

**MEETING BETWEEN CABINET SECRETARY FOR ECONOMY, JOBS AND FAIR WORK  
and  
LESLEY SMITH, DIRECTOR OF PUBLIC POLICY, AMAZON**

<b>TIMING</b>	<p>12pm, 19 December 2016 Amazon, Dunfermline Fulfilment Centre, Amazon Way, Dunfermline, KY11 8XT.</p>
<b>ATTENDEES</b>	<ul style="list-style-type: none"> <li>• Paul Ashraf, General Manager, Dunfermline Fulfilment Centre</li> <li>• Lesley Smith, Director Public Policy, UK and Ireland</li> <li>• Tina Oakley, HR Director</li> <li>• Rob Kay, Regional High Volume Hiring Manager</li> <li>• James Eadie, Senior PR Manager</li> </ul> <p>You will have the opportunity to interact with other employees during the tour.</p> <p><b>Official Support:</b> [REDACTED]</p>
<b>AGENDA</b>	<p>12:00 - Arrival 12:00 - Briefing: Amazon and operations in Scotland and roundtable: Discussion on Amazon and Fair Work 12:25 - Tour: Chance to see operations and working conditions 12:55 - Debrief and Final questions 13.00 - Departure</p> <p><b>Briefing Contents</b>  <b>Item 1: Amazon &amp; Fair Work</b>  <b>Annex A: Biography – Lesley Smith (pg.4)</b>  <b>Annex B: Amazon (pg.5)</b>  <b>Annex C: Meeting with Amazon, 2 March 2016 (pg.6)</b>  <b>Annex D: Amazon &amp; Fair Work FMQ (pg.7)</b>  <b>Annex E: Fair Work, Employment &amp; Sustainability FMQ (pg.10)</b>  <b>Annex F: Scotland’s Labour Market FMQ (pg.13)</b>  <b>Annex G: Address &amp; Map (pg.16)</b></p>
<b>YOUR MAIN OBJECTIVE</b>	<p><u>The Scottish Government is seeking to promote and encourage fair work and fair working practices.</u></p> <p><u>During this visit you will meet with several members of the senior management team as well as employees of Amazon to better understand its approach to employment. The visit will include a roundtable discussion which will provide you with the opportunity to raise your concerns, and to reflect on any observations made during your tour of the facilities.</u></p> <p><b>Any commitment from Amazon to pay travel for their temporary workers, to sign up to the Business Pledge and/or to pay the Scottish Living Wage would be an achievement.</b></p> <ul style="list-style-type: none"> <li>• SG welcomes Amazon’s contribution to permanent employment in Scotland.</li> <li>• SG believes it is important that all employees in every workplace are treated fairly.</li> <li>• SG is doing everything we can to drive up employment standards and promote good working practices with the powers available to us.</li> <li>• I am encouraged by some of the good working practices you have outlined and would urge you to go further by becoming a Scottish Living Wage accredited employer and signatory of the Business Pledge.</li> </ul>

**PRACTICAL  
ARRANGEMENTS**

On your arrival you should make your way to the yellow tower where you will be met and directed to your reserved space by:

- Lesley Smith, Director Public Policy, UK and Ireland (07884236011)

An image of the facility, including landmarks, is provided in Annex G.

