OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 22 June 2023

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Thursday 22 June 2023

CONTENTS

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE
17th Meeting 2023, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

COMMITTEE MEMBERS

*Jeremy Balfour (Lothian) (Con)
*Miles Briggs (Lothian) (Con)
*Katy Clark (West Scotland) (Lab)
*James Dornan (Glasgow Cathcart) (SNP)
*Marie McNair (Clydebank and Milngavie) (SNP)
*Paul O'Kane (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Andrea Bradley (Scottish Trades Union Congress)
Jack Evans (Joseph Rowntree Foundation)
Karen Hedge (Scottish Care)
Lynn Houmdi (Flexible Working Scotland)
Louisa Macdonell (Business in the Community)
Nikki Slowey (Flexibility Works)
Jane van Zyl (Working Families)
Marek Zemanik (Chartered Institute of Personnel and Development)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 22 June 2023

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Collette Stevenson): A very good morning to you, and welcome to the 17th meeting in 2023 of the Social Justice and Social Security Committee. We have no apologies today. Our first item of business is a decision to take in private agenda items 3, 4 and 5. Are we all agreed?

Members *indicated agreement.*

Child Poverty and Parental Employment Inquiry

09:00

The Convener: Today, we will hear from two panels as part of our inquiry into addressing child poverty through parental employment. Over the past few weeks, we have held evidence sessions on issues around childcare, education, training and employability programmes. Today, we are focusing on employers. The need for flexible and family-friendly working was a clear theme in addressing child poverty in the committee's recent call for views.

I welcome our first panel of witnesses, who will focus on policy. In the room, we have Jack Evans, senior policy adviser for Scotland at the Joseph Rowntree Foundation; Lynn Houmdi, founder of Flexible Working Scotland and co-creator and programme manager of Making Work Work, the Challenges Group; Nikki Slowey, director and co-founder of Flexibility Works; and Marek Zemanik, senior public policy adviser at the Chartered Institute of Personnel and Development Scotland and Northern Ireland. Joining us remotely is Jane van Zyl, chief executive officer of Working Families. Thank you all for accepting our invitation.

I have a few points about the format of the meeting. We have roughly one hour to put questions to you. Please wait until I or the member asking the question says your name before speaking. Please allow our broadcasting colleagues a few seconds to turn your microphone on before you start to speak. You can indicate with an R in the dialogue box in BlueJeans if you wish to come in on a question. Do not feel that you have to answer every question, and, if you have nothing new to add to what has been said by others, that is okay. I ask everyone to keep questions and answers as concise as possible. I invite members to ask their questions.

Paul O'Kane (West Scotland) (Lab): Good morning, members of the panel. We are particularly interested in what is happening just now, what types of flexibilities are required and to what extent those flexibilities are available to low-income parents. As the convener has asked us to be specific, I direct the question to Jane van Zyl first. What is currently happening, and where are the flexibilities?

Jane van Zyl (Working Families): Thanks very much for having me here. One of the challenges is that, although many parents in Scotland work flexibly, many of them work flexibly in ways that reduce their income. If you can work full-time in a hybrid way—some time in an office and some time at home—that is really helpful. However, if you are

working flexibly but that reduces your income, that is a flexible working issue, because it means that you do not have the right amount of income to prevent, for example, as we are discussing today, child poverty.

There have been lots of studies. Flexibility Works has done one in Scotland, and our research also shows that many parents are working flexibly. However, the issue is that, if you are on low pay, your access to flexibility impacts on your ability to earn money. It has the effect of reducing your income.

Paul O'Kane: The key part of the question is how available are the flexibilities for parents, particularly parents who are on low incomes? Are there practical examples that you can share of where things work well?

Jane van Zyl: Things are working well in the knowledge industry, essentially for anybody who has access to work using a computer and anywhere where there is a tight labour market. That is around what we call "the talent" and tends to be people who are on higher incomes. It is not working well for people on lower incomes who work in, for example, retail, logistics, engineering, hospitality or education and people who work in a place-based organisation where they physically have to go to work and do not have a choice about where they work—that can be anyone from brain surgeons to cleaners. If those people have caring responsibilities, either for a child or for an adult, their ability to earn money is significantly restricted.

Paul O'Kane: Will you expand on what the effective ways of introducing flexibility are, particularly where there are significant challenges on the ground? I am keen to bring in other members of the panel. Nikki Slowey might want to comment on how we grow flexibility.

Nikki Slowey (Flexibility Works): We have been speaking to a lot of employers in the run-up to the inquiry—generally, we speak to a lot of employers—and asking them what we can do to support them. They want more examples, ideas and knowledge, and they want to know, practically, how to do it. We find that some employers are uninterested. However, many are interested but are just not sure how to do it, particularly in the sectors that Jane van Zyl talked about. Where employers have front-line workers, they are really keen to know how they can create more flexible working.

We have also been talking to front-line workers and finding out what makes a difference to them. They know that they cannot work from home, but they are looking for things such as reliability of shifts and being able to set their shifts so that they always know when they will be working. They also want occasional ad hoc flexibility for when family emergencies or other situations arise. Those are the sorts of things that front-line workers say that they are looking for. Employers say that they want more evidence, knowledge and ideas of what they can do. It is about bringing those two things together.

We need to help employers, because we have to remember that employers are running their businesses. It is about providing support. A number of employers who we spoke to said that practical support would be really helpful. We have worked hand in hand with employers, provided practical support, gone into their businesses, walked around their factories and given them advice, ideas and solutions on simple things such as shift patterns and setting down shifts, and we have then gone back and seen the difference that that has made to those organisations. It would be really helpful for employers to have practical support and the ability to learn from one another and to hear practical examples of what is possible.

Marek Zemanik (Chartered Institute of Personnel and Development): One of the key challenges is, simply, the lack of understanding among employees and employers of the flexible working options. The pandemic has been great in boosting home and hybrid working. However, that is only one type of flexible working. If you look at the work that we have done on what employees are looking for, you see that home working is not top of their list of priorities or preferences when it comes to flexible working. The priority tends to be flexitime and having flexibility around when you start and finish your working day. One of the reasons for that is, of course, childcare responsibilities.

Broadly, there are three categories of flexible working: flexibility in where you work, such as home working; flexibility in when you work, such as flexitime and compressed hours; and flexibility in how much you work, such as reduced hours, part-time hours or a four-day week.

There is a clear link between someone's income level and occupation and the availability of home working to them. Nikki Slowey and Jane van Zyl have mentioned that already. Our research shows that about 70 per cent of people on the lowest income—up to £20,000 a year—cannot and do not work from home at all. Overall, about 33 per cent of all Scots cannot work from home, and 11 per cent do not want to work from home. That leaves basically half of all Scots for whom flexibility is not an option, if you equate flexibility with home working.

The Convener: I believe that Jane van Zyl wants to come back in.

Jane van Zyl: I know that we are focusing on employers, but one thing that Working Families does is provide a free legal advice line. We find that many employees do not know their rights. As Nikki Slowey has mentioned, employers are trying to run their businesses and sometimes do not have the bandwidth to provide flexibility. It is important not to lose focus on giving employees knowledge about what their rights are and what they are entitled to, so that they can have those conversations with their employers, particularly when they are small employers.

James Dornan (Glasgow Cathcart) (SNP): I put my first question to Jack Evans and then to Lynn Houmdi. One thing that seemed to come out of the pandemic was an ability for the workforce to work flexibly. What do you think that we have learned from that experience?

Jack Evans (Joseph Rowntree Foundation): Thanks for having me here today. I think that many people learned that flexible working was an option. However, as was said in the previous answer, flexibility was not on offer for the cohort that the JRF and other members on this panel on child poverty are interested in. Furlough was on offer for them. They took time off, out of the labour market, and then returned to the same inflexible, low-paid work that they were in before the pandemic. The divergence between low-paid and higher-paid jobs has grown, and we are entering a system wherein we will have a class of people working at home and a service industry, which is on lower pay, servicing those people.

Think about the scale of what we are talking about today in the light of the child poverty targets that are predicted to be missed, as was announced earlier this week. We are talking about changing the working conditions of around 200,000 families. Flexibility is just one lever that we can pull.

The final thing on lessons from the pandemic is that messaging matters. Messaging was key to ensuring compliance with the Covid pandemic rules. Messaging about this mission on child poverty needs to penetrate the business community and private sector as well as it has permeated the policy of the third sector and public sector.

Lynn Houmdi (Flexible Working Scotland): Thanks for the invitation to give evidence today. I agree with what Jack Evans has said.

The previous question was about what is happening out there. One thing that we see is divergence between employers who have grasped the lessons from the pandemic—they have seen a new way of working and of increasing the diversity of their workforce through the ability to bring different people into their business—and employers who just want to turn back the clock.

That perhaps shows us a deficit in management among some employers. Some managers find it easier to manage people whom they can see, which is perfectly understandable, but some of those managers are perhaps not adequately skilled or have not been adequately trained to do that job. It also shows us how difficult it is to maintain a culture in a business when people do not come together.

As Marek Zemanik has said, we should not assume that flexible working means remote working. There are lots of different ways in which people can work a bit more flexibly or predictably. The pandemic showed us that the childcare sector needs a lot of support. Let us be frank: this is a gendered issue. We are talking about mums more than dads, although the pandemic showed us, through furlough and, sadly, redundancy, that dads are able to play a more active role in their families.

