Refreshed Fair Work Action Plan and Anti-Racist Employment Strategy

Fairer Scotland Duty Impact Assessment

Scottish Government
Riaghaltas na h-Alba

Table of Contents

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 impacts on socio-economically disadvantaged groups 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 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 has contributed towards completing the full FSDA on the RAP and ARES.

1.2 Refreshed Fair Work Action Plan 2022

Following the publication of the Fair Work Framework in 2016[3], the Scottish Government published the Fair Work: Action Plan[4] in 2019, setting out the strategic approach of the Scottish Government to help achieve the vision of becoming a Fair Work Nation by 2025.

The Fair Work Framework defines Fair Work as 'work that offers effective voice, respect, security, opportunity and fulfilment; it balances the rights and responsibilities

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[1] Fair Work action plan: becoming a leading Fair Work nation by 2025 - gov.scot (www.gov.scot)
[2] Anti-racist employment strategy - A Fairer Scotland for All - gov.scot (www.gov.scot)
[3] Fair Work Convention (2016). Fair Work Framework 2016. https://www.fairworkconvention.scot/wp-content/uploads/2018/12/Fair-Work-Convention-Framework-PDF-Full-Version.pdf
[4] Scottish Government (2019). Fair Work: Action Plan. https://www.gov.scot/publications/fair-work-action-plan/

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 developing 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[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 Strategy[9].

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 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

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[5] Scottish Government (2021). Becoming a Fair Work nation: consultation.
https://www.gov.scot/publications/consultation-becoming-fair-work-nation/
[6] Scottish Government (2021). Becoming a Fair Work nation: consultation.
https://www.gov.scot/publications/consultation-becoming-fair-work-nation/
[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)
[10] Ibid4
[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/

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 intersectional[13] 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:

   o By 2023 to increase the employment rate for disabled people to 50%;

   o By 2030 to increase the employment rate for disabled people to 60%; and

- Improve labour market outcomes for racially minoritised[14] people and increase the number and impact of actions taken forward by employers to address racial inequality.

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; and

- Support for people to prepare for, access and sustain fair work.

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[12] Ibid5

[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 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.

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 based on '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 the 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 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 of the RAP and ARES. The assessment criteria consider how the actions could have both positive and negative impacts. In considering the impacts, this FSDA takes a 'worst case scenario'.

The approach for undertaking this FSDA 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 a FSDA screening report, were produced for the Bute House Agreement grant conditionality commitment, 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 FSDA.

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

- The ARES Short Life Working Group;

- Disability Short Life Working Group;

- Gender Short Life Working Group;

- Protected characteristic groups;

- Island communities; and

- Businesses.

Several stakeholders identified as important for this impact assessment contributed the views and experiences of those with lived experience of poverty, such as the Poverty Alliance. Many other organisations were able to bring lived experience of poverty to the fore of discussions in an intersectional manner, where it was appropriate.

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 the 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 commitments, the RAP and the ARES to share with stakeholders via email and in one-to-one discussions.

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 of November 2022. This set out key issues, consideration 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.

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 potential impacts of the actions within the draft 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 FSDA; and

- Evidence and key issues regarding potential equality impacts for socio-economically disadvantaged groups as identified through secondary data and research provided by the Scottish Government, stakeholders, and desktop review.

2.5 Assessment of impacts on socio-economically disadvantaged groups

This FSDA presents the potential direct or indirect positive and negative impacts of each individual action in the RAP and ARES for socio-economically disadvantaged groups. 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.

Those experiencing inequalities of outcome caused by socio-economic disadvantage, including:

- People on low incomes
- People living in deprived areas (and within communities of place and interest)
- People with no/low wealth or in debt
- People in material deprivation
- People from different social classes
- Communities of interest or communities of place, which could be more affected than others

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 contributes significantly reducing inequalities of outcome which result from socio-economic disadvantage.

- **Minor Positive Effect -** The action contributes to the reducing inequalities of outcome which result from socio-economic disadvantage, but not significantly.

- **Neutral/Negligible Effect -** There is no clear relationship between the action and reducing inequalities of outcome which result from socio-economic disadvantage, or the relationship is negligible.

- **Minor Negative Effect -** The action detracts from the achievement of reducing inequalities of outcome which result from socio-economic disadvantage, but not significantly.

- **Major Negative Effect -** The action detracts significantly from reducing inequalities of outcome which result from socio-economic disadvantage. Mitigation is therefore required.

- **Uncertain Effect -** The policy has an uncertain relationship to the Fairer Scotland Duty, or the relationship is dependent on the way in which the aspect is managed. In addition, insufficient information may be available to enable an assessment to be made and will be gathered through further consultation and/or research.

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 FSDA assesses the impacts of each of the actions within the RAP and ARES and will help to demonstrate Scottish Government's compliance with the Fairer Scotland Duty (part 1 of the Equality Act 2010), to which it has a legal duty to consider in the delivery of its policies, programmes, and projects and apply to strategic decisions.

3.1.1 Fairer Scotland Duty

Part 1 of the Equality Act 2010, the 'Fairer Scotland Duty', places a legal responsibility on the relevant authorities to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage. The Scottish Government, when making decisions of a strategic nature about how to exercise its functions, must have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage. This differs from the Public Sector Equality Duty (PSED) under Section 149 of the Equality Act which considers only reducing inequalities of opportunity. Public bodies may wish to publish a written assessment under the Fairer Scotland Duty, demonstrating how they have considered inequalities of outcome when making any major strategic decision.

'The Fairer Scotland Duty - Guidance for Public Bodies' (Scottish Government, 2021) identifies a need to consider both 'communities of place' and 'communities of interest' in terms of people who share an experience and are particularly impacted by socio-economic disadvantage. Key lenses through which socio-economic disadvantage can be considered include:

- Low/no wealth
- Low income
- Area deprivation
- Socio-economic background
- Material deprivation

The inequalities of outcome that people can face because of socio-economic disadvantage include:

- Poorer skills and attainment
- Lower health life expectancy
- Lower quality, less secure and lower paid work
- Greater chance of being a victim of crime
- Less chance of being treated with dignity and respect

3.1.2 The Human Rights Act

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.

Human rights implications are also considered in the context of upcoming International Human Rights Covenants and Conventions.

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

- 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 Framework[15]

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.

3.2.2 National Strategy for Economic Transformation (NSET)[16]

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)[17]

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

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[15] Fair Work Convention (2016). Fair Work Framework 2016. Available at: Fair-Work-Convention-Framework-PDF-Full-Version.pdf (fairworkconvention.scot)

[16] Scottish Government (2022). Scotland's National Strategy for Economic Transformation. Available at: Scotland's National Strategy for Economic Transformation - gov.scot (www.gov.scot)

[17] Scottish Government (2018). National Performance Framework: Our Purpose, Values and National Outcomes. Available at: NPF_A2_Poster.pdf (nationalperformance.gov.scot)

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 Strategy[18]

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 2022-2026[19]

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.

3.2.6 Covid Recovery Strategy[20]

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 2030[21]

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

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[18] 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)

[19] 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)

[20] 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)

[21] 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)

with government agencies and key stakeholders to address opportunities for progress through six themed Visions.

3.3 Partnerships

3.3.1 No One Left Behind[22]

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 Plan[23], Shared Measurement Framework[24], the Scottish Approach to Service Design[25] and Fair Start Scotland extension[26].

3.3.2 Fair Start Scotland[27]

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[28]. 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.

22 Employability in Scotland (2022). No One Left Behind. Available at: No One Left Behind - Policy | Employability in Scotland

23 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)

24 Scottish Government (2022). Employability Shared Measurement Framework. Available at: Publications | Employability in Scotland

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

26 Scottish Government (2018). Fair Start Scotland. Available at: Fair Start Scotland - gov.scot (www.gov.scot)

27 Fair Start Scotland (2023). Employability in Scotland. Available at: Fair Start Scotland | Employability in Scotland

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

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 identify that disproportionate impacts are likely across low income households[29]. 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.

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[29] https://www.gov.scot/publications/cost-living-crisis-scotland-analytical-report/documents/

4. Evidence and key issues

4.1 Socio-economic disadvantage overview

This sub-section summarises some of the key issues and evidence relating to socio-economic disadvantage in relation to the RAP and ARES. It is important to note that socio-economic disadvantage is a society-wide issue and those who face it are not one homogenous group. It is inherently intersectional and has the potential to affect individuals irrespective of their characteristics.

4.2 Low income

Low income is a key driver of a range of negative outcomes and can be defined in multiple ways. Primarily, low income can be considered through the lens of poverty including:

- Relative poverty - individuals living in households whose equivalised income is below 60% of UK median income in the same year:

- Absolute poverty - individuals living in households whose equivalised income is below 60% of inflation adjusted UK median income in 2010/11)[30]; and

- Persistent poverty - where households live in poverty for 3 years out of 4[31].

Since the pandemic, 4 in 10 households have become categorised as low income, the effect of which means people are going without essentials, are unable to pay utility bills, and no longer have the option to save money[32].

4.3 Real Living Wage

The real Living Wage (rLW) is an hourly rate of pay established by the Living Wage Foundation which employers can voluntarily commit to. It is £10.90 across the UK, and £11.95 in London for people aged 18 or over. Unlike the UK Government's minimum wage ('National Living Wage' for over 23s – £9.50), the real Living Wage is the only wage rate independently calculated based on living costs. It is a voluntary base rate for employers who wish to go beyond the government minimum to demonstrate that they value their lowest paid staff. Living Wage employers pay all their directly employed staff aged 18 and over – as well as in scope regular third-party contractors – at or above the real Living Wage. It represents a means through which the poorest families and households in Scottish society may avoid poverty and the associated stressors it can cause.

At present, according to the Employer Directory in Scotland there are 1,649 real Living Wage employers, with concentrations seen in large cities such as Edinburgh and Glasgow.[33]

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[30] Scottish Government (2019) Poverty in Scotland: methodology. https://www.gov.scot/publications/poverty-in-scotland-methodology/pages/poverty-definition/

[31] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies. https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/2/#:~:text=Defining%20'Socio%2DEconomic%20Disadvantage',access%20basic%20goods%20and%20services.

[32] Joseph Rowntree Foundation (2022) Poverty in Scotland 2022. https://www.jrf.org.uk/report/poverty-scotland-2022

[33] Living Wage Scotland (2022). Employer Directory. Available at: https://scottishlivingwage.org/employer-directory/

Research from the Living Wage Foundation (2017) revealed that out of the 840 employers surveyed across the UK (201 in Scotland) who pay their employees the real Living Wage, 75% reported an increased motivation and retention rates of employees and a 25% drop in absenteeism.[34] The Living Wage Foundation (2017) also reported that 93% of students want to work for employers who pay at least the real Living Wage.

Social Enterprise Scotland has also demonstrated the potential outcomes of paying the real Living Wage:[35]

- Over 57,000 workers currently employed by over 2,800 Living Wage employers in Scotland will receive a welcome pay boost because of the new rate; and

- As a result of rate increase, a full-time worker on the real Living Wage will earn £1,950 a year more than their current pay.

4.4 Zero Hours Contracts

A zero-hour contract exists when an employer is not obliged to provide employees with a minimum number of working hours. Between 2018-2019, statistics showed that the number of people working zero-hour contracts grew by 10% to over 70,000, however, the UK government as well as Scottish groups such as Citizens Advice Scotland have become increasingly conscientious of the potential negative implications zero-hour contracts can have. For people from a low socio-economic background, uncertainty on working patterns and when income can be expected can lead to stress and financial difficulties[36].

Inappropriate use of these contracts can instil distrust, insecurity and low performance and productivity in the workforce.[37] Employees require regular work to secure a consistent income stream to fund financial commitments. This ultimately reduces stress surrounding monies and increases focus on productivity.

4.5 Low / no wealth

Access to wealth is a key factor that can protect people from socio-economic disadvantage. Conversely, lack of or no wealth is a driving factor behind generational socio-economic disadvantage. Wealth refers to an individual or group's money and/or material assets that have built up over time (Public Health Scotland, 2021). For example, financial products, assets, equity from housing and pension savings. Accessible savings can help households deal with problems that arise on a day-to-day basis.

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[34] Living Wage Foundation and Cardiff University Business School (2017). The Living Wage Employer Experience. Available at:
https://www.livingwage.org.uk/sites/default/files/Cardiff%20Business%20School%202017%20Report.pdf
[35] Social Enterprise Scotland (2022). The real Living Wage rate rise – Key facts. Available at: https://socialenterprise.scot/the-real-living-wage-rate-rise-key-facts/
[36] Walker, L. (2019) Rise in Scots working on 'insecure' zero-hours contracts leading to stress and financial difficulties. https://www.scotsman.com/news/politics/rise-scots-working-insecure-zero-hours-contracts-leading-stress-and-financial-difficulties-1402201
[37] Scottish Business Pledge (2022). No Inappropriate Use of Zero Hours Contracts. Available at: https://scottishbusinesspledge.scot/pledge-elements/zero-hour-contracts/

Certain households are more likely to have above average wealth, for example pensioner couples, married couples, and households with degree-level qualifications. Whereas lone parent households, those in social rented housing, and households where the household reference person is unemployed or economically inactive tend to have below average wealth.