<b>ITEM 1</b>	<b>Amazon and Fair Work</b>
<b>ISSUE/ BACKGROUND</b>	<p>You will be visiting Amazon to discuss their employment practices following criticism in the media and an exchange in the Chamber during Topical Parliamentary Questions on 13 December 2016. <u>The Scottish Government is seeking to promote and encourage fair work and fair working practices.</u></p> <p><b>FAIR WORK &amp; WORKING CONDITIONS</b></p> <p>Amazon has been criticised in the media for allegedly penalising workers for taking time off sick, putting them under pressure to hit targets, and because workers are sleeping in tents near the company's warehouse to save money on travel costs.</p> <p><b>Lines to take</b></p> <ul style="list-style-type: none"> <li>• It's important all employees in all workplaces are treated fairly.</li> <li>• The Scottish Government is doing everything we can to drive up employment standards and promote good working practices with the powers available to us, but organisations and employers must play their part too.</li> <li>• We are welcome the contribution Amazon makes to permanent employment in Scotland.</li> <li>• Our Labour Market Strategy outlines our focus on creating more jobs, but this is also about better quality jobs and jobs that work for every individual in terms of skills, pay, security, and prospects.</li> <li>• I am encouraged by some of the good working practices you have outlined and would urge you to go further by becoming a Scottish Living Wage accredited employer and signatory of the Business Pledge.</li> </ul> <p><b>LIVING WAGE</b></p> <p>Amazon do not pay the living wage, at FMQ's on the 21 January 2016, Willie Rennie MSP (Lib Dem) indicated that he had received a letter from Amazon which indicated that they paid £7.20 per hour.</p> <p><b>Lines to take</b></p> <ul style="list-style-type: none"> <li>• SG fully supports the Living Wage Campaign and recognizes the real difference it can make to the lives of people working in Scotland.</li> <li>• SG has demonstrated its commitment to paying the Living Wage by becoming an Accredited Living Wage Employer, and were the first government in the UK to do so.</li> <li>• Although SG is not able to set pay levels in the third and private sectors, or indeed the wider public sector in Scotland where employees are not covered by our pay policy, we encourage every organisation, regardless of size or sector to ensure all staff receive a fair level of pay.</li> <li>• SG is committed to engaging directly with companies, such as Amazon, in order to get more people paid the Living Wage.</li> <li>• Despite increases to wage levels, UK National Minimum Wage is not a real Living Wage.</li> </ul>
<b>WHAT THE STAKEHOLDER MAY SAY/ASK</b>	<ul style="list-style-type: none"> <li>• How will the Scottish Government support Amazon to do more?</li> </ul>
<b>SUGGESTED QUESTION(S)</b>	<ul style="list-style-type: none"> <li>• What validity is there to the recent reports in the media?</li> <li>• How can the Scottish Government support you to deliver more for your workers?</li> </ul>

## BIOGRAPHY

**Lesley Smith, Director of Public Policy**

Lesley is Amazon's Director of Public Policy for the UK and Ireland. She has previously been Director of Communications for ARK Schools and ARK (the international children's charity), Global Director of Corporate Affairs for Cable & Wireless plc, Corporate Communications Director for TSL Education, Corporate Affairs Director and Investor Relations Director for Dixons Group plc and has worked with three different leaders of the Labour Party.

## AMAZON

Amazon is an American electronic commerce and cloud computing company with headquarters in Seattle, Washington. The company started out as an online bookstore, later diversifying to sell DVD's, Blu-rays, CD's, video downloads and other items. The company is the largest Internet-based retailer in the United States.

### Scottish Operations

Amazon has around 1,800 employees in Scotland.

Amazon opened its first fulfilment centre in Scotland in Gourrock in 2004 and opened a second, 1.1 million square foot facility in Dunfermline in 2011. This second facility was opened by Alec Salmond and is the largest fulfilment centre in the UK. Additionally Amazon also have a further small AMZL delivery station in Airdrie which supports Prime Now next day delivery and engages local delivery companies.

Amazon's Development Centre (Scotland) opened in 2004 in South Queensferry and was Amazon's first dedicated R&D facility outside the US. The Edinburgh teams invent new technologies which operate at high scale with projects such as intelligent advertising and personalised online shopping recommendations benefiting Amazon's 280 million active customers worldwide. Amazon moved to Waverley Gate in 2011. In March 2016, there were 96 staff members withing this department but the site can accommodate up to 300.

Amazon Customer Services in Edinburgh is one of 12 sites globally that support customer service queries from UK customers, and is the only one that is located in the UK. The site opened in August 2011, and in March 2016 it housed around 200 permanent Amazon employees, with a further 44 home workers in Scotland for whom the site is a hub. This team grows considerably over the festive period each year.

On the 22 January 2016, the company announced its plans to create a further 2,500 jobs across the UK, including potential jobs in R&D and customer service in Edinburgh.

The company recognises the value of regular staff training and development across functions (logistics, customer service and technical) and they invest in this on an on-going basis. In addition they operate a specific programme aimed at developing women in their workforce.