09:15

The pandemic has shown us that we need a triangle of policy levers. The committee has been talking about childcare, and we are talking about flexible working today. We need to think about getting mums back into the workplace. There is a high level of economic inactivity among mums, particularly single mums, whom we know make up 90 per cent of single parents. Flexibility is not a nice to have; it is a choice between being in work or out of work. We know that the pandemic impacted much more on women and, in particular, women in low-paid jobs. We need to help back into work the women who are still out of work because they were made redundant during the pandemic.

James Dornan: On that point, Lynn, there seems to be a difficulty with providing adequate childcare throughout the system. Outwith working from home, which, as Jack Evans rightly pointed out, I am doing while many other people are unable to, would flexible working practices help with childcare? Childcare seems to be expensive to roll out and difficult to get together. Would flexible working take some of the pressure off the necessity for childcare provision? I accept that in some instances—for single mothers, for example—that would likely not be the case.

Lynn Houmdi: The two things go hand in hand. If parents have the flexibility, for example, to start slightly later, they do not need to pay for a breakfast club if their children are in school. I had to find an overnight stay for my son in order to be here today. I am not a single parent, but my husband works shifts. If this were my daily job and

I had to start at 9 o'clock, it would cost me between £5 and £15 extra a day, if I could even find a place in a breakfast club. If, however, I can start at half past 9, which I do, I do not have to pay that cost and do not have the stress of trying to find a place.

I conducted a survey among some members of my community for Flexible Working Scotland. One woman told me an absolutely awful story. She is a single mum and has a child with additional support needs. When he was eight years old, in primary 3 or primary 4, she had to leave him in the playground for an hour before school started, because she could not get any childcare. She wanted to work, be a role model for him and get off benefits. Luckily, she lived opposite the school, so, after school, he could let himself into the house for an hour before she came home from work.

Our children should not be in that situation, and particularly not children with additional support needs. Parents consistently tell me that getting childcare for disabled children or children with other additional support needs is nigh on impossible. Those parents, especially mums, tell me that they cannot imagine ever working full time again. When women work part-time, they earn less; that is because they work fewer hours and also because part-time work is paid less and valued less. There are employers who think that part-time workers are not interested in their career and are giving only half the effort.

Childcare and flexible working have to go hand in hand, and childcare workers have to have some flexibility.

Jack Evans: The Scottish Government currently spends £1 billion a year on childcare. It has extended the entitlement to 1,140 hours of funded childcare, which has been widely welcomed. It does not always come through for lots of people in lots of areas, but questions that we must ask are who shoulders the responsibility for childcare and flexibility, and where does the balance between the two lie? By paying for childcare, are we letting employers off the hook for inflexible, anti-family practices? Should more be done with employers to ramp up flexibility so that the cost to the state is either lowered or directed towards supporting parents and children in different ways?

Jeremy Balfour (Lothian) (Con): Good morning to the panel. I wonder whether I can start with Lynn Houmdi or Marek Zemanik on this one. I am interested to know about public sector jobs, whether in a hospital or a school, where people have to go in and it is often weekend work, when no childcare is available. If you are a cleaner or someone who works in the national health service, you have to work on Saturdays and Sundays. How do we deal with that type of situation, where people have to start at 7 o'clock, say, because that is when the staff on a ward changes? Is it just not possible to provide childcare for those types of jobs? Have you thought of any solutions for those types of jobs?

Lynn Houmdi: That is a really good point. The public sector is an area in which the Scottish Government has the relationships and the levers to make an impact. We have staffing crises in the NHS and in education. Those are the two sectors where, again, mums told me that they had the biggest problems. I absolutely appreciate that you cannot have the ultimate flexibility. Nurses cannot normally work from home, although we were all surprised that general practitioners can. There are innovations that perhaps we did not expect, but, as Nikki Slowey said, predictability is so important in those jobs because people are being called in for shifts at short notice, and they have no childcare. That means that they do not get paid.

Mums told me that they had to pay for childcare in case they needed it. The average cost of childcare for a day in Scotland is around £55. That is £55 that is not in that parent's pocket because they paid for childcare thinking that they had a shift that day when they did not, or their partner was at home and they did not need the childcare. The inflexibility of childcare is a big issue for those professions. The ability to plan ahead to call in family members or to create relationships with other parents so that you can help each other out can happen only if you know when you are going to be working.

The other point is the lack of progression opportunities. Even when people are able to find part-time work—for example, in the NHS or in schools—it prevents them from progressing. Several mums said to me that they were offered a part-time role because their manager knew them and they performed well, but it was made absolutely clear that they would not be promoted. One nurse told me that she had to go down a band in order to get a part-time job, and there was no chance that she was ever going to go back up. Women tell me that, when they have one child, it is manageable to be a nurse but that, when they have two or three children, it is just impossible.

One woman who came through our making work work programme was a highly qualified intensive care nurse. She had to give that up when she had her first child because the shifts were not manageable. She became a research nurse and had another child, and her job was just about manageable, but her relationship broke down, and she could not continue to be a nurse. She had wanted to be a nurse her whole life, since she was a little girl.

Predictability in those professions is really important. Job shares are important and part-time

work is important. The Scottish Government has an opportunity to trial, test and learn what can work for those organisations but also for their staff in a staffing crisis.

Marek Zemanik: If I can just come in on the back of that, it is very clear that, for key workers, especially those working in the NHS, flexibility is a lot more difficult, but it is not impossible. There are things that can be done. There are flexible working arrangements that NHS workers can make use of. There are ways in which you can manage rotas, for example, with shifts being staggered. I echo what Lynn Houmdi said about predictability. That is a crucial part of the picture.

My wife will not thank me for this, but I will use her as an example. She is a paramedic who, incidentally, is also on a flexible working contract. All that the flexible working contract says is that she does not work one particular day per week, which helps us with childcare, but the thing that made the biggest difference was her being put on a 14-week rolling rota system, so we can now see what her shifts will be years ahead and we can plan childcare and holidays around that. That is absolutely key.

Miles Briggs (Lothian) (Con): Good morning, and thanks for joining us today. I want to look in more detail at what flexibility looks like, and Marek Zemanik gave a good example. To what extent can the Scottish Government do more to ensure that those flexible working practices are put in place and become the norm in the public sector? Marek gave an example from the NHS, but is that the case just in the Scottish Ambulance Service or has it been more widely adopted in nursing? I have a lot of friends who work in nursing who have managed to get some control over their shifts only by doing bank work, and that is far more expensive for the public to fund. Are there any other examples of what flexible working can look like?

Nikki Slowey: It is important that the Scottish Government sets an expected standard for the public sector to follow on some of the matters that have been discussed today and that it is quite vocal about it. Something can definitely be done about the procurement of services. Obviously, in the fair work first framework, flexible and family-friendly working practices are offered for all workers from day 1. We were delighted that those principles were embedded in the principles of fair work first, but we would like to see that strengthened. We would like to see all organisations that are in receipt of public funds being held accountable for their commitment to flexible and family-friendly working. They should be able to demonstrate that they have a commitment to flexibility and family-friendly working and that it is not just a tick-box exercise.

It is about holding organisations to account, and it is important to set some kind of standard for the public sector. It is important for the Government to lead by example and make flexible working the default for all jobs unless it is impossible to do the job flexibly. Roles should be advertised with flexible working. Senior and public people should endorse flexible working and be role models for flexible working. Those practical things can all realistically be done in the public sector.

We also have a commitment to the four-day working week trial in the public sector, and an element of money has been allocated for that. Flexibility Works would like to see that trial and money being used to look at some of the other types of flexible working in some of the other sectors such as nursing, healthcare, manufacturing and retail, and not just the four-day working week. Let us look at those sectors, other types of flexibility and other jobs in the public sector and not just the four-day working week. That is important and could be a real game changer for people, but we should look at a wider pilot in the public sector that utilises the money to look at other types of flexible working.

Miles Briggs: Is there anything that Lynn Houmdi or Jack Evans wants to add?

Jack Evans: Yes. I have one point, broadly on the public sector and flexibility. The committee is looking at the ability of flexible working—or the ability of flexibility and family-friendly working policies—to reduce poverty. Six per cent of people who work in the public sector are in poverty compared to 13 per cent in the private sector, so the public sector is way ahead in its ability to reduce poverty via work. Flexibility is good in its own right, and it is important in all aspects, but if we are looking for solutions to child poverty, it is incumbent on us to understand the drivers for the small cohort of people working in the public sector who are in poverty, as it might not just be flexibility.

Jane van Zyl: I support what everyone else has said. It is not just about flexibility; it is about having a living wage, living hours and predictable hours. Those are things that could be mandated in the public sector, particularly for the procurement that the Scottish Government has guidance on. At the moment, the Government insists on the living wage, but having living hours would make a significant difference, particularly for people downstream in the procurement process. Forty per cent of the Scottish Government's money goes to small to medium-sized enterprises, which have particular issues with how to manage that. Again, I support Nikki Slowey's view that the four-day week is great, but there are other things that we perhaps might do differently.

