



# Fair Work

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Fair Work & Inclusive Business Models

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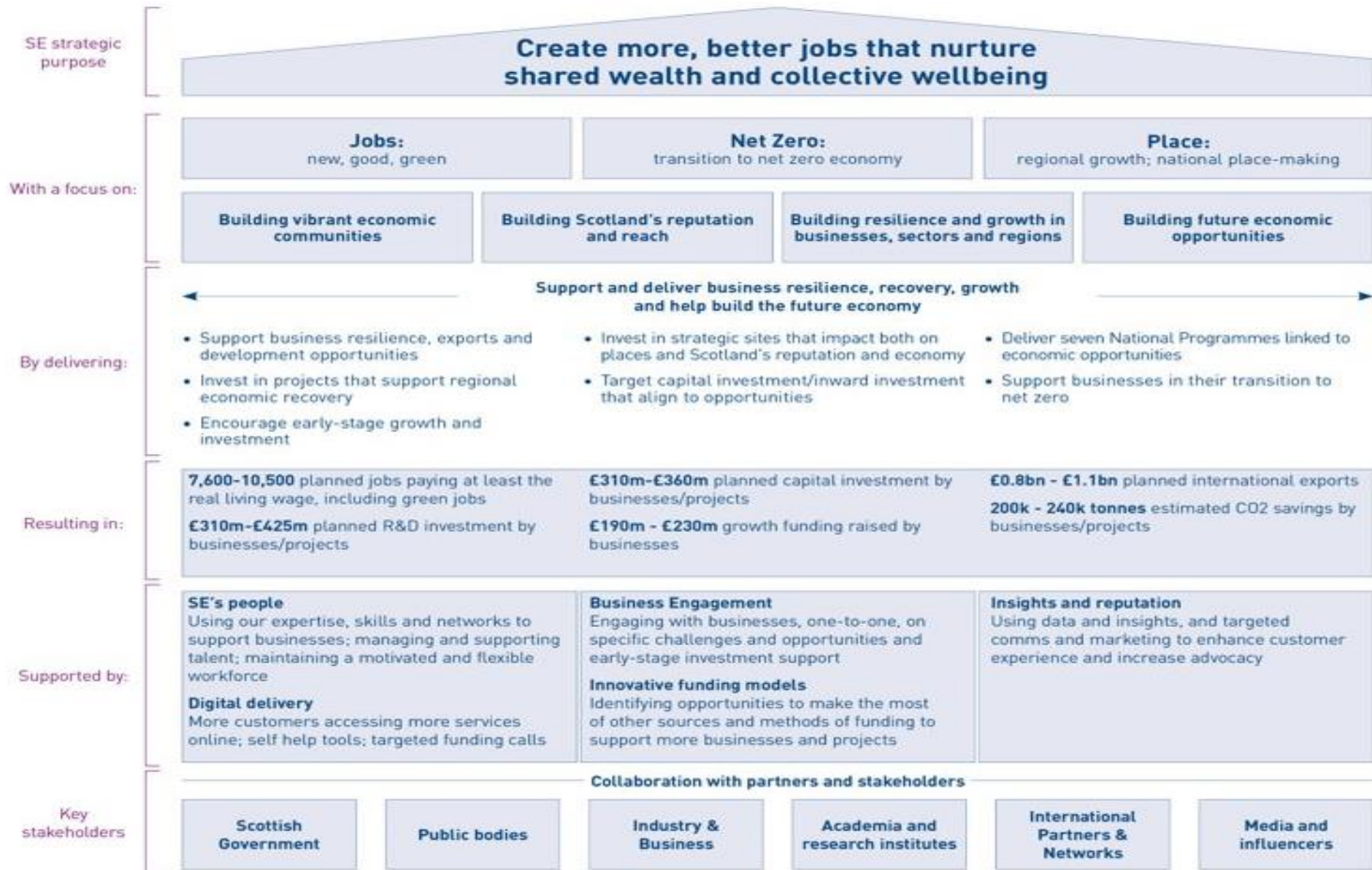


## Scottish Enterprise 2021/22 Business Plan

May 2021



[https://www.scottish-enterprise.com/media/4008/se-business\\_plan\\_may\\_2021.pdf](https://www.scottish-enterprise.com/media/4008/se-business_plan_may_2021.pdf)



