

Question

All internal and external correspondence within and sent or received by the Scottish Government including attached documents, meeting handouts, memos, briefings to ministers, attendee lists, location of meeting, notes, minutes, or OneNote memos, linked to the following meetings:

1a) Richard Lochhead's meeting with Dehenna Davison on September 27, 2022

1b) Richard Lochhead's meeting with Dave Moxham of STUC on October 17, 2022

1c) Richard Lochhead's meeting with Roz Foyer of STUC on October 25, 2022

1d) Richard Lochhead's meeting with Offshore Energies UK on October 26, 2022

Documents included

1. Read out from islands forum
2. Briefing information provided in relation to Dehenna Davison

1. READOUT ISLANDS FORUM

Background:

- UKG announced their intention to hold an Islands Forum in February as part of their Levelling-up agenda.
- The first meeting was hosted in Orkney on 27 and 28 September.
- The stated purpose of the Forum is to 'empower island communities to communicate directly with government, inform future policy, and work together.'
- Representatives from island communities in England, Scotland, Wales and Northern Ireland were invited to participate along with Ministers from the devolved nations (full list in **Annex A**).

Ofgem Fringe Session:

- A fringe session with representatives from Ofgem was held before the main Forum. This focused on challenges specific to island communities including high daily standing charges for households, interconnection and fuel poverty.
- Delegates were able to engage with Ofgem on how the regulatory framework can support net zero ambitions on the UK's islands.
- The extreme levels of fuel poverty across the islands were repeatedly emphasised, and the UK Government were pushed to set out what steps they intend to take to protect the most vulnerable island households during the cost of living crisis.
- During this session frustrations around the lack of progress over the last 20 years were highlighted, and concerns around the high levels of fuel poverty on islands and increased costs of energy for households was raised numerous times.

Islands Forum:

- The Forum itself focused on opportunities for islands around net zero. Delegates discussed shared challenges, but also opportunities for net zero innovation for islands right across the UK.
- UK Government were pushed on reserved matters that affect islands. Including highlighting the focus on Scottish islands that the Scottish Government provides through the Islands (Scotland) Act 2018, the National Islands Plan and through the Cabinet Secretary for Rural Affairs and Islands.
- Our islands massive decarbonisation and energy potential was highlighted while the issues around transmission and connectivity were stressed. The loss of EU funding for the European Marine Energy Centre and need for a just transition was also raised.

Future:

- Officials from UK Government have committed to progressing actions on net zero, working closely with island leaders and all devolved governments.
- The next Islands Forum will take place in March 2022. The location is to be decided in due course.
- Islands team officials have made contact with UK Government counterparts to request a follow-up meeting to discuss next steps.

ATTENDEES

UK Government

- The Chancellor of the Duchy of Lancaster and Minister for Intergovernmental Relations, The Rt Hon Nadhim Zahawi MP
- Ms Dehenna Davison MP, Minister for Levelling Up and Parliamentary Under Secretary of State at the Department for Levelling Up, Housing and Communities
- Lord Offord of Garvel, Parliamentary Under Secretary of State for Scotland
- Ms Sue Gray, Permanent Secretary - Union and Constitution, Cabinet Office and the Department for Levelling Up, Housing and Communities
- Ms Zainab Kizilbash Agha, Director, Union and Constitution Group, The Department for Levelling Up, Housing and Communities
- Ms Katherine Wright, Deputy Director, Net Zero Strategy, The Department for Business, Energy & Industrial Strategy

Wales and Northern Ireland

- Minister John O'Dowd MLA, Minister for Infrastructure, Northern Ireland Executive
- Minister Julie James MS, Minister for Climate Change, Welsh Government

Island Representatives

- Orkney Islands Council, Cllr James Stockan and Chief Executive John Mundell
- Isle of Wight Council, Cllr Lora Peacey-Wilcox and Chief Executive Wendy Perera
- Isles of Scilly Council, Cllr Robert Francis and Chief Executive Paul Masters and Strategy Director, Nicola Stinson
- Highland Council, Cllr Raymond Bremner and Chief Executive Donna Manson
- North Ayrshire, Cllr Tony Gurney and Chief Executive Craig Hatton
- Cyngor Sir Ynys Môn / Isle of Anglesey Council, Cllr Robin Wyn Williams and Head of Regulation and Economic Development, Christian Branch
- Argyll and Bute, Cllr Robin Currie, Chief Executive Pippa Milne, Head of Growth and Economic Development, Fergus Murray
- Comhairle Nan Eilean Sar / Western Isles Council, Cllr Paul F Steele and Chief Executive Malcolm Burr
- Shetland Islands Council, Cllr Emma Macdonald and Chief Executive Maggie Sandison
- Rathlin Development and Community Association, Chair Michael Cecil
- NI Department for Infrastructure, Catherine McEvoy

Other

- The Rt Hon Chris Skidmore, UK Government Net Zero Review Lead
- Gareth Davies, Chief Executive, Aquatera Group, presenting on ReFLEX

2. Briefing provided for meeting with Dehenna Davison

Meeting with Dehenna Davison MP (newly appointed Minister for Levelling up).

- Introductions and scene setting

Bio:

Parliamentary Under Secretary of State at the Department for Levelling Up, Housing and Communities

Dehenna Davison (MP for Bishop Auckland since the 2019 general election) was appointed Parliamentary Under Secretary of State at the Department for Levelling Up, Housing and Communities on 7 September 2022.

- Local growth funding design and simplification
- Local growth funding delivery - UK Shared Prosperity Fund (UKSPF), Levelling Up Fund (LUF), Community Ownership Fund (COF), etc.
- Devolution deals and county deals
- Planning casework
- Legislation - Holocaust Memorial

FOI: 202300338435

Question

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1d) Richard Lochhead's meeting with Offshore Energies UK on October 26, 2022

Documents included

1. Readout from the meeting
2. Emails to STUC to arrange the meeting
3. Internal emails to arrange the meeting with STUC

1. READOUT FROM THE MEETING

From: [redacted]

Sent: 18 October 2022 16:36

To: [redacted]

Cc: [redacted]

Subject: STUC Call - 10.30 - Constitution Paper

Hi all,

Resending the note, as the previous version didn't make clear that migration policy may be addressed in one of the future papers.

Many thanks,

[redacted]

From: [redacted]

Sent: 17 October 2022 14:47

To: [redacted]

Cc: [redacted]

Subject: RE: STUC Call - 10.30 - Constitution Paper

Hi,

Please find brief note attached from the meeting today with Dave Moxham from STUC.

[redacted]

CONSTITUTION PAPER MEETING NOTE – 17 OCTOBER 2022 – 10:30 – 10: 40

Attendees: Richard Lochhead, Just Transition, Employment and Fair Work & Dave Moxham, Deputy General Secretary, STUC

- Mr Lochhead opened the conversation advising about the series of papers on economy, EU, energy etc, highlighting the issues in the paper that STUC would be interested in.
- Dave advised that this paper sounds positive. STUC were positive about the first paper published and its critique of UK economic model.
- Dave asked about future papers on migration and energy and Mr Lochhead advised that there will be a dedicated policy paper on energy. Migration may be addressed in one of the future papers. However, both energy and migration are mentioned in the current paper.
- Dave mentioned that people would be interested in positive migration policy for the economy and reform of energy.
- Dave advised that from their side the SG can expect either a relatively warm comment on the content, or no comments. The latter will mean that STUC will handle the current events in the UK Government.
- The paper sounds positive and STUC welcomes the fact that the SG continues to reiterate that Fair Work and positive labour market policies are its vision.
- Mr Lochhead advised that on the positive side we are aware that a successful economy needs regulation of workers' rights, social solidarity and new partnerships.
- Dave advised that people will notice the differences between the paper published today and announcements made on UK level on the unions freedoms.
- Mr Lochhead made the offer to catch up in depth if STUC would like to discuss the paper in the future, after they get familiarised with the current paper and Dave agreed.

2. EMAILS TO STUC TO ARRANGE THE MEETING

When: 17 October 2022 10:30-11:00

Where: MS Teams

Microsoft Teams meeting

From: [redacted]

Sent: 14 October 2022 16:14

To: [redacted]

Great,

Will forward the diary invite shortly.

Thanks so much for your quick help.

[redacted]

From: [redacted]

Sent: 14 October 2022 15:58

To: [redacted]

Subject: RE: Urgent - Call on Monday with Mr Lochhead

Hi [redacted],

Just to let you know, Dave Moxham is able to cover the call with Mr Lochhead on Monday morning.

Kind Regards,

[redacted]

From: [redacted]

Sent: 14 October 2022 15:58

To: [redacted]

Cc: [redacted]

Subject: RE: Urgent - Call on Monday with Mr Lochhead

Importance: High

Hi [redacted],

Thanks for the quick reply.

Yes of course, [redacted] or Dave could cover it.

[redacted]

From: [redacted]

Sent: 14 October 2022 15:50

To: [redacted]

Cc: [redacted]

Subject: RE: Urgent - Call on Monday with Mr Lochhead

Hi [redacted],

Roz is on annual leave on Monday, I'll check if either Dave or [redacted] are able to cover and let you know if that's ok?

Kind Regards,
[redacted]

From: [redacted]
Sent: 14 October 2022 15:48
To: [redacted]
Cc: [redacted]
Subject: FW: Urgent - Call on Monday with Mr Lochhead
Importance: High

Hello [redacted],

Would [redacted] be available to have a quick call with Mr Lochhead on Monday at 10.30 (around 15 minutes)? This in relation to the publication of the constitution paper.

Many thanks,

[redacted]

3. INTERNAL EMAILS TO ARRANGE THE MEETING WITH STUC

From: [redacted]
Sent: 17 October 2022 09:49
To: [redacted]
Subject: RE: STUC Call - 10.30 - Constitution Paper

Hi,

Yes, I sent the link to teams to STUC.

[redacted]
From: [redacted]
Sent: 17 October 2022 09:27
To: [redacted] [redacted]**Subject:** RE: STUC Call - 10.30 - Constitution Paper

Thanks [redacted],

[redacted] – grateful if you could confirm.

Many thanks,

[redacted]

From: [redacted]

Sent: 17 October 2022 09:20

To: [redacted]

Cc: [redacted]

Subject: RE: STUC Call - 10.30 - Constitution Paper

Yes, [redacted] did that on Friday but I'm sure she can confirm.

[redacted]

From: [redacted]

Sent: 17 October 2022 09:19

To: [redacted]

Cc: [redacted]**Subject:** RE: STUC Call - 10.30 - Constitution Paper

Thanks [redacted],

I will pass this on to Mr Lochhead. Can you please confirm if you have shared the link and confirmed the meeting time of 10:30 with STUC?

Microsoft Teams meeting

Many thanks,

[redacted]

From: [redacted]

Sent: 17 October 2022 09:01

To: [redacted]

Cc: [redacted]

Subject: STUC Call - 10.30 - Constitution Paper

Morning [redacted]

[redacted] from the Fair Work Unit will be on the call with Mr Lochhead and Dave Moxham this morning to take a note.

I'm sure Mr Lochhead knows but I wanted to highlight that publication itself won't happen until 11 am so this conversation is confidence and intended to give stakeholders an indication of what to expect in the paper. Nothing should be said publically until after the FM statement at 11 am.

[redacted]

[redacted]

From: [redacted]

Sent: 14 October 2022 14:40

To: [redacted]

Cc: [redacted]

Subject: STUC - Constitution Call Monday

Hi [redacted]

I have been helping coordinate stakeholder calls around the constitution paper that is being published on Monday.

As part of this, Mr Lochhead is keen to engage with the STUC. Could you see if [redacted] is available for a call with him around 1030am please ([redacted] asked if you could help arrange).

Thanks,

[redacted]

FOI: 202300338435

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- 1d) Richard Lochhead's meeting with Offshore Energies UK on October 26, 2022

Documents included

1. Email from STUC advising absences
2. Email thread regarding ID
3. Email from SG official confirming agenda
4. Email thread on Covid risk assessment
5. Email thread confirming number of attendees
6. Email thread on agenda planning
7. Email thread confirming the date of the meeting
8. Steering and extended briefings
9. Economic Review Presentation
10. Supplementary introductory remarks
11. Note of the meeting

1. EMAIL FROM STUC ADVISING ABSENCES

From: [redacted]
Sent: 25 October 2022 09:08
To: [redacted]@gov.scot; [redacted]@gov.scot
Cc: [redacted]
Subject: RE: Biannual meeting agenda

Morning,
We have had two apologies [redacted] PCS and [redacted] STUC Vice President.

I've asked everyone to be concise to ensure we get through the agenda, likely that Item 4 will be shorter than 20 mins, but I've asked affiliates to keep to time on the earlier items.

Thanks for your support with preparation for today.
Linda

2. EMAIL THREAD REGARDING ID

From: [redacted]
Sent: 24 October 2022 20:00
To: [redacted]@gov.scot; [redacted]

Cc: [redacted]@gov.scot
Subject: Re: ID For Tomorrow

Thanks [redacted]. Linda has made that very clear to our folk.
So no excuses (as I begin to hunt out my passport!)

Sent from [Outlook for iOS](#)

From: [redacted]@gov.scot
Sent: Monday, October 24, 2022 7:55:00 PM
To: [redacted];[redacted]
Cc: [redacted]@gov.scot
Subject: ID For Tomorrow

Linda, Dave,

Apologies for the late email but to check that you and affiliates are aware of the need to bring ID tomorrow for security desk – and that you're aware what's accepted?

I think Linda mentioned this during a call the other week but just to make sure as this is a new requirement since the last in-person biannual.

Kind regards,

[redacted]

3. EMAIL FROM SG OFFICIAL CONFIRMING AGENDA

From: [redacted]@gov.scot
Sent: 21 October 2022 18:29
To: [Redacted]
Cc: [Redacted]
Subject: Biannual meeting agenda

Hi Linda,

Please find below the outline of agenda for the meeting on Tuesday.

This agenda will have **6 key** items for discussion
(Timing allows for approximately 20 minutes per item)

1. Welcome and Introductions
2. Economy Overview
3. Cost of living crisis: Pay and Fair Work
 - I. Pay: Public sector pay disputes
 - II. Fair Work: Pay, Pensions & Precarious contracts
4. Cost of living crisis: Energy & Just Transition

- I. Industrial Strategy for Energy
- II. Just Transition
- III. Public Ownership
- IV. Energy Prices/CoL Crisis
- 5. Future public sector funding and budgets
- 6. National Care Service

Closing remarks

Kind regards,

[redacted]

4. EMAIL THREAD ON COVID RISK ASSESSMENT

From: [redacted]
Sent: 20 October 2022 17:05
To: [redacted]@gov.scot
Cc: [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot
Subject: RE: FM Biannual meeting with STUC

Thanks [redacted], really helpful.

From: [redacted]@gov.scot
Sent: 20 October 2022 16:31
To: [redacted]
Cc: [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot
Subject: RE: FM Biannual meeting with STUC

Hi Linda,

I have attached our current risk assessment, this is not only for Covid but all respiratory conditions. Risk assessments are not done for each room or building but rather for staff and visitors. In regards to spacing and ventilation, where possible individuals should be spaced out, the room we have booked is large and will accommodate this. For ventilation we will ensure windows stay open.

The room booked also has a special facility, a UVC lighting system that cleans all hard surfaces, this will be used before the meeting. I have also attached some guidance that may be helpful when attending any SG office to ensure everyone is safe.

I hope this information brings you and your colleagues comfort for our meeting next week.

Kind Regards,
[redacted]

From: [redacted]
Sent: 18 October 2022 17:25
To: [redacted]@gov.scot; [redacted]@gov.scot
Subject: FM Biannual meeting with STUC

Hi both,

One of our attendees has asked for a copy of the covid risk assessment for the meeting room we are using next week as per guidelines. They are looking for reassurances on ventilation, spacing, etc. Is this something you could check for us?

<https://www.gov.scot/publications/coronavirus-covid-19-general-guidance-for-safer-workplaces/pages/risk-assessment/>

Many thanks,

Linda

Linda Somerville
Deputy General Secretary
M: [redacted] | E: [redacted]
Scottish Trades Union Congress, Glasgow

5. EMAIL THREAD CONFIRMING NUMBER OF ATTENDEES

From: [redacted]
Sent: 05 October 2022 14:17
To: [redacted]@gov.scot; [redacted]
Cc: [redacted]@gov.scot
Subject: RE: Biannual meeting attendees

Hi [redacted],
We are likely to invite along a total of 15 people to the meeting.
Linda

From: [redacted]@gov.scot
Sent: 05 October 2022 13:00
To: [redacted]; [redacted]
Cc: [redacted]@gov.scot

Subject: Biannual meeting attendees

Hi Linda and [redacted],

Do you have any idea on how many affiliates are going to attend roughly?

Many thanks,

[redacted]

6. EMAIL THREAD ON AGENDA PLANNING

From: [redacted]@gov.scot
Sent: 06 October 2022 14:54
To: [redacted]

Cc: [redacted]

Subject: RE: biannual meeting chat REQUEST TO CHANGE THE DATE

Many thanks Linda, for being flexible. I'll arrange a 15 minutes call.

Microsoft Teams meeting

[redacted],

From: [redacted]

Sent: 06 October 2022 14:50

To: [redacted]@gov.scot

Cc: [redacted]

Subject: RE: biannual meeting chat REQUEST TO CHANGE THE DATE

Hi [redacted],

I did get your message, sorry I've been in meetings all day. I am at SNP conf on Monday, can make Tuesday 9:30 for a short meeting, does that work?