09:30

Miles Briggs: Thank you. All my other questions have been covered, so I am happy to hand back.

The Convener: Lynn, do you want to come back in?

Lynn Houmdi: Yes, I just have one point to back up what Nikki Slowey said about really shouting about good flexible working practice. Through its procurement and campaigning, the Scottish Government has an opportunity to highlight not just the public sector but the private and third sector organisations where flexible working is making a difference. We should use organisations such as Nikki's to show where best practice works, because we know that some employers are worried about how to implement flexible working and need those real examples. They may also need training.

A key statistic that illustrates this for me is that only 35 per cent of jobs are advertised flexibly—and Nikki knows how many people are working flexibly in the economy. So many more people are actually in flexible jobs. Organisations may be working flexibly and not telling anyone. For the women I work with on our returners programme, flexibility is a priority. Eighty per cent of them are mums, and they need work that works around them and their other commitments. Women are having their kids later. We know about the sandwich generation of women who are looking after their kids and their parents. Women may have disabled children who they have to look after as adults. Those women are looking for flexible employers. They are not even looking at the rest. They are designing the work-life blends around work that they are able to do. Employers are missing out by not shouting about the practices that they might be doing but do not realise are what people are looking for.

Katy Clark (West Scotland) (Lab): I would like to ask the question from a different angle: are there any Scottish Government policies that you can point to that are pulling in the wrong or opposite direction?

Lynn Houmdi: Yes, I think that there are some. The Challenges Group is a provider of support to women who want to return to work after a career break. We have identified that underemployment is an issue for women, particularly mums. We are now able to help underemployed women to change their working situation, because we know that, when women go back to the workplace, they may get trapped in work that they are able to do but is beneath their earning potential, skills or experience.

In this whole conversation, we are forgetting about parents who are at risk of poverty. For parents, particularly single parents, one life event might completely tip the balance for them and mean that they are unable to work or they have to leave a job. A relationship might break down, leaving the woman, in particular, high and dry. We need to not forget about all those so-called economically inactive women who are not in the workplace.

The Scottish Government has been funding the women returners programme, which finished at the end of the previous financial year. We are in a hiatus now, in which the Government is evaluating the programme. There is still a commitment to closing the gender pay gap, to combating child poverty and to helping families to increase their income, but there is no women returners funding. We are now receiving funding from the United Kingdom Government in a devolved area to support women returners. We need to get rid of the assumption that women's careers are linear—they have a baby and then just jump back into the workplace—because that is not the reality. The longest career break that we have worked with was of a woman who was out of work for 17 years. She has a disabled child, and it was just not feasible for her to get back to work. She is now back in work. She is an engineer, so she is in a very male-dominated sector. She could have been contributing if there were better childcare provision and greater flexibility and support. After 17 years, it is easy to assume that you have forgotten everything that you knew. That is definitely not the case. We need that support to prevent mums from being forgotten. The women suffer, and our economy suffers, because those women could contribute to it. Women tell me that it helps their mental health to be working, to be having adult conversations and to be using their brain. Those women have just been sidelined. The women returners programme is a key policy and its funding needs to be reinstigated.

Nikki Slowey: I will echo and build on what Lynn Houmdi said. Over the past couple of years, I have had the privilege of working with a number of women returners who have been on some of the programmes that Lynn Houmdi described. The vast majority of the women I met said that the lack of flexibility is one of their reasons for leaving the workplace. They also said that flexibility is a critical criterion for returning to the workplace. They talked about the value of those programmes and the peer-to-peer support, the confidence building, and the building of knowledge. My part in those programmes is very small: it is delivering a half-day workshop about flexible working. In the main, the women say that they have no idea of the different options that are out there or of their legal rights. Those programmes are vital to giving people confidence and knowledge. It is so hard to know where those flexible jobs exist.

I want to mention briefly employability. Ninety per cent of unemployed women say that having control over where, when or how much they work would make it much easier to get a job. However, as Lynn Houmdi said, around 30 per cent of jobs in Scotland mention flexible working. Over half of Scottish women say that they would not apply for a job if it does not mention flexible working. Flexibility is not a silver bullet, but it is very important for the cohort of people we are talking about.

A lot of good work is going on in employability programmes. There is a lot of investment from the Scottish Government in employability programmes, particularly parental employability ones, but we need to make sure that we are building in flexible working knowledge for the people who provide those contracts. It is not that any job will do; it is about finding a flexible job for people. We should expect that to be built in to the programmes. We should be asking people who are in receipt of employability funding to report on how they are providing that advice to people who are looking for flexible working. How are they negotiating with employers in their local areas about flexible jobs? It would make a big difference to some of the employability programmes if that were built in. It would influence employers. It is also about making sure that the people who are going through the programmes have the knowledge to find flexible jobs.

Katy Clark: Thank you.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I have a number of questions that I want to ask, but I will start off with the questions that have been assigned to me to ask.

I will come to you first, Marek Zemanik. We have heard this morning that we need flexible working, good job design and a better quality of jobs. We heard last week from the Institute for Public Policy Research Scotland that the only real power that Scotland has is soft power. It is, effectively, just marketing and PR, such as the business pledge, which had a reasonable but not great take-up, bearing in mind that there are 109,000 businesses with one employee or more in Scotland. You said that, in practice, we need good line management. What is the role of the Scottish Government in that? Does it have a role in fostering best practice, bearing in mind that we have already gone down the route of the Scottish business pledge?

Marek Zemanik: There are a few points to make. Job quality is a broad concept, and there are various aspects to it. Pay, of course, is very important, as are hours and security of contract, but there are other elements of job quality on which we and the Fair Work Convention do a lot of research.

You asked about the Scottish Government's power. Yes, there is a soft power. There is the power of the Scottish Government as an employer, as well as its serving as a role model not only to the public sector but to the private sector. The Government also has a role to play in supporting more research into the relationship between job quality and productivity. It is not just about employee wellbeing but about employee performance, and therefore organisational performance, because, ultimately, as more and more research shows, if you persuade businesses that investing in job quality is good for not only the employees but the business, that is your golden ticket, right there.

You are right to mention management, and we mentioned it in our submission. Good line management is key to unlocking various aspects of job quality, and particularly flexible working, because good line managers can speak to their employees, pick up on some of the concerns and needs that they might have and then navigate official flexible working requests through the legislative route. The Government's involvement in that area is through the business support services landscape. Most of the things that we have in place through Scottish Enterprise or Skills Development Scotland are targeted at growing businesses. SDS's skills for growth service, for example, is very much aimed at larger small businesses that are trying to grow.

If you look at the statistics, you will see that there are about 85,000 microbusinesses in Scotland. Those are businesses that employ between one and nine people, and such businesses employ about 300,000 people overall in Scotland. There is no intervention to try to help those businesses with their management quality. You could look at something such as the people skills project that the CIPD carried out and for which our members gave up some of their time to provide direct one-to-one management support to some of the smallest businesses. A pilot of that project ran in Glasgow a few years ago, and the evaluation was extremely positive. The pilot was oversubscribed and could not meet demand, but it was a very clear way of trying to reach the long tail of mostly the unproductive firms and some of the smallest firms in Scotland.

Gordon MacDonald: That sounds like a mentoring system. You say that it was a pilot. Why was it not continued?

Marek Zemanik: That is not a question for me. The pilot was run jointly with Glasgow City Council. I am not sure why it did not continue.

Gordon MacDonald: Okay. Before anybody else comes in, I have a couple of questions for Jack Evans. What is needed to ensure that private

businesses are fully engaged in policy debates around fair pay and family-friendly working?

Jack Evans: When you asked your previous question, you talked about the IPPR's response regarding marketing and soft power. First, it is important to remember that that is the situation that we had when Parliament unanimously agreed the child poverty targets. We should not underestimate that power, and it is being underutilised currently. We have a great wealth of evidence, are very good at describing the problems in the labour market and are building up a body of great evidence of what the solutions are. The step that is missing is to convince businesses why they should be concerned about what all that evidence says. Where are the enlightened areas of self-interest, whereby businesses can hear that a flexible contract can help workers progress in their career and ensure that they do not lose the talent that they so desperately need in their organisation?

Such actions can also ensure that children are less likely to be in poverty in a working household. At the moment, 67 per cent of kids in poverty are in a working household. We see that lack of tactics in getting out to businesses the information that is being created and generated in a policy sense in Parliament and research institutions all over the UK. The very helpful Scottish Parliament information centre paper highlighted the three ways in which that is currently happening. It mentions the business pledge, which has not been active since 2020 and is going through another reboot, and the Living Wage Foundation accreditation, which has been a fantastic success—I used to work there, so I would say that. That involves seven people working to engage businesses on a specific issue and then sector strategies, and it highlights retail, which is in its infancy. That needs to be massively grown if we want to have any chance of convincing the private sector that it is part of the mission to end child poverty and that we can all benefit from it

09:45

Like Marek Zemanik, I would start by looking at the size of business. We also know that 50 per cent of people in in-work poverty are in five sectors: retail, hospitality, administration, health and social care services and arts and entertainment. Where is the strategy to interact with those sectors? That is where the cohort that we are worried about is. Where is the information for them? Where is the funding to speak to organisations in those sectors about family-friendly working, flexible policies, the living wage, living hours and all of that? All of that is soft power. That is all carrot, probably, rather than stick.

