

Refreshed Fair Work Action Plan and Anti-Racist Employment Strategy

Island Communities Impact Assessment

April 2023

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1. Introduction

1.1 Purpose

The Scottish Government commissioned AECOM to undertake a series of impact assessments on the Refreshed Fair Work Action Plan (RAP)¹ and the Anti-Racist Employment Strategy (ARES)². These include the following:

- Equality Impact Assessment (EqIA);
- Child Rights and Wellbeing Impact Assessment (CRWIA);
- Fairer Scotland Duty Impact Assessment (FSDA);
- **Island Communities Impact Assessment (ICIA);**
- Data Protection Impact Assessment (DPIA); and
- Business and Regulatory Impact Assessment (BRIA).

The RAP merges and updates the existing Fair Work Action Plan, A Fairer Scotland for Women: gender pay gap action plan and a Fairer Scotland for Disabled People: Employment Action Plan as well as incorporating actions from the ARES. The changes to public sector grant conditionality proposed in the Bute House Agreement are also assessed through actions from the RAP, despite being screened separately.

This report presents a full assessment of the island community impacts of the actions within the RAP and ARES based on existing evidence and findings from stakeholder engagement. In taking a human rights-based approach, this report also identifies where there is a contribution or alignment to human rights legislation. This report has been updated and expanded from a screening report produced in October 2022.

To inform the impact assessments for the RAP and ARES, AECOM conducted a period of stakeholder engagement between October 2022 and January 2023. This included engagement with Short Life Working Groups on disability, gender and race, equality organisations and businesses through survey responses and one-to-one discussions.

The feedback and findings of this engagement have contributed towards completing a full ICIA on the RAP and ARES.

1.2 Refreshed Fair Work Action Plan 2022

Following the publication of the Fair Work Framework in 2016³, the Scottish Government published the Fair Work: Action Plan⁴ in 2019 setting out the strategic approach of the Scottish Government to help achieve the vision of becoming a Fair Work Nation by 2025.

¹ [Fair Work action plan: becoming a leading Fair Work nation by 2025 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fair-work-action-plan-2022/pages/1-introduction.aspx)

² [Anti-racist employment strategy - A Fairer Scotland for All - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/anti-racist-employment-strategy-2022/pages/1-introduction.aspx)

³ Fair Work Convention (2016). Fair Work Framework 2016. Available at: [Fair-Work-Convention-Framework-PDF-Full-Version.pdf \(fairworkconvention.scot\)](https://www.fairworkconvention.scot/Fair-Work-Convention-Framework-PDF-Full-Version.pdf)

⁴ Scottish Government (2019). Fair Work: Action Plan. [Fair Work: action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fair-work-action-plan-2019/pages/1-introduction.aspx)

The Fair Work Framework defines Fair Work as ‘work that offers effective voice, respect, security, opportunity and fulfilment; it balances the rights and responsibilities of employers and workers, and can generate benefits for individuals, organisations and society’.

The 2019 action plan covered three broad themes aiming to: support employers to adopt Fair Work practices; deliver Fair Work to a diverse and inclusive workforce; and embed Fair Work across the Scottish Government.

Informed by the 2021 consultation: 'Becoming a Fair Work Nation'⁵ and the analysis of the responses, the Scottish Government developed a refreshed, integrated Fair Work Action Plan (RAP), to set out a strategic approach to support Scotland becoming a Fair Work nation by 2025. It includes actions and commitments to reduce the gender pay gap, at least halve the disability employment gap by 2038, and progress a range of actions to deliver the new Anti-Racist Employment Strategy:

- Fair Work: action plan (2019)⁶;
- A Fairer Scotland for women: gender pay gap action plan (2019)⁷;
- A Fairer Scotland for Disabled People: Employment Action Plan (2018)⁸; and
- Actions supporting delivery of the strategy, A Fairer Scotland for All: An Anti-Racist Employment Strategy⁹.

The RAP will better enable the Scottish Government to align collective action across these agendas where there is clear synergy (e.g. real Living Wage, effective voice), addressing structural inequalities that perpetuate labour market inequalities through discrete actions.

A Fairer Scotland for Women (2019)¹⁰ aimed to tackle labour market inequalities faced by women, with the key objective to reduce the gender pay gap for employees in Scotland by the end of the parliamentary term (May 2021). The action plan recognised that disabled women, older women, racialised minority women, women from poorer socio-economic backgrounds and women with caring responsibilities are particularly at higher risk of experiencing labour market inequalities.

A Fairer Scotland for Disabled People (2016)¹¹ outlined five key ambitions as part of the Scottish Government's response to the United Nations Convention on the Rights of Persons with Disabilities, including 'Decent incomes and fairer working lives'. A

⁵ Scottish Government (2021). Becoming a Fair Work nation: consultation. Available at: [Becoming a Fair Work nation: consultation - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/becoming-a-fair-work-nation-consultation-gov.scot/www.gov.scot)

⁶ Scottish Government (2019). Fair Work Action Plan <https://www.gov.scot/publications/fair-work-action-plan/>

⁷ Scottish Government (2018). A fairer Scotland for women: gender pay gap action plan. <https://www.gov.scot/publications/fairer-scotland-women-gender-pay-gap-action-plan/>

⁸ Scottish Government (2019). A Fairer Scotland for Disabled People: employment action plan. (<https://www.gov.scot/publications/fairer-scotland-disabled-people-employment-action-plan/>)

⁹ [Anti-racist employment strategy - A Fairer Scotland for All - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/anti-racist-employment-strategy-a-fairer-scotland-for-all-gov.scot/www.gov.scot)

¹⁰ Scottish Government (2019). A Fairer Scotland for Women: gender pay gap action plan. Available at: [A fairer Scotland for women: gender pay gap action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fairer-scotland-women-gender-pay-gap-action-plan-gov.scot/www.gov.scot)

¹¹ Scottish Government (2016). A Fairer Scotland for Disabled People: delivery plan. <https://www.gov.scot/publications/fairer-scotland-disabled-people-delivery-plan-2021-united-nations-convention/documents/>

key element of this was the commitment to at least halve the employment gap between disabled people and the rest of the working age population (the disability employment gap). Action to achieve this was outlined in A Fairer Scotland for Disabled People: Employment Action Plan (2018)¹².

The refreshed Fair Work Action Plan identifies the need for continual development in the approach to work and workplaces, especially in a dynamic society facing challenges such as the Covid-19 pandemic and cost of living crisis.

It promotes the underpinning principles of ‘equity and equality of opportunity for all regardless of any individual or group characteristic’ and takes an intersectional¹³ approach to workplace inequalities recognising that no inequality sits in isolation.

The key objectives of the RAP are to:

- Increase the number of people paid at least the real Living Wage and on stable contracts;
- Work with employers, workers and trade unions to strengthen effective voice, through a range of appropriate channels;
- Support employers to adopt flexible working practices;
- Reduce the gender pay gap in Scotland by the end of this parliamentary term (May 2026), and maintain, or where possible, improve our position relative to the UK as a whole and our international neighbours;
- At least halve the disability employment gap by 2038 (from 2016 baseline of 37.4 percentage points). The Disability employment gap in 2021 was 31.2 p.p. and the employment rate for disabled people was 49.6%. Interim milestones:
 - By 2023 to increase the employment rate for disabled people to 50%;
 - By 2030 to increase the employment rate for disabled people to 60%; and
- Improve labour market outcomes for racially minoritised¹⁴ people and increase the number and impact of actions taken forward by employers to address racial inequality.

¹² Scottish Government (2018). A Fairer Scotland for Disabled People: employment action plan. Available at: [A Fairer Scotland for Disabled People: employment action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/A-Fairer-Scotland-for-Disabled-People-employment-action-plan-2018.pdf)

¹³ Intersectionality describes people who are in possession of a combination of equality characteristics, who may face multiple barriers and compounded discrimination in the labour market (for example, disabled women, or people from racialised minorities aged over 50)

¹⁴ The Scottish Government adopts the term ‘racialised minorities’ to show that it is systems and structures that do not work for those who are categorised on the basis of “race”, and because of this are sometimes treated differently or disadvantaged. These terms are becoming more widely used across Scottish Government, in line with our acceptance that racism is a structural issue. We support everyone’s right to self-identify according to the term they relate to or are most comfortable with. Terminology changes as societal and systemic understanding grows. It should be noted that in labour market data analysis, the term minority ethnic is used and in reserved legislation such as the Equality Act (2010), the term “race” is used. These terms are not helpful to understand how racialised inequity impacts on those who experience systemic, institutional or interpersonal racism.

The RAP sets out actions under four headline actions, which fall into the three broader themes below.

- Public sector leadership
- Our ask of employers and support available
- Support for people to prepare for, access and sustain fair work

A breakdown of the RAP is shown in Appendix A.

1.3 Anti-Racist Employment Strategy 2022

The Scottish Government developed an Anti-Racist Employment Strategy (ARES) in response to the persistent inequality experienced by racialised minorities in the labour market.

The strategy is a call to action and supports and encourages employers to take an anti-racist and intersectional approach to identifying the structural and systemic barriers of racism. An intersectional approach recognises individuals with two or more protected characteristics are likely to face multiple barriers in the labour market.

The term “racialised minorities” is adopted throughout to show that it is systems and structures that do not work for those who are categorised on the basis of ‘race’, and because of this, are sometimes treated differently or disadvantaged. The strategy defines racialisation as ‘the process by which groups of people are given racial identities and placed within the hierarchy based on their presumed superiority or inferiority to one another’.

The strategy has been developed alongside a refreshed Fair Work Action Plan (RAP) which sets out actions to support the implementation of the ARES under the themes of:

- Public sector and the role of leadership;
- Our ask of employers and support available; and
- Support for people to prepare for, access and sustain fair work.

To meet the key objective of the ARES as outlined in the RAP – ‘increasing action and impact of employer action to address racial inequality’ – the ARES seeks to achieve the following outcomes:

- The number of people entering the labour market and staying in and progressing in an organisation is closer to and representative of that organisation’s local population;
- The number of employers taking action to remove intersectional barriers in their workplaces has increased;
- The number of employers proactively creating safe, diverse and inclusive workplaces has increased; and
- The number of employers taking forward actions evidence-based actions to improve Fair Work conditions for workers from all backgrounds has increased.

The strategy actions are set out in Appendix B.

2. Approach

This chapter sets out the approach to assessing the potential impacts on island communities of the RAP and ARES. The assessment criteria consider how the actions could have both positive and negative impacts. In considering the impacts, this ICIA takes a 'worst case scenario'.

The approach for undertaking this ICIA and compiling this report follows a six-stage process:

1. Screening for impacts
 - An overview of guidance and requirements, key evidence and issues and initial screening for potential impacts including a framework for more detailed assessment.
2. Stakeholder engagement
 - Interviews with stakeholders from equality organisations representing a range of groups and businesses.
3. Impact Assessment Input Note
 - A technical note for the Scottish Government highlighting the key impacts identified through initial screening and stakeholder engagement for the purpose of finalising the draft RAP and ARES
4. Baseline evidence review
 - Review of relevant legislation and policies as well as evidence relating to the Fair Work agenda with regards to protected characteristic groups, deprivation, poverty and labour market statistics.
5. Assessment of potential impacts
 - Informed by a consideration of the policy context, reviewed evidence and feedback received through stakeholder engagement.
6. Recommendations and conclusions
 - Concluding on key positive and negative impacts as well as planned and recommended actions for minimising negative or uncertain impacts.

2.1 Screening for impacts

A series of screening reports, including an ICIA screening report, were produced for the RAP and ARES in October 2022.

These reports presented a screening of potential impacts for the six headline actions of the draft RAP and the eight key actions of the draft ARES provided by the Scottish Government. The screening was prepared using publicly available data and evidence.

A screening report was also undertaken for a Strategic Environmental Assessment (SEA) which invited statutory consultees to comment through the Government

Gateway. This process concluded that there are no significant environmental impacts and a final impact assessment is not required.

2.2 Stakeholder engagement

Stakeholder engagement was undertaken to support the evidence outlined in the screening report and contribute to finalising the draft RAP and ARES documents. The views of equality organisations and businesses towards the RAP and ARES actions have also been used to prepare the final impact assessments report including the final ICIA.