Linda

From: [redacted]@gov.scot

Sent: 06 October 2022 12:32

To: [redacted]

Cc: [redacted]

Subject: RE: biannual meeting chat REQUEST TO CHANGE THE DATE

Importance: High

Hi Linda,

Apologies for the short notice. [redacted], is unable to do the call today. Do you have any availability early next week?

Many thanks,

[redacted],

From: [redacted]@gov.scot

Sent: 04 October 2022 09:36

To: [redacted]

Subject: RE: biannual meeting chat

Thanks Linda,

I'll send the diary invite shortly.

Microsoft Teams meeting

The biannual meeting is on Tuesday 25th of October, 2 pm – 4 pm at St Andrews House (SAH).

[redacted]

From: [redacted]
Sent: 04 October 2022 09:29
To: [redacted]@gov.scot
Subject: RE: biannual meeting chat

Yes thanks, 3:30 works.

Can you confirm the date and time of the biannual, [redacted] is off today, and I still have two holds in my diary. Also, I understand the meeting is in person at St Andrews House.

From: [redacted]@gov.scot
Sent: 04 October 2022 09:26
To: [redacted]
Subject: RE: biannual meeting chat

Hi Linda,

No worries. I'll arrange a meeting from 3.30 pm till 4.15? Is that ok with you?

Many thanks,

[redacted]

From: [redacted]
Sent: 04 October 2022 08:50
To: [redacted]@gov.scot
Subject: RE: biannual meeting chat

Morning [redacted],
Apologies I didn't get back to you last week. Agree that the economy will dominate the discussion and a presentation from SG would be helpful. I will check for other agenda items, I assume we will want to cover National Care Service. We have General Council tomorrow, could we meet on Thursday afternoon, I am free from 3pm.
Linda

From: [redacted]@gov.scot
Sent: 28 September 2022 17:42
To: [redacted]
Subject: biannual meeting chat

Hi Linda,

I hope you are well.

I am wondering, if you would have an availability next week to have an initial chat on the biannual agenda.

In general, given the state of economy and the current challenges we would expect to provide an overview of the economic situation.

When would you expect to provide an agenda from your side? We would wish to receive the agenda and any papers till 10th of October, but ideally by the end of the next week if possible.

Many thanks,

[redacted],

7. EMAIL THREAD CONFIRMING THE DATE OF THE MEETING

From: [redacted]@gov.scot
Sent: 18 August 2022 12:30
To: [redacted]; [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot
Cc: [redacted]; [redacted]
Subject: RE: Biannual meeting

Hi [redacted],

Just to advise that 25th October has been confirmed with FM's Office. We will be in touch with yourself and Linda nearer the time around attendees, agenda etc.

Kind regards,

[redacted]

From: [redacted]
Sent: 16 August 2022 09:57
To: [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot
Cc: [redacted]; [redacted]
Subject: RE: Biannual meeting

Hi [redacted]

Apologies for further email but Rozanne now has a diary commitment on 15 September which can't be moved.

Could we please therefore go with the alternative date of 25 October 2.00pm – 4.00pm in-person.

Kind regards
[redacted]

From: [redacted]
Sent: 16 August 2022 08:14
To: [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot; [redacted]@gov.scot
Subject: RE: Biannual meeting

Hi All

I am writing to confirm proposed date for next (in-person) STUC / FM Biannual meeting of 15 September at 2.00 pm – 4.00 pm is fine with us.

Kind regards
[redacted]

From: [redacted]@gov.scot
Sent: 12 August 2022 11:12
To: [redacted]
Cc: [redacted]@gov.scot; [redacted]@gov.scot
Subject: Biannual meeting

Hi [redacted],

Apologies for the delay.

We could investigate whether in person biannual meeting is feasible now subject to room availability and numbers. Would you be happy with that, or were you looking to do it via Teams? Can you please advise and we'll come back in next few days with a date.

I am on leave as of Monday, so please keep [redacted] and [redacted] copied.

Many thanks and sorry again it's taking so long.

[redacted]

8. STEERING AND EXTENDED BRIEFINGS

From: [redacted]@gov.scot
Sent: 24 October 2022 16:32
To: First Minister
Cc: [redacted]@gov.scot
Subject: Steering Brief - FM Biannual with STUC - Tuesday 25 October 2022 & EXTENDED BRIEF
Importance: High

PS First Minister,

Further to my email of Friday evening, please find attached the extended briefing pack for FM's biannual meeting with STUC tomorrow. The Steering brief is the main document for this event but as is normal practice we have supplied this supplementary FMQ/Core brief style briefing on some key areas for reference, if needed.

As some positions have been subject to change over the weekend, the Steering Brief is also reattached with amendments made at agenda item 4 (COST OF LIVING CRISIS – ENERGY & JUST TRANSITION) – pages 29-30 and agenda item 5 (FUTURE PUBLIC SECTOR FUNDING AND BUDGETS) – pages 31 – 33.

Lastly, in a change from usual handling, it is expected that Roz Foyer will lead/chair the discussion for STUC rather than the President and will invite others from General Council into discussion as appropriate.

Kind regards,

[redacted]

From: [redacted]@gov.scot
Sent: 21 October 2022 18:26
To: First Minister
Cc [redacted]@gov.scot

PS First Minister,

Please find attached the steering brief ahead of the STUC biannual meeting on Tuesday. As the situation around pay negotiations is subject to change, we anticipate further updates to this section will be needed on Monday. We will update the briefing accordingly and will highlight any changes clearly.

We will also provide, as usual, an extended briefing pack for supplementary reference. Further updates will be needed on Monday for this and we will send this with the revised steering brief.

Lastly, within the briefing there is a reference to the “People’s Plan for Action”. This document is too large to include as an annex and therefore we attach the PDF for information. Please note this is not a tabled paper and this is provided for information only.

Please get in touch if you have any queries in the meantime.

Kind regards,

[redacted]

➤ **STEERING BRIEF FOR FIRST MINISTER**

BI-ANNUAL MEETING WITH STUC GENERAL COUNCIL

25th OCTOBER 2022

Key Message	<ul style="list-style-type: none"> • Trade unions are key social partners and we are committed to working in partnership with the STUC and affiliates as we respond to the current crisis. • The cost of living crisis is the most immediate challenge to the Scottish economy, whilst recovery from the Covid-19 pandemic continues alongside mitigating negative post-Brexit impacts. It is vital we work together to protect the health and wellbeing of the workforce. Fair Work sits at the heart of this ambition to move toward a wellbeing economy. • We welcome the opportunities to work collaboratively with the STUC to continue to influence the UK Government as we work to transform the economy.
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Who	<p><u>STUC Secretariat</u> Roz Foyer, General Secretary, STUC Linda Somerville, Deputy General Secretary, STUC Dave Moxham, Deputy General Secretary, STUC</p> <p><u>General Council</u> Pauline Rourke, STUC President, CWU Mike Arnott, STUC Vice President, Dundee TUC Pat Rafferty, Unite Tracey Dalling, Unison Louise Gilmour, GMB Andrea Bradley, EIS Joy Dunn, PCS Richard Hardy, Prospect Mary Senior, UCU Tracy Gilbert, USDAW Colin Brown, FBU Gordon Martin, RMT</p>
What	Bi-annual meeting with STUC General Council for a strategic discussion around economic recovery, the immediate cost of living crisis, and how responses can be shaped to improve Fair Work outcomes
Why	Bi-annual meetings are an important element of the SG/STUC Memorandum of Understanding
Where	St Andrews House (SAH) - Room 4ER
When	Tuesday 25 th October 2022 14.00-16.00
Supporting Officials	<p>Dr Gary Gillespie – Chief Economic Advisor Catriona Matheson – Special Advisor Douglas McLaren - Deputy Director - Public Spending [Redacted] - Head of Tax Strategy and New Revenues Helena Gray – Director, Fair Work Employability and Skills [Redacted] – Joint Head Fair Work Unit</p> <p>Secretariat</p> <ul style="list-style-type: none"> • [Redacted], and [Redacted] - Fair Work Partnerships & Effective Voice
Agenda and attached documents	<p>This agenda will have 6 key items for discussion (Timing allows for approximately 20 minutes per item)</p> <ol style="list-style-type: none"> 7. Welcome and Introductions 8. Economy Overview 9. Cost of living crisis: Pay and Fair Work <ol style="list-style-type: none"> III. Pay: Public sector pay disputes

	<ul style="list-style-type: none">IV. Fair Work: Pay, Pensions & Precarious contracts10. Cost of living crisis: Energy & Just Transition<ul style="list-style-type: none">V. Industrial Strategy for EnergyVI. Just TransitionVII. Public OwnershipVIII. Energy Prices/CoL Crisis11. Future public sector funding and budgets12. National Care Service13. Closing remarks
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ITEM 1:

**FIRST
MINISTER**

WELCOME, INTRODUCTIONS AND APOLOGIES

No apologies have been received from STUC at this time.

You may wish to include the following points in your introductory remarks:

- Welcome everyone to our second meeting of 2022 and our first in-person biannual meeting since January 2020. I would also note my congratulations to [Redacted], on being elected as STUC President, and who is attending her first Biannual meeting in this capacity.
- I am pleased to say we will be joined today by Gary Gillespie, Chief Economist.
- We have a busy agenda, and I'm not surprised to see Cost of Living issues will be at the fore of our discussions. I am keen that we work together to support Scotland's workers and our society as far as we can.
- Our economy has been reeling from the global shocks of the pandemic and Russia's illegal invasion of Ukraine. Here in the UK, the lack of stability in Westminster and the so called "mini budget" means inflation has already taken 1.7 billion from our budget - that on top of new proposed spending cuts from Westminster.
- As you know, Fair Work is central to our National Strategy for Economic Transformation, which reiterates our commitments, all of which are increasingly vital in tackling the current crisis, in-work poverty and child poverty.
- Fair Work is a key driver for achieving sustainable and inclusive economic growth, and a wellbeing economy, and the Scottish Government's ambition is steadfast - for Scotland to be a Leading Fair Work Nation by 2025.
- Our refreshed Fair Work Action Plan will be published later this year, and is key to delivering this. As you know, this takes account of our public consultation, and incorporates actions on minority ethnic and disabled people's employment, and the gender pay gap; and we are grateful for your ongoing input as we work to finalise this.
- We remain committed to the introduction of a requirement on public sector grants to pay the real Living Wage to all employees, and provide appropriate channels for effective voice, subject to limits on devolved competence; public sector funding should lever in wider benefits, such as the promotion of Fair Work, in order to support the

	<p>development of a sustainable economic recovery and a successful wellbeing economy longer term.</p> <ul style="list-style-type: none"> • You may wish to invite Roz to provide opening remarks. • I will now pass over to Gary Gillespie who will take us through a presentation on the state of economy.
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ITEM 2	ECONOMY OVERVIEW
DECISION SOUGHT:	NONE
FIRST MINISTER	<p>Gary Gillespie will deliver 5-10 min presentation - a standard economy update going through the weakening economic outlook and the cost crisis: (latest GDP and business activity data, Labour market update, inflation, consumer and business sentiment etc.). We are scheduled to publish our State of the Economy report on Monday 24th, so Gary's presentation will very much be on the back of that.</p> <p>Presentation is included further down</p> <p>You may wish to include the following points in your <u>post</u> presentation comments:</p> <ul style="list-style-type: none"> • Thanks for that presentation Gary. • It very much highlights the extremely challenging economic conditions we are facing. • Scotland is facing a severe economic upheaval, already impacting people, businesses, public services and the third sector. A crisis that has been made worse by the actions of the UK Government. • It is essential that the response from government at every level is commensurate, in scale and speed, to the nature and magnitude of the emergency.

	<ul style="list-style-type: none"> • Following the Chancellor’s announcement on 17 October, we need urgent clarity on support for businesses and other non-domestic properties, as a great many SMEs are struggling to stay afloat. • Our Programme for Government sets out our immediate response to the cost crisis, as well as our ambition to create a better future in the longer term. • The PfG commits to working with the business community to identify further measures that can assist in addressing increased costs and economic disruption. • We have committed to undertaking an Emergency Budget Review to respond to the emerging challenges on our budget, whilst identifying all opportunities to redirect additional resources to those most in need; reduce the burdens on business; and stimulate the Scottish economy. • We intend to report on these issues to Parliament as part of the Emergency Budget Review on 27 October. • The powers and resources needed to tackle this emergency on the scale required - access to borrowing, welfare, VAT on fuel, taxation of windfall profits, regulation of the energy market - lie with the UK Government. • We have continually urged the UK Government to use all the powers and fiscal headroom at its disposal and we will continue to do everything within our resources and powers to help those most affected. • Within a limited budget and the restrictions of devolution, we have provided significant support for families and the most vulnerable, which will also indirectly support communities and local businesses. • We will continue to work with businesses in Scotland to press the UK Government for a range of measures to help ease the current pressures, including expansion of shortage occupation lists, a VAT reduction on SME energy bills and an extension of the Coronavirus Business Interruption Loan Scheme and other loans.
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COST OF LIVING CRISIS – PAY AND FAIR WORK
NONE

STUC key issues/concerns:

Union affiliates to raise concerns and reflect concerns about the public sector bodies they are working with.

Background:

STUC and affiliate unions met with DFM on 29 September, where Roz and affiliates highlighted the challenge that union members face, having compromised on pay since the time of austerity, and throughout the pandemic worked to keep public services going. It was also noted that there are still outstanding 2022-23 pay award deals to be resolved. 170 industrial action ballots this year (compared to 90 last year, and 26 the year before) were also highlighted. **Full note of this meeting is available in Annex B.**

STUC, Poverty Alliance and related groups across Scotland have launched the **‘Scotland Demands Better’** campaign. The campaign outlines the ‘People’s Plan for Action’ demanding nine key actions, including increased public sector pay. **(The campaign is attached along with the briefing as a separate document).**

Pay settlements still outstanding are:

- Scotrail
- NHS-Agenda for Change
- Fire
- Teachers
- SPS
- To note PCS ballot ongoing re mail Scottish Government

To note: full information and current status of pay offers still in negotiation/dispute are available in the extended briefing Annex C.

[Redacted 30(b)(i)]

I. PUBLIC SECTOR PAY DISPUTES

Lines to take:

TEACHERS’ PAY

Teachers’ pay is a matter for the Scottish Negotiating Committee for Teachers (SNCT).

[Redacted 30(b)(i)]

NHS PAY - AGENDA FOR CHANGE

The Scottish Government is hugely grateful for what NHS Scotland staff have done in caring for patients through the pandemic.

[Redacted 30(b)(i)]

LOCAL GOVERNMENT PAY

I am delighted that all three local government trade unions have voted to accept COSLA's pay offer which will deliver a substantial pay rise for local government workers.

[Redacted 30(b)(i)]

SOCIAL CARE PAY

[Redacted 30(b)(i)]

SCOTTISH GOVERNMENT PAY

[Redacted 30(b)(i)]

FIREFIGHTER PAY

The Scottish Government is not part of negotiations on firefighter pay, this is rightly a matter for SFRS as the employer.

[Redacted 30(b)(i)]

PRISON OFFICER PAY

We value the work of prison officers and staff in our prison service who undertake a vital role in our justice system, often in challenging circumstances and who work with some of the most complex and vulnerable people in society

[Redacted 30(b)(i)]

POLICE PAY

I welcome that negotiations on Police Officer pay for 2022-23 have concluded with a 5% pay award agreed.

[Redacted 30(b)(i)]

II. FAIR WORK: PAY, PENSIONS & PRECARIOUS CONTRACTS

Areas where Fair Work in terms of precarious work hasn't been resolved in the public sector. One example STUC are likely to raise is Higher Education.

Background:

- The UCU 4 Fights Campaign focuses around fair work, particularly the use of zero hours/casualisation of contracts and associated pensions and pay issues. Minister for Higher Education meets the Unions on a quarterly basis, and is due to meet UCU on 9 November.
- Mr Hepburn has been firm in holding the line around his expectations that they work together in the spirit of joint negotiation.
- Ministers expect institutions to be focussed on sustaining employment and supporting Fair Work principles, however the matter of support for outsourced or

contracted workers will be for each institution to determine within their own specific contractual arrangements with suppliers.

- Concerns have been raised by unions about the perceived limitations of the SG Fair Work strategy, and have been keen for SG to exert stronger influence on institutions and commit them to no compulsory redundancies.

Lines to take:

- Universities are autonomous institutions and matters relating to pay, working conditions and pensions are for them to determine – the Scottish Government has no locus to intervene in disputes of this nature.
- We do however, continue to make clear our expectation that universities apply Fair Work principles.
- Alongside the Scottish Funding Council, we will continue to work with universities to ensure that these criteria are embedded within their workplaces.
- The Minister for Higher Education and Further Education, Youth Employment and Training meets regularly with both university and trade union representatives and continues to make clear our expectation that employers, workers and trade unions work together to reach decisions and ensure workers are treated fairly.
- **Sensitivity:** STUC have separately raised the precarious nature of contracts for interpreters working in NHS and courts services. This was raised via Mr Lochhead’s roundtable engagement and it is an ongoing issue. We do not expect this to be raised here, but further info is contained within the Hot Issues section **(Extended briefing: Annex A)** should this arise as this related to precarious work, procurement and contracting.