### Scottish Enterprise (SE) Engagement

Amazon is a Scottish Enterprise Account Managed company. Amazon has received a total of £5,329,046 in assistance from the Scottish Government (SG) and SE since 2005. This sum includes two Regional Selective Assistance (RSA) grants; £1.655 m to establish Amazon's facility in Gourrock and £1.4m to establish the Dunfermline fulfilment centre.

### Amazon and Modern Apprentices

Please see the table below for the number of MAs employed by Amazon as at end of January 2016. The age of participants ranges between 16-24, and the achievement rates for those who complete their training are in excess of 90%.

Programme	MA Framework	VQ Level	VQ Title	Starts
MA16-19 L3	Freight Logistics	3	Logistics Management	29
MA20-24 L3	Freight Logistics	3	Logistics Management	84
<b>Grand Total</b>				<b>113</b>

## MEETING WITH AMAZON, 2 MARCH 2016

**Opening**

Lesley Smith (LS) gave a presentation on Amazon's current employment practices, products and services in Scotland. Roseanna Cunningham (RC) was clear that the discussion was not a conversation about not having Amazon in Scotland. RC acknowledged that while the current SG administration has provided funding to Amazon through SE, previous administrations have also done this with the intention of bringing more jobs to Scotland.

**Working Practices**

The company's working practices were defended by noting its position with regards to each element of the Scottish Business Pledge (SBP) and confirming that the company was an early adopter of the UK Government's national living wage (NLW).

RC welcomed this but noted that the NLW is not the Living Wage. RC encouraged Amazon to work towards meeting all of the criteria set out in the SBP and to formalise this by becoming a signatory of it.

**Fair Work**

RC noted that fair work is more than just pay but rather is about the wider package available to employees, or in the case of Amazon, associates (use of 'associate' instead of employee as an inclusive policy designed to avoid 'rank and file').

RC then raised the issue of fair working practices, raising; a) wider working conditions more generally and how increased pay should not be to the detriment of other benefits, and b) hours worked and how uncertainty around the number of hours can have a significant impact on a person's ability to achieve a work life balance.

LS confirmed that allegations of this nature are recycling of old stories which were addressed in previous years when the initial issue was raised with the company. LS confirmed that Amazon rigorously investigate all workplace complaints with the aim of resolving the issues raised and to improve overall working conditions for all of the company's associates.

**Availability of Work / Working Hours**

Amazon confirmed that no permanent associate is employed on a zero hour contract but rather on a minimum hour contract

RC noted that she was aware of a media report stating that staff had arrived at an Amazon fulfilment centre and been turned away due to insufficient work being available. This was refuted - the staff member would have been re-deployed to another department but would have been able to work. Amazon advised that associates receive a minimum commitment to payment for 20 hours work per week and this guarantee extends to periods where 20 hours' work per week is not available.

**Reputational Risk**

RC returned to the issue of reputational risk and noted that there is a growing cross-party opinion that Amazon may not be the best employer. RC noted that this is a result of the combination of media reports relating to tax affairs, funding arrangements and staffing concerns and complaints.

**ACTION** – RC suggested that Amazon should look to promote its positive activity with some form of event or session within the Scottish Parliament.

**ACTION** – RC committed to undertaking a visit to a fulfilment centre later in the year, pending the outcome of the Scottish Parliamentary Election in May 2016.

## AMAZON AND FAIR WORK

**ISSUE:** On 13 December 2016 BBC reported on the Cabinet Secretary for Economy, Jobs and Fair Work's **commitment to establish a meeting with Amazon to take place within the next seven days** in response to Willie Rennie's PQ about the SG's response to "reports of intolerable working conditions" at Amazon. Mr Brown stated the focus of the meeting would be to promote fair work and fair work practices. **The meeting is scheduled for Monday 19 Dec.** Willie Rennie said the SG is having "zero impact" calling into question the proposed action to meet Amazon to discuss the same subject Roseanna Cunningham addressed previously.