## Economic context

### Climate change & net-zero



**1 in 10 jobs** in Scotland already related to circular economy



Scotland's **greenhouse gas emissions** have reduced **31%** since 2008, faster than any G20 economy

### Fair work & wellbeing



Lowest earners have lost their jobs at **4x** rate of highest earners. **1 in 5 workers** are worried about losing their jobs



**Now 1,950 accredited living wage employers** in Scotland – 300 achieving accreditation in 2020



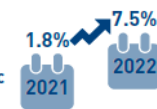
Younger people have been disproportionately impacted by job losses and furloughing

### Economy & labour market

Global economy expected to grow **6%** over 2021. A stronger recovery is forecast for the USA, although weaker in the UK and the eurozone



Scottish economy forecast to grow by **1.8%** in 2021 and **7.5%** in 2022, but may not return to pre-pandemic levels until early 2024



Employment expected to fall **40,000** over 2021, with the unemployment rate reaching **7.1%**



Scottish overseas exports are forecast to fall by **£665m** in 2021, then recover in 2022



Business R&D and capital investment growth is likely to remain subdued over 2021

27% of Scotland's businesses have no or less than three months **cash reserves**

Business equity investment prospects for 2021 look positive, but there are concerns about investor appetite at the early stage and for companies seeking equity for the first time

Scotland continues to be the **most attractive UK** location outside London for inward investment

### Digital transformation



Adoption of new technologies and the skills to use them could **+£25 billion** to Scottish economy over next 10 years



**73%** of Scotland's businesses adopted new digital technologies during Covid-19



Working from home in UK is expected to increase **fivefold** by 2025, enabled by technology

### Demographics & talent attraction



Scotland's population projected to grow by **2.5%** between 2018- 2043, all from migration

**Estimated 50-80% reduction** in net EU migration to Scotland after 2020



As an early adopter of [Fair Work First](#) we are helping ensure the jobs we support through our large grant funding are good jobs, paying at least the real living wage. We will use what we've learned to strengthen our approach to help create fairer, more diverse and inclusive workplaces. During the year we will encourage more companies to commit to fair work practices when they work with us as grant recipients, project partners or contractors.



# The 5 Dimensions of Fair Work

Effective Voice

Security

Respect

Opportunity

Fulfilment



## Fair Work First Criteria:

Fair Work First asks employers to commit to **adopting** the following criteria:

- Appropriate channels for effective voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero hours contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- Payment of the real Living Wage (£9.50 p/h in Scotland)

It should be used by those involved in awarding public sector grants, sponsorship and other funding, and contracts, and those seeking to access/accessing such funding and/or contracts.





## Appropriate channels for effective voice

### What This Means

Effective voice is much more than having a communication channel available within an organisation. It requires a safe environment where dialogue and challenge are central to the organisational culture, are dealt with constructively, and where employee views are sought out, listened to and acted upon, and can make a difference. Effective voice requires workers, employers and trade unions or worker representative groups to work in partnership to make sure the right decisions are made to ensure workers are treated fairly and equitably. The co-determination of working practices is key to delivering all of the dimensions of Fair Work effectively.

### Outcomes

Effective voice channels improve information sharing and problem solving, encourage innovation, support cross-learning and can resolve conflict. Effective voice through trade unions can lead to the development of effective HR policy in relation to pay, working time, holiday arrangements, training, health and safety and flexible working that delivers positive outcomes for workers and for employers.