Scottish Government and AECOM identified 103 stakeholders for AECOM to engage across all impact assessments. This included:

- The ARES Short Life Working Group;
- Disability Short Life Working Group;
- Sub Group of the Gender Pay Gap Ministerial Working Group;
- Protected characteristic groups;
- Island communities; and
- Businesses.

Stakeholders were invited to complete an online survey to submit their views on the two draft documents. Alternatively, one-to-one discussions were offered to stakeholders who required a more in-depth discussion of the initiatives. Alongside one-to-one discussions and the survey, the following stakeholder engagement activities took place:

- Organisations first contacted via email on 26th October 2022;
- Webinar to equality focused organisations on 31st October 2022;
- Business organisations contacted via Scottish Government's October 2022 bulletin; and
- Virtual business engagement session on 7th November 2022.

The Scottish Government provided an overview of the Bute House Agreement grant conditionality commitment, the RAP and the ARES to share with stakeholders via email and in one-to-one discussions.

For the Island Communities Impact Assessment, stakeholders representing island communities as well as those with a national focus gave their views on the impact of the RAP and ARES on island communities.

Four stakeholders took part in one-to-one discussions, both on Microsoft Teams and in person, and four submitted survey responses between 26th October and 15th November which fed into the technical note for the Scottish Government.

AECOM used the findings of the stakeholder engagement to develop an Impact Assessment Input Note which was submitted to the Scottish Government on the 15th November 2022. This set out key issues, considerations, and recommendations for finalising the draft RAP and ARES documents.

Following this, AECOM continued stakeholder engagement between 15th November 2022 and 9th January 2023 to ensure that a wide range of voices contributed to the development of the impact assessments. An additional six stakeholders engaged in one-to-one discussions and five submitted survey responses which fed into the final assessment of impacts. One representative body of island employers submitted a survey response having captured the views of eight of their member organisations.

2.3 Impact Assessment Input Note

An Input Note was submitted to the Scottish Government on 15th November. For each impact assessment, this highlighted the key impacts of the RAP and ARES as identified through the screening process and stakeholder engagement activities.

AECOM delivered a virtual presentation of the input note to the Scottish Government colleagues involved in the drafting process of the RAP and ARES.

The input note provided a final opportunity for external input into the two documents prior to the finalisation of actions.

2.4 Baseline evidence review

The baseline covers the following:

- Review of all relevant documentation and available information regarding the RAP and ARES, including the Fair Work Framework (2016), Fair Work Action Plan (2019) and 'Becoming a Fair Work Nation' consultation documents;
- Review of relevant legislation and policies to develop context pertinent to the ICIA; and
- Evidence and key issues regarding potential equality impacts as identified through secondary data and research provided by Scottish Government, stakeholders and desktop review.

2.5 Assessment of social impacts

This ICIA presents the potential direct or indirect positive and negative impacts of each individual action in the RAP and ARES for island communities. The actions within the RAP are organised into the four headline actions, while each ARES action sets out the RAP action it corresponds to or is incorporated into.

The assessment and identification of potential impacts has been based on the evidence and key issues (as set out in Section 4 of this report), information provided through discussions with the Scottish Government and stakeholder engagement.

The scoring mechanism used for the assessment initially provides a score of the effect of the policy for each of the relevant groups as follows:

- **Major Positive Effect:** The action has the potential to significantly support island communities, taking into account the National Islands Plan's principles of fairness, integration, environmental protection (green) and inclusiveness.
- **Minor Positive Effect:** The action has the potential to support island communities, taking into account the National Islands Plan's principles of fairness, integration, environmental protection (green) and inclusiveness, but not significantly.

- **Neutral/ Negligible Effect:** The action has no clear relationship with island communities or the relationship is negligible.
- **Minor Negative Effect:** The action may impede principles of fairness, integration, environmental protection (green) and inclusiveness for island communities and requires mitigation measures be put in place.
- **Major Negative Effect:** The action significantly affects principles of fairness, integration, environmental protection (green) and inclusiveness. Mitigation is therefore required.
- **Uncertain Effect:** The action has an uncertain relationship to the Islands (Scotland) Act 2018 requirements. In addition, insufficient information may be available to enable an assessment to be made.

2.6 Recommendations and conclusions

Section 7 of this report sets out conclusions on the impacts of the RAP and ARES.

The final section of this report sets out recommendations for enhancing the benefits to those affected by the Fair Work initiatives as well as appropriate mitigation against adverse impacts.

3. Relevant legislation and policy

This section provides an overview of the relevant legislation and policy to the RAP and ARES. A detailed policy review is provided in **Appendix C**.

3.1 Relevant legislation

The ICIA assesses the impacts of each of the actions within the RAP and ARES and will help to demonstrate Scottish Government's compliance with the Islands (Scotland) Act 2018, which it has a legal duty to consider in the delivery of its policies, programmes and projects.

3.1.1 The Islands (Scotland) Act 2018¹⁵

Section 3 of The Islands (Scotland) Act 2018 (Scottish Parliament, 2018) required Scottish Ministers to prepare a National Islands Plan to set out the duty of relevant authorities within the meaning of the Act to consider the impacts of policies, strategies, and services on island communities.

Part 2 - Section 3 lists the outcomes considered in the National Islands Plan for improving island communities. These include:

- (a) increasing population levels,
- (b) improving and promoting -
 - (i) sustainable economic development,
 - (ii) environmental wellbeing,
 - (iii) health and wellbeing, and
 - (iv) community empowerment.
- (c) improving transport services,
- (d) improving digital connectivity,
- (e) reducing fuel poverty,
- (f) ensuring effective management of the Scottish Crown Estate (that is, the property, rights and interests to which section 90B(5) of the Scotland Act 1998 applies), and
- (g) enhancing biosecurity (including protecting islands from the impact of invasive non-native species).

Part 3 - Section 7 outlines relevant authorities' duty to have regard to island communities in carrying out its functions. Section 8 of this Act requires the Scottish Ministers, as a relevant authority, to prepare an island communities impact assessment in relation to a policy, strategy, or service, which, in the authority's opinion, is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities) in the area in which the authority exercises its functions.

¹⁵ [Islands \(Scotland\) Act 2018 \(legislation.gov.uk\)](https://legislation.gov.uk)

An ICIA must:

- (a) describe the likely significantly different effect of the policy, strategy, or service (as the case may be), and
- (b) assess the extent to which the authority considers that the policy, strategy or service (as the case may be) can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.

3.1.2 The National Islands Plan 2019¹⁶

In December 2019, Scottish Ministers published the first ever National Islands Plan (Scottish Government, 2019) which was created with the input of many islanders and those with a strong interest in Scotland's islands.

The Plan sets out 13 Strategic Objectives which are critical to improving the quality of life for island communities.

- Strategic Objective 1: To address population decline and ensure a healthy, balanced population profile;
- Strategic Objective 2: To improve and promote sustainable economic development;
- Strategic Objective 3: To improve transport services;
- Strategic Objective 4: To improve housing;
- Strategic Objective 5: To reduce levels of fuel poverty;
- Strategic Objective 6: To improve digital connectivity;
- Strategic Objective 7: To improve and promote health, social care and wellbeing;
- Strategic Objective 8: To improve and promote environmental wellbeing and deal with biosecurity;
- Strategic Objective 9: To contribute to climate change mitigation and adaptation and promote clean, affordable and secure energy;
- Strategic Objective 10: To empower diverse communities and different places;
- Strategic Objective 11: To support arts, culture and language;
- Strategic Objective 12: To promote and improve education for all throughout life; and
- Strategic Objective 13: To support effective implementation of the National Islands Plan.

Fairness is a key value that underpins the National Islands Plan and reflects the Scottish Government's commitment to equality and human rights. The Plan recognises that every member of society has a right to live with dignity and to enjoy high quality public services wherever they live. This commitment is also included as a National Outcome within Scotland's National Performance Framework.

¹⁶Scottish Government (2019). The National Plan for Scotland's Islands. Available at: [The National Plan for Scotland's Islands - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/national-plan-for-scotland-islands/pages/1-introduction-and-why-islands-matter.aspx)

3.1.3 Island Communities Impact Assessments: Guidance and Toolkit

In October 2020, the Scottish Government issued guidance on ICIA (Scottish Government, 2020) under Section 11 of the Islands (Scotland) Act 2018 and relating to the duty imposed by Section 7 of the Act. The guidance shows how to assess and take into account the impacts policies, strategies or services might have on island communities in Scotland through a seven-step process.

3.1.4 The Human Rights Act¹⁷

The Human Rights Act 1998 is an Act of Parliament of the United Kingdom introduced to incorporate the rights of the European Convention on Human Rights into UK law. Public authorities must respect and protect the human rights set out through the articles of the Act. Articles relevant to the Fair Work agenda include:

- Article 4: Freedom from slavery and forced labour;
- Article 11: Freedom from assembly and association; and
- Article 14: Protection from discrimination in respect of these rights and freedoms.

Human rights implications are also considered in the context of upcoming International Human Rights Covenants and Conventions, including the International Covenant on Economic, Social and Cultural Rights; the Convention on the Elimination of All Forms of Racial Discrimination; the Convention on the Elimination of All Forms of Discrimination Against Women; the Convention on the Rights of Persons with Disabilities; and the Convention on the Rights of the Child.

In assessing the impacts on human rights legislation, this report considers:

- If there is any danger of someone's rights being infringed by the actions of the Fair Work agenda; and
- If the actions of the Fair Work agenda will strengthen people's ability to enjoy these rights.

3.2 National policy

3.2.1 Fair Work Framework¹⁸

The Fair Work Convention published the Fair Work Framework in 2016. It sets out a vision that **'by 2025, people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society'**.

The framework defines Fair Work through the five dimensions: effective voice, opportunity, security, fulfilment, and respect.

¹⁷ [Human Rights Act 1998 \(legislation.gov.uk\)](https://legislation.gov.uk)

¹⁸ Fair Work Convention (2016). Fair Work Framework 2016. Available at: [Fair-Work-Convention-Framework-PDF-Full-Version.pdf \(fairworkconvention.scot\)](https://www.fairworkconvention.scot.gov.uk/Fair-Work-Convention-Framework-PDF-Full-Version.pdf)

3.2.2 National Strategy for Economic Transformation (NSET)¹⁹

The National Strategy for Economic Transformation outlines an ambition for a successful and 'fairer' economy by 2032 driven by a vision to create a wellbeing economy.

The 'fairer and more equality society' programme of action seeks to 'Reorient our economy towards wellbeing and fair work, to deliver higher rates of employment and wage growth, to significantly reduce structural poverty, particularly child poverty, and improve health, cultural and social outcomes for disadvantaged families and communities.'

3.2.3 National Performance Framework (NPF)²⁰

The National Performance Framework is Scotland's wellbeing framework setting out a vision for a more successful, sustainable, and inclusive Scotland.

The Fair Work and Business National Outcome measures progress towards Scotland's vision for 2025. Performance against this outcome is measured through indicators, including but not limited to: pay gap, employee voice, gender balance and payment of the real Living Wage.

3.2.4 Developing the Young Workforce: Scotland's Youth Employment Strategy²¹

The Youth Employment Strategy sets out how the Scottish Government will implement recommendations from the Commission for Developing Scotland's Young Workforce with the ambition to improve youth employment levels beyond pre-2008 and prioritise equal access to work relevant educational experience for all young people, despite the barriers they may face.

3.2.5 Tackling Child Poverty Delivery Plan 2022-2026²²

The 'Best Start, Bright Futures' delivery plan sets out a vision for tackling child poverty in Scotland, following the foundations of the 'Every Child, Every Chance' publication in 2018.

To successfully tackle child poverty, the plan will support families with children through people-centred services to access financial, emotional, and practical assistance regardless of gender, race or status.

¹⁹ Scottish Government (2022). Scotland's National Strategy for Economic Transformation. Available at: [Scotland's National Strategy for Economic Transformation - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/embedded/Scotland%20s%20National%20Strategy%20for%20Economic%20Transformation.pdf)

²⁰ Scottish Government (2018). National Performance Framework: Our Purpose, Values and National Outcomes. Available at: [NPF_A2_Poster.pdf \(nationalperformance.gov.scot\)](https://www.nationalperformance.gov.scot/resources/consultations-petitions/embedded/NPF_A2_Poster.pdf)

²¹ Scottish Government (2014). Developing the Young Workforce: Scotland's Youth Employment Strategy. Implementing the Recommendations of the Commission for Developing Scotland's Young Workforce. Available at: [Supporting documents - Developing the young workforce: Scotland's youth employment strategy - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/embedded/Supporting%20documents%20-%20Developing%20the%20young%20workforce%20-%20Scotland%20s%20youth%20employment%20strategy.pdf)

²² Scottish Government (2022). Best Start, Bright Futures: tackling child poverty delivery plan 2022-2026. Available at: [Supporting documents - Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/embedded/Supporting%20documents%20-%20Best%20Start%20Bright%20Futures%20-%20tackling%20child%20poverty%20delivery%20plan%202022%20to%202026.pdf)

3.2.6 Covid Recovery Strategy²³

In response to the inequality and disadvantage both exacerbated and exposed by the Covid pandemic, the Scottish Government published the Covid Recovery Strategy.

