

Fair Work Action Plan: Becoming a leading Fair Work Nation by 2025

A refreshed action plan setting out actions to promote fair and inclusive workplaces across Scotland. This incorporates actions on tackling the gender pay gap, the disability employment gap, and our anti-racist employment strategy, driving fair work practices for all.

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1. Ministerial foreword



Richard Lochhead,Minister for Just Transition,
Employment and Fair Work



Fair Work and tackling inequality are at the heart of Scotland's economic and social programme and are key to a just transition to a net zero wellbeing economy. The next few years are critical in ensuring we make the progress needed to achieve the vision for Scotland to be a leading Fair Work nation by 2025, and meet the changing needs of our economy and workforce. There have been considerable challenges impacting on our Fair Work ambitions in recent years, including EU Exit, the Covid-19 pandemic, the ongoing impacts of the war in Ukraine, and the current cost of living crisis. These all demonstrate the need for Government to continue to be adaptive and responsive.

Scotland's **National Strategy for Economic Transformation** (NSET) outlines the actions needed to maximise the opportunities to achieve the vision of a well-being economy, recognising that "every citizen holds Scotland's economic potential in their hands". It clearly acknowledges the challenges, including that currently not everyone is afforded the same opportunities. NSET seeks to reorient our economy towards wellbeing and fair work, delivering higher rates of employment and wage growth, reducing structural poverty, particularly child poverty, and improving health, cultural and social outcomes for disadvantaged families and communities.

Fair Work is a model for innovation and success, with many employers in Scotland already implementing fair work practices, providing safe and secure working environments and promoting positive workplace cultures where staff are engaged and have their voices heard. Economies that have stronger productivity growth also have higher wellbeing. Good businesses recognise that a well-paid respected and diverse workforce is more productive.

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1. Ministerial foreword

In striving to become a leading Fair Work nation, we are seeking to realise fundamental rights for all, consistent with the United Nation's Universal Declaration of Human Rights, which includes: the right to work, to free choice of employment, and to just and favourable conditions of work. Integral to this, is taking action to improve labour market outcomes for those groups who experience the most disadvantage and inequality, especially women, disabled people and people from racialised minorities. Whilst labour market inequalities persist, there are lost opportunities, not only for individuals, but also for our economy as a whole.

This refresh of the Fair Work Action Plan brings together our original Fair Work, Gender Pay Gap, and Disabled People's Employment action plans, along with our new Anti-Racist Employment Strategy. It takes forward the next phase of actions to drive forward Fair Work. It will make it easier for employers and partners to access information on the critical role Fair Work has to play in achieving positive economic benefits on both an individual and collective level, how employers can implement fair work practices in their workplaces to experience these benefits, and to create more diverse and inclusive workforces.

There will always be a moral imperative to deliver Fair Work, but there is also a clear economic imperative. Evidence tells us that through fair work practices, employers will reap the benefits of a fairly rewarded, respected, diverse and inclusive workforce, in their performance, innovation, and productivity. Achieving our Fair Work vision has benefits for us all, but relies on leadership and support from right across our economy, and particularly from the public sector which as a significant employer and stewards of funding has a key role to play in demonstrating the standards we want to see that will make a positive difference to people and the economy.

Of course, we also recognise that, particularly due to the absence of legislative powers over employment law, the Scottish Government is limited in how much we can influence at a workplace level. That is why we are keen to work in collaboration with partners, including trade unions, equality stakeholder groups, and employers themselves to make a genuine impact. I am grateful to all our partners and stakeholders who have worked with us to develop this action plan, and look forward to your continued support in helping to deliver it.

We are using the terms "adversely racialised communities", "racially minoritised/racialised minorities", and "racialisation" to show that it is systems and structures that do not work for those who are categorised on the basis of "race", and because of this are sometimes treated differently or disadvantaged. These terms are becoming more widely used across Scottish Government, in line with our acceptance that racism is a structural issue. We support everyone's right to self-identify according to the term they relate to or are most comfortable with. Terminology changes as societal and systemic understanding grows. It should be noted that in labour market data analysis, the term minority ethnic is used and in reserved legislation such as the Equality Act 2010, the term "race" is used . These terms are not helpful to understand how racialised inequity impacts on those who experience systemic, institutional or interpersonal racism.

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The issue

Fair Work is for everyone. The right to just and favourable conditions of work, including pay, is established in the **United Nation's Universal Declaration of Human Rights**, and as such, the Scottish Government's commitment to Fair Work is central to our economic strategy.

Our vision, shared with the Fair Work Convention, is for *Scotland to be a leading Fair Work Nation by 2025*, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations, and society.

This means better Fair Work outcomes for all, as well as specific improvements in the experience of work and the workplace for women, disabled people, and people from racialised minorities.

We are making progress in achieving our vision:

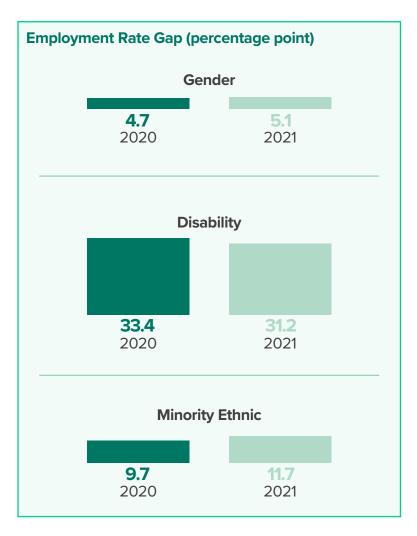
- the Disability Employment Gap is 31.2 percentage points, the lowest it has been since our baseline year in 2016 when it was 37.4 percentage points;
- the latest 2022 Gender Pay Gap figures for full-time employees (3.7 per cent) show that we are still outperforming the UK as a whole (8.3 per cent) and have been since 2003. The gender pay gap for all employees (12.2 per cent) is also below the UK gap (14.9 per cent) and has been since 1997; and²
- Scotland has over 2,900 accredited real Living Wage employers, which is proportionately five times as many as in the rest of the UK with 91 per cent of workers in Scotland now earning at least the real Living Wage.

² Annual Population Survey, Jan-Dec 2016 to Jan-Dec 2021, ONS.

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However, evidence tells us there is more to do:

- Only 35 per cent of those on the lowest salaries say they can keep up with bills and credit commitments without any difficulties;³
- 61 per cent of employees are reporting some levels of overwork, with 14 per cent of employees saying they work 15+ hours a week more than they would like to;⁴
- 29 per cent of employees feel their work impacts negatively on their mental health, with 24 per cent reporting negative impacts on their physical health;⁵
- Disabled people still experience an employment rate that is 31.2 percentage points lower than that of non-disabled people;⁶
- The unemployment rate for minority ethnic people was estimated at 6.5 per cent⁷ compared to 3.8 per cent for white people and there has been no sustained progress to reduce this disparity over recent years;

³ CIPD Working Lives Scotland 2022

⁴ CIPD Working Lives Scotland 2022

⁵ CIPD Working Lives Scotland 2022

⁶ Annual Population Survey, Jan-Dec 2021, ONS

⁷ Estimate is based on a small sample size. This may result in an estimate which is less precise and should be used with caution.

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- The median gender pay gap for full-time employees in Scotland has increased from 3.0 per cent in 2021 to 3.7 per cent in 2022. This is below the gap of 7.2 per cent in 2019 and so continues the longer-term downward trend seen prior to the Covid-19 pandemic.
- The median gender pay gap for all employees in Scotland increased from 11.2 per cent in 2021 to 12.2 per cent in 2022. This is below the gap of 14.4 per cent in 2019 continuing the longer-term downward trend seen prior to the Covid-19 pandemic. The gap remains high when full-time and part-time employees are combined as more women work in lower paid part-time jobs;
- In 2022, although women make up 50.9 per cent⁸ of all employees (18+) in Scotland, they account for 61.2 per cent⁹ of employees (18+) earning below the real living wage.

Achieving our vision is a journey which demands a continuing culture and values shift in our approach to work and workplaces. EU Exit, Covid-19, and the ongoing cost of living crisis are placing huge burdens on business and individuals, especially for women, 10 and those living with multiple inequalities including racially minoritised women and disabled women. 11 The cost of doing business has increased dramatically, with consequential costs passing to consumers and customers. This can exacerbate existing structural inequalities in the labour market and hinder our progress to become a leading Fair Work nation.

It has long been advocated that tackling inequality supports economic growth.¹² People in unequal societies are unable to live up to their potential, which can cause weaker demand today and lower growth in the future.¹³ Evidence from the OECD and the IMF suggests that income inequality has a large and significant negative impact on economic growth.¹⁴ and can harm the pace and sustainability of economic growth.¹⁵

⁸ Annual Population Survey, Jul 2021-Jun 2022, ONS

⁹ Annual Survey of Hours and Earnings 2022, ONS

¹⁰ Engender Briefing Cost of Living Crisis

¹¹ Engender Briefing Cost of Living Crisis

¹² McKinsey & Company - Diversity Wins: How Inclusion Matters

^{13 8.} Inequality and Economic Growth (wiley.com)

¹⁴ In It Together: Why Less Inequality Benefits All | READ online (oecd-ilibrary.org)

¹⁵ Redistribution, Inequality, and Growth; by Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides; ; IMF Staff Discussion Note SDN/14/02; February 26, 2014

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Evidence

Research from McKinsey¹⁶ indicates that companies in the top quartile for gender diversity on executive teams were 25% more likely to experience above-average profitability. In the case of ethnic and cultural diversity, they found that the most diverse companies outperformed the least diverse companies by 36% in terms of profitability.

Fair Work is underpinned by the principles of equity and equality of opportunity for all. We know, however, that structural barriers persist in and beyond our labour market, and not everyone benefits from the same opportunities. Systemic racism, disablism,¹⁷ sexism,¹⁸ and ageism are still a real experience for many people.

Stereotyping is one of the mechanisms that creates inequity from an early age and drives occupational segregation that moves people into certain industrial sectors, or limits expectations of what some groups of people can achieve. For example:

- Women are often driven into sectors with lower pay (for example, social care and retail), as these sectors provide part-time positions that facilitate a woman's traditional role as primary carer in a household.
- Disabled people are often portrayed as passive recipients of care, rather than active contributors to our communities and economy, which limits employment opportunities.
- People from racialised minorities are often stereotyped as people with low levels of literacy or educational attainment which can impact on their employment opportunities.

¹⁶ McKinsey & Company - Diversity Wins: How Inclusion Matters

¹⁷ For a definition of disablism see for example Disablism and ableism | Disability charity Scope UK

¹⁸ CTGBriefing22 (closethegap.org.uk) pg. 23.

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Unless these mechanisms are addressed, inequity will continue to exist and will continue to show in gaps in pay and employment.

The persistence of such gaps reflects the fact that inequalities are deeply embedded in our society, permeating throughout our social structures and institutions.¹⁹

Accessing and sustaining Fair Work can be even harder for people who face intersecting inequalities, for example, disabled racialised minorities, or women over 50. This is why we have taken an intersectional approach to this refreshed action plan, seeking to ensure the actions being taken can benefit as many people as possible, and level the playing field for those most disadvantaged by inequality.

Full employment powers would support the drive towards an inclusive, wellbeing economy that works for everyone in Scotland. This would mean a better, fairer working life, including improved access to flexible working which provides flexibility for many workers, especially women who try to balance care or health responsibilities with work, greater job security through strengthened workplace rights and, if you are a young person, the same minimum wage as everybody else. The Scottish Government will do all it can within devolved powers to promote and embed fair and inclusive working practices. Our approach is built on collaboration, engagement and using our wider powers and strategic influence to put Fair Work at the heart of our economic and social programme driving a just transition to a net zero wellbeing economy.

