

Working Together Review

Progressive Workplace
Policies in Scotland



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Further information can be found at <http://www.scotland.gov.uk/Topics/Business-Industry/Workingtogether>

Foreword

I am delighted to publish the Report of the Working Together Review.

The Review is firmly based on the very clear remit that the Scottish Government gave me and my fellow Review members. It was to work with trade unions, private and public sector organisations, academics and the Scottish Government itself to help identify and share policies, insights and methods needed to support the development of more collegiate working environments with a focus on measures that would optimise the relationships that link trade unions, employers and Government.

The Scottish Government specifically asked us to identify:

- opportunities for innovation in the workplace which will enhance productivity, workplace development and build a more secure and resilient labour market;
- existing good practice, the benefits good workplace relations deliver and how these might be more widely adopted and secured;
- opportunities to promote collective bargaining, workplace democracy, diversity and equality - including the participation of women.

In fulfilling the remit, we have taken evidence from a wide variety of interested parties, including private and public sector organisations, trade unions, academics and others, all linked by a desire to improve industrial relations and organisational effectiveness.

That process has been challenging and demanding, particularly in a short timescale, and hence I would like to express my deep thanks to the Review members for their time, unstinting effort and principled perspectives and also to everyone who has contributed their time and expertise and shared their own experience in sustaining the wider dialogue to inform our recommendations.

The evidence we have received has been unfailingly valuable, well researched and highly consistent: converging on the need for continuing collaborative conversations at both national and organisational levels as well as practical measures to establish mutual trust and deliver mutual benefits including better workplace conditions and a better understanding of the impact of the workplace on Scottish lives and Scottish society.

In reading the report, you will see that we have tapped into a great deal of valuable "Scottish evidence" of active engagement involving management, unions, and employees which offers enlightening insights into how constructive engagement has evolved and is sustained, as well as valuable lessons about successes and challenges from home and abroad.

This all combines to provide a broad base of evidence pointing strongly to the beneficial results generated through purposeful, honest and constructive collaboration between management, unions, employees and workers, collaboration that can produce materially better results, higher levels of personal fulfilment and fairer and more inclusive practice. Indeed, there is material evidence from several sources that this approach consistently outperforms approaches where the direct

aim of lower costs and/or higher profits often have negative unintended consequences, causing harm to the interests of most, if not all, stakeholders and exporting costs to the public purse.

The Review Group wants to see many more private and public organisations achieve increased cohesion and better results, through unions and employers working together, supported by Government. However, we also know that this will only happen when they embark on a way of working that has to include:-

- an open-ended commitment to common-unifying goals that support the legitimate needs of all stakeholders and the ability of the organisation to endure, grow and be valued by all concerned;
- a clear determination to fulfil the purpose of the organisation by constantly seeking to improve its ability to meet the needs of those it serves;
- open-ness and inclusion by all, and higher levels of involvement of employees in the direction of the organisations and in the nature of work; involving workers in deciding how work is designed and handled, and increasing the levels and quality of engagement between managers and workers;
- fairness, ethics and respect for the interests of others; and
- a combined determination to compete, change, evolve, improve and thrive.

In addition, it is self-evident that fulfilling the remit of this Review and the prize of more effective, constructively-engaged, purposeful and fairer workplaces in the real world will require perpetual effort; including the constant vigilance needed to avoid complacency and its negative consequences.

We therefore recognise that nationally, as well as at the level of individual organisations, the issues addressed in this report and the goal of more collegiate workplaces must be the subject of continuing purposeful dialogue involving all valid stakeholders at all levels to build goodwill, identify new methods and release the combined effort required to succeed.

In creating the right climate to make that possible, we also recognise that Scotland will need Government, trade unions, employers, employees, workers and academics to work more effectively together with a shared focus on improving the overall strength and well-being of many more Scottish workplaces and Scottish civic society as well as benefiting the specific interests of those to whom they are each responsible.

The Report calls for a more complete approach to optimising our workplaces, including learning from some of our European neighbours, recognising the relevance and value that can be delivered by all parties and the gains that can accrue from focussing on common interest, respecting areas of conflicting interest, finding common cause, setting shared goals, addressing everyone's legitimate interests and sharing the returns that arise from joint constructive endeavour.

Our Report and recommendations are very much a function of collective effort by the Review members. They are our attempt to make it easier for everyone in Scottish workplaces to understand that ethics, professionalism and high-performance are compatible and indeed necessary pre-requisites to creating more fulfilling and rewarding workplaces.

On a personal note, I am deeply grateful for this opportunity to work on such worthwhile issues with an immensely able and motivated group of people; members and secretariat; from whom I have learned so much.

In recent years, I have thought deeply about the matters at the core of our remit and that has forced me to read widely and do my own research. Increasingly that meant that I was somewhat overdue in making my own contribution to the debate. So, I hope that this Report helps to rectify that omission in a most constructive way because it is better and more comprehensive than any solo effort could have been.

The work of the last six months has challenged and changed my own thinking in the light of both new evidence and other perspectives and blended it with other valid ideas and insights. As a result, I now hope that this Report and the ideas, research, literature and, crucially, organisational practice that it drew on, helps to fuel and elevate a wider live debate in Scotland such that our recommendations are tested, applied, developed and augmented in response to whatever economic and social challenges we face in future.

The need is pressing: compassion, common sense and posterity require that we dramatically reverse the increasing inequalities that blight the lives of so very many of our citizens. We can do this by learning from the many high performing countries, private and public sector organisations that have adopted the approaches advocated in this report. In doing so, we will expand the pervasiveness of constructive industrial relations needed to create gains for all. And doing so will help us to face all future challenges with the confidence that our most important resources – our people – are being given every opportunity to realise their – and our – fullest potential.

Jim Mather

Chair
Working Together Review

Executive Summary

In February 2014 the Scottish Government commissioned this independent review of progressive workplace policies and practices in the public and private sectors in Scotland, focusing on measures that would optimise the relationships that link trade unions, employers and Government, and make recommendations on:

- opportunities for innovation that would enhance productivity, workplace development, and labour market security and resilience;
- what constitutes good practice, the principles that underpin it, the benefits it delivers, and how it might be more widely supported, adopted and secured;
- opportunities to promote collective bargaining, workplace democracy, diversity and equality, including specifically the participation of women.

The context for the Review included positive economic trends and a belief that Scotland benefits from generally good industrial relations, but also a recognition that while Scotland's productivity is on a par with the UK as a whole, UK productivity lags behind the G7 average.

The Review Group carried out a series of workplace visits and interviews with trade unions, employees and employers. Further to this, consultation was undertaken with a range of academics and third-sector organisations. Finally, an 'open space' event was held, whereby individuals from all sectors were invited to give their views on industrial relations in Scotland and provide feedback on the Review Group's emerging thinking. We are confident that this approach has furnished the review with a range of perspectives and opinions about positive industrial relations in Scotland.

Through this work the Review Group identified a shared ambition to embed progressive workplace practices to boost innovation and productivity and deliver successful organisations, sustainable business and economic growth, high-quality jobs and a more equitable society.

The Review Group has become convinced that that the economic and social challenges and opportunities facing Scotland are more likely to be addressed successfully in an environment where unions play their full part.

Based on the evidence gathered by the Review Group, it is clear that many unions, employees and employers are already reaping the benefits of working together to construct their own business or sector specific models of modern, co-operative industrial relations. To build on that success the Review Group has identified four key themes for action. They are:

- investing in the capacity of union members and staff - and enhancing employer capacity in the same way - to deliver economic, social and civic benefits;
- investing in dialogue and communication about fair work to achieve a broader and deeper recognition of the benefits that accrue from unions and employers working together, and a shared commitment to progressive workplace policies;

- fostering real opportunities for unions, employees and employers to work together which embeds these values more systematically and maximises the benefits of shared knowledge and distributed leadership;
- a willingness to resource, evidence, share and learn from what works.

The 30 recommendations of the Review Group are:

Developing Capacity and Capability in Industrial Relations

- 1) The Scottish Government should continue to support the development of union-led learning through Scottish Union Learning (SUL) and its Development and Learning Funds and publicise the benefits of those. The Scottish Trades Union Congress (STUC), Skills Development Scotland (SDS), and the Scottish Funding Council (SFC) should agree an approach that ensures that union-led learning fulfils its full potential in addressing Scotland's workplace and workforce development challenges.
- 2) Training for union representatives (shop stewards; learning reps; health and safety reps) provided through further education colleges should be funded through a fee remission arrangement.
- 3) The Scottish Government should work with the STUC and public sector unions to introduce trade union Equality Representatives into Scottish public sector workplaces. Equality Reps should be given access to appropriate training and facility time to perform this role effectively.
- 4) The Scottish Government should work with the STUC and public sector unions to introduce Environmental (green) Representatives into Scottish public sector workplaces. Environmental Reps should be given access to appropriate training and facility time to perform this role effectively.
- 5) The STUC/TUC Education in Scotland should work collaboratively with appropriate providers to develop a Union Leadership Development Programme to enhance the capacity of current and future union leaders.
- 6) A trade union environmental workplace fund should be created to support the development of union capacity on sustainable workplace issues and to support relevant workplace projects.

Supporting Fair Employment

- 7) The Scottish Government should continue to emphasize the significance of Scotland's trade union movement, the valuable part which unions can play in building economic success, and the value of union facility time in delivering effective industrial relations.
- 8) The Scottish Government should assign responsibility for industrial relations to a single Cabinet-level Minister. At present, different aspects rest within different ministerial portfolios.

9) The Scottish Government and the STUC should regularly review their Memorandum of Understanding and seek ways of improving the engagement between unions and Government and its agencies.

10) The Scottish Government should explore with the STUC how the 'social dialogue' approach encompassed in the Memorandum of Understanding can be expanded to involve employers in Scotland, recognising that enduring social dialogue will not exist unless the employer pillar is representative, consistent and committed to working together to achieve agreed objectives.

11) A fair employment framework should be developed through a stakeholder body (see recommendation 14), and it should be promoted across private, public and third sectors. The framework should be based on 'what works' principles and should clearly define the responsibilities of unions, employers, employees and workers. The framework should seek to provide support for diversity in the workplace with particular regard to women and young people.

12) For the last ten years NHS Scotland has operated a model known as staff governance and embraced its own version of partnership working. Further work should consider whether this construct might translate across to other sectors and how this or other forms of collaborative working might generate higher levels of trust and co-operation in industrial relations.

13) The Scottish Government, local authorities and the STUC should engage appropriately to expand the reach of the Determined To Succeed / Better Way To Work - Unions into Schools and Colleges initiative and should ensure that unions are fully involved at strategic and operational level in the implementation of the recommendations of the Commission on Developing Scotland's Young Workforce.

Opportunities for Constructive Union and Employer Leadership

14) The Scottish Government should establish a stakeholder body with representation from trade unions and private/public/third sector employers. The body should be supported by relevant experts in the field of industrial relations and operate with an independent secretariat.

15) The purpose of this body would be to provide leadership on Scottish industrial relations matters and fair work. The group would encourage the development of constructive industrial relations in a range of different sectors and workplaces. It would also seek to increase dialogue between unions, employers, public bodies and Government departments.

16) Amongst other things, the body would provide a framework to develop joint training for unions and management on strategic organisational development matters.

17) The body would explore the potential to extend collective and sectoral bargaining in Scotland and seek to increase levels of workplace democracy across the private, public and third sectors in Scotland.

18) The body would also promote the introduction of Equality and Environmental (green) Reps into Scotland's workplaces and prepare and disseminate guidance for

their operation including recommendations on facility time and time off for training (see recommendations 3 and 4 above).

19) The stakeholder body should work with business leaders, relevant agencies and professional bodies to benchmark and promote effective and professional people management practices including industrial relations based on recognised good practice.

20) The stakeholder body should be a vehicle through which unions and employers can assess, distil and promote evidence of the most effective industrial relations practice.

21) The Scottish Government and Scotland's Public Sector should use powers of procurement to encourage progressive industrial relations practices and behaviours in the private and third sectors. This would include the requirement for private and third sector enterprises to evidence what steps they take to ensure fair and effective industrial relations, and commitment to the concept of a living wage, workforce and workplace development and the promotion of workplace equality.

22) All Industry Leadership Groups (or ILGs and official bodies established to provide strategic leadership and advice to industry/public sector in Scotland) and public sector bodies should be required to establish fit-for-purpose vehicles to formally engage with unions on employment, workplace and workforce development matters.

23) All public sector bodies should be required to include a section in their annual report on their approach to industrial relations and the impact that has had on workplace and workforce matters.

24) The Scottish Government should legislate to ensure that there is effective worker representation (from representative trade unions) on the board of every public sector body; a role tasked with representing worker interests. In so doing the Government should have in mind the need to increase the number of women on the Boards of public sector bodies. The role should be afforded status equivalent to a non-executive director and the individual(s) should be furnished with all the necessary business information, training and development to engage in a meaningful manner with other board members and executives.

25) The Scottish Government and the Public Appointments Commissioner should work with the STUC and the Equalities and Human Rights Commission (EHRC) to develop a strategy and action plan to increase the number of board members on public bodies from a trade union background with due regard to the Scottish Government commitment to diversity and its specific emphasis on rebalancing female participation.

26) The Scottish Government and the STUC should work together to ensure that sufficient support is available to ensure that unions are engaged with the range of workplace and workforce initiatives taking place in Scotland including the Scottish Leaders Forum work on public service workforce development and industrial engagement; the work on leadership being led by Scottish Enterprise; the work of

Investors In People and the Workplace Innovation Consortium being led by Strathclyde University.

An Evidence-based Approach to Constructive Industrial Relations

27) The stakeholder body should administer an Industrial Relations Modernisation Fund to encourage unions and employers to develop innovative approaches to industrial relations in Scotland.

28) The Scottish Government should consider investing in an Industrial Relations Learning Academy which would be set up with the express purpose of designing and delivering learning opportunities for all stakeholders in the industrial relations arena. Employer and union representatives would participate in joint training with a view to building strong working relationships and engendering greater levels of mutual understanding and trust.

29) The Scottish Government and the SFC should work with the STUC and other appropriate bodies to improve the availability, quality and accessibility of representative Scottish data on industrial relations.

30) Scotland needs to build greater research capacity in the field of industrial relations and in so doing gather appropriate datasets, interpret findings and help to inform strategic choices at individual workplace, industry sector and national levels. The Scottish Government, the SFC, the STUC, and researchers actively working in this field should be asked to consider and make recommendations on how this can be achieved.

The Review Group recognises that this report is not an end point, but the beginning of a long, challenging and on-going process which necessarily involves trade unions, employees, employers and Government. However, it is a process that the Review Group believes is both vitally necessary and potentially hugely rewarding for everyone, who is either directly or indirectly involved.

The Review Group is convinced that that the economic and social challenges and opportunities facing Scotland are more likely to be addressed successfully in an environment where unions play their full part. The Review Group invites readers to note the contribution of unions to economic, social and civil life in Scotland, and to consider how this contribution can be most effectively deployed and developed.

1. Introduction

“...unions... are vilified, and in many states there are explicit attempts to undermine them, but there is no recognition of the important role that they can play in countervailing other special interests and in defending the basic social protections that are necessary if workers are to accept change and to adjust to the changing economic environment.”

Joseph Stiglitz, ‘The Price of Inequality’ (2012)

Recipient of the Nobel Memorial Prize in Economic Sciences

The Working Together Review

1.1 The origins of this Review lie in regular discussions between the Scottish Government and the STUC and in the Memorandum of Understanding that exists between them.

1.2 The Scottish Government and the STUC are committed to *working together* on strategic issues of common interest, and in particular towards the development of a more successful Scotland. The quality of their dialogue and cooperation are viewed as crucial pre-requisites for achieving the Scottish Government’s Purpose of sustainable economic growth and the STUC’s objectives of promoting equality, sustainable economic development, excellent public services and effective and engaged unions.

1.3 To this end, it is recognised that there is:

- a direct connection between well-rewarded and sustained employment, high quality jobs and progressive workplace policies and practice on the one hand, and productivity and innovation on the other; and
- much evidence to suggest that this blend of policies, practices and outcomes is the best route to take employees out of poverty and the best way to tackle inequality across society.

1.4 The Scottish Government commissioned this independent review of progressive workplace policies in the public and private sectors in Scotland focusing on measures which would optimise the relationships that link trade unions, employers and Government. The Review Group was invited to make recommendations on:

- opportunities for innovation which would enhance productivity, workplace development, and labour market security and resilience;
- what constitutes good practice, the principles that underpin it, the benefits it delivers, and how it might be more widely supported, adopted and secured;
- opportunities to promote collective bargaining, workplace democracy, diversity and equality, including specifically the participation of women.