ITEM 4	COST OF LIVING CRISIS – ENERGY & JUST TRANSITION
DECISION SOUGHT	NONE
FIRST MINISTER	<p>STUC key issues/concerns: STUC will look to explore discussions about SG industrial strategy for energy, public ownership and work on Just Transition that unions and Scottish Government are doing together. SG green industrial strategy is an emerging ask from STUC.</p> <p>I. INDUSTRIAL STRATEGY FOR ENERGY</p> <p>Background:</p> <ul style="list-style-type: none"> • Energy intensive sectors account for around 20% of Scotland’s greenhouse gas emissions. These sectors are defined as oil and gas refining, cement, pulp and paper,

food and drink, iron and steel, chemicals, glass and ceramics. Industry is likely to be a source of residual emissions in 2045.

- In addition, there are regional focal points for industrial activity and emissions. For example Grangemouth is responsible for 30% of all Scottish industrial emissions.
- We engage with Scotland's energy intensive industrial base on how the issue of rising energy costs may impact upon other investments to reduce carbon emissions.
- These operators are typically gas/electrical users who might pay around 20% of operating costs on energy bills. Continued volatility and unsustainable energy costs are a European-wide market threat.
- Large manufacturing sites have been somewhat protected due to hedge purchasing energy months ahead. However, this protection is reducing as time progresses and agreements expire.
- There are varying degrees of ability to pass on the energy-related costs of production to customers depending on sectors and markets. However some sector stakeholders report that increases in gas prices from early 2022 were already resulting in heightened commercial pressures, and even existential risks, associated with passing costs to customers because pricing decisions could drive business away. European competitors' governments may provide greater subsidy to insulate EII from the full effects of high energy prices.
- It has been reported that additional expenditure on energy diverts money which would have otherwise been invested in the business, including for decarbonisation.
- [Redacted 30(b)(i)]

Lines to take:

- **We understand that the current energy crisis is impacting all consumers, including large industrial operators.**
- SG continues to press the UK Government for urgent action and intervention to better protect key industrial sites from this energy cost crisis.
- We are now developing sectoral Just Transition Plans, which will identify relevant green industrial opportunities. Our first Just Transition Plan will be the Energy Strategy and Just Transition Plan

- The ESJTP will identify concrete steps to manage the economic and social impacts of the transition fairly, providing certainty for businesses, workers and communities.
- There is also a need to recognise the important role that industrial regions play in ensuring Scotland's Just Transition.
- As such, we have committed to delivering a Just Transition plan for the Grangemouth cluster, in collaboration with our partners across the Grangemouth Future Industry Board. The plan will help ensure key strengths, including the cluster's capacity for producing and handling of hydrogen, chemicals knowledge and expertise, and co-location of innovative industries, are harnessed whilst supporting wider benefits for the area by building a collaborative vision for the future and setting out actions to achieve it.
- Industrial decarbonisation will require systemic change involving energy efficiency, electrification, CCS and fuel-switching, in particular to hydrogen.
- The Scottish Government recognises the need to support manufacturers to reduce their carbon emissions. The Low Carbon Manufacturing Challenge Fund (LCMCF) was announced by the First Minister earlier this year as part of a wider £60m investment for industrial decarbonisation. Innovative proposals to reduce the carbon footprint of manufacturing will be supported with £3m funding in 2022 and a total of £26m over five years.
- We are also looking more widely to encourage innovation in terms of reducing emissions. The National Manufacturing Institute Scotland (NMIS), a cutting-edge facility, represents a £75M investment in the future of the sector. Through helping manufacturers to be more efficient, productive and cost-effective, many aspects of its mission overlap with our desire to promote the reduction of carbon emissions in the manufacturing process.
- Scottish Government is fully aware of how challenging the cost of energy is for industry and that's why our £34 million Scottish Industrial Energy Transformation Fund (SIETF) is incredibly important.
- The SIETF reinforces our commitment to co-invest with industry to deliver practical interventions that save energy

costs, reduce greenhouse gas emissions and help to secure highly-skilled industrial jobs within communities.

- Earlier this month I saw the impact of SIETF when I visited Graham's Dairy and heard of their challenges with spiralling energy costs and how SIETF funding is helping them become more energy efficient and also reduce their emissions.
- Meeting our ambitious targets and becoming a NetZero nation will require a substantial national effort, with all of Scotland embracing significant changes. The Scottish Government will continue investing in SIETF and our industry as part of this national endeavour.

II. JUST TRANSITION

Background/STUC priorities:

- Trade union input into Energy Strategy and Just Transition Plan engagement over the summer has emphasised the below points as key priorities
 - Imbalanced focus on upstream energy industry and insufficient preparation for transitioning the downstream elements, such as distribution, consumption, market creation, demand reduction.
 - Barriers such as existing career pathways and fragmented transitional opportunities between sectors prevent people from accessing jobs and skills, slowing down progress.
 - Desirable jobs in renewables and decarbonisation projects will be created in industries outside Scotland.
 - Jobs transition will leave workers to find their own way through a labour market which lacks formal transition structures and which fails to ensure equal opportunities.

Lines to take:

Our Just Transition Plans will guide our activity to ensure that economic and social opportunities from the transition to net zero are captured and that the risks associated with rapid structural change are mitigated.

- Our approach has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by

the transition to net zero are given a voice in determining their future.

- The unions – through the creation of the Just Transition Commission – have been fundamental to our policy thinking about a just transition. That is why we have committed £100,000 in grant funding to support just transition capacity within the trade union movement.
- The new roles supported by this funding will:
 - engage with workers to feed into our Just Transition Plans;
 - help workers influence the manner of the transition in their own organisations and sectors and
 - support workers within the low-carbon economy.
- Just transition is not just an initiative for Government to lead on. Our National Just Transition Planning Framework makes it clear that economic sectors have a role to play in transforming our economy.
- I believe workers’ voices are fundamental to ensuring organisations decarbonise.
- We are building on this work through our Just Transition Fund for the North East and Moray. We have offered £20 million to projects this year, including a package of skills interventions, namely a digital offshore energy skills passport which empowers offshore workers to utilise their existing certification, and an advanced manufacturing skills hub.
- Finally, we will be publishing our draft Energy Strategy and Just Transition Plan for consultation later this year
- The Plan will establish a shared vision for Scotland’s energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- Delivering to 2030 is our biggest priority and the most difficult challenge. Our Energy Strategy and Just Transition Plan will provide a clear roadmap, providing certainty for businesses, workers and communities.

III. PUBLIC OWNERSHIP

Background:

The Scottish Government already has fully owned state utilities (Scottish Water) and ownership or a stake in a range of other strategic assets stretching from the rail network to

ferries and airports. Examples of Scottish Government intervention include:

- as a grant funder and funder of enabling infrastructure in a range of energy markets. Eg marine energy (Orbital Marine) and developing green hydrogen market (Aberdeen City where support from government is both on the supply and demand side).
- as a minority investor via the Scottish National Investment Bank – The Bank has Net Zero as a core mission and has invested in several net zero projects including marine energy, tidal energy and a wind partnership
- as a contracted partner with the private sector or as a direct competitor with the private sector (public sector bid for rail franchise)
- as an agreed contractual partner at a programme level (ScotWind Crown Estate leases auctioned on a competitive basis)
- as an investor at a programme level in a programme of assets (Scottish Future Trust Investments in 40 Non Profit Distributing model projects)
- as a state owner of assets (Scottish Water)
- **But Scottish Government powers to engage in supporting markets is limited by the constraints imposed by the Scotland Act 1998 – including:**
 - limited borrowing and investment powers – greater public ownership is challenging due to the sums involved;
 - in responsibility for electricity including generation, transmission, distribution and supply of electricity
 - no powers over energy market pricing mechanisms with all powers sitting with UK Regulators.

But all of this would change if Scotland were to become independent.

- The **“A stronger economy with independence”** economy paper published on 17th October highlights the Scottish Government’s ambitions for greater public sector intervention and public ownership in strategic sectors, including energy. The paper points out the following ambition for an independent Scotland in the energy sector:

- Many countries have successfully chosen to follow a public ownership model in energy projects, such as in offshore wind, including Denmark (with the Danish wind company DONG), Sweden (with Vattenfall), and Norway (with Statkraft). Full powers in relation to energy would also enable Scotland to consider public sector involvement or ownership, expand the range of areas in which government invests, and encourage private investment in key energy technologies, including hydrogen production, transport and export, but also in carbon capture and storage, types of renewable generation, and also energy export capacity from Scotland.

And in the context of renewables development for communities, the paper highlights the following ambition:

- community ownership: new ownership structures – including public, community and cooperative ownership opportunities – could be developed more widely. This could ensure communities take direct stakes in local developments. This could provide steady revenue streams to support community facilities and boost local economies. There would be an opportunity to grow cooperatives in related advisory and services firms.

The upcoming Net Zero energy paper, released next in the independence prospectus series, will explore public ownership in greater detail.

Lines to take:

- The Scottish Government has a strong track record of public ownership. And already has fully owned state utilities (Scottish Water) and ownership or a stake in a range of other strategic assets stretching from the rail network to ferries and airports.
- We are continuing – and will continue to - explore opportunities to support strategically important sectors (like energy) where the conditions are right for government intervention and where markets actively require government support.

- But Scottish Government powers to engage in supporting markets is currently limited by the constraints imposed by the Scotland Act 1998 – including:
 - limited borrowing and investment powers – greater public ownership is challenging due to the sums involved;
 - in responsibility for electricity including generation, transmission, distribution and supply of electricity
- But that would change in an independent Scotland and the independence prospectus papers highlight the potential for greater public sector intervention and greater public ownership in a future independent Scotland.
- The upcoming Net Zero energy paper, released next in the independence prospectus series, will explore public ownership in greater detail.

IV. ENERGY PRICES & CoL CRISIS

Background:

- On 17 October, the new Chancellor announced that the Energy Price Guarantee (EPG) will now run until April 2023, with a Treasury-led review during interim to determine how support will continue thereafter.
- EPG sets domestic energy costs to be capped at around £2,500 for average households, funded via government backed loans.
- While the UK Government's long anticipated announcement of the Energy Price Guarantee may limit the impact of the energy price crisis, the £2,500 that a typical dual fuel domestic consumer will be expected to pay is still unsustainable for many households.
- The Prime Minister's decision to raise the price cap to £2,500 for a typical dual fuel household instead of freezing it at its previous level, means an additional 110,000 Scottish households will be in fuel poverty, and around 150,000 more in extreme fuel poverty. We estimate that there will now be 860,000 (35%) households in fuel poverty and 600,000 (24%) households in extreme fuel poverty.
- UKG says review will target support post-April 2023 at those who need it most

- UKG claims the review of the Energy Bills Relief Scheme will ensure support goes to those most affected and will incentivise energy efficiency.

Lines to take:

- The (average) £2,500 per year that domestic consumers will pay under the Energy Price Guarantee is still unsustainable for many households.
- With the price cap frozen at £2,500, we estimate that there will be around 860,000 (35%) fuel poor households in Scotland, of which 600,000 (24%) will be in extreme fuel poverty, from October 2022.
- Following the chancellor's statement on 17 October, we need immediate clarity on how support will continue for domestic consumers beyond April 2023.
- I chaired the second energy summit on 20 October, where I reiterated our call on the UK Government to deliver additional targeted support to vulnerable consumers who are already struggling to pay their bills and heat their homes.
- It is crucial that they accelerate the review of the Energy Price Guarantee to ensure domestic consumers have clarity on their costs after March next year, and also clarify protections for businesses as soon as possible to ensure they have the certainty to operate with confidence.
- The UK Government has to do more to support households across Scotland that rely on alternative fuels to heat their homes.
- We have committed to working with the business sector to explore how businesses can be supported with energy costs, within our devolved powers.
- We also need urgent clarity on support for businesses and other non-domestic properties, as a great many SMEs are struggling to stay afloat.
- We are providing much needed support to those struggling with fuel poverty by;
 - using our Emergency Budget Review to double the Fuel Insecurity Fund to £20m this year, helping households on any fuel type that are at risk of severely rationing their energy use or self-disconnecting entirely;
 - Using our Emergency Budget Review to provide local authorities with additional Discretionary Housing

	<p>Payment funding to give local authorities more flexibility to take account of energy bills in their prioritisation of households for Discretionary Housing Payments;</p> <ul style="list-style-type: none"> ○ allocating £336m to heat, energy efficiency and fuel poverty measures this year including £119m targeted at fuel poor households, making our homes warmer and cheaper to heat and progressing commitments both to decarbonise the heating in 1 million homes by 2030 and to remove poor energy efficiency as a driver of fuel poverty;
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ITEM 5	FUTURE PUBLIC SECTOR FUNDING AND BUDGETS
DECISION SOUGHT:	NONE
FIRST MINISTER	<p>STUC key issues: STUC will expect to hear from you on RSR and revenue tax options. STUC advised that they had an initial discussion with the DFM on 29 September (as referenced in agenda item 3) and Roz advised that looking towards 2023-24 there was appetite for a conversation about taxation.</p> <p>While STUC have not tabled any papers they have alerted officials to Unison’s UK- wide report “Together We Rise for Fair Pay”, which explores the policy options required to tackle the cost of living crisis, and how to pay for them. The summary with recommendations are included in the extended briefing in Annex D.</p> <p>UK MINI-BUDGET</p> <p>Background:</p> <ul style="list-style-type: none"> • On 17 October, The new Chancellor, Jeremy Hunt, reversed around two-thirds of the £45 billion tax cuts contained in the 23 September Mini-Budget and eased back on the generosity of the Energy Price Guarantee.

- At the time of the 'mini-budget', indicative HMT figures suggested that this could add £660 million to our budget position over the period 2022-23 to 2024-25.
- Following the UKG's series of u-turns, the Scottish Budget now faces a cumulative net loss of £230 million over the same period. This is, in part, because the Block Grant Adjustments underpinning the RSR assumed the 1p cut to the Basic Rate of Income Tax was going ahead from April 2024, given this was the UK Government policy at the time.
- In simple terms, in a period of less than one month, the Scottish Government's indicative funding has fluctuated by £890 million due to the UK Government's series of U-turns on its mini-Budget
- The Chancellor also made clear that "eye-wateringly" difficult decisions on tax and public spending will be made at the next fiscal event on 31 October.
- Various economic commentators have warned that the UK Government may still need to find between £30 - £40 billion worth of additional tax rises or spending cuts to stabilise the public finances over the medium-term.
- Reductions in UK departmental spending of such a scale would have a severe impact on the Scottish Government's budget and vital public services through a lower Block Grant, further reducing the Scottish Government's spending power.

Lines to take:

- While I welcome the UK Government's decision to reverse the majority of the unfunded tax cuts, and your focus on restoring fiscal stability, much of the damage has already been done.
- The announcement of potential changes to the Energy Price Guarantee will only increase uncertainty for hard-pressed households and businesses and we need clarity on how support will continue beyond April 2023.
- The Chancellor has made clear that he will take "eye-wateringly" difficult decisions on tax and public spending later this month, signalling a return to austerity measures.
- All at a time when inflationary pressures are already eroding the Scottish Government's budget, which we calculate is worth £1.7 billion less than when it was set last year.
- Coupled with the need to support people through the cost crisis, provide fair public sector pay uplifts and support our

public services, this places the Scottish budget under an intolerable pressure.

- Our budget is still largely determined by UK Government decisions, and the lack of in-year flexibility and borrowing powers to respond to a crisis like the one we now face.
- I have reiterated calls for additional funding to deal with these pressures but the UK Government have failed to provide a single additional penny for devolved governments.
- Scotland has already suffered a decade of austerity and it would be unacceptable for people in Scotland to pay the further price for decisions taken by the UK Government.

RESOURCE SPENDING REVIEW

Background:

The Resource Spending Review published on 31 May established the broad spending parameters for the rest of this parliament.

- The resource spending review set out the Scottish Government's high-level resource spending plans for future Scottish Budgets (2023-24 to 2026-27), focused on the Scottish Government's key priorities along with a focus on efficiency and reform.
- In terms of workforce, the resource spending review set out a high level ambition to broadly maintain the overall pay bill for the devolved public sector at 2022-23 levels and to return the total size of the devolved public sector workforce to around pre-COVID-19 levels by 2026-27. Both to be achieved in a way that supports the well-being of the workforce, follows our Fair Work principles and is guided by Christie Commission principles.
- The resource spending review is not a budget, and does not provide authority to spend. All future Scottish Budgets will be presented to the Parliament each year for scrutiny, with a formal vote held in the normal way.
- Future annual Scottish Budgets will be based on funding available, and will take stock of updated tax and social security forecasts and further changes to Scotland's fiscal position to assess this.

Lines to take:

The challenging funding landscape and difficult choices facing the Scottish Budget in coming years that were set out in the RSR have only worsened since its publication.

- We can only allocate the total funding that current forecasts and assumptions indicate we will receive.
- The worsening conditions of economic uncertainty and volatility, due to factors such as the cost of living crisis, high inflation, and a forecast recession, are all increasing the demand for government support and intervention while eroding the purchasing power of available funding.
- The Resource Spending Review set out that continued growth of the public sector paybill is not sustainable and set out an approach to keep the public sector paybill at around its current 2022-23 level and return the overall size of the public sector to around pre-COVID-19 levels.
- Paying higher wages is the biggest contribution the Scottish Government can make to helping families with increasing costs. It also represents our commitment to sustaining public services.
- The costs of pay deals in 2022-23 have recurring implications for budgets in future years, and given that broadly half of the Scottish Government resource budget (over £20 billion per year) is spent on pay costs that financial sustainability must be a key element of all pay awards [Redacted 30(b)(i)]
- We will continue to work closely with our partners to manage the pressures on Scottish Government funding and spending.
- We will also continue to make the strongest possible representations to the UK Government about the need for additional funding for public services.