The Scottish Government will continue to press the UK Government to adopt a fair work approach to employment reforms and oppose any regression of employment and trade union rights. This includes continuing to urge the UK Government to improve statutory provisions on pay and leave for parents, including maternity and paternity pay, shared parental leave, introduce paid miscarriage leave, and improve protections from sexual harassment. We will also lobby the UK Parliament for key changes to reserved legislation to address racialised systemic inequity, including mandating employers to report their ethnicity pay gap.

¹⁹ structurally-unsound-report.pdf (ucl.ac.uk) Resolution Foundation and University College London

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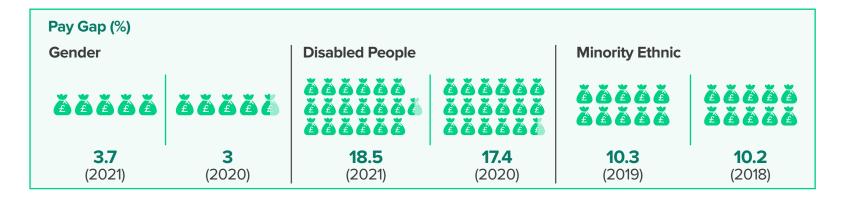
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Using the levers we have available, to date we have:

- Increased the number of accredited real Living Wage employers from 14 in 2014 to over 2,900 in 2022

 that's proportionately 5 times as many as in the rest of the UK. Over 59,000 workers have seen a pay rise as a result of their employer gaining accreditation.
- Outperformed the UK as a whole on the full-time median Gender Pay Gap. since 2003 and the overall median pay gap since 1997.
- Reduced the **Disability Employment Gap** to its lowest level since our 2016 baseline year, ensuring we are on course to meet the target of it being halved to 18.7 percentage points by 2038.
- Attached Fair Work First criteria to some £4 billion of public funding since 2019. This includes criteria to create more diverse and inclusive workplaces.

- Progressed Fair Work in procurement:
 - In October 2021, we started routinely mandating payment of the real Living Wage in Scottish Government procurement contracts.
 - In May 2022, we published updated Statutory Guidance under the Procurement Reform (Scotland) Act 2014 to reflect this change and the extension of Fair Work First criteria to include specific reference to provision of flexible working and of no use of fire and rehire practices.
 - We have developed model invitation to tender questions to make it easier for public bodies to mandate the real Living Wage in relevant contracts.
- As committed to in the Bute House Agreement, we have announced the introduction of a requirement for the recipients of public sector grants to pay at least the real Living Wage and provide appropriate effective voice channels.



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Our aims

Fair work must be at the core of the approach any employer takes, not only to address inequalities, but also to maximise the opportunities presented by a fairly rewarded, healthy, diverse and inclusive workforce; central to this is providing effective voice. Security of pay and benefits, health, safety and wellbeing, quality job design, and work-life balance, all have a positive impact on productivity.²⁰

We will:

- Work with industry leadership groups, employee representatives, trade unions and other partners to expand the voice of Scotland's workers, encouraging employers to offer appropriate effective voice channels;
 - Support strong trade unions and promote collective bargaining – particularly in underrepresented sectors, building on the mapping exercise the STUC commissioned in 2021.
- Continue to increase the proportion of people earning at least the real Living Wage (currently 91 per cent of employees), and build upon 2021/22 success of 696 newly accredited employers, and 7,613 employees uplifted to real Living Wage. We will continue to encourage employers to seek real Living Wage and Living Hours accreditation, including a targeted approach to low-paid sectors of the economy.

- Continue to apply Fair Work conditionality to as much of our public spending as we can, within the limits on devolved competence.
- Reduce the gender pay gap in Scotland by the end of this parliamentary term (May 2026), and maintain or where possible improve our position relative to the UK as a whole and our international neighbours.
- At least halve the disability employment gap by 2038 to 18.7 percentage points from the 2016 baseline of 37.4 percentage points.
- Improve labour market outcomes for people from racialised minorities and increase the number and impact of actions taken forward by employers to address racial inequality, as set out in our new strategy A Fairer Scotland for All: An Anti-Racist Employment Strategy.²¹

²⁰ Can Good Work Solve the Productivity Puzzle?

²¹ An Anti-Racist Employment Strategy

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The Action Plan

This refreshed action plan brings together and takes forward our existing work to drive fair work practice across the labour market and reduce the Gender Pay Gap²² and Disability Employment Gap,²³ and sits alongside our new Anti-Racist Employment Strategy. It draws on the conclusions from our Fair Work Nation Consultation, as well as extensive engagement with stakeholders on the actions needed to realise our vision.

The Scottish Government will continue to provide leadership as an employer and through our policies, including applying conditionality to public sector investment. The transformative power and potential of the public sector through embedding Fair Work practices is clear. In 2022, there were 594,700 people employed in the public sector in Scotland, over a fifth (22.1 per cent) of Scotland's total employment.²⁴ Public spending in Scotland in 2021/22 alone was over £99 billion. Public sector funding should leverage wider community and societal benefits – supporting a sustainable economic recovery and a successful wellbeing economy over the long term.

In addition, this action plan asks employers right across Scotland to play their part, while setting out what support is available to help them realise the benefits of fair, diverse, and inclusive workplace practices. The plan includes actions to support people in preparing for, accessing and sustaining Fair Work, especially for people most disadvantaged in the labour market. Importantly, the plan focuses on making Fair Work the norm across all sectors of Scotland's economy, and how we will continue to build on the evidence base to demonstrate the intrinsic value of a Fair Work approach.

The Fair Work Action Plan is organised into five sections, each with headline actions:

- Public sector and the role of leadership:
 - We will lead by example on the Fair Work agenda, including sharing and learning of practice, by 2025.
 - We will continue to embed Fair Work in public sector investment wherever possible, setting out clear priorities in the roles and responsibilities of public bodies.
 - We will continue to use conditionality to further embed Fair Work in all forms of financial support, within the limits of devolved competence.

²² A fairer Scotland for women: gender pay gap action plan - gov.scot (www.gov.scot)

²³ A Fairer Scotland for Disabled People: Employment Action Plan

²⁴ Public Sector Employment in Scotland Statistics for 2nd Quarter 2022

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• Our ask of employers and support available:

- Working with partners, we will support employers to utilise the resources and support available to embed Fair Work in their organisations. We will work collaboratively to develop these resources to support and build capability among employers, employability providers and partners.
- Support for people to prepare for, access and sustain fair work:
 - We will work collaboratively with key partners to develop resources to support workers to access, remain, and progress in fair work.
- Making Fair Work the norm:
 - We will work collaboratively across government with employers and partners to promote and embed fair work practice across the Scottish economy.
- Building on the evidence base:
 - We will continue to build on and review the evidence base to identify and address barriers to Fair Work.

We have also set out how we will monitor and report on our progress in taking forward actions to ensure they are contributing to our strategic aims, including the Fair Work and Business National Outcome in our National Performance Framework.²⁵ In addition, we have also published supporting annexes which provide:

- A full list of actions;
- An overview of actions from the previous individual action plans and those supporting delivery of the new Anti-Racist Employment Strategy, and
- Detail of Fair Work related actions being taken forward by other areas in the Scottish Government.

The Action Plan has been informed by the following impact assessments:

- Business and Regulatory Impact Assessment (BRIA)
- Equality Impact Assessment (EQIA)
- Child Rights and Wellbeing Impact Assessment (CRWIA)
- Data Protection Impact Assessment
- Fairer Scotland Duty Assessment (FSDA)
- Islands Communities Impact Assessment (ICIA)
- Strategic Environment Assessment (SEA).

These assessments will be kept under review, with new data analysed and continued stakeholder engagement planned for post publication, to ensure we improve the evidence base for continuous learning and development to monitor the impact of the strategy on workers, employers and wider context in which they operate.

²⁵ Scottish Ministers are required by the Community Empowerment (Scotland) Act 2015 to review the National Outcomes within five years of their previous publication. Deputy First Minister has confirmed to the Scottish Parliament that the next statutory review is set to start its public engagement this year (2022) and conclude during term 3 of Parliament (2023).

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3. Our vision: Scotland is a Fair Work nation by 2025

Scotland to be a leading Fair Work Nation by 2025, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.

Strategic context

The Scottish Government shares this vision with the Fair Work Convention, the independent body that advises government on Fair Work. In 2016 the Convention published its **Fair Work Framework** defining Fair Work as work that offers effective voice, respect, security, opportunity and fulfilment; and that balances the rights and responsibilities of employers and workers and can generate benefits for individuals, organisations and society.

Our vision is measured and demonstrated through the Fair Work and Business National Outcome in our National Performance Framework, which helps us develop the necessary legislative and operational structures to help us set and achieve the vision for the type of nation we want to be. In addition, each of the actions within this plan have indicators and are mapped to a measurement framework to ensure the intended outcomes are being realised.

Fair Work is underpinned by the principles of equity and equality of opportunity for all regardless of any individual or group characteristics. As such, fair work practices are crucial at both individual level for worker and employer outcomes, and at a strategic level for Scotland's economic performance. By achieving equality of opportunity for all to access and progress in work, Fair Work can drive productivity, release untapped potential and inspire innovation.²⁶

Achieving our vision is a journey which demands a continuing culture and values shift in our approach to work and workplaces. Many employers are at the forefront of this transition and have demonstrated the strengths of a Fair Work approach.

Fair Work is relevant beyond the workplace and supports positive outcomes in all parts of society. This is why Fair Work is central in our ten year **NSET**, our second Tackling Child Poverty Delivery Plan **Best Start**, **Bright Futures**, and our fourth **National Planning Framework**.

²⁶ Can Good Work Solve the Productivity Puzzle?

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Why is Fair Work important?

EU Exit, Covid-19, and the ongoing cost of living crisis are placing huge burdens on employers. While the unemployment rate remains close to the historic low, Scotland's economic inactivity rate is higher than the rest of the UK (23.8 per cent compared with 21.7 per cent) and many sectors are continuing to experience chronic labour shortages.²⁷

Despite the very tight labour market, real earnings from employment are declining because of high rates of inflation. The cost of doing business has increased dramatically, with consequential costs passing to consumers and customers. This can exacerbate existing structural inequalities in the labour market, primarily in-work poverty, particularly for disabled people, women and people from racialised minorities. These issues cut across all the dimensions of Fair Work, but they also highlight why Fair Work is now more important than ever, and can offer a solution to addressing these challenges.

Case study:

Peter Facenna, Managing Director at Allied Vehicles Group, said:

"Paying the living wage is important to Allied Vehicles because we want to make sure our staff feel valued – especially in times like now, when the cost of living is rising. We want to look after our staff both from the local community, which is one of Scotland's most deprived areas, and from further afield. It's important for us that we do everything we can to help ease our employees' worries about money and about the cost-of-living crisis."

Kenny Preston, Machine Operator at Allied Vehicles Group, said:

"The living wage has made a huge difference personally to myself and family as I am the only income in my household, my wife is the carer for our son who has additional support needs. While there is a cost-of-living crisis, knowing Allied Vehicles has committed to being a living wage employer helps to take the burden from a lot of people with regards to utility bills, food, fuel and rent or mortgages. Things are tight just now for a lot of people, and it shows that Allied Vehicles are prepared to go that extra mile investing and showing faith in the workforce."

²⁷ Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021

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3. Our vision: Scotland is a Fair Work nation by 2025

Evidence

The Warwick Institute for Employment Research²⁸ has examined the relationship between good work and productivity. It identified evidence of positive impacts on productivity across several dimensions of good work including pay and benefits; health, safety and psychosocial wellbeing; job design and the nature of work; and work-life balance.

It is widely evidenced that poor-quality work can be bad for both physical and mental health and this can have knock on effects for worker productivity. The OECD²⁹ found strong evidence of a negative relationship between job stress and at-work productivity and a positive relationship between job rewards and productivity.

The Fair Work Framework³⁰ is clear that the best decisions for workers and employers are those made collaboratively. As labour market and workplace needs evolve, everyone should have the right to continue to be able to get and keep a good job and to progress in their career and build the foundation for a secure and satisfying retirement.