1.5 Over the course of the last six months, members of the Review Group have reviewed existing international and national data on the role and impact of trade

unions, engaged experts in the practice and study of industrial relations¹, and learned from representatives of industry and professional bodies, trade union leaders, business owners, executive teams, senior civil servants, politicians, shop stewards, human resource professionals, middle managers and workers.

Policy Context

1.6 The Scottish Government's updated Economic Strategy (2011) sets out plans to continue to deliver on the Purpose set in 2007: to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

1.7 That Purpose is underpinned by a set of ambitious targets, comprising:

- Sustainable Economic Growth - To match the growth rate of the small independent EU countries by 2017.
- Productivity - To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017.
- Participation - To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top five OECD economies by 2017.
- Population - To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy over this period.
- Solidarity - To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017.
- Cohesion - To narrow the gap in participation between Scotland's best and worst performing regions by 2017.
- Sustainability - To reduce Greenhouse Gas emissions by 80 per cent by 2050.

1.8 A number of recent initiatives undertaken by the Scottish Government and others suggest that there is a growing appreciation that what happens in the workplace is as important, in its influence on economic activity, performance, growth, and inequality, as macro-economic factors such as interest rates, exchange rates and levels of corporate taxation. Moreover, there may be greater scope for intervention in workplace practice than exists in relation to macro-economic variables.

1.9 The Review Group noted in particular the emphasis the Scottish Government has given to the issues of youth and women's employment, through, for example, investment in training and employment opportunities for young people; by establishing Sir Ian Wood's Commission on Developing Scotland's Young Workforce; and through the Women's Employment Summit, organised jointly with the STUC, and the work streams that emerged from it.

1.10 There also appears to be a growing recognition that sustainable economic growth requires that its benefits be shared in ways that advance the ideals of fairness, inclusion and equality, while respecting the natural environment. A wealth

¹ The term 'industrial relations' rather than 'employment relations' is used throughout as more appropriate to a focus on the collective nature of union representation and relationships with members and employers.

of evidence, most notably since the 2007-8 economic crises and aftermath, suggests that a slavish approach to markets will not, and cannot, produce the wholesome version of sustainable economic growth in which all citizens are given the opportunity to flourish.

1.11 Many individual employers, some but not all union organised, are wholly committed to the need to balance economic, social and environmental priorities and to the rights of workers to receive fair and inclusive treatment. They also recognise the crucial contribution that workers make in the creation of value and, in their role as producers and consumers, generating and maintaining economic growth. But forms of corporate governance have emerged that have marginalised or in extreme cases eliminated any concern with the well-being of workers and of sustainable and well-functioning markets and sustainable economic growth. This can contaminate the labour market, expanding the scope for unfair employment practices, arbitrary managerial power and business failure, all of which damages economic growth, individuals, organisations and society.

1.12 Trade unions are the most significant established civic organisations that can address this, in the process promoting greater balance and maturity in workplace and economic management. Unions are the legitimate voice of their many members, and their essential role in protecting and advancing the rights of workers is enshrined in international labour and human rights conventions, while their voice and influence is institutionalised in the structures of many successful social democratic countries. From national and international evidence, it is clear that unions are not simply representatives of a sectional interest, but can act as 'swords of justice' in the workplace and elsewhere, generating positive individual and social outcomes. Their voice and practical challenges can also help private and public sector organisations to deliver better economic/performance outcomes, including where appropriate the ability to outlive competitors: increasing awareness of problems and triggering corrective actions.

"The sword of justice - vividly described by Flanders as unions' "stirring music" - is more about fairness and due process including unions' impact on the pay distribution, accidents and family friendly policies. In addition unions affect employee relations through their bearing on the industrial relations climate and job satisfaction."²

1.13 The purpose of this report is to examine the circumstance in which unions and employers can most constructively contribute to building the cohesion and resilience needed to advance sustainable economic growth through their activities in both the workplace and policy spheres. There is no prescriptive model of how this might happen, and in individual workplaces, it is for unions and employers, guided by Government and by the values widely held in our society, to arrive at arrangements that best fit their specific circumstances.

1.14 Many unions, employees and employers are already reaping the benefits of working together to construct their own business or sector specific models of modern, co-operative industrial relations. We welcome that and recognise that it is

² Metcalf, D., *British Unions: Resurgence of Perdition*, London: Work Foundation, 2005: 10

one of Scotland's existing economic strengths. We are ambitious to build on that success. Based on the evidence gathered by the Review Group, there appears to be four crucial preconditions for unions and employers to work together effectively and constructively:

- I. Effective union contribution is made through well trained and experienced union representatives and officers who communicate with their members, understand the issues and do generate progressive industrial relations, workplace and economic outcomes. The capability of union members, representatives and staff is a major asset to organisations, the economy and society – and an asset with huge potential to contribute, more widely and deeply than at present, to genuinely sustainable economic growth. Investing in the capability of union members and staff - and enhancing employer capacity in the same way - can generate significant economic, social and civic benefits.
- II. The second precondition is a broad acceptance of the material gains that accrue from unions and employers working together, the legitimacy and importance of the union role, and the economic imperative of a social agenda aimed at optimising fair and progressive employment practices. Attitudes towards the role and the treatment of workers in the workplace reflect important social values upholding fairness and equitable treatment, inclusion, diversity, respect for the dignity of labour, integrity and ethics and the balancing of rights and responsibilities. There is evidence of widespread support for these values. What is required is finding ways to encourage and enshrine these values in industrial relations practices by all stakeholders at all levels.
- III. The third essential precondition comprises real opportunities for unions and employers to constructively engage in workplace, economic and societal debates and structures
- IV. The last essential precondition of effective and constructive industrial relations is willingness to resource, evidence, share and learn from what works, and support unions and private and public organisations who want to improve their activities, operation and performance.

1.15 Following this introduction, and to examine the evidence gathered and considered throughout the Review process, the Report is structured (in sections 2-6) according to the five levels at which trade unions engage with employers and other stakeholders: union engagement with their members, workplaces, industries/sectors, national policy and civic society. Throughout, these sections, the Report will explore the four key preconditions of effective industrial relations that we have identified above, where relevant. In section 7, the Report draws together the implications of sections 2-6 for key industrial relations stakeholders, before presenting the Recommendations of the Review Group in Section 8.

1.16 The Review Group is convinced that that the economic and social challenges and opportunities facing Scotland are more likely to be addressed successfully in an environment where unions play their full part. The Review Group invites readers

to note the contribution of unions to economic, social and civil life in Scotland, and to consider how this contribution can be most effectively deployed.

Constitutional Context

1.17 While the Terms of Reference make no mention of the forthcoming referendum on Scotland's constitutional future, the Review clearly takes place against that backdrop. This Review Group deliberately takes no position on Scotland's constitutional future, and the Group members have maintained their impartiality on this matter throughout their deliberations. The Review recommendations are, therefore, made within the parameters of the current powers of the Scottish Parliament and Scottish Government.

2. Understanding Trade Unions

2.1 Across many countries, sectors, industries, companies and organisations, trade unions – as the representatives of workers – engage constructively with Government, policy makers, employers and management and other stakeholders to generate constructive and creative solutions to a range of organisational, economic and social challenges. There is an extensive international literature that identifies and promotes the many benefits to individuals, organisations and societies of collaboration and working together, and the importance of high trust relationships, respect, integrity and the sharing of gains. This section provides an overview of what trade unions do and the wide range of benefits they deliver.

2.2 The reality of contemporary union membership and activity in Scotland and the UK stands in sharp contrast to stereotyped views of unions and their membership. The typical union member is a female 'white collar' worker and not, as many might assume, a male 'blue collar' worker. Union membership is higher in relative terms among women, highly educated workers, disabled workers and UK born black and minority ethnic (BME) workers. Unions are present in Scotland's public service organisations working with employers to deliver the highest quality public services. Unions are also present in many 'household names' of Scottish industry such as BAE Systems; Rolls Royce; Babcock International; Scottish Power; SSE; Diageo, Tesco, ASDA and the Clydesdale Bank, working together with employers to make the organisation productive, profitable, competitive, responsible and successful, sustaining jobs and local communities and contributing to the success of the Scottish economy, illustrating the value added when private and public sector organisations engage collectively, and not just individually, with their employees.

2.3 Sustainable economic growth is a strategic priority for many Governments, including in Scotland. Achieving such growth requires increasing productivity and growth while simultaneously decreasing inequality.

"No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable."

Adam Smith, The Wealth of Nations, 1776

2.4 International evidence shows that high levels of union membership and/or collective bargaining coverage do not inhibit economic success and resilience. Furthermore there is strong evidence of a relationship between higher trade union density (the proportion of the workforce in union membership) and reduced income inequality.³ This is explored further in section 4.

2.5 Unions also have an important role to play in the health of our democracy, providing a necessary counterweight to balance business interests. The risk of power asymmetries is an important issue for Government.

³ Visser and Checchi (2011) Growing Income Inequality in OECD Countries: What Drives it and How Can Policy Tackle it?, Paris: OECD

“Imbalances of income, from a pluralist perspective, can reduce economic growth by depressing consumer purchasing power and preventing investments in human and physical capital. Excessive corporate power that creates substandard wages and working conditions can burden society with welfare-reducing social costs. Behavioural elements of decision-making imply that individual perceptions of balance or fairness can affect industrial turnover, productivity, and other industrial relations outcomes.”⁴

2.6 Unions can play a crucial role that promotes broad social and economic objectives while promoting greater civic participation. However, this potential of unions is often unrecognised and underdeveloped.

2.7 There are many ways to frame the evidence of how unions work together with other stakeholders in Scotland. The framework below is useful in assessing the evidence on how unions, through their various activities, deliver impact at individual, organisation/workplace, industry/sector and national level, and in so doing, contribute to the health of civil society in Scotland. Each of these levels will be considered in turn in the subsequent sections, starting in this section with unions’ impact on individual members.

Levels of Union Engagement	Illustrative Areas of Impact
Individual	<ul style="list-style-type: none"> • Pay and benefits • Representation/support • Fair treatment • Education and Training • Pensions • Job Security • Holidays and paid leave • Personal Development
Organisation/Workplace	<ul style="list-style-type: none"> • Productivity • Innovation • Competitiveness • Scale of income inequality • Availability of training • Frequency/extent of training • Equal opportunity practices • Diversity practices
Industry/Sector	<ul style="list-style-type: none"> • Sector strategies • Skills plans • Sectoral/industry networks • Leadership/modernisation initiatives
National	<ul style="list-style-type: none"> • Provision of expert advice • Policy formation • Policy evaluation • Policy networks and relationships
Civic Society	<ul style="list-style-type: none"> • Equality/inclusion • Environmental outcomes • Civic participation/volunteering • Training for civic participation Campaigning on common causes

⁴ Budd, J., Gomez, R., Meltz, N. (2004), *Why a Balance is Best: The Pluralist Industrial Relations Paradigm of Balancing Competing Interests*, in Kaufman B. (ed.) (2004) *Theoretical Perspectives on Work and the Employment Relationship*, USA: IRRA

What is a Trade Union?

2.8 A trade union is a democratic voluntary membership organisation formed and developed to benefit its members by working collectively to pursue their legitimate interests in workplaces, employer organisations and in society. Unions represent people at work collectively and individually and negotiate on their behalf on a range of issues including pay, benefits, pensions, equality, working conditions and health and safety. Unions represent their members individually and collectively on grievance and disciplinary matters and also offer their members a range of services such as legal protection and support. Unions provide a channel for collective employee voice in order to communicate with employers and Government. In so doing they offer the potential to balance competing interests in a sustainably beneficial way and bring democracy to the workplace.

2.9 Unions are a central part of Scotland's economic, social and civic landscape. With around 700,000 members in Scotland in 2013⁵, unions are Scotland's largest civic movement. Union density in Scotland is significantly higher than for the UK as a whole (32% cf 25.6%) and more than half of all employees in Scotland are in workplaces where unions are present, while the pay of just over 37% of all employees is affected by a union collective agreement. Strikes are a remarkably rare occurrence in the UK as a whole. In 2013, 114 strikes took place in the UK, 64 in the private and 50 in the public sector. To put the total number of days lost in 2013 due to strikes in context, the 443,600 days lost represent 1 strike day for every 14,400 working days. By comparison, in 2011 140 million working days were lost in the UK due to sickness absence⁶. Across Scotland, unions provide a collective, democratic voice for workers in all occupations, in all industries and geographies and in companies large and small, in the private, public, and third sectors.

In describing the characteristics of an effective union representative, Unison Scotland emphasise the range of skills required:

"The first responsibility of a steward is to listen to members and find out their workplace issues. To this should be added the capacity to analyse these issues and how they can be addressed collectively and constructively. One of the most important tasks of a steward is to recognise when individual problems are part of a larger pattern that can be dealt with through collective action. So communication and leadership skills are important, as is the confidence to deal with management as an equal. With experience, reps should have some capacity to be able to deal with issues informally before they become a problem – but the ability to take issues through formal structures if necessary."

2.10 Union services are delivered by union officers employed by unions, but more commonly by workplace representatives who are employees of the company/organisation and are elected to the post by union members. In this sense, unions are not 'external' to companies/organisations. Unions train and develop workplace representatives to ensure they have the skills to deliver union services effectively. This, combined with organisational and often sectoral

⁵ 699,000 trade union members in Scotland, Department for Business Innovation and Skills, Trade Union Membership 2013 Statistical Bulletin, May 2014

⁶ Black, C. and Frost, D., *Health at Work: an Independent Review of Sickness Absence*, Department for Work and Pensions 2011: 7

knowledge, means that experienced workplace representatives can have key insights into how organisational and individual challenges and opportunities can be best aligned. Union structures and processes can assist in sharing knowledge of good practice that works.

2.11 Workplace representatives occupy generalist and specialist roles in health and safety, pensions, learning, equalities and environmental matters. Through the rep training they receive from the union or collectively - through the STUC and TUC Education in Scotland supported by trade union education centres in further education colleges - and as a result of a personal commitment to the issue, they often have a level of specialist knowledge and competence more advanced than that of their managers, particularly in smaller organisations. In bringing this to bear in discussions with management, by reflecting the views of their members and by providing a collective and independent voice, union reps can help deal with problems that individual workers might not feel able to raise, and find imaginative solutions that benefit both workers and the organisation.

2.12 The Review considered the efficacy of the current arrangements for funding trade union rep training. At present, unions, employers and Government all contribute, recognising that skilled and knowledgeable reps are an asset to all and, alongside competent and empowered human resource (HR) professionals, are of central importance in effective industrial relations. The administration of the public contribution is currently arranged through a direct grant to the STUC and an amount drawn down by colleges from the SFC in line with the funding formula. This supports training for around 2000 reps every year. The Review Group received evidence on the funding arrangements for rep training that currently apply in England which are based on the principle of fee remission and believes that they have merit, not least on grounds of efficiency.

2.13 Over the last decade, unions in Scotland have been particularly active in the area of skills and learning. Union-led learning enables investment in the skills of individual members and Union Learning Representatives (ULRs) – attaining new skills, upgrading existing skills, creating opportunities for career and personal development, and providing people with the knowledge and confidence to support their working, family and civic life. ULRs act to encourage their fellow workers to engage in learning, signpost them to learning opportunities, organise learning and work with management to support learning activities. Union learning can be life changing for individuals with many finding a second chance through their ULR at the workplace.

2.14 Unions have also been involved in attempts to improve how members' learning and skills are deployed to best effect in the workplace through their campaigning and activities on more effective skills utilisation, bringing benefits to individuals as well as to their employers, and linking with the Scottish Government's interest in better skills utilisation. A series of case studies of union engagement in skills utilisation⁷ showed clear benefits.

⁷ The Role of Trade Unions in Effective Skills Utilisations: three Scottish Case Studies. A report for Scottish Union Learning and the Scottish Trades Union Congress. Findlay, Warhurst and Commander, April 2011. <http://www.scottishunionlearning.com/support/skills-utilisation-project>

The Community Union is recognised at Royal Strathclyde Blindcraft Industries (RSBi), which seeks both to provide to provide opportunities for those with disabilities, while working towards the economic regeneration of the local and wider area. The Community Union/RSBi Project centres on the role of employee input, skills, creativity and willingness to learn in solving business problems and contributing to new business development ideas. Importantly, the potential of the project also centres on the role of engaged managers being open to suggestions, and an organisational culture that values learning, development and adaptability.

The project... highlights the impact of communication, in particular in listening to the ideas of workers who have practical understanding of how and where improvements and change would be effective and in widening out discussions of operational issues to include other managerial and employee stakeholders.

The Union Learning Rep in RSBi was widely acknowledged as a key driver in taking the project forward, and the project clearly benefitted from her skills, experience and enthusiasm.