EMERGENCY BUDGET REVIEW

Lines to take:

Scottish Government is conducting an Emergency Budget Review to identify all opportunities to redirect additional resources to those most in need, reduce the burdens on business and stimulate the Scottish economy

- Redirecting resources is very challenging at this stage in the year when the majority of our spend is already contractually committed or supporting vital programmes.

- There is no unallocated funding or spare reserves. Hard choices must be made.
- The combination of the ongoing cost of living crisis, high inflation and the forecast recession has increased the demand for government support whilst also eroding the purchasing power of the limited funding we have.
- Whilst we are doing all we can, our largely fixed budgets and limited fiscal powers means we need more UK Government action to support those in need.
- The Emergency Budget Review will form part of an ongoing budget process which will shape our plans for the 2023-24 Scottish Budget later this year.
- In stark contrast to what we're seeing from the UK Government, we are doing everything within our power to support people, public services and the economy. This includes providing over £700 million to support enhanced pay offers.
- We are making hard choices to prioritise spending and find savings to support those who need most help and manage the nation's budget. We have already announced over £550 million of savings to reprioritise our limited resources.
- It is clear we do not have the fiscal powers we need to respond to the cost of living crisis. We cannot borrow to meet short-term challenges, our budget is fixed and inflationary pressures mean our budget is worth £1.7 billion less than when we set it in December.
- Every additional percentage point on a pay deal, and every pound we spend on measures to help with rising costs, must be funded from reductions elsewhere in our spending.

INCOME TAX

Background:

- Unison's report includes several proposed changes to Income Tax they say would raise money to tackle the cost of living crisis.
- These include a 1p increase in income tax for all incomes above £100,000 per year which they state would yield £500 million annually, or a 1p increase in the higher rate and additional rate of income tax which they suggest would yield £1.65 billion per year.
- Scottish Income Tax cannot be changed in-year.

Lines to take:

- Our decisions on Income Tax have created a fairer and more progressive tax system in Scotland, one that protects low earners while raises additional revenue to invest in public services and Scotland's economy.
- We already ask higher earning taxpayers to pay more income tax than they would in the rest of the UK. In return, they have access to the widest range of free-to-access public services available anywhere in the UK, including universal free prescriptions and no university tuition fees.
- The UK Government's mini-Budget and the Chancellors signalling of a return to austerity means we need to take appropriate time and care to consider our tax policies for the 2023-24 Scottish Budget.
- However, we can only do this once we know the full extent of the new Prime Minister's fiscal plans, which will still expect to be set on 31 October.
- The Deputy First Minister and the Minister for Public Finance will be meeting with trade unions, business organisations, and think-tanks in the lead-up to the 2023-24 Scottish Budget to hear their view on tax and spending priorities.
- Decisions on tax policy will be set out at the Scottish Budget on 15 December.

NON-DOMESTIC RATE FAIR WORK SUPPLEMENT**Background:**

- The STUC have previously called for the introduction of a Fair Work supplement on Non-Domestic Rates to promote Fair Work practices.
- Non-domestic rates are based upon a property's rateable value multiplied by a tax rate (the poundage) and adjusted for any supplements or reliefs.

Lines to take:

- I am aware that STUC have previously suggested that the non-domestic rates system take into account profit, turnover or total payroll.
- It has also been asked whether reliefs for instance could be conditional on fair work practices e.g. payment of the living wage.

- Non-domestic rates are a property tax based on notional rent and underpinned by a publicly available valuation roll.
- This ensures transparency in the system.
- Councils do not currently collect turnover, etc., from businesses. To do so would create red tape and add to councils' administrative burdens.
- Self-declaration may decrease transparency and increase rates avoidance via fraud, as well as monitoring costs for councils.
- Such measures would also target businesses unevenly as they would be based on rateable property - but many have no employees physically located at the property (e.g. phone masts, derelict buildings, mineral rights, cables or pipes) and/or a national/global workforce.
- They would also not affect businesses that have no property (e.g. plumbers, builders, joiners, home-based or mobile businesses) or sectors that are exempt from rating (e.g. agriculture, fishing, offshore oil and gas).
- Tax policy decisions are generally reserved for annual budgets and any changes to tax policy will be considered in the round in line with our Framework for Tax 2021 and prevailing economic conditions as well as movements in the tax base.

LAND AND BUILDINGS TRANSACTION TAX (LBTT)

Background:

- LBTT is a transactional tax which applies, in general terms, when a land transaction occurs in which someone acquires a chargeable interest in land (including buildings).
- The cuts to Stamp Duty Land Tax in England survived the new Chancellor's reversal of the Mini-Budget, leading to an increase in the divergence from LBTT policy.

Lines to take:

- The Scottish Government has taken a progressive approach to the setting of rates and bands for residential LBTT, prioritising support for first-time buyers and helping home movers as they move through the market.
- In this regard, the Scottish Government monitors and considers the available evidence about the performance of the housing market on an ongoing basis and periodically meets with stakeholder organisations to this effect.

	<ul style="list-style-type: none"> • Decisions on LBTT will be set out at the Scottish Budget on 15 December <p>ADS review:</p> <ul style="list-style-type: none"> • The Additional Dwelling Supplement (ADS) is designed to support first-time buyers and home movers, by helping them compete with buy-to-let investors or those buying second homes, including companies. • A review of certain aspects of the ADS is underway. A call for evidence and views closed on 11 March and is available to view on the Scottish Government’s consultations webpage at consult.gov.scot. Responses will be published alongside the Scottish Government’s analysis in due course. • Decisions on whether any changes will be made to the legislation as a result of the review have not yet been made.
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NATIONAL CARE SERVICE	
NONE	
<p>STUC key issues:</p> <ul style="list-style-type: none"> • On 11 Oct, Unison and Unite joined with COSLA to call on the Scottish Government to reverse plans for the NCS, claiming ‘centralisation’ would remove up to 75,000 staff from local authorities. • While originally supportive of the aims of the NCS, STUC and affiliates have expressed concerns about the NCS Bill content and process, its impact on winter planning and that funding for social care was being focused towards disruptive structural reform rather than improving services. • Concerns have also been raised about union engagement, although these are resolving. <p>Lines to take:</p> <p><u>This development of the NCS is not about nationalisation of services.</u></p> <ul style="list-style-type: none"> • A key focus of the proposals is that services will be delivered locally, with national oversight. • Locally-employed staff will continue to have an important role to play in commissioning and delivery of care 	

- Combining national accountability with local expertise will ensure consistent, fair, and high quality service provision across Scotland.
- Services will continue to be designed and delivered locally, supporting delivery with and for our communities and the people they serve.
- It is not a foregone conclusion that staff will need to transfer their employment or that assets will be transferred from local government to the National Care Service.

The Bill sets out a framework for the changes we want to make and gives Scottish Ministers powers to work through the detail with people with direct experience of services.

- We have established a robust and open co-design process to allow us to build on the high level principles in the Bill.
- A successful NCS must be informed by the experience and expertise of the workforce and we must ensure that the impact on staff of any changes is fully considered.
- Individual members of the workforce can register their interest in participating in co-design through the Lived Experience Experts Panel.
- People can register on the SG website and we have set up a helpline to ensure that registration process is accessible.

Our commitment to Fair Work means this national accountability will improve standards and support the drive for enhanced pay and conditions for workers across the social work and social care landscape.

- By rewarding and valuing the workforce to deliver the best possible service for the people of Scotland, we will make the sector fit for the future and more attractive to people coming into the profession.

Estimated costs for running the National Care include significant investments in service improvements and terms and conditions for frontline care staff.

- We are not waiting for the NCS to start improving social care – we’re already taking steps to improve outcomes for people accessing care and support and our priority will be to maximise front line spending.

We have heard repeatedly from people with direct experience that the current adult social care system must change to drive up standards to a consistent level across the country.

- Change of this scale is necessary to deliver the consistency and quality of care and support across Scotland that people deserve.

We are keen to build regular and constructive dialogue with the STUC and affiliates as key partners in this work, as the NCS develops.

- I was delighted to hear that Mary Alexander, from Unite, was able to join the Cabinet Secretary for Health and Social Care, and people with lived experience in the panel discussion at the recent NCS Forum.

- I know the Cabinet Secretary for Health and Social Care and the Minister for Mental Wellbeing and Social Care are looking forward to meeting union representatives in the near future.

ITEM 7	THANKS AND CLOSING REMARKS
FIRST MINISTER	<p>In closing you may wish to:</p> <ul style="list-style-type: none"> • Thank the STUC for their continued and much valued engagement and support over these challenging times. • Pleased we have been able to meet in person and look forward to future engagement. • Officials will explore dates for a further meeting next year <p>Points you may wish to make in summing up:</p> <ul style="list-style-type: none"> • Thank all participants for their input and STUC for their continued engagement. • Officials will share action points shortly. • Look forward to seeing you at the next event.

➤ **EXTENDED BRIEFING NOTES FOR FIRST MINISTER**

CC. Minister for Just Transition, Employment and Fair Work

BI-ANNUAL MEETING WITH STUC GENERAL COUNCIL

25 October 2022

Contents

1. HOT ISSUES	36
1.1. ISSUE - TRANSPORT STRIKES (MINIMUM SERVICE LEVELS) BILL	36
1.2. ISSUE -COVID FAIR WORK STATEMENT	37

1. 3. PRECARIOUS NATURE OF CONTRACTS FOR INTERPRETERS WORKING IN NHS AND COURTS SERVICES.....	37
2. DFM MEETING STUC AND AFFILIATES – MEETING NOTE- 29 SEPTEMBER 2022	39
3. CURRENT PAY OFFERS AND STATUS.....	41
4. UNISON COST OF LIVING REPORT	41
4. FAIR WORK FMQ.....	43
6. SUPPORT FOR TRADE UNIONS	46

ANNEX A

1. HOT ISSUES

1.1. ISSUE - TRANSPORT STRIKES (MINIMUM SERVICE LEVELS) BILL

Background:

- The UK Government introduced this Bill to the House of Commons on 20 October 2022. The Bill delivers on the 2019 Conservative Party Manifesto Commitment to require a minimum service operating during transport strikes, similar to those already seen in other countries, such as France and Spain.
- The Bill amends the Trade Union and Labour Relations (Consolidation) Act 1992. We believe the Bill is being introduced now as a consequence of the numerous rail strikes we have seen over recent months across the UK.
- The bill also includes a power for the Secretary of State to set interim minimum service levels by regulations which will apply where neither an Minimum Service Agreement (MSA) has been agreed nor an independent determination reached.
- A minimum service level would only be applied to an individual transport service once that secondary legislation has been agreed by UKG Parliament.
- The bill's provisions relate to the reserved matter of employment rights and duties and industrial relations, and therefore will the provisions of the bill extend and apply to England, Wales and Scotland.
- The Minister for Transport and Transport Scotland officials were only made aware of the introduction of the Bill on the evening of 19 October 2022.
- On 21 October 2021, Transport Minister Jenny Gilruth has written to the UK Government to reiterate the Scottish Government's position that they will not support any proposals that seek to undermine legitimate Trade Union activity.

Lines to take

- Scottish Ministers have set out in the strongest terms their opposition to the Transport Strikes (Minimum Service Levels) Bill.
- The Bill does not respect the Scottish Government's Fair Work principles of an effective voice, fulfilment, opportunity, respect and security. The Bill would constitute an unacceptable erosion of the Scottish Government's devolved responsibility for transport in Scotland.
- The UK Government's introduction of this wholly unwelcome Transport Strikes (Minimum Service Levels) Bill is very likely to inflame rather than help resolve legitimate industrial disputes, and will therefore act against the interest of the travelling public.

- As Governments, we should be working with transport operators and Trade Unions to reach fair and reasonable settlements respecting the legitimate interest of workers and transport organisations.
- Scottish Ministers are urging the UK Government to exclude Scotland from the Transport Strikes (Minimum Service Levels) Bill because there is no democratic mandate for its proposed approach in Scotland. Better still, the next Prime Minister who is appointed should instruct their Transport Minister to drop this bill altogether.

1.2. ISSUE -COVID FAIR WORK STATEMENT

Background:

- The Coronavirus Fair Work Statement was drafted with the intention of supporting workers and employers to minimise the **transmission** of Covid-19
- Misinterpretation of the statement's language on "no financial detriment" for **any absence** relating to Covid-19, and therefore to include long-Covid, has led to some confusion among stakeholders.
- Over the summer we sought to reach agreement with the STUC to retire the Coronavirus Fair Work Statement.
- We were unable to reach agreement with the STUC, and due to the number of other high profile issues the STUC were engaged with, including the cost of living crisis and various sectoral pay negotiations, discussions were paused.

Lines to take:

- We encourage all employers to take a fair and flexible approach to the management of Covid and its impact on workplaces.
- Fair Work continues to be central to the government's pandemic recovery and the ongoing management of Covid, and the updated Covid-19 safer workplaces guidance, makes clear our expectation that employers, trades unions and workers should continue to work together to ensure workers are treated fairly.
- The Coronavirus Fair Work Joint Statement, initially published in March 2020, was intended to provide a set of principles to guide employers in responding to the initial crisis, to support workers to follow the public health guidance and protect workers from related financial hardship.
- The Statement was not intended to cover Long Covid as it was drafted before the condition was clinically defined; rather its purpose has consistently been to prevent transmission of Covid through social distancing, self-isolation and vaccination.

1.3. PRECARIOUS NATURE OF CONTRACTS FOR INTERPRETERS WORKING IN NHS AND COURTS SERVICES

Background to Engagement with STUC and Trade Union Representatives:

- On 29 March 2022 a meeting was held between Mr Lochhead, Minister for Just Transition, Employment and Fair Work, [redacted] (Regional Officer of the Bakers Food and Allied Workers Union – BFAWH), members of the Scottish Trades Union Congress (STUC) and other union representatives.

- [Redacted] represents linguists who provide interpreting services (via the SG Collaborative Framework Agreement for Interpreting Services) to the Scottish Courts and Tribunals Service (SCTS) and who claim to be treated unfairly whilst working in the courts.
- It was agreed at the above-mentioned meeting that these matters would be considered by Scottish Procurement and Property Directorate (SPPD) who have responsibility for the strategic management of the framework agreement.
- SPPD consulted with colleagues in SCTS, other framework users and framework suppliers regarding the concerns raised in respect of contracts awarded via the SG framework agreement, and in particular whether payments for late notice cancellation of assignments might be improved.
- As a result of detailed discussions, the payments for late notice cancellations and also the fees for floating trials have now been reviewed and a number of improvements have been agreed.

Benefits

- The new cancellation payments are a substantial improvement on current arrangements and will directly benefit the interpreters.
- Cancellation fees will be paid by the supplier to the individual interpreter at a rate not less than the hourly rate agreed between the supplier and the interpreter for the assignment in question.
- Payment for cancellation of a single assignment is in line with other government framework agreements including Crown Commercial Services (CCS).
- Payments for block bookings and floating trials are more generous than other government arrangements as we are introducing additional payments for less than 48 hours notification of cancellation as opposed to less than 24 hours notification.
- Average hourly rates are expected to increase with the improved cancellation payments outlined at Annex B, effective from 01 November 2022.

Other Issues Raised

- Concerns were also raised by [Redacted], Regional Officer, BFAWH, in relation to issues with interpreters' access to restaurant facilities when attending court premises on assignment. SCTS colleagues confirmed that they are unaware of any such issues and no complaints have been raised with them by individual interpreters or framework suppliers in this regard. SCTS colleagues have informed Scottish Procurement that if framework suppliers or individual interpreters wish to provide SCTS colleagues with specific details, they would be very happy to work with them to reach a satisfactory resolution.
- There was also mention that some interpreters are "bogus self-employed". Suppliers have confirmed that interpreters are self-employed and are paid directly as sole-traders and are not paid via umbrella companies. There is no inappropriate use of zero hours contracts. Interpreters sign up with multiple agencies and select their own assignments using the suppliers' booking systems. They are not obliged to accept any assignments.

Lines to take:

- I have been informed by procurement officials that since your meeting with Mr Lochhead in March, procurement colleagues have been working closely with the courts and the suppliers to secure better terms for interpreters in relation to short notice cancellation fees for assignments and for payments for floating trials.
- I have been advised that agreement has now been reached to amend the arrangements for short notice cancellation fees to provide a better package for the interpreters. I am aware that procurement colleagues have been in touch with you to arrange a meeting to update you on this matter.