**ISSUE:** On 12 December 2016 a number of news outlets (Independent, Telegraph, Courier etc.) reported some **Amazon workers in Scotland have resorted to sleeping in tents near the company's warehouse to save money** on travel costs. The Times states workers travelling from Glasgow to Dunfermline in a bus provided by an employment agency supplying temporary workers to Amazon had to pay £10 a day to use the service. The cost is lower than the £21 cost of public transport, but is reported to have led some workers to camp out near the depot. Articles outline that temporary workers were penalised for taking time off sick and put under pressure to hit targets. **Willie Rennie, Scottish Liberal Democrats**, has criticised Amazon for paying workers low wages and criticised the Scottish Government stating **"(Amazon) pay a small amount of tax and received millions of pounds from the SNP Government so the least they should do is pay the proper living wage"**

**ISSUE:** During FMQs on 21 January 2016 Willie Rennie asked why the Scottish Government gives four times as much money to Amazon than the Poverty Alliance to champion the living wage. The First Minister committed to continue to work with companies to promote the living wage and to engage with Amazon.

#### Timeline

- The Cabinet Secretary for Fair Work met with Amazon to discuss their employment practices and expansion plans on 3 March 2016.
- On 22 Jan, Amazon announced it will create over 2,500 new permanent jobs in the UK, taking the number of permanent full-time employees across the UK from around 12,000 to over 14,500 by the end of 2016. Some of the new jobs will be at Amazon's distribution centre in Dunfermline while others will be in Edinburgh.

#### Amazon Background

- Amazon currently has around **1,800** employees in Scotland. Amazon has received a total of **£5,329,046** in assistance from the SG and SE since 2005. This includes an RSA grant of **£1.655 million** to establish Amazon's facility in **Gourock** and RSA of **£1.4 million** to establish the **Dunfermline fulfilment centre**. No SE or SG assistance was provided in relation to the planned new jobs referenced above.

#### Top Lines

- **The Cabinet Secretary for Economy, Jobs and Fair Work is meeting with Amazon on Monday to discuss fair work and practices.**
- There are currently no grants to Amazon with payments outstanding, and all grants provided to the company by Scottish Enterprise to date have been paid out based on satisfactory claims and supporting evidence.
- No further grant applications have been received from Amazon at this time.
- It's important all employees in all workplaces are treated fairly and the **Scottish Government is doing everything we can to drive up employment standards and promote good working practices** with the powers available to us.
- The number of **Scots-based Accredited Living Wage Employers has risen to more than 685**, which shows employers recognise the benefits of Fair Work and better pay.
- Indeed, independent research shows that benefits of the Living Wage can include reduced absenteeism, enhanced quality of work and improved recruitment and retention. So it's in employers interests to see employees as assets in which to invest.
- Scotland's Labour Market Strategy was launched in August and outlined our focus on creating more jobs, better quality jobs and jobs that work for every individual in terms of skills, pay, security, and prospects.

- It is important that we do what we can to bring jobs to Scotland, which is the purpose of the grants. It is also important that we promote fair work and practices.

**The Scottish Government is using all the powers we currently have to promote fair pay and conditions, and as a result Scotland has the highest proportion of employees in the UK, around 80%, paid the Living Wage.**

- **The Lib Dems previously opposed Scotland being given the powers over the Living Wage**, and refused to legislate when they were in office at Westminster.
- Other SG activity in this area includes promoting the Scottish Business Pledge, procurement and also the Fair Work Convention, all working to promote fair pay across the Scottish economy.
- **298 employers are signatories of the Scottish Business Pledge**, including Coca Cola, Microsoft and Virgin Money and those in the food and drink and retail sectors. The Pledge requires signatories to pay the Living Wage alongside a range of other commitments including on equality, flexible working and avoiding exploitative zero hours contracts.
- Scottish Enterprise supports companies and sectors they engage with to boost productivity through fair work practices by raising awareness of the Scottish Business Pledge and Fair Work Convention's Framework.

**The Scottish Government's simple, clear and robust approach to the devolved taxes demonstrates that we are serious about tackling tax avoidance in Scotland.**

- The **Scottish General Anti-Avoidance Rule (GAAR)** for the devolved taxes **is significantly wider than the corresponding UK GAAR**, which is based on a narrower test of 'abuse' rather than 'artificiality'.
- We only have powers to tackle tax avoidance on Land and Buildings Transaction Tax (LBTT) and the Scottish Landfill Tax.
- Under the current powers – including the Calman Income Tax powers – we have no powers to tackle Income Tax avoidance. That falls to the UK Government and HMRC.



