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# FAIR WORK ACTION PLAN: ANNUAL REPORT

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# 1. MINISTERIAL FOREWORD



**Jamie Hepburn MSP,**  
Minister for Business,  
Fair Work and Skills

In February 2019, I launched our Fair Work Action Plan. Since then, we have made good progress on a number of fronts. And, in the past year, have found ourselves in the most unprecedented of circumstances which has forced us to deal with and consider workplace issues on a scale that none of us had prepared for. The Covid-19 pandemic has affected all of our daily lives, including our workplaces, and the challenges faced by workers, employers and businesses cannot be overstated. Our early progress on Fair Work enabled the Scottish Government and our partners to respond more quickly and effectively to the impacts of Covid-19, and I am thankful to our partners and those employers who have already taken up the Fair Work mantle.

The pandemic response has highlighted the importance of our continued partnership working across government and with stakeholders. Our strong relationship with the Fair Work Convention and the STUC, and our shared commitment to Fair Work principles were evident in the Covid-19 [Statement of Fair Work Practices](#) which we issued jointly with key partners from the public, private and third sectors and the STUC. Central to our Fair Work approach is the expectation that employers, trades unions and workers should work together to ensure workers are treated fairly and that concerns from employees are taken seriously. In the absence of employment powers, we will continue to reward and encourage those committed to Fair Work, using all levers available to us.

In the many conversations I've had with businesses throughout the pandemic, I have been struck by the strong support for Fair Work and calls for the Scottish Government to hold steadfastly to our strong Fair Work values. I do not believe there has been such a level of understanding that employers need to be close and responsive to their workforce if they are to have a good chance of surviving in these very difficult times. I am also confident, therefore, that those employers who are adopting Fair Work practices will be well placed to step up their business when the time is right. Indeed, our Homeworking Guidance and Safer Workplaces sectoral guidance have supported workers and business alike: protecting individuals and livelihoods and enabling business to operate safely.

The health and wellbeing of individuals, communities and the economy remains our absolute priority, and despite the challenges and uncertainties we face now and in the future, one thing remains certain: Fair Work is more important than ever, and the Scottish Government remains committed to ensuring this priority agenda remains at the heart of our economic recovery. The Advisory Group for Economic Recovery endorse this view, signalling a strong message that we need to make quick progress in embedding Fair Work across the economy.



Our Action Plan laid strong foundations for implementing our Fair Work approach, setting out the key levers we have committed to use in order to set a clear example both as an employer and through our substantial investment in the services provided for the people of Scotland and our support for business. In addition we have committed to focusing our efforts on areas of significance such as social care and construction, sectors which the Fair Work Convention have also highlighted for focused attention. In addition, over the past two years we have continued to build our relationships with business and third sector partners, employers, trade unions and local government to garner the great support I was confident was already out there for this ambitious agenda.

I have always been clear the Scottish Government and public bodies must lead the way on Fair Work. Since the publication of the action plan, the Enterprise and Skills Agencies have been in the vanguard in adopting our flagship Fair Work First approach, and we are now extending this across Scotland's public bodies. All public bodies have been encouraged to adopt Fair Work agreements with their trade unions, in the same way the Scottish Government and the bodies within the civil service sector did in November 2018.

We have set our sights and are aiming high for Scotland to be a leading Fair Work Nation by 2025. This vision was always ambitious; it is ever more testing given the very real challenges employers and workers are continuing to manage from the pandemic. The Fair Work Convention's [Fair Work in Scotland Report](#), published in December, acknowledges the progress we have made but makes clear that if we are to meet our shared 2025 vision we must escalate and focus our collective effort on a pathway that will have the greatest impact.

We have made good progress within a relatively short period and in the face of significant uncertainty due to Brexit and Covid-19. Be assured, the Scottish Government is resolute in our commitment to making Fair Work the norm for workers across Scotland and to achieve more inclusive and sustainable growth. In doing so, we must keep Fair Work at the forefront of our thinking across government and the economy, using Fair Work principles to enhance and protect the rights of workers and support economic recovery and renewal. We will also endeavour to improve diversity and inclusion in the workplace, giving particular attention to addressing the barriers women, minority ethnic and disabled people face in accessing and sustaining work.

I am pleased to have the endorsement of the Ministerial Working Group for Fair Work, Gender Pay Gap and Employment for Disabled People for this Report and their recognition of both the progress we have made so far and the job still to do. It is only with a truly cross-government approach and ongoing collaboration with our partners and stakeholders that we will be able to create the culture shift that will make Scotland a leading Fair Work Nation by 2025.



**Jamie Hepburn MSP**  
Minister for Business, Fair Work and Skills

## 2. PURPOSE AND INTRODUCTION

This report provides an update on the actions set out in our Fair Work Action Plan, published in 2019, and covers the 2-year period since then. It covers our broad Fair Work agenda and sits alongside the focused reports on the [Gender Pay Gap Action Plan](#) and the [Fairer Scotland for Disabled People: Employment Action Plan](#). Together, these reports demonstrate our unwavering commitment to high quality, fair and inclusive work and employability support. They also outline our priorities going forward, including the further roll out of Fair Work First, further development of tools and resources to support employers, and maintaining a Fair Work focus on sectors of the labour market such as construction, social care, hospitality, and tourism.

In the absence of powers over employment legislation, we will continue to use our Fair Work policy to improve workers' rights and protections. Fair Work is an agenda for **all**, and requires employers to go beyond the bare minimum statutory employment rights and protections, including in relation to equality in the workplace. The principles of Fair Work hold true for all workers: direct employees as well as others who are paid to work for and on behalf of an organisation.

In addressing workplace inequality, we have also committed to delivering the employment-related recommendations in our Race Equality Framework (2016) and Race Equality Action Plan (2017) through our broad Fair Work priorities. This will help to achieve the Scottish Government's vision that minority ethnic people have equal, fair and proportionate access to employment and representation at all levels, grades and occupation types in Scotland's workforce, and labour market, workplace and income inequalities are eliminated.

The importance of adopting Fair Work practice has been heightened during the pandemic and has helped to protect people's lives and livelihoods and ensure workers have been treated fairly, through supporting the health and safety of workers, supporting them to follow public health advice, and encouraging employers to adopt a fair and flexible approach so workers do not face financial detriment. Fair Work is more important than ever and is central to Scotland's economic recovery and renewal, supporting our aim to move towards being a wellbeing economy.

In summary, since publication of the Fair Work Action Plan, we have:

- Made good headway in implementing Fair Work First in line with the implementation plan; updated the Fair Work First criteria to better focus on our policy priorities and better align with the dimensions of Fair Work; and published Fair Work First Guidance.
- Increased the number of workers receiving the real Living Wage;
- Prioritised action to tackle the gender pay gap;
- Established a Race Employment Team to deliver the employment actions in the Race Equality Action Plan;
- Established new teams to focus on Covid related priorities, such as income support and workforce transformation;
- Delivered the extended Workplace Equality Fund in 2019-20 to promote innovative solutions to overcome workforce inequality and launched similar funds in 2020-21;
- Promoted flexible workplaces through targeted provision to support those who struggle most to access and sustain employment;

- Strengthened the Scottish Government's strategic partnership with the STUC, and commenced joint work aiming to increase collective bargaining coverage across Scotland;
- Worked with the enterprise and skills agencies, to embed Fair Work in their business support offer, and to develop an on-line tool to help employers adopt Fair Work practices;
- Established and supported a Ministerial Working Group to promote Fair Work across Ministerial portfolios and oversee delivery of the Fair Work, Gender Pay Gap and Employment for Disabled People Action Plans and the employment related recommendations of the Race Equality Framework and Race Equality Action Plan; and
- Promoted Fair Work in numerous action plans, strategies, sectoral recovery plans and through day-to-day engagement at official and Ministerial levels.

Crucially, we have maintained a strong focus on Fair Work throughout the pandemic – backed up by the Covid-19 Fair Work Statement and the shared high expectation for Fair Work from the Scottish Government, our public, private and third sector partners and the STUC. In doing so, we have encouraged constructive dialogue between employers, workers, trade unions and other worker representatives to ensure the best decisions have been made on workplace matters and workers are treated fairly. We have also influenced Public Health and Safer Workplaces sectoral guidance as part of the national response.

Despite the good progress that has been made, there is still much to be done to make Fair Work the norm for workers across the country. The Scottish Government remains committed and focused on advancing this vital agenda.

## 3.1. FAIR WORK FIRST



### Our commitment

To work with employers and partners to put Fair Work First at the heart of Scottish workplaces.

### What we have achieved

In the absence of control over employment law, we are using the Scottish Government's spending power to leverage employers' commitment to Fair Work. Fair Work First criteria is being applied to grants, other funding and contracts being awarded by and across the public sector. This means asking employers to adopt the following criteria, which seeks to address significant challenges in the labour market:

- Appropriate channels for effective voice, such as trade union recognition;
- Investment in workforce development;
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace;
- No inappropriate use of zero-hours contracts; and
- Payment of the real Living Wage.

