



OFFICIAL REPORT
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Economy, Jobs and Fair Work Committee

Tuesday 6 September 2016

Session 5



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Tuesday 6 September 2016

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ECONOMY, JOBS AND FAIR WORK COMMITTEE

3rd Meeting 2016, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)

*Ash Denham (Edinburgh Eastern) (SNP)

*Liam Kerr (North East Scotland) (Con)

*Richard Leonard (Central Scotland) (Lab)

*Dean Lockhart (Mid Scotland and Fife) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Gillian Martin (Aberdeenshire East) (SNP)

*Gil Paterson (Clydebank and Milngavie) (SNP)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Jamie Hepburn (Minister for Employability and Training)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Jobs and Fair Work Committee

Tuesday 6 September 2016

[The Convener opened the meeting at 11:00]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Good morning, everyone. Thank you for coming today. This is the third meeting of the Economy, Jobs and Fair Work Committee. In particular, I welcome the Minister for Employability and Training, Jamie Hepburn; Gavin Gray, the deputy director for promoting fair work; and Uzma Khan, senior economist and head of the economic policy and strategy unit.

Before we move into the evidence session, agenda item 1 is a decision on taking item 3 in private. Does the committee agree to take item 3 in private?

Members *indicated agreement.*

Labour Market Strategy

11:01

The Convener: Agenda item 2 is consideration of the Scottish Government's labour market strategy. I invite the minister to make an opening statement before we move to questions from members of the committee.

The Minister for Employability and Training (Jamie Hepburn): Thank you very much, convener. It is a pleasure to be here for my first appearance before the committee since being appointed as the Minister for Employability and Training. I am delighted to speak to the labour market strategy, which the Scottish Government published on 26 August, meeting our manifesto commitment to bring that forward in the first 100 days of the Administration.

Broadly speaking, the overarching purpose of the strategy can be broken down to our trying to promote the fair work agenda. We have already been seen to take that forward through the fair work convention to better involve employers and their employees in the workplace; to improve living standards; to ensure that the labour market is providing a workforce that meets our social and economic needs, and recognises and is responsive to employer need; and to improve Scotland's productivity performance.

The strategy shows that our economy has many strengths. The recently published labour market statistics showed that employment is up and unemployment is down, and a critical part of the labour market strategy is to sustain that performance. The strategy recognises some of the challenges that we face, not least in how we respond to the outcome of the European Union referendum. Responding to those challenges, we want Scotland to be a more successful and fairer country with a strong economy and a vibrant, fair and inclusive labour market. Our focus is on creating better-quality jobs and jobs that work for everyone in terms of skills, pay, security and prospects, because we know that employees who feel secure, valued and empowered drive innovation and growth.

The predecessor committee to the Economy, Jobs and Fair Work Committee very much informed our thinking and our development of the strategy. We reflected on the recommendations of the "Taking the High Road—Work, Wages and Wellbeing in the Scottish Labour Market" report and the "Removing Barriers: race, ethnicity and employment" report.

The labour market is constantly changing and that is why I believe that the creation of a strategic labour market group as set out in the strategy is

essential to advise the Government as new challenges emerge over time. I will also very much welcome this committee's input to that process, and I look forward to our discussion today and on subsequent occasions.

The Convener: Thank you very much, minister.

I will start the discussion by asking about one or two things, the first of which follows on from something that you mentioned. The Government paper on the labour market strategy sets out a number of objectives. You refer to the "quality of employment" in the context of zero-hours contracts, and you talk about

"the 'hollowing out' of the labour market",

through the reduction in middle-income jobs and the growing disparity between high and low incomes that has been observed.

On page 24, in part 3, "Assessing our future needs", under the heading "Societal change", you say that there is a

"desire for an improved work/life balance and changing work environments, potentially leading to a further increase in flexible working arrangements, with 57 per cent of employees saying flexible working is important to them".

I want to ask about that in relation to the point about quality of work and work/life balance. The national living wage is part of the Government's strategy, and the type of contract that employees are employed on might include zero-hours contracts. Pay is important, but there is a lot more to the quality of someone's work, employment and life. I take it that you agree with that.

Jamie Hepburn: Indeed. I suppose that the point that we are making about societal change relates to our ambition that there should be fair work, not only for its own sake but because we recognise in the report that, as the Organisation for Economic Co-operation and Development has said, growing inequality—this relates to the point about the hollowing out of middle-income employment—can drive down growth and reduce productivity. The whole agenda of responding to employees' desires to feel more valued in the workplace and to be well remunerated, which is understandable from an employee's perspective, also has significant benefits for our wider economy, which is why we want it to be a core part of our labour market strategy.

The Convener: You mentioned remuneration, which is monitored, of course; I want to ask about other factors that are important to employees, such as their holiday arrangements, whether they are on a part-time or a full-time contract, and whether they are on a permanent or a non-permanent contract. Do you agree that such things, which relate to the quality of work, are also important to employees?

Jamie Hepburn: I absolutely agree with all that. As we said in the report, since the economic downturn in 2008 there has been a change in the labour market. There has been increased reliance on flexible working arrangements that might not benefit the employee, such as zero-hours contracts.

We know that the Scottish economy is less reliant on such arrangements than other parts of the United Kingdom economy are. When people know that they have sustained, well-rewarded employment, in a workplace in which their views are respected and listened to, not only is the experience more rewarding for employees but a culture of innovation in the workplace is fostered and productivity can be driven up. The statistics speak for themselves: we know that societies that are more equal than ours are far more productive.

The Convener: I was coming on to that. What studies have been carried out to examine not just pay levels but all the other factors, such as statutory holiday arrangements, in countries that you might identify as having a "more equal" society? What studies have been carried out to look at the whole set-up rather than just the specifics of what might be referred to as the material issue of the pay level? That is, of course, important, but so are the other factors that affect the quality of life of a worker, such as whether someone who is working has time off to spend with their family and measures that might not appear to be so on the surface but which are actually disproportionately disadvantageous to women because of the work patterns that women may find themselves in.

Jamie Hepburn: On your first point, the most obvious study is the work by the OECD that I referred to, which estimates that rising income inequality reduced gross domestic product growth by 9 percentage points between 1990 and 2010. That makes the point that, as I alluded, where we see increased levels of inequality, that is bad not only for the individual who is at the sharp end of that but for our overall economic growth. Other players such as the International Monetary Fund and the World Bank have produced similar studies. We can provide the committee with further detail of those studies, which have informed our thinking on the labour market strategy.