Addressing pay and employment gaps

We recognise that we cannot become a leading Fair Work nation without tackling the barriers that many face in trying to reach, remain and thrive in the labour market. Work to address this inequality was previously taken forward in our landmark action plans A Fairer Scotland for Women: Gender Pay Gap Action Plan,³¹ and A Fairer Scotland for Disabled People: Employment Action Plan.³²

This refreshed Fair Work action plan continues to acknowledge the existence of structural barriers and systems that create unequal conditions and opportunities for one group of people over another, and which tend to have their basis in the day-to-day operations of institutions, including education, transport and employment. Systemic racism, disablism, sexism, and ageism are still a real experience for many people.

²⁸ University of Warwick: Does good work have a positive effect on productivity?

²⁹ OECD: Job Quality Health And At Work Productivity

³⁰ Fair Work Convention: Fair Work Framework

³¹ A fairer Scotland for women: gender pay gap action plan - gov.scot (www.gov.scot)

³² A Fairer Scotland for Disabled People: Employment Action Plan

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<u>Gender</u>

Stereotyping from an early age drives occupational segregation that moves women especially, into industrial sectors dominated by lower pay and jobs that are regarded as 'women's work' and under-valued, that is, the five C's: catering, cleaning, cashiering, clerical, and caring.33 Even when women and men work in the same or similar jobs, or do work of equal value, women can face discrimination in pay systems, and fall foul to lower pay despite the fact that the Equal Pay Act has been in force for over 50 years. As women are still regarded as the primary caregiver in a household, they are disproportionately impacted by a range of discriminatory practices such as pregnancy and maternity discrimination - which assumes that motherhood detracts from a worker's productivity or value – lack of access to affordable, high quality child care, and as unpaid carers for other adults, such as an older or disabled family members, women are prevented from accessing better paid, secure jobs and progressing to senior roles. These compounded factors make women more vulnerable to the impacts of the cost crisis, and drives the gender pay gap.³⁴

More generally, employment opportunities can be blocked by a lack of access to quality, fair paid and flexible work which accommodates caring and health commitments; by public transport systems that are inaccessible, irregular (especially in rural areas), and often unsafe (which impact on women especially who are the majority of users of public transport); and by recruitment processes that fail to take into account, understand, and appreciate someone's cultural, language or communication needs.

Disability

Similarly, the stereotype of disabled people as passive recipients of care, rather than active contributors to our communities and economy also limit employment opportunities and can negatively shape attitudes of potential employers. The Scottish Government recognises the social model of disability (in which people are disabled by barriers created by society, not by their impairment or difference).³⁵ To make a real change in the Fair Work landscape we therefore need the focus to shift from the individual to improving disabled people's access to and experience of employment.

³³ Think Business, Think Equality | Women's Jobs, Men's Jobs | What is women's work? (thinkbusinessthinkequality.org.uk)

³⁴ New study shows working women at sharp end of cost of living crisis with 26% trapped in severely insecure work | Lancaster University

³⁵ Definition of disability under the Equality Act 2010 – GOV.UK (www.gov.uk)

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That is why the action we will take focuses on tackling structural barriers and discrimination which prevent disabled people from realising their full potential in the labour market, and deny employers a rich source of skills and talent. We are aware that the barriers and economic opportunities that exist in rural Scotland may be vastly different from those in Scotland's towns and cities. For example, rural areas are more reliant than urban areas on small and micro businesses those areas would be more likely to benefit from improved support from organisations such as Business Gateway, which exist to encourage entrepreneurship. Although we are currently on track to meet our target to halve the disability employment gap by 2038, reducing it to at least 18.7 percentage points, it is clear that there is still significant work to be undertaken. This includes taking greater action to support disabled people who already are, or are at risk of becoming, economically inactive. Disabled people have the highest economic inactivity rate across all groups and yet while many economically inactive people indicate they do not want to work, disabled people who are inactive are more likely to say they do want to work.

Racialised minorities

As we outline in our new Anri-Racist Employment Strategy, labour market inequalities experienced by racialised minorities are also well evidenced in Scotland at a national level, as reflected in the disparity across employment rates and pay outcomes between racialised minorities and the white population.

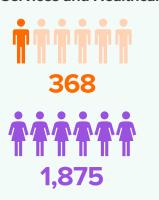
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Girls/boys Modern Apprenticeship frameworks – starts:

Social Services and Healthcare:



Construction: Technical



Proportion of full-time employees in each industrial sector who are women:³⁶



Human health and social work



Construction



Caring, leisure, and other service occupations

Estimated proportion of full-time employees in each occupational group who are women:³⁷



Managers, Directors and Senior Officials

Across the UK, women are more likely than men to be in employment on a zero-hours contract³⁸







³⁶ Source: Annual Survey of Hours and Earnings, 2022, ONS

³⁷ Ibid.

³⁸ EMP17: People in employment on zero hours contracts – Office for National Statistics (ons.gov.uk)

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Overall women account for around three in five (57.7%) economically inactive people in Scotland.³⁹



The economic inactivity rate for disabled people aged 16 to 64 was estimated at 46.5%. This was significantly higher than the inactivity rate for non-disabled people (16.4%).



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22.6%

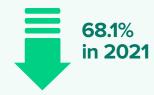
Looking after family and/or home accounted for **22.6% of economically inactive women in 2021**.



7.9%

Whereas, only **7.9% of inactive men** state this as their reason for inactivity.⁴⁰

The employment rate for **50 to 64 year olds had decreased** over the last two years to 68.1% in 2021.



³⁹ Scotland's Labour Market: People, Places and Regions – Protected Characteristics: Statistics from the Annual Population Survey 2021 (www.gov.scot)

⁴⁰ Ibid.

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The employment rate for the minority ethnic group (aged 16 to 64) was estimated at 62.1% in 2021. This is significantly lower than the rate for the white group (73.9%). The ethnicity employment rate gap was 11.7 percentage points in 2021.

In 2021, the unemployment rate for the minority ethnic group was estimated at 6.5%⁴¹ while the unemployment rate for the white group was estimated at 3.8%.⁴²

Tackling labour market inequalities is not only necessary for creating a fairer and more equal society, it can also help boost Scotland's economic performance. The strong correlation between equality and economic growth has long been acknowledged.⁴³ People in unequal societies are unable to live up to their potential, which can cause weaker demand today and lower growth in the future.⁴⁴ Evidence suggests that income inequality has a large and significant negative impact on economic growth,⁴⁵ potentially harming its pace and sustainability.⁴⁶

Action to tackle structural inequalities is taking place across government. From early years and childcare addressing stereotyping in children's play and in early learning settings to careers advice in schools tackling occupational segregation in subject choice and post

school destinations. All policy areas have a part to play in breaking down prejudice and improving opportunities for protected groups. Information on the work being taken forward across government can be found at Annex B.

As part of the governance around the plan implementation, we will give consideration to developing a space in the governance structure to enable a strategic focus to monitor activity across government that addresses the wider drivers of pay and employment gaps experienced by women, disabled people, workers aged over 50, and people from racialised minorities.

Accessing and enjoying Fair Work is also determined by the support that comes prior to entering employment, including our devolved employability support service Fair Start Scotland and the No One Left Behind strategic partnership approach with local government. These services will continue to take a person-centred approach to supporting individuals towards and into work, recognising and addressing the specific challenges faced by women, disabled people, workers over 50, and people from racialised minorities.

⁴¹ Estimate is based on a small sample size. This may result in an estimate which is less precise and should be used with caution.

⁴² Scotland's Labour Market: People, Places and Regions - Protected Characteristics. Statistics from the Annual Population Survey 2021

⁴³ CMI - The Everyone Economy

^{44 8.} Inequality and Economic Growth (wiley.com)

⁴⁵ In It Together: Why Less Inequality Benefits All | READ online (oecd-ilibrary.org)

⁴⁶ Redistribution, Inequality, and Growth; by Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides; ; IMF Staff Discussion Note SDN/14/02; February 26, 2014

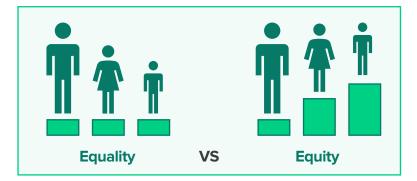
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The need for an intersectional approach

Intersectionality describes people who are in possession of a combination of equality characteristics, who may face multiple barriers and compounded discrimination in the labour market (for example, disabled women, or people from racialised minorities aged over 50).

We recognise that this, along with other factors such as being a parent or having other caring responsibilities, can compound and further hamper the rights of all workers to enter, sustain, and progress in a safe, diverse, and inclusive labour market. Whilst we continue to acknowledge and take action on discreet issues and barriers for respective equality groups, we have also sought to identify, data allowing, where intersectionality highlights synergies on which we can take collective action.

In 2021, the ethnicity employment rate gap for women was estimated at 23.1 percentage points, while the gap for men was estimated at -1.5 percentage points (p.p.).⁴⁷

The disability employment gap on the other hand, was estimated to be larger for men at 36.8 per cent compared to women at 26.2 per cent in 2021.⁴⁸

In 2021, there was a minority ethnic employment rate gap for 25-34 (18.9 percentage points).

In Scotland, a non-disabled white person is almost twice as likely to be in employment (81.7% employment rate) than a disabled person from a minority ethnic group (43.7%).

Also in 2021 the estimated employment rate for young disabled people was significantly lower than their non-disabled peers (37.1 per cent vs 58.3 per cent for those aged 16-24). Since 2016, the employment gap for disabled young people has decreased from 23.4 p.p. to 21.2 p.p. driven primarily by an increase in the rate of employment enjoyed by young disabled people.⁴⁹

⁴⁷ Scotland's Labour Market: People, Places and Regions – Protected Characteristics: Statistics from the Annual Population Survey 2021 (www.gov.scot)

⁴⁸ **Ibid.**

^{49 8.} Inequality and Economic Growth (wiley.com)

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There are three elements to providing an intersectional approach within the plan:

- Information and guidance we will promote an intersectional approach to data collection and policy development across the labour market through the creation and/or signposting of guidance, including our action to create and promote a centralised access hub of Fair Work resources for employers;
- Delivery within our actions where possible, we will take a targeted approach to address compounded inequality that is already well-evidenced for particular intersects, such as racially minoritised women or young disabled people;
- Exploration we recognise that the evidence base of intersecting inequalities is limited, and is symptomatic of the systemic inequality that we are committed to dismantling. Some of our actions will therefore seek to build on our evolving evidence base, and look at the impact of multiple intersects to inform interventions across the labour market.

Progress so far

We are continuing to build on work that has progressed so far, including:

- Increasing the number of accredited real Living Wage employers from 14 in 2014 to over 2,900 in 2022

 that's proportionately 5 times as many as in the rest of the UK. Over 59,000 workers have seen a pay rise as a result of their employer gaining accreditation 91 per cent of workers are now paid at least the real Living Wage in Scotland.
- Supported the STUC to progress a mapping of existing collective bargaining arrangements and national agreements across Scotland. This research is helping to inform how we might extend collective bargaining in the initial key sectors identified in the previous Fair Work Action Plan, but also more widely in other under-represented sectors.
- Supported trade unions through the STUC to progress specific projects which deliver our Fair Work ambitions. These include outcomes which will ultimately help to increase collective and sectoral bargaining in targeted sectors; and which increase the leadership capacity of under-represented groups within affiliate unions and build their capacity in the promotion of workplace equality.
- In line with our Bute House Agreement commitment, we have introduced a requirement on public sector grant recipients to pay at least the real Living Wage and provide effective voice channels.

