



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 4 November 2015

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ECONOMY, ENERGY AND TOURISM COMMITTEE
27th Meeting 2015, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Johann Lamont (Glasgow Pollok) (Lab)

*Richard Lyle (Central Scotland) (SNP)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Lewis Macdonald (North East Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

James Boyce (Scottish Government)

Roseanna Cunningham (Cabinet Secretary for Fair Work, Skills and Training)

Joe Griffin (Scottish Government)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 4 November 2015

[The Convener opened the meeting at 10:30]

Decisions on Taking Business in Private

The Convener (Murdo Fraser): Good morning, ladies and gentlemen, and welcome to the 27th meeting in 2015 of the Economy, Energy and Tourism Committee. I welcome our witnesses, whom I will come to in a second. I also welcome the committee members and our guests in the public gallery. I remind everyone to please turn off or at least turn to silent all mobile phones and other electronic devices, so that they do not interfere with the sound equipment.

Under item 1, I ask whether members are content that we take item 3 in private.

Members *indicated agreement.*

The Convener: I also ask members whether they are content that we take consideration of our draft report on work, wages and wellbeing in private at future meetings.

Members *indicated agreement.*

Work, Wages and Wellbeing Inquiry

10:31

The Convener: Under item 2, we are continuing our inquiry into work, wages and wellbeing in the Scottish labour market. Today, we will have our final evidence session. I welcome Roseanna Cunningham, the Cabinet Secretary for Fair Work, Skills and Training, who is joined from the Scottish Government by Joe Griffin, the director for fair work, and James Boyce, a labour market statistician in employability and skills analytical services. I welcome you all.

Before we begin our questions, cabinet secretary, do you want to say something by way of introduction?

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): Yes, just for a couple of minutes. Thanks very much for the invitation to contribute to this inquiry. The link between work, wages and wellbeing is pretty much at the heart of my portfolio as the Cabinet Secretary for Fair Work, Skills and Training. The Government is trying to lead the way in the encouragement of a culture of fair work in Scotland because—this is pretty important—we believe that it makes sense both economically and socially and is critical to the inclusive growth agenda that was set out in our economic strategy.

When the First Minister published the economic strategy, she articulated her view and the view of the Government that a fair and socially just society needs a strong, successful economy. The strategy shows that boosting competitiveness and tackling inequalities are not mutually exclusive but are fundamentally linked. If we want our economy to deliver better-paid jobs for all, we need that inclusive and sustainable growth. Inclusive growth must be driven by innovation and increased productivity, and the relationship between employers and their employees should be at the heart of that.

As you have heard during the course of your inquiry, fair wages, decent conditions and good-quality jobs have a positive impact on people's physical and mental health as well as making the whole country fairer. Many employers are actively embracing the challenges and reaping the benefits. There are now, I think, 380 accredited living wage employers—the figure goes up quite fast and there may now be slightly more than that. Mackie's has just had its accreditation publicised today. The figure keeps moving. In addition, over 125 employers have signed the Scottish business pledge, which is related to this agenda. We are making great progress and we will continue to

build on that. There are, as I say, 380 accredited living wage employers in Scotland out of a United Kingdom figure of about 2,000, so we are punching well above our weight in terms of the accreditation statistics.

An important aspect of the work that is being done is the setting up and the continued operation of the fair work convention, which we established earlier this year to work independently of us. You have heard evidence from the convention co-chairs in regard to that. The convention was established to bring employers and trade unions together around the table to develop a blueprint for what fair work should look like in Scotland, and that blueprint will be completed by March 2016—that is the timescale to which they are working in the initial phase. I cannot second guess what the convention may recommend, but it is pretty critical that employers and employees are jointly leading the debate about fair work and, once that blueprint is produced, we will work closely with them to implement any recommendations.

Our overarching aim is to promote a new type of dialogue between Government, employers, employees and trade unions. In our view, that is a very different approach from the one that is being taken at Westminster. We will continue to use what levers we have to oppose bad employment practices such as exploitative zero-hours contracts and the use of inappropriate umbrella companies. The procurement guidance on fair work practices was published on 8 October, and that makes the position very clear. It sets out how the Government will consider a whole range of progressive workplace practices, such as the living wage and workplace equality, when awarding Government contracts.

Although the powers that are potentially coming to Scotland through the Scotland Bill are limited, we will use them to their full potential to support this agenda. For example, we have said that we will abolish fees for employment tribunals. I am only too aware of the health impacts of bad work, and I have outlined some key things that we are doing to make workplaces fairer. All of us around this table would probably agree that it would benefit the whole of Scotland if we could continue to raise the bar for as many people as possible.

The Convener: Thank you, cabinet secretary, for that introductory statement. We will now move to questions. We will cover a range of the topics that you mentioned in your opening statement and we will raise some other issues that have been reflected in the evidence that we have taken. I remind all members to keep their questions as short and to the point as possible. Answers that are also short and to the point would be helpful. Cabinet secretary, feel free to bring in your officials as and when you feel that is appropriate.

I will start on the question of wages, which has been quite an important focus of the inquiry. We have taken quite a lot of evidence on the UK Government's new national living wage, which is coming in from April, and the living wage. Everybody who has given us evidence understands that the ambition for all businesses to pay the living wage is widely supported.

We have also heard evidence from some people in business about some of the challenges that they face in paying the living wage. We had a session with people from the care sector, who said that it would be their ambition to pay the living wage but the fact that the amount of money that they have is constrained by the money that they receive from local authorities makes it very difficult for them to do that. What more can the Government do, using the tools that are available to it, to promote the living wage? What mechanisms might you have to assist private businesses that want to pay the living wage but are currently struggling to do that?

Roseanna Cunningham: The last part of your question would lead us into a discussion of subjects such as wage subsidies and so on, and I do not know whether that is where you want to go. I want to be clear about the impact of the living wage and the national living wage, because the terminology can confuse people. I have been calling the new national living wage, which will be introduced next year, the enhanced minimum wage because I think that there is a danger that people may begin to get confused about what it actually means.

I need to say at the outset that any increase in wages—whatever it is—will be welcomed by everybody who is in receipt of that increase in wages. The move to the national living wage next year is therefore welcome for those people who will get increases out of it. However, I rather wish that the chancellor had chosen a different terminology. I suspect that I understand why, politically, he chose the terminology that he did, but we need to be clear that whatever rate the national living wage is set at—I think it is going to be £7.20 from April next year—it does not constitute a living wage, which is now set at nearly £8.25 an hour. I understand that there are challenges, particularly in some key sectors, in paying that rate and that those challenges do not go away when we change the terminology. Therefore, we must think in terms of how business can be supported to do that. However, given the backdrop of there being less money all round, a discussion that would lead us into things such as wage subsidies—which is inevitably where some of that money would go—would be a difficult one to have, and we would have to explore the issues extremely carefully.