The Convener: Those studies focus on the scenarios that play out in different countries. However, if we are going to address the issues that you raise, surely we need to look at the specific situation. If the situation for workers in a country is what we wish to aspire to, surely one needs to look at the whole set-up in that country—the specifics of the laws and so forth—and ask whether we can learn from that, rather than

looking simply at studies on the overall effect or statistics on the different situations.

Jamie Hepburn: We are always keen to learn from other examples. I do not think that what I just said in response to your initial question and what you have proffered as a way forward are mutually incompatible. I recognise the need to learn from other countries and jurisdictions not just in the United Kingdom and these islands but further afield. Both the Scottish Trades Union Congress and the Scottish Chambers of Commerce have expressed concern to me about the quality of the data that is being collected for the labour market strategy, which could be informed by the data that is gathered in other countries—that is what you are alluding to, convener. In the strategy, we have set out a clear commitment to improve the information that we gather going forward.

The Convener: I am thankful to you for that indication.

John Mason (Glasgow Shettleston) (SNP): The strategy mentions the pay ratio, which I take to mean the ratio between the top and bottom pay or between the top and average pay. What can we do about that gap? The living wage is a way of nudging people up at the bottom, but what can the Scottish Government and the Scottish Parliament do about the gap between the people at the top and the people at the bottom?

Jamie Hepburn: We cannot take a legislative formula forward, as we are not empowered to do that—I am sure that the committee members are well aware of that. However, I would not underestimate the significant impact of the work that we have undertaken in promoting the living wage. Among the UK countries, Scotland has the highest proportion of people—some 80 per cent—who are paid at least the living wage. That will have made a difference, but it will take people only so far. It goes back to the convener's opening question about the hollowing out of the pay structure, which is not unique to Scotland but has happened in many other advanced economies.

We need to look ahead at the types of industry and jobs that we want to secure here. For example, although it is not specifically part of our labour market strategy, there is a lot of growth potential in the life sciences sector that could lead to well-paid employment. We need to ensure that the economic strategy that the labour market strategy sits alongside ensures that we have such types of job here in Scotland in the future and that the labour market stands ready to respond to such emergent industries so that people can be better remunerated and we do better in terms of the pay ratio that Mr Mason referred to.

11:15

John Mason: Do you think that it damages industrial relations in an organisation if the person at the top takes a 10 per cent increase, for example, and then says to the ordinary workers that they can have only 1 per cent?

Jamie Hepburn: You have set out a hypothetical circumstance, but there are no doubt actual examples of that. I would be loth to say definitively what would happen, but I would imagine that someone who is on the receiving end of a lower pay rise than other folk in the workplace are getting might take a particular view of that.

John Mason: I am just touching on a few issues that others might follow up on. Obviously, Brexit is on everybody's minds. It appears that quite a lot of workers' rights and protections have come through the European Union. Is it the Government's feeling that some of those are at risk if we are not going to be in the EU any more?

Jamie Hepburn: Certainly, that has driven much of our concern about Scotland's position in the EU. We know that the business community in Scotland has expressed concerns about the likely impact on the ability of businesses as employers to access European markets readily and to have the skilled workers that they need to keep their businesses going. What has driven some of our concern about the outcome of the EU referendum is indeed the issue of the social protections that EU membership underwrites and the potential for future or, indeed, current Administrations that have their hands on those levers to take a different approach. Of course, the Parliament has passed a motion to support the Scottish Government in exploring every avenue to try to ensure that Scotland can continue to benefit from the provisions set out by EU membership. The First Minister and the Government are pursuing that right now.

John Mason: Are disabled workers getting jobs? It has long been the case that they have struggled to compete in the labour market. In days gone by, targets were set for the percentage of disabled staff in a workforce, although I do not think that they were compulsory—I think that the target was 3 per cent at one point. How will the Government support disabled workers more?

Jamie Hepburn: That is a challenge that is very much related to my portfolio area. For example, we know that, in the modern apprenticeship opportunities that we provide, there is significant underrepresentation of a variety of groups, including those with an identified disability. We have asked Skills Development Scotland to take forward an equality action plan to ensure that there is a better spread of representation of those groups in modern apprenticeships.

I referred earlier to the type of information that we gather. No one has asked me yet about the strategic group and I do not want to pre-empt the questions that members will undoubtedly ask about it, but I think that one of its tasks will be to consider what type of information it will be necessary for us to gather. The modern apprenticeships could be an important area for determining what kind of positive impact our strategy is having in ensuring that those with an identified disability are getting the chance to get into employment. We are getting new devolved responsibilities over the employment programme. Part of that relates to supporting people with a disability to get into the world of work. That work continues. I am tasked with advancing it and will look to make some information available to the Parliament as soon as possible on how we are using those powers.

John Mason: You mentioned modern apprenticeships. That covers quite a lot of areas. Women, men and disabled people are still going into traditional areas. Who is responsible for changing that? Is it that employers are not taking on or giving more opportunity to disabled people and women, or is it the fault of SDS? I think that you suggested that SDS would address the issue.

Jamie Hepburn: It is our collective responsibility to ensure that groups that are underrepresented can be better involved. The onus should be placed firmly and squarely on the rest of us to reach out to those who are hardest to reach—I do not like that term but I cannot think of a better one at the moment—and ensure that we do what we can through the various employability and training programmes that we offer, modern apprenticeships being one of them. It is not the responsibility of any single person or any single agency; the Government, employers, Skills Development Scotland, our enterprise agencies, and our colleges and universities have to be engaged in it. It has to be a collective effort.

Liam Kerr (North East Scotland) (Con): At various points throughout the strategy, you set out that you are not terribly happy because you do not have a full set of powers over employment law. What specific powers do you need over employment law, given that the law is the law? What do you seek to do?

Jamie Hepburn: To give you one specific example, if we had the full gamut of responsibility over employment law—as the Scottish Trades Union Congress has called for—we would not introduce anything as facile and ridiculous as the United Kingdom Government's Trade Union Bill.

Liam Kerr: So you are asking for powers over employment law regarding trade unions. Are you asking for anything else? Most of it is driven by Europe and it is part of our legislation anyway.

Jamie Hepburn: Indeed—it is driven by Europe. I do not know whether you noticed, but there was an EU referendum on 23 June, and it had an outcome that I did not particularly welcome and which might drive a different set of assumptions. I echo the point that I made to Mr Mason about whose hands I would rather those powers and responsibilities were in. With the greatest respect, I would rather that they were in the Scottish Parliament's hands than in those of the current UK Government.

