

Fairer Scotland Duty Assessment

**Making Scotland's Future:
A Recovery Plan For Manufacturing**

December 2020

FAIRER SCOTLAND DUTY ASSESSMENT – MAKING SCOTLAND’S FUTURE: A RECOVERY PLAN FOR MANUFACTURING

Title of Policy, Strategy, Programme etc	Making Scotland’s Future: A Recovery Plan For Manufacturing
<p>Summary of aims and expected outcomes of strategy, proposal, programme or policy</p>	<p>Like many parts of the Scottish economy, manufacturing has been deeply affected by the COVID-19 pandemic. What began as a public health crisis has become a global economic crisis – growth has stalled, businesses have had to close and there have been many job losses with the likelihood of more to come.</p> <p>Scottish manufacturing is a key source of business research and development, and of high-quality employment. Pre-COVID-19 figures show the sector was worth £12.5 billion in Gross Value Added (GVA) – approximately 13% of total GVA – and employed approximately 170,000 people, many in highly-skilled jobs.</p> <p>Making Scotland’s Future: A Recovery Plan For Manufacturing has been developed by the Making Scotland’s Future Programme Board and partners, which comprises of representatives from both public and private sector, and includes a range of specialists from industry, academia, and trade unions.</p> <p>In line with the report of the Advisory Group on Economic Recovery, which recommended that bespoke sector recovery plans are put in place, the Recovery Plan For Manufacturing proposes a series of actions for the partnership of public agencies, industry and academia to take forward by the end of 2021. They are designed to secure a strong, sustainable future for the manufacturing sector across four inter-dependent priority areas:</p> <ul style="list-style-type: none"> • Collaboration and networks • Supply chains and competitiveness • Adaptation and transformation • Skills and workforce <p>These actions have been designed to guide the manufacturing sector through its recovery from the</p>

	<p>impacts of the COVID-19 pandemic and to support the sector as it adapts to a changing world.</p> <p>The proposed actions will help Scottish manufacturing to adapt to future global trends such as digitisation and the ongoing transition to net zero. They will shape manufacturing into a successful, vibrant, forward looking sector with Fair Work principles embedded throughout. They will drive innovation, protect and create jobs and help to place Scottish manufacturing at the heart of a global green recovery.</p>
<p>Summary of evidence</p>	<p>The purpose of this section is to set out general evidence of how this Recovery Plan will impact on inequalities caused by socio-economic deprivation as a result of the impact of COVID-19 on the Scottish manufacturing sector.</p> <p>We have already drawn a significant amount of evidence from a number of areas including published statistics, industry specialists, businesses, trade unions and academia. To identify any potential improvements to the Recovery Plan, we are undertaking a wide ranging public consultation on Making Scotland's Future: A Recovery Plan For Manufacturing itself. At the same time we will also be consulting with appropriate stakeholders on an Equality and Fairer Duty Scotland Impact Assessment and a Business and Regulatory Impact Assessment covering the recovery plan.</p> <p>Through widely publicising the ongoing consultations and encouraging responses from as wide a group of stakeholders as possible we will be able to reflect as many viewpoints as possible.</p> <p>Evidence ingathered to date shows that:</p> <ul style="list-style-type: none"> • 83.3% of employees in the manufacturing sector earn the Living Wage, compared to 84.8% of workers in Scotland overall¹. • The Scottish manufacturing sector gender pay gap is 14.1%, compared with 3% in Scotland overall. This could be as a result of the fact that 23.4% of Scotland's manufacturing workforce is female, compared to 48.8% of Scotland's overall workforce.²

¹ <https://www.gov.scot/publications/annual-survey-of-hours-and-earnings-2020/>

² <https://www.gov.scot/publications/scotlands-labour-market-people-places-and-regions-background-tables/>

- 38.7% of manufacturing jobs are classed as low or medium skilled, compared to 44.7% of all Scottish jobs.³
- 97.3% of employees in manufacturing were securely employed (defined as either permanent or temporary and employee did not wish to be permanent) compared to 96.5% for Scotland overall.

The Scottish Index of Multiple Deprivation (SIMD)⁴ is an official statistics tool to help identify relative deprivation across areas of Scotland, ranking the country into 6,976 data zones from most to least deprived.

The data shows a broad correlation between areas with a strong manufacturing base and larger proportions of deprived areas.

As manufacturing provides secure, relatively highly skilled and comparatively well-paid jobs this indicates the importance of manufacturing as a source of employment in these areas.

Where manufacturing is a relative strength of an area it provides a solid basis on which to build the local economy and in way which offers a route to secure, skilled employment with associated knock-on impacts of increasing supply chain opportunities and demand for wider services in the local economy. This can further create or support further employment opportunities in an area.

Possible impacts of Making Scotland's Future: A Recovery Plan For Manufacturing

The Recovery Plan has been developed with a commitment to Fair Work principles at its heart. It is understood that the impact caused by the pandemic has exacerbated the inequalities which already exist in society. The Recovery Plan has been designed to work in conjunction with Scotland's existing manufacturing support infrastructure to ensure that its impact is felt throughout Scotland and that all parts of the country feel the benefit.

³ <https://www.gov.scot/publications/scotlands-labour-market-people-places-regions-statistics-annual-population-survey-2019/pages/4/>

⁴ <https://simd.scot/>

Collaboration and networks

The actions proposed in the Recovery Plan will promote and foster collaboration and networking, and provide an opportunity to create links between areas of greater and lesser socio-economic disadvantage, allowing manufacturing enterprises from different parts of the country to work together, share resources, costs and risks. This will help to safeguard and create jobs in all parts of Scotland – improving outcomes and helping local communities.