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- The proportion of women (employees aged 18+)
 earning the real Living Wage or more has increased
 from 83.9 per cent in 2021 to 89.7 per cent in 2022,
 continuing the upward trend seen since 2018.
- The Gender Pay Gap for full-time employees is continuing the longer-term downward trend seen prior to the Covid-19 pandemic (3.7 per cent in 2022 compared to 7.2 per cent in 2019), and for all employees in Scotland (including both part-time and full-time employees) continues to be lower than the UK gap (12.2 per cent vs 14.9 per cent).⁵⁰
- The Disability Employment Gap is the lowest (31.2 percentage points (p.p.), 2021)⁵¹ since we set our baseline in 2016, and we are on course to meet the target of halving it to 18.7 p.p. by 2038.
- To achieve our ambition of halving the disability employment gap, it was estimated the employment rate of disabled people would need to increase, on average, by at least 1 percentage point every year (from 42.8 per cent in 2016). To help measure progress, we set interim milestones to increase the employment rate of disabled people to: 50 per cent by 2023; and to 60 per cent by 2030. In 2021 the employment rate for disabled people was 49.6 per cent, meaning we are making significant progress towards meeting our first interim target.

- We held the Public Sector Leadership Summit on Race Equality in Employment⁵² and National Conference on Race Equality in Employment to support and encourage employers to address the recommendations of the Scottish Parliament Equalities and Human Rights Committee's inquiry report⁵³ into race equality, employment and skills.
- Our Fair Work in Social Care Group, which updated its Terms of Reference earlier this year, has been key to progressing fair work in this sector, including the Scottish Government's delivery of two uplifts in pay for the direct adult social care workforce in the last year.
- The Group has developed a set of minimum standards for terms and conditions reflecting fair work principles.
 We are investigating how these standards can be implemented within devolved powers and our work on introducing sectoral bargaining is progressing ahead of the National Care Service, in line with the recommendations of the Fair Work Convention.
- The Scottish Government has attached Fair Work First criteria to some £4 billion of public funding since 2019.
 This includes criteria to create more diverse and inclusive workplaces.

⁵⁰ Annual Survey of Hours and Earnings 2022, ONS

⁵¹ Annual Population Survey, Jan-Dec datasets, ONS

⁵² Public Sector Leadership Summit on Race Equality in Employment: report - gov.scot (www.gov.scot)

⁵³ Race Equality, Employment and Skills: Making Progress? (azureedge.net)

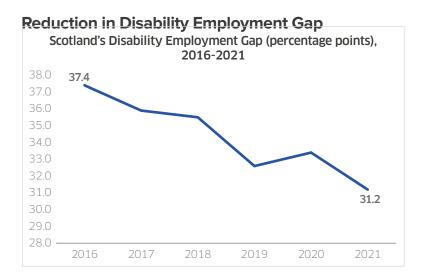
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- Fair Work in procurement:
 - In October 2021, we started routinely mandating payment of the real Living Wage in Scottish Government procurement contracts.
 - In May 2022 we published updated Statutory
 Guidance under the Procurement Reform (Scotland)
 Act 2014 to reflect this change and the extension of
 Fair Work First criteria to include provision of
 flexible working and oppose fire and rehire
 practices.
 - We have developed model invitation to tender questions to make it easier for public bodies to mandate the real Living Wage in relevant contracts.

- In 2021-23, we are funding Flexibility Works to support and promote the development of flexible and family friendly workplaces. We have also funded Timewise between 2020-22 to deliver the 'Fair, Flexible Work Programme for Scotland'. This provided training to 70 intermediary 'change agents' that in turn supported 2,900 employers and 2,895 parents and carers with guidance and advice on how to adopt and request flexible working practices.⁵⁴
- In Early Learning and Childcare (ELC), we have a funding agreement with local government for the ELC expansion which enables local authorities to set sustainable rates for funded ELC that support payment of the real Living Wage to all workers delivering funded ELC, benefitting women who make up the majority of the work force.
- By the end of 2022/23, we will have met our commitment to invest £1 million in Apt a Public Social Partnership (PSP) to ensure employers have the skills they need to attract, recruit and retain disabled people. Since 2020, the PSP has worked with around 160 employers, 54 of whom have benefited from in-depth support from Apt. Employers have reported: improved recruitment and retention processes; increasing confidence regarding issues relating to disability equality, including providing appropriate support for staff; and increasing employee awareness about the benefits a diverse workforce can bring to an organisation.

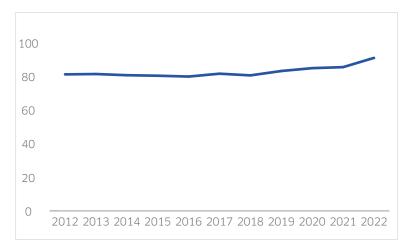
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Increase of people in receipt of the Real Living Wage



 Community Wealth Building pilots promote Fair Work as central to the workforce pillar, through Fair Work and Anchor Charters. These agreements include actions to encourage employers to become living wage employers; seek to recruit locally and from groups that are disadvantaged in the labour market; provide secure employment and opportunities for progression and ensure workers are respected and have an effective voice.

- We have ensured that our activity to deliver a just transition to net zero consistently furthers our Fair Work ambition. In our £500 million North East and Moray Just Transition Fund every project has to demonstrate how they have delivered Fair Work, as part of their key performance indicators in the reporting cycle. We are also ensuring that access to Fair Work, and widening access to high value work more generally, is a priority when developing the upcoming Just Transition Plans and the next Climate Change Plan.
- We have placed Fair Work at the heart of the selection process for Green Freeports in Scotland. Applicants for Green Freeport status were required to set out how fair work practices will be embedded across the proposed area.
- The delivery of our new multi-year Workplace Equality Fund, through which we are currently supporting 13 projects with over £750,000 worth of funding. The fund is aimed at removing labour market barriers for certain priority groups including the over 50's workforce, people from racialised minorities, disabled people, and women.
- We are funding See Me, Scotland's national campaign to end mental health stigma and discrimination. Part of this funding supports their 'See Me in Work Programme', helping employers to tackle mental health stigma and discrimination in their organisation and create a mentally healthy workplace.

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- In August 2022 we launched a new online mental health and wellbeing platform for employers, in partnership with Public Health Scotland and wider stakeholders, to help Scottish employers actively support and promote mentally healthy workplaces.
- In August 2021, we were the first country in the UK to publish an ambitious Women's Health Plan which has an action to develop a menopause and menstrual health workplace policy for NHS Scotland, as an example of best practice and to promote equivalent efforts across the public, private and third sector.

Key objectives

While progress has been made to support workers access and sustain Fair Work, more needs to be done to ensure that we remove the barriers so that all workers can experience the benefits of Fair Work and achieve the outcomes as set out in our aims.

Dimensions of Fair Work



Effective voice

For individuals, the opportunity to have an effective voice is crucially important. Having a say at work is consistent with the broader suite of rights available to citizens in democratic societies.



Opportunities

It is a reasonable aspiration to want work that is fair – and for fair work to be available to everyone. Fair opportunity allows people to access work and employment and is a crucial dimension of fair work.



Security

Security of income can contribute to greater individual and family stability and promote more effective financial planning, including investment in pensions.



Fulfilment

Fulfilment can also arise from positive and supportive workplace relationships that promote a sense of belonging and this overlaps strongly with respect as a dimension of fair work.



Respect

Respect at work enhances individual health, safety and wellbeing. Dignified treatment can protect workers from workplace related illness and injury and create an environment free from bullying and harassment.

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We will:

- Increase the number of people paid at least the real Living Wage and on stable contracts.
- Work with employers, workers, and trade unions to strengthen worker voice, through a range of effective voice channels.
- Further extend Fair Work conditionality with clear standards and minimum requirements to cover all forms of Scottish Government support within the limits of devolved competence in line with the landmark agreement with the Scottish Green Party.
- Increase the number of employers adopting flexible working practices.
- Reduce the gender pay gap in Scotland by the end of this parliamentary term (May 2026), and to maintain or where possible improve our position relative to the UK as a whole and our international neighbours.
- Reduce the Disability Employment Gap to 18.7
 percentage points (p.p.) by 2038, therefore halving the
 gap from the baseline in 2016.
- Improve labour market outcomes for people from racialised minorities and increase the impact of actions taken forward by employers to address racial inequality.

The following actions focus on embedding fair work practices across the public sector. Anchor institutions – such as NHS bodies, public bodies and executive agencies – have a key role to play in realising the transformative potential of the public sector through embedding fair work practices. Many of them, including local authorities, already demonstrate clear leadership across the dimensions of Fair Work.

594,700 Public sector workers

This represents over a fifth of Scotland's total employment. (Women make up 64.5 per cent of people over 16 in employment in the public sector). 56

£99 billion

Public spending in Scotland in 2021/22.

Public sector funding will leverage wider community and societal benefits – supporting a sustainable economic recovery and a successful wellbeing economy over the long term.

⁵⁵ https://www.gov.scot/publications/public-sector-employment-scotland-statistics-2nd-quarter-2022/

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4. Public sector and the role of leadership

The Scottish Government will continue to provide leadership as an employer and funder, and through our policies, to make Scotland a leading Fair Work Nation. By using all the levers available to us, including conditionality in both financial and non-financial supports, we will help create more diverse and inclusive workplaces where workers have security of pay and contract, can develop and utilise their skills, and have an effective voice in the workplace. As an employer, the Scottish Government will continue to embed and promote fair work practices, demonstrating their importance to the wider public sector. This includes: paying and promoting payment of the real Living Wage; full partnership working with trade unions; adopting a policy of no inappropriate use of zero hours contracts; providing flexible working options; being a Carer Positive employer; and having a duty to increase diversity and inclusion.

The public sector sits in the context of a wider equality framework, a key part of which is the Public Sector Equality Duty (PSED). Public authorities with over 20 employees, including the Scottish Government, are subject to a comprehensive set of equality requirements, as set out in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. These Regulations are aimed at helping Scottish public authorities improve implementation of the PSED by requiring them to report progress on mainstreaming equality, propose and publish equality outcomes, and assess policies and practices by undertaking Equality Impact Assessments (EQIAs) and include a duty to publish information on their gender pay gap and statements on equal pay and occupational

segregation. The Scottish Government is currently reviewing the effectiveness of the PSED and ran a public consultation from December 2021 to April 2022, containing a series of detailed and ambitious proposals for changes to the PSED regime. Widespread engagement took place with stakeholders across protected characteristic groups, as well as public sector organisations, to gather their views. A detailed analysis of responses, including feedback from engagement sessions, is being undertaken and proposals will continue to be developed whilst engaging further with stakeholders. Regulatory changes are expected to come into effect in 2025, in line with the current reporting period.

While we recognise our leadership role, the Scottish Government cannot and should not do this alone. It requires a collective and collaborative effort. The Scottish Government will continue to look to public sector leadership and will use our strategic influence by working with key cross-sector partners, trade unions and workers to drive forward fair work practices to benefit employers and workers alike. We have therefore included some actions being led by key public sector partners that contribute to the fair work agenda.

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Case study:

Edinburgh as a living wage city

Since the launch of 'Making Edinburgh a Living Wage City' action plan in November 2021 the number of accredited Living Wage Employers has risen by 120 employers against a target of 100 in its first year. This covers 36,319 workers, with 1,424 receiving a pay uplift as a direct result of Edinburgh becoming a Living Wage City. In 2020, the City of Edinburgh Council became the first UK local authority to commit to ending poverty by a specific date – by 2030.

Becoming a real Living Wage employer is good for employees, it's good for business and it's good for our local communities, including making lower-paid staff feel more valued; improving staff recruitment and retention; boosting productivity, and reducing absenteeism; demonstrating an employer's commitment to fair work practices; boosting the local economy.

Becoming a leading Fair Work nation means collaborating and engaging with each other more effectively to develop, learn from, and share best practice so we can build greater organisational awareness and knowledge of Fair Work across the public sector. A lack of such organisational awareness was recognised as a challenge to adopting Fair Work in the consultation we held last year on **Becoming a Fair Work Nation**.