Liam Kerr: Well, they are in the hands of the UK Government—

Jamie Hepburn: I am aware of that—I just made that point.

Liam Kerr: —because they form part of the law of the land.

Jamie Hepburn: I am sorry, I missed the last point, Mr Kerr.

Liam Kerr: Those powers and responsibilities form part of our laws so, whatever Brexit looks like, our employment law is not automatically changed.

Jamie Hepburn: I am aware that it is not automatically changed, but the example of the Trade Union Bill shows that the law can change, and that change is not a particularly beneficial one. You would take a different perspective—that is your prerogative.

Liam Kerr: You call for the abolition of tribunal fees. Are you able to point me to any modelling that you have done on the impact of tribunal fees and why their abolition might be desirable?

Jamie Hepburn: It is self-evident and logical that the introduction of tribunal fees has had a negative impact. For people who feel that they might have been subject to rough justice, fees act as a disincentive to appealing to a tribunal. Constituents have approached me as a constituency representative to express such concerns, and I am aware of concerns from information and advice organisations in my constituency. For example, we have an active unemployed workers centre, which has told me that many people who might previously have sought redress through tribunal—that is not to say that the tribunal would have found in their favour, but at least they would have had the chance to go to it—no longer feel able to do so because of the introduction of fees.

Liam Kerr: Can you point me to any study that shows the economic impact of abolishing tribunal fees in Scotland, and any study that shows that introducing fees has not had the desired outcome?

Jamie Hepburn: The answer depends on what the desired outcome was. I know what the UK

Government's desired outcome was—I just referred to it.

Liam Kerr: You referred to an outcome, but I am looking for a study—for hard evidence. Until now, the courts have taken a different view from you.

Jamie Hepburn: Such evidence needs to be presented to me. I do not lead on the policy area, but I am happy to provide the committee with as much evidence as we have gathered on the matter. It is rather self-evident that what motivated the UK Government to adopt the policy initiative of introducing fees was the wish to create a disincentive for people to seek redress—otherwise, why did it introduce fees?

Liam Kerr: I say with respect that it is for you to answer the question. It is for you to get the evidence and not for me to provide it.

Jamie Hepburn: It is for the UK Government to answer the question, and I do not speak for it. It was the UK Government, not me, that introduced fees.

The Convener: People may seek redress, but that does not always mean that they are entitled to it. The issue is a bit broader.

The minister has offered to come back to the committee on the issue.

Jamie Hepburn: I will do that, but I say with respect that I made the point that going to the tribunal at least allows people to seek redress; I do not presuppose the outcome of anyone going to the tribunal.

The Convener: Indeed. It would help if you came back to us on the point.

Jamie Hepburn: I shall do so.

The Convener: Thank you for your offer.

Liam Kerr: The strategy talks about modern apprenticeships and efforts that are being made to incentivise the labour market. Can you point to any scenario planning that has been done on what the labour market might look like in five years, so that what you are trying to achieve meets a need that might arise then? Is there no such study?

Jamie Hepburn: There is the labour market strategy, which we have produced for such reasons. The strategy must be kept under review. A key element of the strategy is the establishment of a strategic group that will involve employers across the private, public and third sectors, trade unions and academia. Its purpose will be to inform ministers about whether the strategy continues to be relevant.

We want the strategy to respond to circumstances that arise. I will give a practical

example. We are dealing with the outcome of the EU referendum and we do not know precisely what that outcome will mean for us in Scotland. It could have an impact on the labour market that might require us to look afresh at parts of the strategy. We are embedding in the strategy what you are looking for.

Liam Kerr: So scenario planning has not been done.

Jamie Hepburn: The strategy sets out our ambitions, which we want to take forward on the basis of establishing a group that will involve all the key sectors and which will have a range of expertise and be able to gather the evidence that you are looking for.

Ash Denham (Edinburgh Eastern) (SNP): I was pleased to see in the labour market strategy the inclusion of the women returners project, because I have experience of the difficulty of re-entering the workforce after a career break to look after children. Will you tell us more about that project? Who will be eligible to participate in it? Is a budget attached to it? How will you measure success?

As with the strategy as a whole, the project will need quite a lot of engagement with employers such as businesses. How do you plan to engage with them? How long will it take to engage with them to further the interests that are in the strategy?

11:30

Jamie Hepburn: Taking the second part of your question first, I certainly concur. The strategy says that there needs to be a process of engagement with the business sector. Indeed, as we sought to draw the strategy together, there was early engagement with a variety of bodies. We can provide some more detail about that if the committee is interested.

I made the point to Mr Kerr that the strategic group will include representatives of employers in the private sector—they will be a critical part of the work going forward. This is not a process that I intend to close the door on. Just last week, I had a productive—from my perspective—conversation with Scottish Chambers of Commerce about the strategy. I also spoke to the STUC about the strategy, and I will be happy to speak to it again. I am looking to speak to the Federation of Small Businesses and am happy to engage with the Confederation of British Industry and individual employers. I am happy to do all that on an on-going basis. If people, including any member of the committee, want to speak to me about the strategy, I am happy to speak to them, and that goes for employers as well.

On the first issue that you raise, I recognise the importance of the women returners project. We are now perhaps all more aware than we were of the assumption that caring responsibilities primarily fall on women and the impact that that can have on women's ability to progress in the workplace. That is why the initiative will be important. A budget will be attached to it. It will be a pilot study to see how we can better engage women who have been out of the work environment and get them back into the workplace.

I do not think that I can say much more about it just now, convener, because work is still under way. Once we finalise that, I am happy to provide more detail if the committee would like me to.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I want to ask about the potential impact of Brexit on the Scottish economy and the labour market strategy.

The Chartered Institute of Personnel and Development reported in August that

"In some parts of Scotland almost a quarter of jobs in specific sectors are currently filled by EU workers."

If, as a result of the Brexit negotiations, there is any restriction on movement, what impact will that have on the labour market strategy and the Scottish economy in general?

Jamie Hepburn: I have already alluded to our concerns about the impact of the EU referendum, which do not just relate to social protection but very much reflect the concerns that have been expressed by the business community about its ability to access the single market and ensure a steady supply of skills to support business endeavour.