2.15 In the short period it has had to undertake its work the Review Group has identified many outstanding examples of the constructive role that unions play, working together with employers and Government. From these examples, the Review Group has concluded that unions can both represent their members' interests and help organisations release the full potential of a well-qualified and highly skilled workforce, channelling workers' knowledge and skills deployed in high quality jobs into effective collaborative activity that produces long term benefits in performance and material and other gains to be shared. The Review Group believes that there are many more examples beyond these, with each having significant potential to realise further benefits by encouraging and supporting stronger and more effective collaborative relationships between unions and employers.

3. Improving Workplaces

3.1 This Review is concerned with how unions, employers and other stakeholders engage to produce a range of economic and social benefits. The primary arena where that engagement takes place is in the workplace, and there is a great deal of case study evidence to suggest that this engagement can have a materially positive impact on individual and collective performance, human capital and social outcomes. Of key importance is how union presence can contribute to high-performing and socially aware organisations through its impact on productivity, innovation, investment in the capabilities of workers and in high quality jobs, engagement with workers and their fair treatment and engagement with management. This Section sets out and considers the data gathered during the Review that relates to these workplace issues.

3.2 There is no necessary or inevitable relationship between trade union presence and workplace productivity, and looking across a range of studies in a range of countries, on average, union presence has a near neutral effect on labour productivity. For the UK, the evidence is conflicting in this area. Some commentators report that there is either no effect or a weak effect of unions on labour productivity.⁸ Others suggest that unionism can have a positive impact on productivity.

3.3 However, in our research and in the visits we have made, we have found evidence that suggests that, when unions and management establish unifying goals, establish and honour fair processes, establish and maintain good communications and leave space for open honest dialogue, better results for all can and do ensue.

3.4 As such, it is clear to the Review Group and from wider research literature that the impact of union presence on productivity depends on whether unions and employers address productivity issues constructively. Theoretically, productivity in unionised workplaces may be lowered if unions or employers engage in negative practices towards each other. Conversely, union presence may increase productivity where unions and employers respond positively to productivity challenges, where the collective voice unions provide highlights problems that are solved creatively or where union presence stimulates more dynamic management⁹. Much turns therefore, on the quality of the union-management relationship: “Some managements will adjust to the union and turn unionism into a positive force for the workplace; others will not. Over the long run, those that respond positively will prosper while those that do not will suffer in the market place”¹⁰

3.5 Thus, as mentioned above, where union-management relationships are strong organisational performance can be improved. Where this relationship is conducted in a spirit of partnership - where management negotiates with the union

⁸ Blanchflower and Bryson 2008.

⁹ Metcalf, 2005

¹⁰ What do unions do? Freeman and Medoff, 1985: 165

over pay, negotiates or consults with unions over recruitment, training, payment systems, handling grievances, staff planning, equal opportunities, health and safety and performance appraisals – there is some evidence that these arrangements “significantly raise the probability of above average performance and both the level of and change in productivity”¹¹.

3.6 Firm or organisation performance is also influenced by the capabilities of employees and how these capabilities are deployed in the workplace. Eurofound (2012), in discussion of the European Working Conditions Survey, implies the importance of progressive workplace and human resource practices, noting that the following impact negatively on workers’ health and wellbeing:

- high demands and work intensity,
- emotional demands,
- lack of autonomy,
- ethical conflicts,
- poor social relationships,
- and job insecurity.

3.7 They conclude that “good quality work may well be one of the keys for smart, inclusive and sustainable growth”¹². It has also been widely argued that employee capabilities are used to best effect to improve firm performance in workplaces where jobs are designed so that workers are encouraged to problem solve and management create the conditions in which employees are motivated to do so. In responding to the aspirations of their members, unions have a strong interest in increasing the number of jobs where employees have the skills and discretion to allow them to problem solve creatively.

3.8 The number of such jobs, that support good use of skills and innovation, are however unequally distributed across countries¹³. Research across 15 EU countries found that 39.1% of employees are engaged in ‘discretionary learning’ activities. In the UK, this figure is 34.8%. This compares unfavourably with Germany (44.3%), Austria (47.5%), Finland (47.8%), Sweden (52.6%), Denmark (60%), and Netherlands (64%) (Lorenz and Valeyre, 2005). In addition, the proportion of workers reporting monotonous work in UK (59.5%) is considerably higher than in other successful European economies: Denmark (39.5%), Sweden (31.4%), Germany (31.3%), Norway (25.3%) and Netherlands (24.4%). Given that discretionary learning contributes to the quality of jobs, the fulfilment of workers and impacts on their performance, this is a challenging issue for the UK and Scotland.

3.9 Considering how union presence relates more broadly to employee capability, research suggests that trade unions impact positively on training, equal opportunities, wages and the adoption of high performance working practices. Unions have a positive impact on training and skills development: unionised workplaces are more likely to be high trainers than workplaces with no recognised unions¹⁴.

¹¹ Metcalf, 2005

¹² Eurofund European Working Conditions Survey, 2012

¹³ Keep, E, 2013

¹⁴ UK Department for Business, Innovation and Skills, Workplace Employment Relations Survey (WERS), 2011

3.10 There is existing evidence that trade unions help to develop constructive employer/employee relationships, for example by providing workers with representation. Such evidence as exists also suggests that while trade unions may highlight difficulties in the employer-employee relationship, they have a positive impact on the presence of good HR practices. Workplaces with at least one recognised union are more likely to have a health and safety committee than those without recognised unions¹⁵, and where unions are directly involved in training policy decisions at the level of the establishment, the workplace is more likely to use practices such as staff attitude surveys, mentoring and quality circles¹⁶.

3.11 In the course of the Review, data from workplaces and stakeholders pointed to a range of activities and relationships between unions and employers that supported high quality jobs, in fair workplace conditions that in turn enhanced workplace performance. Some of this data is presented in the case studies in Appendix 1. Here, a more thematic account of the data is set out.

3.12 This rest of this section focuses on findings as regards trade union impact in workplaces in relation to:

- Communications
- Management of Change
- Equality and Diversity
- Conflict Resolution and Mediation
- Harnessing Ideas and Energy in the Workplace
- Occupational Health & Safety
- Workplace Learning
- Union Impact on Management Practice

Communications

3.13 Aided by skilled and experienced workplace representatives, trade unions act as mechanisms of communication across their membership on workplace related issues. This can support consistency in practices across the organisation which can benefit both workers and management. Unions also provide a legitimate and representative channel to relay thoughts and opinions back to the employer, highlighting relevant issues that require action – or acting as the ‘*canary in the coalmine*’¹⁷ in giving early warnings of organisational problems and risks. In some workplaces, there is a reciprocal relationship where unions support a firm or organisation’s communications strategy, and management in turn support unions’ communications with and across their membership.

¹⁵ WERS 2011

¹⁶ TUC 2005

¹⁷ Dr. John McGurk, Head of the Chartered Institute of Personnel & Development (CIPD) Scotland

Communications - NHS Greater Glasgow & Clyde (NHS GG&C)

Staff being *'well informed'* is one of five commitments within NHS Scotland's Staff Governance Standard. There is a duty upon NHS Scotland employers to supply good quality information to the workforce about what is going on in the organisation. There is also a responsibility placed upon staff to take the time and effort needed to register the information. In a workforce of nearly 40,000 staff spread over many sites and involving many different clinical/managerial teams, unions play a vital role in helping relay messages to the workforce, reassuring members where necessary and passing on genuine feedback to management where any concerns/confusion exists. In taking forward a number of change initiatives locally, the Review Group heard that NHS Greater Glasgow and Clyde union representatives frequently stand shoulder-to-shoulder with managers at road-shows. Examples of this would be sessions informing people about the introduction of a new Dignity At Work HR policy or a road-show explaining when and how services will move into a new-build hospital. The joined-up message can give confidence to workers. (See Appendix 1, Case Study 3)

3.14 Similar to NHS Greater Glasgow and Clyde, Unite representatives and management at Macfarlan Smith pharmaceuticals reported that management relied on the Union representatives as one of the channels by which they communicated with the workforce.

3.15 At the Scottish Prison Service (SPS) where there is multi-union recognition (POA, Prospect, RCN, PCS) management also considered unions as a key piece of the jigsaw in informing and engaging the workforce about the current state of the organisation and the challenges ahead, with a clear view to providing a better service for those in their care:

Communications - Scottish Prison Service

"As managers we must listen to and respect the employee voice as it is telling us what we can change to enable colleagues to make a greater impact in transforming the lives of those in our care. Trade union reps can play a very positive role in ensuring that voice is heard and acted upon."

Colin McConnell, Chief Executive, SPS

(See Appendix 1, Case Study 6)

Management of Change

3.16 Managing change is an increasingly common organisational challenge, yet there is widespread evidence that change management often fails to fully meet its desired objectives. Appropriate early engagement with trade unions can be an effective means of managing change. With a mandate to represent their members, decisions taken involving stewards/workplace reps can be better informed and arrived at more quickly than if the employer has to secure separate agreement with individual workers. This can ease implementation and reduce costs. The Review Group saw evidence of how trade unions support the pursuit of change and modernisation inside workplaces.

Management of Change - Macfarlan Smith pharmaceuticals

Unite is the recognised union in Macfarlan Smith, a pharmaceutical company founded in Edinburgh in 1815. It is part of the Johnson Matthey group of companies and was formerly part of Glaxo. The company has undergone much organisational change in the last few decades and has worked hard to retain its core identity and culture, whilst adopting new policies, and terms and conditions required by the new parent companies. Macfarlan Smith strives for stability and a sense of pride and community in its workforce. Unite is involved early and extensively in discussions over any change and quality improvement initiatives to support the company's objectives for stability and a sense of pride and community in its workforce (See Appendix 1, Case Study 2).

3.17 In dialogue and negotiation with the Communications Worker Union (CWU) and other unions, BT has transformed itself from offering purely fixed-line services into a provider of superfast broadband services and TV content. Constant change has been necessary to adapt to changing market conditions. This has been a challenge, but the on-going dialogue between unions and the company has ensured BT's on-going success in the marketplace whilst securing quality jobs for CWU members in BT at market-leading rates of pay.

3.18 During the setting up of the new Police Scotland, initial plans for cost savings involved some 600 planned redundancies. Through working with UNISON stewards and activists, new ways of working were developed which released cash savings and reduced the planned redundancies to around 200, which were achieved on a voluntary basis.

3.19 The NHS is subject to continuous change brought about by advances in healthcare technology and techniques and by legislative changes. In Scotland, the NHS recognises fifteen trade unions. Trade union stewards are represented on all management teams and an Employee Director sits as a Non-Executive Director on each NHS Board. The Employee Director is a trade unionist who serves a term of office, having been democratically elected by all healthcare unions.

Management of Change - West Dunbartonshire Community Health and Care Partnership (CHCP)

"The West Dunbartonshire CHCP Joint Staff Forum is an important component of the governance arrangements of the CHCP. The Forum is founded on the principle that staff and trade unions will be involved at an early stage in decisions affecting them, including in relation to service change and development. Investment in and recognition of staff is a core value of the CHCP and is key to supporting the development of integrated working."

Keith Redpath, Director (See Appendix 1, Case Study 4)

Equality & Diversity

3.20 Real or perceived unfairness in an organisation can be divisive and demotivating, whereas perceptions of fairness and equality can make for a more

harmonious workplace. Employers are required by law to ensure equality in relation to all of the protected characteristics (sex, race, age, disability, religion or belief and sexual orientation). They should also have a broader ethical responsibility to act fairly in their dealings with their workforce.

3.21 Many business models require HR practices that place a greater emphasis on individuals – for example, in relation to reward. Without rigorous oversight, individualised bargaining can generate inequalities that are not merit based, exposing employers to the risk of legal action and consequent indirect (the time to resolve a dispute) and direct costs (legal costs and costs of compensation).

3.22 Where a bargaining agreement is in place, trade union members are covered by a consistent set of terms and conditions. The Review Group saw evidence that working in conjunction with employers, trade unions can help make sure that principles of equality in general, and equal pay and equal value in particular, are enforced across organisations.

Equality and Diversity - Pay & Policies

“Fairness of treatment and reward is critical to good industrial relations. Too often the Commission has seen how unequal pay and discrimination can lead to poor relations, low motivation and productivity. This doesn’t have to be the case and we look forward to the Working Together Review’s recommendations as a positive contribution to ensuring all sides work together for the benefit of all.”

Alastair Pringle, Director, EHRC Scotland

3.23 The European Commission¹⁸ argues that “trade unions play a key role in fighting all grounds of discrimination, by means of a variety of actions and tools. These include negotiating with employers to ensure that discrimination in the workplace is eliminated and equal opportunities are promoted, supporting victims of discrimination, and monitoring discrimination in the workplace.” They report desk research that identifies innovative and/or significant trade union initiatives that fight discrimination or promote equality in 34 European countries. 130 of the 280 reviewed initiatives were classified as being particularly innovative or particularly significant.

3.24 *‘Making Equality Work’*¹⁹, research undertaken by the Employment Research Institute at Edinburgh Napier University on behalf of the STUC, found that unions are at the forefront of promoting equalities in the workplace and wider civic society. The STUC has supported and informed trade union work in this area through its *‘One Workplace, Equal Rights Project’*, which seeks to tackle racism and promote equal opportunities in the workplace by delivering a range of activities and resources to raise awareness on equality issues and advice on rights at work.

3.25 The STUC organises an annual award for trade union reps to recognise outstanding commitment in promoting workplace equality and tackling

¹⁸ European Commission, *Trade Union Practices on Anti-discrimination and Diversity*, 2010: 3

¹⁹ http://www.stuc.org.uk/files/One%20Workplace/final%20report%20sept%2010%20MapSumFR3_CG.pdf

discrimination in Scotland. Recipients have excelled in promoting equality in specific areas including gender, equal pay, race, disability, and lesbian, gay, bi-sexual and transgender (LGBT) issues. A Union of Shop, Distributive and Allied Workers (USDAW) Equality Rep who works at Tesco, won the award in 2014. In one particular Tesco store, the rep identified that members working on late shift patterns, many of them women, felt unsafe travelling home. A survey was conducted in-store and the findings were used as the basis for a constructive discussion with management. A solution was jointly identified and the local bus company was approached and agreed that drivers would wait at the bus stop until staff from the store arrived.

3.26 Across the UK, the number of union Equality Reps is increasing. This represents a growing army working to ensure their workplaces become fairer, more equal places to work. A recent TUC report²⁰ suggests, however, that Equality Reps could be much more effective in promoting equality if they had more time to carry out their duties. In Wales, the Welsh Assembly Government is working alongside the Wales TUC to establish a network of Equality Reps across the public sector including the provision of funding for training and wider awareness raising activities

²¹.

3.27 The STUC is also a key partner in the ‘*Close the Gap*’ initiative which works across Scotland with trade unions, employers and economic development agencies to encourage and enable action to address the gender pay gap.

3.28 Work by unions to tackle inequalities in the workplace gives them the ability to work with other organisations to bring about change in civic society. The STUC-organised St Andrew’s Day anti-racism march and rally is an important part of the STUC work and complements its workplace-focused equality activity. Linking workplace and community-centred equality activity is one of the core purposes of the equality infrastructure of the STUC and individual unions. This is explored further in section 6.

Conflict Resolution and Mediation

3.29 The Review Group were impressed by what they heard about the role performed by trade union representatives when handling incidents of workplace conflict, be that between co-workers or a workplace matter affecting a larger cross-section of the workforce.

Conflict Resolution and Mediation – Acas Perspective

“Acas in Scotland has found both management and their worker representatives willing to work together constructively to resolve issues. At times this can require the intervention of third party facilitation to help the parties to establish a joint agenda to enable effective problem solving to take place. Where parties engage in these processes, there is a benefit to both the business and its employees – who are recognised as major stakeholders in ensuring that the business is successful”

Frank Blair, Acas Scotland Director

²⁰ <http://www.tuc.org.uk/equality-issues/equality-reps-make-real-difference-uk-workplaces>

²¹ In February 2013 an agreement was made by the Minister for Finance and Leader of the House to establish an all Wales Trade Union Equality Representatives Network Project Officer project worker.

Harnessing Ideas and Energy in the Workplace

3.30 The Review Group saw evidence that skilled union representatives and experienced union members have a crucial role to play in adding additional capacity to private and public sector organisations to generate new ideas that support both employer and union objectives. This is more likely where workers are engaged in high quality work and feel respected and valued.

Harnessing Ideas and Energy in the Workplace -Tullis Russell

Unite has supported the company in embedding a continuous improvement programme throughout the business which has delivered results sufficient to fund an annual pay award. In terms of innovation, shop-floor workers were instrumental in getting a North American manufacturer of industrial paper cutters to alter its design with a consequent positive impact on productivity and performance. .
(See Appendix 1, Case Study 1)

3.31 There are many champions of this type of positive and innovative role amongst union officers. To illustrate, Harry Donaldson, Regional Secretary of GMB outlined how experienced trade union officers can help individual companies and workplaces develop and improve through their valuable understanding of one or more industry sectors. By virtue of engaging a range of different executives and workers in differing organisations, trade union officials glean a huge amount of knowledge about what works and what doesn't in developing new products, services and markets. Moreover, their overarching objective of serving their members' interest means that they are predisposed to sharing such information across companies appropriately respecting commercial confidentiality. He noted that this capacity is akin (and arguably more knowledgeable of the specific context) to that of management consultants, and far less costly.