4.6 Material deprivation

Material deprivation is an additional way of measuring living standards and refers to the self-reported inability of individuals or households to afford goods and activities that are typical in society at a given point in time, irrespective of whether they would choose to have these items, even if they could afford them[38]. There is a key line of intersectionality between socio-economic disadvantage in the form of material deprivation, and children and pensioner households.

4.7 Area deprivation

Area deprivation refers to the possibility that living in a deprived area can exacerbate negative outcomes for individuals and households already affected by issues of low income. Those areas that have consistently been in the 5% most deprived in Scotland face historic and ongoing socio-economic challenges. The Scottish Index of Multiple Deprivation presents a relative measure of deprivation across 6,976 small areas (called data zones). If an area is identified as 'deprived', this can relate to people having a low income, but it can also mean fewer resources or opportunities[39]. In Scotland, the least deprived area is in Stockbridge, Edinburgh, and the most deprived area is in Greenock town centre. The area with the largest local share of deprived areas was Inverclyde, with 45% of data zones among the 20% most deprived areas in Scotland. Glasgow City has similar deprivation levels at 44%.

However, socio-economic disadvantage is not always experienced in neat concentrations of people in recognisable communities. For example, over half of people on low income do not live in the 20% most deprived areas in Scotland. In some instances, therefore, it is necessary to consider deprivation as it affects communities of place or communities of interest.

'Communities of place' refers to people who are bound together because of where they reside, work, visit or otherwise spend a continuous portion of their time. For example, people in rural, remote and island areas face a particular set of circumstances which exacerbate disadvantage. Poorer people in those areas will have different experiences from better-off residents, but also from poorer people living in cities. Poverty is often hidden in smaller, rural, and/or island communities; cost of living and accessibility of transport, education, and employment impact more negatively on rural populations. According to research done by the Highlands and Islands Enterprise, an economic and community development agency for the north and west of Scotland, budgets that households need to achieve a minimum acceptable standard of living in remote rural Scotland are typically 10-40 percent

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[38] DWP (2018) Households Below Average Income (HBAI) Quality and Methodology Information Report. https://www.gov.scot/publications/poverty-in-scotland-methodology/pages/material-deprivation/
[39] Scottish Government (2020) Scottish Index of Multiple Deprivation 2020. https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/

higher than elsewhere in the UK. This premium is greatest for single people and families supporting children.[40]

'Communities of interest' can refer to groups of people who share an experience. For example, consideration of the impact of strategic decisions on people who have experienced homelessness, or the care system, may help develop a deeper understanding of possible socio-economic impacts. Those who share one or more of the protected characteristics listed in the Equality Act 2010 can also be considered communities of interest. Those who share an identity – for example, lone parents – can similarly be communities of interest too.[41]

4.8 Socio-economic background

Socio-economic background represents a mechanism by which disadvantage can persist across generations, essentially it refers to the structural disadvantage that can occur due to a parent's education, employment, and income. Low socio-economic background can be a causal factor behind higher rates of student absenteeism and low educational attainment[42], poor physical and mental health[43][44], and lack of social mobility[45]. In terms of education and social mobility, low socio-economic background can result in lesser networking opportunities, lack of knowledge around employment opportunities, and reduced confidence in one's own abilities.

[40] The Highlands and Island Enterprise (2016) A Minimum Income Standard for Remote Rural Scotland. (2016) https://www.hie.co.uk/research-and-reports/our-reports/2016/november/30/a-minimum-income-standard-for-remote-rural-scotland-a-policy-update/

[41] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies. https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/pages/2/#:~:text=Defining%20'Socio%2DEconomic%20Disadvantage',access%20basic%20goods%20and%20services.

[42] Klein, M. et al. (2020) Socioeconomic Inequalities in School Attendance in Scotland. https://pureportal.strath.ac.uk/files/107303630/Klein_etal_UoS_2020_Socioeconomic_Inequalities_in_School_Attendance_in_Scotland.pdf

[43] Kelly et al., (2005) Effect of socioeconomic status on objectively measured physical activity. https://adc.bmj.com/content/91/1/35

[44] Martin, J. (2014) Impact of socioeconomic deprivation on rate and cause of death in severe mental illness. https://link.springer.com/article/10.1186/s12888-014-0261-4

[45]Social Mobility Commission (2022) State of the Nation 2022: A fresh approach to social mobility. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084566/State_of_the_Nation_2022_A_fresh_approach_to_social_mobility.pdf

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.

The impact of this action depends on the number of people having one or more of the protected characteristics above, being from a low socio-economic background, and earning a low income while working for the Scottish Government.

Although this action does not specifically target socio-economic disadvantage and there is limited existing data on Scottish Government employees' socio-economic background[46], there are various examples demonstrating overrepresentation of certain protected characteristic groups in lower socio-economic groupings. For example, research highlights that average incomes for racialised minorities below the poverty line have fallen faster and deeper (by six percentage points) than they have for white people (one percentage point) over the last decade. This difference becomes more exacerbated when considering racialised minority women, and age (racialised minority children are more likely to be in income and material poverty).[47] Similar pay gaps and consequent deprivation exist for women (in particular mothers with young children) and disabled people; the nature of this intersectionality has been coined 'double disadvantage' – i.e., low socio-economic background and one (or more) protected characteristic.[48]

Therefore, undertaking a pay gap audit through the lens of gender, disability, race, and age, and implementing beneficial changes to recruitment and retention policies, may help to reduce low incomes, low wealth, and deprivation for these groups.

The provisional FSDA score for this action is minor positive.

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[46] Scottish Government (2021) Diversity and inclusion of the Scottish Government workforce – 2021. https://data.gov.scot/workforce-diversity-2021/index.html
[47] Runnymede Trust (2022) Falling Faster amidst a Cost-of-Living Crisis: Poverty, Inequality and Ethnicity in the UK. https://www.runnymedetrust.org/publications/falling-faster-amidst-a-cost-of-living-crisis-poverty-inequality-and-ethnicity-in-the-uk#:~:text=Beneath%20the%20poverty%20line%2C%20average,the%20start%20of%20COVID%2D19.
[48] Social Mobility Commission (2019) State of the Nation 2018-19: Social Mobility in Great Britain. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798404/SMC_State_of_the_Nation_Report_2018-19.pdf

Action 1.2: Work with equality organisations and public sector employers to co-deliver a series of engagements with the public sector by the 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; and those 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.

Engagement with public sector employers and supporting them to voluntarily record and publish their ethnicity pay gap could reduce socio-economic disadvantage. There is intersectionality of race and socio-economic disadvantage in Scottish society[49]. However, the number or proportion of employees working in the public sector and who belong to both categories is difficult to calculate at this stage.

Nevertheless, the targeted approach to this action and engagement with the public sector has the possibility to present opportunities for socio-economically disadvantaged workers to have their voice heard. Scotland's Civil Service People Survey revealed that only 81% of staff from a low socio-economic background felt included and treated fairly, compared to 86% from a high socio-economic background. Actions that promote engagement and seek to understand and implement change through employee voice channels may benefit socio-economic disadvantaged people through improving the working conditions of those in lower grades and salaries within the organisation.

Moreover, during stakeholder engagement, stakeholders expressed concerns regarding the anonymity of pay gap data, when sharing intersectional analysis. Where numbers of racialised minorities are low, intersectional data in relation to pay gaps or occupational segregation can create data privacy concerns as individuals can become easily identifiable.

Ensuring data privacy and confidentiality are priority objectives of the collecting and reporting of ethnicity pay gap data, which will develop a sense of trust in the public sector in its use of data.

The provisional FSDA score for this action is minor positive.

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[49] Scottish Government (2022) Using intersectionality to understand structural inequality in Scotland: evidence synthesis. https://www.gov.scot/publications/using-intersectionality-understand-structural-inequality-scotland-evidence-synthesis/pages/5/

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

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; and

- increase diversity of staff in the workforce and on College Boards and University Courts.

There is significant evidence that exposes the relationship between a low socio-economic background and poor educational success and retention. Furthermore, there is also evidence highlighting the correlation between socio-economic disadvantage, and one or more of the characteristics of disability, ethnicity, and gender, and how these intersections can also be pre-cursors to poor educational attainment[50][51].

Parental income is important for educational outcomes, lack of money can limit availability of resources for learning, and is associated with overcrowded housing, inadequate heating, and food insecurity – all of which are linked to poorer educational outcomes[52]. Therefore, in cases where socio-economic disadvantage caused by parental low income is a driving factor behind poor student success, then ensuring access to and confidence in support for such students is a meaningful measure that socio-economic disadvantaged children may serve to benefit from.

Actions that target children and young people, particularly those in education, can be effective in reducing socio-economic disadvantage. As socio-economic disadvantage is frequently something that affects multiple generations of families, or communities of interest, actions to better the circumstances and attainment of the young people represent a meaningful step to reduce inequalities of outcome in the long term.

Therefore, specified implementation of National Equality Outcomes that target these groups has the potential to indirectly reduce inequalities of outcome for people in those groups facing socio-economic disadvantage. However, while there are indirect positive impacts, the action does not provide a clear and direct impact on those from lower socioeconomic positions.

The provisional FSDA score for this action is minor positive.

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

Publishing annual thematic reviews has the potential for knowledge dissemination on existing inequalities faced by socio-economic disadvantaged groups, including where there is intersectionality of socio-economic background, protected characteristics

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[50] Chatzitheochari, S. Platt, L. (2018) Disability differentials in educational attainment in England: primary and secondary effects. https://eprints.lse.ac.uk/87373/1/Platt__disability-differentials.pdf
[51] Strand, S. (2021) Ethnic, socio-economic and sex inequalities in educational achievement at age 16: An analysis of the Second Longitudinal Study of Young People in England. https://www.education.ox.ac.uk/wp-content/uploads/2021/05/Strand_2021_Report-to-CRED.pdf
[52] NHS Health Scotland (2018) Children's social circumstances and educational outcomes. https://www.healthscotland.scot/media/2049/childrens-social-circumstances-and-educational-outcomes-briefing-paper.pdf

(disability, ethnicity) and poor educational attainment and retention. If the information gathered results in targeted support, voice channels and learning provision then these reviews could result in long term strategic step-changes for the Scottish Funding Council (SFC) and the wider Scottish further and higher education sectors, with consequent benefits for socio-economic disadvantaged people.

The provisional FSDA score for this action is minor positive.

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.

Senior leadership networks with capability and understanding of racism and racial inequality in the workplace is a useful action to reduce inequality of outcome caused by socio-economic disadvantage. Racialised minorities are more likely to be facing socio-economic disadvantage in the UK than White people, with low income or income deprivation being a driving factor behind this. In turn, the proportion of children from racialised minorities in the UK living in a household with an equivalised income below 50% of median incomes and experiencing material deprivation has increased since 2019, currently sitting at 9%. Conversely, this has dropped amongst white children from 4% to 3% in the same period.

Establishing senior leadership networks (and the decision-making authority they possess), with an understanding of racism and racial inequality opens opportunity for ethnicity pay gaps and consequent socio-economic disadvantage to be targeted.

The timeframe for this action provides a challenge for it to be achieved. Establishing senior leadership networks that are knowledgeable and trusted by employees will take time, and the end of 2023 does not present a significant window to achieve this.

The provisional FSDA score for this action is minor positive.

Action 1.5: We will work with Scottish Government 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.

This action has the potential to significantly benefit employers' understanding of socio-economic disadvantage. There is a lack of robust data on ethnicity and poverty which makes it difficult to understand the interaction and scale of the drivers of poverty for racialised minorities[53]. A statistics dissemination session on this intersectionality may therefore go some way to remedying this current lack of data.

Nevertheless, the likely tangible impact of this action depends on those stakeholders who share interest in taking part in the statistics dissemination sessions. If stakeholders who represent or share the interests of socio-economic disadvantaged people and communities are involved in developing these, then it will be beneficial.

The provisional FSDA score for this action is minor positive.

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[53] Cebula, C. Evans, J. (2021) Ethnicity, poverty, and the data in Scotland.
https://www.jrf.org.uk/report/ethnicity-poverty-and-data-scotland

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.

Public sector grant conditionality includes paying at least the real Living Wage and providing channels for effective voice for all employees, as announced on 6th December 2022.[54]

The extension of Fair Work conditionality should mean the real Living Wage will reach more people, and consequently benefit socio-economically disadvantaged groups, particularly those on low incomes or experiencing material deprivation. The continued 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 current conditionality in the Fair Work First guidance that encourages and supports employers to adopt fair work practices in their organisation. 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.

Specific groups who are more likely to be experiencing socio-economic disadvantage such as women, young people, lone parents, households with disabled people, racialised minorities and households with children are likely to benefit the most from this action. This was evidenced during stakeholder engagement with young women's representative groups who outlined that many women in the early stages of their career expressed the benefit of being paid the real Living Wage in terms of equity and progression.