The day after the EU referendum, the First Minister was very clear right off the bat, telling new migrants who have come to Scotland that they are welcome here. We respect and value the contribution that they make to our economy and society overall. Of course, the lack of clarity around how the UK Government is seeking to take forward the outcome of the EU referendum continues, but we are clear that the Scottish Government must have a role in the process. Its voice must be heard and we will take forward the mandate that the Parliament gave the Government to seek every avenue through which our country can continue to benefit from continued EU membership.

Gordon MacDonald: I notice that the strategy mentions the enterprise and skills review. If there is a lack of confidence among EU nationals about whether they can stay in Scotland and the wider UK and they decide to move, many vacancies could be created. Will upskilling members of our

workforce be sufficient to fill the gaps if we suddenly lose the EU nationals?

Jamie Hepburn: I am very cautious about talk of losing EU nationals. That is not an outcome that any of us wants. There is still a huge opportunity for us to provide a range of upskilling and training to those who reside here, whether they were born here or have come here from elsewhere. That is very much on my agenda as the Minister for Employability and Training.

Gordon MacDonald: You touched on the need for good data to enable you to measure whether the strategy is delivering what you hope it will deliver. Will you expand on what you hope to do in that area?

Jamie Hepburn: Some work has already been done on that. Three labour market indicators have recently been added to the national performance framework. They focus on reducing underemployment, reducing the proportion of employees who earn less than the living wage—on which we are doing quite well, as I mentioned earlier—and reducing the gender pay gap. Therefore, there is already a recognition that we need to be more responsive in looking at how we are progressing in those areas.

I think that the strategic labour market group will have two key roles: ensuring that the strategy stays on track and responds to events that arise that we may not have foreseen on the horizon; and looking at the type of information and data that we gather. Beyond that, it is important for the group to have the space to determine other parts of its role, and I will not try to predetermine what that might look like.

A range of folk have made the point about the need for good data. It is not just the business community that is concerned about that—the Scottish Trades Union Congress has expressed similar concerns about some of the information that we gather. I think that the best thing to do is to get together on the group those with the relevant expertise and allow them to determine what type of information we might need to collect.

Gillian Martin (Aberdeenshire East) (SNP): You mentioned the fair work convention. I have a broad question about how you aim to preserve the role of the convention through the strategy. The issues of the gender pay gap and women returning to work have been mentioned, but they persist. What can we do to measure improvements in relation to the gender pay gap and to identify where it is most prevalent? Will there be more of an onus on companies to release data? Could an accreditation scheme be put in place to encourage companies to do better in that regard? What is the strategy on that?

Jamie Hepburn: The gender pay gap certainly persists. Although we know that there has been improvement in Scotland, it has not gone far enough. Through the strategy, we want to do rather better. That could be achieved through a variety of means. I go back to the point about the type of jobs of the future that we want to secure and the need to ensure that women feel that they have a part to play.

One of the obvious examples is that we know that there is great potential in the industries that rely on science, technology, engineering and mathematics skills. Part of the challenge that we face is that not enough girls and women perceive that that is an opportunity that is open to them. Some good work has been undertaken—by the University of Strathclyde, for example—to try to open up the opportunity to young women in particular and to say that they can have a career in the sector. We are always willing to consider any suggestions for accreditation schemes that are made in good faith.

We can certainly look at the issue, but I think that the relevant point is that we need to continue to monitor progress. That might relate to the answer that I just gave Mr MacDonald, as this might be one of the critical areas in which we are seeking to improve the information and data that we are gathering.

On the role of the fair work convention, the most obvious demonstration of our continued commitment to the convention is the framework that has been produced through the labour market strategy. We have said that we will provide £500,000 so that the fair work convention can continue its work this year—a not insubstantial commitment to that line of work.

However, this is not an attempt to supplant or replace the fair work convention—it is anything but. The fair work convention has been instrumental in informing our labour market strategy and the two will have to work together, coexist and complement each other as they go forward.

Gillian Martin: I am really interested in the transition around getting people who are unemployed into employment—that is one of the toughest barriers that people have to get over—and in the support that is given to people who are trying to get into employment. What is being done in the strategy to help? I know that there is a lot of work around getting young people into employment but does the strategy include young people? Does it go beyond that group?

Jamie Hepburn: Before the meeting started, Ms Baillie asked whether I had had a nice summer. I had a very nice summer—I spent it going round some of the excellent work that is

being done by a range of organisations that work with those who find themselves not in education, employment or training for a variety of reasons to get them ready to move on to a positive destination.

Through the Smith commission process, we are getting new powers over employment programmes. I add the caveat that that comes with a significant reduction of 87 per cent in available funding from the UK Government. The Cabinet has decided to ensure that some additional funding from existing resource will be leveraged into those programmes.

One of the commitments set out in the strategy is that we will ensure that we take the opportunity provided by the new powers to better align those programmes with what we are doing across the board in relation to offering people the chance to get the employment, skills and training opportunities that will allow them to become work ready and to get into employment. As I have said, that work is under way and I will provide information to Parliament as soon as possible on how we will take forward the employment programmes.

The Convener: There has been reference to the gender pay gap and to women's place in the employment field. Would you accept that there is a gender imbalance in favour of women in some areas? For example, I think that the Scottish Further and Higher Education Funding Council has tried to ask universities to address the gender imbalance as there are now more women than men in education in our universities.

You may not be old enough to remember it but—

Jamie Hepburn: That is very kind of you.

The Convener: —in my branch, in the legal profession, when I studied law the drive was to get more women to study law because there was not a balance. However, in Scotland now, fewer men than women are studying law. That is the first part of it. There are some areas where the opposite is now the case.

In addition to that, there is a follow-up point. If the professions entered by people coming from that sort of academic background are relatively lower paid now, compared with 20 or 30 years ago, the difficulty is that that will not necessarily address the gender pay gap, if you follow what I am saying. Have you looked at that?

11:45

Jamie Hepburn: I follow what you are saying, convener. I find it interesting, though, that you have posited it in terms of the areas that favour women. You are correct to point out that more

young women now go to university than young men but, for all that, we know that the gender pay gap persists. Despite it being demonstrably the case that more women are acquiring skills to higher education or degree-level standard, something is still acting as a barrier to tackling the remaining and persistent gender pay gap, and I suspect that it comes back to the point that Ms Denham made about women's experience after they acquire those skills. I think that there is still work to do in that regard.

