

# **Scottish Parliament Social Justice & Social Security Committee**

## **Inquiry into Addressing Child Poverty through Parental Employment**

### **Written submission from the Highlands and Islands Enterprise**

Highlands and Islands Enterprise (HIE) is the economic and community development agency for the north and west of Scotland. We help build a prosperous, inclusive and sustainable economy across the Highlands and Islands, attracting more people to live, work, study, invest and visit.

We welcome the opportunity to respond to the Social Justice and Social Security Committee's inquiry into parental employment. The Committee was keen to get examples of good practice of employers implementing fair and family friendly working and to receive views on the Scottish Government's 'Fair Work' agenda.

#### **Highlands and Islands Enterprise (HIE)**

As a Fair Work employer HIE has been accredited as a Real Living Wage employer since 2016 and supports a number of national initiatives including commitment to the Social Impact Pledge, the Armed Forces Covenant and the Young Person's Guarantee. We are also progressing applications to achieve the next level in both Carer Positive Employer and Disability Confident standards as well as being recognised by the Scottish Credit and Qualifications Framework (SCQF) as an Inclusive Recruiter. We are working to ensure that the organisation remains an employer of choice which is key to effective employee recruitment and retention.

Over past years we have worked hard to ensure the best possible work experience for our employees. We have received national recognition as an award-winning family friendly employer by Family Friendly Working Scotland, Working Families UK and Carers Scotland. HIE has featured in best practice case studies produced by Working Families UK to promote flexible working approaches to other employers and was a winner of Best Public Sector Employer at the Family Friendly Working Scotland awards, going on to become an award sponsor.

#### **Family friendly and flexible employment policies**

HIE has a suite of family friendly and flexible working policies that help set the context and tone for our approach, backed up by practical support, tools, facilities and resources to help all our employees balance the demands of work and home, whether that's for periods of maternity, paternity and adoption leave, childcare, foster care, eldercare, young people, pre-retirement, or as community volunteers making a social impact. Most of our policies offer above and beyond statutory requirements, which is considered of great benefit to employees. Our special leave policy allows access to a generous entitlement of paid time off for a number of caring scenarios, which is also believed to be more generous than other local employers and is available to all staff when needed.

We have raised awareness of intergenerational working, changing expectations, succession planning and the implications this has for our workplace. HIE has an aging workforce with 65% (177) of all staff aged 45 or over, and a workforce that is predominantly female 64% (174). HIE has high staff retention and long service with 67% (183) having service in excess of 5 years. Our work with Age Positive Scotland has focused on supporting our employees to take advantage of flexible opportunities to extend working life beyond traditional retirement ages as well as developing the young workforce through graduate placements and modern apprenticeships to grow and retain talent and provide longer term career development opportunities. We regularly hold 'planning for your future' sessions available to all staff aged 35 and over.

In addition to our informal approach to hybrid and flexible working, over the last 12 months there have been 28 formal requests for flexible working approved. Of the 274 individuals employed at HIE, 38% (104 employees) work either reduced or compressed hours demonstrating the supportive culture and flexibility offered in meeting both business and personal needs. This approach will be continually monitored to ensure it is fit for purpose and continues to support service delivery in all directorates and business units. The majority of staff choose to work a blend of home and office working and the current practices, performance and feedback demonstrate that hybrid working is working effectively.

#### Recruitment and retention

We have revised our recruitment practices to reflect SCQF inclusive recruitment levels to offer clarity around skills and experience required for the role, rather than looking for a specific academic qualification.

We use the Happy to Talk Flexible Working strapline to show we are keen to have an open discussion about flexible working at the recruitment stage. This allows individuals to be open about any flexibility required around the standard working pattern and to highlight at the earliest opportunity a flexible arrangement that would best suit their individual needs. This opens up the application process to more people with the skills and talents we are looking for and encourages our managers to think through the best way to get the job done. As part of the recruitment process we highlight to all candidates our informal model of hybrid and flexible working options ([chrome-extension://efaidnbnmnibpcjpcglclefindmkaj/https://www.hie.co.uk/media/12585/hie-hybrid-and-flexible-working-options-july-2022.pdf](https://www.hie.co.uk/media/12585/hie-hybrid-and-flexible-working-options-july-2022.pdf)) which was adopted in 2021 and is available to all employees from day one of employment.