# Investment in workforce development

## What This Means

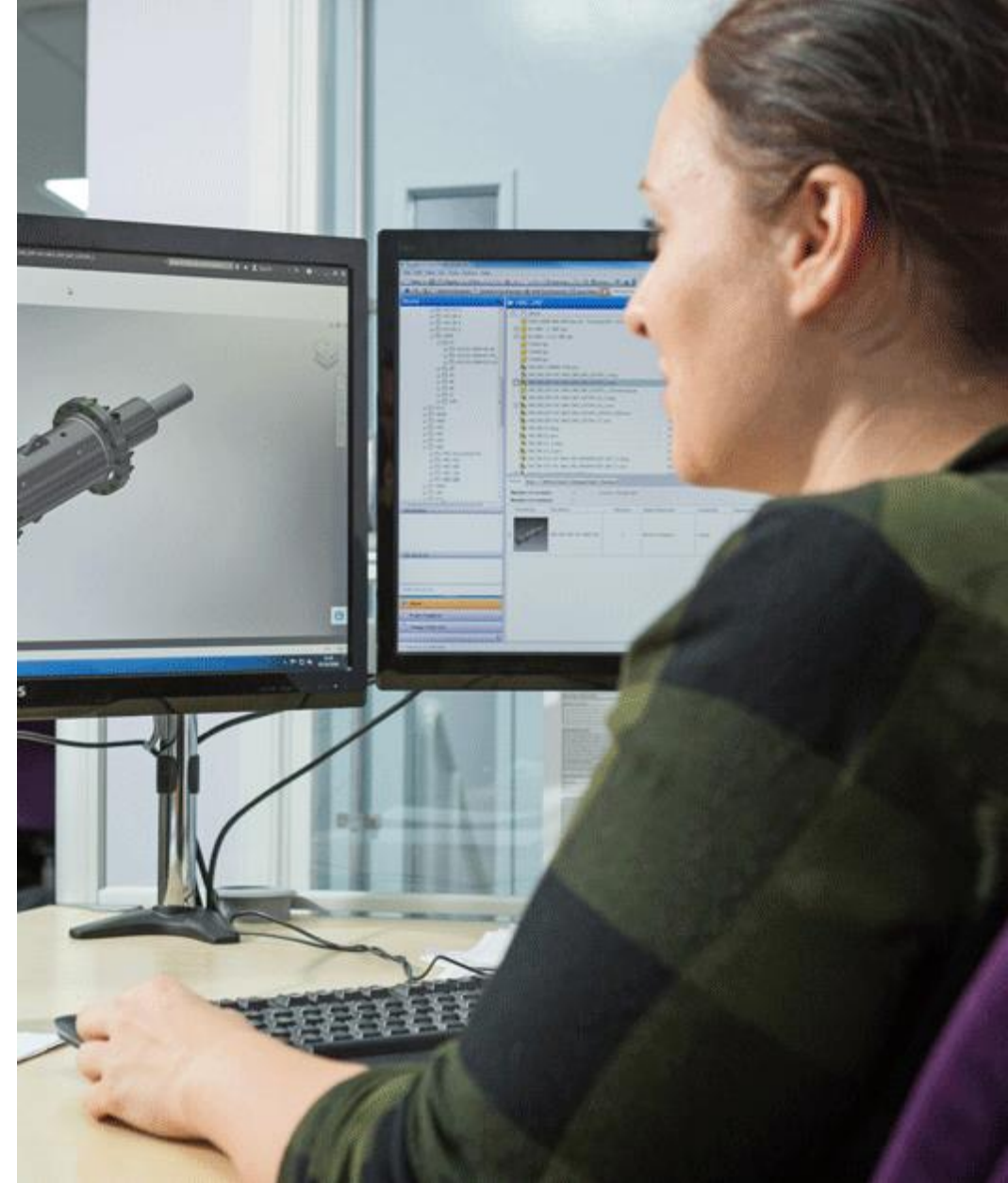
Effective workforce development involves employers providing opportunities for their staff at all levels of the organisation and should be a shared responsibility and shared commitment between the employer and workers. Everyone should be able to engage in lifelong learning.

## Outcomes

Organisations that invest in the skills of their workforce can generally expect their workers to add more value, provide a better service, [achieve higher levels of productivity](#) and be more resilient and responsive to change.

Talent management is crucial, even when labour markets are in flux. Talented job seekers are more likely to apply for roles in organisations that are committed to developing their people for current and future roles. Fair Work should therefore be built into employer's recruitment and retention processes.

Investment in workforce development can also build a more engaged and fulfilled staff; and equal access to training is important in advancing equality at work and closing pay gaps. When people can continue to learn and develop, and use their skills and talents to add value, they gain a greater sense of control over their work and scope to make a difference. This helps build their confidence and self-belief, improving individual and organisational wellbeing.