I suppose that the wider point is that it would be correct to say that, as I have just made clear to Ms Martin, we are trying to do more to encourage females to take up careers in sectors that are traditionally viewed as the preserve of men. In that respect, I gave the STEM example. Equally, however, we are trying to do the same in relation to sectors that have traditionally been viewed as the preserve of women. At the outset, I made the point that this labour market strategy must be responsive to our social and economic needs, and one of the social needs that we will have to respond to as a society is the fact that we have an ageing population that will increase social care requirements. Right now, that particular sector is heavily dominated by women, and we need to do more to encourage diversity in that workforce, too. We are therefore looking at the issue from both angles by encouraging women to go into sectors that are traditionally viewed as the preserve of men and vice versa.

The Convener: Going back to my initial questions in this evidence session, the concern that I have and which many might share is that although measures might be taken to address one issue, the difficulty is that, as you have said with regard to the gender pay gap, such measures are not followed through with long-term results. That is why I asked whether detailed, in-depth studies have been done, particularly with regard to countries where the situation might have developed more positively than it has here, and how we can learn from them. Instead, we have what sometimes come across as well-intentioned measures that, although they have some effect, any such effect is not tied up with other good effects or consequences that people would like in such areas.

Jamie Hepburn: I guess that that is why I spoke of the need for the strategy to be responsive, to highlight any emerging trends or events arising that we need to respond to and to show whether measures that we take on a well-intentioned basis are actually having the desired effect and if not, why not and whether we require a change in tack. The last thing that we want to do in this labour market strategy or anything else in the economic sphere is to take measures that are not effective.

The Convener: So you will be open to suggestions and constructive ideas as well as intending to follow things up to see what the effect has been.

Jamie Hepburn: I am always open, convener.

The Convener: Thank you for that, minister.

Dean Lockhart (Mid Scotland and Fife) (Con): Thank you for joining us this morning, minister.

Jamie Hepburn: It is a pleasure.

Dean Lockhart: In your opening remarks, you mentioned that improving productivity was one of the key objectives behind the labour market strategy. Page 14 of the strategy highlights the fact that with regard to productivity performance Scotland continues to lag behind some of our main competitors such as Ireland.

I have two questions in that respect. First, does that mean that the Scottish Government's target to rank in the OECD top quartile by 2017 will not be met? Secondly, what specific steps does the Government plan to take to narrow our productivity gap?

Jamie Hepburn: The first point is that, relative to the UK position, our productivity levels have done rather better, but there is still a persistent problem with how we are doing compared with other countries, and there is a determination to do rather better. The labour market strategy is a critical part of that. I made the point that there is a body of evidence that suggests that more unequal societies lead to lower levels of productivity, so a good starting place for us would be to try to do rather better in levelling out some inequalities. There is a determination to do that through the range of measures that I set out, whether that is promoting the living wage or trying to ensure that the jobs that we have here in future are better paid than some of those that we have here now. That would offer a real chance for us to be ahead of the curve compared with some other countries. I gave the example of the life sciences sector, and we know that there is an opportunity in the renewables sector in that regard.

Of course, the other thing is the enterprise agencies review, which another member of the committee picked up on—I cannot remember who that was. That is another critical part of the work that we are undertaking in trying to ensure that we do rather better in that league table in future.

Dean Lockhart: Will the Government publish a revised productivity target now that the 2017 target has not been met?

Jamie Hepburn: This is 2016, Mr Lockhart—have you got a crystal ball there?

We can reflect on that. The point of the labour market strategy is to reinforce our determination to

do better. I suppose that it demonstrates our ability to be responsive to and cognisant of the need to do better and it reflects our determination to do so.

Dean Lockhart: Thank you.

Gil Paterson (Clydebank and Milngavie) (SNP): I have some points on encouraging workforce innovation. One is a general point and one relates to a particular sector. The labour market strategy states that the Scottish Government wants to foster “a culture of innovation”, which can create jobs, encourage skills and increase productivity. How do you envisage that happening? What support will you give and what can you do to encourage all staff to be involved in innovation, rather than just senior staff and managers?

Jamie Hepburn: We want to try to get all sectoral interests round the table to reinforce that. The final point that Mr Paterson made is absolutely critical. Many employers are very good at being responsive and listening to those who work on the shop floor, for want of a better term. Hearing what they have to say could lead to measures that boost productivity by changing the manner in which work is done in a particular working environment. Some other employers might not be quite as responsive for whatever reason. I guess that it is about trying to ensure that, where there is good practice—we know that good practice exists—it can be shared and spread to other sectors.

Incidentally, not all of those other employers will be in the private sector. We can always look to do things better in the public sector as well, and I am sure that the third sector feels the same. It is about trying to get everyone together in the room—sometimes a metaphorical room—to ensure that they learn from one another and that, where things are working well, others learn from that.

Gil Paterson: I know that some high-wage economies happen to have women on boards and folk from the shop floor and the trade unions involved in all the big decisions, even in small companies. Are you seeking to achieve that?

Jamie Hepburn: That takes me back to the point that I made to Mr Mason. We do not have the legislative competence to demand such an approach, but if the approach were demonstrated to be effective we would do well to explore it further and see whether it could be rolled out. I am open to looking at any evidence that the approach is effective.

Gil Paterson: Thank you.

Scotland has a fine export record, but there is still a lot that we could do. The majority of employees in Scotland, by far, are employed by small businesses, so does the strategy include

work to encourage small businesses that are not confident about getting into the export market or do not have the skills? Will the strategy bring about innovation in that regard?

Jamie Hepburn: A priority area in the strategy is not just the promotion of Scotland internationally as a destination for investment but the engagement of Scottish businesses with the rest of the world. You are absolutely right to say that the substantial majority of enterprise in Scotland is in the small and medium-sized enterprise sector, and if such businesses are not involved in the process we are missing a trick.

We will be happy to do what we can in that regard. Part of the work is done by organisations such as Scottish Development International, and the review of the enterprise agencies is going on just now, so that is in the mix, too.

Andy Wightman (Lothian) (Green): I want to ask about the link between the labour market strategy and fiscal policy. On a number of occasions in your strategy you cite the work of Naomi Eisenstadt, the First Minister’s independent adviser on poverty and inequality, and you say that you agree with her assessment that

“income inequality damages economic growth”

and so on. In her report, “Shifting the Curve”, Naomi Eisenstadt said that any replacement of the council tax should be progressive, yet the Government’s plans maintain a very regressive system, with people in the bottom 10 per cent of equivalised disposable household income paying around 10 per cent of their income in taxation and those in the top 10 per cent paying 2 or 3 per cent of their income. Changes to those plans could help.