The criteria were updated in 2019 to reflect emerging priorities for encouraging constructive partnerships between employers and workers, and addressing workplace equality.

In line with our Implementation Plan, we have taken an incremental approach to rolling out Fair Work First, engaging widely with employers and their representatives, Third Sector partners, our public bodies, and the STUC. We have also engaged extensively with policy, funding and procurement managers across the Scottish Government and been guided by the Fair Work Convention.

### Fair Work First in grants

Scottish Enterprise has applied Fair Work First criteria since April 2019 to 250 large grants (RSA, SMART and R&D) at a total value of £126.9 million and have signposted over 130 employers to follow-on support related to Fair Work. Although not a condition of grant, companies were also asked about their commitment to Fair Work when applying for Covid-mitigating grants. This included £14 million of pan- Scotland support for the Hotel Support Programme which resulted in 69 applications approved covering 98 hotel outlets. This also applied to a further £21.7 million available through the Scottish Wedding Industry Fund. This pan-Scotland fund is still open and to date has received 2,440 applications with some 1,730 grants approved. The 90 successful applicants to the Early Stage Growth Challenge Fund are also committed to Fair Work First criteria. Early feedback from Scottish Enterprise suggests there has been no drop in applications due to Fair Work First criteria being included. It has also shown that the businesses who were receiving support grants were positive about paying the real living wage, as well as the other elements.

In 2020/21, Fair Work First criteria were included in Skills Development Scotland's National Training Programmes, including the £15 million Apprenticeship Employer Grant, which aims to incentivise employers to either recruit or upskill through Modern Apprenticeships, and the Covid-19 relief grant (£2.1 million approved to date), to assist providers who are continuing to deliver services during the pandemic.

SDS also manage 10% of the £2 million budget for the Flexible Workforce Development Fund, aimed at improving productivity and economic growth, and this year has focused on strengthening the employer-employee relationship. This has a particular emphasis on upskilling the existing workforce to retain jobs and support employers as they adapt to a new

and very different working environment as a result of Covid-19. The fund supports key Scottish Government priorities including on equality of opportunity to access work and to progress, to ensure everyone has opportunity to maximise their potential, and as such SDS monitor the equalities participation on this programme.

Highland and Islands Enterprise (HIE) began implementing Fair Work First in April 2020. In the year to 17 February 2021, HIE approved 60 applications for grants, loans and equity of £100,000 and over which supported employment, and were subject to Fair Work First criteria – amounting to £23.152 million. HIE also administered 10 Covid mitigation Funds with a total budget of £23.155 million, including the Island Green Recovery Programme, Communities Recovery Fund, and Ski Sector Fund. Recipients of these funds were asked to commit to working towards becoming a Fair Work employer where relevant.

Since South of Scotland Enterprise (SOSE) began implementing Fair Work First in 2020, 190 grants have been approved to a total value of £28.36 million. The grants cover a range of support for community and business organisations in the south of Scotland. In response to Covid-19, SOSE has administered 110 Creative and Hardship Fund awards worth £1.13 million and 166 Pivotal Enterprise Resilience Fund awards totalling £10.91 million. The award of these grants required a statement from the recipient outlining their commitment to Fair Work First.

The Scottish Government itself is applying Fair Work First criteria to grants. To date, the priority has been targeting grants awarded by the Fair Work, Employability and Skills Directorate. This includes grants provided to the STUC (£250,000 in 19/20 and 20/21 to support the Trade Union and Fair Work Modernisation Fund, and £2.6 million to support Scottish Union Learning), Poverty

Alliance (£760,000 over 2 years to support the Living Wage Accreditation scheme) and Business in the Community Scotland (£135,000 for delivery of actions to support the Fair Work and Gender Pay Gap Action Plans).

### Fair Work First in procurement

Building on the requirement for public bodies to include a Fair Work criterion in relevant procurement processes, as highlighted in Statutory Guidance for Public Procurement since 2015, Fair Work First criteria is being included in the procurements for public contracts where it is relevant and proportionate to do so and applies to those workers engaged on the contract. Contracts awarded by the Scottish Government, to the total value of £619.8 million, to which the criteria is being applied are:

- £96 million Fair Start Scotland contracts, designed to help people into work;
- £42 million Electronic Monitoring of Offenders
- £8 million Electronic Counting of Votes contracts
- The fund management contract to support delivery of the £800,000 Workplace Equality Fund 2019/20;
- £400 million facilities management contract, to run for 7 years, due to be awarded in March 2021.
- £56 million for Scotland's Babybox contract, due to be awarded in March 2021; and
- £17 million contract for Scottish National Standardised Assessments, due to be awarded in March 2021.



In 2019/20 Scottish Enterprise awarded 72 regulated contracts worth £23.8 million. Suppliers are routinely asked to demonstrate Fair Work practice in line with Fair Work First criteria, and this is scored and evaluated as appropriate. The agency strongly encourages payment of the real Living Wage across tender documentation and this is a requirement for those contractors working within Scottish Enterprise offices. To date positive outcomes from this approach include an increasing number of suppliers demonstrating Fair Work approaches within their businesses.

Of 31 procurement exercises undertaken by HIE since April 2020, at a total value of £14.69 million, 29 included Fair Work First criteria.

In addition, procurement contracts awarded by SOSE include articles asking the supplier to commit to Fair Work practices. This has been included in a £400,000 tender for due diligence services, and a £90,000 regional strategy consultancy tender.

Skills Development Scotland have applied Fair Work First criteria to contracts for the delivery of Modern and Pathway Apprenticeships programmes, valued at £80 million and £4.5 million respectively. The Social Care and Healthcare Pathway Apprenticeships currently have 83% Scottish Living Wage Accredited employers and by March 2021 this is expected to be 100% accreditation. SDS are also promoting Fair Work through the Skills for Growth scheme, which assists 150 businesses annually to undertake a skills analysis and produce an Employer Action Plan, which includes the dimensions of Fair Work. This scheme is currently in the process of re-procurement, and there is now a Fair Work specific question as part of the assessment.

### Driving Fair Work First through the affordable housing sector



“The Scottish Government will shortly publish Housing to 2040 following extensive public engagement. This will set out a 20 year plan to deliver good quality, energy efficient, zero emission housing with access to outdoor space, transport links, digital connectivity and community services. Programme for Government 2020-21 includes a commitment to develop guidance focusing on greater use of offsite construction for new social housing which has the potential to speed up delivery of affordable homes, reduce waste and achieve the quality of construction needed to support zero emissions homes, and it offers opportunities to improve productivity and attract a more diverse workforce. This represents an opportunity to ensure Fair Work First criteria are built into this change and will support business improvements and increased productivity within industry and help to make construction a more attractive career choice for young people and other groups.”



**Aileen Campbell MSP**  
Cabinet Secretary for  
Communities and Local  
Government

### Fair Work First in public bodies

As early adopters of Fair Work First, the enterprise and skills agencies started implementation in 2019/20. Building on this, the Cabinet Secretary for Economy, Fair Work and Culture and the Cabinet Secretary Finance wrote jointly to all public bodies in December 2020, setting out their expectation that all public bodies will be adopting Fair Work First criteria in their capacity as an employer by March 2021; and that from April 2021 they shall apply the criteria to any grants, other funding or contracts they award. The public bodies were asked to provide information to the Scottish Government about the action they are taking now and will take in the year ahead.

Through the No One Left Behind Partnership Agreement with all 32 Local Authorities and the strengthening of Local Employability Partnerships and engagement with City Deal partners and supply chains, we have ensured Fair Work First is promoted through City Deals and Regional Economic Partnerships. This builds on the Edinburgh & South East Scotland City Deal approach, which is being adopted across the whole £1.4 billion programme and is being driven through the Integrated Employability and Skills Programme to respond to the Gender Pay Gap, Disability Employment Gap and the wider Fair Work agenda. We have also supported developments in Ayrshire to realise the first funded Scottish Community Wealth Building model, which seeks to take a holistic approach to promoting Fair Work through a series of projects and actions.

Fair Work is also in the legislation for our new Scottish National Investment Bank launched in November 2020. The legislation stipulates that the Bank is to seek to promote Fair Work in exercising its functions. The Bank is also subject to the Fairer Scotland Duty, and will align its activities with the Scottish Government's Fair Work First policy agenda.

### Fair Work First guidance

On 29 January, [Fair Work First Guidance](#) was published to support all those involved in the implementation and delivery of Fair Work First. The guidance is the product of extensive collaboration involving the Scottish Government, public and third sector partners; employers and business representatives; the STUC and affiliated trade unions; CIPD and other HR specialists and supplier networks, and has the support of the Fair Work Convention. It explains the Fair Work First approach, provides good practice examples to guide employers' approaches and, importantly, explains the Fair Work benefits for workers and organisations.