The strategy prioritises the security and resilience of communities, businesses, society, and the economy by embedding fair work, skills and employability interventions.

Actions from this outcome include gender, ethnicity and disability employment action plans, an ethnicity pay gap strategy, real Living Wage commitments and other Fair Work standards.

3.2.7 Race Equality Framework for Scotland 2016 to 2030²⁴

This framework sets out the Scottish Government's approach to addressing racism and inequality between 2016 and 2030. Through showing leadership in advancing race equality and addressing barriers faced by racialised minorities, the Scottish Government will assist racialised minorities in realising their potential.

The Framework was created to prioritise the needs and experiences of Scotland's racialised minorities. It outlines how the Scottish Government will work in partnership with government agencies and key stakeholders to address opportunities for progress through six themed Visions.

3.3 Partnerships

3.3.1 No One Left Behind²⁵

No One Left Behind is a collective approach to delivering an employability system which is flexible, people-centred, and responsive.

Progress has been made through the Disability Employment Action Plan²⁶, Shared Measurement Framework²⁷, the Scottish Approach to Service Design²⁸ and Fair Start Scotland extension²⁹.

²³ Scottish Government (2021). Covid Recovery Strategy: For a fairer future. Available at: [Supporting documents - Covid Recovery Strategy: for a fairer future - gov.scot \(www.gov.scot\)](https://www.gov.scot/Supporting-documents-Covid-Recovery-Strategy-for-a-fairer-future)

²⁴ Scottish Government (2016). Race equality framework for Scotland 2016 to 2030. Available at: [Race equality framework for Scotland 2016 to 2030 - gov.scot \(www.gov.scot\)](https://www.gov.scot/Race-equality-framework-for-Scotland-2016-to-2030)

²⁵ Employability in Scotland (2022). No One Left Behind. Available at: [No One Left Behind - Policy | Employability in Scotland](https://www.gov.scot/No-One-Left-Behind-Policy)

²⁶ Scottish Government (2018). A Fairer Scotland for Disabled People: employment action plan. Available at: [A Fairer Scotland for Disabled People: employment action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/A-Fairer-Scotland-for-Disabled-People-employment-action-plan)

²⁷ Scottish Government (2022). Employability Shared Measurement Framework. Available at: [Publications | Employability in Scotland](https://www.gov.scot/Publications-Employability-in-Scotland)

²⁸ Establishment of a lived experience panel to facilitate the gathering of user views and influence future service delivery - October 2020

²⁹ Scottish Government (2018). Fair Start Scotland. Available at: [Fair Start Scotland - gov.scot \(www.gov.scot\)](https://www.gov.scot/Fair-Start-Scotland)

3.3.2 Fair Start Scotland³⁰

Fair Start Scotland, a national employment support service, launched in April 2018 and has been supporting people with significant barriers towards and into sustainable work.

The service is entirely voluntary and offers personalised, one to one support, tailored to individual circumstances and has supported over 51,000 starts since launch in April 2018.

3.4 Other factors

Individuals and businesses face ever-changing burdens dependent on the cumulative impacts of socioeconomic crises. Those relevant to today's populations include Covid, EU Exit and the cost-of-living crisis.

3.4.1 Covid

Covid-19 has an impact on Scotland's health, economy and society and progress towards Scotland's National Outcomes from the NPF.³¹ Emerging and exacerbated labour market inequalities are likely to generate poverty and human right impacts relevant to the Fair Work and Business Outcome. For example, young people are increasingly faced with early unemployment, while older unemployed adults are experiencing more long-term unemployment and are less likely to participate in upskilling.

3.4.2 EU Exit

Consideration must be given to EU Exit undermining trading and collaborative relationship, which Scottish society and businesses have traditionally relied on as efforts are made to rebuild, restore, and identify new markets and potential trade relationships.

3.4.3 Cost-of-living crisis

The recent cost of living crisis, driven by a surge in inflation, has generated social, economic, and environmental vulnerabilities across Scottish households.

While all households in Scotland will be affected by the increased cost of living, the Scottish Government identified that disproportionate impacts are likely across low income households.³² Low income households also include overrepresentations protected characteristic groups.

Household's increased chances of suffering acutely from the current inflation crisis heightens vulnerabilities to changing legislation, in both positive and negative capacities.

³⁰ Fair Start Scotland (2023). Employability in Scotland. Available at: [Fair Start Scotland | Employability in Scotland](#)

³¹ Scottish Government (2020). Scotland's Wellbeing: The Impact of Covid-19. Available at: [Scotland's Wellbeing: The Impact of COVID-19 | National Performance Framework](#)

³² Scottish Government (2022). The Cost of Living Crisis in Scotland: analytical report. Available at: [Supporting documents - The Cost of Living Crisis in Scotland: analytical report - gov.scot \(www.gov.scot\)](#)

4. Evidence and key issues

The 2011 Census recorded 93 inhabited island communities in Scotland, totalling a population of 103,700 (2% of Scotland's population).³³ Fluctuations in population growth have been experienced since 1991-2011, with the 4% increase from 2001-2011 reversing the 3% decrease between 1991-2001.³⁴ Island communities have an ageing population compared to Scotland as a whole. The median age of 45 sits above the national average of 41 and 21% of residents are aged 65+ compared to 17% in Scotland, while the islands population of under 16's decreased to 17% in 2011 from 20% in 2001. The gender divide is relatively even, with males composing a slightly higher proportion of 49.4% and women contributing 48.5%. Ethnic minority groups only accounted for 1% of island residents in 2011, a slight increase from 0.6% in 2001. The Census further revealed that the largest percentage (38%) of residents reported belonging to the 'Church of Scotland', while Roman Catholics represent 7% and Other Christians accounted for 12%.

Island communities are at risk of future depopulation after twice as many islands lost populations over the last 10 years as have gained. Orkney and Shetland's populations are projected to experience a 2.2% decline by 2041, while Comhairle nan Eilean Siar a decrease of 14%. Depopulation could increase the vulnerability of island communities in sustainable economy development through creating additional costs in market access and service provision.

Island employees disproportionately represent 'agriculture, forestry and fishing' workers (7%) and construction workers (11%) compared to the mainland and account for higher percentages of 'skilled trades occupations', at 21% compared to 13%. This presents a valuable labour market for the crucial sectors in Scotland's transition to a net zero economy. However, in coming years the small population of children and young people present key issues for the workforce and economy as they transition into the working-age population. Comhairle nan Eilean Siar is projected to experience a 20% decline in the working-age population from 2016 to 2041.

The high cost and low availability of public transport in rural areas and island communities is a significant challenge for young people and can act as a barrier to their educational choices and overall progress into employment.

Key issues for island communities:

- Island communities face future barriers to sustainable economic development due to depopulation and declining working-age populations, despite overrepresentation in key sectors for the just transition.
- Island communities are more vulnerable to fuel poverty than mainland Scotland in the transition to renewable energy.
- Access to educational opportunities and training are restricted by high cost and low availability public transport services in island communities.

³³ Scottish Government (2019). The National Plan for Scotland's Islands. Available at: [Population Levels - The National Plan for Scotland's Islands - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/national-plan-for-scotland-islands/pages/introduction.aspx)

³⁴ Scotland's Census (2011). Inhabited islands report. Available at: [Official - sensitive – pre release statistics until June 2015 \(scotlandscensus.gov.uk\)](https://www.scotlandscensus.gov.uk/)

5. Assessment of Refreshed Fair Work Action Plan

Headline action 1: We will lead by example on the Fair Work Agenda, including sharing and learning of practice, by 2025. We will continue to embed Fair Work in all public sector organisations, setting out clear priorities in the roles and responsibilities of public bodies.

Action 1.1: Scottish Government will undertake an equal pay audit examining pay gaps by gender, disability, race and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.

Where audits are carried out of the gender, disability, race and age pay gaps of the Scottish Government workforce, targeted action can be taken to address and reduce workplace inequalities. Where the impacts of pay gaps exist, they can be felt most acutely in some island communities where the labour market and local economy has been characterised by stakeholders by high rates of low wage and insecure work, with rural poverty evident. Tackling pay gaps for Scottish Government employees in island communities would have a positive benefit in a similar way to the positive benefit that would be felt by similar employees in mainland communities.

The provisional ICIA score for this action is minor positive.

Action 1.2: Work with equality organisations and public sector employers to co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament's Equalities and Human Rights Committee's inquiry report into race equality, employment and skills which recommended employers assess their organisations' understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.

When discussing island employers' capacity to work on issues of racism and fair work, stakeholders felt that support from the Scottish Government was vital in delivering this effectively. As the populations of the Scottish islands are less diverse than much of the mainland in relation to ethnicity, stakeholders argued that island businesses had less expertise in tackling racism but also lacked the expert advice or lived experience required to develop proactive solutions.

As such, the delivery of engagements with equality organisations would be welcomed by public sector employers in island communities, providing a level of support which is needed more acutely than on the mainland.

The provisional ICIA score for this action is major positive.

Action 1.3: The EHRC and Scottish Funding Council (SFC) to:

Action 1.3.1: implement National Equality Outcomes across protected characteristics (including disability, ethnicity, sex) from Sept 2022 to Sept 2025, in order to:

- Improve student success and retention rates;
- Ensure access to and confidence in support for students and staff that fosters good relations and tackle prejudice and discrimination;
- Increase diversity of staff in the workforce and on College Boards and University Courts.

The implementation of National Equality Outcomes across protected characteristics should have a positive impact for students and staff in Scottish further and higher education, including those who work and live in island communities. However, consideration will need to be given to the particular challenges facing island communities such as travel, lack of inward migration to the islands and depopulation when setting national outcomes in relation to student success and workforce diversity. The intention is for National Equality Outcomes to benefit all of Scotland's communities equally and this will require the needs of island communities being embedded into the development and implementation of these outcomes.

The provisional ICIA score for this action is neutral.

Action 1.3.2: develop a set of SFC annual thematic reviews to inform and direct improvement.

Without further detail on the subject of the SFC annual thematic reviews, it is not possible to provide an analysis of the particular impacts on island communities. However, if these reviews embed the particular challenges for students and staff from island communities, this could be a positive for the communities.

The provisional ICIA score for this action is uncertain.

Action 1.4: Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.

When discussing island employers' capacity to work on issues of racism and racial inequality in the workplace, stakeholders felt that support from the Scottish Government was vital in delivering this effectively. As the populations of the Scottish islands are less diverse than much of the mainland in relation to ethnicity, stakeholders argued that island businesses had less expertise in tackling racism but also lacked the expert advice or lived experience required to develop proactive solutions. Senior leaders in island businesses and island communities stand to benefit from inclusion within national senior leadership networks on this topic.

However, the implementation of these networks may impact the involvement of senior leaders from Scotland's islands. The networks should not be carried out solely in person in the central belt, but should ideally use online meetings and collaboration to ensure the inclusion of island communities.

The provisional ICIA score for this action is minor positive.

Action 1.5: We will work with Scottish Government's analysts to run a series of official statistics dissemination sessions with interested stakeholders to help inform their understanding of the labour market landscape in relation to fair work. Where available data allows, this will include considering intersectionality.

Stakeholders were clear that support would be required by island communities in the collection, analysis and use of equality data in relation to fair work and the labour market as a whole. With less diverse populations than parts of the mainland, the amount of data collection and analysis – particularly in relation to ethnicity – which has been carried out so far by many island employers is comparatively low. In addition, there are significant concerns around data protection and privacy with increased data collection. However, while these concerns may be particularly acute in island communities given their demographics, they are also present in mainland communities, particularly rural communities.

Workshops disseminating official statistics and improving understanding of this data in relation to fair work would be warmly welcomed by island employers.