**Table 1: All Grants to Amazon from 2005-2016 (NB: no grants in 2016)**

Description	2005	2006	2007	2011	2012	2013	2014	2015	Total Payments made
RSA - establish a European Group support operation together with additional customer fulfilment capacity - Gourrock	£555,000	£600,000	£500,000						£1,655,000
RSA - To establish a remote software development centre for web development - South Queensferry		£150,000	£50,000						£200,000
RSA - To establish additional capacity to meet UK and European customer fulfilment requirements - Glenrothes		£200,000	£50,000						£250,000
RSA - To expand the company's facility to satisfy customer demand - Gourrock				£375,000					£375,000
RSA - Development of a new fulfilment centre to satisfy customer demand - Dunfermline					£215,000	£165,000	£355,000	£665,000	£1,400,000
Property Infrastructure General		£50,000.00							£50,000.
Faulds Park - Major Project	£107,000.00								£107,000
Amazon Customer Service Centre Training Plus consolidated Project - Edinburgh				£143,275	£213,410	£171,936		£94,461	£623,082
Contribution towards the fit out and preparation of premises at Waverley Gate - Edinburgh				£160,000					£160,000
Training Plus - contribution towards training and management development - Dunfermline						£262,576		£224,788	£487,364
Support to attract new FDI investment	£21,600.00							£21,600	
					Total				£5,329,046.05

## FAIR WORK, EMPLOYMENT & SUSTAINABILITY

### Issue: Press Association Article on 23 November 2016 says 'Fewer Scottish workers paid the living wage despite Scottish Government efforts to increase the number of companies doing so:

The Scottish Government has set the target of having 1,000 accredited living wage employers across the country by the end of September 2017, with the Spice report saying 644 firms have so far signed up.

This PA article follows the publication of a SPICE report reporting percentage of individuals earnings less than the living wage sourced from Annual Survey of Hours and Earnings ONS, published 26 October 2016 and also presenting Scottish-living Wage Accreditation Statistics on number of living wage accredited businesses.

Labour economy spokeswoman Jackie Baillie said the figures show the "total failure of the SNP's flagship business pledge scheme, which involves signing up for the living wage, with only a fraction of Scottish jobs covered". "It is clear there is no future for Scotland as a low wage, low skill economy.

- We need a long-term industrial strategy to create the high paying jobs of the future.
- We need a living wage guarantee in public contracts meaning that companies who rely on taxpayer-funded

### Top Lines – Press Association article on SPICE report

- "Scotland remains the best performing of all of the four UK countries in terms of paying the Living Wage, with the highest proportion of employees paid the Living Wage or more – around 80% - Sourced from Annual Survey of Hours and Earnings, published 26 October 2016."
- The number of Scots-based Accredited Living Wage Employers has risen **to more than 685**. "We are continuing to work with the Scottish Living Wage Accreditation Initiative to increase the number of employers paying the Living Wage, as we make progress towards the challenging target of 1,000 accredited employers by autumn 2017."
- **Payment of the Living Wage is a commitment the Scottish Government takes extremely seriously.** The Scottish Government introduced the requirement to pay the Living Wage as an integral part of its public sector pay policy in 2011-12. We also expect all public bodies with Living Wage accreditation to fully comply with the terms of that accreditation.
- A Resolution Foundation report on the Autumn Budget Statement last week said "The weak outlook for real average earnings, which the Office for Budget Responsibility forecasts to be £830 lower in 2020 than previously expected, means that the decade from 2010 to 2020 is set to be the weakest one for wage growth since the 1900s."

### Top Lines – General Fair Work

- Following the EU referendum, the Scottish Government's immediate priority is to support Scotland's economic resilience, to protect jobs, investment and long-term prosperity and growth prospects.
- We have committed to abolishing fees for Employment Tribunals when we are clear on how the transfer of powers and responsibilities will work.
- SG want employers to adopt Fair Working Practices but where this doesn't happen employees should have fair access to justice. There is strong evidence that the UKG's charging scheme restricts access to justice and creates a financial barrier to legitimate claims.
- According to MOJ statistics published on 8th December 2016, single case applications in Scotland decreased by 67.3% between Jul-Sep 2012 (pre-fees) to Jul-Sep 2016. In the same period, the number of pregnancy and maternity discrimination cases fell by 75.8%, disability discrimination cases fell by 50.4%, race discrimination cases fell by 57.1%, and sex discrimination cases fell by 42.1%.

