious workplace relations and reducing industrial conflict or strife and ensuring continuity of production the Agency's services aim to improve the productivity of employees and hence the competitiveness of organisations. The Agency is also of the view that employees' experience of work, and the satisfaction that they derive from it, can have an important impact on their physical and mental health and wellbeing. Work also allows people to develop new skills, both technical and social, reduces poverty and promotes full participation in society, independence and human rights.

6. Do you agree that our Industrial Strategy should support sectors where Northern Ireland is world class or where we have the potential to be world class?

The Agency agrees that industrial sectors which are world class or have the potential to be world class should be strongly supported. The caveat to this position is that other sectors of the economy should not be adversely affected by any financial or resourcing decisions to provide any enhanced level of support for these sectors.

7. For each of the 5 Pillars of Growth:

- **Do you agree with what we want to achieve?**

The Agency is generally content but would wish to see included some reference to the contribution that good employment relations and relationships make to economic competitiveness and societal well-being;

- **What we plan to do to deliver?**

Following on from above the Agency would wish to see some strategic actions related to the improvement and maintenance of good employment relations in Northern Ireland particularly with the pending departure of the United Kingdom from the European Union and the uncertainty arising in the employment relations field from this action. The Agency believes it has a key role to play in shaping and informing policy thinking and practice on the economic and social value of good employment relations in the workplace.

- **How we plan to measure progress?**

The Agency is generally content with the measurement indicators and is particularly interested in the construction of a better jobs index measuring the increased proportion of people working in better jobs.