Nonetheless, there are examples of companies in all the challenged sectors that are currently paying the living wage. We have been working to encourage companies to step forward and accredit—although we acknowledge that there are companies that may be paying the living wage that are not stepping up to accreditation—to ensure that there are good examples in as many sectors of the economy as possible. For example, quite a list of companies in the care sector are currently paying the living wage—the true living wage—and they are examples of how it can be done.

I hope to encourage a conversation more widely, particularly in the most challenged sectors, about how some companies are able to pay the living wage while others cannot. That will involve a big conversation around business models, which we can be part of but which we cannot absolutely dictate—we certainly cannot dictate it with the powers that we currently have.

The Convener: That is an interesting answer. Where are we with that conversation? Is it already happening, or is it something to which you aspire?

Roseanna Cunningham: I am already having those conversations. In fact, the conversations have been going on for quite a while.

The purpose of our continued focus on the living wage and fair work is to generate that conversation—not just a two-way conversation between Government and business, but a conversation between business and those businesses that have taken the step and will tell people how beneficial it has been. I want those businesses to be able to talk to others that are not so keen or that believe that there are barriers. I hear a lot about barriers. Perhaps then an institution or a company in the same sector will pop up as an accredited living wage employer and the issue will then become how it has overcome the barriers. If it has been able to overcome those barriers, others can as well.

That conversation is on-going in both a formal and an informal way, and it will also be part of the fair work convention work.

The Convener: Let me go back to my original question about mechanisms. In the course of the inquiry, we have looked at the question of conditionality. For example, people have been asked to sign up to the business pledge—members will ask you about that in more detail later—but there is no advantage to businesses in signing up in terms of support from the public sector because businesses are all treated the same. What is the Scottish Government's view on whether, for example, businesses that pay the living wage should be treated in a more favourable way by the public sector? That could mean their getting more assistance or a reduction in business

rates. Assisting businesses that are struggling to pay the living wage by giving them that little bit of extra financial help might allow them to cross the threshold. Has that been considered?

Roseanna Cunningham: There are conversations about whether more specific things can be done through mechanisms such as those that you have suggested. However, we wanted to get these things up and running in the first place.

There was an early conversation about conditionality when the decision was taken not to impose any conditionality on the business pledge. We had what I think are called robust conversations with the Scottish Trades Union Congress, which was very keen that it should be made conditional. However, at the outset, we did not want to do that; we wanted to see how it would run on a purely voluntary basis. You must recognise that there is quite a lot of nervousness out there among some companies about attaching conditionality to such things, for obvious reasons. Nevertheless, there are potential mechanisms through which Government can explore giving a reward, if you like, for such actions.

No final decisions have been made and I would not want to pre-empt any decisions that might be arrived at, but it would be wrong to pretend that we are not having a look at such things and considering whether there is support that might be enhanced—for example, through the small business bonus scheme. I think that most small businesses would welcome the small business bonus scheme in its present form, but there may be ways in which it could be enhanced, and there may be other mechanisms through which we could think about providing support. We have those conversations all the time, and it is an evolving process.

The Convener: Okay. Johann Lamont has a question on the wages issue.

Johann Lamont (Glasgow Pollok) (Lab): I was interested in what you said about the small business bonus scheme, cabinet secretary. It feels as if that would be a good area in which to explore conditionality, given that it seems to be small businesses in particular in which there is a pressure on the living wage. It would therefore be interesting to know at what point you will come to a conclusion and there will be a discussion.

My question is on a slightly different area. One bit of evidence that we received on the living wage and on being accredited as a living wage employer is an example of someone who moved from minimum wage with one employer to living wage with another but under terms and conditions that were a great deal worse. There was more pressure at work and he was being expected to do far more, so, although he received an increase in

his wages, his working life was a great deal more stressful. Do you have a view on whether, in accrediting a living wage employer, there should be something that looks behind an employer having that badge—which is a good badge to have—to see whether the working conditions that people are operating under are stressful?

10:45

Roseanna Cunningham: That is an important aspect, because the situation can almost be turned on its head. I have conversations with people in which I say that the living wage has become quite iconic but that good work is not always just about wages, and I think that that is the point you are getting at.

I have visited premises where the employers are not paying the living wage but have introduced working conditions that are very good and which mean that staff do not easily want to move elsewhere. Even for individuals, it is not always about just the wages.

We want to make the living wage totemic because there is no doubt that putting more money in people's pockets helps, but I am very clear that fair work is not just about the living wage. Because money is often the most important thing for people, there can be a sense in which the conversation about fair work becomes dominated by the issue of wages and ignores the issues that are behind it. To a certain extent, that is what the Scottish business pledge was aimed at—to bring on board a much wider range of things that people would sign up to.

I have not come across employers where the living wage is paid but everything else is unfair—I would be curious to go to such a company. I often go to companies that are not paying the living wage but where there are other things that are going on that are very good, and I then have a conversation with them about the living wage. I am not sure whether I have ever seen a company that is doing the living wage part but not doing any of the others. There might be more information that you can provide.

Johann Lamont: It would be useful to know what dialogue you have directly with unions, particularly those representing workers in very pressured areas such as the retail and care sectors. There are lots of case histories of precisely that situation. I am certainly not advocating that somebody should not be a living wage employer; I am worrying that we might be giving credit to an employer who is underresourcing the workplace, where people have a living wage but they are doing more work and actually their circumstances are difficult. I

would have thought that that might be a useful area to explore.

Roseanna Cunningham: It is. We have regular conversations and—I do not want to name names of companies because that would not be fair—I am conscious that there are some big companies that pay quite good wages but where the pressures on workers, such as at checkouts, are extremely difficult and where the wage alone does not necessarily compensate for some of those pressures.

Those are issues that we have constantly to keep under consideration and review. If there was concrete evidence that there was an issue, we would want to take it a good deal further. Have you taken evidence from the Poverty Alliance?

Johann Lamont: The evidence was from the Union of Shop, Distributive and Allied Workers representative last week, who indicated that the union has had only very limited conversations about the fair work convention. I think that there is a resource there—for people who are maybe not able to speak publicly in their workplace but can be given information through their union. I do not know whether you would be willing to have direct contact or meetings with the unions that are so centrally involved in the sectors in question.

Roseanna Cunningham: I am happy to talk to anybody, and I have had meetings with a variety of unions as well as directly with the STUC. Of course, half of the members of the fair work convention come from the union side.

I will double-check to see whether the fair work convention is discussing the issue, as some of the conversation will be taking place through that mechanism. It is a fair point to make, because it is the difference between an argument about the living wage alone and an argument about fair work in general. The living wage becomes quite totemic, but the living wage does not in and of itself define the whole of fair work. That is an important part of the whole discussion.