Engagement with island community stakeholders reaffirmed this notion, particularly regarding the positive impact the real Living Wage can have on reducing child poverty. Income from employment (i.e., its volatile nature, limited access to training and progression) is one of the three drivers of child poverty in Scotland's rural and island communities alongside costs of living and income from social security. 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, but also by reducing the disparity between men's and women's earnings which tend to be greater than the national average.[55]

However, some stakeholders highlighted their concerns on the viability of smaller organisations and those in the third sector, being able to pay the real Living Wage. If payment of the real Living Wage is enforced universally, then some employers will

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[54] Scottish Government (2022). Grants link to boost Fair Work. Available at: https://www.gov.scot/news/grants-link-to-boost-fair-work/
[55] Scottish Government (2018) Understanding the Scottish rural economy: research paper. https://www.gov.scot/publications/understanding-scottish-rural-economy/

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. This could also result in the loss of important services for local communities including those experiencing socio-economic disadvantage.

Providing channels for effective workers voice should promote workplace equality, fairness and help to reduce discrimination. This extension of conditionality has the potential to significantly benefit socio-economic disadvantaged workers; a recent study in the UK revealed that only 2 in 5 employees from a lower socio-economic background feel included in the workplace, and only half feel safe to be open about their background[56]. Although trade unions may not be a plausible for some small organisation, alternative voice channels for employees, groups or employee associations offer viable means through which to achieve this conditionality. Stakeholder engagement reflected this notion; for example, small, island based agricultural organisations that provide seasonal work to migrants did not necessarily have recognised trade unions but highlighted that workers' voice groups are already in place and are supported and valued by the employers and customers alike. Given the high value of these seasonal workers, such organisations are very cautious to not lose them by not listening or offering an adequate place to live and work. Moreover, the extent to which effective voice can be applied as a conditionality is limited to the size of the organisation in question. Independent farmers for example are less likely to adopt the real Living Wage or provide effective voice channels for their workers given the small scale of their operations.

Specification on how Fair Work conditionality will be extended would provide useful grounds on which to make a more accurate judgement as to how this action will impact socio-economic disadvantaged groups.

However, more people earning higher wages will increase disposable income, move people and their children away from the risks of low income and help to reduce the inequalities of outcome caused by socio-economic disadvantage. Additionally, greater channels for effective employee voice will allow for the needs, wants, and issues facing socio-economic disadvantaged workers to be heard more frequently and in a cohesive manner. The potential effect of this is that it will promote confidence in the workplace and create working environments that facilitate progression and attainment.

The provisional FSDA score for this action is major 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.

Extending conditionality to the other Fair Work principles has the possibility to create benefits for socio-economic disadvantaged groups.

Extending conditionality to the principle of opportunity may enable better access to the labour market for individuals facing socio-economic disadvantage, as well as greater opportunities for progression once in the labour market. Low-paid work is a

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[56] Accenture (2022) Less Than Half of Employees from Lower Socioeconomic Backgrounds in the U.K. Feel Included at Work. https://newsroom.accenture.co.uk/english-uk/news/social-mobility-report-a-fair-chance-to-advance.htm

key driver behind in-work poverty, hence increasing opportunities for progression would help improve this situation for disadvantaged people.

Extending conditionality to the principle of security may also help reduce in-work poverty. Precarious employment and zero-hour contracts are types of employment with poor job security. Socio-economically disadvantaged people are overrepresented in these roles and therefore disproportionately suffer from the knock-on effects, such as reduced income and poor physical health[57]. Furthermore, there is significant intersectionality between gender, poor job security, and socio-economic disadvantage. Women in Scotland were identified as being 5% more likely to hold a zero-hours contract in certain sectors[58], are on the wrong side of a 12.2% gender pay gap and are 39% more likely to be living in poverty if they are a single parent[59]. Extending conditionality to the principle of security, considering the negative experiences of groups and how they intersect with socio-economic disadvantage, will have a positive impact.

Extending conditionality to the principle of respect may benefit socio-economic disadvantaged workers. In 2021, 10.3% of Scottish Government staff whose parents had never worked reported experiencing bullying and/or harassment, compared to 6.8% of staff from a high socio-economic background[60]. The principle of respect, and how it is reported, will also inherently require effective workers voice channels, and therefore enforcing this principle with conditionality could have knock-on positive effects.

Extending conditionality to the principle of fulfilment could promote positive workplace experiences for socio-economic disadvantaged workers. Similarly, to the principle of respect, monitoring on how conditionality relating to fulfilment has benefitted socio-economic disadvantaged workers would require effective workers voice channels.

Further details on how conditionality would be implemented in relation to these four principles is required to make an accurate assessment of the impact on socio-economic disadvantage at this stage.

The provisional FSDA score for this action is neutral.

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 Fair Work First criteria to better reflect priority action required to reduce labour market inequalities may have positive effects because women, people from

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[57] Walker, L. (2019) Rise in Scots working on 'insecure' zero-hours contracts leading to stress and financial difficulties. https://www.scotsman.com/news/politics/rise-scots-working-insecure-zero-hours-contracts-leading-stress-and-financial-difficulties-1402201

[58] EIS (2014) Zero Hours Contracts. https://www.eis.org.uk/ula-news/ula-zero-hour

[59] Education Scotland (2022) Poverty and Gender Inequality. https://education.gov.scot/media/tltdz5x3/poverty-and-gender-inequality.pdf

[60] Scottish Government (2022) Socio-economic background. https://data.gov.scot/workforce-diversity-2021/08_seb.html#Engagement

racialised minorities and disabled people are overrepresented in various dimensions of socio-economic disadvantage in Scotland.

Furthermore, there is a correlation between low socio-economic status, poor educational attainment, and poor workplace progression; research from the Chartered Management Institute (CMI) found that 53% of those in management roles are from a high socio-economic background, compared to 38% being from a low socio-economic background, a third (33%) of CMI members who responded believed socio-economic background is a barrier to progression to moving up to executive level[61].

The short timeframe for this action and method of identifying priority action required to address labour market inequalities brings in an aspect of doubt as to how significantly this will benefit socio-economic disadvantaged groups.

The provisional FSDA score for this action is neutral.

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[61] CMI (2022) Socio-economic background is seen as a major factor in career progression. https://www.managers.org.uk/about-cmi/media-centre/press-office/press-releases/socio-economic-background-is-seen-as-a-major-factor-in-career-progression-research-shows/

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 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

A central Fair Work resource may benefit socio-economic disadvantaged workers by reducing inequalities of outcome as their employers are provided with an accessible tool through which guidance, support and advice on Fair Work can be utilised.

Employers with a greater understanding of how their practices impact their workers, and how to mitigate negative effects, showcases a method by which employee needs can be met. Since 2019, the Scottish Government has been working with small and micro employers seeking to adopt Fair Work practices through the provision of access to online advice. Further to this the Fair Work Employer Support Tool launched in 2021 enables SMEs to self-assess their fair work practices and access support to strengthen their approaches. These measures have enabled employers to increase their understanding of the needs of their workers, and have supported them in adopting flexible working practices, and the benefit this can have on socio-economic disadvantaged groups.

The provision of good practice and real-life case studies plays an important role in the success of this Fair Work resource and the potential positive impact it can have on socio-economic disadvantaged groups. Stakeholder engagement revealed that case studies can demonstrate practical positive actions for organisation, particularly if it is their first time adopting Fair Work measures.

The provisional FSDA score for this action is minor 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.

The success of this action is dependent on how well the communications strategy is researched and implemented, the scope of employers it reaches, and how well they can (or how much they are inspired to) act and look to implement the outlined benefits of Fair Work and a diverse workplace.

If researched and successfully implemented the communications strategy has the potential to create significant beneficial impacts for certain groups of people. As aforementioned, there is intersectionality of socio-economic disadvantage and several protected characteristics. Because of this, data collection and analysis of sectors where there is underrepresentation of certain groups (socio-economic disadvantaged Bangladeshi women for example) would maximise the positive impact created by recruiting, employing, and supporting workers from racialised minorities, particularly regarding reducing workplace inequalities.

Moreover, using the right language in the communications strategy is also crucial to its success; talking to a private sector organisation will likely require different terminology, compared to a third sector or island community organisation.

The provisional FSDA score for this action is minor 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.

There are employers in Scotland who have the scope to adopt the real Living Wage and real Living Hours, and there are socio-economic disadvantaged employees who would be benefit from these conditions of employment. The successful implementation of this action will be positive, as it seeks to increase the number of people who have security of pay and contract, two issues that disproportionately effect socio-economic disadvantaged groups.

The voluntary nature of paying the real Living Wage by employers means that this target cannot be guaranteed. Furthermore, the target of 5,000 workers is a small proportion of Scotland's labour market and could theoretically be taken on by a single employer.

However, the impact of this action is still a significant positive in relation to socio-economic disadvantage.

The provisional FSDA 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.

Dissemination of learning and best practice from the 2024 Workplace Equality Fund has the potential to benefit socio-economic disadvantaged groups by supporting employers to diminish longstanding barriers that face certain groups in entering and progressing in the labour market.

Ultimately, learning and best practice taken from the Fund will have maximum positive impact on socio-economic disadvantaged people if the projects on which the Fund is applied focusses on socio-economic issues, needs and opportunities.

The provisional FSDA score for this action is minor positive.

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.

The positive impact of this action depends on the demographics of employers' workforces, and the intersectionality of the above protected characteristics and socio-economic disadvantage. Nonetheless, intersectionality of these groups has been evidenced and therefore it can be reasonably assumed that inequality of outcome should be reduced by employers implementing positive action measures that target employees based on sex, pregnancy, race, age and disability.

The nature of the positive action measures will have significant influence on the positive impact this action has on reducing inequalities of outcome for socio-economic disadvantaged groups, as will the effort put into promoting the guidance.

The provisional FSDA 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).

Post-Covid working patterns have radically changed the landscape of employment for many people, opening previously unforeseen opportunities made accessible through remote, hybrid and online workspaces. For some groups who are overrepresented across socio-economic disadvantage dimensions (young parents, single mothers with babies, disabled racialised minorities) flexible working has provided employment opportunities where previously not possible. Continuing to promote existing and new advice and guidance on the benefits of flexible working can further increase opportunities for socio-economically disadvantaged groups.

It is important to discern between flexible working and zero-hour contracts or precarious work. As explored in previous sections, precarious work often comes with several disadvantages for socio-economic disadvantaged people, namely lack of job security, irregular income, and stress that comes as result. For action 3.6 to be significantly beneficial, guidance on flexible working should be provided alongside the benefits and necessity for real Living Hours to be met.

The provisional FSDA 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 discussed previously, there is intersectionality between ethnicity and socio-
economic disadvantage. Development of an intersectional and anti-racist training
framework by 2025 may therefore mitigate workplace racism faced by racialised
minorities, potentially resulting in career progression and consequently reducing
inequalities of outcomes caused by socio-economic disadvantage.

Evidence from similar actions taken by employers points to the positive impacts such
training measures can have for both employees and employers.

The provisional FSDA score for this action is major 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.

Sectoral Fair Work agreements could constitute a considerable benefit to socio-
economic disadvantaged people, who are overrepresented in low pay and
precarious work roles. Low pay, poor job security and lack of progression are driving
factors behind low status socio-economic dimensions such as low income, material
deprivation and area deprivation. There is also well documented intersectionality of
socio-economic disadvantage, certain racialised minority groups, and unequal labour
market experiences.

Continued work in key target sectors will help to remedy these unequal outcomes
faced by socio-economic disadvantaged people.

While working with trade unions positively represents employee voice, other effective
voice channels could be engaged with such as employee forums. Stakeholders
supported the power and influence these forums can have on workplace activities
and the value of lived experience which they provide. Therefore, the sectoral Fair
Work agreements could benefit further from wider engagement with employee
stakeholders.

The provisional FSDA 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.

Strengthening effective voice by working with employers, workers and trade unions
could produce highly positive impacts for socio-economic disadvantaged people.
Specific interaction with workers who are from socio-economically disadvantaged
group will allow for their views on and experience of poverty to be used towards
informing new workplace programmes, proposals and/or decisions. This supports the
principle of 'nothing about us without us'[62] – and that involvement will likely improve
their situation. Understanding the lived experience of those living in poverty can

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[62] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies.
https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/pages/4/

further strengthen effective voice channels, such as trade unions, and could result in meaningful workplace changes.

Ensuring that the effective voice channel is fitting to the context of the organisation or sector in which it is established (i.e., a trade union is most likely excess to requirement for effective workers voice on a local farm) will be important to the positive impact of this action.

The provisional FSDA 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.

Evidence highlighted in the previous sections identified the high rates of incidence between households being socio-economic disadvantaged and having one or more disabled residents. Consequently, it is inevitable that improvements to website accessibility for disabled people will benefit some who also face socio-economic disadvantage.

The provisional FSDA score for this action is minor positive.