When we talk about not having the powers, which has been referenced a number of times here today, I am not sure what powers people are talking about having to implement change. For example, if the living wage was implemented to everyone who is currently earning below the living wage, that would be fantastic and would reduce poverty. However, according to our research, it would reduce child poverty by only about one percentage point. Therefore, there would still be a significant way to go before getting to 2030 with only one in 10 kids in poverty rather than 18 per cent.

Gordon MacDonald: I have a slightly different question for Jack Evans. Your organisation, the Joseph Rowntree Foundation, was a signatory to a letter in April to Lord Callanan on the implications of the Retained EU Law (Revocation and Reform) Bill. There were a number of parts to that, including the prevention of less favourable treatment of part-time employees and maternity and paternity leave. Will you emphasise what your concerns are?

Jack Evans: Maternity and paternity leave have not come up yet, but they must be foundational to the conversation about family-friendly working. Currently, about 8,500 children are in poverty while their parents are on maternity leave. Maternity leave is set at a statutory level, and the UK level is one of the lowest among the Organisation for Economic Co-operation and Development member states. After the first six weeks, the payment goes to about £170. That is way too low to have a decent standard of living, and it causes poverty in some instances. I do not see why, in Scotland, we could not come up with a kind of gold standard, a suggestion of what a proper anti-poverty maternity policy looks like.

My experience from working with employers is that, if you give them nebulous or vague ideas, they are less likely to follow on. A good example of that is in procurement where we say, "Pay the living wage, and do not use exploitative zero-hour contracts." We have seen amazing take-up of the living wage because it is a positive request, whereas we have seen zero-hour contracts increase to the point that we now have the highest proportion of zero-hour contracts per capita in the four nations. We did not give employers the standard; we just said, "Do not use them." With maternity and paternity pay, we should take that learning and ask how we can evidence a good maternity and paternity policy and pay level to make sure that people are not falling into poverty and that, therefore, when they are on that maternity leave, they are not stressed and worried and more likely to dip out of the labour market and stay out of it for longer.

On the specifics of the letter, I will need to follow up with my colleagues.

Gordon MacDonald: Thanks for that. Does anybody else want to come in on any of those three questions?

Lynn Houmdi: I have a quick point. The Scottish Government funds a lot of organisations to speak to businesses. Marek Zemanik was talking about productivity, and the Scottish Council for Development and Industry productivity club is relevant in that regard. Nikki Slowey's organisation receives funding from the Scottish Government, as does a plethora of bodies. The issue is mainstreaming the ideas around child poverty and flexible working so that the same messages pass through those organisations.

The Scottish Government is signalling that this is an important issue for businesses. The UK Parliament, which, obviously, has the powers to legislate around employment, is about to bring in the day 1 right to flexible working, and we need to prepare Scottish businesses for that. We have some businesses that are already going way beyond that, and we have some that will be difficult to drag to that point, but this will become law. There is a real opportunity for the Scottish Government to use the organisations that it already funds to prepare businesses for that point. The law is the floor, if you like, and, if we want some of them to reach the ceiling, we could, at least, help them to do that.

Marek Zemanik: I will add some numbers to what Lynn just said. We did some research on the day 1 right to request flexible working. Across the UK, 49 per cent of businesses did not know that it was coming in. That was a few months ago. Of those that do not already offer a day 1 right, 46 per cent say that it will be quite difficult to implement. We have campaigned for this for many years. It is great that it is coming in, but businesses need to be aware of it and will probably need support to implement it.

To follow up on what Jack Evans said about the maternity and paternity leave policies, I just want to speak up for fathers: the paternity leave policy in the UK is appalling. If there is one priority to try to address, it is this. Doing so could also help with the very gendered nature of care. A somewhat linked issue is shared parental leave, which, on any measure, simply is not working.

The Convener: I think that Jane van Zyl wants to come in.

Jane van Zyl: I support what Jack Evans and Marek Zemanik have been saying. Recently, we did some research with low-income parents. On average, in the UK, women will take nine months' maternity leave. For low-income parents, however, that reduces by four months because they simply cannot afford to stay off work on the level of maternity support that is supplied. I echo what Marek said: if you take paternity leave, that is £174 a week, which is pitiful and makes taking that leave unaffordable for most low-income families.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning, and thanks for your time this morning. Most of my questions have been covered, just not on this theme. In evidence that we have taken, people have cited social security rules as barriers. In fact, the briefing today repeats that. It has been said that the conditionality regime that is in UC hinders options for flexibility. Jack Evans, do you have any observations on that?

Jack Evans: I am afraid that I do not, to be honest. I will pass that to one of my colleagues.

Marek Zemanik: Social security is not an area that we deal with, I am afraid.

Marie McNair: Okay. No problem. Thanks.

Lynn Houmdi, you touched on the pilot of the four-day working week. Do you have any further views on the merits of or issues with such a pilot?

Lynn Houmdi: I think that it was Nikki Slowey who mentioned the four-day working week.

Marie McNair: Sorry. It was Nikki, yes.

Nikki Slowey: There is a lot of global evidence on the success of a four-day working week, particularly for countries that are trying to move towards a wellbeing economy. Most pilots, however, have been done in knowledge-based sectors, and the slight concern is that we are not really looking at how we would implement such a way of working in more front-line roles. I know of companies that have a four-day working week—some of them are here in Scotland. They are doing it very successfully, and the people who work for them have a great work-life balance. The companies are seeing increases in productivity—or, certainly, no decreases in productivity. We need, however, to widen that out and look at not putting all our eggs in one basket. The four-day working week is one type of flexible working, but there are lots of others that we should look at. Money is tight, so, if there are to be any pilots of flexible working models, we should look more widely than at just a four-day working week. If we are to look only at a four-day working week, we need to be clear that we must widen it out to sectors beyond the desk-based and knowledge-based sectors.

Lynn Houmdi: I will just add to what Nikki said. One size does not fit all. The four-day working week will not work for everybody or every business. What is key in this whole conversation is that we are talking about how to get the best out of our staff. Staff may be stressed; they may be worried about their kids; they may be feeling

burned out because they are working more than they feel able to; or they may be parents with disabilities or who are neurodivergent. There is an intersectionality of issues that also impact parents. Employers should look at how to get the best out of their staff for their business, and that involves talking to them and not assuming that imposing one way of working will work for everybody. It is critically important to listen to staff and to understand their lived experience. People typically want to give their best, but the structures and barriers prevent them from doing so.

I am definitely not an expert on universal credit, but parents tell me that there is a difficult line to tread: they want to increase their hours, but there is a point at which that impacts their benefits and is just not worth while, especially when they have childcare costs. Universal credit covers 85 per cent of childcare costs, I think, but, sometimes, that is not enough.

Marek Zemanik: The most important thing, when it comes to the four-day week, is that we need more evidence. Nikki Slowey is right: there are examples worldwide of cases in which it seems to have worked. There was also a well-publicised trial across the UK. However, those trials tend to be skewed towards certain sectors in which it is a lot easier to implement. The challenges of maintaining productivity for employees and employers are the same. Truthfully, the results of the trials sometimes tend to be a little overwritten in the headlines. When you look at the actual outcomes and results of the trials, you see that they are not as overwhelmingly positive as might be suggested. That said, there are some positive signs, but we need a lot more evidence. We have been looking forward to seeing the Scottish Government public sector trial. We are waiting for it to be announced.

Marie McNair: Do you have a further point, Nikki?

Nikki Slowey: In our experience, most of the things that we are talking about can be achieved with small changes. It does not need to be headline-grabbing, huge change such as moving a company to a four-day working week. When you are given the privilege of going in and working with an employer to understand their business and they trust you to do that, making the smallest of changes can sometimes have a really big impact on the workers in that organisation.

It is simple things. I know that we are talking about parental employment today, but I worked with an employer recently, and, from conversations with the workforce, I realised that a number of older workers were on the verge of leaving, because they were in a factory and they had never seen anyone on the factory floor who worked part time. I was able simply to say to the managing director of that firm, "This is the situation." He said, "What will I do?", and I said, "Could you offer part-time contracts to these workers?" He did, for the first time, and he was able to retain four or five workers who would have left. That was a small change.

It does not all need to be huge change, but employers tell us that they need support. Sometimes, that means funding for organisations such as ours and those of Marek Zemanik, Jack Evans and Jane van Zyl, so that they can go in and work with employers to help them see what the changes could look like.

Marie McNair: Thank you. I will not leave you out, Jane van Zyl. Do you want to come in with any points?

Jane van Zyl: Yes, thank you. Working Families recently employed a benefits adviser. In the past financial year, that single adviser, working part-time, was able to get £100,000 in unclaimed benefits for working parents and carers—40 per cent of people on universal credit are in work—which means that, on average, the people to whom she spoke had an additional £2,500 a year in income. That will make a significant difference to people on the lowest incomes. There is £1 billion in unclaimed benefits in the United Kingdom, and I again encourage Government to look at funding that service. That is just my point in relation to UC. On the rest, I completely agree with Nikki Slowey, Marek Zemanik and Jack Evans.

The Convener: That is interesting, Jane. We will have the director of Social Security Scotland with us next week, so we will challenge him on that as well.