At the other end of the scale, you cite work by Bell and Eiser that I think was published in 2013, which showed that between 1997 and 2012, I think—over the period of devolution, in fact—the top 1 per cent increased their share of total income by more than all the remaining 99 per cent. Again, it is within the competence of the Government to tackle that, through its proposals on income tax rates and thresholds.

I am therefore wondering why there is nothing in the strategy on fiscal policy, given the important role that it can play—although not in isolation, of course—in tackling inequality.

Jamie Hepburn: Our proposals for local government taxation come on the back of the process of the commission on local tax reform in the previous parliamentary session. What the Government has proposed, which was set out in the manifesto on which we were elected to form an Administration, very much reflects the outcome of the commission process, which was about

having a mixture of local taxation based on house value and income. That is the approach that we plan to take forward.

Similarly, we set out in our manifesto our proposals on how we will handle responsibility for the devolved element of income tax, and that is the basis on which we were elected.

You are perhaps right to say that there is not much reference to fiscal policy in the labour market strategy. Some people have suggested that the published strategy is already too long and too detailed. There was no deliberate omission. I recognise that our labour market strategy must interact with a range of things that we are taking forward, such as our economic policy, the work of the fair work convention and other policy levers. Indeed, that is acknowledged in the strategy document.

12:00

Jackie Baillie (Dumbarton) (Lab): Good morning, minister. I am delighted that, as part of the debate with the committee, you have talked about data. We are quite exercised about data, so your acceptance of the need to develop data is very welcome. I would appreciate an indication of when you think the data sets will be available, as some might be more challenging to produce than others. Will you consider reporting on the overall success of the strategy to Parliament on an annual basis? That could simply involve something in writing. I am conscious that the national performance framework has very high-level statistics that are designed to measure very broad outcomes. However, judging the success of the strategy is also about the milestones on the way. What is your response to that?

Jamie Hepburn: I concur with your final point, because we can judge the success of the strategy by measuring the milestones, as you said. On your first point, I am not, by any stretch of the imagination, trying to obfuscate the issue but I am loath to give a guaranteed timescale for providing the data. I want to provide it as quickly as is practically possible, but I have made the point that it is incumbent on me to get the stakeholders around the table first and hear what their perspective is. We also need to identify where there is a gap in data and information and where we need to gather more. We then need to assess what capacity will be required for that and, indeed, whether we have the capacity, and then move forward.

It is therefore hard for me to give a definitive timescale, but I underline that it will be a serious process. It has been made clear to me by a range of stakeholders that data is an area of concern, which reflects Ms Baillie's perspective. We need to

respond to that serious concern and will try to do so as quickly as possible.

In terms of reporting to Parliament, I am happy to reflect on how we might do that. I observe, though, that there is nothing that I can do—even if I wanted to, but of course I would not want to—to stop this committee or any committee of the Parliament calling me back before it to report on progress with the strategy. However, I take the point that perhaps a more procedural form of reporting back might be useful. How frequently that might be done is, again, up for discussion but I am happy to continue to engage with the committee on that. I think that the strategic group that I will establish as quickly as possible will have a critical role in considering how we might do that reporting back.

Jackie Baillie: That is a very helpful response. Can I move us on to the agreement to pay the living wage? That is something that the Government has done for social care workers through local authority procurement; it is referred to in your strategy and we very much welcome it. I take it that the Government concurs with the view that the problem around agreeing to pay the living wage as part of procurement has now been resolved? The minister will recall our debates in the chamber about restrictions being placed on procurement and carrying the living wage through that. If the problem has been resolved, does the minister now intend to strengthen guidance? That would be in keeping with the strategy and in line with what you want to do, and it would reinforce the very positive development around procurement in social care. I am interested in the minister's comments on that.

Jamie Hepburn: My first observation is that I do not have direct policy responsibility as I am not a minister for that area. Again, though, I am not trying to dodge the question but will take it head-on. I think that we would still consider that there are some restrictions. The specific arrangement that Ms Baillie cited came about through a process of dialogue and negotiation between a range of partners, who then willingly agreed to that arrangement. That shows that we can take certain measures where we can engage in a process of dialogue. However, in terms of compulsion, I think that there are still restrictions.

It would be incorrect to say that there is no reference to consideration of the living wage through the legislation that we passed on procurement—there is. That is set out in guidance for any public agency that is engaged in procuring a particular service to reflect on. It is also the Government's responsibility to keep its guidance constantly under review to ensure that it reflects the most up-to-date position.

Jackie Baillie: I thank the minister for that response but invite him to consider strengthening the guidance in the light of what has gone on in the social care sector. It is a very welcome advance—dialogue and agreement are always positive—but, at the end of the day, I think this puts the Procurement Reform (Scotland) Act 2014 in a slightly different light and enables the Government to think about strengthening the guidance. If the Scottish Government can pay the living wage to social care workers—which is very positive—let us consider ensuring that it is done for more people, and the guidance is a potential route for doing that. It is there in the strategy.

Jamie Hepburn: Of course, I would reflect on the fact that not just those employed in social care but everyone covered by the Scottish Government's pay policy—which includes the national health service—is paid at least the living wage. We can do that because it is our specific pay policy and we can compel ourselves to do that. Nevertheless, I thank Ms Baillie for the invitation, and we will reflect on it.

Jackie Baillie: Let me be clear. I am not talking about those areas of public spend, such as the NHS, where you control pay policy—that is welcome—but the £10 billion of procurement money that we pay into the private sector. There is an opportunity to influence wages there—particularly women's wages. I invite you to look wider than simply the pay policy of the Scottish Government to where the Procurement Reform (Scotland) Act 2014 comes in.

Jamie Hepburn: I understand the point. I was making the point that, where we can demonstrably have absolute control over the process, we will take steps. I hear your invitation and will reflect on it.

Jackie Baillie: I am always pleased when the minister listens.

I will continue on the theme of gender. A number of comments have been made about women returners. I welcome the Government's commitment to that group in the labour market strategy. One of the main routes for reskilling women returners was part-time college places, which played a pivotal role in enabling women to get back into the workforce in a way that was both local and manageable in the context of their other commitments, whether those involved childcare or care of older people. Is the increased emphasis likely to include some further provision in the college sector? It has experience and skill in helping those women but, as you will be aware, the number of part-time college places was cut.