The provisional ICIA score for this action is major positive.

Headline action 2: We will continue to use conditionality to further embed Fair Work in all public sector investment wherever possible.

Action 2.1: As part of the Bute House agreement and NSET, and within the limits on devolved competence, we will:

Action 2.1.1: Extend Fair Work conditionality with clear standards and minimum requirements to cover all forms of Scottish Government support within the limits of devolved competence. We will use all levers at our disposal to deliver on this commitment – including the use of grants, reliefs and licencing provisions.

As part of the Bute House Agreement, the Scottish Government committed to extending fair work conditionality in relation to financial support to public sector bodies. This measure will introduce a requirement for those in receipt of public sector grants to pay the real living wage and provide appropriate channels for effective workers voice.

These changes have been identified as having positive impacts as well as some potential unintended negative consequences for businesses and communities.

The primary potential major positive of this action is that the extension of Fair Work conditionality should mean the real Living Wage will reach more people, and the consequent benefits this will have on the day-to-day lives of socio-economic disadvantaged individuals, particularly those impacted by low income or experiencing material deprivation. The consistent increase in the number of accredited real Living Wage employers (5 in 2014, 1689 in 2020, 2890 in 2022) in Scotland can be partly accredited to the Fair Work First guidance that encourages and supports employers to adopt fair work practices in their organization. This new action will help continue the increasing number of employers paying the real Living Wage, therefore increasing the number of opportunities available to people from socio-economic disadvantaged groups to earn the real Living Wage. More than a million people in Scotland were in relative poverty after-housing-costs in 2020, the real Living Wage is a measure that will help to reduce this figure.

Furthermore, specific groups who are more likely to be experiencing socio-economic disadvantage including island communities, where rural poverty was identified as a challenge by stakeholders, and these groups are therefore likely to be positively impacted by this action.

Engagement with island community stakeholders reaffirmed this notion, particularly regarding the positive impact the real Living Wage can have on reducing child poverty. Research identifies three drivers of child poverty in Scotland's rural and island communities; income from employment (i.e. it's volatile nature, limited access to training and progression), costs of living (i.e. additional minimum living costs in rural areas being 15-30% higher), and income from social security (i.e. lower take-up of welfare support due to stigma, or lack of awareness). The real Living Wage may have a multi-faceted impact on socio-economic disadvantage in island communities. For example, by helping to lessen the significance of income from employment as a driver behind child poverty, and also by reducing the disparity between men's and women's earnings which tends to be greater than the national average.

However, throughout stakeholder and business engagement, concerns were consistently raised on the viability of smaller organisations, for example in the Third

Sector, being able to pay the real Living Wage given tighter margins. If payment of the real Living Wage is enforced universally, then some employers will not be able to sustain their current workforce sizes, which in turn could lead to increased socio-economic disadvantage for those who are made redundant and depreciating outputs/services for the community.

The challenges and risks noted above are more acute due to the remote locations in which island communities find themselves and the fragile economy (limited labour markets and access to markets). The local islands economy is heavily reliant on small business and sole traders (a much higher number of small businesses and sole traders on the islands, compared to the national average) with a large proportion of islanders employed in low wage, hospitality roles.

As a result, the overall economic impact and effect on employment levels of increasing wages in this way needs to be more carefully considered here to avoid businesses shrinkage, reducing staff numbers and/or failing due to not be able to pay staff. The Scottish Government have included limited exemptions to this conditionality in order that the measure remains proportionate. For example, where a grant is essential for an organisation to continue its activities, it will be important to ensure that there is an exception to address any situation in which a potential grant recipient heavily or entirely dependent on grant funding but cannot pay the real Living Wage. This may require a commitment from the funder to pay a bigger grant in circumstances where there is arguably no choice for the recipient, so as to allow the recipient to pay the real Living Wage and thereby meet the grant condition. If the funder cannot commit to pay the bigger grant needed, the grant recipient may have to be considered exempt from the real Living Wage condition.

The exact nature of these exemptions will determine the exact impact on island employers and communities.

Consideration also needs to be given to the risk of driving down wages for higher paid workers to avoid making recruitment for professional/managerial roles even more difficult than it already is for island businesses/charities.

The provisional ICIA score for this action is minor positive.

Action 2.1.2: Consider how we can extend conditionality to the other Fair Work principles, including opportunity, security, respect and fulfilment by 2025.

Further extensions of conditionality could provide a positive benefit for employees in island communities but there may also be challenges in securing the buy-in to fair work practices given the particular challenges facing the local economies.

More information would be required on how these Fair Work principles could be included within conditionality before a full analysis can be made of the impact upon island communities and whether this is significantly different from that of mainland communities.

The provisional ICIA score for this action is uncertain.

Action 2.2: By 2023 update the Fair Work First criteria to better reflect priority action required to address labour market inequalities faced by women, people from racialised minorities, and disabled people, ensuring people can enter, remain and progress in work.

Updating the Fair Work First Criteria could increase organisational awareness of labour market inequalities and increase employers' understanding of how best to meet the needs of vulnerable workers.

Updating the Fair Work First criteria would have a positive impact on some groups within island communities who face labour market inequalities, in particular women in island communities who stakeholders felt faced significant barriers in remaining and progressing in work.

However, any national plan would need to be aware of the differing demographics of Scotland's islands when setting the criteria that employers should work towards. The implementation of this would be greatly advanced by the needs of island communities being included alongside the protected characteristics being assessed.

The provisional ICIA score for this action is neutral.

Headline action 3: We will support employers to utilise the resources and support available to embed Fair Work in their organisations. We will work collaboratively to develop these resources to support and build capability among employers, employability providers and partners.

Action 3.1: By end 2023 we will work with partners to join up provision of advice and support for employers by establishing a central Fair Work resource, making it as simple and efficient as possible for employers to use. This would enhance and consolidate existing material to ensure employers have a clear route to access guidance, support and advice on Fair Work. It will involve:

- Advice and tools to promote the benefits of Fair Work and workplace equality
- Good practice case studies
- Advice on networking and establishing peer support groups
- Collaboration with existing trusted business support services and partners

A central Fair Work resource for employers will be a significant tool in encouraging employers across Scotland to adopt the suggested measures. This sort of support was identified as a key need by island stakeholders.

“It could help improve diversity in the workplace and equality for marginalised or disadvantaged groups. The principles are good but organisations like ours will required practical, ‘on the ground’ support and finance to help to adapt and deliver the benefits.” - Mull and Iona Community Trust

Stakeholder engagement highlighted the importance of engaging with lived experience through the provision of real-life case studies. These could demonstrate practical positive actions for organisations who may struggle to engage with fair work and have a workforce with limited diversity, including many island employers.

Recognition that this central resource must be “as simple and as efficient as possible for employers to use” could overcome accessibility barriers for employers with tight capacities, especially within smaller organisations and island communities, and generate more widespread impacts on protected characteristic groups across Scotland’s labour market.

The benefits of this resource are unlikely to be significantly different for island communities than for rural, mainland communities but it has the potential to make a significant difference in island economies which have a higher proportion of micro and small businesses than elsewhere in the country. These businesses are unlikely to have the resource, capacity and expertise internally to drive forward the measures proposed and Scottish Government support will be invaluable.

The provisional ICIA score for this action is major positive.

Action 3.2: Develop a communications strategy to highlight and promote the benefits of Fair work and a diverse workplace to employers including;

- adoption of payment of at least the real Living Wage;
- effective voice channels, tackling the gender pay gap; and
- recruiting, employing and supporting disabled people and workers from racialised minorities.
- The strategy will be informed by sectoral and regional analysis and utilise a range of channels.

As discussed in other actions, lack of awareness about Fair Work and its benefits have led to it being considered lower on the scale of priorities for many island employers who are faced with labour shortages and increased costs. An effective communications strategy, informed by sectoral and regional analysis would be able to take significant steps to addressing this lack of awareness. Scotland's islands are home to a number of sectors identified as key sectors in need of sectoral approaches to Fair Work, such as hospitality and tourism. As such, targeted communications to these sectors could make a significant difference in promoting Fair Work practices.

It is recognised that this communications strategy will need to utilise a range of channels and to be most effective in island communities, key information may need to be presented in Gaelic, where appropriate.

The provisional ICIA score for this action is major positive.

Action 3.3: Increase the number of people who have security of pay and contract by encouraging employers to seek real Living Wage and Living Hours accreditation. We will achieve this through our continuing support of Living Wage Scotland to achieve an additional 5,000 workers uplifted annually to the real Living wage through increases in employer accreditation.

The primary intended outcome of this action is that the real Living Wage and Living Hours will reach more people, and the consequent benefits this will have on the day-to-day lives of socio-economic disadvantaged individuals, particularly those impacted by low income or insecure, vulnerable work. Furthermore, specific groups who are more likely to be experiencing socio-economic disadvantage including island communities, where rural poverty was identified as a challenge by stakeholders, will benefit from the increase in real Living Wage and Living Hours employer accreditation.

While a target of 5,000 workers being uplifted to the real Living Wage may appear significant, there are no conditions surrounding this which target island businesses or the sort of businesses more prevalent on Scotland's islands (micro and small businesses). For example, one large, newly accredited employer could fulfil this action alone. Therefore, the implementation stage should consider how the benefits of this action could be accessed across smaller businesses and island communities.

The provisional ICIA score for this action is major positive.

Action 3.4: By the end of 2025 we will review and disseminate learning and best practice from on the conclusion of the 2024 Workplace Equality Fund.

While the sharing of learning from the 2024 Workplace Equality Fund will be beneficial in terms of building lessons learned into future approaches to Fair Work, it is impossible to assess the impact on island communities of this action at this stage.

The provisional ICIA score for this action is uncertain.

Action 3.5: We will develop and promote guidance to encourage more employers across all sectors to use positive action measures as per the Equality Act 2010 giving particular attention to sex, pregnancy, race, age and disability by end 2024.

Guidance on the use of positive action measures will be a significant benefit to both employers and workers who face labour market inequalities. This benefit could be felt across all sectors and across the country.

One business stakeholder felt that organisations may not have the skills to implement these Fair Work practices, especially when applying positive action to recruitment processes, and this might be most acutely felt in small, rural employers. Therefore, to secure equal access for all, guidance should not only disseminate knowledge on positive actions for employees, but also skills development for employers and managers within organisations.

During stakeholder engagement, a disability organisation recommended that positive action guidance for disabled people should not focus on offering training to bridge the gap between their non-disabled counterparts. They reported a stereotype that disabled people do not have enough skills to secure employment, when in reality it is a lack of opportunity which creates barriers to entry. Therefore, instead of the guidance focusing on providing skills workshops for disabled people, it should focus on the creation of opportunity in which people know they will not be subject to discrimination. This avoids a “deficit model” approach to positive action, which is particularly important for smaller employers without diverse workforces such as island employers.

The provisional ICIA score for this action is minor positive.

Action 3.6: We will continue to promote existing and new advice and guidance on the benefits of flexible working to organisations across Scotland by working with public bodies to assess provision and highlight best practice throughout this parliamentary term (by 2026).

Since the Covid-19 pandemic, working patterns have changed significantly across Scotland with the landscape of employment for many people being made more accessible through remote, hybrid and online workspaces.

Evidence of flexible working in practice and stakeholder engagement supports the positive impact of this action for women with caring responsibilities, pregnant women and disabled people. Increasing organisational awareness of the benefits of flexible working and demonstrating best practice could reduce labour market discrimination towards employees who require reasonable adjustments or have caring responsibilities.

For island communities, an increase in flexible working provision could benefit those already living on Scotland’s islands but also provide an increased ability for island

employers to recruit and retain talent. As depopulation was identified by multiple stakeholders as a significant issue for island communities, the ability to attract and retain new workers through flexible working would prove a significant benefit.

The provisional ICIA score for this action is major positive.

Action 3.7: Working with employers, equality stakeholders and training providers, develop and implement an intersectional and anti-racist training framework by 2025.

As has been identified in other actions, stakeholders felt that there is an awareness and capacity gap in relation to equality and fair work in many island employers, exacerbated by small, non-diverse workforces.

While this intersectional and anti-racist training framework will benefit employers, and racialised minorities who will be accessing anti-racist workplaces across Scotland, it could be particularly welcomed by island employers and a positive in attracting and retaining talent from racialised minorities in future.

The provisional ICIA score for this action is minor positive.