Action 4.2: Scottish Government 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 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 and the pilot project on community engagement being delivered by CEMVO Enterprises CIC in 2022/23.

A continuous improvement approach to Scottish Government Employability Delivery could reduce inequalities of outcome in the labour market for socio-economic disadvantaged people, where they are also disabled, from a racialised minority, or women.

Many socio-economic disadvantaged people who share these characteristics find barriers to job opportunities due to lack of training and industry awareness. The Scottish Government's employment services provide practical support and advice through Fair Start Scotland, something that is particularly useful for socio-economic disadvantaged people who may not have access to support networks within their family or social group. These groups are likely to benefit most from collaborative actions such as this.

The provisional FSDA 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. 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.

Considering the lived experiences of people when designing the No One Left Behind plan will ensure positive steps are being taken by the Scottish Government in its collaborative approach to redesigning the employability system whilst delivering on

existing and emerging priorities. The nature of people's socio-economic disadvantage can vary significantly. Therefore, a collaborative approach to supporting workers to understanding their lived experiences will ensure specific needs can be understood and accounted for in the plan.

The provisional FSDA 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)

The impact of the findings and recommendations of these publications is dependent on the intersectionality of socio-economic disadvantage and disability.

The provisional FSDA score for this action is neutral.

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 and 4.4.1 have the potential to significantly benefit socio-economic disadvantaged people. Disabled people from a low socio-economic background who are typically underrepresented in the labour market, and in management and high-level executive positions due to poorer educational attainment, and/or professional training and development.

The use of detailed, disaggregated statistics is highly beneficial as they allow detailed analysis of issues, particularly when they are intersectional as outlined under actions 4.4 and 4.4.1.

Review of Work Base Learning (WBL) and increasing participation in apprenticeships run by Skills Development Scotland is also a means by which poverty amongst young adults can be reduced, through access to a reliable career ladder and high-income job market.

The provisional FSDA score for this action is minor positive.

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

The impact of this action will be meaningful towards reducing inequalities of outcome if lessons learnt and implemented are done so for disabled pupils from socio-economic disadvantaged backgrounds.

The provisional FSDA 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.

The impact of this action will be positive for individuals from a low socio-economic disadvantaged background if they are also disabled and utilise the services offered by learning providers. Continuing professional development and the effect this can have on career progression is an area of employment that socio-economic disadvantaged people can benefit from.

The provisional FSDA score for this action is minor positive.

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.

Scotland's Career Review recommendations were published in February 2022.[63] The review engaged with the lived experiences of young people and stakeholders representing a diverse range of backgrounds to generate recommendations tailored to the needs of those who are most vulnerable in the labour market.

Although the Career Review did not take a specific focus on socio-economic disadvantage, the tailored recommendations for certain protected characteristics will, to some extent, reflect and benefit young people who have experienced poverty.

The provisional FSDA score for this action is minor positive.

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[63] Skills Development Scotland (2022). Careers by design. Available at:
https://www.skillsdevelopmentscotland.co.uk/career-review/

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.

The Career Review recommends that career services embed the Principles of Good Transitions for young people[64]. This could generate positive impacts where there are young people from socio-economic disadvantaged backgrounds who are looking to enter the job market and require extra help, potentially through training or professional development.

The provisional FSDA score for this action is minor positive.

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.

Collaboration between NHS Boards to develop the NHS Scotland contribution to achieving fair and healthy work outcomes for people will likely have beneficial impacts on socio-economic disadvantaged groups. Many people who experience poverty also experience poor health outcomes, both mental and physical.

Formulating a definition of what health offer the Scottish Government can make in relation to Fair Work also has the possibility to be highly beneficial. Research over the past decade has increasingly exposed the link between zero-hour contracts and poor mental health[65]. Overrepresentation of socio-economic disadvantaged workers in zero-hour contract roles or in precarious work[66] likely means that they are also subject to the increased risk of poor mental health. Therefore, defining the health offering that can be made in relation to Fair Work should enable it to be specific and targeted to the needs of individuals trying to find work that is fair.

The provisional FSDA score for this action is major positive.

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[64] Scottish Transitions Forum (2017). The Principles of Good Transitions 3. Available at: https://scottishtransitions.org.uk/summary-download/
[65] Keely, T. (2021). Zeroed Down: The Effects of Zero Hours Contracts on Mental Health and The Mechanisms Behind Them. https://abdn.pure.elsevier.com/en/publications/zeroed-down-the-effects-of-zero-hours-contracts-on-mental-health-
[66] Grimshaw, D. et al., (2015) Reducing Precarious work. Protective Gaps and the Role of Social Dialogue in Europe. https://documents.manchester.ac.uk/display.aspx?DocID=48969

6. Assessment of Anti-Racist Employment Strategy

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

Local authorities hold significant stores of data that is localised and disaggregated, the potential for its application is therefore significant. A centralised platform to exchange this data with employers, which can help them to make better informed decisions during recruitment, retention, and training practices, has the potential to benefit socio-economic disadvantaged people. Given the action has specified the intersectional nature of the platform, it should identify the connection between certain racialised minorities and overrepresentation across socio-economic disadvantage dimensions.

The provisional FSDA score for this action is minor 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

The Minority Ethnic Recruitment Toolkit supports employers in recruiting racialised minorities. As the action has specified the toolkit will have an intersectional approach, this action may have a positive impact on socio-economic disadvantaged groups. Given barriers socio-economic disadvantaged people often face in the labour market, integrating accessible support sources for retention and progression could be highly beneficial. Retention can be an issue for disadvantaged people who face multi-responsibility issues (i.e., childcare commitments, working multiple jobs), and progression is a barrier that can arise due to lack of networking capabilities, or training opportunities. Resources to target these factors would improve the impact of the toolkit.

 The provisional FSDA score for this action is minor 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

This action has the potential to benefit socio-economic disadvantaged groups if employers choose to act on the learning and best practice and consequently hire more racialised minorities, moreover, these racialised minorities will have to coincidentally be from a socio-economic disadvantaged background as the action does not specify this.

The provisional FSDA score for this action is neutral.

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

Lack of professional training opportunities frequently pose a barrier to progression for socio-economic disadvantaged people, it may occur due to lack of wealth to afford training, or due to systemic barriers that prevent access. The intersectional specification in this action should mean that socio-economic disadvantage is captured when developing the training framework, and therefore employers and fellow employees can gain an understanding of socio-economic disadvantage and the issues that may arise from it in the workplace. Increased understanding and better training on offer should facilitate career progression and more income gain for socio-economic disadvantaged people.

The provisional FSDA 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 positive action and the equality benefits this can have for employers and employees has the potential to benefit socio-economic disadvantaged people. If inequality of outcome is captured in the guidance, then this may support employers to address labour market inequalities. To maximise the benefit of this action, guidance could be extended to private and third sector organisations.

The provisional FSDA 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

The impacts of the RAP action 3.4 are reflected here as the action is the same;

Dissemination of learning and best practice from the 2024 Workplace Equality Fund has the potential to benefit socio-economic deprived people by supporting employers to diminish longstanding barriers that face certain groups in entering and progressing in the labour market.

The provisional FSDA score for this action is neutral.

Action 7: Oversee pilot to improve engagement of employers and employability services with racialised minority communities. Includes work to support EQIA process among employers., improving 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

Although this action doesn't specify intersectionality, there are intersections between socio-economic disadvantage and racialised minority communities in Scotland. Median household incomes for those of Pakistani ethnicity, for example, have been some of the lowest in Scotland over the past decade, showing little signs of

progression. Further development, application, and engagement with the EQIA process has the potential to overlap with, or at least consider, socio-economic issues facing racialised minority communities. Furthermore, if the pilot is successful then there is potential it can be extended to FSDA's.

The provisional FSDA 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

If dissemination sessions incorporate intersectional analysis on the relationship between certain ethnic groups and socio-economic disadvantage, then this action has the potential to benefit those trying to enter or progress through the labour market.

The provisional FSDA score for this action is minor 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."

Where there is intersectionality between the two, the ethnicity pay gap reinforces certain dimensions of socio-economic disadvantage such as low income, low wealth, and material deprivation. If ethnicity pay gap reporting means that lessons are learnt by employers, and changes enacted as a result, then this action has the potential to benefit socio-economic disadvantaged groups.

The provisional FSDA score for this action is minor positive.

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

The impacts of the RAP action 3.4 are reflected here as the action is the same;

Establishing senior leadership networks (bearing in mind the decision-making authority they possess), with an understating of racism and racial inequality opens opportunity for ethnicity pay gaps and consequent socio-economic disadvantage to be targeted.

The timeframe for this action raises doubt on the scale that it can likely be implemented successfully. Establishing senior leadership networks that are knowledgeable, and crucially trusted by their fellow workers will take time, and the end of 2023 does not present a significant window to achieve this

The provisional FSDA 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 Right's Committee's inquiry report into race equality, employment and skills which recommended employers assess their organisations' understanding of racism and structural barriers; and those 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 impacts of the RAP action 3.4 are reflected here as the action is the same;

Engagement with public sector employers and supporting them to voluntarily record and publish their ethnicity pay gap could reduce socio-economic disadvantage. There is intersectionality of race, structural barriers and socio-economic disadvantage in Scottish society[67], however, the number or proportion of employees working in the public sector and who belong to all three categories is difficult to calculate.

The provisional FSDA score for this action is minor positive.

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.

This action sits within RAP action 2.2

Including anti-racist messaging that includes intersectionality in procurement and grant funding processes has the potential to significantly benefit socio-economic disadvantaged groups. This action has the benefit to minimise racism and socio-economic discrimination in the labour market, removing barriers to racialised minorities who experience difficulties when in or trying to enter employment.

The significance of the positive impact this action could have is dependent on the nature of intersectionality considered, whether it takes an inter-protected characteristic approach, or whether socio-economic disadvantage is focused on as well.

The provisional FSDA score for this action is minor positive.

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[67] Scottish Government (2022) Using intersectionality to understand structural inequality in Scotland: evidence synthesis. https://www.gov.scot/publications/using-intersectionality-understand-structural-inequality-scotland-evidence-synthesis/pages/5/

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

The impacts of the RAP action 3.4 are reflected here as the action is the same;

The impact of this action depends on the scale of coincidence between people who have one or more of the protected characteristics above, are from a low socio-economic background, and work for the Scottish Government. Although this action does not specifically target socio-economic disadvantage and there is limited data on the Scottish Government's employees socio-economic background[68], there is intersectionality between gender, disability, race, and age, and being from a low socio-economic background as outlined in the evidence base. An equal pay audit and consequent successful implementation and targeted changes to the Scottish Government's recruitment and retention policies has the potential to benefit people who are socio-economic disadvantaged.

The provisional FSDA score for this action is minor positive.

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[68] Scottish Government (2021) Diversity and inclusion of the Scottish Government workforce – 2021. https://data.gov.scot/workforce-diversity-2021/index.html

7. Conclusions

The refreshed RAP and ARES have the potential to highly benefit socio-economically disadvantaged groups. Primarily, increasing the provision of the real Living Wage and real Living Hours commitments will be effective tangible measures that can mitigate the negative impact of socio-economic disadvantage dimensions such as low income, low wealth and material deprivation.

Strengthening effective voice through appropriate channels can also mitigate socio-economic disadvantage by means not related to finances. Increasing employee participation, retention rates, confidence and knowledge are all potential consequences of employees' collective voice having representation and influence in the workplace. These impacts can be positive for socio-economic disadvantaged individuals who are often from a background unfamiliar with workplace progression and opportunities.

As outlined in the recommendations, a key method to increase the benefits of the RAP and ARES for socio-economic disadvantage would be to reference it explicitly in the actions, particularly those concerning intersectionality.

8. Recommendations

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

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.

Advanced consideration of intersectionality

The revised RAP and ARES have taken notable steps to improve consideration of intersectionality. As discussed throughout this assessment, socio-economic disadvantage is intrinsically intersectional as it implicates individuals, groups, and communities without characteristic-based discrimination. However, as also explored, there are certain groups of people who have an increased likelihood of being born into a low socio-economic background or becoming disadvantaged in relation to one or more socio-economic dimensions during their life.

It is highly likely that inclusion of actions specifically referring to socio-economic disadvantage, or intersectionality related to it, would result in improved understanding of who is affected and how. Resultant increased engagement, data analysis and dissemination related to socio-economic disadvantage would also help the Scottish Government to maximise the impact Fair Work can have by identifying priority action areas.

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 requirements of the real Living Wage and/or real Living Hours. 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. The impact of these businesses failing could be most acutely felt by those in lower socioeconomic positions.

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. Employer support networks, and dissemination of information regarding available grants, would be considerable steps to instil confidence that real Living Wage is 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 and the benefits being felt by those with lived experience of poverty.

Monitoring and evaluation

A robust monitoring and evaluation framework for this and Impact Assessment 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 is vital for measuring progress and will inspire confidence that tangible progress is being made to stakeholders.

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, improving 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 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.