Importantly, the guidance introduces, for the first time, the concept of verification through unions, or if they are not present, workplace representatives. This recognises the core principle of Fair Work that practice which is built on strong partnerships between employers and workers has the best outcomes. It is crucial that both employers and unions engage constructively with conditionality measures, and the Fair Work Convention will offer support to achieve this, recognising the benefits to all if Fair Work is realised.

## Fair Work First in Scotland's Green Ports



“Our sustainable, fair, green port model is designed to be an exemplar of Scotland’s ambitions so that it not only boosts innovation and inclusive growth within communities, but also delivers Fair Work First practices, a net zero-carbon pathway and upholds the highest environmental protections. Through our flagship Fair Work First approach, we would expect the operators and beneficiaries of the new incentives offered in green ports to make a commitment to adopting our Fair Work First criteria.

As part of our model, being a green port or operating within one will come with responsibilities for upholding high standards and actively supporting our vision for Scotland to become a leading Fair Work Nation by 2025 and to make a just transition to a net-zero carbon society by 2045.

I believe that together, these elements give us an opportunity to make a real difference to Scotland and a real contribution to our economy, our workers and businesses, and to our communities.”



**Ivan McKee MSP**  
Minister for Trade,  
Innovation and  
Public Finance

## Our future priorities

While we will need to be mindful of the significant challenges potential funding recipients and contractors will face during the economic recovery stages, the Scottish Government will continue to engage with public bodies and the wider sector to extend Fair Work First to further grants, other funding and public contracts. This will include:

- Funding to support affordable housing, through the Housing to 2040 Strategy;
- Scotland’s Green Ports Model;
- Our Mental Health Transition and Recovery Plan;
- Full Fibre Broadband provision;
- Our Trade and Investment Strategy;
- Transport infrastructure and service delivery;
- Social justice and community regeneration;
- The Green Economy, such as decarbonisation, green jobs and low-carbon manufacturing; and
- Training and re-skilling.
- Engaging with public bodies to support them to be Fair Work employers; and
- Engagement with COSLA, the NHS and Police Scotland to extend the application of Fair Work First to our local government, health and social care and police sectors.

We will also build on the work already underway in Ayrshire through the Growth Deal, by supporting the development of Community Wealth Building in five areas – Clackmannanshire, South of Scotland, Western Isles, Tay Cities and Glasgow City Region. Working with local partners to produce actions plans in each area, the aim is to identify bespoke solutions that will support local people and economies to thrive and embed a targeted approach to Fair Work.

Furthermore, we will build on the existing City Deal activity to ensure Fair Work First is fully incorporated into plans and delivery across the country through monitoring and evaluation to ensure that these principles are embedded.

We will also:

- Review our internal systems and processes to facilitate further roll-out;
- Develop a tool for monitoring the impact of Fair Work First within funded organisations;
- Continue to promote the Fair Work First guidance across the Scottish Government, the public sector and relevant networks and supporting capacity building accordingly; and
- Evaluate the adoption of our Fair Work First approach and criteria; and effectiveness of the Fair Work First guidance by the end of 2021/22.



## CASE STUDY

### **Scottish Enterprise: facilitating Fair Work First**

From April 2021, Scottish Enterprise will be launching a new operating model which aims to build capacity, support resilience and stimulate growth. This model will include a number of funding calls targeted at key economic development opportunities such as Green Jobs. These will position a commitment to Fair Work First at the forefront of all grant support and business services provided by the agency. Scottish Enterprise will adapt its internal systems and processes in order to facilitate this and measure progress.



## 3.2. FAIR WORK FRAMEWORK BENCHMARKING TOOL



### Our commitment

To help employers assess their Fair Work practices and build on good practice.

### What we have achieved

With £35,000 funding from the Scottish Government and their own dedicated staff resource, Scottish Enterprise led the development of a [Fair Work Employer Support Tool](#) to help employers provide Fair Work. The tool is targeted at small and medium-size businesses and enables employers to self-assess their Fair Work practices and access support to strengthen their approaches. It was developed in partnership with the other enterprise and skills agencies and key business partners, and involved a range of businesses from sectors and locations across Scotland. The Fair Work Convention provided valuable support, ensuring the tool aligns with the Fair Work First criteria and dimensions of Fair Work, and is both accessible and responsive to business needs.

The tool was launched online on 29 January 2021 and is being promoted extensively through Scottish Government networks and key partners. Scottish Enterprise are also planning online sessions to promote awareness of the tool and assist employers to use it effectively. The tool complements the Fair Work Convention's Fair Work [Employee Self-assessment Tool](#), which enables employees to assess their own experience of Fair Work.

### Our future priorities

We recognise the challenges that smaller employers face, particularly those with limited or no HR function of their own. Therefore, we will continue working with Scottish Enterprise and their partners in 2021/22 to consider how the Tool can be further developed and enhanced to support small to micro businesses. We will also consider how the tool can support those involved in the collaborative economy to adopt fairer work practices.

The tool will be evaluated and feedback gathered from employers to inform future developments.

## 3.3. DELIVERING A REFRESHED SCOTTISH BUSINESS PLEDGE



### Our commitment

Taking forward action to refresh the Scottish Business Pledge to ensure closer alignment to the Fair Work Framework and build greater impact.

### What we have achieved

The Scottish Business Pledge has been refreshed to align more closely with the Fair Work First criteria. It now includes three core mandatory elements and seven non-mandatory elements. The core elements mirror three of the Fair Work First criteria (payment of the real Living Wage, no inappropriate use of zero hours contracts, and action to tackle the gender pay gap) and the non-mandatory elements reflect the remaining Fair Work First criteria. This enables employers to decide which five of the non-mandatory elements they wish to focus on, in order to tailor their Pledge to their particular circumstances and sector.

Since the Pledge was relaunched in October 2019, existing Business Pledge companies have been asked to transition to the new criteria. This means providing evidence demonstrate their commitment to the new core element of addressing the Gender Pay Gap and the new environmental impact element should they choose this option.



### CASE STUDY

#### Stewart Milne Group – Tackling the gender pay gap in the construction sector

The Stewart Milne Group employs 1,000 people across the UK, with locations in Aberdeen, Falkirk, Edinburgh and Glasgow. They already adhere to many of the commitments in the Business Pledge, including no zero-hour contracts and paying the real Living Wage, and is thrilled to officially make its commitment as a signatory.

In addition, Stewart Milne Group is passionate about reducing the gender pay gap and has worked hard to tackle this year-on-year. The most recent report on the Gender Pay Gap highlighted a 4.8% improvement, from 18.1% to 13.3%. This is significantly lower than the construction sector average of 23.6%. During the visit to celebrate this milestone, the Minister for Business, Fair Work and Skills recognised Stewart Milne Group's efforts in reducing the Gender Pay Gap – particularly welcome in construction.

Proud of this improvement, the Group looks to empower all employees to reach their full potential and has introduced several training programmes to attract more people to a career within the construction industry, regardless of their gender.

Due to Covid-19 reprioritisation, the Business Pledge was put on hold from March to September 2020 to allow staff to support business engagement. Consequently, the deadline for transition was extended to 1 September 2021 and some 550 existing businesses still need to complete their transition. However, around 350 new businesses also began the submission process to become Business Pledge members during this time.

### **Our future priorities**

We will continue to support existing businesses to transition by 1 September 2021, including through a Business to Business learning network designed to assist businesses to upskill and adopt best practices around the refreshed Business Pledge, and a range of events focusing on the different elements.

We have established the Business Leadership Group for the Business Pledge, chaired by a business representative to put business firmly in the driving seat and to address any concerns around the Business Pledge. The Group will continue its aim to raise awareness of the Pledge and its benefits, build capability and drive increased impact.

We will continue to promote the Business Pledge and create values-led partnerships between government and businesses based on boosting productivity, competitiveness, fairness, equality and sustainable employment. A review of the Business Pledge will be carried out in 2021.

## 3.4. FUTURE WORKFORCE AND BUSINESS LEADERS



### Our commitment

Instilling a Fair Work ethos in our future workforce and business leaders.

### What we have achieved

To help embed and ensure the long term sustainability of Fair Work in Scottish workplaces we must ensure our future workforce understand the principles of Fair Work, know how they can promote Fair Work practice and the benefits that it can bring to workers and business alike.

#### Unions into Schools programme

We provided £30,000 funding in 2019/20 and £25,644 in 2020/21 to the Unions into Schools Programme. Through the programme, 23 sessions have been delivered to S3-S6 pupils in 150 secondary schools across Scotland, who have benefited from the experience and expertise of 20 trade union representatives, helping to prepare them for the world of work. Young people have been able to engage directly with union representatives within their schools to increase their awareness of workplace rights, responsibilities and equality issues; and to help them consider their responsibilities as employees and responsible citizens. They have also been able to foster debating skills at STUC Congress and relevant conferences and to understand the important role played by trade unions in the modern workplace.

