

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

DRAFT BUDGET 2019-20

SUBMISSION FROM: STUC

How Scotland's new employment support budget is helping people into work

Scotland's employability service, Fair Start Scotland, and the service delivery providers who administer the support service, have to be focussed on the workplace and terms and conditions thereof. The STUC welcomes the fact that all service providers have committed to a Fair Work agenda, including paying the living wage and avoiding use of zero hours contracts. These commitments in themselves will help people who work for the service providers to stay in work.

The STUC has consistently argued that employers need to support fair work practices in their businesses, including employing disadvantaged groups and those further removed from the labour market. The STUC position is that there is a place for supported businesses and has also previously advised the Scottish Government that we are supportive of a requirement on all Scottish public sector bodies to set targets for employing disabled people, taking into account their starting point in terms of the level of disabled people in their workforce, their size and differing core functions. The STUC also believes that all those organisations and employers who receive public funding should also have a target to employ more disabled people and to require their own suppliers to demonstrate that they employ or support applications from disabled people.

Employers' ability is as important in increasing the employment of disabled people as employability. Only by employers showing a genuine willingness to ensure that their duties in terms of the Equality Act 2010 are met - by recognising disability, and adapting and implementing different strategies and tactics, such as effective Access to Work schemes - will employment be secure and sustainable for disabled people. Fair Start Scotland must take this into consideration when considering the needs of the service users.

Disabled workers and those furthest from the labour market are less likely to be trade union members and are more likely to be in non-unionised workplaces. The STUC has consistently highlighted that this means they are more likely to face discrimination and the worst excesses of exploitation. The Fair Work Action Plan should encompass setting out the need for employers to recognise the benefits of trade union membership. The Scottish Government could also work with the STUC and other disabled peoples organisations to bridge the current gap in trade union membership and collective bargaining coverage, for example via funding and supporting initiatives such as the 'Support@Work' service in Edinburgh¹ which provides crucial support for those entering the workplace, or returning to work after unemployment, caring responsibilities or long-term sick leave; or the Inverclyde Employment Advice Service, bringing together different organisations, including occupational health services which are focussed on the employee, throughout

¹ <http://edinburghtuc.org.uk/support-at-work/>

Scotland in order to offer advice, training and representation at work. This could be termed a Scottish employment service, as part of the employability service.

The STUC is not supportive of outcomes based payment being part of the employability agenda. Instead, Fair Start Scotland should work with the national retraining partnership to help workers and businesses prepare for future challenges on a collaborative basis.

The role of the Enterprise agencies (Scottish Enterprise and Highlands and Islands Enterprise) in supporting and growing good quality employment

The STUC firmly believes that the rationale for strong public sector economic development/business growth/enterprise and skills agencies remains extremely compelling. Public agencies continue to help overcome a range of deeply embedded market failures e.g. funding gap for growth and innovation enhancing investments, under investment in skills training, lack of knowledge of international markets and capacity to access them, poor cooperation within and between industry sectors etc. Many companies, particularly indigenous, growing companies require assistance with product and process innovation, internationalisation, and workplace development and innovation.

The STUC welcomes the Scottish Government's announcements in the latest Programme for Government which focus on business support which is linked to fair work. In particular, the establishment of a new enterprise agency for the South of Scotland, with the aim of driving inclusive growth, and the Government's commitment to work with trade unions via the Enterprise and Skills Strategic Board to develop an action plan to ensure Scotland has a skilled and productive workforce are most welcome.

The STUC is pleased to see focus in the Programme for Government on skills, and welcomes the approach that brings together trade unions and industry on this issue, including via a national retraining partnership. Furthermore, the improved commitment to fair work with regards to conditionality on business grants is refreshing. Criteria on fair work practices including the Living Wage, being transparent on gender-equal pay and the exclusion of exploitative zero-hours contracts to business support grants through Regional Selective Assistance and other large Scottish Enterprise job-related grants is encouraging. Job quality and fair employment will be improved if workers' voices are at the forefront.

The STUC has long been concerned that public investment has been put into business subsidies that are expensive and poorly targeted, and which do little to support economic growth in communities therefore the review of business rates is welcome, but it must take a broad view of business support. It must look wider than simply rates relief and consider how businesses can be supported through the development of infrastructure, and by key public institutions like Skills Development Scotland, Scottish Enterprise, and Local Authorities. We must move away from an approach which sees business rates relief as the beginning and the end of our support for business. We desperately need a proper strategy that supports communities and tackles the growing crisis on our high streets.

The STUC has previously welcomed the creation of a South of Scotland Enterprise Agency with reference to the importance of fair work and inclusive growth. Workers need to be at the heart of economic development strategies and initiatives. There should be a trade union seat on any newly created Enterprise Agency Board and worker engagement should be a core function of the Agencies. Furthermore, the Agency should promote collective bargaining as a driver of fair work and inclusive growth.

Economic development agencies should aim to ensure that it does not pursue economic development policies which drive low-paid, insecure jobs. Too often the value of investment is considered simply by the number of jobs created in a local area, with assessments of the quality of work, the security of work or the level of wages on offer to workers not prioritised. Greater emphasis must be placed on more long term issues of job quality so as to ensure a genuine focus on inclusive growth is maintained.