The need to demonstrate strong leadership is also key to addressing workplace inequality and barriers. For example, racial inequality across the public sector was evidenced in the Scottish Parliament's Equalities and Human Right's Committee's inquiry of 2020 into race, equality and skills employment. In taking forward the Committee's recommendations, which looks at the role of leadership to drive key actions to address racial inequality, the Scottish Prison Service for the first time published its ethnicity pay gap report. ⁵⁷ There has also been an increase in the number of employers committing to publish their ethnicity pay gaps.

While there are some signs of progress across the public sector, it is clear that much more remains to be done to ensure that we as an employer - and employers across the public sector - support the delivery of our Anti-Racist Employment Strategy and associated actions to address racial inequality.

⁵⁷ Scottish Prison Service – Gender Pay Gap and Ethnicity Pay Gap Report

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We will continue to work with the public sector to support and encourage leaders to take forward the recommendations of the Committee, within the context of our new strategy, and wider workplace equality actions to ensure that all workers can experience a safe, diverse and inclusive labour market. Our work as an employer also includes taking targeted action to address workplace inequality where it is needed most, in order to ensure the Scottish Government workforce becomes representative of the people it serves. By analysing pay gaps and through our Recruitment and Retention Plan for Disabled People (2019) and Race Recruitment and Retention Plan (2021) we are focusing on action to improve our recruitment practices, providing targeted development opportunities (including through mutual mentoring and our Diverse Leaders programme).

As part of NSET we have established a Centre of Expertise in Equality and Human Rights within Scottish Government, advancing our understanding and embedding equality and human rights within the economic policy-making process, as agreed in the Economy Recovery Implementation Plan.

Our actions below seek to build on the action taken across the public sector to support collaboration, proactivity and to help employers to further embed of Fair Work.

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HEADLINE ACTION 1: We will lead by example on the Fair Work agenda, including sharing and learning of practice, by 2025 and beyond. We will continue to embed Fair Work in all public sector organisations, setting out clear priorities in the roles and responsibilities of public bodies.

out clear priorities in the roles and responsibilities of public bodies.				
What we will do	What this provides	Intended outcomes		
1.1. Scottish Government will undertake an equal pay audit examining pay gaps by gender, disability, race and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.	Findings from the audit have been published. We have better data on SG pay gaps to inform our actions to reduce pay gaps, improve access to progression and decreased occupational segregation.	There is parity of pay and skills recognition across all workers. A better-informed approach can be taken to our recruitment and retention and progression practices.		
1.2. Work with equality organisations and public sector employers to co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament's Equalities and Human Right's Committee's inquiry report into race equality, employment and skills, which recommended employers assess their organisations' understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.	Engagement held, engaged with public sector leaders, supported and encouraged those leaders to take actions on inequalities faced by people from racialised minorities.	Organisations better able to implement policies that take account of intersectional barriers, will improve business performance, and enable diverse and more inclusive workplaces.		

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What we will do	What this provides	Intended outcomes
 1.3. The EHRC and Scottish Funding Council (SFC) will: 1.3.1 Implement National Equality Outcomes across protected characteristics (including disability, race, sex) from September 2022 to September 2025, in order to: improve student success and retention rates; ensure access to and confidence in support for students and staff that fosters good relations and tackle prejudice and discrimination, and; increase diversity of staff in the workforce and on College Boards and University Courts. 1.3.2 Develop a set of SFC annual thematic reviews to inform and direct improvement. 	Improved success and retention rates for disabled students Increased representation of disabled people and racial diversity in the workforce, and on College Boards and University Courts. Increased access to and confidence in support for students and staff that fosters good relations and tackles prejudice and discrimination. Increased retention and completion rates for female students in STEM and construction subjects and courses. Increased enrolment and completion rates for male students in nursing and care-related courses.	Reduced student inequalities in Higher and Further Education leading to higher success rates and greater ability to compete in the open labour market. More diverse workforce which leads to increased productivity and, in turn, to increased economic output. Increased gender balance in subject/ courses and reduced occupational segregation on the basis of gender.

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What we will do	What this provides	Intended outcomes
1.4. Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.	The network is established, public sector leaders feel more confident in taking actions to address racial inequality due to increased knowledge, including taking an anti-racist approach and challenging racism in the workplace. Increase understanding and awareness of institutional racism. A platform is established for public sector leadership to discuss addressing racial inequality and anti-racism. Public sector leaders feel more confident in taking actions to discuss and address racism.	Leaders better able to take forward or advocate practices that would address racial inequalities. Leaders take and promote an anti-racist and intersectional approach to decision making in their organisations. Employers create more safer, diverse and inclusive workplaces. Employees at all levels in the organisations take an anti-racist approach. All staff benefit from more inclusive workplaces.

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What we will do	What this provides	Intended outcomes
1.5 We will work with Scottish Government's analysts to run a series of official statistics dissemination sessions with interested stakeholders to help inform their understanding of the labour market landscape in relation to fair work. Where available data allows, this will include considering intersectionality.	Increase in stakeholder awareness and understanding of labour market data, the intersectional nature of labour market inequality, and the role of Fair Work.	Increased use by stakeholders of labour market data to inform their practice to deliver change.

A key programme of action within NSET is leveraging our public spending to drive fair pay and conditions, which is crucial to tackling poverty. In line with the Bute House Agreement and NSET, we will continue to strengthen our conditionality approach and apply Fair Work First criteria wherever relevant and proportionate to do so, asking employers to commit to the following criteria:

- appropriate channels for effective voice, such as trade union recognition
- o investment in workforce development
- o no inappropriate use of zero hours contracts
- action to tackle the gender pay gap and create a more diverse and inclusive workplace

- o payment of at least the real Living Wage
- offer flexible and family friendly working to all workers from day one of employment
- o oppose the use of fire and rehire practices.

Since 2019, Fair Work First criteria have been applied to some £4bn worth of public sector spending. This includes our City Region Deals programme, which is expected to deliver over 80,000 new jobs. Associated skills development and employability programmes will ensure these opportunities are open to all, particularly underrepresented groups and the long-term unemployed. We are committed to applying Fair Work First criteria to public sector grants and contracts awarded by and across the affordable housing sector.

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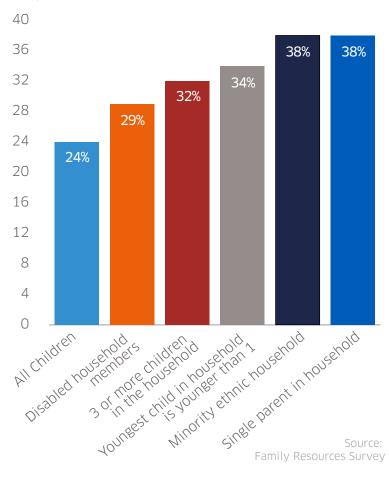
This will help to tackle the gender and disability pay gaps, contributing to our efforts to tackle child poverty by supporting families with children to gain more income through employment.

Since 2019, Ministers have asked public bodies to demonstrate leadership by adopting Fair Work First both as employers and through the funding they administer. We will continue to promote Fair Work First across the public sector, to Non-Departmental Public Bodies and Agencies encouraging them, through annual strategic guidance letters, to take action to tackle the gender pay gap, disability employment gap and address racial inequality to create more diverse and inclusive workplaces

We expect public bodies to promote Fair Work First in all relevant procurement processes, in line with statutory procurement guidance. We also expect suppliers delivering public contracts to adopt and demonstrate appropriate Fair work practices, ensuring these are delivered for all workers delivering the public contract.

Children in priority groups have a higher risk of being in relative poverty

Proportion of children in relative poverty after housing cost, Scotland 2017-2020



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HEADLINE ACTION 2: We will contin	ue to use conditionality to further emb	ed Fair Work in all public sector
investment wherever possible.		

What we will do	What this provides	Intended outcomes
 2.1 As part of the Bute House agreement and NSET, and within the limits on devolved competence we will: 2.1.1 Extend Fair Work conditionality with clear standards and minimum requirements to cover all forms of Scottish Government support within the limits of devolved competence. We will use all levers at our disposal to deliver on this commitment – including the use of grants, reliefs and licencing provisions. 	Increased numbers of people, particularly women and those on low pay being paid the real Living Wage. Improved effective voice and more people benefit from Fair Work practices.	People have increase incomes. Workers have better engagement with their employers and are able to negotiate over appropriate terms and conditions.
2.1.2 Consider how we can extend conditionality to the other Fair Work principles, including opportunity, security, respect and fulfilment by 2025.		
2.2. By 2023 update the Fair Work First criteria to better reflect priority action required to address labour market inequalities faced by women, people from racialised minorities, and disabled people, ensuring people can enter, remain and progress in work.	More employers implement Fair Work practices with a specific focus on addressing workplace inequality for women, people from racialised minorities, disabled people, and the over 50s.	Improved business performance. Workplace diversity is improved.

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5. Our ask of employers and support available

The actions in this chapter set out the Scottish Government's ask of employers across the economy and highlight the support available to help everyone to play their part in making Scotland a leading Fair Work Nation. The actions rely on collaboration with stakeholders including trade unions, business, and the public and third sectors.

Fair Work is an investment in everyone, for everyone. We are committed to ensuring that employers and workers alike are supported in their efforts to provide and access fair work. For employers, this means having the necessary support, resources and mechanisms in place to promote and embed fair work practices through workplace policies and procedures, and remove barriers for each and every worker at all stages of their employment journey. By bringing equality into sharper focus, it will support employers who are looking to engage and take action on this agenda.

In 'Can Good Work Solve the Productivity Puzzle'

– a report published by Carnegie UK and the RSA (2020) indicates that higher-quality work, like higher pay, can serve as a spur to greater work satisfaction and motivation, thus leading to higher levels of workplace productivity. Also that more productive, higher-performing firms are more likely to invest in enhanced worker security, opportunity, training and engagement.

And, in a **meta-analysis** of over 339 independent research studies, a report by the London School of Economics Centre for Economic Performance on employee wellbeing, productivity and business performance, found a significant, strong positive correlation between employees' satisfaction with their company, wellbeing at work and employee productivity.

We know that many employers in Scotland are already adopting fair work practices, and becoming a leading Fair Work Nation is impossible without support and effort from every employer. In response to our 2021 Fair Work Nation consultation, many employers provided examples of how they or their sector deliver Fair Work, and the positive impact this has on them and their workforce. Employers are keen to take up the mantle of Fair Work, and we have cause for optimism on progress so far.

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Case study:

ACS Clothing Solutions - the UK's leading circular fashion hub

ACS has developed a socially accountable dimension to its business that transforms local social challenges to business opportunities: "We have multiple examples of fair work practices and have many accreditations including paying above the real Living Wage and are awaiting B-Corp Certification.

Michael Cusack, ACS Head of Sustainability, said: "We are committed to ensuring that disadvantaged groups, including disabled people, see the company as an employer of choice. This policy, at the core of our attempts to replace workers that left after the UK left the European Union,⁵⁸ has not only provided a core of hard-working, loyal, and talented employees but has positively changed the organisation's culture.

"There have been some challenges, however, the overall experience has been so positive that we actively encourage other employers to rethink how they attract and hire staff to ensure that they are making best use of Scotland's most important resource – its people.

"We recruit from the local community including, ex-offenders, young people and home-workers, and we are a proud Disability Confident Leader. We have achieved gender equality, with the average salary of our female staff being slightly higher than males. We also provide apprenticeships and internships including a Refugee Internship Programme.

"As a consequence of embracing fair work practices we have become a more profitable, efficient and responsive business. With staff at ACS being more involved and informed it appears to be linked to higher levels of business financial performance and productivity, reduced staff turnover and absenteeism, and enhanced employee organisational commitment.

"We are proud to be recognised as an emerging social innovator and attracting positive external acclamation. ACS is also entering new markets finding that embracing Fair Work is a competitive advantage".

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There are, of course, significant factors continuing to shape our economy and society and posing challenges for employers, notably: the Covid-19 pandemic and recovery which brought significant changes to how, when and where we work; EU Exit; addressing climate change; changing demographics and increased automation and other technological change. All of these affect, workers, workplaces and the labour market we want to support employers to overcome the barriers to adopting fair work practices.