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

C.1 National policy

C.1.1 Fair Work Framework[69]

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.

Table C-1: Five dimensions of Fair Work

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)[70]

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.

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,

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[69] Ibid1
[70] Scottish Government (2022). Scotland's National Strategy for Economic Transformation. Available at: https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/

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)[71]

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

- Gender balance in organisations

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[71] 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

- Employees on the living wage

- The number of businesses

- High growth businesses

C.1.4 Developing the Young Workforce: Scotland's Youth Employment Strategy[72]

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.1.5 Tackling Child Poverty Delivery Plan 2022-2026[73]

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.

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[72] 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-scotlands-youth-employment-strategy/documents/
[73] 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/

Table C-2: 'Best Start, Bright Futures' key actions

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
	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.1.6 Covid Recovery Strategy[74]

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, and continued disability and minority ethnic employment gaps, especially for minority ethnic[75] 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.

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

[75] 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.

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.1.7 Race Equality Framework for Scotland 2016 to 2030[76]

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 my 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 the Scottish Government will work in partnership with government agencies and key stakeholders to address opportunities for progress through six themed Visions.

Table C-1: Six themed Visions of the Race Equality Framework

Theme	Area of work	Vision
1	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.
2	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.
3	Participation and representation	Minority ethnic participation and representation is valued, effective, fair and proportionate at all levels of political, community and public life.
4	Education and lifelong learning	Everyone has the opportunity to learn in an inclusive environment without disadvantage in relation to racial inequality or racism.

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

5	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.
6	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 recognises 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.2 Partnerships

C.2.1 No One Left Behind[77]

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

In 2018, the Scottish Government 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 Plan[78], Shared Measurement Framework[79], the Scottish Approach to Service Design[80] and Fair Start Scotland extension[81].

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[77] Employability in Scotland (2022). No One Left Behind. Accessible at: https://www.employabilityinscotland.com/policy/no-one-left-behind/
[78] Ibid5
[79] Scottish Government (2022). Employability Shared Measurement Framework. Available at: https://www.employabilityinscotland.com/media/pgujxbke/for-publication-shared-measurement-framework.pdf
[80] Establishment of a lived experience panel to facilitate the gathering of user views and influence future service delivery - October 2020
[81] Scottish Government (2018). Fair Start Scotland. Available at: https://www.gov.scot/publications/fair-start-scotland/

C.2.2 Fair Start Scotland[82]

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 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.3   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.3.1 Covid

Covid-19 has had an impact on Scotland's health, economy, and society as well as progress towards Scotland's National Outcomes from the NPF.[83] Emerging and exacerbated labour market inequalities are likely to generate poverty and human right impacts relevant to the Fair Work and Business Outcome.

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:

- People in the most deprived areas are more likely to have died from COVID-19; families in those areas are more likely to have suffered bereavement due to COVID-19

- There have been greater negative impacts on the mental health of low income households than on higher income ones, particularly among women

- Covid-19 has had greater impacts on the learning and attainment of children from poorer backgrounds, and low-income families have been more challenged by financial and other demands of home schooling

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[82] Fair Start Scotland, Employability in Scotland. Available at:
https://www.employabilityinscotland.com/employability-services/fair-start-scotland/
[83] Scottish Government (2020). Scotland's Wellbeing: The Impact of COVID-19. Available at:
https://nationalperformance.gov.scot/scotlands-wellbeing-impact-covid-19

- There have been greater negative impacts on incomes and employment for low earners and those in unstable employment

- 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 racialised minority 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

- Lower income households faced challenges in home schooling through the financial impact of remote learning, especially in accessing digital technology

C.3.2 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.

C.3.3 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.[84]

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, the Scottish Government identifies 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 reflecting the results of a poll of 4,196 adults in Scotland undertaken between July and August 2022.

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[84] 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/

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.

Households' 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.

Appendix D Evidence and key issues

D.1 Socio-economic disadvantage overview

In broad terms, socio-economic disadvantage means living on a low income compared to others in Scotland, with little or no accumulated wealth, which can lead to greater material deprivation, and restricting the ability to access basic goods and services. Tackling socioeconomic disadvantage itself through minimising child and adult poverty is key for sustainable and inclusive economic growth. National trends indicate that income poverty disproportionally impacts groups who face existing structural disadvantages, including disabled people, women, and specific ethnic groups[85]. This can lead to poor health and wellbeing outcomes, and detrimentally affect the equality of opportunity a person experiences.

This sub-section summarises some of the key issues and evidence relating to socio-economic disadvantage in relation to the RAP and ARES. It is important to note that socio-economic disadvantage is a society-wide issue and those who face it are not one homogenous group. It is inherently intersectional and has the potential to affect individuals irrespective of their characteristics. Nevertheless, some protected characteristics do disproportionately face socio-economic disadvantage. For example, disabled people[86] (disabled women[87]), women, and certain racialised minorities groups[88]. This is also true for some communities of place where the location in which someone lives can contribute to socio-economic disadvantage being exacerbated, such as rural and island communities. This assessment has taken a holistic approach, aiming to identify intersectionality between socio-economic disadvantage, protected characteristics groups, and island communities.

D.2 Low income

Low income is a key driver of a range of negative outcomes and can be defined in multiple ways. Primarily, low income can be considered through the lens of poverty including:

- Relative poverty - individuals living in households whose equivalised income is below 60% of UK median income in the same year

- Absolute poverty - individuals living in households whose equivalised income is below 60% of inflation adjusted UK median income in 2010/11)[89]

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[85] Scottish Government (2022) Social and Equality Impact Assessment (SEQIA) – NTS Delivery Plan https://www.transport.gov.scot/media/52422/seqia-november-2022-nts2-delivery-plan.pdf
[86] Disability Rights UK (2020) Nearly half of everyone in poverty is either a disabled person or lives with a disabled person. https://www.disabilityrightsuk.org/news/2020/february/nearly-half-everyone-poverty-either-disabled-person-or-lives-disabled-person
[87] Kavanagh et al., (2014) Intersections between disability, type of impairment, gender and socio-economic disadvantage in a nationally representative sample of 33,101 working-aged Australians. https://pubmed.ncbi.nlm.nih.gov/25278487/
[88] The Centre for Social Justice (2020) Facing the Facts: Ethnicity and Disadvantage in Britain. https://www.centreforsocialjustice.org.uk/wp-content/uploads/2020/11/CSJJ8513-Ethnicity-Poverty-Report-FINAL.pdf
[89] Scottish Government (2019) Poverty in Scotland: methodology. https://www.gov.scot/publications/poverty-in-scotland-methodology/pages/poverty-definition/

- Persistent poverty - where households live in poverty for 3 years out of 4[90]

Since the pandemic, 4 in 10 households have become categorised as low income, the effect of which means people are going without essentials, are unable to pay utility bills, and no longer have the option to save money[91]. Figure 3-1 shows the change in percentage of people living in relative poverty since the mid-to-late 1990s in Scotland:
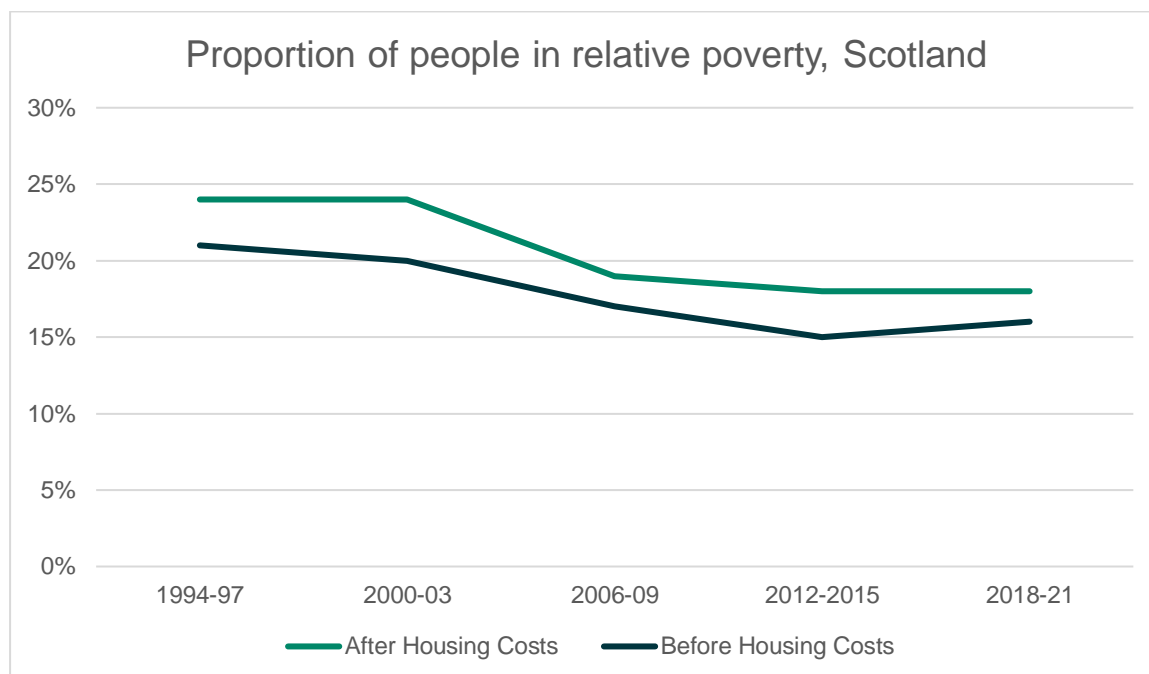
Proportion of people in relative poverty, Scotland

Figure 3-1 (Scottish Government, 2022)[92]

This highlights, while the most recent estimate is unreliable, the undoubted financial strain vast numbers of people in Scotland are feeling, proportions of people in relative poverty have increased slightly over the past 5 years, despite generally decreasing over time. While the most recent estimate of rates of absolute poverty are also considered to be unreliable, a longer-term decline can be demonstrated, as displayed in Figure 3-2:

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[90] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies. https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/pages/2/#:~:text=Defining%20'Socio%2DEconomic%20Disadvantage',access%20basic%20goods%20and%20services.
[91] Joseph Rowntree Foundation (2022) Poverty in Scotland 2022. https://www.jrf.org.uk/report/poverty-scotland-2022
[92] Scottish Government (2022) Poverty and Income Inequality in Scotland 2018-21 - analytical report. https://data.gov.scot/poverty/2022/#Poverty

Proportion of people in absolute poverty, Scotland

Figure 3-2 (Source, Scottish Government, 2022)[93]

Absolute poverty rates have fallen faster than relative poverty rates, likely due to targeted Government interventions, such as increased benefits provision for struggling families, as well as falling median incomes in recent years. Ultimately, these figures point to the complex nature of the driving factors behind socio-economic disadvantage, and that it is imperative not to oversimplify its causes and how it impacts different groups in different ways. For example, there is significant intersectionality between socio-economic disadvantage and gender given the gendered experience of poverty. Despite official statistics showing broadly similar rates of poverty between men and women, this is largely a function of looking at household poverty – in which women's and men's incomes can often be considered together as joint incomes. While poverty is measured at household level for good reason, because the living standard of an individual may depend on the income of other members of the household (say for example a non-working person may live with a high earning partner, with both having a high standard of living) there is also the potential to conceal key differences, not least women's lower pay, greater likelihood of part-time working and care responsibilities, and the gender pay gap.