Dennis Robertson (Aberdeenshire West) (SNP): Good morning, cabinet secretary. You mentioned the fair work convention in your opening comments, and you referred to it again just now. It was set up on the back of Jim Mather's report, "Working Together Review". I know that the report is due in March. When you are looking at the framework, bringing people together from different sectors, are they working to the same definition of fair work?

Roseanna Cunningham: You would probably find a great many definitions of fair work. It may be that one of the early conversations that the fair work convention members had was to develop a definition for themselves. I have seen a variety of

definitions; some of them are very bureaucratically defined—

Dennis Robertson: I think that that is my question.

Roseanna Cunningham: I do not particularly like any of the definitions I have seen. I could tell you what I think a good job is, but that would be an entirely subjective assessment. I would turn the question on its head and say that it is actually much easier to see a bad job than provide a hard and fast definition of a good job or fair work. Most lawyers will tell you that, when you try to define things precisely, the bits that are left out become the big problems.

Dennis Robertson: But, in general terms, the fair work convention must have a reasonable definition that it is trying to bring parties together on.

Roseanna Cunningham: The fair work convention will be working and developing a sense of how it sees the issue. I have tried to stay as hands-off as I can on that. I have occasionally met the co-chairs, but I am not directing their work and I am not involved in their meetings. The point about the co-chairs is that they remain independent and that, when the blueprint is reported to us in March, it is genuinely not something that I have been instrumental in guiding or drafting, as that would compromise it.

Dennis Robertson: You are confirming what the co-chairs said to us, which is that they are really quite autonomous. The co-chairs also said that they are trying not to be too prescriptive, but one frustrating thing that I found during our evidence session was that the co-chairs kept referring to themselves as being in listening mode. It was very difficult to tease out any specifics, as they just kept referring themselves as being in listening mode. That is fine, but I wonder who they are actually listening to and what message is coming across.

When I was looking at the themes of this particular area of the committee's work, one thing that surprised me was that wellbeing in itself does not appear as a theme—or I did not notice it as a theme. Do you see the wellbeing of people at work as an integral part of all the other themes, or should it actually be a specific and separate theme?

Roseanna Cunningham: I am not quite sure what you are asking me. I suppose that you could grow the definition of wellbeing to draw in just about everything right across the board of every Government portfolio. Is it physical wellbeing? Is it mental health wellbeing? What are we actually talking about with wellbeing?

Dennis Robertson: That is my point. Is wellbeing the thread that is running through all the themes to ensure that, when we are looking at a specific such as the living wage, we are considering whether it actually ensures wellbeing? We have just heard that the living wage may not. I am just wondering whether wellbeing is a thread that you would see or hope to see running through all aspects of the themes within the fair work convention.

Roseanna Cunningham: To a certain extent, yes, but it is very difficult to define wellbeing. As I said just a few minutes ago, I could give you a subjective definition of good work, but my subjective definition would not necessarily have used the word "wellbeing". I am just slightly uncertain about the issue: wellbeing is not such a specific term that we can make it a specific thread.

Wellbeing will underlie a great deal of what is being discussed—I understand that. There are some very specific references, which I think you have heard, from the health side about how important the workplace is to people's mental and physical wellbeing. However, if wellbeing is going to be drawn as something much wider, it will arguably be almost presumed in a lot of things that are talked about without itself becoming a specific thread.

In the way the Government works, wellbeing is an interesting cross-portfolio observation to have, and we do have discussions, but it would be hard to pin it down in terms of a specific thread.

Dennis Robertson: I know that the Deputy First Minister has always said that there are things such as equality that go across all portfolios. I am probably trying to ascertain whether wellbeing is the same.

We are looking at a report on work, wages and wellbeing. If we are looking at wellbeing, the factor is to ensure that, at the end of the day, employees and employers have a sense of wellbeing regardless of where they are within the workplace. Whether it be the physical or indeed the mental aspects—mental health is extremely important—I am just wondering whether, when the fair work convention is meeting and looking at the themes, it has wellbeing as part of that discussion, which obviously involves trade unions, employers and businesses, to ensure that we have a healthy workforce going forward. In all aspects, that would increase productivity and sustainability and develop the areas and pathways that the Government is going down at the moment.

Roseanna Cunningham: As I think I said earlier, it is hard for me to answer a question that is, in effect, for the fair work convention. Genuinely, I am not sitting in on meetings, directing or helping the convention to draft

documents, or trying in any way to be part of its consideration. I would be surprised if the broader definition of wellbeing was not a consistent part of what the convention is looking at, but I do not want to be putting words in the mouths of the convention members when I am really not in a position to do so. I remind the committee that half of the members of the convention are drawn from the trade union side, and I imagine that the issue would be a very important part of what they would want to ensure was on the table.

I guess that you could rephrase wellbeing as meaning somebody feeling good and comfortable with themselves, having a pretty reasonable state of health, and not feeling constantly pressured, stretched and constrained because they do not have enough money to do things. I suppose that, to me, that is what wellbeing is. In that sense, it underpins pretty much all of the fair work portfolio. Simply because the word “wellbeing” is not used, that does not necessarily mean that it is not underpinning everything.

Dennis Robertson: But it is good is a favourable outcome.

Are you confident that the stage 1 report will be ready and available in March?

Roseanna Cunningham: Do you mean the phase 1 report—the blueprint?

Dennis Robertson: Yes.

Roseanna Cunningham: That is the timetable that the convention is working to. If it is not ready in March, I will be worried, but I will go away as a result of the doubt that you have now raised in my mind, Mr Robertson, and ensure that we can look forward to it. *[Laughter.]*

Dennis Robertson: I just wanted to check that it was on track.

Roseanna Cunningham: I genuinely do not ride on the back of the fair work convention. I have set up the convention and trusted the members to do what I have asked them to do in the timescale I have asked them to do it in. I have had no reason to assume that they will not deliver.

Dennis Robertson: That is lovely. Thank you very much, cabinet secretary.

11:00

Joan McAlpine (South Scotland) (SNP): Hello, cabinet secretary. I wanted to raise the issue of the business pledge and conditionality, which you touched on earlier. We have taken quite a lot of evidence from, for example, Scottish Enterprise, which confirmed that there was no conditionality in the business pledge—obviously, there is one element of conditionality in the pledge in that a company does not get to sign it unless it

pays the living wage. I was interested in what you said about the conversations that you had at an early stage about the business pledge. You hinted that it was a work in progress and that you were keeping a watching brief on it. Is that the case?