Action 3.8: We will work with employers and trade unions, in sectors where low pay and precarious work can be most prevalent, to develop sectoral Fair Work agreements that deliver improved employment outcomes such as payment of the real living wage, better security of work, and wider “Fair Work First” standards.

The development of sectoral Fair Work agreements could generate positive impacts for the most vulnerable protected characteristic groups in the labour market who are overrepresented in low-paid and precarious employment. This includes young people, women and seasonal migrant workers in island communities.

A number of sectors which may benefit from sectoral Fair Work agreements, such as tourism, hospitality and the creative industries are significant employers in island communities and improved employment outcomes here could provide benefits for both employers and workers on Scotland’s islands.

The provisional ICIA score for this action is major positive.

Action 3.9: We will work with employers, workers and trade unions to strengthen effective voice, through a range of appropriate channels. We will do this by supporting strong trade unions and, in line with our NPF employee voice indicator, will promote the benefits of collective bargaining (including sectoral agreements) and other forms of effective voice at individual and collective levels.

Feedback from the Scottish Islands Federation suggested that none of its members who responded to questions on strengthening effective voice or working with trade unions were sure of the appropriate steps to take to further this goal. As such, promoting the benefits of collective bargaining and other forms of effective voice would be a positive impact for island employers who do not currently have strong relationships with trade unions. Increased awareness in this area for employers and workers would increase the effective channels for workers. Further engagement with island employers and workers will also increase trade unions understanding of the particular issue which island communities face.

The higher proportion of micro, small and family businesses on Scotland’s islands compared with the mainland does provide some challenges to unionisation in these workplaces so it is important that other forms of effective voice are not forgotten.

Multiple stakeholders discussed other forms of effective workers voice that were more appropriate for their location or sector, and this action should support these.

The provisional ICIA score for this action is minor positive.

Headline action 4: We will work collaboratively to develop resources to support workers to access, remain and progress in fair work.

Action 4.1: Work with enterprise agencies and Business Gateway to promote Fair Work and deliver wider conditionality, and:

Action 4.1.1: By end of 2023 undertake a review of the Business Gateway website, utilising analytical and tracking techniques to ensure that disabled people find the website accessible, and are able to utilise the advice given to overcome the barriers they face.

Improving the Business Gateway website's accessibility is a significant positive but there is no significant evidence of a difference between how this would impact disabled people in island communities and rural mainland communities.

The provisional ICIA score for this action is neutral.

Action 4.2: SG Employability Delivery: we will continue to work with Fair Start Scotland providers, within the timescales of the current contract until March 2023, to implement a continuous improvement approach to enhance delivery and outcomes for disabled people and those furthest from the labour market, including racialised minorities and women. This will include drawing upon learning from Pathfinders/ test and learn projects being delivered by Disabled People's Organisations and the pilot project on community engagement being delivered by CEMVO Enterprises CIC in 2022/23.

A focus on Employability Delivery could continually improve labour market outcomes for disabled people, women and racialised minorities through providing tailored and person-centred support which draws upon learning from initiatives in practice to better inform delivery plans for these groups.

In particular, the Fair Start Scotland Evaluation (Year 3) indicates the need to improve the Fair Start Scotland service for disabled people. In reference to this evidence, one stakeholder felt that the service did not explore flexible and home working as a reasonable adjustment for disabled members. They further felt that service providers overlook the need to create access to opportunity for disabled members and instead focus on skills creation. Therefore, this action could continually provide opportunities to improve the effectiveness of this service for disabled people.

If this is delivered through a person-centred approach and consideration is given to the needs of island communities through the evaluation of previous initiatives and design of the new service, the impact on island communities is likely to be similar to that of mainland communities.

The provisional ICIA score for this action is minor positive.

Action 4.3: Scottish Government to work with stakeholders to develop a Delivery Plan 2023-26, outlining the next phase development of No One Left Behind (NOLB) from April 2024.

Action 4.3.1: Build Fair Work outcomes into the design of No One Left Behind by taking account of the lived experience and needs of disabled people, people from racialised minorities, women and the over 50s.

This action could inform the delivery of a person-centred employability system which is responsive and flexible to a diverse labour market. It could increase Scottish Government's engagement with the lived experience of protected characteristic groups to better prepare employees for work through an employability system that is tailored to their needs. This could further promote a better working relationship between employers and employees through a shared understanding of labour market experiences.

If this action is implemented effectively, the positive impacts on island communities and mainland communities are likely to be similar.

The provisional ICIA score for this action is minor positive.

Action 4.3.2: Draw upon the findings and recommendations of the following:

- Health and Work Strategy Review (2019)
- Supported Employment Review (2022)
- Health and Work Support Pilot final evaluation (2022)
- Individual Placement and Support Review (2022 – forthcoming)

While recommendations across these reviews and evaluations could create significant positive change across Scotland, a full assessment of the impact of this action on island communities is not possible until the means of implementation of the recommendations has been made clear.

The provisional ICIA score for this action is uncertain.

Action 4.4: Skills Development Scotland (SDS) and Scottish Funding Council (SFC) will, on an annual basis, review disaggregated management information including the newly disaggregated Learning Disability statistics and take action where required where poorer outcomes or underrepresented groups are identified. This will include:

Action 4.4.1: Review the equality incentives for disabled people in relation to Work Based Learning (WBL) and make recommendations by end March 2024 with regard to impact on participation and achievement rates for disabled people.

It will be important to build the needs of island communities into considerations of what the recommendations should be in relation to Work Based Learning. However, there is not sufficient evidence to suggest that there will be a significant differential impact for island communities, compared with mainland communities.

The provisional ICIA score for this action is neutral.

Action 4.4.2: Review learning from pilot projects for Foundation Apprenticeships for disabled pupils and mainstream lessons learned by October 2023.

While this learning should be net positive in improving outcomes for disabled pupils and apprentices across Scotland, it is not possible to fully assess what this action will mean for island communities at this stage. Island employers, and apprenticeship providers, may benefit from an increased level of support which could lead to improved outcomes for disabled young people on Scotland's islands. However, without further information on how this learning will be mainstreamed, it is not possible to provide a more detailed assessment.

The provisional ICIA score for this action is neutral.

Action 4.4.3: Use intelligence from training and learning providers and participants to develop and deliver disability equality-focused continuous professional development to build the capacity of learning providers to support disabled individuals and ensure a continuous development cycle is implemented by 2023.

While this learning should be net positive in improving outcomes for disabled pupils and apprentices across Scotland, it is not possible to fully assess what this action will mean for island communities at this stage. Island employers, and apprenticeship providers, may benefit from increasing their capacity to support disabled individuals which would lead to improved outcomes for disabled people on Scotland's islands. However, without further information on how this learning will be mainstreamed, it is not possible to provide a more detailed assessment.

The provisional ICIA score for this action is neutral.

Action 4.5: Skills Development Scotland (SDS) will:

Action 4.5.1: Implement Scotland's Career Review recommendations and develop a model to ensure future career services across sectors provide meaningful and accessible support for disabled people that is both tailored to their needs and available when they need it. The implementation phase of the Career Review is due to be completed by the end of 2022.

Implementing the recommendations of Scotland's Career Review is likely to have a similar positive impact for disabled people in island communities to that which it would have on mainland communities.

The implementation of meaningful support for disabled people, whether through community based or digital services, will need to consider the challenges which island communities can face. This could involve small populations who cannot sustain permanent community-based careers services or issues around connectivity for rural populations which may affect the ability to use digital services. However, while keenly felt in island communities, these barriers would also be felt by rural, mainland communities.

The provisional ICIA score for this action is neutral.

Action 4.5.2: Skills Development Scotland (SDS) will continue to implement the Principles of Good Transitions across our Career Information Advice and Guidance (CIAG), through targeted Continuous Professional Development for all customer-facing CIAG colleagues and managers by the end of March 2023.

If the Principles of Good Transitions are implemented consistently across Skills Development Scotland, as a national public body, there is unlikely to be a differential impact on island communities compared to communities on the mainland. It will be important to monitor and evaluate this over time, in collaboration with CIAG staff based in island communities.

The provisional ICIA score for this action is neutral.

Action 4.6: Health and Work: Aligning with the Scottish Government's Fairer and More Equal Society (FMES) Programme by December 2023, Public Health Scotland (PHS) to:

- Collaborate with NHS Boards to develop the NHS Scotland contribution to achieving fair and healthy work outcomes for people across Scotland; and
- Work with Scottish Government, Local Government and NHS Boards to define the health offer to enable those with health conditions to secure, sustain and progress in work.

Aligning the Scottish Government's FMES programme with actions from Public Health Scotland will help to promote greater healthy work outcomes as well as enabling those with health conditions to enjoy fair work. This will be important in both island communities and mainland communities but the nature of working with local government and NHS Boards means that an approach can be developed that considers the particular challenges for island communities; in both achieving healthy and fair work and in accessing work. As such, this is likely to have a significant positive impact on island communities as the approach will not be a "one size fits all" but one that is designed with island communities through involvement of local authorities and NHS boards.

The provisional ICIA score for this action is major positive.

6. Assessment of Anti-Racist Employment Strategy

The actions listed in the Anti-Racist Employment Strategy have broadly been considered earlier in this document, where they sit throughout the Fair Work Action Plan. However, where additional assessment or comment is required, it has been included below.

Action 1: Establish a platform for exchanging learning and good operational practice among employers - practice that is anti-racist and intersectional in its approach.

This action sits within RAP action 3.1.

This platform would form a central component of a central Fair Work resource. Increasing the number of employers using an anti-racist approach could help to reduce racial discrimination in the workplace which would provide a positive impact for both island employers who felt that they would require support to implement new measures and racialised minorities who live in island communities who would benefit from it.

The provisional ICIA score for this action is major positive.

Action 2: Undertake evaluation of the 'Minority Ethnic Recruitment Toolkit' to ensure it remains fit for purpose (anti-racist and intersectional) and is applied across the public sector. Consider augmenting the toolkit to include other accessible support sources, including those for retention and progression.

This action sits within RAP action 3.1.

This action also contributes to the development of a central Fair Work resource and could increase the number of racialised minority individuals entering the labour market and develop a labour market that is representative of the population it serves.

Delivering a toolkit tailored to the recruitment of racialised minorities could assist in overcoming the barrier of structural racism and narrow the employment gap between racialised minorities and the white population.

For employers island communities, with lower racialised minority populations, work on this area is unlikely to have reached the same stage as for employers in larger urban centres on the mainland. This action will have a significant positive impact on improving practices as well as in retaining staff and retaining staff, both significant priorities for employers on Scotland's islands at a time of depopulation.

The provisional ICIA score for this action is major positive.

Action 3: Promote and disseminate learning and practice that shows positive change in employers' end to end processes to increase representation of racialised minorities.

This action sits within RAP action 3.1.

The dissemination of learning and practice will contribute to the Fair Work resource under action 3.1 of the RAP and progress towards developing a labour market representative of the population it serves.

This action could overcome racial discrimination in recruitment processes through demonstrating best practice examples and support island employers build their capacity to increase minority ethnic representation. Racialised minority groups could experience increased representation within the labour market, particularly within more secure and senior positions in which there is currently underrepresentation.

The provisional ICIA score for this action is major positive.

Action 4: Develop an intersectional and anti-racist training framework for public and private sector employers by which to assess their training needs and improve the quality of training offered in the organisation.

This action sits within RAP action 3.7.

Developing an anti-racist training framework could reduce labour market stigma responsible for racially motivated structural and systemic barriers to employment. Embedding race equality training in all positions and responsibilities within an organisation could lead to an improved workplace culture, greater support for racialised minorities in the workplace and better-informed policies and practices to address racial inequality. This could directly benefit young people from racialised minorities in island communities who could face inequalities related to employers' lack of awareness and capability to tackle racism.

The provisional ICIA score for this action is minor positive.

Action 5: Produce guidance on positive action to support employers across the public sector and promote this guidance through a series of engagement sessions.

This action sits within RAP action 3.5.

Guidance on the use of positive action measures will be a significant benefit to both employers and workers who face labour market inequalities. This benefit could be felt across all sectors and across the country.

One business stakeholder felt that organisations may not have the skills to implement these Fair Work practices, especially when applying positive action to recruitment processes, and this might be most acutely felt in small, rural employers, such as island employers.

The provisional ICIA score for this action is minor positive.

Action 6: By the end of 2025 we will review and disseminate learning and best practice on the conclusion of the 2024 Workplace Equality Fund.