Intersectionality of socio-economic disadvantage, poverty, and age is also key to consider – children are more likely to be in poverty across all measures compared to adults. Since the pandemic, a range of families at risk of poverty in Scotland have been identified through Best Start, Bright Futures, the Scottish Government's child poverty delivery plan, these include; single-parent households, families with a baby, and families with a young mother (under the age of 25). The financial strain of raising children can be detrimental to many households. In addition, the ongoing impacts of the pandemic and the current cost of living crisis is having effects on mental health for families. 69% of single parent families, and four in five families with a baby have reported a negative impact on their mental health[94]. Figure 3-3 highlights the

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[93] Scottish Government (2022) Poverty and Income Inequality in Scotland 2018-21 - analytical report. https://data.gov.scot/poverty/2022/#Poverty
[94] Joseph Rowntree Foundation (2022) Poverty in Scotland 2022. https://www.jrf.org.uk/report/poverty-scotland-2022

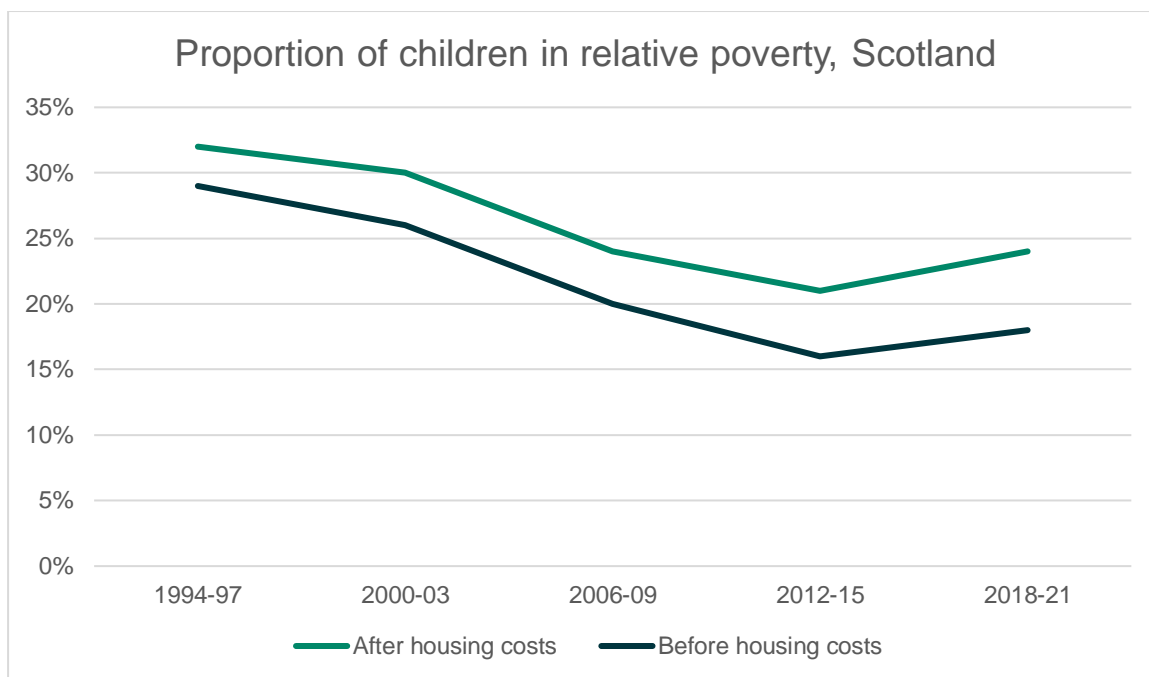proportion of children in Scotland experiencing relative poverty since the mid-to-late 1990s:

Figure 3-3 (Source, Scottish Government, 2022)[95]

Relative child poverty rates dropped to their lowest around 2012-15, but have been climbing since, the pandemic being the critical cause for this increase. Somewhat expectantly, the figure broadly reflects Figure 3-1 and the patterns seen in the relative poverty figures for Scotland as a whole.

When considering ethnicity, child poverty rates become even more disproportionately spread, in 2021 48% of Scottish children from racialised minorities were living in relative poverty[96]. These increasing proportions are also true for absolute child poverty as highlighted below:

[95] Scottish Government (2022) Poverty and Income Inequality in Scotland 2018-21 - analytical report. https://data.gov.scot/poverty/2022/#Poverty

[96] McNeill, K. (2021) How much of a priority are Black and minority ethnic children in tackling poverty? https://www.crer.org.uk/blog/how-much-of-a-priority-are-black-and-minority-ethnic-children-in-tackling-poverty
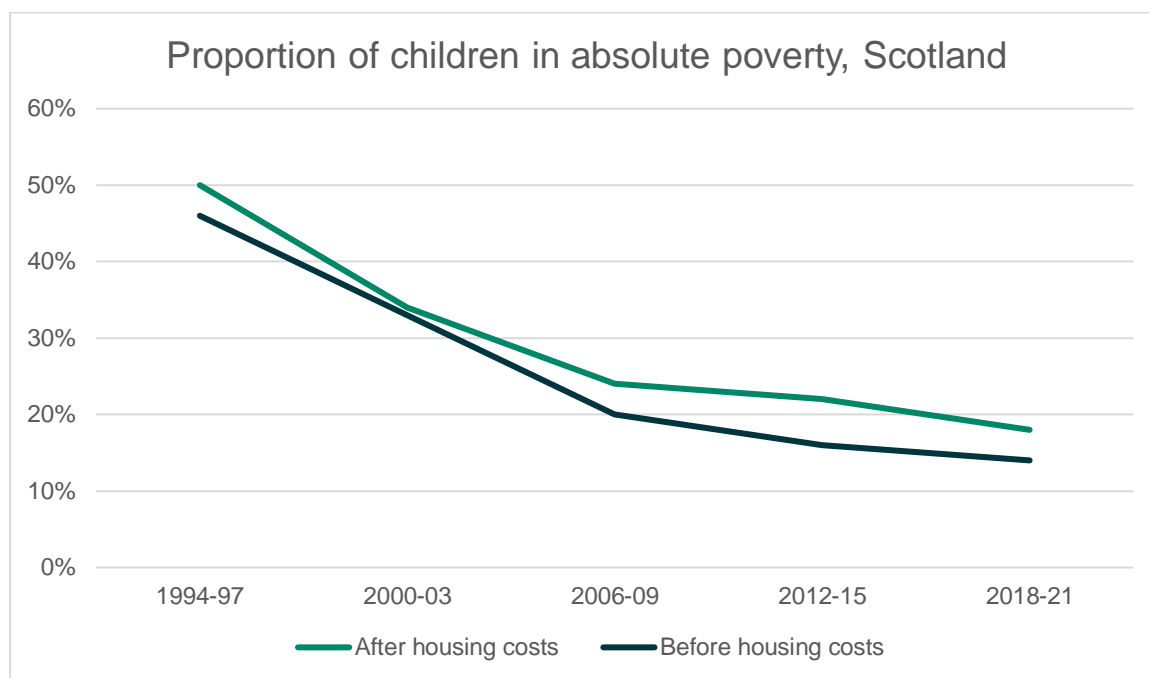
Figure 3-4 (Source, Scottish Government, 2022)[97]

Intersectionality of low income and ethnicity is also a common theme in the UK and Scotland. Between 2016/17 and 2018/19, people from Pakistani and Bangladeshi ethnic groups had the lowest median weekly household incomes (£334 and £365 respectively), while people from White and Indian ethnic groups had the highest (£518 and £538 respectively)[98]. Low incomes for racialised minorities can be due to lower wages, higher unemployment rates, higher rates of part-time work, and larger household sizes[99]

The above Figures highlight how efforts made to improve benefits, social security and labour market progression are being reflected in increasingly lower proportions of adults and children experiencing poverty. However, recent social upheaval threatens to jeopardise this progress, and indeed this has already begun to happen with some families experiencing economic difficulties leading to negative social outcomes.

D.3 Real Living Wage

The real Living Wage (rLW) is an hourly rate of pay established by the Living Wage Foundation which employers can voluntarily commit to. It is £10.90 across the UK, and £11.95 in London for people aged 18 or over. Unlike the UK Government's minimum wage ('National Living Wage' for over 23s – £9.50), the real Living Wage is the only wage rate independently calculated based on living costs. It is a voluntary base rate for employers who wish to go beyond the government minimum to demonstrate that they value their lowest paid staff. Living Wage employers pay all their directly employed staff aged 18 and over – as well as in scope regular third-party contractors – at or above the real Living Wage. It represents a means through

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[97] Scottish Government (2022) Poverty and Income Inequality in Scotland 2018-21 - analytical report. https://data.gov.scot/poverty/2022/#Poverty
[98] House of Commons Library (2020) Which ethnic groups are most affected by income inequality? https://commonslibrary.parliament.uk/income-inequality-by-ethnic-group/
[99] Runnymede Trust (2020) The Colour of Money. https://www.runnymedetrust.org/publications/the-colour-of-money

which the poorest families and households in Scottish society may avoid poverty and the associated stressors it can cause.

At present, according to the Employer Directory in Scotland there are 1,649 real Living Wage employers, with concentrations seen in large cities such as Edinburgh and Glasgow.[100]

Research from the Living Wage Foundation (2017) revealed that out of the 840 employers surveyed across the UK (201 in Scotland) who pay their employees the real Living Wage, 75% reported an increased motivation and retention rates of employees and a 25% drop in absenteeism.[101] The Living Wage Foundation (2017) also reported that 93% of students want to work for employers who pay at least the real Living Wage.

Social Enterprise Scotland has also demonstrated the potential outcomes of paying the real Living Wage:[102]

- Over 57,000 workers currently employed by over 2,800 Living Wage employers in Scotland will receive a welcome pay boost because of the new rate; and

- As a result of rate increase, a full-time worker on the real Living Wage will earn £1,950 a year more than their current pay.

Figure 3-5 below reveals the percentage of employees (18+) earning at least the real Living Wage in Scotland between 2012-2022, across all employees, public sector employees, private sector employees and employees within not for profit or mutual organisations.

Between 2012 and 2020, records for all employees (18+) reveal that 9.8% more employees were paid at least the real Living Wage by 2022 and 14.6% in the private sector. While only 1.1% more employees (18+) in the public sector were paid the real Living Wage or more by 2022.

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[100] Living Wage Scotland (2022). Employer Directory. Available at:
https://scottishlivingwage.org/employer-directory/
[101] Living Wage Foundation and Cardiff University Business School (2017). The Living Wage Employer Experience. Available at:
https://www.livingwage.org.uk/sites/default/files/Cardiff%20Business%20School%202017%20Report.pdf
[102] Social Enterprise Scotland (2022). The real Living Wage rate rise – Key facts. Available at:
https://socialenterprise.scot/the-real-living-wage-rate-rise-key-facts/

Data for the third sector is only available for 2015-2022, during which time a further 10.4% of employees (18+) earnt the real Living Wage or more.

Figure 3-5 (Source, Scottish Government, 2021) [103]
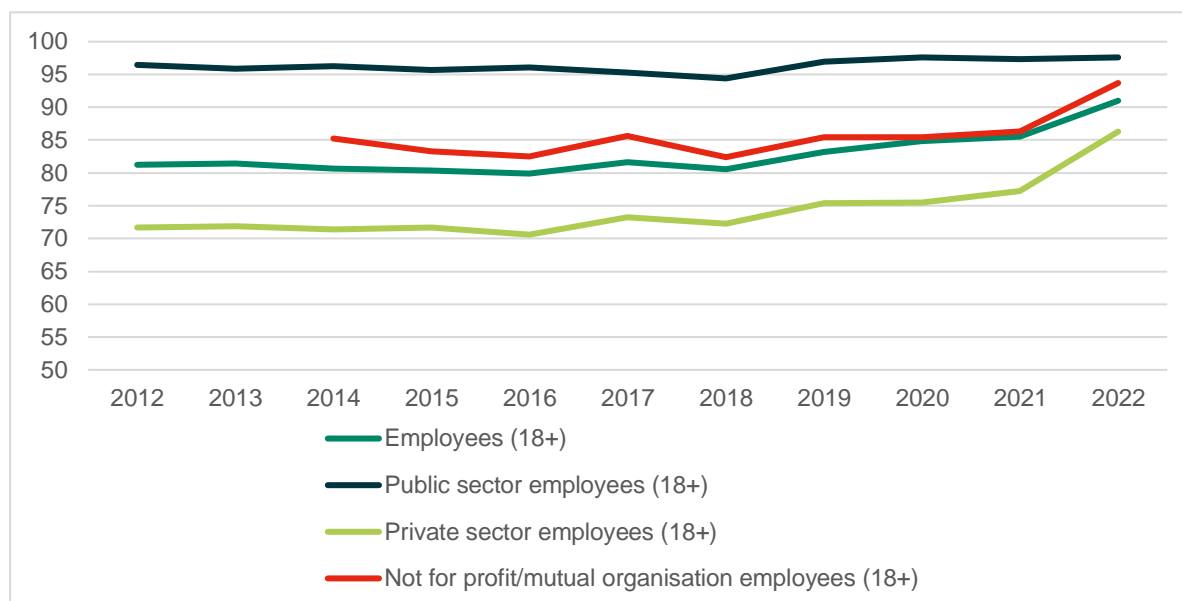
D.4 Zero Hours Contracts

A zero-hour contract exists when an employer is not obliged to provide employees with a minimum number of working hours. Between 2018-2019, statistics showed that the number of people working zero-hour contracts grew by 10% to over 70,000, however, the UK government as well as Scottish groups such as Citizens Advice Scotland have become increasingly conscientious of the potential negative implications zero-hour contracts can have. For people from a low socio-economic background, uncertainty on working patterns and when income can be expected can lead to stress and financial difficulties[104].

Inappropriate use of these contracts can instil distrust, insecurity and low performance and productivity in the workforce.[105] Employees require regular work to secure a consistent income stream to fund financial commitments. This ultimately reduces stress surrounding monies and increases focus on productivity.

Thereby, the benefits of excluding the use of zero hours contracts include:

- Lower staff turnover and recruitment expenses;

- Lower rates of staff absenteeism because of reduced stress levels;

- Increased productivity; and

- Improved employer reputation.

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[103] Scottish Government (2022). Annual survey of hours and earnings: 2022. Available at:
https://www.gov.scot/publications/annual-survey-of-hours-and-earnings-2022/
[104] Walker, L. (2019) Rise in Scots working on 'insecure' zero-hours contracts leading to stress and financial difficulties. https://www.scotsman.com/news/politics/rise-scots-working-insecure-zero-hours-contracts-leading-stress-and-financial-difficulties-1402201
[105] Scottish Business Pledge (2022). No Inappropriate Use of Zero Hours Contracts. Available at:
https://scottishbusinesspledge.scot/pledge-elements/zero-hour-contracts/

No inappropriate use of zero hours contracts is included in the Scottish Business Pledge to encourage employee's contribution to Scotland becoming a leading Fair Work Nation.