Roseanna Cunningham: The business pledge does not sit directly within my portfolio; it sits across my portfolio and the Deputy First Minister's portfolio. There were early conversations about it, because the STUC raised the issue of conditionality, so we had a conversation directly with the STUC about it. The decision was made early on that conditionality would not attach to the business pledge, although I think I am right in saying that there are two things on the business pledge that need to be ticked definitely: paying the living wage and not using exploitative zero-hours contracts. Companies have to sign up to work towards the other things; basically, they have to agree that signing up to them is a work in progress.

There are aspects all through the business pledge that some businesses have flagged up to us that maybe give us a bit of an issue. Joe Griffin may want to come in on this, but my recollection is that the internationalisation element is one example; there are some companies that, by the nature of what they do, are barred from going cross-border, such as credit unions. Therefore, there are one or two companies that, by definition of who they are and what they do, cannot tick some boxes or cannot say that they are working towards some elements of the pledge. In that sense, the pledge has to be a bit of a work in progress. We have to continually make sure that the business pledge works in terms of maximising the likely sign-up. At the moment, it is what it is, although these are the kind of things that we will constantly keep under review. I do not think that there is anything that is set in stone and we would not want continually to be looking at. Joe Griffin may want to say something about the business pledge.

Joe Griffin (Scottish Government): The concept is to engage the business in a relationship and in a dialogue. Businesses sign the business pledge and say that they pay the living wage and meet two other criteria from the list. A discussion then ensues and it may be that Government agencies or others with expertise are able to help them to work towards another aspect of the pledge. For example, the Institute of Directors has been very proactive and very visible on the aim of 50:50 in the boardroom and, if we know that a company has signed the pledge and would like to move towards 50:50 but is finding that difficult, we can signpost it towards the Institute of Directors for a deeper dialogue on that aspect. The idea is to engage that relationship so that there is then talk

about all the aspects of the pledge, rather than just the ones at entry point.

Joan McAlpine: I think that the zero-hours-contracts element is one of a range of things that you could select from. The living wage is mandatory, but the zero-hours-contracts element is something that you can choose. I appreciate that the minister said that the business pledge does not fall into her remit. In terms of using the business pledge to build up a dialogue with businesses, if there is no conditionality in the sense of Scottish Enterprise grants and so on, what is in it for businesses from signing the pledge? What is the carrot?

Roseanna Cunningham: That goes back to the point about conditionality—we are not at the moment giving rewards for it. The reward is the recognition that the business is one that is genuinely committed to a range of actions that will mark it out as one in which you could expect there to be a very good working environment. Those businesses that sign the business pledge will often say to you that they do not understand why others do not sign it because, basically, it speaks for itself. Why would you not want to? However, at this stage there is also the other side of the conditionality argument and there are neither carrots nor sticks, other than the support and help that businesses that are signed up to the pledge might get in their exploration of how they can tick off other aspects of the pledge.

At the moment, this is about using as much of the soft power of Government as possible. It is about encouraging and it is about generating debate and a conversation. I have used the words “living wage community” because I am beginning to sense—it is quite subjective—that those companies that are stepping up to accredit and to sign the business pledge are beginning to see themselves as part of something better. Without more powers, it is hard to attach a lot of conditionality to this kind of thing, so we do what we can within the powers that we have. Explorations of conditionality may continue to be part of the conversation, but at this point we are testing the waters to see how widespread the take-up is likely to be.

Joan McAlpine: One of the things that companies can sign up to, which you have alluded to, is a balanced workforce. At the business in the Parliament conference at the weekend, a number of women raised the issue of how you monitor that, because one of the things that have come out in this committee inquiry is the quality of data generally. In terms of outcomes for the economy as a whole, if we are putting a big emphasis on balanced workforces and gender, if gender is not monitored as part of the Government's outcomes, how do you know how successful the policy has

been? I realise that this may be a question for your officials, but it is just that it was raised by a couple of people at the conference, who were very pleased with what the Government is doing but wondered whether there was a mechanism to reflect outcomes?

Roseanna Cunningham: I am conscious that there is an issue about what the stats tell us and how much we can mine from the stats. I will bring James Boyce in shortly. What I have here are the labour market stats that we get each month, which are a very broad-brush set of stats that give us the headline results for employment, unemployment and inactivity for the whole of the United Kingdom and for Scotland. However, that is all done through the ONS and not by us specifically; it comes from the much bigger survey that the ONS does every month. On the reverse side, there are the youth rates and levels, the female rates and levels and some of the main labour market outcomes.

The information is quite broad brush. For example, from tracking this every month, it could tell us that, over the last year, the increases in the employment levels in Scotland tended to be driven by increased numbers of women in the workforce. It is much harder to look at that company by company and sector by sector. For Scotland, this surveys about 5,000 households and the difficulty with it is that quite small shifts may be reflected quite significantly in the figures, which tends to explain some of the fluctuations up and down. Is that frustrating? James Boyce can tell you how our conversations tend to go when we are demanding to know much more information and detail about localised geographical areas and things such as the issue that you are asking about, and he can tell you about his frustration in trying to explain to us that what we are asking for is not really statistically easily replied. James, do you want to get geeky?

James Boyce (Scottish Government): Of course. There has been much discussion about credible Scottish labour market data. One of the key things to flag up is that there is a review taking place of the national indicator set for the Scottish Government's national performance framework. There is a working group being chaired by the chief statistician and there are a number of bodies feeding into that including the Scottish Trades Union Congress and Oxfam Scotland. One of the key areas that it has identified for improvement is around work and employment, specifically job security, job fulfilment and job satisfaction. It is looking at a whole host of indicators just now and one of the indicators that it is considering from official statistics is women-led business and gender-equal boards. The review is due to be published in early 2016 and there is going to be another meeting of stakeholders, including the

STUC, in November. That is something that is actively being considered just now.

As for the broader point about labour market statistics, those statistics are gathered by the ONS. There is variability, but the Scottish Government pays a significant sum of money every year to boost the samples in the labour force survey to get disaggregated data. The labour force survey is not the only source of information on the labour markets. To say that we do not have credible data is too broad brush a statement, as there are various sources of labour market data from the labour force survey, from the UK Commission for Employment and Skills and from the workplace employment relations study. It is about looking at those sources together and seeing what is the overall narrative. There is no one single source that gives you the answer.

Roseanna Cunningham: You will see my problem now.

Joan McAlpine: Is there an issue of powers? Obviously, the STUC has been critical of the labour market data in Scotland. Is it an issue of powers or an issue of resources that we have to accept the figures that the ONS gives us? Could we build our own but that would cost more? What is the problem?

James Boyce: The ONS conducted a review of the labour force survey in 2014. The STUC was looking for monthly estimates rather than the quarterly data that we get just now, but the ONS concluded that, without a significant input of funding, it is just not possible to do that. The issue is to do with resources and cost.