This action sits within RAP action 3.4.

While the sharing of learning from the 2024 Workplace Equality Fund will be beneficial in terms of building lessons learned into future approaches to Fair Work, it is not possible to assess the impact on island communities of this action at this stage.

The provisional ICIA score for this action is uncertain.

Action 7: Oversee pilot to improve engagement of employers and employability services with racialised minority communities. Includes work to support EQIA process among employers. To improve the quality of assessments and how the practice can be embedded at the start of a process or policy development.

This action sits within RAP action 4.3.

Engagement with employability services could increase the recruitment, retention and progression of people from racialised minorities in the labour market through tailored accessible support.

This action also supports the equality duties of employers under the Equality Act 2010 through encouraging equality impact assessments and improving the quality of these. This could ensure that workplace processes and policies are non-discriminatory and remove barriers for racialised minorities in island communities.

The provisional ICIA score for this action is minor positive.

Action 8: We will work with Labour Market Analysis colleagues to run a series of dissemination sessions when labour market statistics on ethnicity are published to make employers (and stakeholders) aware of data that is available and to support them to use national data to help inform their practice.

This action sits within RAP action 1.5.

Workshops disseminating official statistics and improving understanding of this data in relation to fair work would be warmly welcomed by island employers.

The provisional ICIA score for this action is major positive.

Action 9: We will continue to press the UK Government to mandate ethnicity pay gap reporting, legislate for the prohibition of caste discrimination under the Equality Act 2010.

This action sits within the aggregated action narrative of RAP as follows: “We will also lobby the UK Parliament for key changes to reserved legislation to address racialised systemic inequity, including mandating employers to report their ethnicity pay gap.”

This action could establish a more equal and fair labour market through legislation. Mandating ethnicity pay gap reporting could narrow the 8.38% pay gap between the White and Non-White ethnic groups of Scotland. While prohibiting caste discrimination could enhance the Public Sector Equality Duty of employers under the Equality Act to remove systemic discrimination and increase the recruitment, retention and progression of racialised minorities in the workforce.

However, the ability of small organisations in island communities to collect and publish usable data in relation to the ethnicity pay gap without experiencing General Data Protection Regulation conflicts could withhold the positive impacts of this action. Further, stakeholders expressed serious concerns regarding the anonymity of pay gap data, especially in island communities where the number of racialised minorities are lower than other parts of Scotland.

Further, the degree of impact felt by racialised minorities in Scotland is dependent on the decision of the UK Government.

The provisional ICIA score for this action is uncertain.

Action 10: Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.

This action sits within RAP action 1.4.

When discussing island employers' capacity to work on issues of racism and racial inequality in the workplace, stakeholders felt that support from the Scottish Government was vital in delivering this effectively.

The provisional ICIA score for this action is minor positive.

Action 11: Co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament's Equalities and Human Rights Committee's inquiry report into race equality, employment, and skill which recommended employers assess their organisations' understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.

This action sits within RAP action 1.2.

The delivery of engagements with equality organisations would be welcomed by public sector employers in island communities, providing a level of support which is needed more acutely than on the mainland.

The provisional ICIA score for this action is major positive.

Action 12: Ensure messaging around anti-racism and intersectionality is taken account of in Fair Work First guidance as used in procurement and grant funding processes.

This action sits within RAP action 2.2.

Updating the Fair Work First Criteria could increase organisational awareness of labour market inequalities and increase employer's understanding of how best to meet the needs of vulnerable workers.

Updating the Fair Work First criteria would have a positive impact on some groups within island communities who face labour market inequalities, in particular women in island communities who stakeholders felt faced significant barriers in remaining and progressing in work.

However, any national plan would need to be aware of the differing demographics of Scotland's islands when setting the criteria that employers should work towards. The implementation of this would be greatly advanced by the needs of island communities being included alongside the protected characteristics being assessed.

The provisional ICIA score for this action is neutral.

Action 13: The Scottish Government to undertake an equal pay audit examining pay gaps by gender, disability, race, and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.

This action sits within RAP action 1.1.

Where audits are carried out of the gender, disability, race and age pay gaps of the Scottish Government workforce, targeted action can be taken to address and reduce workplace inequalities. Where the impacts of pay gaps exist, they can be felt most acutely in some island communities where the labour market and local economy has been characterised by stakeholders by high rates of low wage and insecure work, with rural poverty evident. Tackling pay gaps for Scottish Government employees in island communities would have a positive benefit in a similar way to the positive benefit that would be felt by similar employees in mainland communities.

The provisional ICIA score for this action is minor positive.

7. Conclusions

The intention is that eventual outcomes of the Fair Work Action Plan do not differ across the islands, nor between mainland and islands.

The overall assessment of the impact on island communities of the refreshed Fair Work Action Plan and Anti-Racist Employment Strategy suggests an overall positive impact.

However, there may need to be differences of approach, and differences in impact across different geographic areas as regions have their own unique strengths and challenges and will require different solutions to create the desired equality of outcome.

There are some actions where impact has not been possible to assess at this stage. As a result, it will be important for a continuous monitoring and evaluation framework to be mindful of capturing the direct and indirect impacts on island communities.

In addition, due to limited timeframes and capacity of external stakeholders, the engagement captured for this impact assessment was limited in scale. While many stakeholders spoke about the impact of the actions on a range of communities, the engagement from island employers, island organisations and island communities themselves was limited. This comparable lack of lived experience has provided a limitation to this assessment and, where possible, continued engagement with island communities or representative groups should be considered during the implementation and evaluation stages of the Fair Work Action Plan and Anti-Racist Engagement Strategy up to 2025.

8. Recommendations

Feedback gathered during stakeholder engagement suggested that the actions outlined in the RAP and ARES are generally supported. The consensus was that elevating the knowledge, reach and conditionalities behind the Fair Work principles will be of benefit to all of Scottish society, including island communities.

Continued engagement

In line with the Scottish Government's stated commitment to continuous engagement during the implementation of the Plan and Strategy, continued involvement of stakeholders is crucial to the success of the RAP and ARES as they provide unparalleled insight into the viewpoints and lived experience of individuals, communities, and businesses across Scotland. Such insight should be used to further identify key points of intersectionality, support Fair Work implementation in differing sectors and contexts, and utilise data analysis and dissemination to improve Fair Work's application in society.

Tailored approach to implementation

Engagement completed thus far has revealed that Fair Work has the potential to negatively impact businesses who would be unable to meet the Bute House conditionality requirements of the real Living Wage. Small independent businesses with small profit margins, and those in agricultural island communities where seasonal work is crucial to business survivability were identified through engagement as being particularly susceptible, although implementation of BHA conditionality has been delayed until 1 April 2024. Furthermore, the fulfilment of effective voice channels means different things depending on size of business, type of contract employees are under, and time available to administer and oversee collective voice groups. Adopting a tailored approach to implementation, for example defining how appropriate channels for effective voice can vary in type depending on size of business (trade union or employee forum), would reassure employers that it is a conditionality they can commit to achieving. Real Living Wage are difficult conditionalities to tailor given their quantitative nature. However, employer support networks, and dissemination of information regarding available grants, would be considerable steps to instil confidence that real Living Wage and appropriate channels for effective workers' voice are attainable.

Maintaining the ongoing success of Fair Work, bearing in mind the timescales of actions such as 1.1 and 1.3.1, would be ensured by continued engagement with employers, workers, and workers voice channels. Engagement that is tailored to understand lessons learnt and the experience of those administering and/or receiving Fair Work investment would ensure the success of future implementation.

Monitoring and evaluation

Moving forward, a robust monitoring and evaluation framework is necessary to demonstrate progress against the RAP and ARES by 2025, in line with the ambition of Scotland being a leading Fair Work Nation by 2025. Developing this framework in collaboration with relevant stakeholders, including island communities, is vital for measuring progress and continuing to measure the impact on island communities throughout the implementation stage of this work.

Appendix A Refreshed Fair Work Action Plan actions

A.1 Theme 1: Public sector leadership

A.1.1 Headline action 1: We will lead by example on the Fair Work agenda, including sharing and learning of practice, by 2025. We will continue to embed Fair Work in all public sector organisations, setting out clear priorities in the roles and responsibilities of public bodies

Action 1.1: Scottish Government will undertake an equal pay audit examining pay gaps by gender, disability, race and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.

Action 1.2: Work with equality organisations and public sector employers to co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament's Equalities and Human Rights Committee's inquiry report into race equality, employment and skills which recommended employers assess their organisations' understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.

Action 1.3: The EHRC and Scottish Funding Council (SFC) to:

Action 1.3.1: Implement National Equality Outcomes across protected characteristics (including disability, ethnicity, sex) from Sept 2022 to Sept 2025, in order to:

- improve student success and retention rates;
- ensure access to and confidence in support for students and staff that fosters good relations and tackle prejudice and discrimination;
- increase diversity of staff in the workforce and on College Boards and University Courts.

Action 1.3.2: Develop a set of SFC annual thematic reviews to inform and direct improvement.

Action 1.4: Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.

Action 1.5: We will work with Scottish Government's analysts to run a series of official statistics dissemination sessions with interested stakeholders to help inform their understanding of the labour market landscape in relation to fair work. Where available data allows, this will include considering intersectionality

A.1.2 Headline action 2: We will continue to use conditionality to further embed Fair Work in all public sector investment wherever possible.

Action 2.1: As part of the Bute House agreement and NSET, and within the limits on devolved competence, we will:

Action 2.1.1: Extend Fair Work conditionality with clear standards and minimum requirements to cover all forms of Scottish Government support within the limits of devolved competence. We will use all levers at our disposal to deliver on this commitment – including the use of grants, reliefs and licencing provisions

Action 2.1.2: Consider how we can extend conditionality to the other Fair Work principles, including opportunity, security, respect and fulfilment by 2025.

Action 2.2: By 2023 update the Fair Work First criteria to better reflect priority action required to address labour market inequalities faced by women, people from racialised minorities, and disabled people, ensuring people can enter, remain and progress in work.

A.2 Theme 2: Our ask of employers and support available

A.2.1 Headline action 3: We will support employers to utilise the resources and support available to embed Fair Work in their organisations. We will work collaboratively to develop these resources to support and build capability among employers, employability providers and partners.

Action 3.1: By end 2023 we will work with partners to join up provision of advice and support for employers by establishing a central Fair Work resource, making it as simple and efficient as possible for employers to use. This would enhance and consolidate existing material to ensure employers have a clear route to access guidance, support and advice on Fair Work. It will involve:

- Advice and tools to promote the benefits of Fair Work and workplace equality
- Good practice case studies
- Advice on networking and establishing peer support groups
- Collaboration with existing trusted business support services and partners.

Action 3.2: Develop a communications strategy to highlight and promote the benefits of Fair work and a diverse workplace to employers including;

- adoption of payment of at least the real Living Wage;
- effective voice channels, tackling the gender pay gap; and
- recruiting, employing and supporting disabled people and workers from racialised minorities.

The strategy will be informed by sectoral and regional analysis and utilise a range of channels.

Action 3.3: Increase the number of people who have security of pay and contract by encouraging employers to seek real Living Wage and Living Hours accreditation. We

will achieve this through our continuing support of Living Wage Scotland to achieve an additional 5,000 workers uplifted annually to the real Living wage through increases in employer accreditation.

Action 3.4: By the end of 2025 we will review and disseminate learning and best practice from on the conclusion of the 2024 Workplace Equality Fund.

Action 3.5: We will develop and promote guidance to encourage more employers across all sectors to use positive action measures as per the Equality Act 2010 giving particular attention to sex, pregnancy, race, age and disability by end 2024.

Action 3.6: We will continue to promote existing and new advice and guidance on the benefits of flexible working to organisations across Scotland by working with public bodies to assess provision and highlight best practice throughout this parliamentary term (by 2026).

Action 3.7: Working with employers, equality stakeholders and training providers, develop and implement an intersectional and anti-racist training framework by 2025.

Action 3.8: We will work with employers and trade unions, in sectors where low pay and precarious work can be most prevalent, to develop sectoral Fair Work agreements that deliver improved employment outcomes such as payment of the real living wage, better security of work, and wider “Fair Work First” standards.

Action 3.9: We will work with employers, workers and trade unions to strengthen effective voice, through a range of appropriate channels. We will do this by supporting strong trade unions and, in line with our NPF employee voice indicator, will promote the benefits of collective bargaining (including sectoral agreements) and other forms of effective voice at individual and collective levels.