Another route into the workforce was through increasing employability skills, which the private sector was involved in, but the Government

reduced the employability skills budget that it was responsible for by 40 per cent. I am keen to understand how you are going to carry out that positive work for women returners when two of the mechanisms that helped women to get back into the labour market have been diminished in that way.

Jamie Hepburn: Let me be clear: the manifesto commitment on which we stood was to protect the 116,000 full-time equivalent places at colleges, and we have consistently adhered to that commitment. We continue to fund short-term courses that demonstrably lead to progression towards work—those courses are still funded. The most recent figures that we have available to us demonstrate that, in fact, the number of women undertaking full-time study at college has increased from the baseline figure in, I think, 2006-07.

Jackie Baillie: I do not disagree with the statistic that the minister has just shared with the committee. The Scottish Government decided to focus on full-time courses and younger people. However, my principal point is that a lot of women returners were older and were accessing part-time courses because those fitted in with their other responsibilities, but those courses are no longer available.

The new emphasis on women returners is very welcome, but how are we going to deliver on that, given what has happened with two of the principal mechanisms for doing so: part-time college places and the delivery of employability skills by the private sector, for which the budget has been slashed by 40 per cent? We are struggling to make the kind of impact that you seek. How are you going to take that forward?

Jamie Hepburn: I return to the point that I just made. It is not the case that there is no provision of short-term courses. Short-term courses that can be demonstrated to lead to employment continue to be funded.

As regards your perspective that the number of places for older students—I am always loth to use the definition that older students are those who are over 25—

Jackie Baillie: You are older now, minister.

Jamie Hepburn: Indeed I am, Ms Baillie. Thank you for reminding me.

However, that is the definition. The number of students over 25 who are undertaking full-time study has increased by 26 per cent since 2006-07.

Jackie Baillie: The point that I am making—

Jamie Hepburn: I understand the point that you are making. My point is that the labour market strategy is designed to ensure that people can get

into employment and become part of the labour market, and we will continue to fund courses that lead to that outcome.

Jackie Baillie: The minister will recognise my frustration. He cites full-time course figures, but I am asking about part-time courses.

Jamie Hepburn: I have just said that we continue to fund part-time courses.

Jackie Baillie: Unless we understand how gender segregation works in different occupations, I fear for the strategy. I again ask the minister to reflect on that.

Although they have welcomed the strategy, some business leaders have been troubled about where business demand for skills rests in all this. I think that one business leader said that business is marginalised in the strategy. How will you reassure business leaders that that is not the case? Beyond the strategic group, how will you build in intelligence from the business world to inform the numbers that come forward?

Jamie Hepburn: That goes back to the point that I made earlier: the door is always open and there is no one whose perspective we are not willing to hear. As I mentioned earlier, I had a productive conversation with the Scottish Chambers of Commerce last week.

I do not recognise the characterisation of the strategy as one that marginalises the role of business; I think that the role of business will be a critical element of the strategy. The strategy will be successful only if we ensure that we provide people with the necessary skill set to take up meaningful employment at the end of the process. That can happen only if we engage with employers in the private sector, the public sector and the social enterprise or third sector to find out which skills they require and what jobs will be available at the end of the process. I have been at pains to recognise that not just in relation to the labour market strategy, but across the entirety of my portfolio. There is no point in our training people if the outcome is that they are trained for something that does not lead to employment.

Jackie Baillie: I could not agree more with the minister. My approach was not to suggest that that was the case; it was simply to say that the Scottish Chambers of Commerce thinks that businesses are being marginalised. Although I welcome the minister's engagement across Scotland, it is necessary for the civil service and the various agencies to engage in a systemic way to ensure that that information is taken on board.

Jamie Hepburn: I would say—only gently, of course—that I referred to the stakeholder events that we held. We invited the Scottish Chambers of Commerce to participate, but it did not. That is not

a criticism of the organisation—I accept that there will be various demands on the time of its personnel. I had a useful conversation with Liz Cameron of Scottish Chambers of Commerce last week and I made a commitment to meet her at any time to discuss the matter. I have already said that we will speak to the Federation of Small Businesses, the CBI and other representative organisations, just as we will speak to the STUC and others, as we seek to take the strategy forward.

Jackie Baillie: Thank you. That was helpful.

12:15

Richard Leonard (Central Scotland) (Lab): Minister, you used the description “ambitious”. Do you believe that a target of 1,000 living wage-accredited employers by the autumn of next year is “ambitious” when there were—the last time I looked—more than 360,000 private sector employers in Scotland?

Jamie Hepburn: Given that our starting position when we set up the accreditation scheme only recently was that there was none, then yes—I would.

Richard Leonard: Okay. We may differ—

Jamie Hepburn: That is allowed.

Richard Leonard: —in our definition of “ambitious”.

In the same paragraph on page 7 of the strategy where you set the target of

“1,000 accredited Living Wage employers by autumn 2017”,

you mention that you support

“gainsharing approaches”.

Will you tell us what you understand that to mean?

Jamie Hepburn: I am just reading the paragraph again, Mr Leonard.

I suppose that that is in recognition of this being a collective effort. I go back to the point that I made to Gil Paterson and others about trying to take a collegiate approach and getting everyone round the table to learn from one another. That is what I am referring to.

Richard Leonard: The phrase does not refer to the reward system, for example.

Jamie Hepburn: Do you mean in terms of remuneration?

Richard Leonard: Yes.

Jamie Hepburn: I suppose that that is why we are trying to take steps—within our competence—to promote the living wage, for example. I remind you that more than 80 per cent of people in

Scotland are paid at least the living wage, which is the highest proportion of any of the countries of the United Kingdom.

Richard Leonard: Am I right that you do not see “gainsharing approaches”, as set out in that paragraph, being linked to pay ratios?

Jamie Hepburn: No. I do. We are clear in the—

Richard Leonard: The paragraph mentions the living wage, pay ratios and “gainsharing approaches”. I am just trying to establish what you understand by “gainsharing approaches”.

Jamie Hepburn: I have alluded to what I consider them to be. However, you are taking one paragraph in isolation. The strategy is a whole document.

John Mason started by asking me about the “hollowing out” of the pay structure. We want to do rather better in relation to pay ratios, even though there are in our legislative competence limitations on what we can do to achieve that. It is very much about trying to ensure that the jobs that we can attract and whose creation we help to facilitate here in Scotland help us to do rather better in relation to pay ratios.

Richard Leonard: Is it part of the remit of the fair work commission and the fair work agenda that the Scottish Government has adopted to consider industrial relations in the round?