ANNEX B

2. DFM MEETING STUC AND AFFILIATES – MEETING NOTE- 29 SEPTEMBER 2022

Mr Swinney (Deputy First Minister), Callum McCaig (Special Advisor), [Redacted] (Head of Pay and Pensions Fiscal Policy), [Redacted] (Public Spending Team Lead)
 Rozanne Foyer (STUC General Secretary), Linda Somerville (STUC Deputy General Secretary), David Belsey (EIS), Tracey Dalling (UNISON), Keir Greenaway (GMB), Richard Hardy (Prospect), Pat Rafferty (Unite the Union)

- DFM welcomed all attendees and noted the purpose of the meeting being to re-open a productive and strategic conversation between Scottish Government and Trade Unions.
- DFM set out the current fiscal context and the challenges facing public finances, noting in particular the impact of Covid, the invasion of Ukraine, soaring energy prices, high inflation, and recent UK Government economic policy decisions as having severe implications for the Scottish Budget. Specifically, it was noted that inflation has reduced the value of the Scottish Budget by £1.7bn.
- The challenge is particularly acute in 2022-23, as reserves have been fully deployed, tax cannot be changed in-year, and consequentialia have been fully accounted for (with the potential exception of £35m which may arise following stamp duty changes made by UKG). This led to DFM's statement to Parliament (7 September) setting out the effect of the higher cost of public sector pay, and savings made to accommodate this. DFM advised that a further statement may be required.
- DFM assured attendees that the impact of inflation on wage demands was understood, and that the aim of Scottish Government was to support public sector pay at a sustainable level within the available resources.
- DFM summarised three significant factors for further consideration:
 1. The cumulative nature of pay deals with recurring impact increasing pressure on future years budgets

2. The UKG tax position, which is contrary to SG values and raises questions as to how these values can be maintained whilst being mindful of the relationship between UK and Scottish taxes
 3. The potential UKG spending profile, and impact on consequentials of the reported spending cuts that may be made to seek to assuage the market given the magnitude that would likely be required to do so
- DFM highlighted the significant uncertainty faced, and in the current context that SG is operating within, sought views on how it would be possible to reasonably pursue the SG progressive approach in the face of the increasingly divergent approach from UK Government; and what territory TU leaders saw for exploring in advance of the 2023-24 Scottish Budget.
 - Roz Foyer (RF) welcomed the space for dialogue and the helpful opening remarks from Mr Swinney. She noted that TUs are acutely aware of the challenges SG is facing, but that there was an expectation that SG would work with TUs to do everything within SG powers to address the situation.
 - RF highlighted the challenge that union members face, having compromised on pay since the time of austerity, and throughout the pandemic worked to keep public services going. She advised that there is very strong feeling across membership, who want to see SG on their side, and the best way to demonstrate this is to resolve pay awards to get money in to people's pockets now.
 - It was noted that there are still outstanding 2022-23 pay award deals to be resolved; and that looking towards 2023-24 there was appetite for a conversation about taxation.
 - [Redacted] thanked the DFM for SG involvement in the LG pay negotiations in particular, but noted that the NHS dialogue is ongoing.
 - [Redacted] highlighted the concern for members around job security following the RSR (quoting implications for c.30,000 jobs) and the National Care Service (quoting implications for c.75,000 jobs), in addition to the significant affordability challenges individuals face. In particular, [Redacted] noted opposition to the NCS proposal to move staff from Local Government to another body.
 - [Redacted] requested earlier engagement, at the formulation stage of policies, to better manage any associated risks.
 - [Redacted] supported this, and highlighted the volume of different conversations and panels ongoing (e.g. in relation to fair work in social care progressing at the same time as the NCS) which can make the landscape difficult to navigate.
 - DFM noted this, and welcomed engagement around how to navigate this and explore the reform opportunities.

- [Redacted] highlighted the extraordinary times faced, with c.170 industrial action ballots this year (compared to 90 last year, and 26 the year before), demonstrating the strength of feeling and vulnerability of members. This meant TUs were largely in ‘survival mode’ on pay and made it difficult to see the big picture.
- [Redacted] and [Redacted] both welcomed the discussion, however highlighted the need to resolve 2022-23 in advance of seeking to enter in to a spirit of reform for future years. This is particularly stark given the impact of inflation, and the relatively short time available to ensure pay awards can be included in pay before Christmas.
- [Redacted] added that there was scope for improvement in the current process, with the perception being that there was little serious effort made to progress meaningful negotiation or early settlements, encouraging progression to ballots before constructive dialogue. This also had the effect of increasing expectation of what would be required to reach a resolution.
- [Redacted] echoed much of the discussion that had taken place, and in particular the need for radical decisions, including on tax, to demonstrate SG was supporting individuals as far as it could, opening the space for reform discussions.
- DFM thanked everyone for their contributions, and summarised that the dialogue was extremely helpful, and while there would not be complete convergence, there was an opportunity to identify areas for further discussion, including consideration by this group of an approach to tax, the social contract, public service delivery and reform.
- DFM suggested further meetings, one prior to the conclusion of the Emergency Budget Review, and a further meeting late October or November to look ahead.

ANNEX C

3. CURRENT PAY OFFERS AND STATUS

[Redacted 30(b)(i)],

ANNEX D

4. UNISON COST OF LIVING REPORT

The cost-of-living crisis has decimated household incomes over the past twelve months. The scale and immediacy of this crisis means it is being deeply felt. What makes it all the worse is that it takes place against a backdrop of pay stagnation and persistent levels of inequality which have weakened the resilience of working people to cope with rising prices.

This report shares the findings of UNISON's survey of low paid public service workers, earning £20,000 or lower per annum – and sets their experiences against the wider economic backdrop of this crisis. It makes recommendations for addressing the cost-of-living crisis and summarises research on how these measures can be paid for. It includes exclusive polling data showing public support for pay increases paid for by progressive taxation.

The staff who took part in UNISON's survey are people you meet every day – your child's teaching assistant, the parking attendant in your neighbourhood, the finance assistant that resolves your council tax query, the care worker looking after your elderly parents, the healthcare assistant taking care of you in hospital, the receptionist at the local sixth form college, the Police Community Support Officer on patrol in your street, or the cleaner at the hospital. The list goes on.

While at work they provide you or your loved ones with a service you rely on, when they get home, they face mounting bills, bailiff visits and financial worry. They are cutting back on the essentials, from food to dentist visits. Many are skipping meals, turning off their lights and heating, avoiding cooking hot food to save on energy, and relying on credit cards and loans to cover everyday spending. Many told UNISON that that they have had to find second and sometimes even third jobs, while others have left the public sector altogether in search of better pay in sectors like retail.

Because, for public service workers, this downturn in living standards is especially difficult. Over a decade of public sector pay restraint, many of the workers who kept the country going through the pandemic are left vulnerable to the economic situation in which they now find themselves.

This report then explores the policy options required to tackle this crisis, and how to pay for them. This report explicitly rejects the notion that the country cannot afford to pay its workers a decent wage. It rejects too the mantra that an increase in wages would trigger a wage-price spiral. It is corporate profits and energy prices, not ordinary wages, that are driving the current inflation to record highs.

The report recommends:

1. A pay rise at least in line with inflation (RPI) for public service workers, including those who are employed by private companies and community and voluntary sector organisations where services have been outsourced;
2. An increase in funding for government departments to enable them to meet the costs of pay rises without needing to make cuts to services or safe staffing levels. This should be found from taxes on wealth and high earners;

3. An increase in the minimum wage to £15 per hour, with the increase brought forward to October 2022 from April 2023;
4. An overhaul of the unfair costs-of-working including a review of HMRC mileage rates and scrapping workplace parking charges so that workers aren't out of pocket when they go to work;
5. Reform of Universal Credit, including an immediate reintroduction of the £20 per week uplift, removed by the UK government in October 2021;
6. Reform of broken markets like energy and housing where private profits are pushing up prices, and childcare where big private equity investment is distorting the markets to the detriment of both workers and parents;
7. Urgent investment in addressing the immediate impact of this crisis on mental health, tackling a looming personal debt crisis, and avoiding a financial cliff for low- and middle-income households.

UNISON does recognise that wages need to increase across the board and that stagnating pay and inequality reflect a deeper crisis in the UK that needs to be addressed through root and branch economic reform. As a first step the Government should lead by example. If it is serious about helping people through the cost-of-living crisis, creating an economy where work pays, and levelling up all regions of the country, it needs to ensure that it's putting in the resources to give public service workers proper pay increases and ensure that the public services we all rely on are properly funded and fit for the future.

ANNEX E

4. FAIR WORK FMQ

18 October – THE UK GOVERNMENT HAS PROPOSED REQUIRING UNIONS TO PUT PAY OFFERS TO A MEMBER VOTE BEFORE CALLING A STRIKE – TUC warned the government not to go ahead with plans that would make it harder for unions to organise strike action. (BBC)

7 October - CIPD SAY A THIRD OF SCOTTISH BUSINESSES TO MOVE TO A 4-DAY WORKING WEEK - The Chartered Institute of Personal Development found that 34% of the businesses surveyed planned to adopt a 4-day working week by the 2030s.

3 October - REPORTING REQUIREMENTS TO BE REMOVED FOR THOUSANDS OF EMPLOYERS (INC. GENDER PAY GAP REPORTING) - UK Government is seeking to exempt firms with up to 500 staff from new regulations, with unions warning that they could soon be spared from reporting on gender pay gaps and executive pay ratios. (The Guardian, and TUC)

TOP LINES

- Our vision is for Scotland to be a leading Fair Work Nation by 2025, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.
- While employment law is reserved, it is our belief that **a progressive approach to industrial relations and an effective** voice for workers such as through trades unions is at the heart of a fairer, more successful society.
- Through our flagship **Fair Work First** approach, we are applying fair work criteria to public sector grants, other funding and contracts where it is relevant to do so –driving fair work practices across the labour market.
- Since 2019, we have applied the Fair Work First criteria to some £4bn worth of public sector funding.
- Since October 2021 the Scottish Government has required any company bidding for a SG contract to commit to paying at least the **Real Living Wage**, where relevant and proportionate
- The 10-year **National Strategy for Economic Transformation** reiterates our commitment to Fair Work including for employers to pay at least the real Living Wage, to offer living hours and support flexible working and is vital in tackling the cost crisis, in-work poverty and child poverty.
- In the National Strategy for Economic Transformation we have committed to:
 - Launch this year Scotland’s new **Centre for Workplace Transformation**, to support experimentation in ways of working that help attract and retain talent, and to enable ideas to be tested with the expertise of external organisations. The Centre will pioneer new approaches to driving productivity improvements, for example through researching and piloting the impacts of a shorter working week on the Scottish economy
 - Introduce **a requirement for recipients of public sector grants** to pay all workers at least **the real living wage and provide appropriate channels for effective voice**
 - publish a refreshed overarching Fair Work action plan in the Autumn focusing also on **racialised minorities’** and **disabled** people’s employment and tackling the **gender pay gap** alongside a new **anti-racist employment strategy**
 - Work with employers and trade unions in sectors where low pay and precarious work can be most prevalent to **deliver sectoral Fair Work agreements**, that deliver payment of the real living wage, better security of work, and wider "fair work first" standards.
 - Build on the findings of the Business Purpose Commission Report, **‘Now is the time for Purpose: putting purpose at the heart of Scottish business’**, published summer 2022. There is growing focus on the relationship between business and society, and the positive impacts business can deliver on prosperity, wellbeing – including tackling child poverty – and environmental sustainability.
- We will continue to meet our overall target of **supporting up to 2,000 women with their transition back into the workplace** first committed in our 2018/19 PfG.
- Since then our **Women Returners Programme** funding has delivered training, skills and peer support to over 1,500 women at a time and pace that best suits their needs adapting the programme to deliver in a challenging labour market.

- We are committed to at least **halving the disability employment gap** by 2038 (from 2016 baseline of 37.4 percentage points). The current gap is **31.2 percentage points** (ONS, APS, Jan-Dec 2021), meaning we are currently on track to meeting our ambition.
- Our **Workplace Equality Fund** is aimed at removing labour market barriers for certain priority groups including the over 50's workforce, minority ethnic people, disabled people and women. The new multi-year fund, running from 2022-2024, is now live. We are currently supporting 13 projects with over £750,000 worth of funding in year one of the fund.

THE UK GOVERNMENT HAS PROPOSED REQUIRING UNIONS TO PUT PAY OFFERS TO A MEMBER VOTE BEFORE CALLING A STRIKE.

- The UK Government already has the most anti trade union laws in western Europe and these regulations further undermine and weaken the rights of all workers.
- Scottish Government believes that these changes represent a stark example of this UK Government's anti-trade unionism, which the Scottish Government utterly deprecates.
- The Scottish Government believes that we should respect workers across our economy and seek to negotiate fair resolutions to disputes, particularly at a time of soaring inflation.
- Maintaining a progressive approach to industrial relations - alongside ensuring workers have an effective voice, including through trades unions - is a priority for the Scottish Government. The Fair Work policy will continue to promote fairer work practices across the labour market in Scotland.

CIPD SAY A THIRD OF SCOTTISH BUSINESSES TO MOVE TO A 4-DAY WORKING WEEK

- There is no doubt that a four-day working week could bring environmental, health, wellbeing and productivity benefits, which is why Ministers are committed to exploring the benefits further.
- Ministers remain committed to exploring the benefits of a four-day working week, which is why the 2022-23 Programme for Government includes a commitment to undertake research and advice to improve workplace productivity and wellbeing, including on the delivery of a four-day working week pilot.
- Our work will be informed by experience drawn from similar projects in other countries, and elsewhere in the UK.
- Given that Employment Law is a reserved matter, the Scottish Government does not currently have the powers needed to introduce a shorter working week across the Scottish economy.

REPORTING REQUIREMENTS TO BE REMOVED FOR THOUSANDS OF EMPLOYERS (INC. GENDER PAY GAP REPORTING)

- Reporting on labour market equalities is a necessary step in taking action to improve outcomes for all and mandating reporting through legislation can be a powerful tool to achieve that.
- The Gender Pay Gap is a representation of the real barriers women have in accessing better paid jobs and progressing to senior roles.
- The UKG intention to increase reporting thresholds from employers with over 250 staff to those with over 500 staff in developing new and amended regulations will do nothing to tackle the gender pay gap and address women's workplace inequality.
- SG have repeatedly called on the UK Government to reduce the 250 threshold figure to bring more employers into the regulations and mandate employers to produce action plans as part of the 2017 Gender Pay Gap Reporting Regulations.
- In not doing this and in going in the opposite direction, we have strong concerns that the legislative changes proposed will set back the work done to reduce the gender pay gap.
- Work to address structural inequality was previously taken forward in our landmark 2019 *A Fairer Scotland for Women: Gender Pay Gap Action Plan* and will be continued in the refresh of our Fair Work Action Plan due to be published this year.
- The Gender Pay Gap for full-time employees in Scotland has been lower than the UK's since 2003.
- The gender pay gap for all employees in Scotland (including part-time and full-time) continues to be lower than the UK gap (11.6% v 15.4%). (Source: ONS, *Annual Survey of Hours and Earnings (ASHE) 2021*)
- Our flagship Fair Work First approach includes "action to tackle the gender pay gap and create more diverse and inclusive workplaces" as one of the criteria.

ANNEX F

6. SUPPORT FOR TRADE UNIONS

Top Lines

- We are committed to supporting strong Trade Unions in Scotland for the benefit of workers and our economy
- It is our belief that a progressive approach to industrial relations and to trade unionism is at the very heart of a fairer, more successful society.
- Our Fair Work Action plan includes actions to support to trade unions and the promotion of collective bargaining.
- Trade unions are key social partners and we are committed to working in partnership with the STUC and affiliates as we respond to the current CoL crisis and covid recovery.
- Our distinct approach, unlike that of the UK Government, is based on partnership working.

We are appalled at the anti-trade union legislation flowing from Westminster, the latest being the Transport Strikes (Minimum Service Levels) Bill and Minister for Transport has written to UK Government to reiterate the Scottish Government's position that they will not support any proposals that seek to undermine legitimate Trade Union activity

- We are opposed to the Conduct of Employment Agencies and Employment Businesses (Amendment) Regulations 2022 which now allows employers to engage temporary staff during strike, and the Minister for Just Transition, Employment and Fair Work has written to his UK Counterpart in this respect. This is a change we consider to undermine legitimate Trade Union activity.
- We vehemently opposed the UKG Trade Union Bill which presents a direct threat to the fundamental rights of workers and to Scotland's collaborative approach to industrial relations.
- We have developed guidance with the STUC to make UK Government Facility Time Reporting requirements on public bodies more efficient and ensure that facility time data is set in the context of the benefits that trade unions bring to both employers and workers across Scotland.

Our Fair Work policy is underpinned by the Fair Work Convention's Framework, which recognises effective voice as a critical dimension of Fair Work.

- We are working with our trade union partners and other stakeholders to promote and encourage wider fair work practices, including effective voice in various sectors, such as social care, retail and hospitality.
- We remain committed to the introduction of a requirement on public sector grants to pay the real Living Wage to all employees, and provide appropriate channels for effective voice, subject to limits on devolved competence; public sector funding should lever in wider benefits, such as the promotion of Fair Work, in order to support the development of a sustainable economic recovery and a successful wellbeing economy.
- A key mechanism for effective worker voice is trade union membership. We have supported the Fair Work and Trade Union Modernisation Fund which assists unions in embedding the Fair Work Framework in Scotland's workplaces. This funding enables unions to work proactively, and build upon ongoing efforts, to tackle precarious work, and organise for Fair Work in less unionised sectors.
- We have committed as part of NSET to work with key partners across industry, including workers and trade unions to roll out sectoral Fair Work agreements that deliver improved employment outcomes in those sectors where low pay and precarious work can be prevalent.
- The Scottish Government has made a clear commitment to promote collective bargaining through the inclusion of an employee voice indicator, measured by collective bargaining coverage, within the National Performance Framework.