### We oppose exploitative zero hours contracts

- **SG does not directly employ people on zero hours contracts (ZHC).** Following a request to define Zero Hours Contracts at the Conveners Group Meeting on 30/9/15 I responded: "Examples of when a zero-hours contract becomes exploitative is when employers deny workers regular or sufficient working hours or unfairly penalise workers for being unavailable for work or not accepting offers of work."

- The Scottish Government has taken significant steps to promote Fair Work practices in procurement. Our statutory guidance on Addressing Fair Work Practices, including the Living Wage, in Procurement re-enforces our belief that stability of employment and of hours of work is an important element of Fair Work.
- The use of reported ZHC in Scotland's labour market is similar to that of the UK as a whole. (Scotland 3.0%, UK 2.9%). We recognise that zero hours contracts are becoming more prevalent in the labour market, and will work with the Fair Work Convention to help business to promote fairer flexible contracts.
- **The Business Pledge** includes a commitment not to employ people on exploitative zero hours contracts (or comparable very low core hours) or ensuring that any zero hours contracts are fair and appropriate.

#### **We have taken action to promote fair working practices through procurement**

- **The European Commission** has twice confirmed that any requirement on contractors, as part of a procurement process or public contract, to pay their employees a living wage set at a higher rate than the UK's National Minimum Wage, is **unlikely to be compatible with EU law**.
- Despite **employment law being a reserved matter**, through provisions in the **Procurement Reform (Scotland) Act 2014**, the Scottish Government took every opportunity to tackle the Living Wage through procurement.
- The Act requires public bodies to prepare and publish a procurement strategy, which must include a statement of their general policy on the payment of the living wage to people involved in delivering public contracts. **The first is to be published by 31 December 2016.**
- The Act also allowed Scottish Ministers to **publish statutory guidance on Addressing Fair Work Practices**, including the Living Wage, in Procurement. From 1 November 2015 public bodies **must now consider**, before undertaking a procurement exercise, whether it is relevant and proportionate to include a **question on fair work practices, including the Living Wage, which can be evaluated as part of the competition.**
- **This goes further than any other administration and makes clear that SG considers payment of the Living Wage to be a significant indicator of an employer's commitment to fair work practices.**

#### **We will continue to promote the real Living Wage**

- SG supports payment of the real Living Wage and **itself became an Accredited Living Wage Employer in 2015. We introduced the requirement for employers to pay their staff Living Wage as an integral part of our public sector pay policy in 2011-12. The new rate of £8.45 applies from 31/10 to all newly accredited employers. Existing accredited employers will have six months to adopt it.**
- The "real" Living Wage is calculated according to the basic cost of living and therefore takes account of the adequacy of household incomes for achieving an acceptable minimum living standard.
- The National Living Wage does not benefit those under 25. Differential pay for young workers is not acceptable and our longer term aspiration would be that the real Living Wage becomes the norm.
- We have committed to paying the Living Wage to adult social workers from 1 October and have been **working closely with health and social care partnerships and providers to make delivery successful.**
- **This is an ambitious commitment** which will allow councils to commission adult social care from the independent and voluntary sectors on the basis that care workers are paid the real Living Wage of £8.25 an hour this year - **giving up to 40,000 people, mainly women, doing some of the most valuable work in Scotland a well-deserved pay rise.**
- Scottish Government has provided **significant investment to support this commitment which will enable local authorities to commission care services that pay care workers, including in the independent and third sector, the full Living Wage from 1 October.**

## We support employers and workers to maximise the benefits which come with embracing Fair Work

- 299 employers are signatories of the **Scottish Business Pledge**, including Coca Cola, Microsoft and Virgin Money and those in the food and drink and retail sectors. The Pledge requires signatories to pay the Living Wage alongside a range of other commitments including on equality, flexible working and avoiding exploitative zero hours contracts.
- We appointed an independent **Fair Work Convention** which published its **Fair Work Framework** on 21 March 2016. The framework recognises Fair Work as work which offers: Effective Voice, Opportunity, Security, Fulfilment and Respect.
- The PfG reinforces our commitment of up to £500,000 to support **the Fair Work Convention to embed** their Framework in workplaces across Scotland.
- The PfG also commits £250,000 for a Trade Union Modernisation Fund to mitigate the negative impacts of the UKG Trade Union Act and to support Trade Unions to help embed the Fair Work Framework in workplaces across Scotland.
- We will continue to press the UK Government for the full set of powers around employment law, as well as around tax and social security that will allow us to deliver our full ambitions around inclusive growth.