While disaggregated data for Scotland is not available, the percentage of people in zero hours contract employment in the UK has been on the rise since 2011 from 0.6% to 3.2% in July-September 2022 (as shown in figure 3-6).
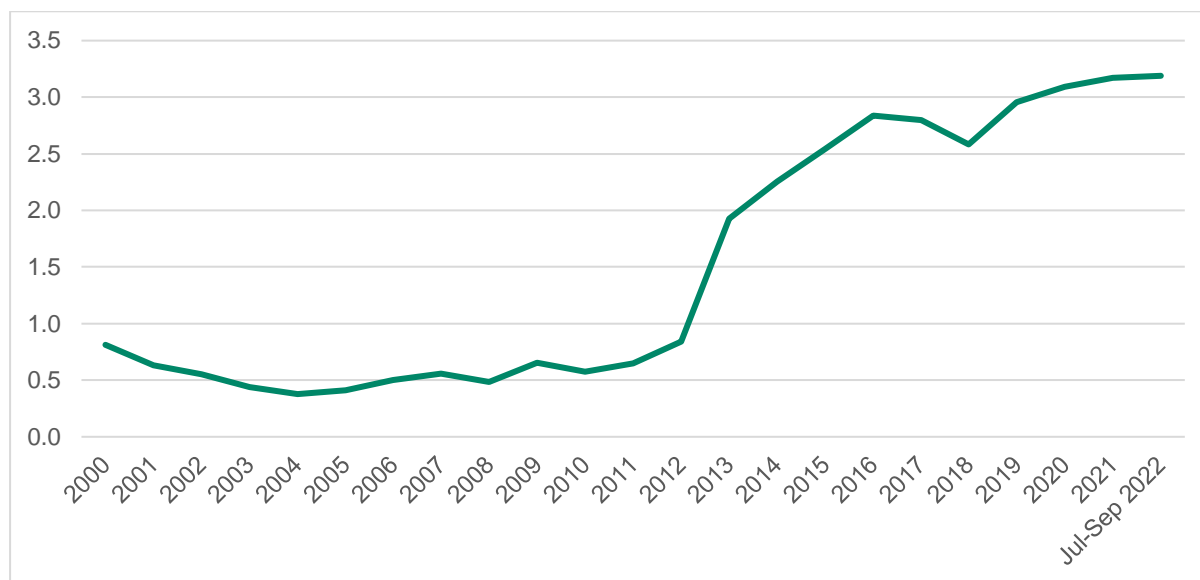

Figure 3-6 (Source, Office for National Statistics, 2022) [106]

D.5 Low / no wealth

Access to wealth is a key factor that can protect people from socio-economic disadvantage. Conversely, lack of or no wealth is a driving factor behind generational socio-economic disadvantage. Wealth refers to an individual or group's money and/or material assets that have built up over time (Public Health Scotland, 2021). For example, financial products, assets, equity from housing, and pension savings. Accessible savings can help households deal with problems that arise on a day-to-day basis.

Certain households are more likely to have above average wealth, for example pensioner couples, married couples, and households with degree-level qualifications. Whereas lone parent households, those in social rented housing, and households where the household reference person is unemployed or economically inactive tend to have below average wealth.

The latest Scottish data available on wealth was collected between 2018-2020, prior to the first national COVID lockdown. The exact impact of COVID on wealth and debt is therefore difficult to adjudicate at this stage, however, it is unlikely that pre-existing disparities in wealth were remedied over the course of the pandemic. In 2018-2020, a typical Scottish household had £214,000 of total wealth, which represents a broadly similar median figure to 2006-2008 when data collection began, as Figure 3-7 highlights:

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[106] Office for National Statistics (2022). EMP17: People in employment on zero hours contracts. Available at:
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts
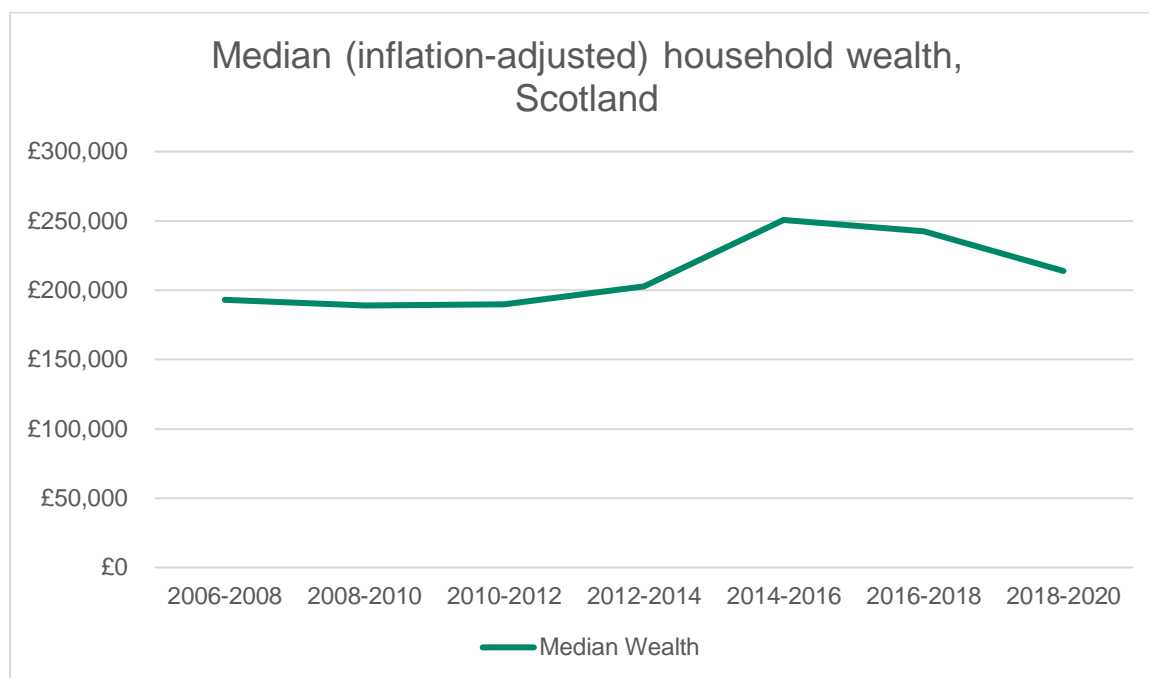
Median (inflation-adjusted) household wealth, Scotland

Figure 3-7 (Source: Scottish Government, 2022)[107]

Moreover, the distribution of wealth in Scotland is highly unequal with the wealthiest 2% of all households having 18% of the nation's wealth. Conversely, the bottom 2% of households had less than 1% of the wealth. Disaggregating Scottish household wealth into deciles reveals the extent of disparity between the most and least wealthy - the top 10% of households having on average £1.7 million in total wealth, compared to the bottom 10% having £7,600. Further analysis reveals that, when assessing financial wealth alone (so, not counting physical wealth which includes property, belongings etc.), then the bottom 30% of Scottish households are in debt. The effect of low wealth is that it lessens the chances that future generations will be able to break the cycle of socio-economic disadvantage, as insufficient wealth is able to be passed on that will increase the likelihood of upward social mobility.

There is significant intersectionality between wealth and age. A younger household (age categorisation is based off the age of the adult with the highest income) is less likely to have much or even any pension or property wealth, with most wealth being made up of their belongings (physical wealth). Over the course of someone's lifetime, they will typically accumulate more wealth through paying off a property mortgage and acquiring pensions savings. Figures 3-8 to 3-11 highlight the median household wealth by type of wealth and age in Scotland (2018-2020):

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[107] Scottish Government (2022) Wealth in Scotland 2006-2022.
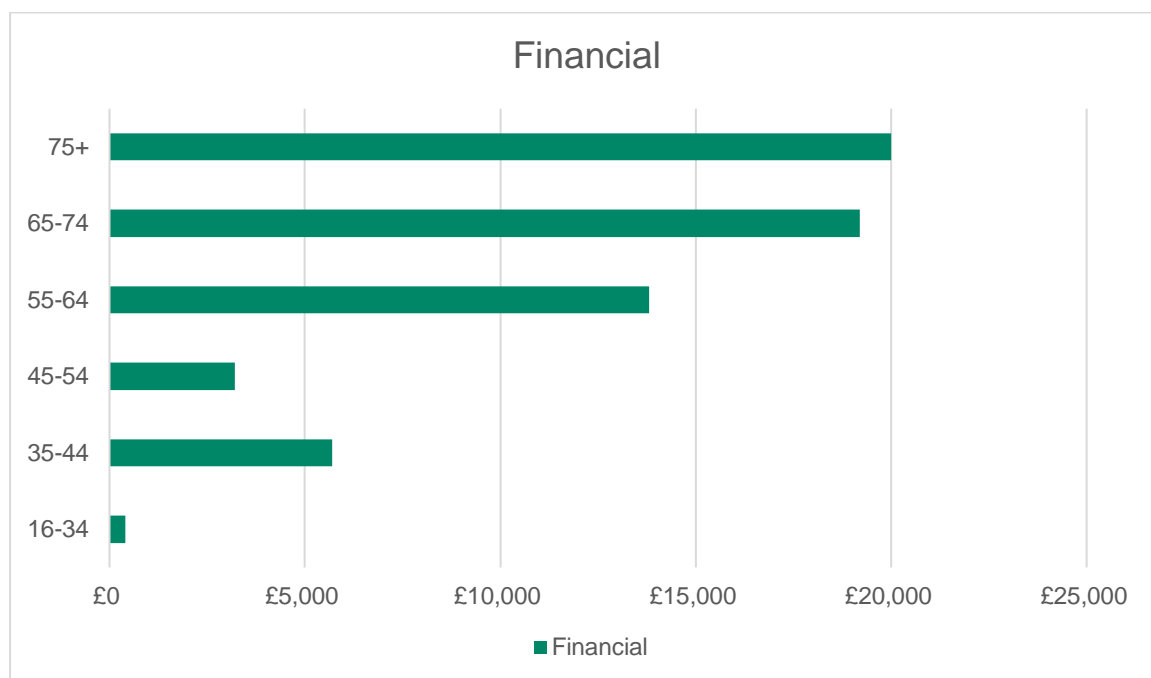https://data.gov.scot/wealth/#Key_points

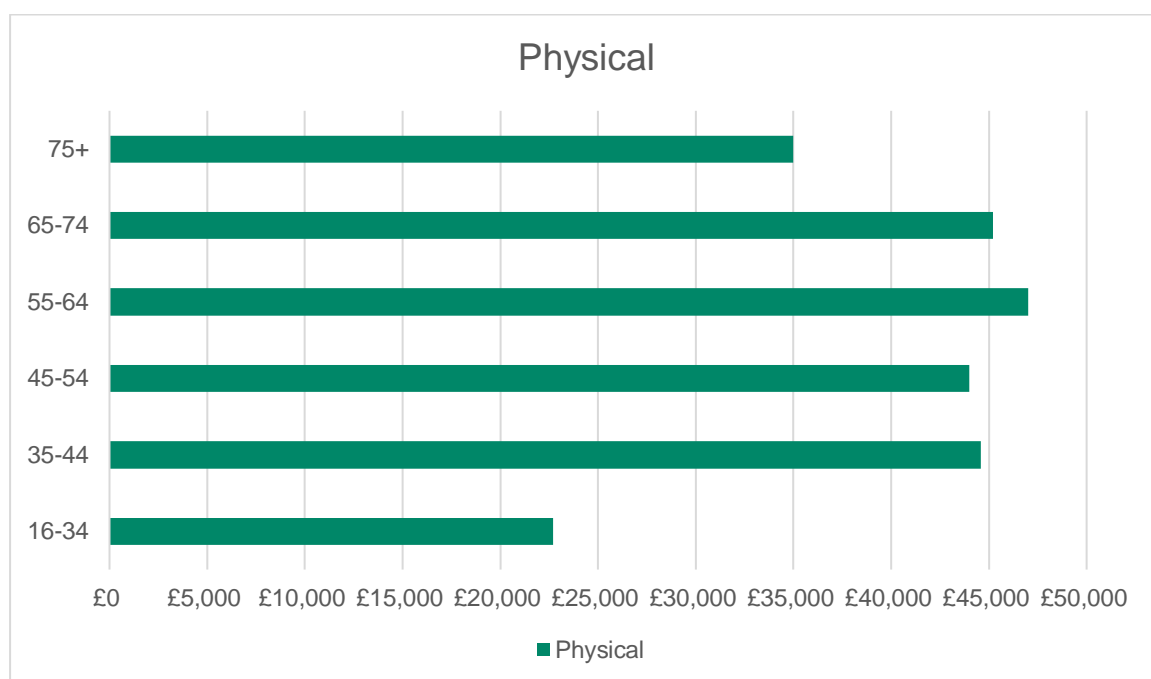*Figure 3-8: Median financial wealth by age category (Scottish Government, 2022)[108]*