3.32 Another example provided to the Review was the work undertaken by the Union of Construction and Allied Trades (UCATT) with Walker Profiles, a private-sector business located in Motherwell that manufactures and installs uPVC doors, windows and related products, to up-skill its workforce to enable them to diversify into Green Deal work. The Director of Walker Profiles commented that *"the contribution of UCATT and Scottish Union Learning in facilitating the introductions to Skills Development Scotland and the insight provided into the grant funding available has been invaluable and should be regarded as an extremely good example of productive collaboration between employers and trade union relationship in the modern Scottish economic environment."*

Occupational Health & Safety

3.33 Health and Safety Reps bring a keen eye to this most important aspect of worker health and well-being. This is one of the most vital ways in which a union can look after the interests of its membership. Union Health and Safety Reps are well trained, well-developed and well networked to support good health and safety practice. By working with management to identify and eliminate their root causes, the likelihood of workplace accidents and incidents can be reduced and further similar occurrences avoided, protecting the interests of workers while improving working practices and reducing disruption to production or service provision and so contributing to improvements in productivity and a reduction in avoidable costs.

Occupational Health & Safety – Professor Andrew Watterson**Director of Centre for Public Health & Population Health Research**

A clear message from the Review Group's meeting with Professor Watterson was that organisations should prioritise and invest more in the prevention of injuries and incidents. Alongside trade union partners, organisations should foster workplace conditions that boost health and wellbeing and in so doing provide economic benefit to employers. In the UK railway industry, for every £13 cost pressure caused by sickness absence, only £1 is invested in trying to prevent ill-health. Nordic countries are found to invest more in social and economic welfare, social solidarity and productive justice.

3.34 At Tullis Russell, a pro-active approach from the union committee has provided an invaluable platform for the company and the union to jointly increase awareness of health and safety and so deliver a culture change in behavioural safety standards across the entire site.

3.35 In 2013 in recognition of the role played by union health and safety reps at Tullis Russell, the STUC presented its annual health and safety rep award to the Unite Health and Safety Reps. Patrick McGuire, a partner in Thompsons Scotland which sponsors the award commended the work of the reps and the unions when he said "The Unite Safety Reps have to be commended for the work they have done and fully deserve this award. They are proof that a health and safety structure involving independent trade union accredited safety reps is the only way to reduce workplace accidents while, at the same time, encouraging workers to raise health and safety issues with confidence that they will be addressed".

3.36 Additional challenges in managing health and safety are faced in some workplaces where different company ownership, commercial partnerships and contractual arrangements apply to the employed workforce, sub-contractors and agency staff. The unions at Babcock Marine and Technology at Rosyth Dockyard operating in these circumstances have provided a vehicle to align health and safety practices.

Occupational Health & Safety – Babcock Marine & Technology

Unite, Prospect and GMB are the recognised unions at Babcock Marine and Technology at Rosyth Dockyard. Babcock has a core workforce at the yard of around 2,000 workers and also works closely with a number of partners and contractors. It can be a challenge to maintain unified site rules and regulations and ensure complete buy-in and commitment to projects such as the Carrier project currently on site. The Health and Safety agenda has been driven by the unions on-site. A multi-union backed '*safe home every-day*' campaign has proved successful in engaging management and workers in safe working. (See Appendix 1, Case Study 5)

3.37 In 2013 the lead Prospect Health and Safety rep at Rosyth was the recipient of the STUC Health and Safety award.

3.38 Another outstanding example of union health and safety activity identified to the Review was at Spirit Aerosystems at Prestwick. With the support of Unite, a highly effective team of 17 Health and Safety Reps, representing the 750 strong

workforce, have developed positive working relationships with the company and have not only improved health and safety at Spirit but, by providing training for local employers and through school visits, have taken the health and safety message to the wider Ayrshire community. The work done by the Reps is considered to be so exceptional that members of the team carry out risk assessments in Spirit plants across the world ensuring that the company's employees in Malaysia, Mexico, France and the USA enjoy the same protection from risk as their colleagues at Prestwick. As the Reps are involved in managing health and safety throughout the design and manufacturing process the accident rate across the company has fallen to a fraction of the industry norm with fewer disruptions to production and consequent improvements in productivity and competitiveness.

Workplace Learning

3.39 SUL is the learning arm of the STUC. SUL supports trade unions in accessing skills and lifelong learning opportunities that contribute to collective prosperity, fairness and equality, for workers across Scotland. SUL works in partnership with unions to engage employers in workplace learning and development. It is focused on supporting workers to acquire new skills and to upgrade existing skills, on creating opportunities for career and personal development and on the promotion of apprenticeships.

3.40 SUL's work is increasingly focussed on workplace as well as workforce development. Through union/employer partnerships, it involves workers in a broad range of training initiatives, including apprenticeships, everyday skills (literacy /numeracy and IT), up-skilling and re-skilling and leadership development, and in action on job re-design and work organisation.

3.41 The Review Group considers the work undertaken by SUL and unions to promote apprenticeships as a notable example of good practice. Supported by Skills Development Scotland, SUL has developed a toolkit for unions to use to promote apprenticeships to employers and has published a series of case studies on apprenticeships with a specific focus on equality and diversity.²² The example of Hannah Ross, a UCATT member and a Modern Apprentice at Historic Scotland in Edinburgh who recently presented the First Minister with a miniature replica of a Lorimer Table which she made during her apprenticeship, can act as an inspiration to other young women to pursue apprenticeships in non-traditional occupations.

3.42 The work done through union learning changes lives; makes workers more engaged at their workplace and makes organisations more effective and successful. In raw numbers, SUL supports learning for around 9000 worker a year. In addition, union learning activity levers approximately £1m a year for learning through employers, colleges, unions, and the Open University amongst others.

3.43 Supported by SUL, unions are directly involved in workplace learning across Scotland. This learning benefits individuals and also their employers in significant ways. As the Head of Learning and Development at First Group noted of one of the Unite learning reps: "FirstGroup is rightly proud of him and the efforts of individual

²² <http://www.scottishunionlearning.com/support/modern-apprenticeship-project>
<http://www.scottishunionlearning.com/files/MAP/MAP-Case-Studies-Apr-2014.pdf>

staff and Union Learning Reps across Scotland. We continue to work in partnership with Unite to ensure that workplace learning is an integral part of our strategy.”

3.44 The Bakers, Food and Allied Workers Union (BFAWU) UL Rat Dawnfresh Seafoods developed a learning partnership between the union and employer which increased opportunities for the workforce and made a significant contribution to improved work organisation and productivity at the company. The role of the union and the ULR was recognised by the company's HR Director who said: “Because of the learning partnership between the union and Dawnfresh, we have reduced staff turnover. We have reduced absenteeism. Grievances are almost non-existent now. The ULR is an integral link in the strong partnership between BFAWU and our business and the ULR is a staunch advocate of incorporating lifelong learning within Dawnfresh.”

3.45 Aegis the Union is organised within Aegon, a leading international provider of life insurance, pensions and asset management. The union supports workers as well as Aegon's wider skills and employment strategy. In 2013, Aegon announced the creation of six Modern Apprenticeships for 16-24 year olds in a pilot of the Modern Apprenticeship Scheme, supported by SDS. The creation of these new posts was a direct result of Aegis the Union's work in identifying a need to upskill and train new and existing customer service and back office staff within the workplace. This work was supported by the Learning and Development Funds, accessed by Aegis, through SUL.

3.46 Tata Steel's Lanarkshire plants process steel for various sectors, including the offshore and wind power sector. Recently, Tata announced an investment plan to introduce a custom-made digital system that tracks the steel and its state of preparation prior to dispatch. This system will transform the roles of the workforce who will be required to process and input digital information. To support the introduction of this new system, Community Union and Tata Steel formed a Joint Learning Committee. Community ULRs surveyed the workforce and designed a learning programme supported by the employer, SUL and SDS. Learning was delivered over six months, prior to employer-led training. With workers given time off to attend, over 200 workers obtained IT qualifications ranging from SCQF Level 3 to Level 6. This included a “super users” course for those workers who already had top end IT skills and provided them with the opportunity to support their colleagues. Improved IT skills will improve productivity and create higher skilled jobs, while a joint approach between Community and Tata has improved the industrial relations environment which supported the smooth introduction of the new digital system.

3.47 In September 2008, Unite and UNISON negotiated and signed a learning agreement with Strathclyde Partnership for Transport (SPT). Learning and training have been incorporated into all the collective bargaining structures, and the policy negotiated by the Reps - including 50% time off for learning - has been mainstreamed across the company. SPT covers a wide geographical area and the ULRs have arranged the learning required on-site at shift-friendly times, including courses available during the night shift.

3.48 Unite has a Learning agreement with Rolls-Royce, which has enabled both to progress the learning agenda together, through its Trade Union Learning Group.

Joint work has included organising courses that support the development of workers, both personally and professionally. Rolls-Royce has a long history of employing apprentices and Unite help select and support the new apprentices with Reps visiting apprentices on a regular basis to support their training and progression. The agreement also includes a bespoke BEng Degree programme provided by the Open University.

3.49 These are just a few examples of the 9,000 learners a year helped by the learning funds and infrastructure provided by SUL and unions.

Union Impact on Management Practice

3.50 Effective people managers can motivate their workers and achieve good things for the business. Less effective managers can have the opposite effect of demotivating workers. Union representatives can play a dual role here. They can help less effective managers to improve their people management skills, and can help inexperienced managers make decisions which benefit the organisation and the workforce.

3.51 There is a strong potential to create win-win scenarios when unions are able to build strong relationships with proficient and empowered HR staff to establish a fair employment framework and to engage all workplace stakeholders in the design and implementation of new working practices. Crucial to these scenarios are unions and HR professional who are knowledgeable about the business and can balance a strong commercial or organisational focus with a strong focus on staff well-being. Supporting the skills of union Reps and HR staff in working constructively could underpin further expansion of these win-win outcomes.

Reflections

- Good communications are crucial to develop good industrial relations and unions offer a channel between workers and management where unions are seen as an independent source of information by workers.
- While managing change is a challenge, full and early involvement of unions in the process has proved to be advantageous.
- Unions can tackle real and perceived unfairness in the workplace by challenging management and informing members due to union reps knowledge of legislation and best practice.
- Union work on equality and the importance of Equality Reps in workplaces produces significant benefits for workers and firms/organisations. The work of the Wales TUC and the Welsh Assembly Government in developing a network of equality reps in public sector workplaces is an important example of good practice.
- Good agreements require trust and communication and the Review Group visited workplaces where both unions and management believed in the agreements even when they disagreed on specific issues.
- Conflict resolution can be managed when there is trust.
- Unions can be a source of knowledge of not only the workplace but the sector and can offer solutions to improve productivity in the workplace and market intelligence.
- Unions have an investment in a workplace and want it to succeed.

- The statutory position of health and safety has encouraged the development of Reps that are the eyes and ears on the ground in ensuring the safety of workers. They can report lapses or potential hazards without fear and help employers avoid breaches of the law.
- SUL funding has led to the development of the workforce and enabled workplaces introduce new working practices, improve job design and quality, increase productivity and innovate in the development of new products.
- SUL and individual unions have contributed to learning agreements and partnerships in public and private sector organisations as well as enabling access to SDS and European funds for unions to meet their members learning needs.
- Union reps have the knowledge and expertise to help managers manage and to avoid grievance escalation.
- There is a strong potential to create win-win scenarios when unions are able to build strong relationships with proficient and empowered HR staff.

4. Enhancing Industry Sectors

4.1 Engagement between unions and employers at an industry or sectoral level can be of key importance both in creating and implementing an effective strategy for developing an industry and for collective bargaining on workplace and workforce issues. This section provides context, data and analysis on how trade unions engage with industry sectors.

4.2 The benefits of a sectoral approach come from an ability to address challenges and determine strategies that affect all organisations and workers in a sector. They also come from an ability to determine agreed standards on pay, terms and conditions and other matters such as investment in training. A sectoral approach maximises efficiencies in the consultation and negotiation process and establishes a level playing field that marginalises firms seeking an advantage through 'undercutting' the competition - either by paying lower wages and offering poorer terms and conditions or poaching skilled workers from those who invest in workforce training.

4.3 Unions can help achieve those outcomes and bring additional integrity to the processes by ensuring that wider interests, including the public interest, are considered and met.

4.4 Sectoral level bargaining remains a common feature of northern and western European states. The higher levels of collective bargaining coverage in these states (Austria 85%; Belgium 96%; Italy 80%; Netherlands 81%) at least in part reflects legal underpinning of sectoral level collective agreements. In Belgium, for example, agreements signed at industry level automatically extend to all those employed in that industry, although company level bargaining also takes place.²³

4.5 Sectoral bodies are longstanding in the European Union. Sectoral Dialogue Committees were established to operate between the "EU Social Partners" (employers' and workers' representatives) in 1998. These act as fora for consultations on European policy, and allow social partners to develop joint actions and conduct negotiations on issues of joint interest in their sector. As such, they contribute directly to shaping EU labour legislation and policies, and are increasingly involved in the decision-making process of the EU.

4.6 Until the end of the 1970's the collective bargaining arrangements in the UK were not very different from those operating then and now in successful northern European economies. The 'Whitley' system of Joint Industry Councils (JICs) and Wages Councils meant that industry wide collective bargaining was the norm for the vast majority of workers in the public and private sectors.

4.7 The JICs were voluntary arrangements of union and employers organisations in a sector, actively promoted by Government to stimulate collective bargaining in order to encourage the adoption of minimum employment standards to minimise a

²³ Reconstruction after the crisis: a manifesto for collective bargaining KD Ewing and John Hendy QC

destructive race to the bottom. JICs also considered measures to stimulate the industries and thereby to aid economic advancement.

4.8 Wages Councils were statutory independent tripartite bodies of union, employer and independent members. Their job was to establishing minimum wages and other conditions for employees in sectors where the collective union and employer infrastructure was not sufficiently developed to support sector wide collective bargaining. These sectors were characterised by low pay and often employed a majority of women workers.

4.9 National arrangements for pay determination remain in parts of the public sector at UK and Scottish levels. However, as a result of the hostility of successive UK Governments, employer disinterest and a change in the union approach to collective bargaining in the face of a repressive legislative environment and declining membership from the 1980's onward, the sector wide infrastructure has all but been demolished in the private sector.

4.10 Having limited the scope of the 26 Wages Councils operating in Britain in 1986, the UK Government abolished all but the Agricultural Wages Board in 1993, which required the UK to withdraw from ILO Convention No 26, which requires the creation and maintenance of wage fixing machinery. The Agricultural Wages Board in England and Wales was finally abolished by the UK Government in 2013. However, the Scottish Government, responding to union campaigning, agreed to retain the Scottish Agricultural Wages Boards and similar arrangements continue to exist in Northern Ireland and Wales.

4.11 The introduction of the National Minimum Wage offset some of the consequences of the virtual abolition of Wages Councils. However, the particular value of Wages Councils was that they were sensitive to the circumstances prevailing in specific industries so that those industries that could pay more did, while an appropriate minimum rate of pay and other conditions could be set for those industries facing legitimate financial pressure. This took account of workers' demands as expressed by the union members on the Councils as well as those of employers.

4.12 Even under the sector wide arrangements of JICs and Wages Councils, company and workplace and company-wide collective bargaining remained a feature of UK industrial relations. However, there appears little doubt that sector wide bargaining supported by high levels of union membership had a significant impact on the pay and working conditions of workers in the UK.

4.13 Indeed, evidence presented to the Review identifies over time a correlation between low levels of collective bargaining coverage and income inequality in the UK and high levels of collective bargaining coverage and economic success internationally as illustrated by Figure 1-3 below.