Joan McAlpine: Thank you very much.

Roseanna Cunningham: Basically, we have two surveys. We have the one that I have here, which is monthly, and we fund a bigger boost for the annual population survey to make sure that there is strong enough data from Scotland in that to give us something that is of use. The difficulty is not just these measurements but what is being measured. When I first started doing this job and first had the conversations, I was slightly concerned to find out that even working only one or two hours a week registers someone as working. You are looking at a measure that is quite crude, because I am not sure that all of us would expect one or two hours of work a week to register, but it does. In and around all these figures there are substantial underpinning issues that I suspect only very large amounts of money might address.

Joan McAlpine: Is it also an issue that the Scottish Government's priorities are different and we are going in a different direction in Scotland from what the ONS is recording and you do not

have the power to direct it to measure particular things?

Roseanna Cunningham: We clearly do not have the power to direct the ONS. We pay more money to get a better annual survey for Scotland's purposes. These figures are extracted for Scotland from the ONS figures that it does every month. It means that we have to regard these figures with a little bit of caution, because they do not give us the granularity that we might be looking for and there are other issues—James Boyce is right. For example, claimant count is another measure that we might want to look at to see what is happening and that might give us some better ideas. The problem for me is that these figures treat Scotland as if it is a single region—a single unit—when we know that the variety of labour markets across Scotland is quite vast and we cannot say that the labour market in Shetland or the north-east is the same as the labour market in Fife or Ayrshire. That is the difficulty that we grapple with—we are trying to establish to our satisfaction that those regional labour markets within Scotland are as understood as well as they can be. We are trying to do some work in government on a labour market strategy that would work for Scotland. We have not finished that piece of work yet.

Joan McAlpine: Thanks very much.

11:15

The Convener: Three members—Gordon MacDonald, Lewis Macdonald and Patrick Harvie—want to ask follow-up questions on the topic of the business pledge and zero-hours contracts.

Gordon MacDonald (Edinburgh Pentlands) (SNP): The cabinet secretary mentioned that the business pledge is about paying the living wage and working towards other aspects. One of the elements that are listed is investing in youth, which is quite a wide statement. What does that mean? Is it just about providing work experience or is it about providing employment or modern apprenticeships? What does investing in youth mean under the business pledge?

Roseanna Cunningham: Investing in youth relates to a range of things that include work experience and go all the way up to providing modern apprenticeships. We are looking at what a company does to bring on young people—for example, is it recruiting young people and treating them fairly? The investing in youth element covers all of that. It does not prescribe a number of MAs, for example, or prescribe any one aspect; it covers a range of things from providing work experience opportunities—paid internships might be part of that—to actively recruiting young people and looking at whether they should be doing modern

apprenticeships. Of course, there are other ways to do training and skills. Not all companies that offer apprenticeships buy into the modern apprenticeship model. We are not being prescriptive about companies' approach, as long as they apply it across the board.

Gordon MacDonald: When Professor Chris Warhurst was here on 30 September, he spoke about a high road and a low road in relation to job quality. By a high road, he meant firms moving into high-value-added innovative product markets that raise employees' pay and skill levels. What is the Scottish Government doing to provide that highly skilled workforce, so that we can achieve the high-road economy that Professor Warhurst referred to?

Roseanna Cunningham: A lot of that is directed through the modern apprenticeship system and the work that we are doing to shift the balance much more in favour of the science, technology, engineering and mathematics subjects, where some of the biggest skills gaps are. That is one part of what we are doing. The reformed careers advice in schools will push towards that as well, to encourage as many young people as possible to choose careers that will have the capacity to give them lifelong well-paid work instead of falling into areas almost by default. We make sure that young people have as much information as they can possibly have.

We are supporting and working with industry sectors that are flagging up skills gaps, as we are conscious of skills gaps in some areas. Not every intervention necessarily needs to be purely a Government intervention. There has to be a challenge to employers, training boards and industries to think in a more long-term way about what they are doing. We are constantly in dialogue with employers and training providers about how they can best move the situation.

We did not get to where we are overnight, so we will not change the position overnight, either. We are trying to move Scotland towards having a highly skilled and—by definition—higher-paid economy. However, that cannot be done without also trying to improve things for those who are at the bottom end of the system. We are doing both things together to achieve the outcome that we are looking for.

Gordon MacDonald: To move to the high-road economy, we need a good standard of modern apprenticeships. In a recent Office for Standards in Education, Children's Services and Skills report that covered apprenticeships in England and Wales, a couple of the key findings were that

"The quality of the apprenticeship provision reviewed during this survey was too variable and often poor"

and

"The growth in apprenticeships in the last eight years has not focused sufficiently on the sectors with skills shortages."

I realise that that report relates to England and Wales, but what assurances can you give that that situation is not being replicated here?

Roseanna Cunningham: I think that our apprenticeship system is quite different from the one that is in place down south. I am not an expert in the system that operates there, so I would not want to be drawn too far into discussion or criticism of it. I have seen the Ofsted report, which came across my desk.

In Scotland, we are moving the apprenticeship system in a very different direction. Our apprenticeships are actual jobs and we do not attach the label "apprenticeship" to something that is not a job. I think that one of Ofsted's criticisms was that the apprenticeships were not truly jobs, whereas under our system, the apprenticeship is a job.

That is an important driver in Scotland. It means that we are investing in quality and, although we want to increase the numbers as well, I do not want to be talking just about an increase in numbers without considering quality at the same time. I would be a little sceptical that some of the numbers that I have seen suggested for England and Wales could deliver the quality that we would expect to see.

Our apprenticeships begin with foundation apprenticeships, where people still spend part of their time in school and spend part of their time in college, but we also go right the way through to graduate apprenticeships. Our system is quite different.

Gordon MacDonald: The last point that I will ask about goes back to Professor Warhurst's evidence on 30 September. You have mentioned a couple of times that we have to invest in quality. I know that procurement does not fall within your remit, but I am interested in your view on his suggestion that

"One small thing that we could do is to attach to public procurement contracts a clause that requires the company that wins the contract to report on their job quality."—
[*Official Report, Economy, Energy and Tourism Committee*, 30 September 2015; c 19-20.]

How do you feel about that?

Roseanna Cunningham: I do not think that that would be unreasonable. I am not sure whether a requirement to report back is in the new guidance, but that guidance—it has only just been published—basically says that fair work should be looked at objectively by those who do the contracting. That would probably cover the suggestion because, unless there is some indication of what is going on in companies, we

cannot know the position. I can certainly get back to you about the precise mechanism that that would entail or ask Keith Brown to do so directly, if that would help.