## We are supporting individuals from vulnerable groups to enter employment

- Our new disability delivery plan – **A Fairer Scotland for Disabled People** (published 2 December) includes actions on work and income.
- We will seek to reduce by at least half, the employment gap for disabled people, set targets to redress the imbalance in both the public and private sector workforce and pilot a work experience scheme specifically for young disabled people. And we will use new powers to support up to 3,300 disabled people into employment through the transitional service from April 2017.
- We continue to promote the Scottish Government's **supported employment framework**. We are working closely with partners, including local authorities in order to support them to develop and deliver this place and train model locally in mainstream employment.
- We are working with employers, third sector and public bodies to set up an Employer support network for those interested in recruiting **people with convictions**.

## SCOTLAND'S LABOUR MARKET STRATEGY

**Issue: Kezia Dugdale, Leader of the Scottish Labour Party IPPR, London outlines her beliefs on employment rights in her speech of 7th December 2016**

'My belief is that the responsibility for guaranteeing the employment rights of workers in Scotland should sit with the Scottish Parliament. The UK would set a minimum for the whole country on which Scotland could build if it chooses. In the same way, while the UK Government should continue to set a floor for the National Minimum Wage, it should be for the Scottish Government to determine the level in Scotland.'

**Issue: Resolution Foundation research states the number of agency workers is set to reach one million by 2020 if current growth trends continue - 5 December 2016.**

The Resolution Foundation research estimates that a full-time agency worker gets £430 less than an employee in the same role, and states that the current number of 865,000 has grown by 30% since 2011.

**Issue: Prime Minister announces a green paper outlining plans to reform corporate governance**

On 21 November, Theresa May announced the forthcoming publication of plans to reform corporate governance, including executive pay and accountability to shareholders, and proposals to ensure employee voice is heard, although this will not cover mandating workers/trade union representatives to boards.

**ISSUE:** The latest labour market data, for Aug to Oct 2016, were published on Wednesday 14<sup>th</sup> December. The data showed that Scotland's employment level decreased by 40,000 over the quarter whilst unemployment rose by 14,000 and inactivity levels increased by 13,000 over the quarter.

**INVESTMENT:** The Scottish economy remains strong and recent positive news of **investment** includes:

**ThinkAnalytics** – The media software company received a Regional Selective Assistance grant last year which has helped create a further 22 jobs taking their total headcount to 49.

**Televerde** – 16 Nov 2016 -The US based business sales and marketing company has received a Regional Selective Assistance grant of £670,000 from Scottish Enterprise, allowing them to set up its first European Headquarters in Glasgow creating 170 jobs.

**Chevron** – 16 Nov 2016 - The aircraft maintenance company based in Manchester has announced plans to invest £8.5 million in a new centre of excellence at Prestwick Airport. Supported by a £2 million grant from Scottish Enterprise, the company has signed a 10 year lease and it is expected to be operational early 2017, creating up to 82 highly specialised and skilled positions.

**Top Lines**

- **The Scottish economy has been resilient over the past 12 months in the face of the most challenging external economic conditions in recent years.**
- **£100 million** in extra spending in this financial year (16/17) through our Capital Acceleration Programme to support and create employment.
- In my 2016 Programme for Government, I announced a **£500 million** package of financial support through a three-year Scottish Growth Scheme which unlocks investment for the private sector.
- Brexit poses a real and direct risk to continued economic recovery in Scotland.
- Labour market figures continue to show the utmost importance of Scotland and the UK as a whole retaining membership of the European single market, which will enable us to build on this encouraging progress, and ensure that everyone in Scotland benefits from economic growth.

**Top Lines – Agency Workers and Green Paper**

- While we agree the collaborative economy brings significant benefits to consumers, measures need to be put in place to ensure this type of employment does not displace secure jobs by creating part-time, low-paid work that offers workers little or no statutory benefits or protection.
- The Scottish Government is leading the way in this area and is already promoting fair working practices to businesses, for example through the Fair Work Convention. Further powers around employment would mean we could do more.