Figure 1 Collective bargaining coverage and income inequality in the UK (1960-2014)²⁴

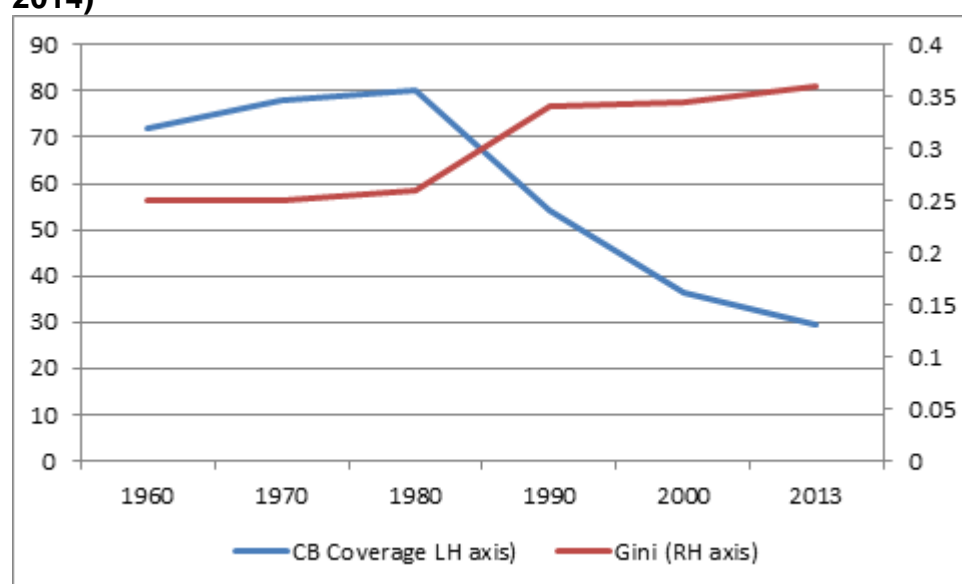
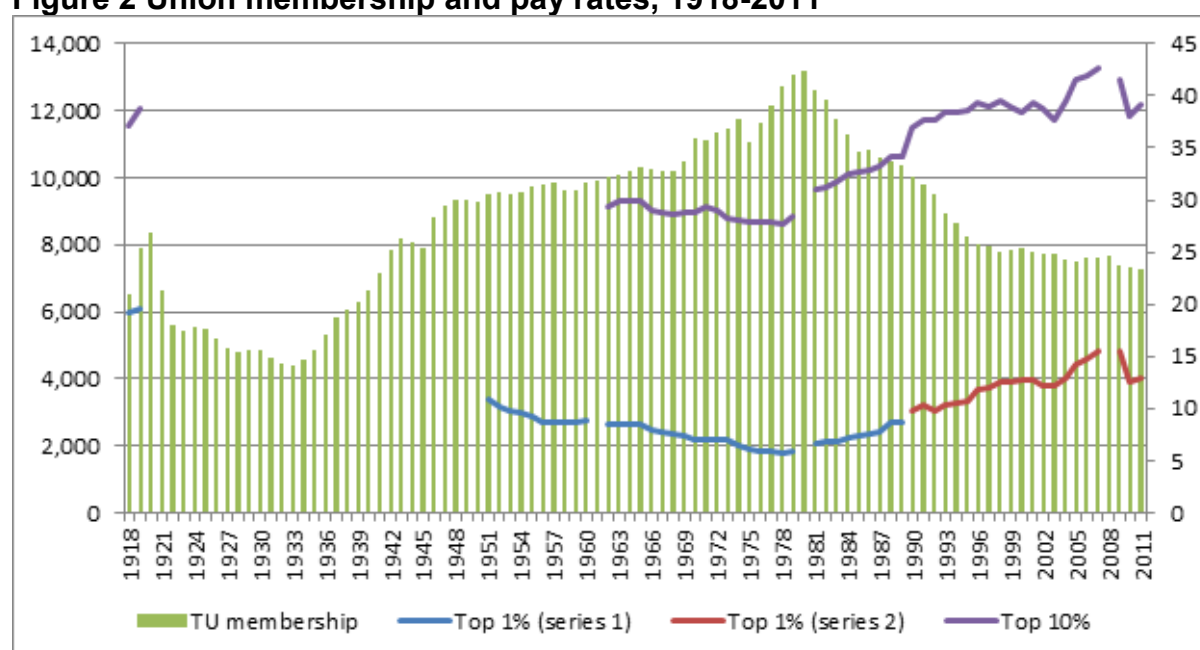


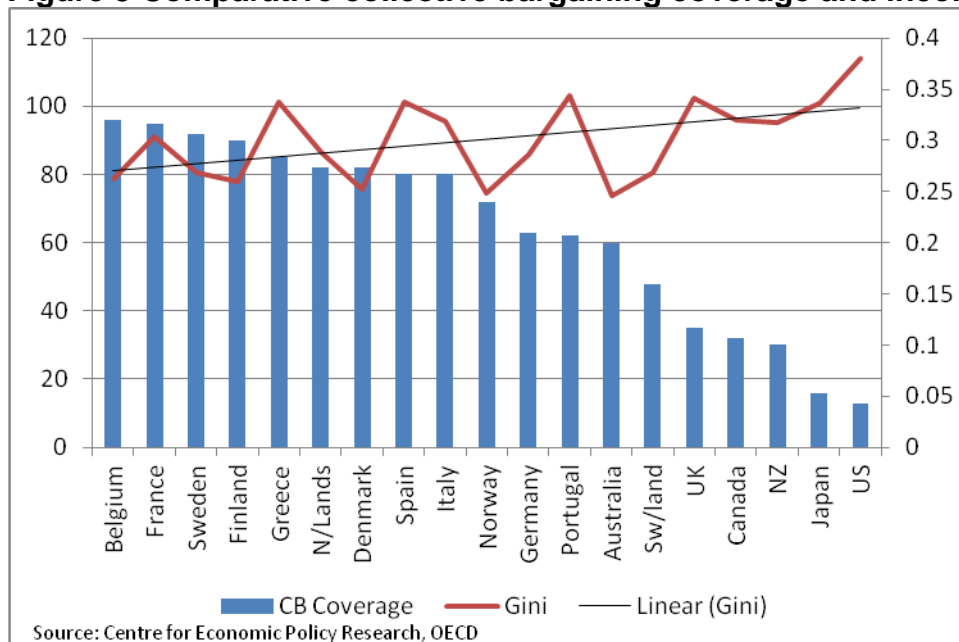
Figure 2 Union membership and pay rates, 1918-2011²⁵



²⁴ CB Coverage: Reconstruction after the Crisis: a manifesto for collective bargaining, Ewing and Hendy, Institute of Employment Rights, 2013 Gini: OECD database

²⁵ Income shares: World Top Incomes Database <http://topincomes.g-mond.parisschoolofeconomics.eu/>. TU membership: BIS Trade Union Statistics 2013 <https://www.gov.uk/government/statistics/trade-union-statistics-2013>

Figure 3 Comparative collective bargaining coverage and income inequality²⁶



4.14 The Review Group accepts that a degree of caution should be exercised in interpreting the data in Figure 3 as demonstrating that a higher the level of collective bargaining is a prerequisite for economic success. A number of other factors are obviously important in this regard. However, the Review accepts that the data indicates that higher levels of collective bargaining coverage do not inhibit economic success.

4.15 Perhaps the most important point about the sector wide bargaining arrangements of JICs and Wages Councils was not that the state intervened in industrial relations, but how the state intervened.

“What was important was not the fact of State intervention but the form of State intervention, which was based not on legal duties of individual employers, but the general power of a Government department (the Ministry of Labour) committed to implementing an industrial relations system that was compatible with the overall social, economic and political objectives of the administration”.²⁷

4.16 A number of national agreements, the product of union and employer dialogue, continue to operate in the UK and apply in Scotland. One such agreement, The Construction Industry Joint Council (CIJC) Working Rule Agreement covers over 500,000 workers and is the largest industrial agreement within the sector. The agreement covers minimum pay rates, travel subsistence and the loss or damage to stored tools allowances as well as sick pay. It also specifies a minimum wage for apprentices. Union evidence to the Review credited the agreement with sustaining the sector through the recent recession and noted that employers valued the 'level playing field' it established which helped limit unfair

²⁶ Sources: Gini (at disposable income post taxes and transfers, 2010 figures) 2010, OECD database Collective bargaining (2007 figures) Labour Market Policy in the Great Recession, Centre for Economic Policy Research <http://www.cepr.net/documents/publications/labor-2011-05.pdf>

²⁷ Reconstruction after the crisis: a manifesto for collective bargaining KD Ewing and John Hendy QC

competition and damage to the reputation of the sector inflicted by rogue companies using untrained and unqualified workers.

4.17 Union evidence also noted that experienced shop stewards, who have worked in a given industry over a long period and often for a number of different employers, gain deep domain knowledge of the sector that can be of value in informing sector wide agreements, as well as the workplace discussions which flow from them, covering working conditions, health and safety, training, productivity and changes to working practices.

4.18 In a sector like construction, where work is often transitory, the sector wide experience of workplace reps or full time union officials whose responsibilities cover a number of companies in a sector was identified as one of the key contributions unions make to the success of individual companies and sectors.

4.19 It was argued by a number of private sector unions that union reps, for the reasons mentioned above and as result of their regular engagement with a range of workplace, Government, industry bodies, and other stakeholders, often had greater knowledge of their sector than individual employers.

4.20 One respondent told the Review that by virtue of engaging a range of different executives in different organisations, trade union officials glean a huge amount of knowledge about an industry sector, including what works and what doesn't work in developing new products, services and markets.

4.21 Unions can be a considerable source of knowledge on the broader market conditions facing a sector; on how different employers are responding to technological or workplace innovations in a sector (or indeed in other sectors in which unions operate and where similar development are taking place); and are often the conduit of good practice that can encourage further innovation, improve the performance and maintain the competitiveness of individual companies and the sector as a whole.

4.22 As one union official put it 'employers that recognise trade unions do not need consultants, as trade unions are more likely than them to be deeply knowledgeable about a given workplace or sector and more likely to know what is practical and achievable and what will succeed'.

4.23 Sector wide arrangements for collective bargaining exist in the public sector including in local government; School Education; Higher Education (at a UK level and covering Scotland) in the fire, police and prison services and in the civil service. The Scottish Government, college employers and unions, are currently working towards the reintroduction of sector wide collective bargaining in Further Education, a sector blighted in the recent past by poor industrial relations.

4.24 These sector wide arrangements enable unions and employers to address the workforce challenges they face, ensuring that the sectors have the pay and conditions in place to retain and attract the appropriate complement of skilled workers they require. They also enable workforce issues that arise from changes in policy and funding arrangements for example, to be tackled in ways that ensure stability and continuity in the provision of services.

4.25 More recently, these arrangements have allowed some parts of the public sector in Scotland to take a different approach to their counterparts in England, for example in responding to the recommendations of the NHS Pay Review Bodies, on local government pensions, and on the introduction of the Living Wage.

4.26 Over the past few months, the Review Group heard from both employers and unions about several practical examples which proved the value of the union contributions to these sector wide arrangements.

4.27 In education, we received evidence that union engagement at a sectoral level has improved dialogue and engendered collaboration and innovation in the implementation of significant policy changes aimed at further improving the success of Scottish education.

4.28 The involvement of the teacher unions in national bargaining structures with local authority employers and the Scottish Government has been complemented by their representation on a number of national fora covering issues such as pensions and teacher workload. The engagement of unions in the development and implementation of Curriculum for Excellence has not only ensured that workforce issues are addressed but also that the professional knowledge and expertise of their members has informed the policy itself.

4.29 The involvement of the NHS unions through the Scottish Partnership Forum has had a similar impact. The engagement of unions in all of the NHS partnership arrangements is viewed by employers and unions as a key channel through which the professional views of workers can inform decisions on developments in service design and delivery as well as their workforce consequences and can strengthen dialogue and cooperation, promote innovation and achieve a higher quality service for patients.

4.30 The Partnership Information Network (PIN) is another aspect of NHS partnership working and staff governance in Scotland that was highlighted to the Review. The Network, which consists of NHS unions and employers, develops model employment policies (PIN Policies) that set a minimum standard to be applied across NHS Scotland. The agreed PIN Policies include: 'Embracing Equality, Diversity and Human Rights in NHS Scotland'; 'Dealing with employee grievances in NHS Scotland'; 'Facilities arrangements for trade unions and professional organisations'; 'Management of Employee capability'; and 'Supporting work-life balance'.

4.31 It was proposed to the Review that the PIN Policies could be the basis of common policies across public services, adapted to reflect the relevant context, thereby minimising the duplication of effort involved in negotiating the same policies in every sub-sector or workplace.

4.32 The Review Group considers the Partnership and staff governance arrangements in NHS Scotland as a notable example of good practice in union, employer and Government relations which achieves outcomes that have improved the working environment for employees and applied their invaluable knowledge and

experience in the development of policy for the benefit of patients. It is a model that could be adapted for use in other part of the public and private sectors.

4.33 UNISON's Ethical Care Charter is an example of a sector-wide approach in health and social care that combines the professional concerns of union members with their pay and conditions aspirations. The Charter, which covers a significant part of the health and social care sector having been adopted by a number of local authorities, establishes minimum standards to protect the dignity and quality of life for people who need homecare services. It also commits authorities to buy homecare services only from providers who pay the living wage, provide training and give workers enough time with each 'client' so they can provide better quality care for those who rely on it.

4.34 Amongst the other good practice example of sector wide union and employer engagement presented to the Review were those in the water industry, the third sector, the Fire and Rescue Service and in Scottish Government where issues arising from a challenging financial environment and significant organisational change have been addressed successfully through constructive and open dialogue.

4.35 When visiting the headquarters of the Scottish Prison Service, it became evident to the Review Group that the Partnership Agreement adopted by management and the trade unions provides the backbone to fair industrial relations in the sector, both in helping achieve good standards of decision-making and in handling divergent views as they emerge.

Establishing an Effective Employment Framework - SPS

"Eleven years on, the development and introduction of the SPS/trade unions Partnership Agreement remains the singular most effective industrial relations success in the SPS and continues to provide the foundation on which significant positive outcomes have been achieved for both the organisation and Prison Officer Association (POA) members. This includes acknowledging that differences in opinion will occur around how an issue should be managed therefore it's equally important to establish clear processes that underpin how you will resolve opposing views in advance."

Andy Hogg, Asst. General Secretary, POA (Scotland)

(See Appendix 1, Case Study 6)

4.36 Employers and unions in these sectors and others cited the importance of open and early dialogue, the resources available to union reps, including facility time for union duties, the access that reps have to training to develop their skills and enhance their specialist knowledge, the involvement of unions at all levels and in all 'work streams' and the capacity and authority of HR and operational management, as critical to effective engagement.

4.37 These critical factors for effective sectoral engagement were also reflected in the evidence provided to the Review by the Irish trade unions SIPTU and TEEU.

4.38 The Review received submissions identifying a number of other ways in which unions contribute to the development of sector strategies including through Industry Leadership Groups (ILGs) in Scotland. A nominee of the STUC or the appropriate union serves on a number of ILG's including The Energy Advisory Group; The

Aerospace, Defence and Marine the Scottish Textiles Forum; The Financial Services Advisory Board; and the Oil and Gas Leadership Group.

4.39 The added value of union representation on the ILGs was illustrated to the Review by the role played by the STUC representative on the Scottish Textiles Forum in organising for two groups of textiles employers to visit the Diageo bottling plant at Leven. The purpose of this visit was to learn about the process of significant organisational change undertaken by Diageo management and unions and thus inform organisational change plans by the textile employers who faced similar competitive pressures.

4.40 The groups learned about the process, the key role played by union representatives, changes to work organisation and job design and the ultimate success of the project as revealed by the significant productivity increase achieved. The textiles employers found these visits very useful and the Review noted that the industry has recently started to improve its employment practices and work organisation and increased its investment in skills.

4.41 A union representative serves on each of the Industry Councils established by the UK Government to encourage sector collaboration on the challenges faced by the sector and to devise industry strategies on innovation, research and development, investment, and internationalisation. The STUC General Secretary serves on the Oil and Gas Council, the only Scottish based union representative serving on an Industry Council.

4.42 The issue of workforce skills is also addressed by these Councils in collaboration with the relevant Sector Skills Council (SSC), where they exist. Until the recent change in their funding arrangements reduced their scope and capacity, SSCs covered almost the UK's entire workforce and were amongst the few UK level sector wide bodies on which unions were represented alongside employers.

4.43 Union involvement in the development of the Skills Investment Plans for Scotland's key sectors is limited to that provided by the union rep serving on the relevant ILG or through the appropriate SSC, neither of which ensures involvement in the development of every SIP. However, through the STUC General Secretary's membership of the Joint SDS/SFC Skills Committee a union perspective is provided when each SIP is considered by the Committee.

4.44 In Scotland, it is also a requirement of the approval of a Modern Apprenticeship Framework by the Modern Apprenticeship Group (MAG) that the relevant SSC or sector body has consulted with the appropriate unions. The union member of the MAG plays an important role in ensuring that this requirement is met.

4.45 Amongst the other sectoral fora on which unions currently play an important role are the range of bodies concerned with off-shore health and safety. The involvement of unions and employers together with the regulator in the 'Step Change in Safety' body has been credited with improving the industry's safety performance. The joint approach of unions and employers in achieving the EU Offshore Safety Directive was identified as an example of constructive and

successful cooperation to realise a common objective based on a shared understanding of what would be most effective for the industry and its workforce.

