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Mr Matthew Taylor

Email: modernemploymentreview@beis.gov.uk

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Dear Mr Taylor

I am delighted that the UK Government has invited you to prioritise research into Employment Practices in the Modern World. The Scottish Government welcomes the independent review as we are also keen to explore the opportunities presented and the barriers to growth in this area. One of the key considerations of the review must be the rights of workers throughout the UK.

While the scope of your review refers to the 'gig economy', the Scottish Government considers the term 'collaborative economy' to be more representative of the range of new and emerging business models. Furthermore, 'collaborative economy' is the term which is most widely used by the EU.

The Scottish Government recognises the significant benefits that the collaborative economy offers to consumers including lower prices, greater choice, and better services. However, there must be a balance between encouraging competition and ensuring sufficient and proportionate regulation, as one size does not fit all.

The review is being undertaken at a crucial time for workers in the UK. The shape and character of the labour market has changed significantly and continues to evolve: partly due to the emergence of new business models and partly due to changing demographics including our ageing population.

The review must also take cognisance of vote on EU membership and the impact this will have on the UK's workforce. The Scottish Government is clear that the rights of workers, much of which are underpinned by EU legislation, must be fully protected when the UK has withdrawn from the EU.

The Scottish Government's views on modern employment practices reflect our approach to the wider economy, that is, there must be a clear focus on increasing competitiveness and tackling inequality.

Scotland's Economic Strategy sets out an overarching framework of how we aim to achieve a more productive, cohesive and fairer Scotland. It prioritises boosting investment and innovation, supporting inclusive growth and maintaining our focus on increasing internationalisation. Throughout the Strategy, there is a clear focus on the mutually reinforcing objectives of increasing competitiveness and tackling inequality.

We believe in this strategy not just because it ensures better social outcomes but because there is growing international evidence that countries with more equal societies typically enjoy stronger, more sustainable economic growth over the long run. This is backed up the OECD's estimate that between 1990 and 2010, rising inequality in the UK reduced growth by 9 percentage points.

Building on the Economic Strategy, our Labour Market Strategy demonstrates how a labour market that is fair and inclusive and that provides sustainable and well-paid jobs is key to tackling income inequality and addressing wider social and economic issues including health, crime, deprivation and social mobility. It sets out a vision for:

"a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families".

The strategy demonstrates the action we are taking to ensure that every person, regardless of background, has the opportunity to develop the skills required to participate successfully in the labour market both now and in the future.

I understand that you are touring the country as part of the review's evidence gathering process and I am pleased that the Fair Work Convention will be hosting your visit to Scotland. There are some substantial differences between the character of the labour market in Scotland and the rest of the UK, not least in how we approach our relationships with trades unions, therefore, speaking with workers, employers and also unions in Scotland, will be vital to your review.

The Scottish Government is committed to creating a culture of fair work and to achieve this we have established the independent Fair Work Convention whose vision is for their Fair Work Framework to be embedded in all workplaces in Scotland by 2025. We are working closely with the Convention to drive change and to promote fair work through engaging in a new type of dialogue with employers, employees and trade unions.

I believe that the Convention will therefore be able to offer valuable insight and advice during the review process and I am sure that you will recognise the dimensions of fair work which they set out in their framework as those which must underpin a strong, inclusive economy.

In addition to the Convention's assistance, I would welcome the opportunity to discuss with you the Scottish Government's approach to fairness and inclusive growth as set out in our Economic and Labour Market Strategies, including our promotion of Fair Work, which I believe is critical to achieving sustainable employment for all workers regardless of employment status, sector or location.



KEITH BROWN