# No inappropriate use of zero-hours contracts

## What this means

Although there is no legal definition of a zero-hours contract, in the context of Fair Work, such a contract is one which does not guarantee any work to the individual and does not set out a minimum number of hours (whether ongoing or for a set period).

An employer is likely to be using a zero-hours contract inappropriately if:

- they offer a worker a regular pattern of work or regular number of hours but offer only a casual/zero-hours contract;
- a worker has had no say in the zero-hours contract and actually wants a contract of employment guaranteeing a minimum number of hours;
- they put pressure on a worker to accept the terms of a zero-hours contract (where challenged) in order to keep their job;
- there is an expectation that workers will accept all hours offered but no reciprocal expectation that the employer will guarantee hours of work.

Those employers using zero-hours contracts should be able to credibly explain their exceptional circumstance which leads to them using such contracts and the steps they are taking to review their business model to eliminate these circumstances.





# Action to tackle the gender pay gap and create a more diverse and inclusive workplace

Fair Work expects employers to go beyond their legal obligations under the [Equality Act 2010](#), enhancing the protections for workers on the basis of their [age](#), [disability](#), [gender reassignment](#), [marriage and civil partnership](#), [pregnancy and maternity](#), [race](#), [religion and belief](#), [sex](#), and, [sexual orientation](#).

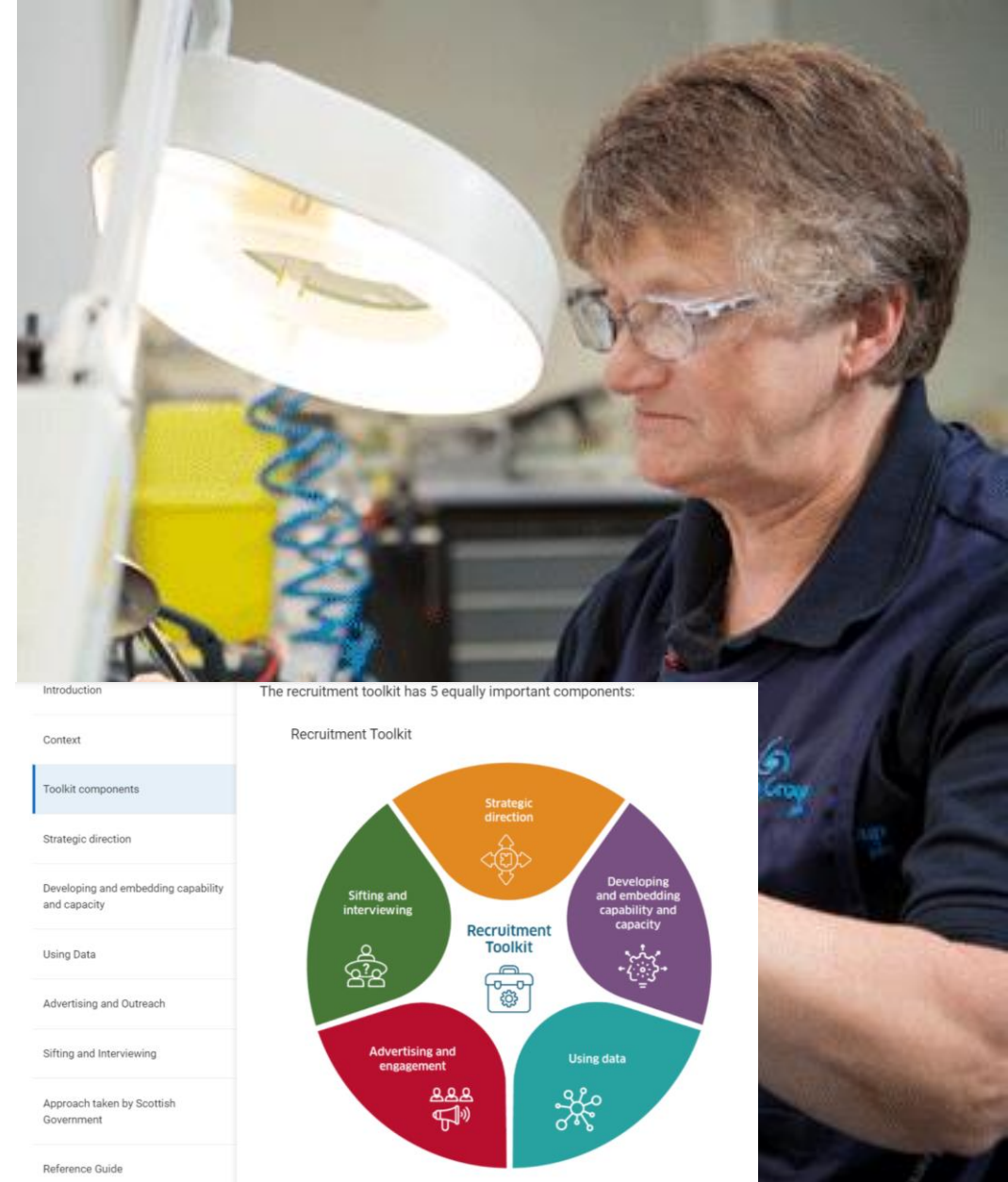
The [gender pay gap](#) exists because women earn significantly less than men over their careers. The [Close your pay gap toolkit](#) provides a range of guidance and advice to help employers calculate their gender pay gap and identify actions to reduce it.