4.46 The opportunity for union representatives to contribute at Board level to the strategic direction and governance of organisations in the public sector was highlighted to the Review in particular in relation the role of Employee Directors on NHS Boards, who are union representatives. In both the Water Industry (Scotland) Act 2002 and the Scottish Qualifications Authority Act 2002 provision exists for the appointment to the Boards of these bodies of an individual with special knowledge of the interests of employees, and that this appointment must be made in consultation with the employees.

4.47 The Review received representations from unions that these Board members should be drawn from either the STUC or from the union appropriate to the sector. While recognising that Board members must possess the relevant skills, the ability to provide a representative voice that draws on the day to day experience of workers and the importance of accountability to those they are expected to represent were identified as essential if these Board members are to have the credibility necessary to fulfil their role successfully.

4.48 The other stakeholders involved in these Groups welcome the unique and authentic perspective provided by the union representatives and appreciated the wide knowledge and expertise drawn from their workplace experience. The ability of union representatives to highlight the workplace and workforce implications of strategic decisions not only improved policy but helped ensure effective and harmonious implementation.

4.49 The broad skill set of union representatives was also recognised, which for some stakeholders, who were more unfamiliar with unions, came as a surprise. While knowledge of the workplace was expected, the level of expertise held by union representatives on legal matters, on strategic national policy matters, on HR practice as well their leadership and financial skills was less widely known. Union respondents noted that the competencies required by members of the National Executive of a union or of the STUC General Council were in almost all respects comparable to those required of non-Executive directors of companies or NDPBs.

4.50 From the evidence it has received, the Review Group can see the potential for considerable added value for sectors, companies and organisations from a deeper and wider role for unions in sector bodies and for a more comprehensive consideration of workforce and workplace issues on a sector wide basis. For example, the Group recognises that there is currently no forum, aside from the Scottish Leaders Forum workforce development work streams, through which the workforce and workplace implications of public sector reform can be addressed by unions and public sector employers.

4.51 The Group also notes that ILGs, beyond the important consideration of skills issues, devote little time to workforce and workplace matters. Identifying and disseminating good practice on work organisation, job design, and organisational change on a sector basis; where necessary helping develop tailored programmes for individual employers/sites; and liaising with other ILGs to share good practice on

workplace matters, are all examples of activity that ILGs and other sector bodies should consider in conjunction with the relevant unions.

4.52 As in the workplace, effective union and employer engagement at sector level relies on the capacity, resources and attitude of both parties. Unions must identify the most appropriate level of representation and provide their representatives with the necessary support to ensure effective participation. Individual employers must be prepared to recognise the value of the union contribution at sector level and agree, for example, the appropriate amount of facility time to allow workplace reps to contribute.

4.53 While there is evidence of much good practice in union and employer engagement at a sector level, the Review Group recognises that many employers, and in some instances unions, do not appreciate its importance or potential. By applying the same principles that underpinned the approach of the state to the creation of JICs and Wages Councils in the UK, the Scottish Government has an important role to play in encouraging sector level arrangements for union and employer engagement that support its social and economic objectives.

4.54 It must also be recognised as one union respondent noted:

“Industrial democracy is not about putting one worker on a Board in order to provide an employee ‘voice’; industrial democracy goes beyond this and is fundamentally about the power balance in the workplace. Redressing that power balance will achieve important benefits for workers and for industry”.

Reflections

- Union engagement at a strategic sectoral level – which is common in many other countries – offers clear benefits to businesses and organisations as well as to workers.
- There is a history of sectoral approaches in Scotland and the UK from which useful lessons might be learned.
- Sectoral collective bargaining may be an effective way of addressing some of the problems of income inequality.
- Sectoral approaches involving all stakeholders have potential to better support Government objectives in economic and industrial policy.
- Union representatives and officials can bring a wealth of sectoral knowledge and experience to sector strategies, but this is a largely untapped resource in some sectors.
- Where developed sectoral approaches involving unions exist, notably in the public sector, they demonstrate the clear benefits of union involvement.
- In the private sector, unions engage with ILGs and notably with skills bodies and while union reach might be enhanced, where unions are involved they play a positive and constructive role.
- Union sectoral expertise should be deployed at strategic level in the boards of public organisations and agencies.

5. Shaping National Policy

5.1 Trade unions interact with Governments at international, national and local level. Unions undertake campaigning activities to influence policy in line with their priorities and objectives and can also be directly involved in the processes of policy formation, implementation, monitoring and evaluation. Constructive engagement with the policy process can secure union objectives and can also improve the quality and efficacy of policy making, generating informed and workable policy with broader stakeholder buy-in. In this section, data on how unions engage with Scottish Government is considered after a brief overview of how unions are represented in policy processes elsewhere.

5.2 Trade unions are involved in a range of strategic stakeholder/partnership roles in international organisations. Notably, unions are defined as key stakeholders in the European Union, where social partnership between labour and management is provided for through the European Social Dialogue arising from the Treaty of the Functioning of the European Union which states that:

‘The [European] Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy... before submitting proposals in the social policy field, the Commission shall consult management and labour on the possible direction of Union action.’²⁸

5.3 Through social dialogue, unions, trade union bodies and employer representatives can provide recommendations to inform and influence policy. EU social dialogue has produced many cross-industry joint agreements and declarations between the social partners on issues such as climate and energy policies, youth unemployment, temporary agency work and a range of educational and qualifications issues. Union representatives from the UK, including one from Scotland, currently serve as members of the European Economic and Social Committee, a consultative social partner body involved in the development of EU decision making.

5.4 Turning from the international to national level, while the UK has no formal provision in law for social partnership arrangements, a variety of highly performing economies (for example, The Netherlands, Germany, Sweden and Denmark) employ variants of social partnership models involving trade unions and employers’ representatives in informing the development of policy, and in joint working relationships to implement policy. To illustrate, the Dutch Government and social partners have in recent years jointly agreed measures to stimulate economic recovery and adapt the labour market to contemporary demands. In some of these nations, union and employer engagement in policy development is enshrined in law; in other partnership arrangements, engagement is voluntary. Ireland has involved trade unions in social partnership arrangements over the last decade although arrangements changed significantly in the wake of the 2008 financial

²⁸ Article 152, Treaty on the Functioning of the European Union

crisis. Prior to that, trade unions had a strategic role through engagement with Government, influencing policy development and contributing to implementation. However, bi-lateral engagement between unions and employers appears to have been limited²⁹. While the efficacy of the Irish system of social partnership is contested by some stakeholders, there appears to have been opportunities to build positive, collegiate relationships through which trade unions and employers contributed to policy development, making it better informed and more likely to reflect a workable balance of stakeholder interests.

5.5 The only recent examples in the UK of joint union/ employer action on national policy were the agreement reached in 2003 between the TUC and the CBI on how the EU's information and consultation directive should be implemented and in 2008, the agreement reached on agency workers, which ended the UK Government's opposition to an EU directive on this issue.

5.6 In Scotland, the STUC/ Scottish Government Memorandum of Understanding (MoU) in place since April 2002, formalises the relationship between both, including arrangements for regular meetings between the STUC and the Scottish Government Cabinet Secretaries and Ministers. It also ensures that a continuous dialogue is maintained between Government officials and unions on policy development and implementation. According to the evidence provided by one trade union officer:

"The MoU benefits policy development and implementation by ensuring that the Government has access to the representative views, knowledge, expertise and experience of trade unionists as both workers and citizens, democratically determined through structures underpinned by equal opportunities principles."

5.7 As this quote suggests, unions bring important resources to national policy processes: rigorous analyses of labour market features and challenges, detailed knowledge of specific sectors and industries, practical insights into workplace issues as experienced by their members and intelligence gleaned through their national and international networks.

5.8 The Memorandum of Understanding reflects the willingness of both unions and Government to work together and to deploy the resources of both in developing policy in ways that acknowledge the concerns of union members and the priorities of Government. Its existence does not mean that Government and the STUC always agree; rather, it sends a clear signal that both parties agree to engage constructively with areas of agreement and difference.

5.9 The relationship between the Scottish Government and the STUC has produced a number of significant initiatives. These include a national campaign against violence against workers who serve the public; research activity on social partnership and on sectarianism in the workplace, the creation of SUL, the One Workplace Equal Rights Project and the Close the Gap initiative; the Women's Employment Summit, the creation of the Scottish Investment Bank, the establishment of the National Economic Forum, the Safeguard an Apprentice

²⁹ See case study 8 – Engagement with SIPTU and TEEU, Annex 1, for further information.

Scheme, the two-tier workforce Protocol and the Skills Utilisation Leadership Group.

5.10 Union representatives are present in various ways in the policy process at Government (and agency) level in Scotland and the UK. This presence provides opportunities for union voices to be heard in bodies tasked with addressing key economic and social challenges. Crucially, the STUC's General Secretary serves on the Scottish Government's Economy Board as one of three non-executive representatives. The Economy Board oversees the implementation of Government's economic strategy and tracks progress in relation to existing performance targets.

5.11 The STUC and individual trade unions frequently participate in the Scottish Government's National Economic Forum. The Forum provides a platform for stakeholders from across Scotland to present their views to Cabinet Secretaries and Ministers on the Government's economic strategy and hence to feed into and influence Government policy. Unions play a key role here in terms of offering proposals, advice and critiques.

5.12 In Scotland, there is a union presence on the Scottish Enterprise Board, the Board of SDS; the Joint UK/Scottish Government Scottish Employability Forum, and the Public Service Reform Board. The STUC General Secretary served on both the Commission on Strengthening Local Democracy and the Commission on the Development of Scotland's Young Workforce.

5.13 Unions are also represented on many existing skills and training bodies. The STUC General Secretary serves as one of four trade union Commissioners on the UK Commission on Employment and Skills and is involved in offering advice to the governments of the UK and Scotland on skills and employment matters. In addition, the STUC General Secretary also serves on the Joint SDS/SFC Skills Committee. The Trade Union Working Party on Lifelong Learning, chaired by the Cabinet Secretary for Training, Youth and Women's Employment, enables the STUC to engage directly with the Scottish Government on skills and learning issues.

5.14 At the level of individual unions, the evidence provided by the Educational Institute of Scotland (EIS) indicated that, since devolution, it has enjoyed a much closer working relationship with Government (including, Agencies) and other national bodies. Since 2001 its national bargaining structures have been formed on the basis of a tripartite arrangement covering trade unions, local government and Scottish Government. The EIS reports that its relationship with Government and other national bodies is further enhanced by representation on a significant number of national forums covering issues such as Curriculum for Excellence (CfE), pensions and teacher workload.

5.15 This joint sectoral working between the EIS and Scottish Government was highlighted when the Cabinet Secretary for Education and Lifelong Learning and the General Secretary of the EIS made a joint address to the annual International Summit on the Teaching Profession which took place in New Zealand. This summit brings together education ministers and national teacher trade union leaders from 13 states including the USA, Germany, Japan, Denmark and Sweden. The 2014

summit was the first occasion a joint Government/union presentation had been made to this prestigious international conference.

5.16 It is clear that there are a range of opportunities available for union voice to be heard in policy formation in Scotland and unions are present at the policy table. The key question, however, is whether a union presence provides a genuine opportunity to influence outcomes. Recent research by SCER/SKOPE³⁰ found that trade unions themselves reported extensive access to Government, formally and informally, through ministers and officials. Union stakeholders reported a prevailing belief that the culture within the Government was of consulting and listening and that this allowed for a genuine influence on policy. A wide range of areas of joint union-Government activity were identified, and unions reported positive outcomes arising from their influencing activities, citing as examples a no compulsory redundancy guarantee in parts of the public sector, the Women's Employment Summit and its ongoing activities to improve women's participation in the labour market, moves to strengthen the prosecution of health and safety breaches and the preservation of public sector trade union representatives' 'facility time'. Many of these examples have broader social benefits as well as benefits to union members. Moreover unions were considered by other stakeholders as making positive contributions in their dialogue with the Scottish Government.

5.17 The CWU provided another example to the Review Group of how unions help to facilitate the creation of sustainable economic growth through infrastructure development. CWU's campaign for greater investment in broadband infrastructure and services has been an important driver of broadband roll out and take up across the UK.

5.18 Unite, in conjunction with the STUC, has enjoyed success in securing contracts for Scottish companies through strategic engagement at a national level. Unite lobbied successfully for political support for the manufacture of a new hybrid bus which complied with both Disability Discrimination Act 1995 (DDA) requirements and with emissions targets³¹. Subsequently, Alexander Dennis Limited secured the bulk of the contracts from the Scottish Government's Green Bus Fund³² along with a major New Zealand Buses contract³³, and as a result of these new orders, short time working at the company ended.

5.19 The investment made by the Scottish Government in union learning, managed through SUL has helped secure ESF funding of £600,000 per annum with another £1 million per annum levered in from employers, colleges and unions, all of which supports the delivery of learning and development activity. As a result of this funding, SUL, working with unions, directly supports 9,000 learners per year. There is evidence that in addition to benefitting individuals and workplaces, union-led learning impacts Scottish society more broadly and contributes to improving literacy and numeracy levels and ICT knowledge and skills that enhance economic and civic participation.

³⁰ Scottish Centre for Employment Research, *Work, Employment, Skills and Training: Where Next for Scotland (Get full ref.)*

³¹ Motion S3M-05973: Charlie Gordon, Glasgow Cathcart, Scottish Labour, Date Lodged: 16/03/2010 Building Better Buses

³² <http://www.scotland.gov.uk/News/Releases/2010/07/05110751>

³³ <http://www.bbc.co.uk/news/uk-scotland-scotland-business-12163081>

5.20 In terms of influencing social policy, the STUC and unions have campaigned successfully for funding to mitigate the negative effects of the UK Government's policy known as the 'Bedroom Tax'³⁴. The adoption of the Living Wage across the Scottish Government and elsewhere in the public sector. In these instances, Government's response was influenced by unions and the STUC through working relationships, lobbying and dissemination of research, evidence and good practice.

5.21 The creation of the NHS Scottish Partnership Forum and its associated infrastructure was a product of union-Government dialogue. As is mentioned elsewhere in this Report, these arrangements are cited by stakeholders as providing a highly useful mechanism for maintaining and developing meaningful dialogue between unions, management, employees and Government. Furthermore, they are viewed by stakeholders as crucial in informing Government health policy, and for ensuring that fair, progressive and productive employment practices apply in the sector. Trade unions are a fundamental part of this. The perceived success of this Forum in its interactions with Government highlights the vision and commitment of unions to working in partnership and of employer members in promoting excellence in employee relations as a means of improving services to the public.

5.22 The Review received evidence that as a result of positive engagement between trade unions and management, public sector organisations are in a strong position to lead by example, through influencing employment practices and showcasing the benefits of progressive employment practice. Effective leadership by both unions and management in the public sector has informed and influenced policy and practice, particularly where research and analysis of public service practice and outcomes has been more widely disseminated across practitioner, professional and Government networks.

5.23 In all of the above examples of union engagement with and influence over policy formation, it is crucial to note that there remain significantly contested areas where unions have less influence. It would be unrealistic to expect no disagreements. Importantly, however, as the SCER/SKOPE research³⁵ noted, while there were areas of disagreement, there was also a willingness to recognise and address these and to respond to disagreements constructively, illustrating both the integrity and flexibility of unions' relationship with Government, as the stakeholder respondents' comments below illustrate.

³⁴ UK Government Department for Work and Pensions 'Removal of Spare Room Subsidy' or 'Under occupation of Social Housing'. Due to ambiguity around these terms, we have been advised that 'Bedroom Tax' is the most appropriate and widely recognised term.

³⁵ Scottish Centre for Employment Research and the ESRC Centre of Skills, Knowledge and Organisational Performance, *Work, Employment, Skills and Training: Where Next for Scotland?*, 2014: 41.

"We've reached the stage where if there's any new policy or strategy being developed within the Government then we are regarded as a key stakeholder with who this should be discussed with".

"Are we listened to? Are we heard? Absolutely yes. Do we get everything we want, absolutely no. But there is a constructive dialogue that benefits our members, as well as shapes policy with the Government".

"I think there is also a view in Scotland that the STUC is seen much more as a strong civic partner and has always been regarded as such in a way that the TUC is not perceived at UK level".

5.24 Some Review respondents noted that the structures in place to facilitate such engagement have limitations and that not every major issue that has national or strategic importance and implications for working life is addressed jointly by all interested parties. Given this, a dedicated mechanism that could channel the expertise and influence of unions in their relations with Government may have considerable merit.