We have come to the end of our questions, unless any member has questions that they want to come in on. I thank the witnesses for the evidence that they have given. I will briefly suspend the meeting to allow for the set-up of the next panel. Thank you all very much.

10:00

Meeting suspended.

10:05

On resuming—

The Convener: Welcome back. We will now hear from our second panel of witnesses, who are business and union representatives, as we continue our inquiry into addressing child poverty through parental employment. I welcome Andrea Bradley, general secretary of the Educational Institute of Scotland, representing the Scottish Trades Union Congress; Karen Hedge, deputy chief executive of Scottish Care; and Louisa

Macdonell, Scotland director of Business in the Community. All the witnesses join us in the room. I now invite our members to ask questions.

Katy Clark: My first question is probably best directed at Louisa Macdonnell. How best can the fair work agenda be moved forward in the current economic climate? What are your thoughts on that?

Louisa Macdonell (Business in the Community): It is very interesting. I, along with the cabinet secretary, sit on the new deal for business group, and we are having that conversation. I co-chair the wellbeing economy group. Business in the Community has been around for about 40 years, championing responsible business—how employers can show up in the world in a fairer and greener way. At the moment, there are a lot of economic challenges, and the simplest way in which to get through to businesses is to demonstrate the commercial case for being responsible.

As a UK-wide charity, we show the commercial benefits of treating your people really well—that is all that we do—and that can often show up in a variety of forms. We campaign on a range of issues, including childcare and parental rights. We also challenge our members, who generally are not large employers across the UK, to be better at showing up in the world and to come together as a community to look at what they can do and how they can champion responsible business.

There are a range of ways of doing that. The first is to work with larger organisations in their supply chains. Government can show up as a good employer itself and can set the agenda and encourage others to follow. I know that you are particularly interested in procurement. That is definitely one way in which to do it. There is a lot going on already in that regard, but one of the wellbeing economy group's recommendations will be to combine what is going on in public procurement with best practice in private sector procurement, where there is a lot happening. Awareness raising is a big part of it, and there are lots of ways in which to do that, but it is hard.

Katy Clark: We are living in difficult times, and they are particularly difficult for working people, given the pressures of food and fuel inflation. Andrea Bradley, it is quite clear that, in some sectors, and in the private sector in particular, trade unions have got some very good deals, particularly after industrial action, and that might be associated with labour shortages. How can a tight labour market lead to improvements in family-friendly working? I appreciate that you are more involved in the public sector, but perhaps you can speak in the round about both the public and private sectors.

Andrea Bradley (Scottish Trades Union Congress): Sure. The current economic context could and should incentivise employers to do what they can to attract workers, specifically around their offers in terms of pay and flexible working. The STUC wishes to see those changes happen on a negotiated basis, with all workers being able to benefit from that, rather than there being a continuation of the UK Government's provision for individual requests to be considered and potentially rejected.

A relatively recent Trades Union Congress survey involving 13,000 working mothers indicated that only 50 per cent of them had had their flexible working request granted. Similar research found that 86 per cent of mothers who work flexibly faced discrimination thereafter, so even the granting of requests does not mean that working lives are then free of issues. We know that there are real inequalities across sectors and pay grades in the distribution of flexible working. The workers who are most likely to experience in-work poverty as a result of underemployment, for example, are the least likely to have access to home working that enables a better work-life balance and the accommodation of childcare and so on. Given the conditions right now, there is an opportunity for the Scottish Government to support employers towards making the improvements that we need to see for the longer term.

I will pick up on a couple of points that Louisa Macdonell made. The Fair Work Convention is a good start in Scotland and is something that other jurisdictions in the UK do not have. However, we still see distributions of poverty and in-work poverty in Scotland that are similar to those in the rest of the UK, which underlines for the STUC that the Fair Work Convention and the whole organisation of fair work has to have more teeth. In the short term, we need to see greater mandating around procurement and the issuing of grants, and, in the longer term, we need to see the devolution of employment law to Scotland in order that we can legislate for much that the Fair Work Convention aspires to achieve.

Katy Clark: I think that we will be moving on to issues around procurement and contract compliance later. In terms of the labour market, in some sectors, such as retail manufacturing, we see quite high pay increases, as a percentage. The situation in the public sector is a bit different, but for the employee, of course, it is the whole package that matters, including pay and all the other terms and conditions such as flexible working. To what extent is flexible working part of those negotiations at the moment, and could more be done there?

Andrea Bradley: Certainly, the STUC, like my union, has on its agenda the issue of doing more

around flexible working in the interests of women workers in particular but all parents, in fact, in order that they can better balance the responsibilities that they have to their children and their family lives and the responsibilities that they have to their employers.

You say that there have been wins in retail and hospitality for the trade unions. That is indicative of the fact that public sector pay is lagging behind that of the private sector, and the Scottish Government has a role to play in equalising that so that we do not see a haemorrhaging of workers from sectors such as care towards hospitality and retail in pursuit of better pay and fairer working conditions that have been negotiated through collective bargaining.

For all that there have been some wins, they have often been hard fought in the various sectors. We need foundations that enable more collaborative working between trade unions and employers, so that we do not see industrial action scenarios. Ultimately, in most cases, such scenarios force better outcomes for workers, but we would like those outcomes to be achieved without the industrial action, often involving strike action and disruption to services, having to occur first and workers being forced into taking that kind of action.

Katy Clark: Yes, and they obviously lose pay when they do that.

I will bring in Karen Hedge on the care issue. We hear regularly about people leaving the care sector, perhaps to go into other sectors such as retail because they will earn more there. What scope is there for increasing flexible working for front-line workers, particularly in the care sector?

Karen Hedge (Scottish Care): If you do not mind, I would really like to answer your first question, which was about recognising fair work in the current economic climate, in that context. One of the challenges that we have in policy setting in social care is that it is very much isolated. It is considered to be unto its own and not joined up with other strategies and policies of the Scottish Government such as the 10-year economic strategy, despite the fact that social care contributes more to the economy of Scotland than agriculture, forestry and fishing. It is the third largest contributor to the economy in Scotland but is missing from the economic strategy, so there is something there about joining that up and stopping the silo-ing of the sector into one place.

10:15

There is also a need to recognise the impact of monopsony purchasing in the sector. We may pick this up when we get to procurement and tendering later, but does competition law exist in a sector where there is only one purchaser? That is what drives the challenges in our ability to pay our staff more.

Flexible working does exist in the social care sector; it is why I am sitting here today. I could pick up flexible hours while I was at university, and that is what drove me into social care. I found a career that I absolutely loved and adored, and that is what led me here. There are plenty of opportunities for flexible working in social care as a 24-hour service that operates seven days a week and 365 days a year. This is about having honest conversations with employers and having opportunities for a real, effective voice to be heard in order to enable that to happen.

The Convener: Nobody else wants to come in on that issue, so I will pass over to Marie McNair.

Marie McNair: How effective are accreditation schemes such as the Scottish business pledge, the living wage and living hours? What would make them more effective? I will put that question to Louisa Macdonell first.

Louisa Macdonell: Fascinating. Business in the Community does not do accreditation. Why is that? You can have all the policies in the world, but culture eats policy for breakfast. You can have a long list of policies and say, “Yes, I have done that” and tick a box, but, if you do not implement the policies, socialise them and make them the norm, it is literally a tick-box exercise.

I will give you an example. One of our members is Phoenix Group, which has a large footprint in Scotland because it has taken most of the Standard Life pension business into its organisation. I had a really interesting conversation with one of the group’s inclusivity managers a few weeks ago. She told me that a staff survey on policies had shown that 60 per cent of men did not think that the parental leave policy applied to them. The business was really shocked by that. The men said things like, “Yes, but, if my wife is doing the caring, why should that apply to me?” Almost 50 per cent of caring does not involve children, and those doing the caring might be a grandparent rather than a parent.

The way in which the business has gone about dealing with that is to socialise the impact of its policies to bring them to life and to make them happen. It is on a journey to do that. Cultural change is always a journey. It is not just about having a policy in place; it is about making it live and breathe.

I will give you another example. Aviva, which is another large employer in Scotland, introduced equal parental leave about four years ago. When I say “equal”, I mean completely equal. The business socialised that, and 50 per cent of the take-up of parental leave is equal between all

carers now. It has saved money in recruitment costs because people can stay with the business for longer and have better careers, and people are more productive when they have been in a job for longer. Although it might cost a lot to do that initially, the long-term result is that the wellbeing of your workforce goes up and, if you want to consider it from a business perspective, your productivity goes up.

Marie McNair: Thank you. Anyone else?

Andrea Bradley: Accreditation schemes clearly incentivise some employers, but, from our point of view, they are largely already good employers, such as Aviva. That voluntarism clearly is not working as effectively as we need it to, given the stats from the couple of TUC surveys that I quoted in response to the previous question.

Another bit of work, which was done by the Equality and Human Rights Commission, revealed that one in nine mothers is dismissed and that 11 per cent are made compulsorily redundant when others in the workplace are not. The number of fathers taking paternity leave fell from 213,500 in 2017-18 to 170,000 in 2020-21. That clearly underlines that voluntarism and accreditation schemes are not working as effectively as we need them to.