We continue to support and have committed £2.262 million to support workforce development through Scottish Union Learning in 2022/23.

- Scottish Union Learning links strongly to our fair work agenda; projects supported by the fund must align with the Fair Work Framework

9. ECONOMIC REVIEW PRESENTATION

Economy Update

SG/STUC BIENNIAL

Office of the Chief Economic Adviser

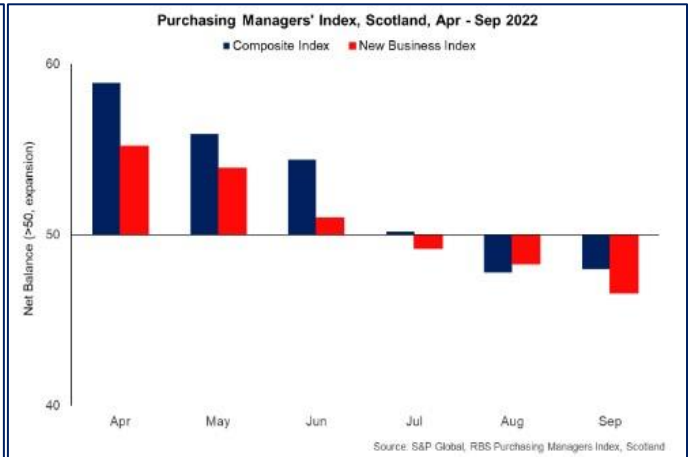
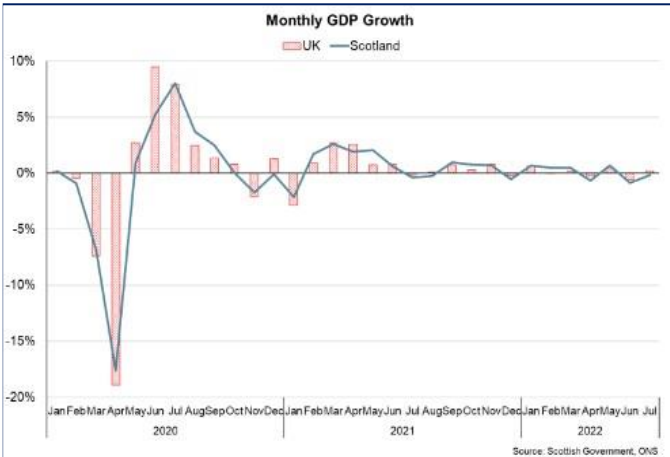
25 October 2022

Overview.

- Economic growth has slowed since the start of 2022 with business activity indicators pointing to further weakening through the third quarter and final quarter
- Inflation remains elevated at 10.1%, with rising food prices driving the most recent increase in September.
- Real earnings remain negative with annual growth in PAYE earnings falling for the eight consecutive month in September.
- Labour market remains tight with near record low unemployment rates and rising employment levels coupled with continued high vacancy rates particularly in hospitality and construction sectors
- Businesses continue to face rising cost pressures (energy, fuel, materials), with particular concern over energy prices and inflation.
- Consumer sentiment in Scotland has fallen sharply in recent months to its lowest level since November 2020.
- Looking ahead, the economic outlook points to a continued slow down in economic activity, driven by reduced business activity reflecting the higher input costs and reduced consumer expenditure reflecting higher energy mortgage and borrowing costs
- Finally, the path of adjustment is uncertain also reflecting the extent of future monetary policy, fiscal policy and also the external environment

Scotland's GDP fell 0.2% in July, with growth and business activity slowing from earlier in the year.

- Scotland's GDP contracted by 0.2% in July and in the 3-months to July, further slowing from output remaining flat in the second quarter. This is a similar pattern to growth in the UK as a whole with UK output falling 0.3% in the 3-months to August.
- Scotland's GDP is 0.1% above its pre-pandemic level in February 2020 (UK: 0.0% in August).
- At a sector level, in the 3-months to July, production output fell 1.2% (manufacturing: -2.8%) and services output fell 0.2%, while construction output rose 1.6%.
- PMI business survey data indicates further slowing in business activity, with the composite indicator contracting over August and September and progressively sharp falls in incoming new business/orders, linked to inflationary pressures and the increase in cost of living.



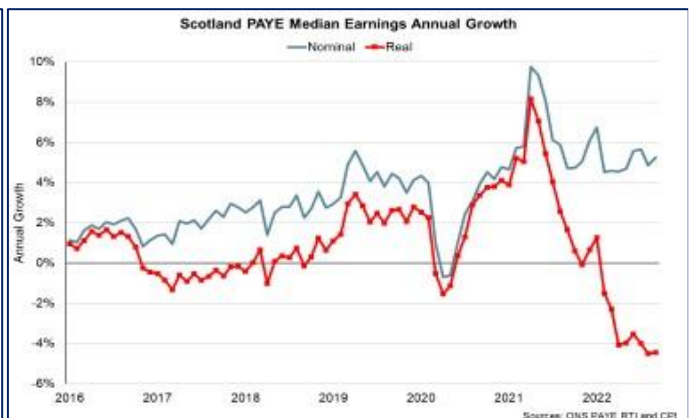
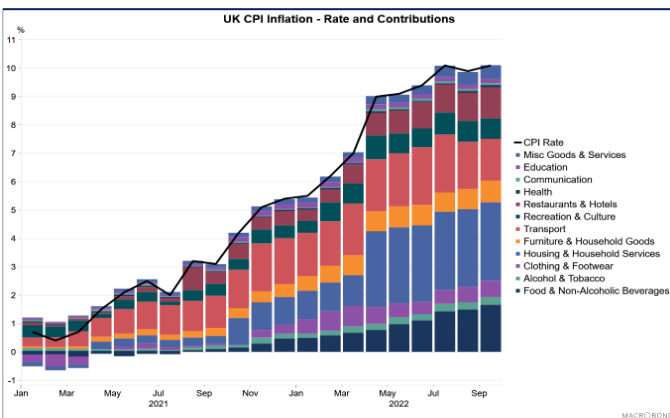
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Inflation rose to 10.1% in September resulting in further falls in real earnings

- UK CPI inflation rose to 10.1% in September, up from 9.9% in August and returning to the 40-year high seen in July 2022.
- The increase over the month was particularly driven by an increase in food prices, which offset a further fall in the price of motor fuels.
- Inflation is forecast to rise further this year reflecting rising energy prices, though less than previously projected with the Energy Price Guarantee taking effect from October for 6-months.
- The Bank of England expect inflation to rise to 11% in October and have raised the Bank Rate on 7 consecutive occasions since December to 2.25% to reduce underlying inflationary pressures.
- Nominal median monthly pay for payrolled employees was £2,125 in September, up 5.3% over the year, however, down 4.4% in real terms once adjusted for inflation.



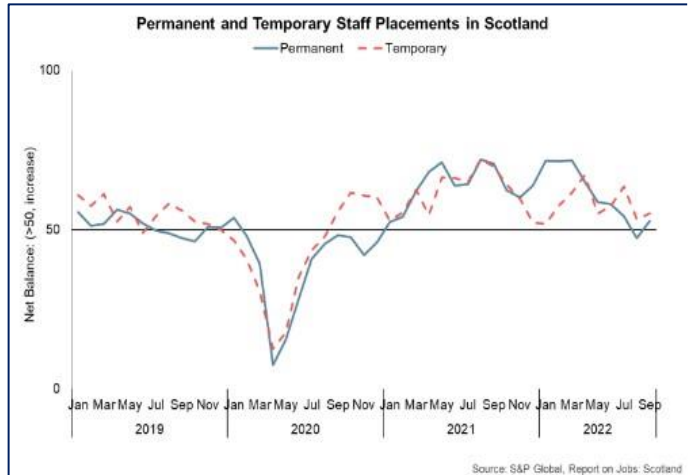
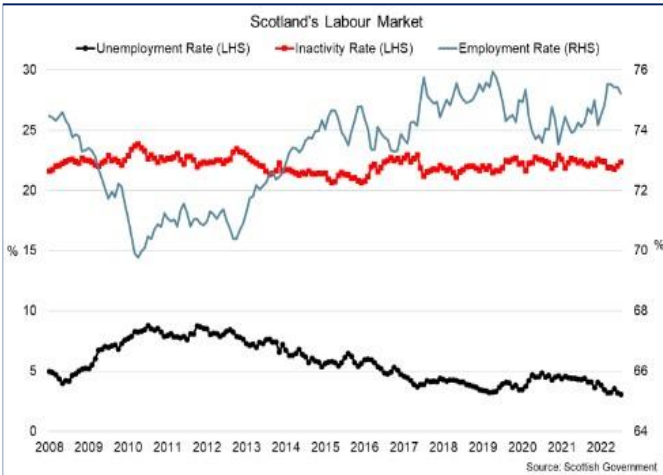
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Unemployment is at near record lows, however the rate of hiring activity is softening.

- In June – August, unemployment was at a near record low of 3.3% (down 1.1 p.p. annually) having fallen to 3.1% in May– July.
- The employment rate (75.8%) rose to its joint second highest rate in the time series, up 1.5 p.p. annually.
- The inactivity rate (21.6%) fell 1.7 p.p. over the year and fell below the UK rate for the first time since 2017.
- The RBS Report on Jobs for September reported a slight pick-up in permanent (52.7) and temporary (55.1) staff placements over the month, however both have been gradually softening from earlier in the year indicating that hiring activity is stabilising.



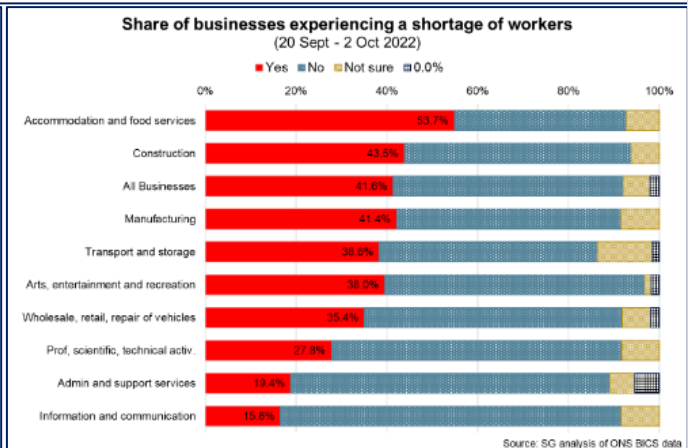
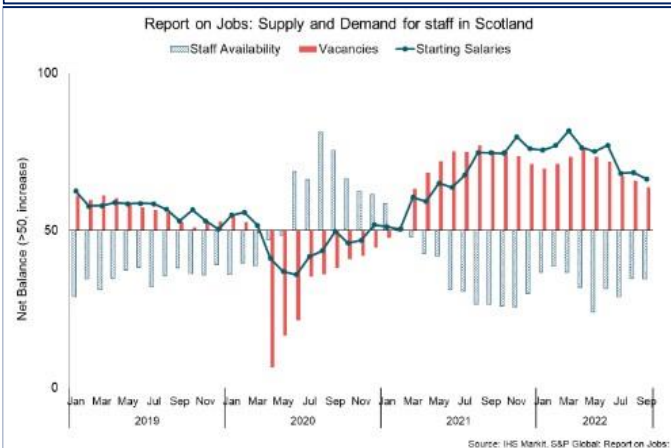
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Vacancy rates remain elevated, and businesses continue to experience staff shortages across sectors.

- However overall labour market conditions remain tight with robust demand for staff and reporting of staff shortages.
- The RBS Report on Jobs has continued to show growth in vacancies (63.8) though at the softest rate for 18 months, with the candidate availability indicator (34.3) remaining in negative territory.
- This is reflected in the indicator for permanent starting salaries (66.4) and temp wages (64.9) increasing sharply, though at their softest rate since mid-2021.
- Furthermore, online job vacancies in Scotland for the week to 7 October were 52% higher than in February 2020,
- Business Insights and Conditions Survey data for September to October indicate that 42% of businesses in Scotland are experiencing a shortage of workers, rising to 54% in the Accommodation and Food Services Sector and 44% in the Construction sector.



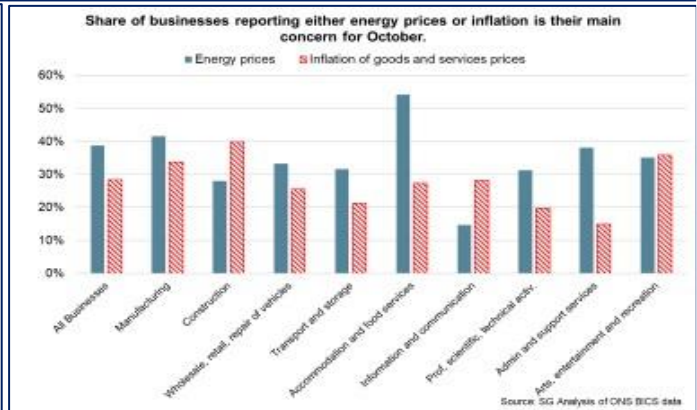
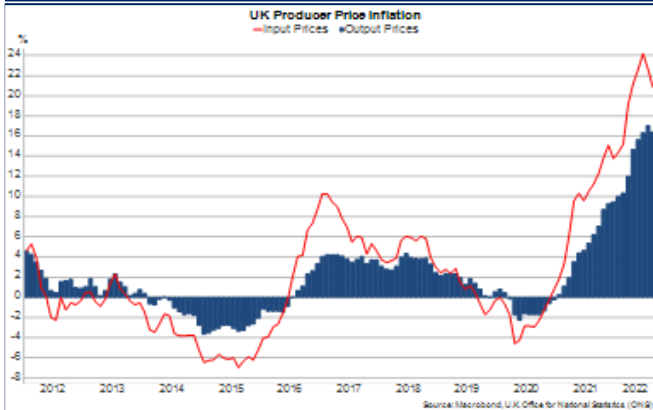
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Businesses continue to face rising cost pressures, with particular concern over energy prices and inflation.

- Producer price inflation rose by 20% in the year to September 2022, down from 20.9% in the year to August, with input price inflation easing for the third consecutive month.
- The rise in input prices has been broad based across product groups. Crude oil (54.2%) and fuel (48.6%) have had the largest increases reflecting the rise in energy prices driving cost pressures. However metals and nonmetallic minerals and Chemicals provided the largest upward contribution to the annual rate of input price inflation in September.
- PMI data indicates that business activity expectations for the year ahead weakened further in September, to a 28-month low, reflecting concerns about inflation and recession.
- Business Insights and Conditions Survey (October 2022) shows the main concerns for Scottish business are energy prices (38.7%) and inflation of goods and services prices (28.4%).



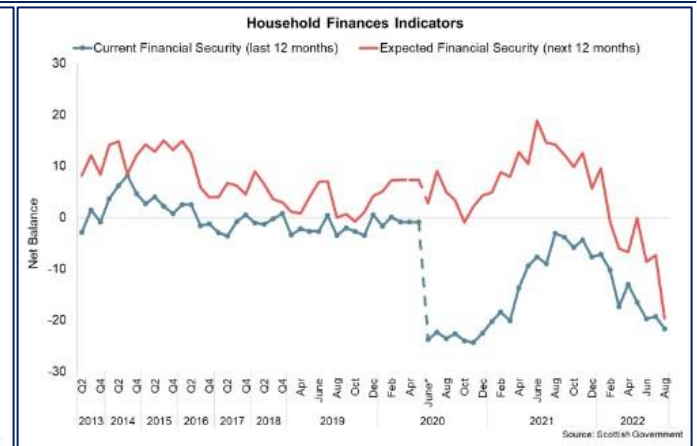
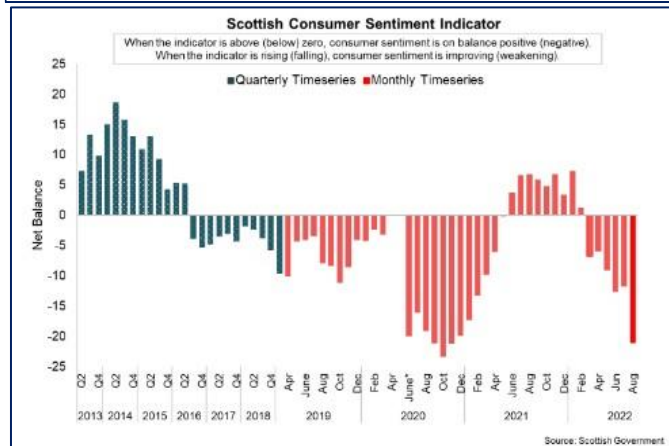
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Consumer sentiment has fallen sharply in recent months to its lowest level since November 2020.

- The Scottish Consumer Sentiment Indicator fell 9.4 points in August to -21.1 – its lowest level since November 2020 – reflecting weakening sentiment regarding the economy, household finances and attitude to spending.
- The current household finance indicator fell to -21.7, down 2.4 points over the month and down 14.6 points since the start of the year.
- Respondents also expect their financial security to deteriorate over the next 12 months with the expectations indicator falling to -19.6, down 12.3 points over the month and down 29.3 points since the start of the year.
- In August, the attitude to spending indicator fell to its lowest level in the time series (-38.7), reflecting that households are progressively less relaxed about spending money and emphasises the risks to future consumption growth.