Figure 3-9: Median physical wealth by age category (Scottish Government, 2022)[109]

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[108] Ibid(46)
[109] Ibid(46)

Property

Figure 3-10: Median property wealth by age category (Scottish Government, 2022)[110]
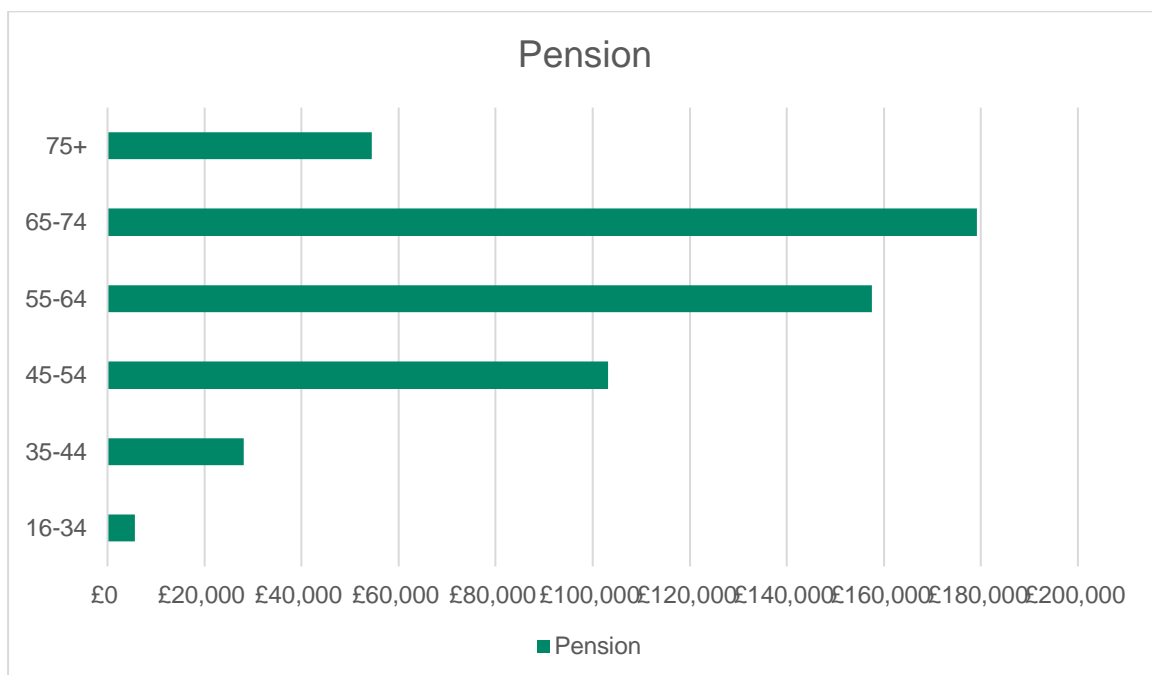
Pension

Figure 3-11: Median pension wealth by age category (Scottish Government, 2022)[111]
Particularly when young people are looking to develop their financial and physical wealth in the early part of their working life, payment of the real Living Wage may constitute a significant enabler towards these ends.

D.6 Material deprivation

Material deprivation is an additional way of measuring living standards and refers to the self-reported inability of individuals or households to afford goods and activities

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[110] Ibid(46)
[111] Ibid(46)

that are typical in society at a given point in time, irrespective of whether they would choose to have these items, even if they could afford them[112]. There is a key line of intersectionality between socio-economic disadvantage in the form of material deprivation, and children and pensioner households.

In terms of children, the pandemic exemplified how disadvantaged households may disproportionately suffer due to material deprivation. Reliance on remote working highlighted how disadvantaged children and young people, who lacked access to suitable working spaces, IT hardware and broadband services at home, found homework more challenging, and this then negatively impacted the pre-existing attainment gap.[113]

Material deprivation and low income are complexly linked. In fact, combined material deprivation and low income is used as a metric to measure child poverty in Scotland, the exact definition of this metric being 'living in a household with below 70% of median incomes in that year, plus whose parents want but cannot afford specific goods or services for their children or for themselves (such as a holiday away from home once a year, or bedrooms for every child aged 10+ of a different gender)'.[114] Some households will be on a low income but still have the basic necessities they need to get by. For example, they may have built up over time, or have family and friends to help them out. Contrastingly, some households will be unable to afford basic things despite having a higher income, this might be due to pre-existing debt, or if the household lead has recently started a new job after a period of unemployment. However, there are many cases where material deprivation and low income are not mutually exclusive, and severe child material deprivation, coupled with low income, has been on the rise over the last decade as highlighted by figure 3-12:

[112] DWP (2018) Households Below Average Income (HBAI) Quality and Methodology Information Report. https://www.gov.scot/publications/poverty-in-scotland-methodology/pages/material-deprivation/
[113] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies. https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/pages/2/#:~:text=Defining%20'Socio%2DEconomic%20Disadvantage',access%20basic%20goods%20and%20services.
[114] NHS Health Scotland (2019) Child Poverty: scale, trends and distribution in Scotland. https://www.healthscotland.scot/media/2607/child-poverty-scales-and-trends.pdf

Proportion of people who are materially deprived,
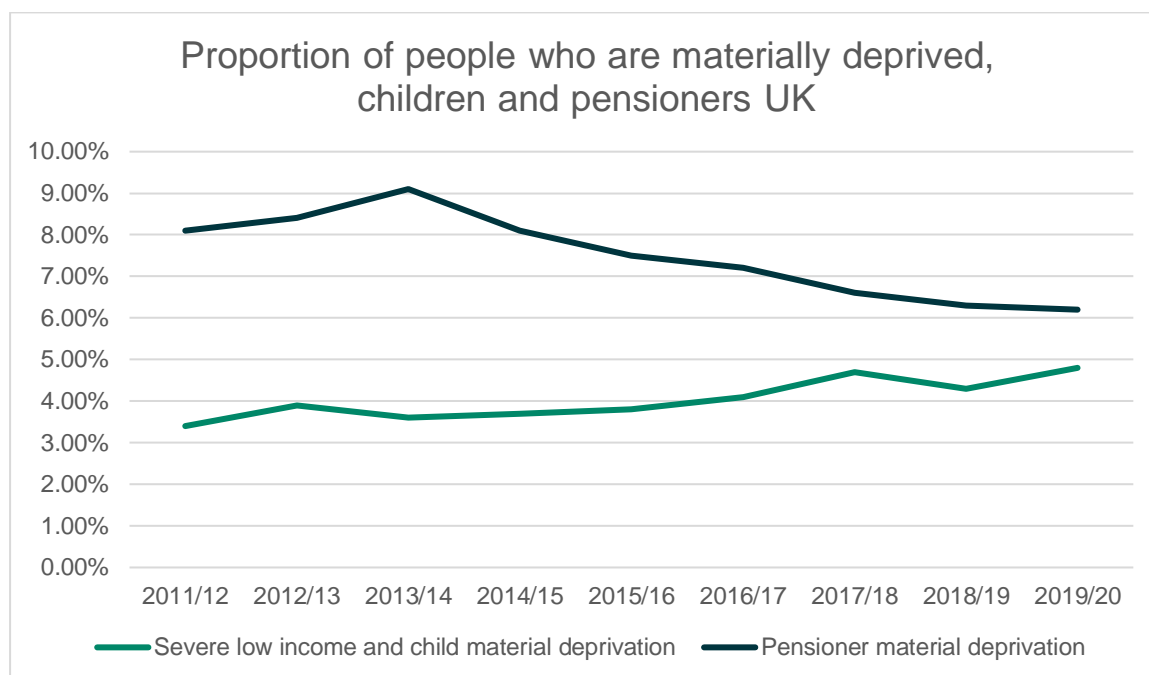children and pensioners UK

Figure 3-12 Source: (The Health Foundation, 2022)[115]

The declining proportion of pensioners experiencing material deprivation is likely a reflection of the declining proportions of people living in relative and absolute poverty in society.

There is also intersectionality between material deprivation and other protected characteristics groups. Black and minority ethnic families for example tend to have more children in the UK[116], which therefore means more resources are required to meet their basic needs. This factor coupled with the ethnicity pay gap[117] highlights the multi-faceted causes of socio-economic disadvantage, and that many families, or children born into those families, are pre-disposed to be potential adverse effects.

D.7 Area deprivation

Area deprivation refers to the possibility that living in a deprived area can exacerbate negative outcomes for individuals and households already affected by issues of low income. Those areas that have consistently been in the 5% most deprived in Scotland faces historic and ongoing socio-economic challenges. The Scottish Index of Multiple Deprivation presents a relative measure of deprivation across 6,976 small areas (called data zones). If an area is identified as 'deprived', this can relate to people having a low income, but it can also mean fewer resources or opportunities[118]. In Scotland, the least deprived area is in Stockbridge, Edinburgh, the most deprived area is in Greenock town centre. The area with the largest local share of deprived areas was Inverclyde, with 45% of data zones among the 20% most deprived areas in Scotland, Glasgow City has similar deprivation levels at 44%.

[115] The Health Foundation (2022) Trends in material deprivation. https://www.health.org.uk/evidence-hub/money-and-resources/persistent-poverty/trends-in-material-deprivation
[116] Thompson, K. (2015) Family diversity by ethnicity in the UK. https://revisesociology.com/2015/04/26/families-ethnicity-uk/
[117] Ethnic Solicitors Network (2022) Ethnicity pay gap: what you need to know. https://www.lawsociety.org.uk/topics/ethnic-minority-lawyers/ethnicity-pay-gap-do-we-really-need-it
[118] Scottish Government (2020) Scottish Index of Multiple Deprivation 2020. https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/

However, socio-economic disadvantage is not always experienced in neat concentrations of people in recognisable communities. For example, over half of people on low income do not live in the 20% most deprived areas in Scotland. In some instances, therefore, it is necessary to consider deprivation as it affects communities of place or communities of interest.

'Communities of place' refers to people who are bound together because of where they reside, work, visit or otherwise spend a continuous portion of their time. For example, people rural, remote and island areas face a particular set of circumstances which exacerbate disadvantage. Poorer people in those areas will have different experiences from better-off residents, but also from poorer people living in cities. Poverty is often hidden in smaller, rural, and/or island communities; cost of living and accessibility of transport, education, and employment impact more negatively on rural populations. According to research done by the Highlands and Islands Enterprise, an economic and community development agency for the north and west of Scotland, budgets that households need to achieve a minimum acceptable standard of living in remote rural Scotland are typically 10-40 percent higher than elsewhere in the UK. This premium is greatest for single people and families supporting children.[119]

'Communities of interest' can refer to groups of people who share an experience. For example, consideration of the impact of strategic decisions on people who have experienced homelessness, or the care system, may help develop a deeper understanding of possible socio-economic impacts. Those who share one or more of the protected characteristics listed in the Equality Act 2010 can also be considered communities of interest. Those who share an identity – for example, lone parents – can similarly be communities of interest too.[120]

D.8 Socio-economic background

Socio-economic background represents a mechanism by which disadvantage can persist across generations, essentially it refers to the structural disadvantage that can occur due to a parent's education, employment, and income. Low socio-economic background can be a causal factor behind higher rates of student absenteeism and low educational attainment[121], poor physical and mental health[122][123], and lack of social mobility[124]. In terms of education and social mobility, low socio-economic background can result in lesser networking opportunities, lack of

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[119] The Highlands and Island Enterprise (2016) A Minimum Income Standard for Remote Rural Scotland. (2016) https://www.hie.co.uk/research-and-reports/our-reports/2016/november/30/a-minimum-income-standard-for-remote-rural-scotland-a-policy-update/

[120] Scottish Government (2022) Fairer Scotland Duty: guidance for public bodies. https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/pages/2/#:~:text=Defining%20'Socio%2DEconomic%20Disadvantage',access%20basic%20goods%20and%20services.

[121] Klein, M. et al. (2020) Socioeconomic Inequalities in School Attendance in Scotland. https://pureportal.strath.ac.uk/files/107303630/Klein_etal_UoS_2020_Socioeconomic_Inequalities_in_School_Attendance_in_Scotland.pdf

[122] Kelly et al., (2005) Effect of socioeconomic status on objectively measured physical activity. https://adc.bmj.com/content/91/1/35

[123] Martin, J. (2014) Impact of socioeconomic deprivation on rate and cause of death in severe mental illness. https://link.springer.com/article/10.1186/s12888-014-0261-4

[124]Social Mobility Commission (2022) State of the Nation 2022: A fresh approach to social mobility. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084566/State_of_the_Nation_2022_A_fresh_approach_to_social_mobility.pdf

knowledge around employment opportunities, and reduced confidence in one's own abilities.

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