Evidence

Discrimination, racism, disablism, sexism, and other cultural behaviours that prevent people experiencing Fair Work are still prevalent. Workplace sexual harassment occurs when a worker, often a woman, is subjected to unwanted conduct of a sexual nature and incorporates a spectrum of behaviours that prevents access to resources, opportunities and progression in work and makes them more likely to live in poverty and experience financial insecurity. ⁵⁹ 60 per cent of women have experienced sexism at work, college or university when trying to progress a career in STEM, with 34 per cent experiencing microaggressions. ⁶⁰

Case study:

Equally Safe at Work⁶¹

The Scottish Government is providing funding to Close the Gap to support selected local authorities, NHS boards, and third sector organisations (the 'Gender Beacon Collaborative') to achieve Equally Safe at Work Accreditation. This is an innovative employer accreditation scheme which aims to advance gender equality in the workplace and prevent violence against women and girls by requiring organisations to fulfil criteria across themes such as leadership, data, violence against women, and workplace culture. Close the Gap is also supporting selected businesses to identify and address the root causes of their gender pay gaps, complementing the Scottish Business Pledge. There are four bronze accredited local authorities, and another nine are working towards development and bronze. Four NHS boards and five third sector organisations are also working towards development tier accreditation.

⁵⁹ DAWR (engender.org.uk)

⁶⁰ Women-in-STEM-report-2.pdf (equatescotland.org.uk)

⁶¹ Equally Safe at Work | Supporting employers to advance gender equality and prevent violence against women

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There is a wide range of quality advice and support for employers and businesses from different sources including Enterprise and Skills agencies, third sector organisations, and local and national government to help improve performance on Fair Work. Clear and effective support for employers was highlighted as a key enabler of fair work in our consultation. This included support for different sizes of organisation – particularly small organisations, and those employing people who are often excluded from work because of a disability or mental health issue and need expertise and person-centred approaches to enable them to participate.

What we will do	What this provides	Intended outcomes
 3.1. By end 2023 we will work with partners to join up provision of advice and support for employers by establishing a central Fair Work resource, making it as simple and efficient as possible for employers to use. This would enhance and consolidate existing material to ensure employers have a clear route to access guidance, support and advice on Fair Work. It will involve: Advice and tools to promote the benefits of Fair Work and workplace equality Good practice case studies Advice on networking and establishing peer support groups Collaboration with existing trusted business support services and partners. 	Increased knowledge and skills among employers in implementing fair work practices as well as taking action on inequalities in the workplace. Assisting in the creation of advice networks for employers to access peer support.	Fair work practices are implemented in a more informed way. Improved business performance.

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What we will do	What this provides	Intended outcomes
 3.2. Develop a communications strategy to highlight and promote the benefits of Fair Work and a diverse workplace to employers including: adoption of payment of at least the real Living Wage; effective voice channels, tackling the gender pay gap; and recruiting, employing and supporting disabled people and workers from racialised minorities. The strategy will be informed by sectoral and regional analysis and utilise a range of channels. 	Increased understanding of fair work practices and their economic benefits. Stereotypes are challenged and increased understanding of the benefits of realising untapped potential by employing diverse workforces.	Employers more able to recruit the right people, with the right skills, at the right time. More diverse workforces, which leads to increased productivity and, in turn, increased economic output for Scotland.

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What we will do	What this provides	Intended outcomes
3.3. Increase the number of people who have security of pay and contract by encouraging employers to seek real Living Wage and Living Hours accreditation. We will achieve this through our continuing support of Living Wage Scotland to achieve an additional 5,000 workers uplifted annually to the real Living wage through increases in employer accreditation.	More employers paying the real Living Wage across Scotland. More workers, particularly women and those on low pay, have security of hours and income.	Workers have increased incomes and improved wellbeing (allows workers to plan). Improved work life balance due to predictability of hours. Allows workers to engage in effective voice mechanisms without concerns about reduction of hours.
3.4 By the end of 2025 we will review and disseminate learning and best practice on the conclusion of the 2024 Workplace Equality Fund.	Increase in numbers of employers improving their equality and diversity policies. Increase in number of people in priority groups recruited and retained. Learning from fund is disseminated to more employers.	Employers more able to recruit the right people, with the right skills, at the right time. More diverse workforces which leads to increased productivity. A better informed approach can be taken on recruitment and retention and progression practices.

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What we will do	What this provides	Intended outcomes
3.5. We will develop and promote good practice guidance for employers to showcase successful application of positive action measures as per the Equality Act 2010 giving particular attention to sex, pregnancy, race, age and disability by end 2024.	The guidance has been promoted, generating increased awareness of positive action measures and their applications to the different equalities groups.	Greater application of positive action measures across employers/more diverse workforce recruited.
3.6 We will continue to promote existing and new advice and guidance on the benefits of flexible working to organisations across Scotland by working with public bodies to assess provision and highlight best practice throughout this parliamentary term. (by 2026)	Continue to support organisations in Scotland to adapt flexible working practices that benefits employers and employees, especially female staff and workers over 50 years.	More employing organisations in Scotland will adopt flexible working practices experiencing benefits such as attracting diverse talent, reducing staff attrition, improving business reputation and creating a happier, more engaged workforce. More employees, especially those with care and health commitment, will enter, remain and progress in the workplace.
3.7. Working with employers, equality stakeholders and training providers, develop and implement an intersectional and anti-racist training framework by 2025.	Framework developed that includes intersectional perspective. Employers better able to assess their needs and access relevant and high quality anti-racist training.	Greater number of employers are accessing good quality training which means they are able to make positive changes to workplace practices and cultures, including taking account of intersectionality.

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capability among employers, employability providers and partners.		
What we will do	What this provides	Intended outcomes
3.8 We will work with employers and trade unions, in sectors where low pay and precarious work can be most prevalent, to develop sectoral Fair Work agreements that deliver improved employment outcomes such as payment of the real living wage, better security of work, and wider 'Fair Work First' standards.	The number of workers in typically low paid sectors, such as women, people from racialised minorities and disabled workers have improved security of pay, contract and will start to experience the wider dimensions of fair work.	Higher standards of pay and conditions in typically low-paid and precarious sectors with the narrowing of the gender, disability and ethnicity pay gaps.
3.9. We will work with employers, workers and trade unions to strengthen effective voice, through a range of appropriate channels. We will do this by supporting strong trade unions and, in line with our NPF employee voice indicator, will promote the benefits of collective bargaining (including sectoral agreements) and other forms of effective voice at individual and collective levels.	The number of workers who have an effective voice in the workplace including through trade union membership are increased.	Increased collective bargaining coverage, higher standards of pay and conditions and increase employee engagement.

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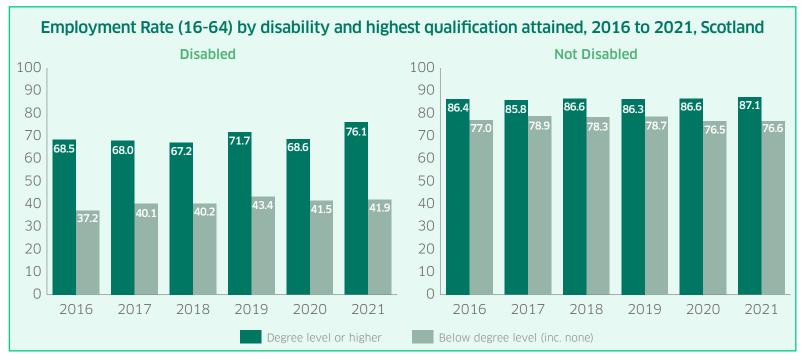
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6. Support for people to prepare for, access and sustain fair work

The following section focuses on improving the employability, pre-employment, and in-work support and opportunities that are available across Scotland – especially for people furthest from the labour market for which often a multi-faceted approach is needed. These actions therefore focus on ensuring that collaboration with and between partners (including trade unions, Social Security, Employability providers, Education (including Further and Higher Education), business, Public Health Scotland, third sector and equalities organisations) reflects the aims and delivers the benefits of Fair Work. It sets out what we will do around support available to workers as well as prospective workers.

Fair Work supports those who face barriers to accessing, retaining, and progressing in work. This includes knowing their rights and entitlements and being supported to access and thrive in fair workplaces. We will help employers across all sectors by providing targeted support to embed fair work practices to create diverse and inclusive workplaces by reducing barriers which restrict employment opportunities for those who are marginalised in the labour market, particularly women, people from racialised minorities, disabled people, and the over 50s.

As shown in table below, disabled people with a degree are less likely to be employed than non-disabled people without one.



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NSET also recognises the importance of providing people with the opportunities to develop skills, irrespective of who they are and where they live as key to ensuring everyone has the opportunity to participate fully in the labour market. As we develop and implement a Lifetime Skills offer to help individuals throughout their working lives, we will ensure more support is available for those who face the greatest barriers to sustained work. Tackling child poverty is also a central pillar of our new Lifetime Skills Offer, which targets support for upskilling and reskilling to those who need it most, including the six priority family types, all of which are at greater risk of poverty.

Social Security Scotland, our executive agency delivering social security benefits devolved to Scotland, continues to support the Fair Work agenda by offering employment opportunities in the agency for people who have struggled to find sustainable work, as well as linking to employability provision when appropriate. This includes, for example, for people who are currently out of work, disabled, racially minoritised, young people, and those who are care experienced. In addition, we will continue to work across government to deliver actions in the social and financial inclusion chapter of our **National Carers Strategy**, including engaging with unpaid carers of which 59 per cent are women, with lived experience of barriers to employment and employers. We will also continue to fund and promote increased uptake of the Carer Positive employer accreditation scheme, working with employers to support flexible, agile and inclusive workplaces that benefit workers with caring responsibilities.

Recent activity to increase the representation of racially minoritised staff in Social Security Scotland includes redesigning its recruitment process, putting values of Dignity, Fairness and Respect at the centre, to eliminate bias in volume recruitment campaigns. Equality Impact Assessments (EQIAs) have been carried out for the introduction of each new Scottish Social Security benefit. The **EQIA** carried out for the regulations coming into force on 14 November that will extend Scottish Child Payment to 6-16 year olds found that they were likely to benefit women as they are more likely to be in poverty, more likely to receive benefits and more likely to be lone parents. Programmes of evaluation are planned across Scottish Social Security benefits covering low-income, early carer and disability benefits. These evaluations draw on data from multiple sources, including management information and official statistics which provide information on the delivery of benefits and characteristics of clients, including their membership of equality groups.

Equally important to developing skills is recognising existing skills. We know that the employment and pay gaps faced by migrant groups can be disproportionately higher than those who have settled and been educated in the UK. One reason behind this could be that qualifications and skills obtained overseas are often not fully recognised or utilised resulting in unemployment and under-employment of migrant workers.

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The Scottish Government is therefore encouraging and supporting employers to recognise the skills and experience of internationally qualified migrants, so that they can access and sustain Fair Work.

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. Evidence shows that one in four people are likely to experience a mental health problem; poor mental health costs Scottish employers over £2 billion every year; and for every £1 spent on mental health interventions, employers get £5 back.

Case study:

Mental health and wellbeing digital platform

As part of our Mental Health Transition and Recovery Plan we are supporting employers to support and promote mentally healthy workplaces. In August 2022, the Scottish Government, in partnership with Public Health Scotland, launched a new mental health and wellbeing digital platform to help Scottish employers actively support and promote mental health at work. The platform, which is hosted on Public Health Scotland's **Healthy Working Lives website**, signposts employers to free and reputable mental health and wellbeing resources.

This also aligns with our work on tackling economic inactivity, which focuses not only on supporting people with ill health – whether that be their physical or mental health – who want to get back into the labour market, but keeping people in the labour market, and supporting people to get into work for the first time. As part of NSET, we will also establish a cross-policy Health Equality and Economic Inactivity workstream to systematically address Scotland's labour market inactivity challenges, including addressing any evidence gaps.