Enterprise Agencies should also consider how they can support fair work within the foundational economy. They are basic goods and services but, by their nature, territorially located and largely sheltered from competition. The Preston procurement model also shows a worked example of how concentrating resources locally, can support inclusive economic growth.² For these reasons, we would like to see the foundational economy prioritised and consideration given to how the Agencies can play a key role in convening local anchor institutions and utilising procurement and planning to promote fair work within local supply chains in order to build on the foundational economy. Linking to further employability themes, it is welcome that a Scottish Government Action Plan will be produced by December 2018, in conjunction with Local Government partners, on emerging local employability themes. The STUC hopes that workforce engagement will also be central to this Action Plan.

Consideration will also need to be given to how Agencies collaborate with the Scottish National Investment Bank (SNIB) to ensure that both bodies collaborate effectively to drive forward inclusive growth and fair work by financing growth industries. Given the proposed focus of the Enterprise Agencies, it would be appropriate to consider how local communities benefit from these projects.

Apprenticeships and Learning

The continual improvement to the apprenticeship framework, with foundation, modern, and graduate apprentices, in Scotland, is welcome. As the Modern Apprenticeship programme continues to grow and evolve, trade unions and Scottish Union Learning continue to work with employers and Skills Development Scotland to support apprentices.

The trade union movement values the emphasis that has been placed on the apprenticeship system in Scotland. Through Scottish Union Learning and direct engagement by trade unions, we continue to play a key role in the development of

² McInroy, N and Jackson, M, CLES (2017) 'Wealth for all: an activist local government' <https://cles.org.uk/blog/wealth-for-all-an-activist-local-government>

standards and frameworks and ensuring a high standard of qualifications is maintained.

The introduction of the apprenticeship levy saw large scale changes in England with regard to the standard of provision. In Scotland these changes have not been replicated. While employers in Scotland may therefore find it more challenging to claw back funds paid to the Government in the levy, the STUC continues to believe that maintaining the high standards in the Scottish system is preferable to relaxing rules around access to the funding. This is ultimately to the benefit of the young workers, who continue to receive high quality training.

With regards foundation apprentices, notwithstanding the STUC's wider concerns around lack of payment in foundation apprenticeships, the STUC believes that there is an opportunity to ensure that foundation apprenticeships begin to correct the longstanding equality issues within the apprenticeship system. Due to the fact that foundation apprentices are not currently employed, there is a greater degree of flexibility on how equality provisions can be put into the system. The STUC therefore believes that there is a key opportunity to include stretching requirements up to, and including, hard quotas for the promotion of equality within this Framework.

In terms of the wider Framework, positive action should be encouraged to tackle under-representation generally. Employers should report on what actions they are taking to tackle under-representation when in receipt of public funding and these actions should be measured for outcomes. Specific targets may also be appropriate when considering encouraging employers to take on female apprentices or disabled apprentices. For example, the Wheatley Group have recently announced that 10% of all of their modern apprenticeships will be for young disabled people³ and City Building have taken on two young disabled people each year for the past few years.

A core element of the apprenticeship program must continue to be a focus on providing apprentices with high quality and transferable skills. This needs to be core to any system design. It is important that our apprenticeship system leads to good quality work and employers must live up to their Fair Work responsibilities in this respect, ensuring that they are not using apprenticeships as a revolving door – continually training young people who then receive no employment opportunity. SDS is a government agency and therefore has Fair Work responsibilities. They should therefore consider employers' record on this front when contributing any funding for apprentice training to employers. Ultimately apprenticeships should deliver sustained employment for young workers.

Lastly, the STUC notes that further lifelong learning could be undertaken in work. Up to 70% of people aged 25-34 with upper secondary or postsecondary non-tertiary qualifications have participated in work-study programmes in Switzerland⁴ which is a figure which could be achievable in Scotland through improved use of different opportunities and programmes, including the Flexible Workforce Development Fund, Individual Training Accounts and the Scottish Union Learning Fund, in tandem with

³ www.scottishhousingnews.com/21215/wheatley-group-commits-10-of-apprenticeships-to-people-with-a-disability/

⁴ <http://gpseducation.oecd.org/Content/EAGCountryNotes/CHE.pdf>

the new national retraining partnership. Lifelong learning can increase wages, thereby benefitting the overall economy, make workplaces more productive, and ensuring workers are fully engaged with their work.

Ultimately, with Brexit on the horizon and with potentially difficult economic times ahead, a strong focus on targeted investment and supporting businesses in local communities, with a clear emphasis on fair work, raising living standards, and supporting the foundational economy, is key to securing positive outcomes in the coming year and beyond.

About the STUC

The STUC is Scotland's trade union centre. Its purpose is to co-ordinate, develop and articulate the views and policies of the trade union movement in Scotland; reflecting the aspirations of trade unionists as workers and citizens.

The STUC represents over 540,000 working people and their families throughout Scotland. It speaks for trade union members in and out of work, in the community and in the workplace. Our affiliated organisations have interests in all sectors of the economy and our representative structures are constructed to take account of the specific views of women members, young members, Black members, LGBT+ members, and members with a disability, as well as retired and unemployed workers.