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Claire Baker MSP
Convener
Economy and Fair Work Committee

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Dear Convener,

Thank you for your letter of 21 March 2022, following on from the Committee evidence session on the National Strategy for Economic Transformation (NSET) on 16 March. Your letter requests information that was offered to Committee members during the session and also asks some specific additional questions.

National Strategy for Economic Transformation

In relation to the timetable for publishing NSET delivery plans, as set out in the strategy plans for each of the programmes of action will be finalised within six months of publication. This will involve working together with people and organisations from all sectors of the economy, and a robust governance structure, co-led by business, will hold the public sector and industry to account for delivery.

Metrics of success for each programme of action will be agreed, and a common accountability framework will establish key milestones, which will be regularly reported against to the NSET Delivery Board. An annual progress report will be published in order to enhance public accountability.

As part of this, we have been clear that while traditional economic metrics like GDP will remain an important measure, they cannot be viewed in isolation. The strategy commits to developing a Wellbeing Economy Monitor, which will include measures such as healthy life expectancy, fair work indicators, mental wellbeing, child poverty, greenhouse gas emissions and biodiversity.

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Fair Work

Our commitment to embedding fair work practices across the labour market and to tackling poverty through fairer pay and conditions is at the heart of NSET. For example, we will work with employers and trade unions in sectors where low pay and precarious work can be most prevalent (including leisure and hospitality, and early learning and childcare) to develop sectoral Fair Work Agreements that deliver payment of the Real Living Wage, better security of work, and wider Fair Work standards. These agreements will build on existing sectoral agreements, charters and concordats, focusing on the issues and challenges, as well as successes, particular to individual sectors. We will also promote the benefits of collective bargaining to achieve higher standards of pay, better security of work and greater union representation.

For example, as part of our new Retail Strategy for Scotland, we will work in collaboration with the sector and trade unions to develop a Fair Work Agreement that retailers can sign up to. This will include providing good quality, secure employment and giving employees an effective voice. In doing so, we expect employers will take action to improve fair work conditions and contribute to the reduction of in-work poverty.

Since 2016, we have provided funding to ensure all workers providing direct adult social care received at least the Real Living Wage. We are now going beyond this and within the last few months we have committed to two significant pay increases for these workers. The first represented an increase of over 5% and took effect in December 2021. The second begins from April 2022 and amounts to an increase of 4.8% from December 2021 and an increase of 12.9% from last March. For a full-time worker – on minimum rates – this is an increase of more than £1,600.

We are also delivering improvements to terms and conditions through the Fair Work in Social Care group, which has developed a set of minimum standards that will support Fair Work principles. This includes the right to effective voice, including increased awareness of and access to trade unions. Furthermore, our National Care Service (NCS) will take a person-centred and human rights approach that applies equally to service users and the workforce. Through the NCS, we will continue improving terms and conditions for social care workers with the introduction of national pay bargaining for the sector.

We are continuing to extend our Fair Work First approach – using public sector grants and procurement to leverage employers' commitment to adopting Fair Work practices. In June 2021, the Chief Officers of local authorities across Scotland committed to adopting the Fair Work First approach. Building on this, last September I wrote jointly with relevant portfolio Cabinet Secretaries to all public sector leaders, reiterating the Scottish Government's commitment to Fair Work and our expectation that they adopt Fair Work First criteria within their own organisation and apply it to their spend. Following this, in October 2021 we announced mandatory payment of the Real Living Wage in Scottish Government contracts, where it is relevant and proportionate to do so.

As part of the Bute House Agreement, we are further stepping up our commitment on fair pay and workplace equality by making it a requirement for recipients of public sector grants to pay at least the Real Living Wage and to provide appropriate channels for effective workers' voice by this summer, as well as considering how this conditionality can be applied to our NDPBs. In the longer term, Fair Work conditionality will be further extended, with clear standards and minimum requirements to cover all forms of Scottish Government support,

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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.

Green Jobs

The Committee expressed interest in green jobs. There is no universally agreed definition of the term ‘green jobs’, either in the UK or worldwide, as illustrated by a recent Office for National Statistics (ONS) article, *“Green jobs”, current and upcoming work*,¹ which highlights a range of definitions used internationally.² While the ONS currently produces regional Low Carbon and Renewable Energy Economy (LCREE) estimates,³ these do not cover all types of employment that could be considered ‘green’. This makes it difficult to consistently measure, track and report green job growth.

As such, work is underway across the Scottish public sector to develop a green jobs definition and associated estimates for Scotland that are suited to the current context, and which will be used for measuring and tracking growth in green jobs. The ONS intends to speed up its own green jobs work over the next financial year, looking at definitions, measurement, and monitoring, and it plans a user consultation on green jobs definitions this year.

NSET articulates our objective of building a successful economy, where good, secure and well-paid jobs are at the heart of a just transition to net zero. Through ScotWind we are focused on ensuring we take advantage of the opportunities offered by the offshore wind sector, and we have introduced Supply Chain Development Statements as part of the leasing round. These statements are not only an indication of what Scotland can achieve, they are our expectation of what developers will deliver for Scotland, to ensure that Scottish communities reap the maximum possible economic benefits.

We have also committed £2 billion in low carbon funding to invest in new measures to end Scotland’s contribution to climate change and create green jobs. We expect additional jobs will be created in the deployment of zero emissions heat and energy efficiency retrofit, as well as wave, tidal and other renewable energy technologies, such as hydrogen. Alongside this, the launch of our Green Jobs Workforce Academy is helping prepare our current and future workforce for these green careers. We will also establish a Green Jobs and Skills Hub that will cascade intelligence into the skills system on the numbers and types of green jobs that will be needed over the next 25 years.

This year we will publish a Just Transition Plan for the Energy Sector, which will establish a shared vision for Scotland’s energy system. The plan will amplify the voices of those most impacted by the transition to net zero, and identify further concrete steps to manage the economic and social impacts of the transition in a fair way.

¹ [“Green jobs”, current and upcoming work - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/articles/green-jobs-current-and-upcoming-work)

² [The challenges of defining a "green job" - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/articles/the-challenges-of-defining-a-green-job)

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EU Modelling

During the evidence session, Gary Gillespie, Chief Economist, offered to share analysis being undertaken by the Scottish Government to break down how Covid and EU exit have impacted on Scotland's trade figures. This work is still ongoing and I am not able to share it with the Committee at this stage. I will, however, provide further detail once it has been finalised.

I hope that you find this information helpful, and I would be happy to respond to any further questions the Committee may have.

Yours sincerely



KATE FORBES

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