Employment can play a major part in addressing racial inequality. The gap in employment rate for the minority ethnic population in Scotland is consistently and persistently high. Employers can use the [Minority Ethnic Recruitment Toolkit](#) to improve the diversity of their workforce by recruiting more people from minority ethnic backgrounds.

Disabled people also experience discrimination and a lack of access to opportunity. Fair and equal access, and the provision of appropriate support, can greatly improve disabled people's chances, enabling access to jobs, job retention and career progression. Information about employment issues for disabled people is available from Inclusion Scotland through [We Can Work](#) and from [Scottish Union of Supported Employment \(SUSE\)](#).

Public Sector have a duty to report Gender Pay Gap - Scottish Enterprise Equality Report

<https://www.scottish-enterprise.com/media/3932/se-equality-mainstreaming-report-april-2021.pdf>



Introduction

Context

Toolkit components

Strategic direction

Developing and embedding capability and capacity

Using Data

Advertising and Outreach

Sifting and Interviewing

Approach taken by Scottish Government

Reference Guide

The recruitment toolkit has 5 equally important components:



# Payment of the Real Living Wage

## What this means

The Scottish Government promotes payment of the [real Living Wage](#) as the minimum rate for everyone in paid work; this is distinct from the statutory National Living Wage and National Minimum Wage which are set by the UK Government. The real Living Wage is a voluntary hourly pay rate based on what families need for an acceptable living standard. The rate is calculated by the Resolution Foundation and overseen by the independent Living Wage Commission; it is reviewed annually to reflect the cost of living, and the rate is announced each November.

Payment of the real Living Wage should not be used to limit pay rates, and where sectorally bargained rates have been agreed these should be applied provided they are not below the real Living Wage.