5.25 It was also pointed out to the Review that while the Scottish Government has sought to develop a 'social partnership' approach to engaging with trade unions, the business community and other civic organisations with an interest in economic development, and while Scotland's trade union movement has in the STUC a social partner body which is both credible and representative of its constituency (trade unions and the workers they represent), the approach of Scotland's employer community to, and its representation within, social partnership structures is more problematic and that it has displayed a degree of resistance to any policy engagement which could be construed as potentially impinging on managerial prerogative in the workplace

5.26 It was also put to the Review that enduring social partnership will not and cannot be created in Scotland, nor can enduring social dialogue exist, unless the employer pillar is representative, consistent and committed to working together.

Reflections

- By engaging at a national level, unions can positively influence wide-ranging social and environmental policies to encourage greater fairness and sustainability. Issues such as education, youth employment and climate change can be addressed in this manner.
- National-level partnership can help to build positive relationships between unions, Government and employers.
- Through engagement at a national level, both unions and employers can contribute to policy development and make it better informed and more likely to reflect a workable balance of the interests of various stakeholders.
- Trade unions can play a key strategic role in achieving and facilitating the Scottish Government's objective of sustainable economic growth. This can take place through the construction of policy that supports various drivers of growth including investment, skills and education, internationalisation and innovation.

- The fundamental role that unions play in increasing employment opportunities, reducing income inequality, improving opportunities to develop skills and reducing income differentials, and therefore increasing and improved labour market participation and use of human capital, is key to driving sustainable economic growth.
- Government engagement with unions can bring thorough analysis of the labour market and in-depth knowledge of specific sectors and industries, which will in turn effectively inform the development of policy.
- While national level engagement between unions and Government does not mean that there will always be agreement, it can demonstrate that both parties will engage constructively on areas of agreement and difference.
- There is a broadly positive culture of consulting with and listening to trade unions in the Scottish Government, and this allows for a genuine influence on policy.
- Enduring social partnership will not and cannot be created in Scotland, nor can enduring social dialogue, exist unless the employer pillar is representative, consistent and committed to working together.

6. Enriching Civic Society

6.1 Delivering benefits to civil society is central to the constitution and founding principles of many trade unions and trade union bodies. To illustrate, the purpose of the STUC, as set out in its Constitution, is to “co-ordinate, develop and articulate the views and policies of the trade union movement in Scotland and, through the creation of real social partnership, to promote: trade unionism; equality and social justice; the creation and maintenance of high quality jobs; and the public sector delivery of services”. This clearly indicates that the focus of trade unions and their members is not only on the workplace, but extends to the communities in which they live and work. Union members and reps gain skills from their union involvement that can enhance their wider civic contribution. The Review found many examples of the STUC and affiliated unions working to deliver benefits beyond the workplace, and these provide a focus of this section of the report.

6.2 In addition to addressing inequality and its wide range of adverse effects on people and civic society, unions are involved in a plethora of organisations that bring together activists in specific campaigns and initiatives.

6.3 The STUC is not affiliated to any political party, enabling it to develop alliances across the political spectrum and with those of no political affiliation, including faith organisations, voluntary sector bodies, NGOs and others in civic society. The impact of this approach has been evident throughout its history. The STUC and its affiliate unions are widely regarded as having played a significant role in the re-establishment of the Scottish Parliament through both their wider public campaigning and through the leading role played in the Scottish Constitutional Convention which devised the blueprint for the Parliament.

6.4 These civic alliances have been influential in advancing the wider interests of union members on issues such as the Poll Tax, nuclear disarmament, the Iraq War and more recently the ‘Bedroom Tax’ and on matters of international concern. The STUC and unions in Scotland were prominent in the anti-apartheid movement and in other liberation struggles. Unions also support international projects. In particular, Prospect’s joint project with Oxfam in Kenya on organising and communication training and the work of the EIS in supporting education initiatives in Malawi were noted by the Review.

6.5 This broader civic role has also been important in mobilising support for the industrial and workplace demands of unions and their members including seeking the retention of strategic industries such as coal and steel or in preventing closures and job losses as at UCS or the Lee Jeans factory at Greenock.

6.6 Unions can offer a formal structure for local activities and help fund or organise campaigns that would otherwise flounder. Trades Union Councils - joint union bodies based in local communities - are actively involved in anti-poverty and community regeneration initiatives and some provide employability services for the unemployed on their return to work or for non-union members requiring representation. The work done by the Edinburgh TUC and the STUC, supported by

the City of Edinburgh Council, through the Support@Work initiative, is a particularly good example of this.

6.7 To illustrate, Unite the Union informed the Review that it is unique in having a community membership scheme which brings together people from across society and allows those without work to have some of the protection offered by unions. Unite believes that organising and activism are at the centre of strong communities, whether it is taking a stand against a service closure or coming together to improve the environment. Given the Scottish Government's priorities around sustainable economic growth, participation, particularly of young people and women, and solidarity and cohesion, there is scope to reflect on how the role of unions and their members could be of greater value in this regard.

6.8 At European level, trade unions have created new partnerships with employers and non-governmental bodies to tackle discrimination on the grounds of sexual orientation and ethnicity, for example confronting the issues faced by Europe's Roma communities. At a national level, trade unions across Europe have engaging in a wide range of equality initiatives focussing on new areas for intervention or working with employers, NGOs and campaigning groups to link the promotion of workplace equality with community focused activity. While the majority of initiatives seen by the Review concerned racial and ethnic minority discrimination, age diversity appears to be an increasing area of attention.

6.9 Like many individual unions, the STUC has equality (or representative) committees for Women, Youth, Black, Disabled and LGBT workers, all of which are elected by their respective annual conference. These committees work closely with community-based equalities organisations in a range of ways to overcome disadvantage and discrimination and to promote diversity and inclusion. The provisions of the STUC Constitution ensure that its General Council is broadly representative of union members. At present over half of the General Council are women and there are reserved places for elected young, black, disabled and LGBT workers. This helps ensure that the diverse interests of all of Scotland's workers are mainstreamed into the wider work of the STUC.

6.10 The STUC also works in partnership with the Scottish Pensioners' Forum to address issues of concern to Scotland older citizens.

6.11 While the work of the STUC Youth Committee and those of its affiliates is primarily concerned with helping give young people a voice at work, it plays an important role in building the confidence and capacity of young people to participate in civic society and our wider democracy, to influence policy and widen opportunity. Its recent work in promoting the adoption of the European Youth Guarantee is just one an example of this,

6.12 The STUC Women's Committee, working with the STUC's member unions, led the 50/50 campaign for a gender balanced Scottish Parliament. More recently it has taken forward the range of initiatives that emerged from the Women's Employment Summit held in September 2012, which the STUC co-organised with the Scottish Government. The STUC's participation in the Strategic Ministerial Group on Women and Work has allowed the opportunity to promote, with some success, its policies on the expansion of childcare provision and achieve a greater

focus on the value attached to care sector jobs; on tackling occupational segregation; on challenging the use of zero hour contracts, agency workers, and all forms of casualisation of contracts and terms of employment; and developing policies to support older women in the workforce.

6.13 The focus on equality and diversity at the 2014 Commonwealth Games, particularly in relation to LGBT issues, was in part influenced by the STUC and union campaigning. The STUC was prominent in the initiative to encourage unions, the Scottish Government and councils across Scotland to fly the rainbow flag in solidarity with LGBT people across the Commonwealth.

6.14 The massive volunteer programme for the Games saw many union members coming from across the UK and the Commonwealth to assist. 400 volunteers from the Chartered Society of Physiotherapy were amongst those from unions representing allied health professionals who supported the athletes.

6.15 As was pointed out to the Review Group, it should not be a surprise that many of the volunteers at the Games were union members. There is much evidence that union members and reps – volunteers in their own unions - also deploy their skills in volunteer roles in their wider community.

6.16 The STUC's Unions into Schools project is an important means of taking the work of unions beyond the workplace and of ensuring young people are aware of their rights and responsibilities at work. Working with the Scottish Government's *Determined to Succeed* initiative, the STUC produced *A Better Way to Work in Scotland*, a resource pack for teachers and trade union school visitors. With the assistance of 60 trained union reps, Unions into Schools has delivered over 300 classroom sessions to school students throughout Scotland. These reps and STUC officials have also delivered awareness sessions to teaching staff on how best to utilise the resource pack, which has particular relevance in the Modern Studies and Business Studies curricula. The Review believes that Unions into Schools could play an important role in delivering the recommendations of the Commission on Developing Scotland's Young Workforce, particularly in supporting the work of the proposed regional Invest in Youth Groups.

6.17 Union-led learning activities also have a strong community focus. The Review received evidence on the work undertaken by SUL and Unison to support migrant workers through a specific project operating in the Highlands and Islands focused principally on the care sector. Findings from the Project reveal that union learning not only enables the professional development of the migrant workforce but also supports their integration into the local community. The Review was provided with a number of examples of this, including that of a Polish worker with little English who undertook an ESOL course after several years of encouragement, obtained certificates in IT and management, was promoted to a senior position in the workplace and developed the confidence to become active in the local community.

6.18 The Review Group was made aware by Kathy Jenkins of Scottish Hazards of unions' involvement in the environmental justice network, working with Friends of the Earth, the Bhopal Campaign and in global campaigns such as those linking

semiconductor solvents to cancer³⁶. The size and reach of unions permits the dissemination of information on a large scale which can bring small campaigns and minority issues to a large audience.

6.19 This can also be true of charity work. The Unite branch at Lothian Buses, for example, manages a charitable fund on behalf of its members and supported by the company that recently donated £4000 to a local school for children with learning difficulties to buy specialist equipment.

Environmental impact

6.20 In the course of the Review, members came across initiatives forged by unions that addressed environmental concerns in workplaces and in product development.

6.21 The UCATT campaign Going Green@Work³⁷ aims to “green” learning, workplaces, communities and the union itself. One practical initiative mentioned to the Review was undertaken by UCATT during the building of the Xscape complex at Braehead in Renfrewshire. Green working on site and the use of waste materials was not only better for the environment but saved an estimated £1 million in construction costs. Another example is the training provided to UCATT members to facilitate a move to Green Deal products at Walker Profiles in Motherwell.

6.22 During the visit to Babcock Marine and Technology at Rosyth Dockyard, the Review Group heard about the work of the unions to improve recycling through the introduction of highly visible facilities throughout the workplace. This was identified as only one of many initiatives undertaken by the union Environmental Reps (green reps) on site. It was pointed out to the Review that, unlike health and safety and learning reps, green reps have no statutory right to time off for training. The unions on site had negotiated with the company over the introduction of both Environmental and Equality Reps. Unison told the Review that its reps in one local authority have been seconded to assist the Council’s work to improve its environmental profile due to their knowledge of the Climate Challenge Fund gained from their voluntary activities.

Reflections

- Unions’ reach is not limited to the workplace. They also have a material impact on civic society, particularly in relation to equality issues.
- The Unions into School initiative has Government backing but is a project that deserves further investment to allow greater dissemination of the role of unions and the advantages that accrue from their active involvement in workplaces and society at large.
- Internationally, unions reach out to other unions and communities through formal mechanisms and informal networks. This brings benefits of information sharing on good practice.
- The membership of unions allow for mass distribution on local or minority campaigns and for charitable giving.

³⁶ Hazards 126: 26

³⁷ <http://www.ucatt.org.uk/going-greenwork>

- Union reps help to highlight environmental issues in the workplace and civic society despite an absence of legal rights for environmental reps in workplaces to train and operate.
- While the role of the STUC's and union representatives committees is primarily about helping give underrepresented people a voice at work, it plays an important role in building the confidence and capacity of people to participate in civic society and our wider democracy, to influence policy and widen opportunity.

7. Driving the Change

7.1 The Review Group has become convinced that the economic and social challenges and opportunities facing Scotland are more likely to be addressed successfully in an environment where trade unions, employees and workers, employers and Government cooperate and work together. The Group recognises that the report challenges private and public sector employers, trade unions - members and officials - and Government, to learn, adapt and evolve. This section invites readers to note the contribution of unions and employers to economic, social and civil life in Scotland, to consider how this contribution can be most effectively deployed, and to reflect on their own response. Drawing on earlier sections, the Review Group's view of the main issues is as follows.

Businesses and Employing Organisations

7.2 Employing organisations stand to gain a great deal by maintaining or adopting collaborative, collegiate and inclusive approaches in workplaces. Recognising and working together with trade unions can help inject the process and procedures that make it more straightforward to engage, respect and listen to employees and enable private and public sector organisations to work even more effectively. This Review has found that workplaces where employees are engaged, respected and involved in decision-making tend to be more productive and resilient. In addition, there is ample evidence that consulting and working in partnership with unions, openly reconciling different interests and perspectives, especially when changes have to be made, can ensure that those changes are more appropriate, effective, sustainable, stable and smooth.

7.3 It is also important to repeat the point that trade unions are not third party entities, interfering in the running of any given business. They **are** the employees. They are part of and fundamentally important to the business. They are the people doing the work day to day, with the knowledge and experience of what works and what needs to be done. It is therefore no surprise to learn that many workplaces are discovering that finding and establishing common goals through working with a trade union is the most effective way to make a business a success. The trade union can work with the employer to make a business work and to make it more productive in ways that are fair and sustainable and help to make the best use of everyone's potential.

Industry/Professional Bodies

7.4 Greater engagement with stakeholders from across the whole of industry could lead to better connected and better informed industry sectors. Real engagement with trade unions – and through this – better and more informed connectedness with those who are doing the work and understand it – could lead to a greater spread of expertise and better results. Properly managed and monitored, this in turn could drive industry/sector level innovation by harnessing a broader range of expertise, insight and experience and by building the high trust relationships across industries/sectors that make innovation deliverable and sustainable.

Trade Unions

7.5 Trade unions could benefit significantly from a more collegiate environment. Initially, more recognition and a deeper appreciation by employers of unions' ability to add tangible value would improve their ability to function within workplaces and improve the position of their membership. The experience of many organisations suggests that a more positive and purposeful dialogue between unions and employers can extend democracy to the workplace, can produce positive contributions and completely undermine the negative stereotypes that have inhibited conversations and collaboration in the past.

7.6 In other words, dialogue, in the proper sense of the word, can help organisations restore the necessary balance needed to develop and deliver common goals and worthwhile outcomes. That means following advice from the likes of William Isaacs and having more conversations that have "a centre, not sides" - as well as moving beyond exchanges that merely vent competing unheard monologues.

7.7 This in turn may impact positively on union membership as more employees see its benefits. Further development of working relationships with Government would allow unions and management the opportunity to provide better and more-tested feedback, helping the evolution and development of policy, bringing long term advantages in the promotion of competitiveness, business development, labour rights, working conditions, fair and stable employment and ultimately in economic prosperity through sustainable and equitable economic growth.

Scottish Government

7.8 In this climate, by building upon existing strong relationships and continuing to consult fulsomely with stakeholders, the Scottish Government could draw deeply from a wider and more valuable reservoir of knowledge and expertise in fulfilling its commitment to appropriate and constructive policy development. Furthermore, continuing to work with bodies such as trade unions will support the Scottish Government in achieving its economic and social goals. As demonstrated in section 5, trade unions can play a key part in creating the environment for sustainable and equitable economic growth, and can drive this forward by informing policy, developing a more productive and innovative workforce, and providing support for Government initiatives. Working with, as opposed to excluding, the representatives of employees has the potential to stimulate greater economic stability, productivity and prosperity.

Civic Society

7.9 The widespread prevalence of a more inclusive, collaborative and progressive workplace model could benefit civil society as a whole, generating positive impacts on health, well-being, confidence and hence for the public purse.

7.10 Indeed, an increase in industrial democracy could enrich democracy and civil society. Giving people a greater say over their day-to-day working lives can improve their sense of purpose, the quality of day-to-day work and the fulfilment arising from opportunities to make a more material and more valued contribution - reducing disaffection and creating more proactive and positively engaged citizens. A more progressive workplace model can create a fairer, more inclusive and more productive society. If workplaces are about working together at all levels and finding

common cause as opposed to engendering and maintaining conflict, civil society can only benefit from the results of greater inclusivity, shared expertise, progressive learning and an approach that seeks to benefit all areas of society.

8. Recommendations

8.1 In February 2014 the Working Together Review Group set out to identify examples of effective union, employer and Government relations in Scotland and to identify any benefits arising.

8.2 Our report provides a great deal of evidence which confirms that many unions, employees and employers are already reaping the benefits of working together to construct their own business or sector specific approaches to modern, co-operative industrial relations. We welcome that evidence and recognise that it is one of Scotland's existing economic strengths. We are ambitious to build on that success.

8.3 It is hoped that this Review will act as a catalyst for an on-going conversation and for relentless activity aimed at improving the way in which Government, unions and employers work together. If a greater level of co-operative working can be achieved throughout Scottish workplaces, we believe that such meaningful engagement and collegiate behaviors can only enhance the performance of business and public sector organisations; improve the quality of work; improve terms and conditions in the workplace; reduce inequality; promote economic growth and advance the social justice agenda.