It would be more effective to have Government policy that, as we see in the Nordic models, supports and delivers sectoral collective bargaining in line with, for example, previous and as yet unmet recommendations of the Fair Work Convention around social care and construction, as well as, generally, the strengthening of fair work first guidance for direct funding and procurement, requiring that employers recognise trade unions and co-create effective collective bargaining mechanisms that would deliver effective flexible working arrangements.

We also think that the Government could look at things such as non-domestic rates relief—we think that that should be reformed—and making trade union recognition, collective bargaining and flexible working absolute conditions of granting that.

In addition, we need to see monitoring of adherence to the terms of the Fair Work Convention and to the terms of any accreditation schemes. Those things may be achieved and granted with relative ease in the first place, but what happens in the months and years following that accreditation or the awarding of a grant? In the longer term, we think that devolution of employment law will be critical to tightening up in those areas and delivering better for workers, particularly workers with families who are trying to balance both sets of responsibilities.

Overall, we need to see a shift from voluntary accreditation schemes to more Government mandating around grants, procurements and legislation in the longer term to deliver and protect in those areas.

Marie McNair: Thanks for that. Karen Hedge, do you want to add anything to that before I move on?

Karen Hedge: Sure. We surveyed our members earlier this year on their ability to deliver living-hours contracts, and 90 per cent of them said that they wished that they could but cannot, due to tendering practices. Part of that is due to the time-and-task commissioning, which causes huge challenges. We have providers with tenders that have been rolled over since 2018 being paid the same rates that they were being paid in 2018. Therefore, they are unable to retain staff because they cannot pass on the same fair work terms and conditions.

I know that we will come back to that point, but I thought that highlighting that 90 per cent statistic would be helpful in this context.

Marie McNair: Thanks for that.

My next question has been covered slightly. How best can the Scottish Government encourage and support businesses to do more on fair and family-friendly working? You touched on that a bit, Andrea Bradley. Does anybody want to expand on it a wee bit?

Louisa Macdonell: I think that there is a partnership to be had in relation to the raising of awareness. On one hand, the Government could lead by example in its approaches to its own culture, particularly around mandating that men can take on flexible working to create better equality and a reduced gender pay gap.

However, businesses, particularly those that are striving to be more responsible employers, can bring a lot to the table as well. It is not a given that legislation works in bringing out the bare minimum. There has to be a bit of stick and carrot. To go back to my original point, if we can demonstrate the business case for fair work, the wellbeing of staff, flexible working and all that that entails, that is just as powerful a way to do this. Whether there is a role for Government in that is a question that we are asking, but Government can certainly lead by example.

Karen Hedge: We have been working with the University of Edinburgh on healthy working lives and how we can support our workforce, particularly our older workforce, many of whom have dual caring responsibilities. There are a few pilots on that, and I can certainly send over information about what has been happening in those pilots, if that would be helpful.

Marie McNair: That would be really helpful. Thanks for the answers. Obviously, encouragement can go only so far. The elephant in the room, which Andrea Bradley mentioned, is the fact that employment law is not devolved. Andrea, as you know, the STUC believes that employment law should be devolved. If it were to be devolved, what could the Scottish Government do to secure a fairer and more flexible employment landscape?

Andrea Bradley: That is about some of the things that I talked about. It is about mandating recognition of unions and having mechanisms across all sectors for sectoral collective bargaining. It is about things like awarding facility time to trade union reps who currently do not have it. Equality reps, for example, are critical to this work.

We also wish to see the Scottish Government invest in the facilitation of trade union and employer collaboration around some of the issues, ensuring that those who are affected by the decisions that are taken about how work is arranged are properly consulted on job design and arrangements for working hours. Of course, trade unions are a brilliant conduit for that kind of engagement. We wish to see that kind of thing.

We would like to see more of the aspirations that are captured by the Fair Work Convention translated into legislation. Nevertheless, Louisa Macdonell is right: legislation on its own does not necessarily deliver on the objectives. It is about all the on-going support and resourcing that is required around that. For example, in the past two years or so, the Scottish Government has been operating some four-day working week pilots, but we have not seen much emerge from that. That is an area that we could take forward as a country. That speaks very strongly to the wish to move to a wellbeing economy and to have better outcomes in balancing work and family life. That area could definitely be mined much more than it has been to date.

Marie McNair: Thanks, Andrea—your points are helpful. Does anybody else want to comment before I hand back to the convener? Karen Hedge?

Karen Hedge: Yes, please. I absolutely agree with the conversation about having an effective voice and sectoral collective bargaining, but I have concerns in relation to current conversations about the way in which collective bargaining could be implemented in social care.

At the moment, the proposition is that the independent sector—that is, charitable, private and employee-owned organisations—will sit separately from statutory sector negotiations. Yet, because the funding comes from statutory sector organisations, there needs to be agreement. One might come up with a different figure from the other. It is almost like a false creation of sectoral bargaining, which undermines the system and reinforces the undervaluing of the care workers who are in the independent sector. A lot of work needs to be done to come up with something better that is co-designed with the social care workforce.

When decisions are made about terms and conditions and rates of pay for social care staff, that needs to be done in context. We know that last year's announcement of the uplift for social care workers actually brought them in at a level that is less than what a hospital cleaner gets paid. That is difficult, because social care workers are professionally registered and must have qualifications to undertake that work. The message that is given is one that suggests that they are not as worthy as those who are working in the NHS. The issue is much bigger than terms and conditions; it is also about the message that we give about how we value our staff.

Louisa Macdonell: I totally agree with Andrea Bradley about monitoring. You can have your policy label and your business pledge and tick them. When organisations become members of our network, we introduce them to our responsible business tracker. We work with them over about six months to look at all the indicators of being a responsible business, whether that is around staff wellbeing, community engagement and all the impacts of their environmental processes—whatever they do—and then we look at where they are failing most. We work with them on that and come back in two years' time to measure their progress. That is one of the things that we do. Monitoring is incredibly important.

I would sound a note of caution about devolved employment law adding another layer of burden on UK-wide businesses. When there are more layers of regulation, it gets confusing and that can add another level of cost, which is cumulative. One of the things that we are looking at with regard to the new business approach is the cumulative impact of all the levels of business regulation and how we work with that. We would very much welcome a conversation about employment law, but the note of caution is that it has to be in a UK-wide context, otherwise there will be unintended consequences.

10:30

Another thing that we have been discussing is how the term "wellbeing economy" is extremely confusing. It means different things to different people at different times. The businesses that we have been talking to are generally within our networks. It is me, a B Corp convener and SCDI.

We work with businesses that are quite engaged, and one of our conversations is around how we get beyond the usual suspects and beyond the terminology and jargon, in particular. “Wellbeing economy” is a jargon phrase. Why could it not be termed “economic wellbeing for everybody in a fair and greener world”? It is about how you make it straightforward so that you get more buy-in along that journey—and it is a journey. You cannot just do some publicity about it for six months and then just leave it. Everybody should know that it is an on-going journey, and it has to be cumulative in order to understand where you go from there.

Marie McNair: Thanks for that.

Jeremy Balfour: Good morning, and thank you all for coming along. I have a couple of questions. Will the strengthened fair work requirements in public sector contracts and grants result in better pay and conditions? Who wants to start?

Louisa Macdonell: I will start. The answer to that is that it is beginning. Yes, that will help. Socialisation of what that means and how to implement it is extremely important. As I said earlier, it can lead the way, but it is more about how you help smaller businesses, in particular, that are tendering for public sector procurement contracts get to that point. There is a range of things going on. We were talking about this before we came upstairs. It is a bit of a chicken-and-egg situation. How do you implement something that will eventually lead to long-term benefit but that has an up-front cost? It is a question of investment. Public fair work can definitely help to get the ball rolling, but it is not the only part of the conversation, and it should be on-going.

Andrea Bradley: To some extent, there could be enhancements to pay and conditions through the strengthened arrangements, but the STUC believes that those could and should go further in the areas that I have talked about. There should be requirements around union recognition, collective bargaining and flexible working provision, and those should be mandated. It goes back to the point about on-going monitoring to ensure that there is sustained adherence to those elements. We need to be cognisant of the fact that low pay and in-work poverty are endemic in Scotland and the wider UK. Scotland has had the Fair Work Convention in place now for some years, yet 68 per cent of children in poverty live in households in which at least one adult is working.

We need to look to things such as non-domestic rates relief and its potential reform to ensure that businesses that benefit from that provision recognise trade unions and provide flexible working.

We have already talked about the need for changes to employment law. On unintended consequences around fair work and the different procurement arrangements, there is potential for public sector employers to sidestep fair work requirements by contracting work to other providers that are not bound by those arrangements. The Scottish Government, in recognition of all of that, could look to increase the Scottish child payment to £40 a week, as many anti-poverty organisations are proposing. It could also boost family incomes by offering universal free school meals from primary 1 to secondary 6, which would save £425 a year as a minimum per family, per child.

Given the restrictions around fair work at the minute and the fact that we do not have mandates that are as strong as we would wish, there are other things that the Scottish Government could do in the meantime to alleviate poverty.

Jeremy Balfour: Karen, I will start with you. How has the Scottish Government’s social care policy affected pay and conditions in the independent social care sector?