Jamie Hepburn: Of course it is. I recall that you asked me in the chamber and—as a follow-up—in writing about the Government’s response as an employer to the Trade Union Act 2016. As a legislature, the Scottish Parliament cannot legislate in that area. We will act and do what we can within our competence.

Richard Leonard: Okay.

On the promotion of good industrial relations practice, on page 17 of the strategy you refer to the example of the saving of the Scottish steel industry with the purchase of the steel works from Tata by Liberty, and you refer to Ferguson Shipbuilders and Ferguson Marine Engineering Ltd. Are you aware that Ferguson Marine Engineering refused to recognise the trade unions on site?

Jamie Hepburn: What I recognise is that we were dealing with a set of circumstances in which the yard was threatened with closure, which would have had a devastating impact on those directly employed there and on the wider economy, so we sought to intervene to ensure that the yard continued to have a future. Those were the actions that the Government could take.

Richard Leonard: Earlier, you spoke about the workforce being respected and listened to.

Jamie Hepburn: Yes.

Richard Leonard: Do you think that recognition of trade unions is part of that process?

Jamie Hepburn: Trade unions have a critical role to play. That is why, for example, as part of the labour market strategy, trade unions will be a critical partner in the review group.

Richard Leonard: Where do you stand, in that case, on the actions of your case study in the strategy?

Jamie Hepburn: The case study is a demonstration of how we, as an Administration, can act. I go back to the point that I made about our legislative competence. We cannot legislate to ensure that employers must recognise trade unions. What we can do is intervene and try to ensure that employers that might otherwise go out of existence, with a consequent negative impact, do not do so. I am sure that you would not have wanted Ferguson’s to close, Mr Leonard.

Richard Leonard: Absolutely not.

Jamie Hepburn: We can do what we can to try to ensure that such employers can continue, and those were two examples.

Richard Leonard: So, as part of your fair work approach, which is part of your labour market strategy, you do not see any role for the Scottish Government in encouraging employers that previously recognised trade unions to continue to recognise them after a rescue.

Jamie Hepburn: I did not say that, at all. Of course we have a key role in doing what we can to encourage trade union recognition.

Richard Leonard: Will you act in this case? Will you contact the company?

Jamie Hepburn: I am happy to reflect on that. The point that I am making is that we will certainly do what we can to encourage trade union recognition, but it would be rather better if we had wider legislative competence on such matters and we could, for example, repeal the Trade Union Act 2016. I am sure that you would welcome that.

Richard Leonard: Yes, but I also—

Jamie Hepburn: Will you join the Scottish Government in seeking devolution of those powers to this legislature or would you prefer to see them in the hands of the UK Government?

Richard Leonard: My final question is on public procurement. As I understand it, Ferguson Marine relies on a certain amount of that. Are you prepared to exercise the leverage that you have through public procurement to encourage that employer to recognise once again trade unions that were recognised in that yard for decades?

Jamie Hepburn: I go back to the point that I made to Ms Baillie. Under the current legal framework, there are limitations to what we can do around procurement, but I am always happy for us to reflect on what more we might be able to do.

The Convener: On that point, what has the Scottish Government done to ensure that conditions in public procurement contracts have been followed through?

Jamie Hepburn: Clearly, not every element of public procurement is directly in our hands.

The Convener: I am not suggesting that it is.

Jamie Hepburn: That is primarily the responsibility of the procuring authority. I will give an example. If a local authority is engaged in a procurement exercise, it will be that authority's responsibility to ensure that the terms are adhered to. Where it is our responsibility, that is something that we will continue to do.

The Convener: Have you done any studies or follow-up work on Scottish Government procurement contracts to establish whether the conditions have been adhered to?

Jamie Hepburn: I expect that we have, but I can write to you on that specific point, if you would like me to do so.

The Convener: That would be helpful. I have another question on procurement. Have you thought about making it a requirement that appropriate wage structures above and beyond the national living wage be provided for in public procurement contracts?

Jamie Hepburn: Ms Baillie and I have already explored that territory. There is a limit on our ability to compel that being part of the process. I have made the point that, where we have direct control over pay policy, we will ensure that the living wage is the very least that people are paid.

The Convener: I just wonder whether that is correct. I wonder, certainly in relation to Scottish Government contracts, whether you could include that in the criteria for a contract. That is one way in which you could seek to ensure that pay inequalities do not occur.

Jamie Hepburn: I made the point to Ms Baillie that it would be incorrect to say that there is—as has been claimed—no reference to the living wage in guidance around procurement, as it has been legislated for. There is—it can feature in any procurement exercise. We have already legislated for that, but it is underlined by our perspective that there is a limitation on how much we can achieve under the current legal framework.

The Convener: I think that the legal framework is based on the European Union rules. Is that your understanding, as well?

Jamie Hepburn: It would come from UK legislation. Whether that has been defined through EU legislation is something that we would need to look at, but I think that you are probably correct.

The Convener: I think that it probably is based on EU rules. I think that that is the answer.

Jamie Hepburn: You are probably correct—I have just conceded that.

The Convener: If that is the case, I am not clear about what limitations you are referring to. I am not certain that, when a Government agency decides what criteria it is appropriate to set for a tender for a public contract, it is limited to simply addressing, for example, the national living wage. It is certainly not prevented from doing that—

Jamie Hepburn: I think that it comes down to whether we can compel those who respond to an open procurement exercise and tender for it to pay above and beyond what is set out statutorily as the minimum wage.

The Convener: It is not a question of compelling them. It is a question of saying, "We are awarding a contract and we have set out certain criteria, rules and bases on which we will assess the bids." The contract is then awarded to the contractor—

Jamie Hepburn: So—

The Convener: If you would allow me to finish—

Jamie Hepburn: Of course.

The Convener: The contract is awarded to the contractor that most closely matches the criteria that have been set, and it is then obliged to fulfil the criteria and the conditions that it agreed to.

Jamie Hepburn: That reflects my point about what is set out in the statutory guidance. That can be part of the consideration of any tenders that are received, I think.

The Convener: I suppose my question is whether it is part of that and whether the Scottish Government follows up on that.

Jamie Hepburn: As I do not have direct responsibility for procurement policy, I think that we will need to follow up on that by writing to you, convener.

The Convener: Perhaps you could do that.

We are just about at the end of our time. I thank the minister and the others who have come with him. We look forward to seeing you again in the future and to hearing from you on the matters on which you said you would follow up.

12:27

Meeting continued in private until 12:32.

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