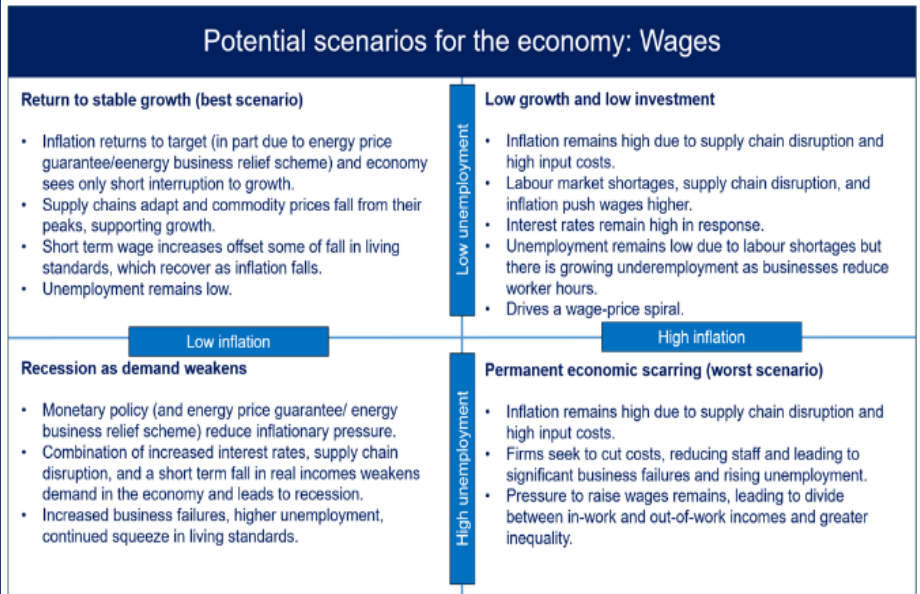
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Economic outlook.

- In August, the Bank of England forecast the UK economy to enter a recession from Q4 2022 and throughout 2023.
- Inflation is forecast to rise further this year. In September, the Bank of England expected inflation peak at 11% in October and remain above 10% for a few months.
- Latest forecasts don't factor in developments since the mini-budget and there is further uncertainty over the extent to which the Energy Price Guarantee will mitigate energy price inflation beyond April 2023.
- Updated BoE forecasts will be published on 3 November.
- The level of uncertainty around the economic outlook is exceptionally high, particularly inflation and unemployment.
- This is considered for potential scenarios and implications on wages.
- In the best case scenario, short term wage increases offset some of the fall in living standards.
- In the worst case scenario, pressure on wages is untenable for firms and ultimately leads to greater inequality.



10. SUPPLEMENTARY INTRODUCTORY REMARKS

From: [redacted]@gov.scot
Sent: 24 October 2022 23:18
To: First Minister
Cc: [redacted]@gov.scot
Subject: RE: Steering Brief - FM Biannual with STUC - Tuesday 25 October 2022 & EXTENDED BRIEF

PS/ FM

Supplementary introductory remarks now attached.

Regards,

[redacted]

From: [redacted]@gov.scot
Sent: 24 October 2022 18:22
To: First Minister
Cc: [redacted]@gov.scot
Subject: RE: Steering Brief - FM Biannual with STUC - Tuesday 25 October 2022 & EXTENDED BRIEF

PS/ FM

As discussed, attaching some additional briefing on relevant elements of the recent “A Stronger Economy with Independence” paper. We’ll offer some additional text for FM’s opening remarks in the course of this evening.

Regards,

[redacted]

➤ **BI-ANNUAL MEETING WITH STUC GENERAL COUNCIL**

Item 1 – supplementary opening remarks on “A Stronger Economy with Independence”

- The cost of living crisis has provided the backdrop to the publication of the first three of the “Building a New Scotland” series of papers, including the recent “A Stronger Economy with Independence”. But – as you know well - the problems in the UK’s economy were evident long before the most recent crises.
- In the first of our papers “Independence in the Modern World” we set out a critique of the UK economic model which makes clear that the UK is poorer than many of its European comparators. Compared to those countries, the UK has:
 - lower national income per head
 - Wider inequality
 - Higher rates of child and pensioner poverty
 - And lower productivity
- Brexit will only exacerbate these problems.
- In contrast, the paper identified common factors contributing to the success of the European comparator countries, including more effective labour market policies and effective social partnership.
- In “A Stronger Economy with Independence” we have set out proposals that would deliver:
 - A single rate for the national minimum wage — one that better reflects the cost of living — with no lower rates for younger workers.
 - Strengthened access to flexible working to give parents and carers, most of whom are women, more choice over how to balance caring and employment responsibilities.
 - Improvements to gender, disability and ethnicity pay gaps, in part by introducing greater transparency in pay reporting.
 - Repeal of the unfair UK Trade Union Act 2016 as part of the process of developing an approach to industrial relations that works in the interests of all.
- We will continue to publish the Building a New Scotland series papers over the coming months, and I would welcome the opportunity to discuss that full set of proposals with you in more detail at a future meeting.

➤ **BUILDING A NEW SCOTLAND: A FAIRER ECONOMY WITH INDEPENDENCE**

LABOUR MARKET

Key Messages:

- We want an independent Scotland to be fairer, more equal and more dynamic and productive. A new approach to work and a modernised labour market would deliver improvements to wages and to terms and conditions. Offering a decent future to all workers, their families and their communities.
- This Scottish Government is proposing a single rate for the national minimum wage — one that better reflects the cost of living — with no lower rates for younger workers.
- Access to flexible working would be strengthened to give parents and carers, most of whom are women, more choice over how to balance caring and employment responsibilities.
- Scotland's gender, disability and ethnicity pay gaps would be addressed, in part by introducing greater transparency in pay reporting. The unfair UK Trade Union Act 2016 would be repealed.
- The UK labour market has serious structural weaknesses. It has high proportions of both low-wage workers and very high earners. The UK's high overall employment rate masks relatively low rates among groups who continue to face structural barriers to fair work
- Many European countries take a different approach to the UK. The UK has heavily deregulated its labour market and weakened institutions such as trade unions and collective bargaining on wages, terms and conditions. The full powers of independence would open up a range of potential policy measures.
- An independent Scotland could develop a new, transformative model for the labour market. We would seek to strengthen our Fair Work agenda in an independent Scotland, introducing new protections where none currently exist, and delivering a more socially just Scotland.
- Specifically, this Scottish Government would propose to build a new labour market model designed around employment law fit for the modern workplace, new institutions such as a Fair Pay Commission and better partnership working.

Lines to take:

Burden on business

- This package of measures is designed to build a labour market that will effectively support a more dynamic and productive economy. The UK's relatively deregulated labour market has failed to generate higher productivity growth.
- All of the measures in this paper would be regarded as normal in many other European countries.

Collective Bargaining

- Improving the bargaining power of workers can help to address deeply embedded problems of low pay, job quality and insecurity
- In trying to reduce the prevalence of low pay and insecure work, other countries such as New Zealand are currently introducing modern approaches to collective bargaining.

Q&A

Does the package of measures in this paper not mean more burdens for business and a drag on growth?

No. This package of measures is designed to build a labour market that will effectively support a more dynamic and productive economy. Some measures will ensure employment law is better suited to the modern economy; others will help shift Scotland towards a more European, consensus-driven approach to labour market management.

The UK's relatively deregulated labour market has not supported higher productivity growth or higher wages. But it has led to relatively high prevalence of both low and very high wages. The result has been higher income inequality, not stronger productivity growth.

All of the measures in this paper would be regarded as normal in many other European countries. In our first prospectus we set out the evidence that a series of independent countries comparable to Scotland are wealthier, fairer and happier than the UK. They are

- competitive in global markets and home to many globally successful businesses;
- sustain high employment and higher wages than the UK; and,
- and regularly achieve higher growth rates than the UK.

Why does increasing collective bargaining coverage appear to be a priority for the Scottish Government?

Improving the bargaining power of workers can help to address deeply embedded problems of low pay, job quality and insecurity.

Wide collective bargaining coverage is strongly associated with positive economic and social outcomes in a number of advanced nations including the Nordics, Austria and Belgium. These nations prove that it is possible to reconcile high trade union membership and wide bargaining coverage with globally high rates of innovation and productivity. Scotland, as part of the UK, has relatively narrow collective bargaining coverage.

In its most recent Jobs Report (2018) the OECD argues that collective bargaining can help to: tackle inequality; boost productivity; manage industrial change; and, boost the employment of vulnerable groups. Collective bargaining is also strongly associated with higher investment in workplace training.

However, we are not seeking to impose a rigid, bureaucratic system. Rather, learning from current initiatives in countries such as New Zealand, we are seeking to develop a modern, consensus-driven model that meets the needs of employers, workers and the Scottish economy as a whole.

Corporate Governance

Why does the paper recommend a new approach to corporate governance?

An approach to corporate governance that strongly prioritises the interests of shareholders far above those of other stakeholders is a distinguishing characteristic of the UK growth model.

It has often been cited as a factor helping to explain the UK's poor performance relative to European nations in business investment, skills formation, productivity, R&D and, crucially,

inequality (through the facilitation of high executive pay and weak worker representation). Unlike the majority of European nations, the UK system of corporate governance includes no formal or informal role for worker representatives.

The Scottish Government recognises that corporate governance reform is complex and long-term project. But control over company law is an opportunity to build a new approach in Scotland.

In developing this new approach, we can build on the work of the Business Purpose Commission for Scotland - a recent joint initiative between the Scottish Government and the Scottish Council for Development and Industry (SCDI) - which proposed a number of recommendations for government and businesses.

11. NOTE OF MEETING

BIANNUAL Tuesday 25 October 2022 - Record of Discussion and Actions

In attendance:

Scottish Government

Rt Hon Nicola Sturgeon MSP, First Minister

Richard Lochhead, MSP, Minister for Just Transition, Employment and Fair Work

Kevin Stewart, MSP, Minister for Mental Wellbeing and Social Care

Supporting Officials:

- Dr Gary Gillespie – Chief Economic Advisor
- Catriona Matheson – Special Advisor
- Douglas McLaren - Deputy Director - Public Spending
- [Redacted]- Head of Tax Strategy and New Revenues
- Helena Gray – Director, Fair Work Employability and Skills
- [Redacted]– Joint Head Fair Work
- [Redacted]- Fair Work Partnerships & Effective Voice
- [Redacted]- Fair Work Partnerships & Effective Voice

STUC Secretariat

- Roz Foyer, General Secretary
- Linda Sommerville, Deputy General Secretary
- Dave Moxham, Deputy General Secretary

STUC General Council

- Pauline Rourke, STUC President, CWU
- Pat Rafferty, Unite
- Andrea Bradley, EIS
- Tracy Gilbert, USDAW
- Tracey Dalling, Unison
- Louise Gilmour, GMB

- Mary Senior, UCU
- Richard Hardy, Prospect
- Colin Brown, FBU
- Gordon Martin, RMT
-

Apologies:

STUC General Council: Joy Dunn, PCS and Mike Arnott, STUC Vice President.

WELCOME, INTRODUCTIONS AND APOLOGIES

1. The First Minister welcomed everyone to our second meeting of 2022 and our first in-person biannual meeting since January 2020, and congratulated Pauline Rourke, CWU on being elected as STUC President, and who is attending her first Biannual meeting in this capacity.
2. The First Minister noted a busy agenda and the tough times we live in with Cost of Living (CoL) crisis affecting people across the country and having an impact on budgets. Inflation is eroding the value of Scottish Government (SG) budgets. The First Minister advised that we are anticipating spending restraint and the UK Government (UKG) will try to maintain the narrative that spending is rising, but so is inflation which will cause pressure on public sector and wider public service budget. The nature of challenges we face right now will inevitably create tensions and disagreements between government, trade unions and the wider public sector, although to some extent that is right and healthy in a democracy.
3. The First Minister is keen that we work together where we can SG is not a government which wants to be at odds with trade unions and values our partnership and relationship and the trade union movement and recognises their importance and their role in a society. The First Minister noted that while we may have disagreement, the hope is that we can work through these and join forces in the areas of agreement as much as we can to pressure the UKG given their decisions are causing some of the challenges we are facing. We are not asking trade unions not to pressure the SG where that may be appropriate, but to recognise that often the pressures that we are facing are caused by decisions out of our hands.
4. Roz Foyer (RF) thanked the First Minister for her time to meet with the trade unions and noted that there are many things we do agree on and the challenges we are facing have never been greater. We have been dealing with Covid and a range of other issues, but what is happening now on UK level is unbelievable and trade unions want to back the SG calls for a general election. RF acknowledged the very difficult discussions that will happen given the times and trade unions have a long list of demands, will be pushing the SG and will be unapologetic.
5. RF absolutely appreciates the difference between the Scottish Government and the UKG and STUC has publicly acknowledged the willingness of the SG to sit in the room with trade unions and have a grown-up discussion with them. Trade unions may not always get what they want, are not always happy with the outcome of the negotiations, but there is a huge difference between working with a government that actually values the role of trade unions as an important social partner and recognises that they are important part of the mix of the real economy and the UK government who seem to consider trade unions as some sort of economic terrorist, yet

we can see that the UKG is an economic terrorist at this point with the damage they are doing the economy.

6. RF acknowledged that today's agenda will be difficult for the trade unions, the level of industrial action is unprecedented across the public sector in Scotland and for a good reason. Members are angry and are looking for action and to see the SG on their side, they will push the SG hard today.

7. RF thanked the First Minister for on the continued work on the Gender Recognition Act (GRA) and advised that this another area where trade unions would be in support, and it is important to show an alliance in issues where we have agreement.

8. The First Minister welcomed the continuing support on GRA and hopes that legislation will be passed.

9. The First Minister recognised that the unions will push SG but noted the limitation on flexibilities and hoped that it is clear that the SG goes as far as it can.

ECONOMY OVERVIEW

10. Dr Gary Gillespie (GG) gave a presentation covering economic overview and noting the complex picture at the moment and uncertainty. Key things to highlight are economic growth slowing through this year, inflation rising beyond 10% driven by increased fuel prices and real earning remaining negative. On the positive side labour market remains tight with near record unemployment and rising employment.

11. RF advised she is not surprised, particularly on the narrative around the prices rising and the real pay. This is exactly what members are facing and why they are so exercised about the future. The resilience of economy including small businesses are a real problem in Scotland and is already very low due to Covid. The worry how we are going to get through in the next period is massive and it's not only about people who are on traditionally low incomes. The low pay, already endemic in too many parts of economy is a reality for most working people. RF noted that we are looking at a humanitarian emergency and trade unions are looking for radical and out of ordinary support and radical options in the next budget.

12. [Redacted] highlighted the extraordinary times faced, with circa. 170 industrial action ballots this year compared to 90 last year, and 26 the year before, demonstrating the strength of feeling and vulnerability of members. [Redacted] can't see this situation easing up given the political developments with the Tory government destroying the economy.

13. [Redacted] referred to the pension dispute in the University sector and the GDP plummeting in March, April 2020. That's the point where USS pension scheme did its valuation, while other schemes postponed their valuations - this is the crux of the UCU dispute with employers pushing through the changes, which has been the tipping point of the crisis.

14. [Redacted] highlighted the hard reality with 1 in 4 food retail workers time skipping meals to pay bills and feed the rest of their families (this has increased from 1 in 20 last year). She highlighted these are often two income families and noted that it would be helpful to members if the Scottish Government could do budget changes to improve devolved elements of UC.

15. The First Minister advised that the complex and hard reality we see is getting inflation under control may force a recession. There will be a lot of talk about restoring stability, which politely means austerity.

16. [Redacted] noted that workers are paying for other people mistakes.

17. [Redacted] referred to the presentation and advised that while the discussion is focused on pay, there is also an inability for teachers to secure permanent contracts. [Redacted] is aware that SG made this feasible, however Local Authorities have not taken a universal approach in addressing this. We have significant number of members on temporary contracts who are worried about the future, growing inflation, rising costs etc.

18. [Redacted] noted that falling energy prices won't have a critical impact on consumers for some time. [Redacted] also referred to those inequalities that exist post pandemic which will be further embedded and it is a big concern particularly for women working in low pay jobs.

COST OF LIVING CRISIS – PAY AND FAIR WORK

19. The First Minister reiterated a point made earlier that this government recognises the grim circumstances people live in and wants to do as much as we can to help and noted the hard constraints the SG operates within. The First Minister advised that today is not about pay negotiations, and these items must be discussed in a more general sense. In terms of public sector pay and our ability to do all we want to do; the SG operates within a budget effectively fixed this year. We cannot borrow, we can't raise income tax in a tax year and inflationary pressures mean our budget is worth about £2 billion less than when we set it in December. Big chunks of our budget are absorbed by public sector wage, we have a commitment to no compulsory redundancies, and we don't want to see job losses in public sector and frontline services. The First Minister advised that we want to have a discussion on what more we can do. But there is nothing radical about a discussion that doesn't acknowledge reality. We are going further than the rest of the UK and are trying to maximise what we can do within our constraints, and this is the context we need to recognise.

20. RF appreciates and understands how difficult the situation is and the nature of constraints of this year's budget. With all that said, trade unions want to understand what government can do to explore all options available, like water reserves, local government reserves if there is a plan to pay back over the coming years any reserves used with the long term plan, because this is a humanitarian emergency and if we put money to public sector workers, it would be a good way to get liquidity into the economy, to help businesses. Almost every family has a public sector worker, and it could put pressure on pay for workers in private sector as we don't think pay rises are the route of e inflation.