#### Developing the Young Workforce

The aim of DYW has been to reduce youth unemployment levels by 40% by 2021 and we achieved this four years early. In response

to Covid-19, we have invested additional funding in Employer-Led DYW Regional Groups to help young people transition into the labour market. We also developed and implemented a package of support targeted at the summer leaver cohort in 2020, which included the DYW Skills Academy, a series of virtual Scottish Biggest Parents Events, and E-DYW 1.0, a digital resource hub connecting employers, educators and young people.

#### Fair Work in Scottish Business Schools

Scottish Business Schools provide a unique opportunity to ensure the next generation of managers and business leaders understand the principles of Fair Work and know how they can promote Fair Work practice and the benefits that it can bring to workers and business alike.

We have sought to understand the extent to which the principles and operation of Fair Work are taught in our business schools. A Review of this teaching was undertaken in 2020, co-led by employment experts from the Universities of Warwick and Glasgow respectively, to assess the salience of Fair Work in schools' curricula and, where gaps are present, to support these business schools to fill those gaps to ensure students get a rich experience of Fair Work. This work has been funded through the University of Warwick's Strategic Priorities Fund; it also involves the Carnegie UK Trust and has the support of the Scottish network of Deans of Business Schools, the Scottish Funding Council and the Scottish Government.

All of Scotland's business and management schools were invited to participate. Reviews of the undergraduate curricula have been completed and initial analyses have been considered with representatives from the business schools, employers, trade unions and civil society across Scotland. This shows some gaps in provision but strong support for Fair Work.



## Our future priorities

Since August 2020, Unions into Schools has continued to deliver the programme, using on-line platforms to provide engaging sessions for many classes. Discussions are underway with schools in Wick and Ullapool to expand on-line delivery as part of the 3-year plan for developing Unions into Schools in the Highlands and Islands.

Through the Young Person's Guarantee we have committed to strengthening the DYW offer by assigning £10 million of funding to introduce DYW Regional School Co-ordinators in all secondary schools across Scotland. They will provide support to school management in fulfilling national priorities relating to employability, the Career Education Standard and Work Placement Standard. They will also support employers to effectively engage with young people and introduce them to the work environment. We will also ask employers who agree to support the Guarantee to promote Fair Work principles.

The report from the Review of Fair Work in business schools will be published in early-2021 and shows that most People Management courses in Scottish business and management schools teach some principles of Fair Work. Most modules focusing on people management introduce students to a good range of these principles, even if they rarely use the term 'Fair Work'. There is a strong appetite for developing learning material which facilitates explicit and good understanding of Fair Work in the classroom and one recommendation from the report will be to develop appropriate case studies for undergraduate teaching. Another recommendation will be to extend the review to colleges in Scotland.

## 3.5. CO-HOST AN INTERNATIONAL FAIR WORK SUMMIT WITH THE FAIR WORK CONVENTION



### Our commitment

To showcase our Fair Work achievements nationally and internationally.

### What we have achieved

Due to the unprecedented circumstances brought about by the Covid-19 pandemic and subsequent restrictions, we have been unable to deliver an International Summit.

However, the Scottish Government has taken every opportunity to promote and collaborate on Fair Work internationally, seeking to identify best practice elsewhere and share learning from Scotland's own approach.

This includes on building on our priorities to create a wellbeing economy, of which Fair Work is a hallmark.

We are working on this with other like-minded countries through the wellbeing economy governments (WEGo) network, which enables cross-government learning and collaboration to understand the key priorities and methods for delivering a wellbeing economy.

Scotland founded the WEGo group alongside New Zealand and Iceland in 2018, and last year, Wales and Finland also joined the network. Since its launch, WEGo have organised policy labs where member governments have engaged in practical exchange on specific policy areas of shared interest.

These collaborations continue to influence the Scottish Government's approach to economic recovery and how the wellbeing approach can guide COVID-19 responses. Discussions have highlighted the importance of protecting the most vulnerable, directing the recovery towards the green economy, the importance of work and protecting/creating jobs and the need to rethink economic contract and collaboration with businesses and wider society.

### Our future priorities

Scottish Ministers are clear that Fair Work is more important now than ever and we will work with the Fair Work Convention to design and deliver an International Fair Work Summit early in the next Parliament. We will continue to look across the globe, including to our Wellbeing Government partners, to address the challenges ahead, learn from what works best and promote our unique Scottish approach on the worldwide stage.

We will also continue to build our relationship with our WEGo partners, learning from each other to create a wellbeing economy. The WEGo network will hold virtual policy labs throughout the course of 2021, and plan to consider the role of the private sector in delivering a wellbeing economy across economic, social and environmental dimensions.

## CASE STUDY



### Learning from Danish good practice

We were aware of Denmark's success in advancing effective labour market policies in conjunction with social partners, and recognised the comparable population size, and similar economic challenges to Scotland. The Minister for Business, Fair Work and Skills took the opportunity to visit Copenhagen in August 2019 to discuss policy approaches for improving disabled peoples' employment and tackling the gender pay gap with Danish Government Ministers, employer representative organisations and trade unions. Visits to two disability organisations to see the Danish approach in practice were particularly informative.

Scottish Government officials have subsequently had further contact with senior researchers from VIVE – the Danish Centre for Applied Social Sciences – whose work focuses on labour market inequalities, in order to share approaches and labour market information regarding disabled people and the gender pay gap.

## 3.6. EXTEND THE WORKPLACE EQUALITY FUND



### Our commitment

Enabling businesses to implement innovative ideas to embed Fair Work.

### What we have achieved

The Workplace Equality Fund 2019/20 was launched in October 2019 and projects ran until the end of August 2020. Twenty-five projects were awarded funding from the £800,000 available.

The fund aimed to address labour market inequalities for the following priority groups: minority ethnic people, women, disabled people, older workers (those aged over 50) (including menopause support); people who experience domestic abuse; and workers who are experiencing social isolation (such as unpaid carers). The fund supports organisations with equality expertise to work with employers to reduce labour market barriers to equality groups entering, remaining and progressing in employment.

In November 2020, the Minister for Business, Fair Work and Skills launched a call for applications for the Workplace Equality Fund 2020/21 and eligibility for the fund was extended from collaborations between charities and the private sector to also include the public sector. This fund, running over a shorter delivery period, sought to support projects that demonstrated immediate short, sharp labour market interventions, given the economic impact of Covid-19. In total 12 projects were funded through over £300,000.

In the same month, the Scottish Government also launched a call for applications to its Women Returners Programme 20/21. The programme is currently providing 12 projects with over £300,000 worth of funding to help support women return to the labour market, in a position requisite with their skills, following a career break.

### Fair and inclusive workplaces



“We must work harder than ever to eliminate labour market inequalities, and our Fair Work agenda provides a strong foundation for us to do that. Expanding the Fair Work First criteria on tackling the gender pay gap to include creating more diverse and inclusive workplaces enables us to leverage the change we want to see through the funding we distribute. Attaching Fair Work First criteria to the latest Workplace Equality Fund and Women Returner’s Programme are a clear demonstration of our leadership in this space.”



**Christina McKelvie MSP**  
Minister for Older People  
and Equalities



## Our future priorities

We will be evaluating the Workplace Equality Fund to review the range of provision that has been delivered and the impact it has had for the particular groups involved. We will determine key aspects from past and current funds that have contributed significantly to achieving the fund's objectives, learning from what has worked well and from the challenges that have been overcome. Together, this work will inform the design of any future funds we might run.



## CASE STUDY

### Royal National Institute of Blind People and the Marriot Hotel Group

RNIB and Marriott partners collaborated to produce 'Let's Work Together' – a toolkit for helping employers to retain workers who have or experience sight loss.

The toolkit aims to reduce inequality where workers with a sight loss condition leave employment at the point of diagnosis or when their condition deteriorates. Evidence shows that these workers are 50% more likely to give up work than the rest of the working age population.

The toolkit provides employers with information to enable them to offer the support the employee needs and to encourage positive communication between managers and employees, so that relationships don't break down and result in job loss.

The toolkit was launched in June 2019 and some 400 employers accessed a copy; 50 employers were invited to take part in a retention workshop at that time.

## 3.7. TRADE UNIONS



### Our commitment

Supporting trade unions to embed Fair Work in workplaces.

### What we have achieved

#### Trade Union and Fair Work Modernisation Fund

We have continued the Trade Union and Fair Work Modernisation Fund, providing a further £250,000 in both 2019/20 and 2020/21 to support unions in embedding the Fair Work Framework in workplaces in Scotland. Most recently this funding has enabled unions to work proactively to support the national response to the Covid-19 pandemic, building upon ongoing efforts to tackle precarious work, and organising for Fair Work in less unionised sectors.

#### Leadership and Equality Programme

We have continued to provide £100,000 support until the end of the financial year for the Leadership and Equality Programme which aims to increase the leadership capacity of under-represented groups within unions and build the capacity of unions to promote workplace equality as part of broader Fair Work priorities.