HIE has had a particularly strong focus on health and wellbeing over a long period of time and see that as a key driver of employee engagement and performance. Employee wellbeing remains an underpinning component in contributing to our organisational culture of delivery and success.

We offer a comprehensive employee assistance program (EAP) that provides counselling services, mental health support, and resources for work-life balance as well as a Mental Health First Aider programme. This demonstrates a commitment to employee

well-being and helps individuals navigate personal challenges.

The development and embedding of fair work principles and a flexible approach to family friendly working has made a positive impact in attracting a wider range of diverse talent, retaining staff, improving business reputation and creating a happier, more engaged workforce that supports the specific needs of employees with caring responsibilities, which for many staff can be unpredictable.

As well as meeting the specific and varied needs of any disabled employees through a range of reasonable adjustments, we also consider the needs of employees caring for disabled dependents. There have been a number of examples where existing employees have acquired caring responsibilities while in our employment. This has included the care of disabled children where a range of flexible working arrangements have been put in place and time off agreed to cope with treatment and therapy.

#### Career progression

Supporting career progression and in-work training for staff who have taken time out to have a family is crucial to promote gender equality, retain talent, and foster a diverse and inclusive workforce. We have adopted the use of targeted career development initiatives, including networking, mentoring and coaching. Pairing returning employees with mentors or coaches who can guide and support them in their career progression has been particularly beneficial.

HIE's Leadership Team has re-emphasised the importance of the performance review and development planning process in managing, developing and supporting all employees. A number of corporate objectives have been introduced to HIE's online process including, living the values, consequence management and dignity at work.

Consolidating and applying learning in practice through ongoing coaching and regular review and feedback contributes to career development. Employees also benefit from a range of centrally provided or funded learning and development opportunities including induction, line management training, team development, mental health awareness and a range of further education/professional development opportunities. Individual/specialist or technical development opportunities have been sourced and provided to meet identified needs, as well as widening provision to open access online learning programmes through our E-learning platforms.

We have also found that the formation of employee peer groups or networks that focus on supporting individuals with family or caring responsibilities provide a platform for sharing experiences, knowledge, and advice, creating a sense of community and solidarity among employees facing similar challenges.

#### Barriers to family friendly working/unintended consequences

Availability and accessibility of support services, such as affordable childcare, eldercare, or after-school programs, can significantly impact an employee's ability to balance work and family responsibilities. Insufficient availability or high costs of these services can be barriers to achieving a family-friendly workplace, particularly in more remote or rural areas

that HIE serve.

Addressing these barriers requires a combination of efforts from employers, policymakers, and society as a whole. Encouraging a shift in workplace and management culture, raising awareness, providing education and training, enacting supportive legislation, and investing in family-friendly infrastructure and services can all contribute to overcoming these barriers.

Finally, overly burdensome or complex employment regulations can be counterproductive in implementing family-friendly policies and may discourage employers from adopting, and employees from taking advantage of, flexible work arrangements. An example of this would be the interpretation and administration of the rules around shared parental leave which has been described as a “flawed and failing policy”. Since implemented in 2015 the take up has been practically non-existent within HIE.

The Scottish Government’s ‘Fair Work’ agenda and vision for Scotland to be ‘a leading Fair Work Nation by 2025.

Our ambition is that the Highlands and Islands region plays its full part in Scotland becoming a Fair Work Nation by 2025.

Fair work is one of the vital building blocks of a wellbeing economy and aligns strongly with HIE’s overall vision of the Highlands and Islands being a leading net zero region with a dynamic and wellbeing economy. A wellbeing economy embraces community wealth building; improving access to opportunity and reducing inequality; tackling poverty through well-paid jobs; continuing to extend and embed fair work and supporting inclusive growth.

#### Fair Work Conditionality

HIE sent a clear message in 2022 that we were fully committed to embedding fair work by being one of the first public sector organisations in Scotland to apply full fair work conditionality to its financial support. The benefits are clear, embracing fair work and tackling inequalities and investing in workplace innovation improves staff retention and wellbeing and contributes directly to productivity and resilience.