See Me is a key stakeholder in our work to tackle stigma and discrimination and to promote mental health and wellbeing in the workplace.

The Scottish Government has supported the development of a digital portal for employers focused on addressing mental health stigma and discrimination in the workplace. This will expand their See Me in Work programme to a digital offer, giving more employers access to the programme with greater flexibility to manage their engagement in it.

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What we will do	What this provides	Intended outcomes
4.1. Work with enterprise agencies and Business Gateway to promote Fair Work and deliver wider conditionality, and:4.1.1 By end of 2023 undertake a	Equitable and tailored access to support (including financial) when moving into self-employment.	People from all backgrounds receive appropriate advice and support to be able to consider if self-employment is the right route for them. Increase the diversity of self-
review of the Business Gateway website, utilising analytical and tracking techniques to ensure that disabled people find the website accessible, and are able to utilise the advice given to overcome the barriers they face.		employed people.

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HEADLINE ACTION 4: We will work collaboratively to develop resources to support workers to access, remain and progress in fair work.

What this provides Intended outcomes What we will do **4.2** Scottish Government Appropriate and tailored access to People from all backgrounds receive Employability Delivery will continue support for disabled people, women, appropriate advice and support to be to work with Fair Start Scotland the over 50s, and people from able to consider what route to providers, within the timescales of racialised minorities to enter employment is the right route for the current contract, to implement a employment. them, and employment outcomes continuous improvement approach are improved. Better data is collected and analysed to enhance delivery and outcomes on employability programmes and Better data enables employability for disabled people and those their impacts, including for those programmes to be tailored furthest from the labour market. experiencing labour market appropriately to deliver tailored including people from racialised inequalities. Where data and sample support. minorities and women. This will sizes allow, there is improved include drawing upon learning from consideration of intersectional data. Pathfinders/ test and learn projects being delivered by Disabled People's Provide relevant information and Organisations and the pilot project evidence on the effectiveness of on community engagement being programmes. delivered by CEMVO Enterprises CIC Direct input to development of in 2022/23. employability support from those with lived experience (e.g. of disability), ensuring person-centred services.

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What we will do	What this provides	Intended outcomes
 4.3 Scottish Government to work with stakeholders to develop a Delivery Plan 2023-26, outlining the next phase development of No One Left Behind from April 2024. This will: 4.3.1 Build Fair Work outcomes into the design of No One Left Behind by taking account of the lived experience and needs of disabled people, people from racialised minorities, women and the over 50s 	Appropriate and tailored access to support for disabled people, women, the over 50s, and people from racialised minorities to enter employment. Better data is collected and analysed on employability programmes and their impacts, including for those experiencing labour market inequalities. Where data and sample sizes allow, there is improved consideration of intersectional data.	People from all backgrounds receive appropriate advice and support to be able to consider what route to employment is the right route for them, and employment outcomes are improved. Better data enables employability programmes to be tailored appropriately to deliver tailored support.
 4.3.2 Draw upon the findings and recommendations of the following: Health and Work Strategy Review (2019) Supported Employment Review (2022) Health and Work Support Pilot final evaluation (2022) Individual Placement and Support Review (2022 – forthcoming) 	Provide relevant information and evidence on the effectiveness of programmes. Direct input to development of employability support from those with lived experience (e.g. of disability), ensuring person-centred services.	

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and progress in tall work.		
What we will do	What this provides	Intended outcomes
4.4 Skills Development Scotland (SDS) and Scottish Funding Council (SFC) will, on an annual basis, review disaggregated management information including the newly disaggregated Learning Disability statistics and take action where required where poorer outcomes or underrepresented groups are identified. This will include:	Improved evidence, overview and understanding on which to develop recommendations, tailor skills and training courses, and further actions to improve provision to be able to better support disabled people in relation to what they need and want.	Those accessing apprenticeships and Work Based Learning Further Education (FE) opportunities have improved knowledge and understanding of Fair Work and specifically effective voice and are able to make informed and supported choices. More disabled people take up and complete Apprenticeship opportunities/FE
4.4.1 Review the equality incentives for disabled people in relation to Work Based Learning (WBL) and make recommendations by end March 2024 with regard to impact on participation and achievement rates for disabled people.		opportunities by continuing or going into suitable employment which supports decreasing DEG. Providers have better knowledge and understanding and are able to provide learning and support which have a real impact on labour market outcomes.

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and progress in fair work.		
What we will do	What this provides	Intended outcomes
 4.4.2 Review learning from pilot projects for Foundation Apprenticeships for disabled pupils and mainstream lessons learned by October 2023. 4.4.3 Use intelligence from training and learning providers and participants to develop and deliver disability equality-focused continuous professional development to build the capacity of learning providers to support disabled individuals and ensure a continuous development cycle is implemented by 2023. 	Improved evidence, overview and understanding on which to develop recommendations, tailor skills and training courses, and further actions to improve provision to be able to better support disabled people in relation to what they need and want.	Those accessing apprenticeships and Work Based Learning Further Education (FE) opportunities have improved knowledge and understanding of Fair Work and specifically effective voice and are able to make informed and supported choices. More disabled people take up and complete Apprenticeship opportunities/FE opportunities by continuing or going into suitable employment which supports decreasing DEG. Providers have better knowledge and understanding and are able to provide learning and support which have a real impact on labour market outcomes.

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What we will do	What this provides	Intended outcomes
 4.5 Skills Development Scotland (SDS) will: 4.5.1 Implement Scotland's Career Review recommendations and develop a model to ensure future career services across sectors provide meaningful and accessible support for disabled people that is both tailored to their needs and available when they need it. The implementation phase of the Career Review is due to be completed by the end of 2022. 	We have implemented careers advice and guidance to enable disabled people to meet their ambitions and needs.	More disabled people are aware of their options; careers advisors are able to support disabled people into options suitable to their skills and needs; more disabled people enter options they want and need, helping to decrease the DEG.
4.5.2 Continue to implement the Principles of Good Transitions across our Career Information Advice and Guidance (CIAG), through targeted Continuous Professional Development for all customer-facing CIAG colleagues and managers by the end of March 2023.		

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 4.6 Health and Work: Aligning with the Scottish Government's Fairer and More Equal Society (FMES) Programme by December 2023, Public Health Scotland (PHS) to: Collaborate with NHS Boards to develop the NHS Scotland contribution to achieving fair and healthy work outcomes for people across Scotland; and 	Greater alignment and integration health and work policy offering improved access and support for people to access and sustain labour market outcomes.	Our economy is re-orientated towards wellbeing and fair work, delivering higher rates of employment and wage growth, reducing structural poverty, particularly child poverty, and improving health, cultural and social outcomes for disadvantaged families and communities.
Work with Scottish Government, Local Government and NHS Boards to define the health offer to enable those with health conditions to secure, sustain and progress in work.		

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The Scottish Government will continue to use all the levers available to us to make Fair Work the norm by promoting and embedding Fair Work within every Ministerial portfolio and across the economy. This includes a particular focus on key sectors where working practices and workplace equality needs to be strengthened. Our actions outlined here indicate the sectoral approach that will be taken through Fair Work Agreements to drive adoption of fair working practices.

Supporting this approach, the Scottish Government has embraced the internationally recognised Community Wealth Building model of economic development designed to tackle long standing systemic challenges facing local economies as a key practical means by which we can achieve our wellbeing economy objectives outlined in the National Strategy for Economic Transformation. By the end of this Parliamentary session, through the development of Community Wealth Building legislation, we will explore how Fair Work can be advanced as part of the workforce pillar, through local anchor charters, protecting and delivering fair work opportunities across Scotland.

The Scottish Government promotes a range of policy interventions to deliver a labour market that supports Scotland's vision for a wellbeing economy: an economy that is fairer, wealthier and greener. This includes through our new **Wellbeing Economy Toolkit**, which seeks to support local councils and their key stakeholders in developing a wellbeing economy approach locally.

A diverse workforce

is good for business and good for society,⁶² but evidence shows that **not everyone has the same opportunity to access and thrive in the labour market.**





Research has shown that **companies** in the top-quartile for ethnic/cultural diversity on executive teams were

33% more likely

to have industry-leading profitability.63

Closing the gender gap in employment could be worth **more than £17bn** to the Scottish economy.⁶⁴



Effective voice is a critical dimension of Fair Work, underpinning all other fair Work dimensions. Accordingly, we recognise the importance of collective bargaining, social dialogue, and effective voice in improving terms and conditions, worker wellbeing and developing progressive and fair work places. NSET continues our commitment to working with key partners across industry, including employers, workers, and trade unions to improve terms and conditions and further worker voice.

⁶² McKinsey & Company - Delivering through Diversity

⁶³ Ibid.

⁶⁴ Close-the-Gap-briefing---debate-on-the-EJFW-pay-gap-inquiry.pdf (closethegap.org.uk)

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Sectoral approaches

Below outlines work being taken forward to drive the Fair Work agenda across the economy. This includes sectors already undertaking activity to advance Fair Work, or where Fair Work Convention inquiries are happening. Specific actions and further detail on each of these will be found in Annex B and C.

National Care Service

The Scottish Government has a long-standing commitment to ensuring those working in the social care sector experience fair work practices. Work through the Fair Work in Social Care Group has now developed a set of recommendations for minimum standards for terms and conditions reflecting Fair Work principles. This extends to the development of local standards that employees should expect that support effective voice. This work being taken forward in collaboration with key stakeholders.

The National Care Service (NCS) will include fair work within its guiding principles and by establishing the NCS as an exemplar of fair work. Through the National Care Service we will continue to improve terms and conditions for social care workers and personal assistants, through the introduction of sectoral bargaining for the entire sector, recognising that social care workers employed within local government already benefit from sectoral bargaining arrangements and from the commitment to adhere to fair work principles.

As we build the National Care Service, we will listen to the voices of the real experts: people with lived experience who use community health and social care, their unpaid carers, and the workers who provide it. We will listen to their needs and act on what they tell us. Fair Work is one of the principles in the NCS Bill, and all five dimensions of Fair Work will be at the heart of the NCS; and Fair Work principles will be applied across the whole sector.

However, the Scottish Government are not waiting for the NCS to be established before we take action and have continued to progress a number of key projects – supported by the work of the Fair Work in Social Care Group – to progress the recommendations of the Fair Work Convention's social care inquiry and the fair work principles that will lead to better pay, terms and conditions, and more rewarding roles, for the adult social care workforce, which is primarily made up of women.

Our policy objectives in this area focus on delivering improvements to pay, terms and conditions, delivering effective voice – including through sectoral bargaining, supporting workforce, embedding ethical commissioning and Continuous Professional Development.

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As we move away from a reactive response to Covid-19, we will consider the long-term, sustainable offers in place at both a national and local level to drive a supportive and enabling culture for people working in health, social care and social work across wellbeing, leadership and equalities. Our ongoing response will be informed by a new strategy that has been collaboratively developed, building on the ambitions set out the Workforce Strategy and provides direction and focus to support the workforce. Ultimately the strategy seeks to drive a significant cultural transformation across workforces.

Health

The Scottish Government remains fully committed to driving cultural change within NHS Scotland to nourish a diverse and inclusive workforce that is adaptive and involved in decisions, where equality and fairness are supported, and staff feel valued and empowered. We understand that fostering an inclusive culture in the NHS and supporting individuals from all backgrounds is the cornerstone to improving everyone's experience within NHS Scotland and to delivering the best care for the people of Scotland.

To achieve this ambition, we have a number of work streams currently underway, including; the development of anti-racist training resources, promoting the NHS National Ethnic Minority Forum, development of a menopause and menstrual health workplace policy for NHS Scotland as an example of best practice, and the development of a reasonable adjustment passport.

Early learning and childcare (ELC)

ELC provision and its workforce is key in supporting parents and carers access the labour market and is a structural requirement in sustaining economic growth. The workforce is 96 per cent female⁶⁵ and by ensuring the successful implementation of the real Living Wage for workers in provider settings delivering the funded entitlement can help to reduce the gender pay gap in Scotland.