The programme aims to develop leadership and promote equalities at all levels within trade unions. It supports the diversification of leadership within the trade union movement and helps provide trade unionists with the skills to identify and nurture new leaders from under-represented groups within their unions.

### Our future priorities

We will continue to support unions to progress our shared Fair Work agenda, working with the STUC on specific projects which deliver our Fair Work Action Plan ambitions, including increasing collective and sectoral bargaining in targeted sectors. Trade Unions have always been viewed as key social partners by the Scottish Government, and we have worked closer together than ever before during the pandemic, striving to mitigate the impacts on Scotland's workers. This, and the increased tripartite engagement between government, employers and unions, has laid an even stronger foundation from which we can work collaboratively to further our Fair Work ambitions for Scotland.

## 3.8. COLLECTIVE BARGAINING



### Our commitment

Increasing the number of workers in Scotland covered by collective bargaining.

### Our future priorities

We will continue to support the STUC to progress this work, giving consideration to current coverage and effectiveness, the scope for expansion and the next steps for progressing this important work. We will formally establish cross-policy working groups as we take this work forward.

### What we have achieved

Increasing collective bargaining coverage across Scotland is a priority in the Fair Work Action Plan and can be an indicator of the adoption of Fair Work First. The importance the Scottish Government places on strong worker voice is reflected in the inclusion of an employee voice indicator within the National Performance Framework. Our Action Plan confirms our subsequent commitment to work with the STUC to achieve increased coverage across Scotland, initially focussing on four key sectors: social care; early years & child care; hospitality; and construction.

We are supporting the STUC to progress this work initially through a mapping of existing collective bargaining arrangements and national agreements across Scotland. The respective research has been completed and reports providing a detailed picture of collective bargaining agreements, such as where they exist, the level and types of agreements, number of workers benefiting from collective bargaining, and anomalies between groups of workers, will be finalised in Spring 2021. This work will help to inform how we might extend collective bargaining in the four key sectors identified, and more widely in the longer term.

## 3.9. THE CONSTRUCTION SECTOR



### Our commitment

Encouraging the inclusion of a collective disputes procedure in construction contracts and developing a Fair Work Charter for the construction sector.

### What we have achieved

The [Fair Work Convention](#) is currently carrying out an inquiry into Fair Work in the Construction sector to better understand the Fair Work challenges in this area. The Convention plan to report on their findings in 2021. We expect the report will contain recommendations for improving Fair Work across the sector.

Under current procurement rules, it is not possible to include a collective disputes procedure in construction contracts or indeed any other contracts. However, Fair Work First criteria will be considered and applied in public sector procurements where it is relevant and proportionate to do so. We would expect the effective voice criterion, to drive greater engagement between workers and employers in all workplace matters, including through trade unions or other appropriate worker representative/s. Our Fair Work First Guidance illustrates good practice in resolving workplace disputes.

Our plan was to work with [Scottish Futures Trust](#) and industry partners to develop a Fair Work Charter for the construction sector aligned with the dimensions of Fair Work. However, we subsequently agreed to defer this work until after the Fair Work Convention's Construction Inquiry reports its findings in order to inform any work around a charter. More recently, the Programme for Government for 2021 includes a commitment for the Scottish Government to develop an Accord with the construction sector by Spring 2021, setting the framework and the principles for future collaboration, in line with the recommendations of the Infrastructure Commission for Scotland. to the Scottish Government will reflect upon both of these developments to consider if a Fair Work Charter for the sector remains appropriate and if so, the priorities it should seek to address.

### Our future priorities

We are continuing to support the development of an Accord between government and the construction industry to ensure Fair Work principles are fully incorporated. We are also keeping abreast with the Fair Work Convention's Construction Inquiry and in due course shall reflect upon their findings and work with construction colleagues across the Scottish Government to agree and progress improvement action, including development of a charter if required. This will give us the opportunity to consider any further action that may be needed to drive Fair Work practices across the sector.



## 3.10. SOCIAL CARE SECTOR



### Our commitment

Responding to the Fair Work Convention's Social Care inquiry recommendations.

### What we have achieved

Social care workers have been on the frontlines of the pandemic response and have our heartfelt thanks for their hard work and sacrifice during this challenging time. Fair Work in Social Care is a key priority in the joint Scottish Government and COSLA Reform of Adult Social Care Programme launched in 2019. The Fair Work in Social Care Group which was established to take forward the recommendations of the Fair Work in Scotland's Social Care Sector 2019 report was initially paused during the pandemic. However work in relation to improving terms and conditions and recruitment for the social care workforce has been progressed at pace to respond quickly to emerging issues that were identified.

The work of the Group re-started in June and is working to develop and implement proposals to embed Fair Work principles that will lead to better terms and conditions and more rewarding roles for the social care workforce. The group will also address the recommendations in the Convention's 2019 report. The conclusions of the Fair Work in Social Care Group are currently being developed and will be finalised following the Independent Review of Adult Social Care, which was published on 03 February.

### Our future priorities

The Scottish Government has a long-standing commitment to the principles of Fair Work and gender equality and we are pleased to see the Independent Review of Adult Social Care supports the full implementation of the Fair Work Convention's recommendations. We will now reflect on the recommendations made by the Independent Review to ensure the workforce has better terms and conditions, improved training and development opportunities and more rewarding roles.



### Fair Work and Social Care

"Scotland's dedicated social care workforce provide critical and invaluable support to many people across Scotland; this has been no more evident than during the Covid-19 pandemic. The core tenets of our fair work agenda, ensuring secure contracts, fair pay and an effective voice for workers are vital to the sector and we are committed to embedding them. Improving adult social care gives us a huge opportunity to invest in high quality, fair work – improving the lives of people working in the sector and those using the services they provide."



**Jeane Freeman MSP**  
Cabinet Secretary for Health and Sport

The initial proposals of the Fair Work in Social Care Group have been developed and planning for implementation is underway. The proposals include a national approach to the implementation of the Real Living Wage and development of minimum standards of terms and conditions for social care workers. As a priority, we will work with our stakeholders to agree a national approach to implementing the real living wage for Adult Social Care workers – for 2021 and in future years. By the end of May 2021, we will establish a minimum set of standards which will reflect the importance of effective voice, what this will look like and how it will be applied across all of our social care workforce.

Progress will also be made on the Gender Pay Gap Action Plan to develop an approach to treat investment in childcare and social care as economic infrastructure, as part of recognising the value that paid and unpaid care plays in economic and social wellbeing.

## 3.11. THE REAL LIVING WAGE



### Our commitment

Increasing the number of people employed who are paid the real Living Wage.

### What we have achieved

Payment of the real Living Wage continues to be a key strand of our Fair Work agenda and is being progressed through the Scottish Living Wage Employer Accreditation scheme and our Fair Work First approach.

The Scottish Government has provided £760,000 to the Poverty Alliance in the 2-years 2019/20-2020/21 to increase the number of Living Wage Accredited employers across Scotland as a way to drive up the number of workers receiving a real Living Wage. There are now 1,950 accredited living waged employers spanning many sectors of our economy, an increase of 700 over the past two years. These accreditations have led to 8,650 additional workers receiving an uplift to the real Living Wage in this period, with some 47,250 workers currently being paid the real Living Wage.

It is extremely heartening that during the very challenging conditions over the past year, we have seen an additional 300 employers achieving accreditation and an uplift to at least the real Living Wage for over 4,520 workers, including some in sectors which have been hit hard by the pandemic. This gives a clear message that employers recognise the benefits from paying the real Living Wage – not just for their workers but for their business too.

The Poverty Alliance has also introduced the Make Living Wage Places initiative as a way to promote payment of the real Living Wage in localities, including at town, city and regional levels. This approach is progressed through local partnerships, involving the relevant local authority and employers. In March 2019, Dundee was announced as the UK's first Living Wage City, with Glenrothes being announced as the UK's first Living Wage Town in August 2019. During Living Wage Week 2020 Scottish Borders Council announced their intention to work toward Eildon being recognised as a Living Wage Place. Edinburgh and Aberdeen have also announced their intention to work towards Living Wage City recognition. This shows the growing movement across the country to embed payment of the real Living Wage using the Make Living Wage Place award.

However, we know that the level of pay is only one factor in ensuring workers receive a fair pay and that the number of hours worked is also crucial. The Scottish Government opposes the inappropriate use of zero-hours or other precarious contracts. That is why our Fair Work First criteria is focused on promoting security of pay and contracts; asking employers not to use zero-hours contracts inappropriately as well as pay the real Living Wage. Taken together, these elements of Fair Work will provide greater certainty to workers about how much they will be paid each week and the number and regularity of hours they will be expected to work.

In this regard, we are tracking the Living Wage Foundation's 'Living Hours' campaign, currently being rolled out across the UK. In doing so, we will learn from the experience of organisations such as Standard Life Aberdeen, who are recognised as a Living Hours employer through this campaign.