Lewis Macdonald (North East Scotland) (Lab): In response to a question a few minutes ago, you said that there are two requirements on a company that wants to sign up to the Scottish business pledge. The first was that it must pay the living wage and the second was that it should not use exploitative zero-hours contracts. Not using such zero-hours contracts does not appear in the requirements that are in the published version of the pledge. Will you clarify what the position is and what you meant by your remark?

Roseanna Cunningham: I thought that that was a requirement, but that might be a function of the fact that this does not emanate from my portfolio. I ask Joe Griffin to comment. I thought that not using exploitative zero-hours contracts was one of two things that we were asking people to sign up to.

Joe Griffin: It is mandatory for companies to pay the living wage, to enter into a commitment to work towards all nine aspects and to pursue—to have already delivered on two of the nine. I am sorry; that is not very clear. Companies must pay the living wage, meet two of the nine criteria and sign a commitment to work towards all the criteria.

Lewis Macdonald: So a company that uses exploitative zero-hours contracts can still cheerfully sign the Scottish business pledge as long as it makes an unlimited and unspecified commitment to work towards removing or ceasing to use exploitative zero-hours contracts at some unspecified point in the future.

Roseanna Cunningham: Expressing the position in that way is probably unfair on the companies that are signing up to the business pledge, which are committing themselves strongly to a broad range of fair work practices. In those circumstances, I doubt whether you could characterise somebody as cheerfully signing up to the business pledge if they were not doing a whole lot of the other things that we are asking them to do. That would be an unfair characterisation of the companies that have signed up to the business pledge. If you have evidence that companies are taking such an approach, I would be interested to know that and I would certainly flag it up to officials, but I am not aware of that happening.

Lewis Macdonald: Did you mention that not using such contracts is a condition, although it is not formally a condition, because you think that it should be a condition?

Roseanna Cunningham: We can all think that perhaps every one of the aspects should be a condition, but we are not in a position to demand

that every hoop be jumped through at the start. We are encouraging companies to sign up to the pledge, and they are undertaking to begin to go through the hoops, if they have not already done so. I have indicated that some companies might be precluded from going through some of the hoops because of the sector that they are in, and a conversation needs to be had about that as well. However, that does not apply to not using zero-hours contracts.

Personally, I do not wish to see any company using zero-hours contracts in a way that exploits workers. Such contracts can be used to exploit workers in different ways. I know that the definition of that has bedevilled people for many years; equally, there are rare occasions on which zero-hours contracts work for people. That is why nobody says that zero-hours contracts should be banned outright, because there are occasions when they work for people.

Lewis Macdonald: You said earlier that, after robust conversations with the STUC, it was decided that no conditionality would attach to the business pledge. Was that decision taken by your department or by the business department? Where did that decision come from?

Roseanna Cunningham: I was not initially involved in that conversation. I am aware of the difference of opinion because of meetings that have taken place between the Scottish Government and the STUC. You will appreciate that, over a range of portfolios, there are a lot of conversations in and around this area.

I understand the problems that might have emanated from attaching too much conditionality to something such as the business pledge. Over a range of policy issues, the Government has pursued things initially on a voluntary basis. On the plastic bag initiative—although that is not relevant to our discussion—we tried to do what we could on a voluntary basis before we resorted to anything that involved reward or risk for companies.

We are trying to shift the debate and get business into a place where it is part of something that is better than where we are just now. Conditionality is a big issue.

Lewis Macdonald: It is. Is it reasonable to conclude from what you have said—that you were not involved in the discussions—that the decision was made by the Cabinet on Mr Swinney's recommendation?

Roseanna Cunningham: I cannot tell you precisely how that was done. I think that the business pledge came to the Cabinet, but such decisions would have been taken at a different level.

Lewis Macdonald: That was not part of the fair work portfolio.

Roseanna Cunningham: The business pledge did not emanate from my portfolio, but that does not mean that I am not actively involved in pursuing it. I guess that this is like procurement—it does not emanate from my portfolio, but that does not mean that I have no interest in it.

One of the hallmarks of my portfolio is that it is leaky round the edges. The business portfolio is not the only one that has a bit of an overlap with mine—that also applies to social justice and education. There is a broad area around the edge of my portfolio that impacts on other portfolios, and other portfolios impact on us.

Lewis Macdonald: That is understood.

I will focus on zero-hours contracts. As you said, it is important to distinguish between such contracts and to recognise when a zero-hours contract is exploitative. Mr Griffin described the terms of the business pledge, which refers to working towards the removal of exploitative zero-hours contracts from existing practice. One difficulty that the committee has had is getting any public body to define when a zero-hours contract becomes exploitative. Can you help us in any way with that?

11:30

Roseanna Cunningham: I have come across examples. Again, often it is easier to see when a situation is exploitative than to make a definition. I have come across a situation in which people who are on zero-hours contracts spend money on travelling to work only to be told on arrival that there is no work and that they need to come back in four or six hours or the next day. They are spending scarce resources on transport to and from a workplace. That is an obvious example of the exploitative use of zero-hours contracts.

I know of companies that make a very robust defence of their use of zero-hours contracts because they need only occasional labour on very specific days. They want to be able to go back to the same individuals because that gives them the comfort of knowing that people are experienced. That would not be exploitative because those circumstances suit both sides.

A definition would have to centre around the use of zero-hours contracts in a way in which all the detriment applied to the employee and not to the employer.

Lewis Macdonald: But for clarity—

The Convener: The First Minister has given us a definition of exploitative zero-hours contracts.

Roseanna Cunningham: Well, yes—

The Convener: I raised the issue at the Conveners Group a few weeks ago and the First Minister wrote to me subsequently. There is a definition out there, which I can share with the committee.

Roseanna Cunningham: It referred to a contract in which employers

“deny workers regular or sufficient working hours or unfairly penalise workers for being unavailable for work or not accepting offers of work.”

That is fair enough. You would have to endorse that, because clearly it is a definition. I am not sure where the situation that I described would fall in those circumstances.

Lewis Macdonald: The First Minister’s letter says the same thing that the cabinet secretary said—

Roseanna Cunningham: In different words.

Lewis Macdonald: It says explicitly that all businesses that

“sign up to the Scottish Business Pledge must confirm that they do not employ people on exploitative zero-hours or very low hours contracts.”

That is what the cabinet secretary said, so I think that there is a clear need for clarification—

Roseanna Cunningham: We can take that back and double-check it.

Lewis Macdonald: That would be very helpful.

Roseanna Cunningham: The First Minister and I are at one in our understanding. Perhaps we had better check with the Deputy First Minister whether we are at one with him.

The Convener: Maybe you are both wrong.

Roseanna Cunningham: If we are both wrong, I am in good company.