We were keen to be a first mover in this area as we could already see that many of our clients were seeing significant business benefits associated with fair work practices such as increased staff retention and increased job satisfaction. An example of a client we work with that has seen the real benefits of Fair Work can be viewed here: [hie.co.uk/knowledge-library/case-studies/north-uist-distillery/](https://hie.co.uk/knowledge-library/case-studies/north-uist-distillery/).

#### Other interventions

Fair Work is clearly not only about implementation of financial conditionality. In addition, HIE also:

- actively promotes the use of the Fair Work Diagnostic Tool ([fairworktool.scot/](https://fairworktool.scot/))

which was developed with support from Highlands and Islands Enterprise and other key partners. We continue to work with Scottish Enterprise, who host the tool, and other partners to monitor its use and develop the tool's functionality

- developed a Fair Work page ([www.hie.co.uk/support/browse-all-support-services/fairwork/](http://www.hie.co.uk/support/browse-all-support-services/fairwork/)) on our website for staff and clients
- developed specific guidance to support fair work in the tourism sector ([hie.co.uk/support/browse-all-support-services/fair-work-in-tourism-businesses/](http://hie.co.uk/support/browse-all-support-services/fair-work-in-tourism-businesses/))
- delivers a Fair Work Support Programme ([hie.co.uk/support/browse-all-support-services/fairwork/fairworksupport/](http://hie.co.uk/support/browse-all-support-services/fairwork/fairworksupport/)) which offers specialist Human Resource support to businesses and social enterprises to help them develop and implement Fair Work Action Plans in their organisation.
- contributes to a joint agency and SG working group which has been set up to promote and monitor fair work conditionality across the public sector
- considers Fair Work practices within procurement procedures with a requirement for contractors to provide an annual report on what has been actioned/delivered

### Fair Work and Client Engagement

We encourage our frontline staff to have early discussions with new clients on the benefits of Fair Work. We also track our clients progress on their fair work journey through the use of our Business Values Ladders tool. Having the data from our Business Values ladder was critical when developing our initial approach to fair work conditionality, understanding the potential impact of applying the conditionality, and providing an indication of which sectors may need more support to adopt fair work practices.

Our ladders provide very useful intelligence on a client's progression and so build a fuller picture of an organisation's efforts in various thematic areas and simple dashboard reports provide real time data to all staff. They also enable HIE to better understand their client base, monitor progress over time and enable us to better assist clients and target support.

### Areas of Concern with Scottish Government Fair Work Policy

As outlined above we have embraced the Fair Work agenda with enthusiasm and positivity in HIE. However, there are a couple of areas of concern around current Scottish Government Fair Work Policy which will come into force on 1<sup>st</sup> July that we would like to highlight:

1. The extension of Real Living Wage Condition to 16 and 17 year old apprentices. We are concerned that this may have long term unintended consequences. Most 16 and 17 year old apprentices spend most of their time in college in the first one to two years of their apprenticeship and are therefore unlikely to be fully productive members of staff. The application of Real Living Wage criteria to 16/17 year olds may deter businesses from recruiting apprentices or they may still recruit young people but they may not be provided with the good quality training that is linked to the Apprenticeship scheme. This may have a long-term impact on a young person's

career prospects and skills development. Skills Development Scotland has undertaken some initial analysis on this policy and believe that this policy could adversely affect young people from the most disadvantaged backgrounds. In addition, it must be noted that many Apprenticeship scheme pay scales are determined at national level with Unions and other trade bodies.

2. Evidence gathering resulting in disproportionate bureaucracy for small businesses. Until 1<sup>st</sup> July, public bodies had discretion on how they evidenced Fair Work Conditionality to grant recipients and Highlands and Islands Enterprise therefore decided to take a proportionate approach to evidence gathering requirements based on the amount of grant funding and risk profile of the project and/or applicant. However, the Scottish Government has published very prescriptive evidence on gathering requirements which we feel is too bureaucratic, particularly for micro and small organisations accessing relatively small levels of financial assistance.

We trust this information will be helpful to the Committee in its inquiry, and we look forward to discussing more fully with Committee members at our forthcoming session in the Scottish Parliament on 29 June.

June 2023