The Recovery Plan includes an action designed to create a programme of activity to help small and medium sized enterprises (SMEs) develop their business cases and provide them with assistance and resources to enable them to secure external funding. SMEs are found throughout Scotland and can act as important employers for local communities. Supporting Scottish manufacturing SMEs is a vital part of ensuring that the recovery plan benefits all areas of the country.

Supply chains and competitiveness

The disruption caused to global supply chains by the pandemic has highlighted the importance of resilient and responsive supply chains. A series of actions included in the Recovery Plan are designed to promote excellence and innovation in the Scottish manufacturing supply chain. These actions seek to support inward investment, identifying opportunities for Scottish manufacturers created by new and emerging supply chains to bring more business to Scotland. By revitalising Scotland's manufacturing supply chains the Recovery Plan will support a more resilient manufacturing sector in Scotland as well as creating opportunities for manufacturers throughout the country – protecting jobs and ensuring that benefits are widely felt.

Adaptation and transformation

The Recovery Plan sets out several actions which encourage digital transformation of Scottish manufacturing. By adopting new digital solutions manufactures can become more efficient and resilient and put the sector on a path to being truly world-class. The Recovery Plan recognises that, in order to be achievable, transformative solutions need to be applicable to the SMEs that make up the bulk of the Scottish manufacturing sector (97% of companies have fewer than 100 employees).

By encouraging manufacturers to adopt new energy efficient, low carbon digital solutions, the Recovery Plan seeks to support the transition to a circular, net-zero economy. In helping to creating a high-tech, low carbon manufacturing sector in Scotland the Recovery Plan will also create more rewarding, high skill jobs and help to improve health outcomes.

Skills and workforce

The disruption caused by the COVID-19 pandemic has created significant uncertainty in the labour market. Some sectors, such as aerospace and oil and gas have been disproportionately affected by the current economic conditions.

The Recovery Plan includes a series of actions designed to help address these issues in the labour market while safeguarding jobs and promoting Fair Work principles. It includes an action designed to create a programme for sectors adversely affected by the pandemic to support displaced workers and help them re-skill and upskill for more job opportunities. It also includes actions designed to protect apprenticeships and tackle graduate unemployment.

Throughout all of the actions designed to address emerging skills shortages and jobs growth there is a commitment to promote progressive Fair Work principles, ensuring that people from all areas and backgrounds will benefit from the activity.

Alternative approaches

Due to the unprecedented nature of the pandemic, together with the requirement to develop and move towards implementing the plan at pace we have had limited opportunity to consider alternative approaches. Consideration has been given to COVID-19 recovery plans concurrently developed for other industry sectors – such as the Scottish Construction Industry Recovery Plan published by the Scottish Construction Leadership Forum - but it is vital that Making Scotland's Future: A Recovery Plan For Manufacturing is specifically focused on the requirements of the Scottish manufacturing sector.

It should also be noted that Making Scotland's Future: A Recovery Plan For Manufacturing has been developed through the Making Scotland's Future Programme Board. This provided an opportunity to consider the actions proposed from a variety of viewpoints and to ensure it meets the specific needs of Scottish manufacturing.

Summary of assessment findings

Who this Recovery Plan will affect

Making Scotland's Future: A Recovery Plan For Manufacturing affects everyone involved in the Scottish manufacturing Industry. It will directly affect employers, employees, trade unions and workplace representatives, workplace contractors, customers, suppliers and delivery drivers.

It also potentially indirectly affects recent graduates, students and the unemployed through actions targeted at re-skilling and streamlining recruitment in the manufacturing sector. By safeguarding jobs and creating opportunities for manufacturing firms to transform how they work the plan will create benefits throughout Scotland.

It will particularly benefit areas which rely on manufacturing for local employment by ensuring that the manufacturing sector is equipped to recover from the challenges created by the pandemic and allowing it to move forward.

How this plan can be strengthened in terms of its impacts on equalities of outcome

The Recovery Plan contains a strong commitment to Fair Work principles embedded throughout it.

A combination of feedback from the Equality and Fairer Duty Scotland Impact Assessment and Business Regulatory Impact Assessment consultations and the Fair Work principles will guide the implementation of the actions which are proposed in the plan.

In order for the plan to fully achieve its intended purpose it is vital that it is shared by the partners across the public, private and third sectors and trade unions who will help us to develop and implement the plan in a way that helps address identified inequalities in the manufacturing sector and improve outcomes throughout Scotland.

Timescales

The plan will be delivered at pace with the actions intended to have an impact over a 12 month period to the end of 2021. Work on the actions identified as immediate priorities has already begun. The wide public consultation on the plan which will inform the final version to be published in early 2021 will provide an opportunity for views on any potential changes to be considered.

	<p>The actions proposed in the plan will be taken forward throughout 2021 with a review on the impact of the plan carried out which will feed into the work of the Making Scotland's Future Programme Board as it moves forward with the wider Making Scotland's Future Programme. This will provide a further opportunity to address any identified issues which cannot be addressed in the recovery plan due to the pace with which it has had to be developed and implemented.</p>
Sign off	<p>Name: Dermot Rhatigan</p> <p>Job title: Deputy Director, Manufacturing and Industries Division, Scottish Government.</p>



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