### Scotland's Labour Market Strategy launched on 26 August 2016, within the first 100 days.

- The Labour Market Strategy sets out a vision for a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families.
- The Strategy puts fairness at the heart of our drive to develop a skilled workforce capable of meeting future economic demands. It commits to:
  - provide up to **£500,000 to support the Fair Work Convention** and to work with them to embed their framework in workplaces across Scotland.
  - **double the number of accredited Living Wage employers** from 500 in March 2016 to 1,000 by autumn 2017.
  - provide £200,000 to Business in the Community Scotland to support the **Scottish National Action Plan for Responsible Business**.

### Scotland's Labour Market shows signs of shortfall but remains spirited and fair

- Our economy is strong, wealthy and productive. With 28,000 more people in employment now than compared to the pre-recession high (March-May 2008) and employment standing 154,000 above its lowest during the recession (Feb-Apr 2010).
- The unemployment rate in Scotland rose by 0.6 percentage points to 5.3% over the quarter, above that of the UK (4.8%). Nevertheless, our employment rate of 73.3% remains the second highest of the four UK nations (UK as a whole is 74.4%).
- For Scotland the percentage of children in workless households has decreased from 15.4% in Apr-Jun 2010 to 12.4% in Apr-Jun 2016.

### Promoting Fair Work and Responsible Business to drive sustainable inclusive economic growth

- The OECD estimates that rising income inequality in the UK reduced GDP per capita growth by 9 percentage points between 1990 and 2010. [*Trends in Income inequality and its impact on Economic Growth(2014)*]
- Scotland has a higher female employment rate (70.1% vs 69.8%) and a lower female inactivity rate (26.4% vs 26.7%) than the UK as a whole. The female unemployment rate in Scotland is the same as that of the UK at 4.7%.
- The number of Registered Businesses in Scotland has grown 15% since 2007 to an all-time record level of 173,995 in 2016.
- **Business R&D expenditure within Scotland has risen by 41% in real terms between 2007-15 against UK expenditure increase of only 17% over the same period.**
- An Ernst & Young Attractiveness Survey (May 2016) shows that **in 2015 Scotland attracted 119 Foreign Direct Investment Projects, a 51% increase than the year before and more than any part of the UK outside of London**
- **Scottish Development International helped 2,500 companies internationalise last year, up from 1,400 four years ago.**
- The **gender pay gap for full-time employees in Scotland has decreased** from 7.7% in 2015 to 6.2% in 2016. In the UK it has decreased from 9.6% to 9.4%.
- The narrowing of the gender pay gap in Scotland is excellent news for our working women and for the wider economy. The gap remains lower than the UK average and indeed the decrease in the UK gap has in part been driven by the Scottish figure.

### We will monitor progress over time as the Labour Market evolves and changes

- This Strategy puts in place a framework that will help us to achieve our vision. It sets out our priorities for action and establishes the outcomes we will use to measure our progress.
- To ensure successful delivery of these outcomes, we will:
  - improve the range and quality of **labour market data** and **develop new labour market indicators**;
  - work with the **Fair Work Convention** to develop employment and work quality indicators; and

- establish a **Strategic Labour Market Group** which will work alongside the independent Fair Work Convention, to advise Ministers on **future developments in the labour market**. This Group will contain members drawn from the trade unions, business, the third and public sectors and academia and will ensure that our Strategy is delivered and remains responsive to any changing circumstances. It will inform future policies and advise on how best to deliver our vision as new challenges emerge.
- This Strategy sets out a number of commitments. In addition to our existing spend on education, skills and the economy the Strategy sets out how we will invest £820,000 in a range of activity to promote Inclusive growth, including, continuing support for the Fair Work Convention, workplace equality and developing new networks around responsible business and workplace innovation.

## ADDRESS AND MAP

**Address:** Amazon, Dunfermline Fulfillment Centre, Amazon Way, Dunfermline, KY11 8XT.

**Parking:** A space is reserved for the Ministerial car in the visitor's car park. On your arrival you should make your way to the yellow tower where you will be met and directed to your reserved space by Lesley Smith, Director Public Policy, UK and Ireland (See image of facility).