21. The First Minister agreed on the point about pay rises not being the route of inflation.

22. The First Minister advised that SG doesn't control local government reserves and they under ownership of local government. The other point is that you refer to these reserves as a national pot, however some local councils have reserves, some don't, but the fundamental point here is that local government reserves don't belong to the SG and we cannot mandate the use of them. On water reserves, the First Minister advised we would always look to maximise what we can do, but Scottish Water reserves are not just money lying there, the water system has to be maintained otherwise it would create public health and other problems. It is not that the SG

doesn't have the willingness, but we need to caution against the suggestion that this is money is effectively spare cash.

23. RF appreciates that there are no easy choices, but trade unions are keen to know that there are possible examples of what can be done to ensure that there will be money to put across people's pockets. RF referred to teachers and other public services.

24. The First Minister advised that SG is actively putting money into pockets, there is the emergency budget review, there are already 700 million going to concluded pay deals that wasn't budgeted at the start of the year.

25. The First Minister advised that the Scottish Government is actively working to make reductions and savings in other parts of the budgets.

26. RF appreciates that difficult decisions may have to be made this year, but the trade unions would also like to talk about next year. Inflation won't disappear and the STUC has published "The People's Plan for Action" which lists choices that trade unions would like to see implemented in the immediate future, not this year, because this year we need to have a discussion how we get money into workers' pay packets and it will be very difficult to avoid strike action unless serious offers are made. Trade unions want to see even further uses of Social Security powers, rent freeze and caps implemented immediately and long term, rather than something that lasts until March next year. Trade unions want to see the introduction of municipal energy companies, these should look at greener heating to fitted in homes as soon as possible and would create employment. Trade unions want to investigate how Scotland can use its taxation powers, more public control over public transport, providing a more affordable infrastructure. We want to see free school meals implemented universally and immediately, and enforcement of Fair Work and more push back from SG on the attacks on workers' rights at UK level. RF appreciates that employment powers are not devolved but more can be done around procurement leverage that the SG has in public spending to encourage employers to do more when contracted by public sector.

27. RF advised that STUC is going to do some work around taxation and will come back to the First Minister with more concrete suggestions/recommendations as to what they consider the SG could deliver in terms of distributive taxation.

28. RF agreed with the First Minister that is not a pay negotiation, but it is important for affiliates to have a chance to talk about the difficult choices that members are facing and making sure these are escalated to the top.

29. [Redacted] recognises what the SG has done to try to make some difference to public sector workers' pay, particularly in local government. [Redacted] referred to the protracted nature of pay negotiations, the need to threaten industrial ballot instead of a discussion and the lack of timely response. This year it was difficult to get to the stage where we are and trade unions are not under illusion how difficult next year is going to be. There is a need for early discussions, given that the public sector workforce is in crisis, and we need to know the clear parameters and the endpoint.

30. [Redacted] agreed with [Redacted] on the protracted nature of pay negotiations. In the midst of CoL crisis members have been due an increase for six months now which should have

happened in April. EIS members and other unions want to see serious offers against the backdrop of inflation.

31. [Redacted] noted the strong gender dimension to the pay decline of, since most teachers, are women (80%). [Redacted] advised that members are in the end second week of a statutory ballot which is a step closer to a strike action. The decision to strike is not taken lightly. The ballot demonstrates the strong feeling of teachers in Scotland. This is about our members who were on low income for many years feeling the pain of the CoL, increase in food prices, fuel and rent mortgage. More people consider themselves being in in-work poverty, families of four will be in poverty this winter as a result of food prices and teachers who are mostly women, with many single parents will disproportionately fall into this bracket.

32. [Redacted] recognises that SG is not an architect of inflation crisis but would implore SG to do all it can to mitigate the impact of this crisis in short term and long term to demonstrate that teachers and education in Scotland matter. Besides pay, other issues need to be considered such as well-being against the backdrop of Covid recovery. Thinking needs to be long-term. [Redacted] highlighted the importance of Fair Work in the post pandemic recovery and more work to be done as teachers don't experience Fair Work in terms of pay, workloads and security of contracts. This is important for our pupils and young people and could be an answer to the economic recovery long - term.

33. [Redacted] recognised the difference taken in approach by the SG and welcomed the SG intervention in UK National Rail dispute. [Redacted] referred to the Scotrail dispute and hoped that SG would help resolve the situation with Scotrail. Members are looking for reasonable CoL increases.

34. [Redacted] recognised the SG limitations but noted the opportunities for the Scottish society and economy in terms of fire service offering and delivering across sectors to benefit people lives and businesses. [Redacted] advised that there is an offer still on table which requires funding, and it is a decision for the SG. The offer from UK employers after years of cuts is insignificant due to inflation. The budget cuts over years have an impact on employment and circa 780 firefighters posts can potentially be lost between now and 2027.

35. [Redacted] advised that disputes in University sector are underpinned by a quest for Fair Work. University staff have seen 25% decline in pay since 2009, gender pay inequality, disability pay gaps, temporary contracts as well as unsafe workloads. The pension dispute should be easily fixable, but it's going in circles. UK wide ballot mandate delivered by UCU yesterday was unprecedented. There is a mandate to take action, but no one wants to disrupt education and it's now on employers to come back to negotiating table. [Redacted] echoed [Redacted] comments on the role of education in post Covid recovery and funding the sector is key as the sector can continue to support the economy.

36. [Redacted] advised that postal workers on strike today with strike action taking place over several months and it will continue into December. Last night a meeting was agreed with Royal Mail to try to find some resolution which is welcomed. [Redacted] referred horrible tactics and dreadful terminology by Royal Mail throughout this dispute - what members face dealing with in the workplace is not fair work.

37. [Redacted] advised that BT/Openreach workers will also strike. Senior management no longer recognises the historical value of negotiation and consultation. [Redacted] asked SG to

put more focus on Fair Work in the private sector and not only public sector as many members in private sector feel abandoned.

38. [Redacted] mentioned the long running pensions dispute at the University of Dundee. There is no end in sight and would welcome anything that can be done to resolve this.

39. The First Minister advised in terms of private sector issues, she is happy to have further discussion on how we can use our influence to put pressure on employment practices in the private sector.

40. The first Minister noted she did not disagree with a number of the points made and accepts SG has a responsibility to do as much as possible, but we also need to talk about the hard realities we face. Next year's budget will be very hard. This year we are beyond the limits of affordability. There is not as much money as trade unions would want collectively but it is already more than what we have budgeted for. The SG is trying to maximise the money going into public sector pay, which is already underway. There is a limit of what we can do, but it doesn't mean we will stop trying to do as much as possible, including in other ways like the Scottish Child Payment The First Minister agreed that we would like to do more to enable local government and other employers in public sector to give more money to ease inflationary pressures, but we have limited fiscal levers. The First Minister advised that we would keep trying and we will go as far as we can to prioritise those on lower incomes. The First Minister agreed with RFs point that the number of people struggling is massively wider than ever before. We will continue and deliver on public sector pay where possible, while maximising support.

41. RF thanked the First Minister for listening to trade unions and emphasised that we must understand the anger of members, they have never been so exercised and the feeling of desperation won't go away.

42. The First Minister advised does understand these pressures, the government are not separate from the general population. The First Minister noted the importance to join forces and direct anger where it belongs, to make sure there is a common voice.

43. RF agreed that trade unions and the SG have a common voice when it comes to lobbying and calling out the UKG. RF noted that this year's budget needs to be resolved and there is a problem.

44. The First Minister advised we need to talk and negotiate the best outcomes where we can.

45. [Redacted] referred to precarious work and echoed PR comments on how to use SG influence in other sectors. [Redacted] noted that STUC have reviewed the draft refreshed Fair Work Action Plan draft and are concerned that the importance of the role of unions in workplaces and collective bargaining, has been somewhat diminished compared to the initial plan.

46. The First Minister noted this concern and gave her absolute assurance that there is no intention whatsoever to erode the importance of collective bargaining and workers voice. She advised officials would revisit the draft and consider this point.

COST OF LIVING CRISIS – ENERGY & JUST TRANSITION

47. [Redacted] noted the positives, the Just Transition commission, the energy plan expected in December, some announcements around the skills passports and a strong record of engagement with officials. The challenge is to empower workers' voice within the process to make the transition just. [Redacted] referred to additional challenges that we didn't face four months ago. [Redacted] welcomed the summit and having the trade unions involved but raised the concern that time has passed and the trade unions are still nervous that we are in same position. [Redacted] advised that we are facing a new range of pre-existing and new issues on supply chains, such as contracts not mandated locally.

48. [Redacted] confirmed that trade unions did ask for summit and echoed [Redacted] in his thanks for it. It was helpful and developers from different areas that trade unions wanted, were there. [Redacted] welcomed digital skills passports and additional funding that came through. There is still concern around supply chains and CFDS. Where there are projects, there needs to be more capital investment and the right messaging. [Redacted] noted the Acorn Carbon Capture and Hydrogen projects and the importance of these for the energy workforce. He would like to see a small nuclear plant established and would like to jointly lobby UKG to get movement in this area.

49. [Redacted] felt there was a lack of union involvement in the summit and noted concerns around lack of feedback from the workshops they did input to. We want to know plans for manufacturing and investment in Scotland. [Redacted] asked about plans on infrastructure for offshore wind supply chains in Scotland. [Redacted] was disappointed in 2021 to see CS Wind factory closure and raised the concern of lack of long-term investment and commitment for the wind farm infrastructure in Scotland. There is massive skill in manufacturing in Scotland, but we risk losing this with the lack of apprentices. [Redacted] appreciated the SG intervention on Bifab but noted a lack of information ever since new contracts following acquisition.

50. The First Minister highlighted the massive opportunity in renewables in the next decades and advised it won't happen automatically, it will be hard and shares the nervousness. Looking back, Scotland has not used wind/renewables to its advantage. The First Minister referred to trying to save Bifab from closure and the takeaway from that is to ensure a secure supply-chain to benefit Scotland. This is going to significant work to achieve and there is a complexity of the contradiction/tensions on what we are trying to do in Scotland and the UKG direction.

51. The First Minister noted that an update from the summit's workshops should be circulated as soon as possible.

52. In terms of infrastructure there is work on strategic investment model - the SG is enabling and putting pressure on developers to come together to decide strategic infrastructure projects in addition to individual ones. There is considerable work underway.

53. The First Minister highlighted that union voice is integral in this area and noted the need to continue talking and working together.

54. On Acorn CCS, the First Minister expressed her disappointment with the UK Government. The SG will continue to make a case and put pressure on UK Government to secure Tier one projects.

55. The First Minister advised we have committed to delivering a Just Transition plan for the Grangemouth cluster. There is still work to do in the immediate and long – term, but the First Minister feels more optimistic than three months ago.

56. Richard Lochhead, MSP, Minister for Just Transition, Employment and Fair Work (RL) recognised the closer work with trade unions the last two years on Just Transition. RL expressed his frustration about Acorn CCS and advised he had been in St. Fergus last week and was in front of the pipeline. RL advised that SG listened to trade unions very closely on the skills passports and that it's an exciting and positive proposal. RL advised there is work going on to expedite projects. RL advised that refreshed Energy Strategy and Just Transition Plan will be published for consultation later this year and will be an opportunity to meet and get members' views. RL referred to the Aberdeen Summit on offshore supply chain, which was important to bring everybody together, business sectors and trade unions and highlighted the importance of continuing SG and trade unions' partnership working.

57. The First Minister advised that on hydrogen strategy there are technological issues to overcome but potentially an enormous opportunity.

FUTURE PUBLIC SECTOR FUNDING AND BUDGETS

58. The First Minister advised there is a limit what can be said today and noted when SG published the RSR in May we could not see the changes that would happen. The First Minister noted that the SG is open to creatively using our limited tax powers. The First Minister advised that when we publish EBR, we will probably open discussion for next year tax options.

59. RF agreed in terms of long-term spending review, it is now obsolete from when it took place, it is the case of what can be done around budget. RF mentioned the roundtable with the DFM around taxation and advised that trade unions are looking to make taxation proposals. RF appreciates constraints, but believes there could be creative mitigations, maybe not full solutions. Trade unions think that public opinion in Scotland will support paying more tax to get us through this period. Trade unions will be pushing really hard on this.

60. RF referred to the forthcoming STUC report about taxation options, there are a range of options like property tax, land tax, income tax. Trade unions will come to the SG with proposals for the next year's budget and want to see the SG doing everything in their powers.

61. [Redacted] advised it is helpful to hear about RSR, one of the key issues in civil service is that there are bodies using the RSR to delay pay negotiations, which is unhelpful. [Redacted] hopes this will change.

62. [Redacted] raised concern about NHS cuts. Trade unions appreciate that pay settlement will needed to be funded somehow, but on squaring the circle, there will have been an impact somewhere in service delivery, there are a range of different options for the SG to look and see if they are viable.

63. The First Minister every option is considered. Every action has a reaction and is interlinked. The First Minister wants to maximise revenue to support public services and workers there, we don't want to see strikes threatened and we are considering any options that can make a difference.

64. RF noted that we need to keep people's voice heard.

NATIONAL CARE SERVICE

65. [Redacted] raised more general concerns about social care which impacts service users. Recruitment and retention are having an impact and is one of the factors accounting for bed blocking as care packages not in place and knock-on effect on hospital care. This will get worse, and it is a critical issue. We need to support the NCS and its vision, the question is how it will materialise for the workforce, service users and community.

66. [Redacted] appreciates that the bill is a framework bill, but it's about filling the gaps. [Redacted] raised concerns about engagement, but advised it is resolving somewhat now. There are huge discrepancies between what we thought would happen, this bill and actual impacts. STUC research clearly demonstrates that private providers offer pure quality of care for the service providers but are worse for workers in terms of salaries and conditions. [Redacted] advised that STUC do not see this bill as fit for purpose without implementing changes. Organisations across social care question how it can be delivered.

67. [Redacted] noted that Scotland can do better, and we have seen this from the Social Care Support Fund. [Redacted] highlighted how carers are working to make difference to our lives and community. [Redacted] noted that bill does not set up system like the NHS, it is problematic. [Redacted] advised unions are deeply worried and the bill needs to change. [Redacted] referred to social work services customer side, noting that the whole marketisation won't serve Scotland well. Trade unions are building coalition of people who see the problem. [Redacted] noted that unions just need SG to listen.

68. [Redacted] echoed [Redacted]'s concern that the bill is not fit for purpose. We are in crisis and need to address it now, and quickly. [Redacted] noted the need to address private care issues, skills, money, terms and conditions, hospital issues and the discussions shouldn't stop. [Redacted] referred to an issue with the bill where there are different committees speaking about different things and not coming together. This is messy and there is need to bring everyone back together and look at skills, pay, private care and the issue of care workers doing nurses' jobs.

69. The First Minister advised that it is good to hear these concerns directly. There is a fundamental agreement that a reform is needed which the pandemic reinforced. The First Minister highlighted that it will be difficult getting from here to there, but we need to get it right. The SG and trade unions will continue talking and listening and appreciate the constructive discussion today.

70. Kevin Stewart, MSP, Minister for Mental Wellbeing and Social Care (KS) agreed that all that we are trying to achieve is for people, family users, service users, carers and care workforce. KS highlighted the need to get things right in terms of sectoral bargaining, conditions, building the system for future, making jobs attractive for future. KS highlighted that there is a clear pathway for future - frontline people that trade unions represent want to be involved in design process. KS advised that co- design is a hard process, and the SG will listen and want unions involved in co-design. KS referred to private providers. There is a required need for ethical procurement and ensuring Fair Work is embedded with bad practices eliminated as we move forward. KS advised that eight committees was not his choice but is what parliament wanted. While we can't do much about that, have noted and will continue to listen. SG won't

wait for the NCS and will try and improve terms and conditions sooner, and we are in regular contact with unions on this. KS advised that Cab Sec and his policy team are consumed with planning.

71. The First Minister highlighted that the SG would listen and reflect. She advised that if it would be helpful, after reaching the end of committee processes, she would meet with trade unions and KS to discuss outstanding concerns. Framework bills do allow for some flexibility, reflection, and change. The First Minister highlighted the importance to get it right, lives depend on this.

72. [Redacted] requested clarity on set up cost of NCS and raised concern about timing. [Redacted] raised the concern of it being unclear who the workforce will be employed by and the related anxieties.

73. KS emphasised the co - design and the role of Local Authorities in delivering social care. There is no reason this can or shouldn't continue.

74. [Redacted] advised that GMB came with list of questions, re the co-design process and still don't know the answer. [Redacted] echoed [Redacted] comment if it is the right time and noted the difficulties to create the social care we need. [Redacted] expressed the necessity to modernise the profession and create a sector where people want to work and deliver social care.

75. [Redacted] emphasised the need to be careful to get the co-design in order not to co-design something that is flawed. [Redacted] is still concerned as many issues not alleviated, but trade unions will continue talking and see what happens. [Redacted] welcomes the First Minister's offer to discuss post committee process.

76. The First Minister stated she did not underestimate the gravity of concerns and wants to understand these more and genuinely respond.

77. RF advised that trade unions want to be able to get to a point where they can support this concept.

78. KS agreed to continue the conversation.

CLOSING REMARKS

79. RF thanked the First Minister for her time today and advised that trade unions know there are no easy answers but appreciate the dialogue and will continue to push the SG hard.

80. The First Minister noted it is better to have these tough discussions. These are really difficult times, and it is important to hear views and respond. We value the trade union relationship and will continue to work together on shared priorities and through difficult issues as best as possible.