Lewis Macdonald: From the point of view of a business that wishes to sign the pledge, the definition needs to be clear. A business might seek advice from the Government on what an exploitative zero-hours contract is, but the definition in the First Minister’s letter continues to include words that are relative. For example, the definition includes the phrase

“sufficient working hours or unfairly penalise workers”.

That does not appear to be a definition that a company can rely on to demonstrate whether it has, or has not, met the criteria.

Roseanna Cunningham: Again, as a lawyer I point out that it is not possible to have a definition that encompasses every potential situation that might be described in that way. That is why the word “reasonable” is frequently used in legislation and in the law. There is a fairly well-settled

understanding and most reasonable employers know what is reasonable in zero-hours contracts.

Zero-hours contracts are a tool. Oddly enough, they emerged from the professional employment environment—professional people wanted to work on a very flexible and fluid basis. At that point, it is arguable that the balance of power was all in the hands of the professional. However, the problem has arisen because the use of such contracts has become widespread and, in some places of employment, the balance of power has gone completely the other way. There is a bit in the middle that ensures that an individual is not forced into this and has the ability to maximise their use of the contract, and that it is not all on the employer's side.

However, I do not think that you will ever be able to absolutely define the phrase “exploitative zero-hours contracts” and I think that you will look in vain for any use of the phrase that is then followed up with a very precise definition. I think that the First Minister has given a useful definition. However, she too is a lawyer and we always know that there are things that fall outside definitions. That is the danger of defining too closely.

Lewis Macdonald: It is useful but not definitive.

Roseanna Cunningham: There is probably no way of being utterly definitive about any aspect of this area. That is a bigger conversation and I appreciate that the committee cannot go there, but that is the reality of how we have to operate in these areas of policy.

Patrick Harvie (Glasgow) (Green): It might be fair to say that all of us, even the First Minister, are working towards a shared understanding of these issues. The conversation is not useless simply because we are not 100 per cent definitive.

I want to explore a little bit more broadly the agenda of conditionality. Gordon MacDonald referred earlier to the evidence from Professor Warhurst, who spoke about the high road and the low road; that image has been mentioned frequently in our inquiry. It is not just a question of choice between being on the high road and being on the low road. I do not think that anyone has criticised the idea that paving the high road by encouragement—by celebrating the living wage community or by developing the skills agenda—has a great deal of value in relation to some employers who are keen or open minded or who just need a bit of support to get there.

However, Professor Warhurst also said clearly that there are employers out there who are competing quite openly and directly on low-cost labour and who are quite happy to continue their exploitative practices. They find that approach profitable and attractive, and they have no intention of changing. As a result, you need to

block the low road. It is not just about encouragement.

Last week in the chamber, I suggested to the First Minister that we need to place as much emphasis on job quality as on job numbers in a range of Government-funded business support services through the enterprise agencies and grant schemes. For example, the application form for regional selective assistance grants includes one question about youth employment but it is talking about young people up to the age of 25, who will not all be getting the higher bands of the minimum wage. The form includes nothing about employers going above the basic minimum legal requirement; nor is there anything about pay ratios, secure hours, union recognition, worker participation, tax havens, and gender or age equality.

I suggested to the First Minister that we should place wider emphasis on job quality and the wide range of support services and grant schemes. She said that that was a fair argument to make—I hope that the cabinet secretary is of one mind with the First Minister on that, too.

Roseanna Cunningham: One could argue that the creation of my portfolio is, in a sense, one answer to that. Job quality is what this is about and many of the things that we do are around that.

However, there are issues that would need to be explored about some wider aspects of conditionality. You have only to listen to the debate around what is and is not possible through the procurement system to understand that things are not as straightforward as they might first appear. We want to look at those things.

I agree with the First Minister that the things that you are talking about are all things that we should be exploring. That is part and parcel of what this portfolio will be doing. The portfolio has been in existence for slightly less than a year and we have done a great deal. Obviously, we have not done absolutely everything that we could do but we will continue with that. I look forward to getting the fair work convention blueprint in March, because I suspect that that may deal with some of these issues as well. We are also thinking about what else we need to do and we will have to give some thought to other parts of the equation. Having started out with encouragement, are there other things we can do to make it slightly more directed?

Patrick Harvie: I recognise that and I welcome the acknowledgement that there is always more that can be done. I will not sit here and accuse the Government of doing nothing. Is the Government actively exploring how much conditionality can be attached to Government support services and grant schemes? Is there a principled intention to block the low road?

Roseanna Cunningham: As I understand it, blocking the low road would not be entirely within—

Patrick Harvie: To whatever extent possible.

Roseanna Cunningham: To whatever extent. I think—

Patrick Harvie: Is there a goal?

Roseanna Cunningham: We are looking at what might be possible in certain areas.

Patrick Harvie: Such as?

Roseanna Cunningham: I am not going to be drawn at this stage. There is a decision-making process within Government, which I will not pre-empt. We keep these considerations under review; they are part of conversations that we have and there will be an active look. I use the words “job quality” constantly, because just looking at the numbers does not give enough confidence that the job quality is there. I talked about how someone who works for one or two hours a week can be registered as being in employment—we have to look behind those numbers.

Patrick Harvie: Absolutely.

Roseanna Cunningham: However, looking behind the numbers throws up a whole set of considerations that we would then need to take into account—not least of those considerations is whether we are legally able to do some of the things that you might want to do.

Patrick Harvie: I recognise that. We welcome the fact that the Scottish Government places emphasis on job quality and takes this issue seriously. At the same time, we are still providing support services to, and opening the door to grant applications from, businesses that are not listening to that language. Within what is legally possible, does the Government intend to find ways of blocking the low road and closing down those forms of support to companies that wish to continue exploitative and low wage practices?

Roseanna Cunningham: We have those conversations within Government all the time and when there are specific proposals we will bring them forward.

Patrick Harvie: Thank you.

The Convener: I have a follow-up question on that. One example that has been kicked around during our inquiry is Amazon, which was supported by £10 million-worth of grants in regional selective assistance and other public funds when it came to Scotland. It is fair to say that that company's employment practices have been, shall we say, in the spotlight. If Amazon made a proposal today for another plant in

Scotland, would the Scottish Government's view be different from what it was historically?

Roseanna Cunningham: That would not come to me—I would not make that decision.

The Convener: No, but the Scottish Government would.

Roseanna Cunningham: I cannot answer that. I am not in a position to answer that. I imagine that there would be a fairly robust internal discussion about that.

Johann Lamont: However, whoever in the cabinet was responsible for that decision would be obliged to consult your department on your view about whether that would come within the principled view of fair work. Given the commitment to that, would it not be extraordinary if they made that decision without referring to your department, and to you, about how the money was being used?

Roseanna Cunningham: I suspect that more than just me would be involved in that conversation. It would not just be me.

Johann Lamont: But it would at least be you.