Karen Hedge: The minimum rate of pay for our front-line social care staff is set by the Scottish Government. In the care home sector, we have a cost model that in effect dictates how that will be spread across other people who work in the sector, covering differentials and so on. That is applied to 50-bed homes, so, if you have a care home that is smaller than that, it is impossible to maintain those standards. At the moment, we see one care home close per week. The impact is huge. It is not possible to maintain those fair work standards.

It is even more challenging for care at home. That raises the question of where responsibility lies when something is popped into a contract but the conditions are not created to enable fair work terms and conditions on the front line. I mentioned that people have been receiving the same rate of pay since 2018 for the service that they are delivering. It is just not possible to pass on pay increases, which is why we see care homes closing at the current rate. Care at home organisations are having to hand back hours, which means that we have great levels of unmet need in the community. That impacts on people who work, because they have to take up caring responsibilities in that space.

As for the fair work first policy, I speak for an organisation that receives grants from the Scottish Government. It is now June and we are still waiting for some of our grant letters. We were not prepared. Obviously, I know that the policy is coming, because I work in the sector and promote fair work across social care, but there was no preparation to say that it was coming as part of our grant contracts. There was no conversation or discussion about how we would implement the

policy. It was just a case of, “Here is your offer letter. You need to sign it. Off you go.” There needs to be more priming of the people who are in receipt of those grants to give them an opportunity to step up to the mark.

Jeremy Balfour: There is so much there to unpack. Somebody comes in every morning to give me a hand to get dressed. In your experience, how involved in the policy are such independent home care providers? How much do they know about it if they are just businesses that are doing their day-to-day work? Is there proper communication to local companies in Perth, Edinburgh, Glasgow or wherever they are?

Karen Hedge: Those conversations will happen in a few different ways. The commissioners, at the local authority level or the health and social care partnership level, should have conversations with those whom they contract. As a membership organisation, we represent over 900 organisations and have, I think, just over 380 members. We have those conversations with our members, and I actively update them on what is happening on the fair work agenda. The other place where those conversations take place is through the Care Inspectorate. The inspection regime looks at the workforce and how providers maintain and support their workforce. There are a few different areas where that is done, and the Scottish Social Services Council, which is the regulatory body for the workforce, is raising the workforce’s voice in that space.

The information is coming to members from quite a few different areas. The challenge is how we create the conditions to enable them to enact the policy. From our observation of members, there is a desire to do so. They recognise that they need to do it to retain their staff, but the issue is how they do that with the current economic challenge.

Jeremy Balfour: Ultimately, you are saying that, unless there is an increase in the uplifts, this will cause more and more problems. Ultimately, there is a financial choice that has to be made.

Karen Hedge: Absolutely, but it goes beyond the commissioning authorities. For example, the HM Revenue and Customs mileage payment has not increased since 2011, and that has meant providers having to make the choice not to pick up visits at a longer distance. Of course, that causes other poverty issues, as people are not able to get the service that they deserve. The knock-on effects are much bigger. We have to think about it more widely than just the commissioned aspect.

Gordon MacDonald: I have one question that I want to address to Louisa Macdonell. If I picked you up correctly, in an answer to Marie McNair, you highlighted your concern about the devolution of employment law because UK businesses want certainty and uniformity. We are looking today at how to improve the financial situation of low-income families. There is different political make-up in Cardiff, Edinburgh and Westminster. Is it an acceptable consequence of uniformity that more progressive policies will be delayed and take longer to be introduced because we have to move at the pace of the slowest member, which is Westminster?

Louisa Macdonell: That is a very interesting question, and there is no real answer to it, because it depends on political imperatives and I am not getting into that. Rather than necessarily slowing things down, what we would probably ask is that you are mindful. If you are looking to implement more progressive policies in one place, what else can you do to talk to equivalent bodies in other jurisdictions about what they are doing? Would that not be a sensible route to go? I am not saying, “Do this,” or, “Don’t do that.” I am saying, “Can we be pragmatic about this and just have a conversation at earlier stages to come to a resolution?” That does not mean necessarily holding back to the slowest implementation—you can always take the lead in something—but it would be sensible to bear in mind what else is going on.

Gordon MacDonald: Does anyone else want to comment on that?

Andrea Bradley: We have not seen from recent experience the kind of dialogue that Louisa Macdonell is hopeful will lead to the outcomes that we want and be sufficient to deliver fairer working lives for the people of Scotland. I am thinking of the UK Government’s intervention on the Gender Recognition Reform (Scotland) Bill. Our recent experience of collaborative working—or just working at all—with Westminster has not been positive.

From an STUC point of view, we want to see Scotland in control of the levers that will have the greatest impact on the pay, conditions and working lives of people in Scotland. For that reason, we want to see the devolution of employment law to Scotland. That would stand us in much stronger stead to deliver on the aspirations that are captured in the Fair Work Convention. However, it is a convention. It is by voluntary agreement, and we need to see a strengthening of all the arrangements if we are to deliver on so many of the agendas that we are all signed up to, such as closing gender pay gaps, closing ethnicity pay gaps, reducing child poverty, delivering a wellbeing economy and delivering a just transition that truly is just. Control of employment law is integral to that.

Karen Hedge: On 24 May, I was here at the cross-party group on women in enterprise, and

there was a presentation on the gender poverty pay gap. I do not profess to know much about it—it is not my area of expertise—but it was said that there is a gap of around £350,000 for women. There was a reason why it was a devolved issue. If I can go back and get some evidence on that, I will submit it, but we have not covered pensions and it is important to raise that issue in this context.

Gordon MacDonald: Thanks very much.

10:45

Katy Clark: I want to pick up on some of the issues that have been raised about contract compliance, conditionality and procurement. There was specific mention of non-domestic rates. Of course, there has been quite a lot of discussion in some places about the possibility of using speculation-based land taxes—it is sometimes called an "Amazon tax", but it would not be just on Amazon—as a way to raise funds. That could be linked to some of the issues that have been raised.

New procurement laws have been passed in England and Wales that have moved away from the European model. Our understanding is that that will mean that councils can put conditions in contracts, for example to buy local. They could also include conditions in relation to some of the employment issues that have been raised. Have you had a chance to look at that? My understanding from speaking with tax and accountancy experts is that some countries use fines to raise funds, whether those are environmental fines or others that relate to some of these issues. Have you had an opportunity to look at those issues? Are you giving any consideration to how we incentivise companies in Scotland to carry out the public policy requirements that we have with regard to terms and conditions of employment?

Andrea Bradley: I do not have much to say about the intricacies of the new procurement arrangements, but, in relation to taxation, the STUC believes that the Scottish Government could do more to raise revenue for investment in public services so that they are better placed to deliver on the aspirations of fair work, including flexible working arrangements and decent pay for staff, particularly in the context of the majority of public sector workers being women and the disproportionate impacts of poverty and in-work poverty on women. There is a strong connection between the health of our investments in public services and our ability to deliver fair work. That is absolutely linked to taxation and how we, essentially, have to do more to tax wealth and tax corporations such as Amazon, which utilise so much of what Scotland and the workforce here have to offer but do not pay enough of a contribution to the social responsibility objectives of the wellbeing economy, just transition and so on.

Karen Hedge: Members have come to us in the past couple of years saying that they are having to change how they purchase. Normally, they would purchase from their local organisations—the butcher and so on—but they are no longer able to do that and are having to move to larger, bulk-purchasing organisations. Again, it comes down to having to make efficiencies. Despite being a model that is itemised, the national care home contract rate has a further efficiency rate applied to it. Members are having to shift the way in which they purchase, which is against the principles of the wellbeing economy. That brings me back to the original conversation about not considering social care in isolation from the other policies that are being set. They are all interwoven.

Katy Clark: The point is that the Scottish Government decided to opt out of the procurement legislation that went through Westminster because it wants to stick closely to European regulations. Obviously, the Parliament could regulate in relation to procurement. What might that look like? What would you like it to look like? Maybe you do not want to go down that path, but it is something that I am interested in.

Karen Hedge: The majority of care providers in Scotland are small, family-run organisations that have been built up in their towns and villages, so they are used to having those local networks. The legislation would enable that to happen better but, again, it comes down to what we are seeing with fair work terms and conditions. Just popping it in a contract does not necessarily allow it to happen. You need to create the conditions that enable that to happen and to see beyond that bit of social care in isolation.

Katy Clark: Thank you.

Miles Briggs: Good morning, and thanks for joining us today. I want to ask a few questions about just transition. A lot of our conversation to date has been about the higher levels of female employment in the NHS, social care and education, for example, but it was interesting to see in the Joseph Rowntree Foundation submission that 72.2 per cent of green jobs are held by men. What needs to change, specifically around workplace training opportunities? What are your views on that? Andrea, you mentioned just transition.

Andrea Bradley: What you describe mirrors what we know about the science, technology, engineering and mathematics sector in general and the disproportionately low number of women working in STEM, despite the healthy gender

balance in the number of undergraduates studying in that area. That suggests that there is a lot of work to be done by employers in that sector and beyond, into the just transition sector, in order to recruit sufficient women workers and, critically, to retain them. Some of the reasons why we see leakage from the STEM sector and probably why we see that mirrored as we move towards net zero are the in-built discriminations, biases and prejudices that, culturally, make life difficult for women workers in the sector. We need to continue to work to overcome as much of that as we can.