## Our future priorities

We will continue to work in partnership with the Poverty Alliance to promote payment of the real Living Wage, helping Aberdeen, Edinburgh and the Scottish Borders to achieve their Make Living Wage Place ambitions.

With the Poverty Alliance, we will also develop a Living Hours approach for Scotland.

We will continue to promote payment of the real Living Wage and no inappropriate use of zero-hours contracts through Fair Work First, using the good practice contained in the Fair Work First Guidance to influence employers' practice in this regard.



## CASE STUDY

### Boozy Events Ltd

As an events business one of the main reasons for becoming accredited was to show that a small hospitality business like ours is able to pay a genuine living wage to everyone in the team. Before the pandemic we were an in-person events company, however, the crisis forced us to pivot our business model to become a virtual experiences company.

It was a new concept and had plenty of challenges to get it off the ground. Some of those challenges still remain especially related to logistics, but with an early focus on building a great team, the business has succeeded in adapting to the ever-changing environment and has enjoyed a record-breaking year.

Ultimately becoming an accredited Living Wage employer has helped us to find great talent and it shows we care about the team by paying a fair wage. It has also helped us win business from like-minded clients who understand what it means to be a Living Wage accredited employer. Plus, it shows to suppliers, contractors and customers that we are an ethical business.

**Gregor Sey, Director, Boozy Events Ltd**

## 3.12. UNPAID CARERS



### Our commitment

Promoting awareness and flexibility for unpaid carers in the workplace through Carer Positive.

### What we have achieved

One in seven Scots are unpaid carers. Many carers give up work because the job of juggling their work and caring responsibilities simply becomes too much. Supporting carers to manage this difficult balance can deliver real benefits to employers as well as helping individuals and their families.

We are continuing to support the Carer Positive employer accreditation scheme which recognises employers with flexible employment policies for staff who are also unpaid carers.

Carer Positive continues to grow with over 200 employers now accredited, covering over 440,000 employees across Scotland. Throughout the course of the pandemic, Carer Positive has been continuing to support employers remotely, sharing good practice in relation to working carers, and running online events and learning sessions. Where possible, we also signpost the scheme to carers themselves through ministerial correspondence and in stakeholder engagement with carer groups. An independent review of Carer Positive concluded in winter 2019.

### Our future priorities

The implementation of the independent review recommendations has been paused for now due to pandemic restrictions however this will be picked up when possible. We will continue to increase employer awareness of the scheme and the number of employers signed up.



### CASE STUDY

#### Historic Environment Scotland: a Carer Positive employer

Historic Environment Scotland, with 1,400 employees, was awarded Carer Positive accreditation in November 2020. HES has developed a range of activities to support staff who are carers and has been working closely with local carers centre VOCAL (Voices of Carers across Lothian) to encourage carers to identify themselves and seek support from line managers and the HES Wellbeing group. Flexible working options and monthly awareness campaigns help signpost carers to relevant information and advice. Looking to the future, HES plan to launch a new Carers Policy, training for managers, and staff Carers Network in 2021.

The Carer Positive team provide free support and resources to help employers understand the business benefits of good practice and to achieve all levels of the Carer Positive award.



## 3.13. MAINSTREAMING FAIR WORK IN THE SCOTTISH GOVERNMENT



### Our commitment

A Scottish Government Fair Work Champion will be appointed to promote Fair Work across Directorates within the Scottish Government. Furthermore, each Directorate will be asked to develop Directorate-level Fair Work Action Plans, which set out the actions that are currently being taken or planned to mainstream Fair Work into policy areas and activities specific to the Directorate, and to develop a strong Directorate-specific Fair Work narrative.

We will also work with the Fair Work Convention to develop and implement a coherent and collaborative Fair Work narrative and communications strategy, which captures the essence of Fair Work in practice.

### What we have achieved

#### Scottish Government Fair Work Champion

The Fair Work Interim Director has taken on the role of the Scottish Government's Fair Work Champion. This involves: being the face of Fair Work both within the Scottish Government and externally, promoting a cross-portfolio strategic approach to embedding and mainstreaming Fair Work across the Scottish Government and the wider public sector; and encouraging employers and other stakeholders to support our policy ambition and adopt Fair Work practices.

#### Directorate-level priorities for Fair Work

The Minister for Fair Work has written to all Cabinet Secretaries and Ministers reiterating the expectation – endorsed by the First Minister – that Fair Work must be owned and progressed within all relevant portfolios. This message is being reinforced through regular dialogue with Ministers and permeated through Ministerial policy teams accordingly. The Scottish Government's Fair Work, Employability and Skills Directorate has developed a focused Directorate Fair Work Action Plan setting out the vast range of action it will take to advance Fair Work. However, our Scottish Procurement and Property Directorate, People Directorate and Mental Health Directorate have chosen to embed their Fair Work priorities within their wider Directorate Business Plan. In each case, progress will be monitored by individual directorates through their business planning arrangements.

An important area of activity has been to ensure Fair Work is prominent in key new and refreshed strategies, action plans and delivery frameworks across the range of Ministerial portfolios. As such, we have worked closely with colleagues across the Scottish Government to ensure Fair Work is at the heart of policy thinking wherever a workforce is required to deliver policy outcomes. We have also highlighted where Fair Work First criteria can be applied to drive Fair Work practices, using our public sector investment to leverage employers' support. In doing so, we have influenced a range of priority developments, including; the Future Skills Action Plan; Population Action Plan; Young Person's Guarantee; the Scottish Fire and Rescue Service Framework; Housing to 2040 Strategy; the Manufacturing Recovery Plan; Trade Vision; our Green Recovery and Scotland's proposed Green Ports model, and the Scottish Government's support for City Deals and Community Wealth Building approaches.

Fair Work was also to the fore in the development of the South of Scotland Enterprise and the new Scottish National Investment Bank. Ministers took the unprecedented step to include Fair Work in the legislation for South of Scotland Enterprise (SOSE), the new agency established in April 2020. Accordingly, the Cabinet Secretary for Rural Economy will write to the Chief Executive Officer of SOSE by the end of April, setting out a Fair Work Direction for the agency, recognising the critical role for the new agency in advancing this crucial agenda across the south of Scotland. This approach provided a blue print for including Fair Work in the legislation for our new Scottish National Investment Bank, launched in November 2020. The SNIB is committed to driving Fair Work practice through its investment in businesses across the country.

To support these new bodies to deliver our Fair Work ambition, the appointment of the relevant board chairs sought to ensure the individuals appointed have an understanding of and commitment to Fair Work.

On 8 October 2020 we published '[Mental Health – Scotland's Transition and Recovery](#)', which outlines our response to the mental health impacts of COVID-19. This Plan sets out over 100 actions to support good mental health and wellbeing as we recover from the pandemic and look towards recovery. It addresses the challenges that the pandemic has had, and will continue to have, on the population's mental health.

### Fair Work in the South of Scotland



“South of Scotland Enterprise launched officially on 1 April 2020 as the new Economic and Community Development Agency for Dumfries and Galloway and Scottish Borders. SOSE is the first of Scotland's public agencies whose legislation promotes a wider view on the economy and how it impacts all we do. It is also one of the first to have 'Fair Work' included in its legislation and running through all of its activities. SOSE has the ability to nurture diverse thinking from the region's distinct communities and rural economy. With a clear Fair Work direction and this important agenda sitting at the organisation's heart, we will maximise the scope to provide investment and expertise to businesses across the region to support secure, fulfilling, rewarding jobs with respect and opportunities for all.”



**Fergus Ewing MSP**  
Cabinet Secretary for Rural Economy and Tourism

We know that meaningful, fair work can provide important benefits for people's mental health and wellbeing. We also know that creating workplaces which support and promote good mental health, benefit both individuals and employers. That is why we have recognised employment as a key theme with our Transition and Recovery Plan. In our Transition and Recovery Plan we have committed to working closely with stakeholders, including trade unions and employer groups to promote mentally healthy workplaces where mental health and wellbeing is meaningfully discussed, supported and promoted. This also supports our priorities around creating fair, diverse and inclusive workplaces, where stigma and discrimination are addressed. The Plan also includes a commitment to enhancing guidance for home working. We will work with employers, disabled people's organisations and trade unions to mitigate the potentially negative impacts of home working on mental health and to support employees through the wider transition as workplaces and offices begin to reopen.

### Ministerial Working Group

A Ministerial Working Group was established in 2019 to oversee delivery of the Fair Work, Gender Pay Gap and Disability Employment Action Plans and our race employment priorities. Chaired by the Minister for Business and Fair Work, the Group is playing an important role in keeping Fair Work prominent in the thinking of all Ministers and the respective policy teams. The other members of the Group are: the Cabinet Secretary for Communities and Local Government; Cabinet Secretary for Health and Sport; Minister for Older People and Equalities; Minister for Children and Young People; Minister for Energy, Connectivity and the Islands; Minister for Rural Affairs and the Natural Environment Minister for Community Safety; Minister for Further Education, Higher Education and Science; and Minister for Public Finance and Migration.