A.3 Theme 3: Support for people to prepare for, access and sustain fair work

A.3.1 Headline action 4: We will work collaboratively to develop resources to support workers to access, remain and progress in fair work.

Action 4.1: Work with enterprise agencies and Business Gateway to promote Fair Work and deliver wider conditionality, and:

Action 4.1.1: By end of 2023 undertake a review of the Business Gateway website, utilising analytical and tracking techniques to ensure that disabled people find the website accessible, and are able to utilise the advice given to overcome the barriers they face.

Action 4.2: SG Employability Delivery: we will continue to work with Fair Start Scotland providers, within the timescales of the current contract until March 2023, to implement a continuous improvement approach to enhance delivery and outcomes for disabled people and those furthest from the labour market, including racialised minorities and women. This will include drawing upon learning from Pathfinders/ test and learn projects being delivered by Disabled People’s Organisations and the pilot project on community engagement being delivered by CEMVO Enterprises CIC in 2022/23.

Action 4.3: Scottish Government to work with stakeholders to develop a Delivery Plan 2023-26, outlining the next phase development of No One Left Behind (NOLB) from April 2024. This will:

Action 4.3.1: Build Fair Work outcomes into the design of No One Left Behind by taking account of the lived experience and needs of disabled people, people from racialised minorities, women and the over 50s.

Action 4.3.2: Draw upon the findings and recommendations of the following:

- Health and Work Strategy Review (2019)
- Supported Employment Review (2022)
- Health and Work Support Pilot final evaluation (2022)
- Individual Placement and Support Review (2022 – forthcoming)

Action 4.4: Skills Development Scotland (SDS) and Scottish Funding Council (SFC) will, on an annual basis, review disaggregated management information including the newly disaggregated Learning Disability statistics and take action where required where poorer outcomes or underrepresented groups are identified. This will include:

Action 4.4.1: Review the equality incentives for disabled people in relation to Work Based Learning (WBL) and make recommendations by end March 2024 with regard to impact on participation and achievement rates for disabled people.

Action 4.4.2: Review learning from pilot projects for Foundation Apprenticeships for disabled pupils and mainstream lessons learned by October 2023.

Action 4.4.3: Use intelligence from training and learning providers and participants to develop and deliver disability equality-focused continuous professional development to build the capacity of learning providers to support disabled individuals and ensure a continuous development cycle is implemented by 2023.

Action 4.5: Skills Development Scotland (SDS) will:

Action 4.5.1: Implement Scotland's Career Review recommendations and develop a model to ensure future career services across sectors provide meaningful and accessible support for disabled people that is both tailored to their needs and available when they need it. The implementation phase of the Career Review is due to be completed by the end of 2022.

Action 4.5.2: Continue to implement the Principles of Good Transitions across our Career Information Advice and Guidance (CIAG), through targeted Continuous Professional Development for all customer-facing CIAG colleagues and managers by the end of March 2023.

Action 4.6: Aligning with the Scottish Government's Fairer and More Equal Society (FMES) Programme by December 2023, Public Health Scotland (PHS) to:

- Collaborate with NHS Boards to develop the NHS Scotland contribution to achieving fair and healthy work outcomes for people across Scotland; and
- Work with Scottish Government, Local Government and NHS Boards to define the health offer to enable those with health conditions to secure, sustain and progress in work.

Appendix B Anti-Racist Employment Strategy actions

B.1 Action 1: Establish a platform for exchanging learning and good operational practice among employers - practice that is anti-racist and intersectional in its approach

Theme in RAP: Our ask of employers and support available

Action 3.1 of the RAP: By the end of 2023 we will work with partners to join up provision of advice and support for employers by establishing a central Fair Work resource, making it as simple and efficient as possible for employers to use. This would enhance and consolidate existing material to ensure employers have a clear route to access guidance, support and advice on Fair Work. It will involve:

- Advice and tools to promote the benefits of Fair Work and workplace equality
- Good practice case studies
- Advice on networking and establishing peer support groups
- Collaboration with existing trusted business support services and partners

B.2 Action 2: Undertake evaluation of the 'Minority Ethnic Recruitment Toolkit' to ensure it remains fit for purpose (anti-racist and intersectional) and is applied across the public sector. Consider augmenting the toolkit to include other accessible support sources, including those for retention and progression.

Theme in RAP: Our ask of employers and support available

Action 3.1 of the RAP above.

B.3 Action 3: Promote and disseminate learning and practice that shows positive change in employers' end to end processes to increase representation of racialised minorities.

Theme in RAP: Our ask of employers and support available

Action 3.1 of the RAP above.

B.4 Action 4: Develop an intersectional and anti-racist training framework for public and private sector employers by which to assess their training needs and improve the quality of training offered in the organisation.

Theme in RAP: Our ask of employers and support available

Action 3.7 of the RAP: Working with employers, equality stakeholders and training providers, develop and implement an intersectional and anti-racist training framework by 2025.

B.5 Action 5: Produce guidance on positive action to support employers across the public sector and promote this guidance through a series of engagement sessions.

Theme in RAP: Our ask of employers and support available

Action 3.5 of the RAP: We will develop and promote good practice guidance for employers to showcase successful application of positive action measures as per the Equality Act 2010, giving particular attention to sex, pregnancy, race, age, and disability by end 2024.

B.6 Action 6: By the end of 2025 we will review and disseminate learning and best practice on the conclusion of the 2024 Workplace Equality Fund.

Theme in RAP: Our ask of employers and support available

Action 3.4 of the RAP: By the end of 2025 we will review and disseminate learning and best practice on the conclusion of the 2024 Workplace Equality Fund.

B.7 Action 7: Oversee pilot to improve engagement of employers and employability services with racialised minority communities. Includes work to support EQIA process among employers. To improve the quality of assessments and how the practice can be embedded at the start of a process or policy development.

Theme in RAP: Support for People to Access and Sustain Fair Work

Action 4.3 of the RAP: The Scottish Government's Employability Delivery will continue to work with Fair Start Scotland providers, within the timescales of the current contract until March 2023, to implement a continuous improvement approach to enhance delivery and outcomes for disabled people and those furthest from the labour market, including people from racialised minorities and women. This will include drawing upon learning from Pathfinders/test and learn projects being delivered by Disabled People's Organisations in 2022/23 and the pilot project on community engagement being delivered by CEMVO Enterprises CIC.

B.8 Action 8: We will work with Labour Market Analysis colleagues to run a series of dissemination sessions when labour market statistics on ethnicity are published to make employers (and stakeholders) aware of data that is available and to support them to use national data to help inform their practice.

Theme in RAP: Public sector leadership

Action 1.5 of the RAP: We will work with the Scottish Government's analysts to run a series of official statistics dissemination sessions with interested stakeholders to help inform their understanding of the labour market landscape in relation to fair work. Where available data allows, this will include considering intersectionality.

B.9 Action 9: We will continue to press the UK Government to mandate ethnicity pay gap reporting, legislate for the prohibition of caste discrimination under the Equality Act 2010.

Part of the aggregated action narrative – “We will also lobby the UK Parliament for key changes to reserved legislation to address racialised systemic inequity, including mandating employers to report their ethnicity pay gap.

B.10 Action 10: Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.

Theme in RAP: public sector leadership

Action 1.4 of the RAP: Work with partners to establish senior leadership networks to build capability and understanding of racism and racial inequality in the workplace by the end of 2023.

B.11 Action 11: Co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament’s Equalities and Human Right’s Committee’s inquiry report into race equality, employment and skills which recommended employers assess their organisations’ understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.

Theme in RAP: public sector leadership

Action 1.2 of the RAP: Work with equality organisations and public sector employers to co-deliver a series of engagements with the public sector by end of 2023 to support employers to address the recommendations of the Scottish Parliament’s Equalities and Human Rights Committee’s inquiry report into race equality, employment and skills which recommended employers assess their organisations’ understanding of racism and structural barriers; employers subject to the Public Sector Equality Duty as a minimum, voluntarily record and publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.

B.12 Action 12: Ensure messaging around anti-racism and intersectionality is taken account of in Fair Work First guidance as used in procurement and grand funding processes.

Theme in RAP: public sector leadership

Action 2.2 of the RAP: By 2023 update the Fair Work First criteria to better reflect priority action required to address labour market inequalities faced by women, racialised minorities, and disabled people, ensuring people can enter, remain and progress in work.

B.13 Action 13: The Scottish Government to undertake an equal pay audit examining pay gaps by gender, disability, race, and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.

Theme in RAP: public sector leadership

Action 1.1 of the RAP: The Scottish Government to undertake an equal pay audit examining pay gaps by gender, disability, race, and age by March 2024. We will act on findings to review and refresh our recruitment and retention policies to address workplace inequalities by end of 2025.

Appendix C Relevant legislation and policy Relevant legislation

C.1 National policy

C.1.1 Fair Work Framework

The Fair Work Convention published the Fair Work Framework in 2016. It sets out a vision that **‘by 2025, people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society’**.

The framework defines Fair Work through five dimensions: effective voice, opportunity, security, fulfilment and respect. These dimensions support positive outcomes for employers, workers and society through balancing rights and responsibilities in the workplace. The reinforcing synergies within these five dimensions nurture a workplace where the benefits of productive and innovative work are shared, while society benefits from the potential transformation towards inclusive economic growth.

The five dimensions of Fair Work are as follows:

- **Effective voice:** Voice can improve the experience of work as well as improving organisational performance.
- **Opportunity:** Fair opportunity is, however, more than the chance to access work. Attitudes, behaviours, policies and practices within organisations – and, crucially, the outcomes of these produce – signal and reflect the value placed on fair opportunity.
- **Security:** Security of employment, work and income are important foundations of a successful life.
- **Fulfilment:** Workers who are fulfilled in their jobs are more likely to be engaged, committed and healthy.
- **Respect:** Fair work is work in which people are respected and treated respectfully, whatever their role and status. Respect at work is a two-way process between employers and workers.

C.1.2 National Strategy for Economic Transformation (NSET)³⁵

The National Strategy for Economic Transformation outlines an ambition for a successful economy by 2032.

Driving this transformation is a vision to create a wellbeing economy. This recognises that “every citizen holds Scotland’s economic potential in their hands” and that not every citizen is currently afforded the same opportunities.

³⁵ Scottish Government (2022). Scotland’s National Strategy for Economic Transformation. Available at: <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

This vision identifies an ambition for Scotland's economy to be 'fairer' by 2032. Through 'ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances' the strategy seeks to not only grow the Scottish economy, but to enable equality of opportunity and reward, as well as celebrating quality of life.

To achieve the vision of a wellbeing economy, the strategy sets out five programmes of action, including 'a fairer and more equality society'. This seeks to:

- 'Reorient our economy towards wellbeing and fair work, to deliver higher rates of employment and wage growth, to significantly reduce structural poverty, particularly child poverty, and improve health, cultural and social outcomes for disadvantaged families and communities.'

This strategy is aligned with Scotland's National Performance Framework, Tackling Child Poverty, Covid Recovery Strategy and existing commitments within the five programme areas. Contributions to 'a fairer and more equality society' include:

- Gender Pay Gap Action Plan;
- A Fairer Scotland for Disabled People: Employment Action Plan;
- Fair Work Nation;
- Fair Start Scotland;
- No One Left Behind;
- Culture Strategy for Scotland; and
- Community Wealth Building.

C.1.3 National Performance Framework (NPF)³⁶

The National Performance Framework is Scotland's wellbeing framework setting out a vision for a more successful, sustainable and inclusive Scotland.

Within the National Performance Framework, there are 11 National Outcomes aligned with the United Nations Sustainable Development Goals and reflect the aspiration of the Scottish population.

The Fair Work and Business National Outcome measures progress towards Scotland's vision for 2025. This outcome measures progress towards the Refreshed Fair Work Action Plan (RAP) vision and guides the development of necessary legislative and operational structures to achieve a just and fairer Scotland. Performance against this outcome is measured through indicators, including the following:

- Pay gap
- Contractually secure work
- Employee voice

³⁶ Scottish Government (2018). National Performance Framework: Our Purpose, Values and National Outcomes. Accessible at: https://nationalperformance.gov.scot/sites/default/files/documents/NPF_A2_Poster.pdf

- Gender balance in organisations
- Employees on the living wage
- The number of businesses
- High growth businesses

C.2 Developing the Young Workforce: Scotland's Youth Employment Strategy³⁷

The Youth Employment Strategy sets out how the Scottish Government will implement the recommendations from the Commission for Developing Scotland's Young Workforce with the ambition to improve youth employment levels beyond pre-2008 levels.