## Outcomes

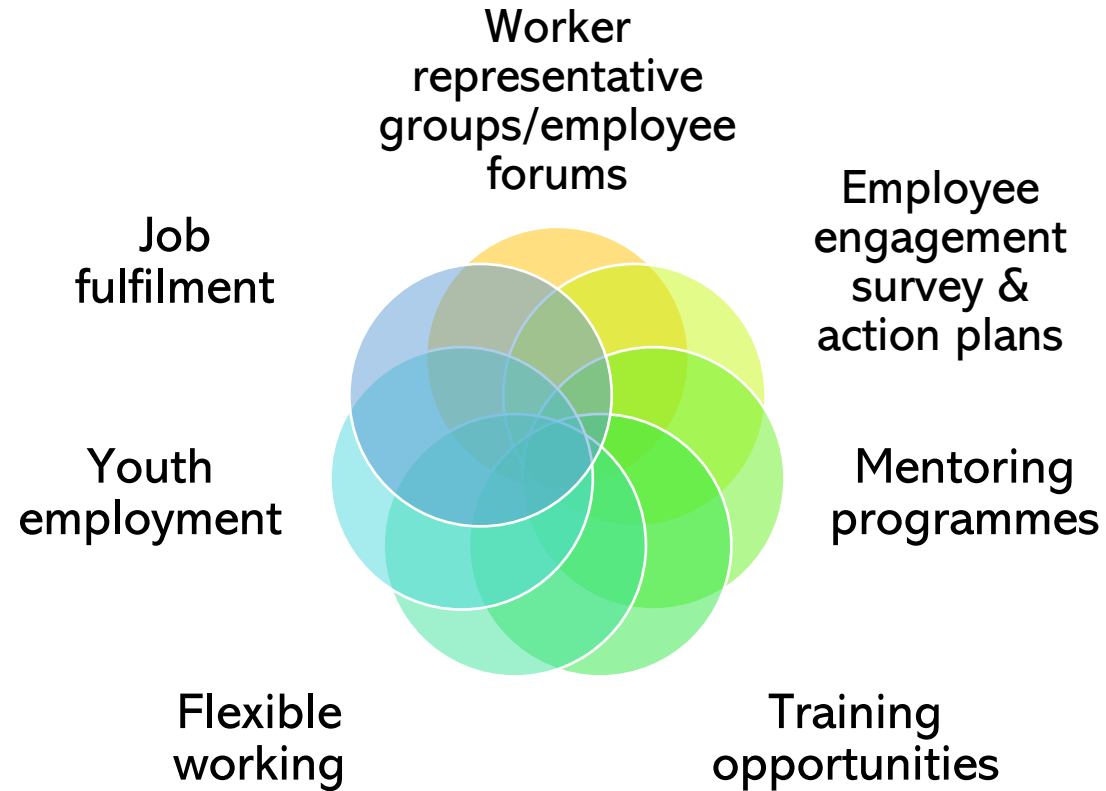
Enabling people to earn a decent income will help them to have a decent standard of living and is the best way of tackling poverty. Low wages are a prime cause of in-work poverty, along with the increased use of zero-hours contracts and other precarious practices.

# Explaining UK Wage Rates

|                              | THE<br>MINIMUM WAGE<br><i>Government minimum<br/>for under 23s</i>                    | NATIONAL<br>LIVING WAGE<br><i>Government minimum<br/>for over 23s</i>          | REAL<br>LIVING WAGE<br><i>The only wage rate based on<br/>what people need to live</i>                    |
|------------------------------|---|--|---|
| WHAT IS IT?                  | £8.36   | £8.91  | £9.50 across the UK and<br>£10.85 in London   |
| IS IT THE LAW?               | Statutory   | Statutory  | Voluntary   |
| WHAT AGE GROUP IS COVERED?   | 21 and older  | 23 and older   | 18 and older  |
| HOW IS IT SET?               | Negotiated settlement based on<br>recommendations from businesses<br>and trade unions | A % of medium earnings, it aims to<br>reach 66% of median earnings by<br>2024. | Calculation made according to the<br>cost of living, based on a basket of<br>household goods and services |
| IS THERE A LONDON WEIGHTING? | No London Weighting   | No London Weighting  | Yes - Separate higher rate for London   |



# Some examples of actions to enhance fair work



<https://www.gov.scot/publications/fair-work-first-guidance-support-implementation/pages/4/>



# Useful links & resources

## 2025 vision for Fair Work

<https://www.gov.scot/publications/fair-work-action-plan/>

This document sets out the strategic approach of Scottish Government to help achieve this vision -

## What is Fair Work:

<https://www.fairworkconvention.scot/the-fair-work-framework/>

## Fair Work First Criteria: What does it mean in practice

<https://www.gov.scot/publications/fair-work-first-guidance-support-implementation/pages/4/>

## The Fair Work Convention

<https://www.fairworkconvention.scot/> - has been in place since April 2015 and acts as an **independent advisory body** to Scottish Ministers.

<https://www.gov.scot/publications/fair-work-action-plan/pages/5/>

## Real Living Wage -

<https://www.livingwage.org.uk/what-real-living-wage> *"The Real Living Wage rates are higher because they are independently-calculated based on what people need, to get by. That's why we encourage all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum."*

## Employee Fair Work Quiz:

<https://quiz.fairworkconvention.scot/>

## Employer Fair Work Support Tool:

<https://fairworktool.scot/>



# Contact details

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<https://findbusinesssupport.gov.scot/>

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THANK YOU