There are also structural barriers relative to the lack of flexible working, for example, to enable women to balance childcare and other caring responsibilities with their responsibilities as employees. Those things have to be ironed out. It will not be a just transition without those things being properly considered and those hurdles for women being properly overcome.

To go to your specific point, the design and organisation of training should be done in conjunction with the trade union reps who are operating in those sectors and know their members, communicate with them and can represent their views. We also need multiple options in training patterns and the ways in which workers can meaningfully access training. At all costs, we need to avoid the discrimination and exclusions that we see already being baked into net zero transition, otherwise, as I said, it will not be a just transition. We need to support workers across the board and particularly the underrepresented groups, such as women, to take part in training. Training should be available at suitable times in the working day, for example. If it is beyond the working day, there should be additional payment for that. Providing suitable venues, covering travel costs and providing or paying for childcare are all things that employers can do to ensure that women are not left behind in all the training work that needs to go on around the transition to net zero. Again, equality reps and union equality reps can assist with designing training arrangements that are inclusive of all workers. All of that should be underpinned by equality impact assessments. Trade union reps, specifically equality reps, are well versed in operating EIAs and working with employers to make sure that they are not simply bureaucratic exercises but deliver well for workers. It is not in the interests of employers to have sections of the workforce untrained in areas in which they need to be upskilled.

Miles Briggs: Thank you. That is helpful.

We have heard about businesses that have tried to encourage people to go into industry and the college sector also has a key role to play in that, but I know from visits that I have made to some of the fantastic new renewable industry training opportunities that it seems to be the young men coming out of school who are focusing on going into that industry. Louisa, do you have any examples of how these new, exciting industries that offer great career opportunities can resolve the issue earlier on?

Louisa Macdonell: Yes and no. The issue is wider. It is more about gender inequality than anything else. In order to help businesses, one of the things that we need to do is to establish caring as the norm, not the exception, and to target men for flexible working. The definition of green jobs is expanding. For example, perhaps a financial services business runs a premises and has to look at the net zero impact of that. That would not be a green job under the current definition—we could talk more broadly about green skills.

The point about training is interesting. This example is not specifically to do with green skills, but one of our members had a real challenge with recruitment and retention, particularly of engineers. It is a food-processing company in the UK and it had a 43 per cent staff turnover rate and could not recruit the engineers that it needed. They realised that they could not just implement a training programme. Doing that would not work, because the majority of staff were low-skilled and low-paid and had had really negative experiences of learning, particularly at school. The company had to take a step back and encourage the expression of things that people had learned that were not necessarily to do with work. They implemented what they called “a passion for learning”. They sat around at lunch time and anybody could talk about their hobbies. There was guitar playing and floristry and people were excited and saying, “I learned to do this,” or “I learned to do that,” and, all of a sudden, the idea of learning became normalised.

As a result, the company moved on to the next stage. Now that learning was more acceptable, it took its basic machine operators and created a little pathway to give them basic training beyond machine operating and on to repairing. That came with progression and increased pay once they had completed the programme. Productivity increased because the machines were offline a lot less, because the company could grow its own engineers. The company’s recruitment and retention improved; staff turnover fell from 43 to 2 per cent. That was done by creating a really positive internal culture around learning. Although that is not directly to do with green jobs, it is to do with transition.

I do not have figures for the difference between male and female take-up of the engineering pathway, but that is one creative way in which an

organisation recognised its challenges and overcame barriers to learning

Looking at learning more in the round, a project was launched yesterday with a fund to apply for digital skills. What are digital skills? Does it just mean using Office properly? Does it mean that people have to code? What is the definition? How do we transition workers, particularly low-paid workers, and give them skills that will improve prospects while taking away the fear of learning? A lifelong learning commitment is really important, as is making flexible working equal and the norm. It is about starting from the point of caring being the norm for everybody and taking it forward from there.

Miles Briggs: Thank you for that. We heard previously about how having flexibility can benefit businesses' staff retention.

My next question is for Karen Hedge. We have discussed over many years the issue of people sometimes not seeing the skill set that they have. They may have had a career break, for example, to bring up a family or to care for a loved one. I think that it was Fife Council that did work with people over the age of 50 who had been in that position and then got them to fast-track into social care. Where does flexibility exist for that? One of the things that we know from workforce challenges is that a lot of councils do not necessarily want people to work part-time, because they want them to be full-time, given the problems that we currently face. Do you have any examples of where that is starting to change, in both the private and public sectors?

Karen Hedge: Do you mind if I also answer your question on just transition?

Miles Briggs: No, go for it.

11:00

Karen Hedge: Health Care Without Harm published a report stating that health and social care combined is the fifth largest contributor to greenhouse gases in the world. That is a really urgent problem for the social care sector for which there is absolutely no disaggregated data collection currently available.

Evidence from the Women's Budget Group talks about the key role that social care has to play as a green sector. It might help your 72 per cent male characteristic straight away if you start to incorporate a sector that is majority female-run and delivered. One of the challenges that we have, though, is that policy making is happening in isolation, so grants that are available through Business Energy Scotland do not lend themselves to the social care sector, which is mostly family-run businesses. I have members in touch with me at the moment—a husband and wife who own a care home, which is a common set-up in Scotland—who are not able to apply for that funding because more than 25 per cent of their business has another shareholder: that is, the husband owns 50 per cent and the wife owns the other 50 per cent. They are unable to access any investment that would enable them to introduce green policies. There are wee bits and pieces that happen out there that could easily be addressed at the policy-making level that would enable us to progress in that just transition space.

There is also the need to consider the role of social care staff in supporting people who live in their own homes to live greener lives, should they wish to, and to consider that in a context where over 40 per cent of social care staff are accessing food banks. We can deliver the training, but are they capable of doing that work when their minds are focused on when they will get their next meal? I just wanted to put it in there that, although social care is thinking about the just transition, we are struggling to make it happen.

As for flexible working, yes, absolutely—we are hearing more and more people having those conversations. Just yesterday, at our annual general meeting, that was a topic of conversation particularly between two organisations in Fife, funnily enough. It is definitely a hot topic in Fife. Many innovative things are happening in social care in Fife at the moment. It really is just as simple as having a conversation with your staff and asking them, "What can we do to enable you to work more flexibly and retain you?" There is such a workforce shortage in the sector that providers will do as much as they can to enable staff. If flexible working is one thing that they can do, they will absolutely do it. As an organisation, we could support more of our members to do that.

Miles Briggs: Thank you for that. I know that we have run over time, convener.

One really useful example that was raised in the first session was that of the Scottish Ambulance Service changing its rotas to give predictability. I do not know whether you could write to the committee with examples that you have of that happening. It is important work for us to look at. Thanks very much.

The Convener: Thanks, Miles. I will bring in Paul quickly, and then we will bring the session to an end.

Paul O'Kane: I am grateful, convener. I have a quick question for Andrea on the place of lifelong learning in trade unions. What more can we do in that space so that trade unions have the resource that they need to support workers to learn in the workplace and have protected time to do that, essentially?

Andrea Bradley: Since, I think, the early 2000s, trade unions in Scotland have, for the most part, enjoyed strong collaboration with the Scottish Government on union learning, with the Scottish Government awarding annual grants to support that. In recent times, an element of precarity has crept in around that, which has caused concern about Scottish Union Learning's ability to continue its offer to affiliates of the STUC and caused consternation among affiliates about the extent to which they will be able to rely on Scottish Union Learning funds in order to sustain their offer to their members. Certainly, that has been the EIS experience over the past six months or so. I am glad to say that, in recent weeks, it has been confirmed that those grants will continue this year. It would be good to reach a position where those grants are not made on only an annual basis, as that builds in precarity.

We need to recognise the value that the original legislation on Scottish Union Learning, learning reps and the important role of union learning reps has had since its inception in the early 2000s and invest in it in a way that gives security and sustainability to all the people who are involved in either delivering Scottish Union Learning-funded learning or receiving it. It is a big part of the union learning experience for workers in Scotland and a valuable resource that should be protected and, if anything, expanded. As we move towards net zero, there is a huge role for unions to play in supporting workers with upskilling and, perhaps, moving from one sector to another.

To come back to the point that Miles Briggs made about the disproportionate number of men in that sphere, recognition of the huge undervaluing of women's work is also really important. That has been touched on slightly in some of the contributions that we have made. Caring has to be seen as a fundamental, essential public service, and the people who deliver that service need to be treated with dignity and respect and to be properly remunerated for the essential work that they do, in order that we as a society send a message about what we value, in terms not only of the workers who provide that care but of the people, our citizens, who receive it. We want them to receive it with maximum dignity and quality. The union learning experience around that is really important. It is not just about pay and conditions; it is about opportunities for professional learning for people who are interested in coming to work in the care sector and for people who are already in the sector. Union learning is an essential way of retaining those valuable staff.

The Convener: That concludes our public business. I thank our witnesses for taking part and sharing their expertise—it has been invaluable. We will consider the remaining items on our agenda in private. Thank you, once again, for coming along.

11:06

Meeting continued in private until 11:29.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@parliament.scot

The Scottish Parliament
Pàrlamaid na h-Alba