The strategy prioritises equal access to work relevant educational experience for all young people, despite the barriers they may face. The active role of employers in shaping the education system to generate a talented pool of future employees is also recognised.

Scottish Government and Local Government implementation plans are set out for schools, colleges, apprenticeships and employers, demonstrating the importance of providing young people with the knowledge to make informed career choices throughout their school studies and beyond.

C.2.1 Tackling Child Poverty Delivery Plan 2022-2026³⁸

The 'Best Start, Bright Futures' delivery plan sets out a vision for tackling child poverty in Scotland, following the foundations of the 'Every Child, Every Chance' publication in 2018.

The plan recognises that an action cannot drive change in isolation, but cumulative impacts across sectors will bring about change for children and their families.

To successfully tackle child poverty, the plan will support families with children through holistic and people-centred services to access financial, emotional and practical assistance. All parents, regardless of gender, race or status, will be able to access high quality skills and ultimately good quality employment supported by childcare services.

The Plan sets out three parts, each of which contain key actions in achieving Scotland's offer to families as follows.

Part A: Providing the opportunities and integrated support parents need to enter, sustain and progress in work

- A strengthened employment offer to parents
- Connectivity and childcare to enable access to employment

³⁷ Scottish Government (2014). Developing the Young Workforce: Scotland's Youth Employment Strategy. Implementing the Recommendations of the Commission for Developing Scotland's Young Workforce. Available at: <https://www.gov.scot/publications/developing-young-workforce-scotland-s-youth-employment-strategy/documents/>

³⁸ Scottish Government (2022). Best Start, Bright Futures: tackling child poverty delivery plan 2022-2026. Available at: <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/documents/>

- Transforming our economy

Part B: Maximising the support available for families to live dignified lives and meet their basic needs

- A transformational approach to people and place
- Enhanced support through social security
- Income maximisation
- Access to warm and affordable homes

Part C: Supporting the next generation to thrive

- Best start to life
- Supporting children to learn and grow
- Post school transitions

C.2.2 Covid Recovery Strategy³⁹

In response to the inequality and disadvantage both exacerbated and exposed by the Covid pandemic, the Scottish Government published the Covid Recovery Strategy.

The strategy prioritises the security and resilience of communities, businesses, society and the economy. It sets out a vision to:

1. Address the systemic inequalities made worse by Covid
2. Make progress towards a wellbeing economy
3. Accelerate inclusive person-centred public services

Accompanying this vision are the following outcomes:

- Financial security for low-income households
- Wellbeing of Children and Young People
- Good, green jobs and fair work

The 'good, green jobs and fair work' outcome recognises the persistent gender employment and pay gap, widening disability employment gap and increasing ethnic employment gaps, especially for minority ethnic⁴⁰ women.

By embedding fair work, skills and employability interventions, this outcome aims to increase productivity and enhance equality of opportunity for all to access and progress in work.

³⁹ Scottish Government (2021). Covid Recovery Strategy: For a fairer future. Available at: <https://www.gov.scot/publications/covid-recovery-strategy-fairer-future/documents/>

⁴⁰ The Scottish Government adopts the term 'racialised minorities' to show that it is systems and structures that do not work for those who are categorised on the basis of "race", and because of this are sometimes treated differently or disadvantaged. These terms are becoming more widely used across the Scottish Government, in line with our acceptance that racism is a structural issue. We support everyone's right to self-identify according to the term they relate to or are most comfortable with. Terminology changes as societal and systemic understanding grows. It should be noted that in labour market data analysis, the term minority ethnic is used and in reserved legislation such as the Equality Act (2010), the term "race" is used. These terms are not helpful to understand how racialised inequity impacts on those who experience systemic, institutional or interpersonal racism.

Actions from this outcome include gender, ethnicity and disability employment action plans, an ethnicity pay gap strategy, real Living Wage commitments and other Fair Work standards.

C.2.3 Race Equality Framework for Scotland 2016 to 2030⁴¹

This framework sets out the Scottish Government's approach to addressing racism and inequality between 2016 and 2030. Through showing leadership in advancing race equality and addressing barriers faced by racialised minorities, the Scottish Government will assist racialised minorities in realising their potential.

The key principles underpinning this ambition involve:

1. Creating awareness of how race equality benefits the whole of society;
2. Developing a detailed understanding of racial inequality and racism;
3. Promoting policy and practice that is evidence based;
4. Complementing mainstreaming approaches with lawful positive action;
5. Valuing capabilities and capacities; and
6. Looking at race equality from intercultural and intersectional perspectives.

The Framework was created to prioritise the needs and experiences of Scotland's racialised minorities. It outlines how Scottish Government will work in partnership with government agencies and key stakeholders to address opportunities for progress through six themed Visions as follows.

- Overarching work: 'our Vision for a fairer Scotland is that by 2030 Scotland is a place where people are healthier, happier and treated with respect, and where opportunities, wealth and power are spread more equally. The Race Equality Framework aims to ensure that this vision is achieved equally for people from all ethnicities, helping to build a Scotland where we all share a common sense of purpose and belonging.'
- Community cohesion and safety: 'We build good race relations and community cohesion across all communities, and all minority ethnic individuals feel safe, protected and included, and experience less racism.'
- Participation and representation: 'Minority ethnic participation and representation is valued, effective, fair and proportionate at all levels of political, community and public life.'
- Education and lifelong learning: 'Everyone has the opportunity to learn in an inclusive environment without disadvantage in relation to racial inequality or racism.'
- Employability, employment and income: 'Minority ethnic people have equal, fair and proportionate access to employment and representation at all levels, grades and occupation types in Scotland's workforce and experience fewer labour market, workplace and income inequalities.'

⁴¹ Scottish Government (2016). Race equality framework for Scotland 2016 to 2030. Available at: <https://www.gov.scot/publications/race-equality-framework-scotland-2016-2030/>

- Health and income: 'Minority ethnic communities in Scotland have equality in physical and mental health as far as is achievable, have effective healthcare appropriate to their needs and experience fewer inequalities in housing and home life.'

The Scottish Government recognise the importance of monitoring and maintaining progress on the Framework and aligning the Framework to the National Performance Framework to further mainstream race equality.

C.3 Partnerships

C.3.1 No One Left Behind⁴²

No One Left Behind is a collective approach to delivering an employability system which is flexible, people-centred and responsive.

In 2018, the Scottish and Local Government agreed on a collaborative partnership for employability. This was followed by the publication of an Employability Action Plan setting out the framework to deliver 'No One Left Behind'.

The principles which underpin the No One Left Behind approach:

- Dignity and respect, fairness and equality and continuous improvement
- Provides flexible, and person-centred support
- Is straightforward for people to navigate
- Integrated and aligned with other services
- Provides pathways into sustainable and fair work
- Driven by evidence including data and experience of others
- Support more people to move into the right job, at the right time

Progress has been made through the Disability Employment Action Plan⁴³, Shared Measurement Framework⁴⁴, the Scottish Approach to Service Design⁴⁵ and Fair Start Scotland extension⁴⁶.

C.3.2 Fair Start Scotland⁴⁷

Fair Start Scotland, our national employment support service, launched in April 2018 and has been supporting people with significant barriers towards and into sustainable work.

The service is entirely voluntary and offers personalised, one to one support, tailored to individual circumstances. Pre-employment support can last up to 18 months

⁴² Employability in Scotland (2022). No One Left Behind. Accessible at: <https://www.employabilityinscotland.com/policy/no-one-left-behind/>

⁴³ Ibid5

⁴⁴ Scottish Government (2022). Employability Shared Measurement Framework. Available at: <https://www.employabilityinscotland.com/media/pgujxbke/for-publication-shared-measurement-framework-updated-december-2022.pdf>

⁴⁵ Establishment of a lived experience panel to facilitate the gathering of user views and influence future service delivery - October 2020

⁴⁶ Scottish Government (2018). Fair Start Scotland. Available at: <https://www.gov.scot/publications/fair-start-scotland/>

⁴⁷ Fair Start Scotland, Employability in Scotland. Available at: <https://www.employabilityinscotland.com/employability-services/fair-start-scotland/>

depending on the specific needs of the individual and up to 12 months in-work support is also available to participants and employers to ensure people remain supported during employment.

The service has supported over 51,000 starts since launch in April 2018 and there have been over 17,500 job starts with high rates of sustained employment for those who started work. 63% of people receiving support on Fair Start Scotland reported a long-term health condition and 45% were disabled.

C.4 Other factors

Individuals and businesses face ever-changing burdens dependent on the cumulative impacts of socio-economic crises. Those relevant to today's populations include Covid, EU Exit and the cost-of-living crisis.

C.4.1 Covid

Covid-19 has an impact on Scotland's health, economy and society and progress towards Scotland's National Outcomes from the NPF.⁴⁸ Emerging and exacerbated labour market inequalities are likely to generate poverty and human right impacts relevant to the Fair Work and Business outcome.

In particular, structural changes in the labour market disproportionately impact protected characteristic groups. For example, young people are increasingly faced with early unemployment while older unemployed adults are experiencing more long-term unemployment and are less likely to participate in upskilling.

The Covid Recovery Strategy (2021) further recognises the disproportionate impacts of the pandemic on the following vulnerable populations:

- Lower income households have been less able to save and have accumulated more debt;
- Young people are more likely to have been furloughed or lost their job;
- Women, disabled people and minority ethnic groups have faced persistent employment and pay gaps;
- Young people and low-income earners employed in customer facing businesses (such as retail, hospitality, tourism and the culture sector) have suffered through the longest Covid restriction; and
- Lower income households faced challenges in home schooling through the financial impact of remote learning, especially in accessing digital technology.

C.4.2 EU Exit

Consideration must be given to EU Exit undermining trading and collaborative relationship which Scottish society and businesses have traditionally relied on as efforts are made to rebuild, restore and identify new markets and potential trade relationships.

⁴⁸ Scottish Government (2020). Scotland's Wellbeing: The Impact of COVID-19. Available at: <https://nationalperformance.gov.scot/scotlands-wellbeing-impact-covid-19>

C.4.3 Cost-of-living crisis

The recent cost of living crisis, driven by a surge in inflation, has generated social, economic and environmental vulnerabilities across Scottish households.

The Scottish Government published an analytical report of emerging evidence on the cost of living crisis, including public attitudes towards rising inflation and costs and households most affected.⁴⁹

The Open Society Foundations poll of 21,000 people recorded that 70% of British respondents named inflation and cost of living as one of the top-three challenging currently facing their family, community and country. Further, online polling by Ipsos MORI revealed that 54% of British respondents expected their disposable income to decrease over the next year.

While all households in Scotland will be affected by the increased cost of living, Scottish Government identify that disproportionate impacts are likely across low income households. These households are likely to be entering the crisis in a position of financial vulnerability and have restricted flexibility in their household's budget to cope with price rises. Low income households also include overrepresentations of the following groups: disabled people, lone parents, racialised minority households, child poverty priority groups, renters, young adults, unemployed adults and people with complex needs.

Further, the Joseph Rowntree Foundation published its annual 'Poverty in Scotland' report which reflecting the results of a poll of 4,196 adults in Scotland undertaken between July and August 2022.

The report revealed that low-income households, single parents and households with one or more disabled people are most vulnerable to the cost-of-living crisis.

Feelings of financial insecurity, food insecurity, social isolation and worsening mental health are evidenced through the following results:

- One-third of households have less than £250 in savings.
- Almost half (47%) of households have at least one debt.
- 65% of households have already cut back on an essential item.
- Three in four households have cut back on the basics.
- 18% of low-income households have skipped meals or reduced meal sizes and not heated their homes.

Household's increased chances of suffering acutely from the current inflation crisis heightens vulnerabilities to changing legislation, in both positive and negative capacities. Consequently, the potential exacerbation of impacts attributed to the cost-of-living crisis will be considered when assessing the impacts of Fair Work policies.

⁴⁹ Scottish Government (2022). The Cost of Living Crisis in Scotland: analytical report. Available at: <https://www.gov.scot/publications/cost-living-crisis-scotland-analytical-report/documents/>



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