Affordable childcare has an impact on a woman's ability to participate fully in the labour market and we are committed to achieving the outcomes set out in our recently published strategy for evaluating the impact of the early learning and childcare (ELC) expansion programme to 1140 hours Early learning and childcare expansion programme: evaluation strategy – gov.scot (www.gov.scot) which includes ensuring provision is Sufficiently flexible to meet parents' needs and that Parents' opportunities to take up or sustain work, training, or study increase.

Fair Work is a key aspect of Funding Follows the Child, our policy framework for delivering funded ELC. All childcare providers delivering funded ELC are required to demonstrate their commitment to Fair Work Practices. Our funding agreement with local government for the ELC expansion enables local authorities to set sustainable rates for funded ELC that support payment of the real Living Wage to all workers delivering funded ELC.

⁶⁵ Workforce - Financial review of early learning and childcare in Scotland: the current landscape - gov.scot (www.gov.scot)

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We will work with partners to monitor progress with delivery of our commitments on payment of the real Living Wage and broader Fair Work practices to all those delivering funded ELC via a new Living Wage and Fair Work Implementation Group. Longer-term we are committed to exploring collective bargaining within the sector, with implementation of real Living Wage being the first step.

We are also working with partners to develop a new Strategic Framework for Scotland's Childcare Profession. This will include actions to build on the good practice we have seen across the childcare sector to diversify the workforce in the context of the 1,140 hours workforce expansion in recent years. This includes work to increase the number of men, people from racialised minorities and disabled people in the childcare workforce. We will continue to consider an approach to treat investment in childcare and social care as economic infrastructure.

Retail

Our new retail strategy **Getting The Change Right – A Retail Strategy for Scotland** sets out how, through the new Industry Leadership Group, we will deliver a Fair Work Agreement that retailers can sign up to and demonstrate their commitment to Fair Work principles. In doing so, employers will be taking action to shrink the gender pay gap in the retail sector (of which 60.7% of the workforce are women)⁶⁶ tackle ethnicity and disability pay gaps, reduce child poverty by enhancing support for parents and carers with children, and create a more diverse and inclusive workplace. These Fair Work

practices, at the core of the strategy, will benefit retail businesses by making them more attractive to workers, and more resilient, productive and profitable.

Culture

Scotland has our outstanding cultural assets, globally-renownedd creative industries and has established a world class events industry with an international reputation for excellence. Events and culture are welcomed and recognised as a vibrant and integral part of the economic, social and cultural fabric of the nation – already directly demonstrating how they deliver wellbeing for individuals and communities and promote Scotland's values as an inclusive and welcoming society, both domestically and overseas. The Scottish Government will continue to promote the creation of quality, well-paid jobs in the events sector. Fair Work is one of the topics expected to be considered as part of engagement with the events sector during the national events strategy review. The outcome of this review will set the long term vision for the events sector over the next 10 years, ensuring Scotland remains "The Perfect Stage" for events.

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Transport

The Scottish Government knows that public transport is a key enabler for everyone to live a life of freedom and equal opportunity. **Going Further: Scotland's Accessible Travel Framework (2016)**, aims to improve the door-to-door journeys that disabled people make whilst working to remove the barriers which prevent them travelling.

The ten-year Framework has been shaped by disabled people and the organisations that represent them, working with Transport Scotland and transport sector representatives in a process which has ensured that the experiences and voices of disabled people are heard. The Framework is built around one vision (All disabled people can travel with the same freedom, choice, dignity and opportunity as other citizens), four outcomes and 48 actions that were collectively agreed by disabled people's organisations, transport providers and government. We continue to work closely with partners on their priorities in order to deliver outcomes under the Framework and to improve journeys for all disabled travellers across all modes of transport.

As set out in the first National Transport Strategy
Delivery Plan, we will use Fair Work First to apply fair
work criteria to grants, other funding and contracts to
support economic recovery and renewal. In addition,
the framework agreement between Ministers and
Scottish Rail Holdings Ltd stipulates that Scottish Rail
Holdings will comply with the Fair Work Convention's Fair
Work Framework, as well as the Fair Work First criteria.
The grant agreement between Scottish Rail Holding Ltd

and ScotRail Trains Ltd also stipulates that ScotRail Trains Ltd will also comply with both the Framework and Fair Work First criteria.

We undertook research into how transport infrastructure investment impacts on the gender pay gap in transport appraisal; and updated and published The Scottish Transport Appraisal Guidance (STAG) Manager's Guide in January 2022. Additional issues such as how transport infrastructure investment impacts on the ethnicity pay gap and intersectionality were raised and appropriate guidance on Equality Impact Assessments was included. The provision of further advice on the Gender Pay Gap will be investigated when updating the STAG 'Technical Database'.

We are also undertaking research on women and girls' safety on public transport. We know from the evidence that safety concerns impact on how women and girls use public transport and this has implications for accessing work. This is a particular issue for women and girls engaged in shift work or who work industries that operate during unsociable hours when the availability of public transport is reduced or not available. The analysis from this research will be published before the end of 2022, with work to address the research recommendations taken forward in 2023.

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Education and skills

Our vision is that Scotland's education workforce, at all levels, reflects and supports the diversity of modern Scotland, thereby enriching the education experience for the whole school community.

To support this vision, we established in 2018 the Diversity in the Teaching Profession and Education Workforce sub group, one of four work-streams working towards addressing racial inequality and anti-racism in the education system as part of the wider Race Equality and Anti-Racism in Education Programme. The group seeks to take forward the recommendations of Rowena Arshad's report 'Teaching in a Diverse Scotland: Increasing and Retaining Minority Ethnic Teachers.'

The Gender Equality Taskforce in Education and Learning was established in February 2020 to fulfil one of the recommendations made by the First Minister's National Advisory Council for Women and Girls to identify measures to address the lack of gender equality which remains evident in education and learning settings. The taskforce will advise on potential changes in practice and actions to support a gender-competent experience of education and training for all girls and women.

Manufacturing

The underrepresentation of women in the manufacturing sector is a historical issue, and occupational segregation still exists. Scottish Government together with partner organisations and industry, are undertaking a range of equality work designed to break down traditional barriers to work and occupational segregation for people with protected characteristics, including women.

6.7 per cent of the women working in the manufacturing sector had children aged 16 or younger, which is less than half of the average for all women in employment in Scotland (15.4 per cent). This low number, and the fact that 91.2 per cent of workers in manufacturing work full-time, would suggest that manufacturing is not an occupation which lends itself to flexible, part-time work, which women may need.⁶⁷

We have established the short-life working group on Equalities and Wellbeing in the Manufacturing Sector. The primary purpose of this working group is to engage and collaborate with key stakeholders to inform and support the delivery of actions that will support three priority areas – Leadership, Mental Health and Flexibility – and so encourage greater equality and wellbeing in the manufacturing sector.

⁶⁷ UK Input-Output Analytical Aables - Industry by Industry

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The working group will produce a recommendations report for Scottish Government to consider. Emerging conclusions focus on how we can best support the sector in order to allow it to adopt agreed diversity KPI's, report on ethnicity pay gaps and inclusion and diversity statistics, and identify whether this reporting has the scope to become a mandatory requirement. The report also makes several recommendations urging the adoption of flexible working practice and how uptake can be supported by Scottish Government and enterprise agencies.

Construction

In April 2022 the Fair Work Convention published their Fair Work in the Construction sector inquiry report, providing an important and insightful scrutiny of the industry and that the sector has long-standing equality issues, with high-levels of horizontal segregation and a low level of access to family friendly or flexible working. The report highlights the issues and methods by which we can support and develop the industry in collaboration with the Construction Leadership Forum. The Inquiry makes 26 recommendations in total, with many of the recommendations relating directly to procurement policy, the Construction Leadership Forum or other work within the construction industry. The Scottish Government is committed to addressing the recommendations and have recently launched Construction Accord for the sector in Scotland, underlining the principles of Fair Work and driving forward its practices and tackling the specific Fair Work context the construction sector operates in.

Digital

Scotland's Full Fibre Charter will help drive inclusive economic growth and secure investment in future-proofed full fibre infrastructure for Scotland. Through pledges to support and develop Scotland's workforce, signatories commit to support fair working practices and inclusion in the workforce.

The Scottish Tech Ecosystem Review

Scottish technology ecosystem: review – gov.scot (www.gov.scot) supports initiatives to broaden the talent pipeline, including actions to raise awareness of gender bias with parents, families and teachers at all stages of the education process by working with the Improving Gender Balance and Equalities team at Education Scotland. The Digital Skills Pipeline is supporting those furthest from the job market via projects funded through the £1m Ecosystem Fund that has supported women and minorities; for example, a 10-week programme, delivered by Female Founder Squad, to encourage more women into tech and help them create start-ups; both online and offline access to our national Tech Scaler network to improve accessibility and to ensure people with different working patterns and caring responsibilities are able to participate.

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The delivery of the Action Plan needs to be supported by a wide range of evidence to ensure that we are responding effectively to the current context and how it will change as the economy and the labour market outcomes evolve over time.

We are also keen to draw lessons from other comparable countries to guide our ambition for a leading fair work nation, and to understand what works across the different dimensions of Fair Work.

The Action Plan will therefore be supported by an evidence plan to be published late 2023 along with the accompanying measurement framework. The evidence plan will set out further work to:

- monitor the fair work context and progress we are making over time over to ensure our actions respond to change;
- draw lessons from other comparable economies on what is achievable and what has worked in different contexts such as international mechanisms to revalue women's work;⁶⁸
- how we address data and wider evidence gaps in relation to a wide range of issues across the different dimensions of fair work: for example, how women's disproportionate unpaid care responsibilities drives the gender pay gap, and key interventions that may better support disabled people, who are disproportionately likely to be economically inactive, to enter and sustain work;

 monitor and measure the impact of our current actions, including drawing lessons from actions we will deliver as part of this plan.

We will establish a Fair Work Oversight Group chaired by the Minister for Just Transition, Employment and Fair Work whose membership will consist of key stakeholders that represent the interests of equality groups, trade unions, business, academics, and will include representation from members of the precursor Gender Pay Gap Working Group, Disabled People's Employment Short Life Working Group and Anti-Racist Employment Strategy Short-Life Working Group. This group will advise on activity to support delivery, providing a challenge function and considering progress on the actions within the plan.

As part of the governance around the plan implementation we will develop a space in the governance structure to enable a strategic focus to monitor activity across government that addresses the wider drivers of pay and employment gaps experienced by women, disabled people and people from racialised minorities. This will support the oversight of the oversight in place for the National Strategy for Economic Transformation, Best Start Bright Futures and the Bute House Agreement.

We will report to parliament and/or the Economy and Fair Work Committee on an annual basis, in line with existing commitments in the Fair Work Action Plan, on progress being made.

⁶⁸ International mechanisms to revalue women's work: research - gov.scot (www.gov.scot)

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Annex A: Full list of Actions

Fair Work – Action Plan 2022 – Drafting – Action Plan First Draft – June-Sept 2022 – Annex A – full list of actions details – Objective ECM (scotland.gov.uk)

Annex B: Actions being taken forward across Scottish Government

Fair Work – Action Plan 2022 – Drafting – Action Plan First Draft – June-Sept 2022 – Annex C – actions being taken forward across SG details – Objective ECM (scotland.gov.uk)

Annex C: Overview of Actions from previous action plans

Fair Work – Action Plan 2022 – Drafting – Action Plan First Draft – June-Sept 2022 – Annex D – overview of actions from previous plans details – Objective ECM (scotland.gov.uk)

Annex D: Fair Work Action Plan Measurement Framework

Fair Work – Action Plan 2022 – Drafting – Action Plan First Draft – June-Sept 2022 – Annex E – overview of actions from previous plans details – Objective ECM (scotland.gov.uk)



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