### Our future priorities

- We are supporting the Fair Work Champion to maximise his influence for advancing our Fair Work priorities across the Scottish Government and through our strategic partners and stakeholders externally.
- We are continuing to engage with policy teams across Ministerial portfolios to mainstream Fair Work within all relevant business areas and embed Fair Work practices within the sectors and organisations we engage with and support.
- The Ministerial Working Group is maintaining its focus on the delivery of our Fair Work priorities, challenging progress and prompting further action where it is required. Membership of the group will be reviewed as priorities evolve to ensure there is appropriate coverage of key issues at all times.
- The importance of Fair Work within public bodies will be promoted across areas of the Scottish Government with sponsorship responsibilities and relevant Board Chairs, with a strong recommendation for the recruitment process for prospective chief officers to seek assurance that candidates have a commitment to advancing Fair Work within the body's functions, where this is appropriate.
- We will keep abreast with the Fair Work Convention's Construction Inquiry and in due course reflect upon their findings and work with Scottish Government construction colleagues to agree and progress relevant recommendations.
- We will progress the employment-related actions in the Mental Health Transition and Recovery Plan, aiming to promote mentally healthy workplaces where mental health is meaningfully discussed, promoted and supported, and where stigma and discrimination are addressed.

## 3.14. THE UK GOVERNMENT



### Our commitment

Engaging with the UK Government to enhance workers' rights.

### What we have achieved

The Taylor Review of Modern Working Practices (2017) made a number of recommendations that it considered necessary to accommodate the reality of people's working relationships within the modern economy, particularly with the emergence of new technology, the development of new business models and different forms of 'gig economy' working. The UK Government's response, the Good Work Plan (December 2018), accepted most of the Taylor Review recommendations.

While we welcomed the UK Government's agreement that the employment framework should be improved, we believe the Good Work Plan does not go far enough to address the inequality those in precarious work experience. We have had regular constructive dialogue with the UK Government and have responded to a number of consultations, including the proposal to create a Single Enforcement Body; measures to address one-sided flexibility; proposals to support working parents and on parental leave and pay. Most recently, we have encouraged the UK Government to incorporate Fair Work practices into the procurement strategies of their Contracts for Difference; the main mechanism for supporting low-carbon electricity generation.

Throughout the Covid-19 emergency, Scottish Ministers have emphasised the importance of Fair Work and pressed the UK Government on a number of issues including to ensure the UK Government's Job Retention Scheme is available for as long as needed. We have shared our concerns about those workers who cannot benefit from the scheme and impressed on the UK Government the need for a flexible scheme which does not impact disproportionately on new workers or unintentionally undermines labour market churn. We have asked the UK Government to review the cut-off date of 30 October for entry to the scheme to enable people who have taken up new jobs since then to access support. It is also important that similar arrangements are put in place for the self-employed and that the UK Government supports the supply chain affected by closures and Covid restrictions.

We have joined with the Welsh Government and the Northern Ireland Executive to urge the Chancellor to continue support for the Self-Employed Income Support Scheme as we progress to emerge from lockdown. Recognising the significant impact this pandemic is having on self-employed people, we have called on the Chancellor to review the groups excluded from the Self-Employment Income Support Scheme, and to review the entry criteria to open up support to those who have so far been excluded. The scheme remains poorly targeted, and offers no relief for people who have become self-employed more recently. We have also called upon the UK Government to review the entry criteria, as with the Job Retention Scheme, to open up this support to self-employed people who have so far been excluded. This could be done by broadening eligibility for the scheme while tying payments more closely to actual income loss.

The Cabinet Secretary for Social Security wrote to the UK Government raising concerns that Statutory Sick Pay is not sufficiently responsive to the impacts of Covid-19. Specifically, she asked the UK Government to take measures to make SSP more responsive; including extending SSP to all workers irrespective of earnings levels during the current situation; and increase the money paid under SSP to match the living wage. Ministers have also been clear that day-one SSP entitlement and the Covid-19 rebate scheme must remain in place.

We have introduced a Self-isolation Support Grant to help those people who are advised to self-isolate to do so without experiencing financial hardship. In doing so, we engaged with HMRC and DWP to co-ordinate delivery through Scottish local authorities to facilitate the effective flow of information.

Also, in response to the actions within the Gender Pay Gap Action Plan, the Minister for Business, Fair Work and Skills wrote to the UK Government in April 2019 proposing changes be made to the relevant Equality legislation for strengthening the framework for tackling gender pay gap related issues. Further detail around this can be found in the Gender Pay Gap Action Plan Annual Report.

The Scottish Government also responded to the UK Government consultation on extending redundancy protection for pregnant women and new mothers and welcomed the response outlining commitment to introduce legislation to this effect.

## Our future priorities

We expect the UK Government to publish its Employment Bill in 2021 and to include commitments from the Good Work Plan amongst others announced in the December 2019 Queen's Speech. We will continue to engage with the UK Government to confirm these commitments will be delivered and that the views of Scottish workers, employers and other stakeholders are heard and acted upon.

Moreover, we will continue to promote our Fair Work priorities with the UK Government, making clear, that the Scottish Government opposes regression on employment rights post-Brexit. Furthermore, we will continue to press for the devolution of full employment powers as the best way for the Scottish Government to drive up high labour market standards for workers and increase business productivity across Scotland.



## 3.15. SCOTTISH GOVERNMENT AS AN EMPLOYER



### Our commitment

Demonstrating leadership as an employer by adopting Fair Work practices aligned with the Fair Work Framework.

### What we have achieved

As an employer, the Scottish Government continues to prioritise Fair Work and embed commitments in our policy and practice which are underpinned by the terms of the Fair Work agreement reached with our recognised trade unions in 2018. The approaches and standards adopted within the Scottish Government provide a benchmark which can also influence the wider public sector in Scotland to improve practice.

We are:

- Implementing the Scottish public sector pay policy and continuing the commitment that every worker whose pay is controlled directly by Scottish Government will be paid at least the real Living Wage and encouraging employers to become Accredited Living Wage employers as components of our reward strategy.
- Leading by example through regular meaningful and constructive engagement with the civil service Trade Unions and embedding Fair Work agreement commitments through partnership working as a key principle of our employee relations strategy.
- Building on our Fair Work agreement with trade unions through the Covid-19 pandemic, with a Trade Union protocol setting out commitments to Fair Work during this period.

- Ensuring wellbeing of staff is supported, adapting policy and practice during the Covid-19 pandemic including allowing staff to work flexibly and balance child and other caring responsibilities, enhancing resources, and our practice.
- Supporting engagement with our delivery and public bodies to ensure consistency of approach and understanding of Fair Work principles.
- Delivering on our vision to be a diverse and inclusive employer, progressing significant activity within our disability recruitment and retention action plan, the development of our race equality plan to meet our public sector equality duties and mainstreaming equalities into corporate policy and service development.

### Our future priorities

We will continue to align policy approaches and practice with Fair Work commitments, with an aim of becoming a leading Fair Work employer. Focus for 2021 will include development of our refreshed people strategy, supporting development of refreshed organisational vision and values, engagement in corporate services transformation while continuing to embed our diversity and inclusion, engagement and wellbeing commitments through our continued response to the Covid-19 pandemic.



## Scottish Government's Race Recruitment and Retention Plan

"The Scottish Government Race Recruitment and Retention Plan was launched in February 2021, setting out the action we will take to deliver on our vision to be a world-leading diverse and inclusive employer, where racial equality is achieved. It was developed in partnership with the Council of Scottish Government Unions and in collaboration with our Race Equality Network and external race-focused organisations. At the heart of the Plan are the voices and views of minority ethnic employees in Scottish Government. The Plan has at its heart an anti-racist approach and is built around the following priorities focused on the whole system, aiming to redistribute power and bring about cultural change:

- Embedding Responsibility and Accountability
- Leadership, Governance and Decision Making
- Recruitment and Representation
- Career progression and promotion
- Building an anti-racist culture

Sharing – and relinquishing – power, and building collective leadership are critical to making systemic changes. The Scottish Government will seek to do this by increasing the representation of minority ethnic people in the Senior Civil Service and by exploring structures which enable diverse voices to effectively influence decision-making. We will focus on building an anti-racist mind-set amongst senior leaders to enable them to effectively challenge decisions, behaviours and attitudes which may result in racial inequity. To support this change, we will build a critical mass of race allies across a range of business functions, grades and roles. We will focus on creating opportunities for exposure to diverse experiences and ways of thinking; building empathy and understanding of others' perspectives; and engaging to listen and understand and act on what minority ethnic colleagues are telling us is their experience.

Our immediate priorities are establishing effective governance to oversee the implementation of this Plan and equipping our work force at all levels to understand their responsibilities and take effective action to advance race equality. In particular we will seek to normalise race as part of our workplace conversations, in a way which is safe and respectful to create a shared language to discuss racial equality and inclusion."