Roseanna Cunningham: I would expect so.

11:45

Chic Brodie (South Scotland) (SNP): Good morning. I wonder if I could just move the discussion on a bit. One of the phrases that will be associated with this committee is the good, the bad and the ugly, although not about the report, I hope. We have talked about training of managers and clearly managers play a big role in wellbeing and job quality at work. What can the Government do to ensure that there is more management training provision? The issue was raised during a visit to Paisley and with SDS at yesterday's meeting of the Education and Culture Committee, and there is a general feeling that it might be a challenge. Can you enlighten us on the Government's plans with regard to management training, particularly for SMEs?

Roseanna Cunningham: My first response is that while I come from the perspective that Government should have a wide-ranging role in many aspects of employment, I do not absolutely buy into the argument that therefore responsibility for all such things should be displaced from industry. This is not a diversion from my response, but one of the interesting things about the Wood commission was his concern that employers had not really stepped up to the plate in respect of youth workers. If there is a concern among SMEs about the quality of their management, I would expect to hear from SMEs what they thought could be done and achieved. No representations have

been made to me and I am not conscious of any requests being made, probably directly to Fergus Ewing, for the Government to be involved in more specific management training than is currently conducted through the normal processes for training managers—I appreciate that SME managers tend to evolve rather than necessarily be trained. I wonder about the extent to which Government could be expected to step into that breach. I am not conscious of the specific evidence that you got in Paisley, but I would want to have a conversation with businesses themselves about what management training they are doing. There is a limit to what Government can be expected to do in some of these areas.

Chic Brodie: That is a fair answer but one of the issues raised yesterday and again at the breakfast meeting with Don MacRae of the Bank of Scotland was about the Government strategy and our hopes for exports and increasing internationalisation. I agree that the Government cannot do everything, but the question is whether the profile of that discussion with SMEs, and indeed with other companies, about the need to support the Government's strategy is high enough to have an effect.

Roseanna Cunningham: A range of advice and support is on offer through SDI, Scottish Enterprise and a lot of the other organisations that companies can make an initial approach to, which I would always encourage them to do. You have heard, I think, about the business pledge, and one of the benefits for companies that want to improve aspects of their own business practices is that they will be directed to where help will be most forthcoming. Government has been involved in setting up mechanisms, not specifically in relation to management advice or management practices, but for getting advice. There is perhaps a question mark over how aware SMEs, particularly at the smaller end, are of what is available out there. SMEs can present a challenge in relation to a number of issues, simply because we are talking about businesses with very small numbers of people, so trying, for example, to get modern apprentices out into very small businesses takes a good deal of support. However, SDS is there to support them if that is a route they want to go down and they can go and have a conversation with SDS about that.

This might boil down to how much very small businesses understand about what is already available and whether outside business there is a view that something separate needs to be set up. However, I have not had that expressed to me, either by the Federation of Small Businesses, the chambers of commerce or the Confederation of British Industry, so we would have to look at it more carefully to see whether—

Chic Brodie: That would be helpful, as part of the business pledge is about pursuing international business opportunities.

I want to go on to the Mather review. The Scottish Government response reiterated the belief that

“trade unions are key social and economic partners and play an important role in sustaining effective democracy in society.”

That is certainly true in many business sectors.

On democracy in the workplace, have there been or do you have plans for discussions on equity of participation and decision making in the workplace and sharing along the lines of the works councils in Germany and how those align with wellbeing and job quality?

Roseanna Cunningham: Yes, of course, because that is part and parcel of what we are doing in this portfolio. I frequently have meetings with the STUC and those are aspects of what we talk about and are also part of the discussions that are going on around the Trade Union Bill. I think that we would want to try and move us towards a model whereby both employees and employers feel that they are equal partners in this, but we are dealing with a pretty strongly embedded business culture, which will not be turned around overnight. The benefits must be shown, which is why living wage accreditation, the business pledge and the other things that we are doing are important for those businesses for whom, if you like, the light bulb has switched on. I do not deny that there are other businesses out there for whom these issues are of peripheral interest. We have tended not to want to point the finger at the bad businesses but to try to pull up businesses by the use of exemplars, which is effectively what the current schemes are about.

The Convener: Lewis Macdonald has a brief question.

Lewis Macdonald: There is plenty of evidence of the benefits of trade union membership, particularly for people in low-paid and insecure work. The Trade Union Bill is coming down the track and is likely to be passed by the House of Commons. What steps will the Scottish Government take to mitigate against the impacts of the bill, particularly on those in insecure or low-paid work?

Roseanna Cunningham: We will take every possible step to ensure that the good industrial relations record that we have achieved in Scotland is maintained. We are actively exploring every aspect of what that might be.

Lewis Macdonald: That would include, for example, issues around check-off and time off for trade union work?

Roseanna Cunningham: It will include everything.

Lewis Macdonald: Thank you very much.

Richard Lyle (Central Scotland) (SNP): Members have asked two of the questions that I was going to ask but I would like to explore Lewis Macdonald's point further. We know that one company has come out to say that it will be the first grocery company to pay the living wage, but it is not encouraging people to join a trade union. I remember the 1960s, when Harold Wilson used to talk about bringing in the unions for beer and sandwiches, while in the 1980s and 1990s, the Tories—I am sorry to say, convener—actively discouraged trade unionism. Cabinet secretary, I heard you saying that you are being encouraging in discussions with the STUC, but what further discussions are you having with trade unions to ensure a good working relationship and to promote the living wage and good working conditions? Are you having discussions with other companies to encourage them to talk to the STUC and the trade unions about providing good work?

Roseanna Cunningham: These conversations are being had all the time both formally and informally. They are part and parcel of what we do. I do not want to sound repetitive, but in the fair work convention, half of the membership is from the trade union side, which I think gives an important pointer as to how we want these things to proceed. My personal view, and that of the Government, is that the better the relationship between trade unions and employers, the better that is for everyone in the long run. It makes sense for employers and trade unions to be speaking. It is much easier for employers to deal with situations in their business if they have active trade unions. I regret some of the things in the Trade Union Bill because I think that they will have a negative impact on the good workings that we encourage all employers to be part of.

However, my dialogue with trade unions must be matched by trade unions' dialogue with businesses. That is why the fair work convention is important. We cannot emphasise the dialogue between Government and trade unions and think that somehow the third part of the equation is not equally as important. That is part and parcel of what this is all about as well.

The Convener: Okay, well I think that neatly takes us to the end of our time. Cabinet secretary, thank you to you and your officials for coming along. We now have the job of producing a report.

Roseanna Cunningham: That is always helpful. We understand that definitions can be difficult and that these issues have a wide reach, so we look forward to your report.

The Convener: Thank you all very much.

11:57

Meeting continued in private until 12:17.

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