## Scottish Government Agreement with Civil Service Trade Unions on the management of the impacts of Covid -19 on staff



“Recognising that the coronavirus outbreak would have a significant impact on the work of public bodies across the Scottish sector and on individual members of staff, the Scottish Government engaged quickly and constructively with the recognised Civil Service Trade Unions to agree how work arrangements should be managed during the period of the outbreak. Our priority has been to establish a set of principles and to set out how specific terms of employment will exceptionally be applied during the period of the outbreak. The underlying principle of the protocol is that staff will not face any detriment, such as to pay; employment and terms and conditions, as a result of Covid-19 and the approach is designed to support and encourage compliance with Government guidance on dealing with COVID-19. In addition, the arrangements set out within the protocol ensure that temporary agency workers and self-employed contractors receive equal treatment to permanent employees.

Ensuring that employers and staff follow the legal requirement to stay at home except for essential purposes, the protocol gives guidance to employers on measures to be put in place for staff who are required to attend workplaces alongside

Given the fluid circumstances created by COVID-19, a joint working group comprising Scottish Government and trade union representatives will review the ongoing situation and any requirements for changed or additional guidance for employers and employees.”



**Lesley Fraser**  
Scottish Government, Director General for Corporate



## CASE STUDY

### Skills Development Scotland: supporting staff through the pandemic

We have continued to adapt our HR policies throughout the pandemic, ensuring colleague wellbeing remains at the heart of decision making. By positioning activity through a “pandemic lens” we’ve strived to ensure colleagues are supported and experience no detriment to their wellbeing and work/life balance.

We introduced a special leave policy, with no impact on pay for colleagues experiencing extended absence due to delays in treatment, and for colleagues caring for dependents while working remotely. This “financial security” policy has been welcomed by our Trade Union partners and by colleagues across SDS, as evidenced by the results of our Pandemic Engagement and Wellbeing surveys. These surveys were introduced to gather feedback on the employee experience during the pandemic. The

facilitation of employee voice has been a top priority: it has allowed us to gain a deep understanding and appreciation of the variety of colleague circumstances and enabled us to quickly respond to evolving needs. As a result, colleagues have continued to recommend SDS as a good place to work and provided positive feedback on our response to the pandemic, the support offered to teams and individuals, and our emphasis on prioritising colleague wellbeing:

*“The supportive attitude around those with dependents/caring responsibilities and ensuring no one has had any detriment has been fantastic.”*

*“Lots of opportunities for staff to feed into conversations on what working at SDS will look like as we go forward. Learning opportunities and support in place early on to help people manage working at home effectively”.*

## 3.16. MONITOR AND REPORT



### Our commitment

Measuring our progress in delivering a Fair Work Nation.

### What we have achieved

The Scottish Government provides support to the Fair Work Convention through dedicated staffing and financial support.

The Fair Work Convention, in their *Fair Work in Scotland Report* (December 2020), introduced their Fair Work Measurement Framework, which contains 37 indicators of Fair Work, aligning with the Fair Work dimensions. Aligned to this, the Scottish Government is working with the Fair Work Convention and key stakeholders to develop an effective approach for monitoring delivery of Fair Work First. Together, these tools will help monitor and measure our progress towards becoming a Fair Work Nation.

The Minister for Business and Fair Work has updated the Parliament on progress in delivering our Fair Work Action Plan, specifically, he has written to the Economy, Jobs and Fair Work Committee updating on progress in delivering the Fair Work Action Plan, and to the Finance Committee in relation to the Fair Work budget. Additionally, the Ministers on the Ministerial Working Group have updated relevant committees for their portfolio interests.

### Our future priorities

The Scottish Government will continue to work with the Fair Work Convention and key stakeholders to consider how the indicators within their Measurement Framework can best be used to monitor progress on embedding Fair Work First criteria and wider progress on our Fair Work Nation vision.

The Scottish Government will provide the Scottish Parliament with further annual reports on progress in embedding Fair Work, with the next update being provided in Spring 2022. We will also consider opportunities for aligning annual reporting on Action Plans for Fair Work, Gender Pay Gap and Disability Employment as well as on action for tackling race employment to cohere our action and messaging around fair and inclusive workplaces.



## 4. THE 2025 VISION

We remain committed to making Scotland and Fair Work Nation by 2025 and the coming years will require action at pace across Scotland to shape and deliver this. The Covid-19 pandemic has seen unparalleled changes to the way we live and work and have reinforced the importance of Fair Work in ensuring that workers and employers have been able to engage effectively to make decisions in the best interests of all and some changes we have seen this year. Many of the changes, like increased facilitation of home and flexible working, could have positive implications for furthering fair and inclusive work.

The recently launched Fair Work Employer Support Tool, and the Fair Work Convention's monitoring framework and Self-Assessment Tool will provide vital data to help shape our Fair Work future. In addition, our guidance to support those administering and receiving public funding provides a strong foundation for employers adopt Fair Work First and drive change. Using these resources and the progress we have made as our reference, we want to engage with a wide range of stakeholders to shape and understand what a successful Fair Work Nation looks like. The vision will be a useful and practical document, linking closely with Scotland's broader economic and social ambitions, set out in the National Performance Framework, for Scotland to be inclusive, sustainable and globally competitive, with the wellbeing of all citizens at the centre of our policy objectives.

Working closely with the Fair Work Convention and the STUC, we will engage with stakeholders, employers and workers across Scotland to identify the key objectives that we must reach to maximise the positive impacts Fair Work can, and develop a shared Fair Work Vision and the success criteria for this. We already know there are some key things we want to see, and are working towards, including:

- an increase in collective bargaining coverage and trade union membership as ways to strengthen employee voice and security;
- an increase in the proportion of people paid the real Living Wage;
- an effective skills system which supports people throughout their working lives, based on a culture of shared investment between employers, employees and Government;
- a significant reduction in precarious work, including inappropriate zero-hours contracts;
- a step change improvement in labour market performance, including employment and pay gaps for women, disabled people and BAME groups;
- more migrant workers being attracted to Scotland from the rest of the UK and abroad; and
- attracting more inward investors who share our Fair Work values.

Fair Work is central to achieving the Scottish Government's priorities for an inclusive and sustainable recovery from the impact of the Covid-19 pandemic and a just transition to a low carbon economy, with economic wellbeing and high quality jobs for all. Fair Work will drive success and prosperity for individuals, businesses, and society.

## 5. A LOOK AHEAD

**Over the course of the coming year, we will work closely with stakeholders including the Fair Work Convention to develop and articulate our vision for a Fair Work Nation by 2025 ensuring it aligns with the Scottish Government's wider aims for a Just Transition to a decarbonised economy and the creation of a Wellbeing economy.**

Delivery in the meantime will continue at pace. We will continue with the further roll out of Fair Work First extending conditionality in public spending to help expand and embed Fair Work practice across the labour market. We will do this through engagement with CoSLA and the NHS, further city deals, and community wealth building projects. It is vital that we are able to measure the impact of Fair Work First in achieving real change and working with the Fair Work Convention and key partners we will develop a monitoring tool to measure the impact of Fair Work First within funded organisations and grants and will evaluate Fair Work First including the criteria and the effectiveness of the guidance to refine our approach and extend our reach yet further.

We will continue to provide direct support to help improve equality and diversity in work places through the projects supported by the Workplace Equality Fund and Women Returner's Programme and will evaluate these to inform further work to improve diversity and inclusion at work.

Strengthening effective voice in the workplace will continue to be a key Fair Work priority and we will build this at all levels, including for our young people in schools through expanded on-line delivery of the Unions into Schools programme in the Highlands and Islands. We will also continue to support the STUC to build capacity within trade unions to support Fair Work, and progress activity to increase collective bargaining arrangements and national agreements across Scotland.

With a focus on key sectors of the economy, we will monitor and reflect upon the Fair Work Convention's Construction Inquiry to promote the embedding of Fair Work across the sector. We will also respond to the recommendations on adoption of Fair Work within the social care sector contained in the Feeley report on the future of the sector

We will continue our partnership with the Poverty Alliance, to increase payment of the real Living Wage through Living Wage places and develop a Living Hours approach for Scotland to tackle in-work poverty.

Within the Scottish Government we will support the Scottish Government Fair Work Champion to maximise their influence in advancing Fair Work priorities internally and across Scotland with our key stakeholders. As an employer we will also support the development of the Scottish Government's own refreshed People Strategy ensuring that Fair Work remains at its heart.

As we see the ongoing impacts of the UK's exit from the European Union we will continue to promote our Fair Work agenda with the UK Government with a view to protecting and enhancing workers' rights, and press for the devolution of employment powers.

In all we do we will maintain our close working with the Fair Work Convention to articulate our shared Fair Work Nation vision, and monitor and measure progress.



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