8.4 The Report recommendations are presented below, structured around the four preconditions for working together identified in the report's Introduction.

Developing Capacity and Capability in Industrial Relations

1. The Scottish Government should continue to support the development of union-led learning through SUL and its Development and Learning Funds and publicise the benefits of these. The STUC, SDS and SFC should agree an approach that ensures that union-led learning fulfils its full potential in addressing Scotland's workplace and workforce development challenges.

2. Training for union representatives (shop stewards; learning reps; health and safety reps) provided through further education colleges should be funded through a fee remission arrangement.

3. The Scottish Government should work with the STUC and public sector unions to introduce trade union Equality Representatives into Scottish public sector workplaces. Equalities Reps should be given access to appropriate training and facility time to perform this role effectively.

4. The Scottish Government should work with the STUC and public and private sector unions to introduce Environmental (green) Representatives into Scottish public sector workplaces. Environmental Reps should be given access to appropriate training and facility time to perform this role effectively.

5. The STUC/TUC Education in Scotland should work collaboratively with appropriate providers to develop a Union Leadership Development Programme to enhance the capacity of current and future union leaders.

6. A trade union environmental workplace fund should be created to support the development of union capacity on sustainable workplace issues and to support relevant workplace projects.

Supporting Fair Employment

The Review Group believes that Scottish workplaces should be typified by ideals of fairness, dignity, creativity and purposeful industry, and recognises that trade unions have an absolutely legitimate role to fulfill in promoting these ideals within Scottish workplaces and Scottish civic society at large.

7. The Scottish Government should continue to emphasize the significance of Scotland's trade union movement, the valuable part that unions can play in building economic success and the value of union facility time in delivering effective industrial relations.

8. The Scottish Government should assign responsibility for industrial relations to a single Cabinet level Minister. At present, different aspects rest within different ministerial portfolios.

9. The Scottish Government and the STUC should regularly review their Memorandum of Understanding and seek ways of improving the engagement between unions and Government and its agencies.

10. The Scottish Government should explore with the STUC how the 'social dialogue' approach encompassed in the Memorandum of Understanding can be expanded to involve employers in Scotland, recognising that enduring social dialogue will not exist unless the employer pillar is representative, consistent and committed to working together to achieve agreed objectives.

11. A fair employment framework should be developed through a stakeholder body (see recommendation 14) and it should be promoted across private, public and third sectors. The framework should be based on 'what works' principles and should clearly define the responsibilities of unions, employers, employees and workers. The framework should seek to provide support for diversity in the workplace with particular regard to women and young people.

12. For the last ten years NHS Scotland has operated a model known as staff governance and embraced its own version of partnership working. Further work should consider whether this construct might translate across to other sectors and how this or other forms of collaborative working might generate higher levels of trust and co-operation in industrial relations.

13. The Scottish Government, local authorities and the STUC should engage appropriately to expand the reach of the Determined To Succeed/Better Way To Work - Unions into Schools and Colleges initiative and should ensure that unions are fully involved at strategic and operational level in the implementation of the recommendations of the Commission on Developing Scotland's Young Workforce.

Opportunities for Constructive Union and Employer Leadership

14. The Scottish Government should establish a stakeholder body with representation from trade unions and private, public and third sector employers. The body should be supported by relevant experts in the field of industrial relations and operate with an independent secretariat.

15. The purpose of this body would be to provide leadership on Scottish industrial relations matters and fair work. The group would encourage the development of constructive industrial relations in a range of different sectors and workplaces. It would also seek to increase dialogue between unions, employers, public bodies and Government departments.

16. Amongst other things, the body would provide a framework to develop joint training for union and management on strategic organisational development matters.

17. The body would explore the potential to extend collective and sectoral bargaining in Scotland and seek to increase levels of workplace democracy across the public, private and third sectors in Scotland.

18. The body would also promote the introduction of Equality and Environmental (green) Reps into Scotland's workplaces and prepare and disseminate guidance for their operation including recommendations on facility time and time off for training (see recommendations 3 and 4 above).

19. The stakeholder body would work with business leaders, relevant agencies and professional bodies to benchmark and promote effective and professional people management practices including industrial relations based on recognised good practice.

20. The stakeholder body should be a vehicle through which unions and employers can assess, distil and promote evidence of the most effective industrial relations practice.

21. The Scottish Government and Scotland's public sector should use powers of procurement to encourage progressive industrial relations practices and behaviours in the private and third sectors. This would include the requirement for private and third sector enterprises to evidence what steps they take to ensure fair and effective industrial relations and commitment to the concept of a living wage, workplace and workforce development and the promotion of workplace equality.

22. All Industry Leadership Groups (or ILGs; official bodies established to provide strategic leadership and advice to industry/public sector in Scotland) and public sector bodies should be required to establish fit-for-purpose vehicles to formally engage with unions on employment, workplace and workforce development matters.

23. All public sector bodies should be required to include a section in their annual reports on their approach to industrial relations and its impact on workplace and workforce matters.

24. The Scottish Government should legislate to ensure that there is effective worker representation (from representative trade unions) on the board of every public sector body; a role tasked with representing worker interests. In so doing the Government should have in mind the need to increase the number of women on the Boards of public sector bodies. The role should be afforded status equivalent to a non-executive director and the individual(s) should be furnished with all the necessary business information and training and development to engage in a meaningful manner with other board members or executives.

25. The Scottish Government and the Public Appointments Commissioner should work with the STUC and the EHRC to develop a strategy and action plan to increase the number of board members on public bodies from a trade union background with due regard to the Scottish Government commitment to diversity and its specific emphasis on rebalancing female participation.

26. The Scottish Government and the STUC should work together to ensure that sufficient support is available to ensure that unions are engaged with the range of workplace/workforce initiatives taking place in Scotland, including the Scottish Leaders Forum work on public service workforce development and industrial engagement; the work on leadership being led by Scottish Enterprise; the work of Investors In People and the Workplace Innovation Consortium being led by Strathclyde University.

An Evidence-based Approach to Constructive Industrial Relations

27. The stakeholder body should administer an Industrial Relations Modernisation Fund to encourage unions and employers to develop innovative approaches to industrial relations in Scotland.

28. The Scottish Government should consider investing in an Industrial Relations Learning Academy which would be set up with the express purpose of designing and delivering learning opportunities for all stakeholders in the industrial relations arena. Employer and union representatives would participate in joint training with a view to building strong working relationships and engendering greater levels of mutual understanding and trust.

29. The Scottish Government and the Scottish Funding Council should work with the STUC and other appropriate bodies to improve the availability, quality and accessibility of representative Scottish data on industrial relations.

30. Scotland needs to build greater research capacity in the field of industrial relations and in so doing gather appropriate datasets, interpret findings and help to inform strategic choices at individual workplace, industry sector and national levels. The Scottish Government, the Scottish Funding Council, the STUC and researchers active in this field should be asked to consider and make recommendations on how this can be achieved.

Appendix 1 - Case Studies

CASE STUDY ONE: TULLIS RUSSELL AND UNITE

Sector: Private Sector, Manufacturing, Paper Production

Organisation

Tullis Russell produces high-quality paper for a global market and is a progressive, independent employee owned company operating from the same site in Scotland where the business was founded in 1809.

Union- Employer Relationship

Tullis Russell has a strong and effective working relationship with Unite.

Challenges

4 paper mills currently trade in Scotland where 20 years ago there were 24. This is a highly-competitive marketplace and an industry sector requiring a committed and skilled workforce. Tullis Russell competes on quality and customer service.

Achievements

An extremely pro-active approach from the union committee has provided an invaluable platform for the company and the union to jointly increase awareness of Health & Safety and so deliver a culture change in behavioural safety standards across the entire site. The union has also supported the company in embedding a continuous improvement programme throughout the business which has delivered results sufficient to fund an annual pay award. In terms of innovation, shop-floor workers were instrumental in getting a U.S. manufacturer of industrial paper cutters to alter its design to the benefit of Tullis Russell and the U.S. company alike. The union and company engage in a range of environmental and community initiatives.

Quotes

“At Tullis Russell the ingredients for working with our union are not different from those applied to any other key stakeholder relationship; we create and build trust by adopting a totally transparent, candid and regular engagement forum underpinned with respect and by our corporate Values.”

Good union representatives bring a balanced approach to the table where there is clear understanding that the overall health and sustainability of the organisation is the single most important factor for all parties and that constructive dialogue should always be cognisant of that fact.”

Chris Parr (Group Chief Executive) and Paul Reilly (Unite)

CASE STUDY TWO:

UNITE AND MACFARLAN SMITH

Sector: Private Sector, Manufacturing, Pharmaceuticals

Organisation

Macfarlan Smith is the world's leading pharmaceutical supplier specialising in opiate narcotics such as codeine and morphine. Macfarlan Smith is one of the world's oldest pharmaceutical companies, founded in 1815.

Union- Employer Relationship

Unite has a long-standing, productive relationship with Macfarlan Smith.

Challenges

The pharmaceutical industry is a competitive industry sector in which management buy-outs, mergers and acquisitions take place. Macfarlan Smith has experienced lots of organisational change and been exposed to different company cultures through involvement with larger parent companies. This can be a challenge to organisational stability. Macfarlan Smith is very keen to maintain a stable workforce with minimal turnover, a real sense of community and pride in the workplace. This is a high-security environment and terms & conditions are positioned to encourage strong levels of staff retention. The company also has the challenge of being a large manufacturing plant on the edge of Edinburgh city centre.

Achievements

Macfarlan Smith has engaged in a significant amount of continuous quality improvement work, some of that learned from experiences at Airbus in North Wales. Consultants were brought in to help the organisation adopt some new workplace practices. Attention has been focused upon safety, quality, cost, development and people (SQCDP). Unite supports the company's internal communications process and the union is involved early on in proposed change initiatives. Learning events are commonplace. There was a sense from the visit that HR professionals are very closely aligned to and very knowledgeable about the business, balancing a blend of strong commercial focus with staff well-being matters.

CASE STUDY THREE:

NHS GREATER GLASGOW & CLYDE AND UNIONS

Sector: Public Sector, Healthcare

Organisation

NHS Greater Glasgow & Clyde (NHS GG&C) is the largest single NHS organisation in the UK with almost 40,000 employees, helping to provide 24/7 health services for the people of Glasgow and beyond.

Union- Employer Relationship

NHSGGC has a Recognition Agreement with fifteen trade unions/associations including Unite, Unison, Royal College of Nursing, Royal College of Midwives, British Medical Association, British Dental Association, GMB, Chartered Society of Physiotherapists and the Society of Radiographers.

Challenges

With such a large and diverse workforce spread out over more than three hundred sites, internal communications can present the Health Board with difficulties but with the assistance of trade unions and use of a multi-channel approach (team briefing, newsletters, intranet), key messages are cascaded across the organisation.

Achievements

As a result of the NHS Scotland Staff Governance Standard (statutory employment framework) and effective partnership working between unions and management, NHS GG&C has been able to deliver a raft of improved patient services, modernised its estate and deployed staff accordingly. Changes which have had a direct impact on staff have been managed with the avoidance of any major disputes. Representatives of trade unions bring knowledge from a staff perspective to decision making and good managers are said to recognise and value this contribution. Both sides work towards improved decision making through early and full engagement, mutual trust and respect.

Quote

“NHS Greater Glasgow and Clyde’s approach to industrial relations is based on openness and transparency in decision making. Based on NHS Scotland’s commitment to partnership working with trade unions, we have formed partnership structures throughout the organisation, and have trade union representation on all our senior management teams who are involved in the strategic and operational management of the organisation.”

Ian Reid (Director of HR) and Donald Sime (Employee Director)

CASE STUDY FOUR:

WEST DUNBARTONSHIRE COMMUNITY HEALTH & CARE PARTNERSHIP AND UNIONS

Sector: Public Sector, Health & Social Care

Organisation

West Dunbartonshire Community Health & Care Partnership (CHCP) comprises 1,500 local authority staff and 750 NHS staff. It provides the full range of health and social care services to West Dunbartonshire and operates with a management team made up of senior officers from both statutory organisations.

Union- Employer Relationship

All major local authority and NHS trade unions are recognised including Unison, GMB, Unite, Royal College of Nursing.

Challenges

A joint staff forum was created which has representation from health and council trade unions and employers. This proved challenging given that both organisations have different industrial relations structures, agreements and operate in an environment with two sets of terms and conditions. This has been overcome and the forum has played a critical role in developing some of the systems, process and changes which support integrated working to improving services for the population of West Dunbartonshire.

Achievements

The West Dunbartonshire CHCP Joint Staff Forum is an important component of the governance arrangements of the CHCP. The Forum is founded on the principle that staff and trade unions will be involved at an early stage in decisions affecting them, including in relation to service change and development. Investment in and recognition of staff is a core value of the CHCP and is key to supporting the development of integrated working.

Quote

“Development of mutual trust, respect, confidence, openness and transparency to enable a free exchange of views is the key ingredients for success for us in West Dunbartonshire CHCP. The ultimate aim is to work collaboratively to deliver high quality services whilst respecting the need to be fair and consistent in our treatment of all staff. There needs to be a strong shared belief and understanding that organisational change can and will deliver improvements in service delivery - both in terms of quality and value for money.”

Keith Redpath (Director) and Ross McCulloch (Royal College of Nursing)

CASE STUDY FIVE:

BABCOCK M&T AND UNIONS

Sector: Private Sector, Defence, Manufacturing/Engineering

Organisation

Babcock Marine and Technology (M&T) is the UK's leading naval support business and is a strategic partner with the Ministry of Defence. Babcock M&T employs around 2,000 staff at Rosyth.

Union- Employer Relationship

Unite, Prospect and GMB are recognised at Babcock M&T (Rosyth).

Challenges

Babcock M&T is commissioned to advance massive defence projects, currently including the assembly/fit-out of the aircraft carrier HMS Queen Elizabeth. A core Babcock M&T workforce is supplemented by a range of sub-contractors, agency staff and self-employed workers. Babcock M&T works closely with a number of partners and contractors. It can be a challenge to maintain site rules and regulations and ensure complete buy-in and commitment to projects, with the range of different staff involved operating on different contractual arrangements. Babcock M&T and its union partners are working hard to uphold standards of behaviour on site and do challenge poor behaviours. The company and unions are endeavouring to increase the relative proportion of women in the workplace which currently stands at 15% and are looking to appoint more women to roles traditionally undertaken by men e.g. welding. The supply of skilled workers can prove problematic. Skilled workers from the EU are employed & there is a development centre to provide a talent pipeline.

Achievements

Babcock M&T (Rosyth) operates a Site Joint Council with all unions represented. This offers early engagement on projects/initiatives with union partners and a useful early warning facility if there are any problems being encountered on-site. Every stakeholder has the right to speak up in meetings and offer opinion. Real examples of collaborative working at Rosyth include the creation of composite teams, multi-skilling, changes to working time, pay (hourly to salary) and weekend working. In terms of Health & Safety, Babcock M&T's '*Just Culture*' process and multi-union initiated '*safe home every-day*' message has proved important in engaging workers and management in safe working on site. The unions have also negotiated the introduction of Equality and Environmental reps on site.

Quote

"Good Union reps and managers bring a willingness to find a solution that can be as close to win: win as achievable with trust, openness and understanding for each other's position and boundaries."

Ken Munro, HR Director - Marine and Technology Division

CASE STUDY SIX:

SCOTTISH PRISON SERVICE AND UNIONS

Sector: Public Sector, Justice

Union-Employer Relationship

Prison Officers Association (POA), Prospect, PCS and RCN are the recognised unions in the Scottish Prison Service.

Challenges

SPS has a workforce of 4,400. In 2013 SPS published its Organisational Review setting out a vision and points for action which will see SPS play its part in building a safer Scotland through the unlocking of ex-offenders' potential. This is to be achieved through the relationships developed between prison officers and those in SPS care and through closer ties to the community. This is a joint ambition shared with SPS unions which will see prison officers gaining respect for their role in driving down crime rates in what is a challenging and currently often unseen profession.

Achievements

Eleven years on, the development and introduction of the SPS/Trade Unions Partnership Agreement remains the singular most effective industrial relations success in the SPS and continues to provide the foundation on which significant positive outcomes have been achieved for both the organisation and POA members.

Quotes

"Shared commitments and understanding alongside mutual trust and respect is crucial in driving the behaviours that will support parties to work together. This includes acknowledging that differences in opinion will occur around how an issue should be managed therefore it's equally important to establish clear processes that underpin how you will resolve opposing views in advance. Effective trade union reps and managers bring a knowledge and understanding of how issues will impact on the workforce and the working environment, providing the opportunity to positively contribute to the strategic direction and success of the enterprise and quality of life."

Andy Hogg, Asst. General Secretary, Prison Officers Association (Scotland)

"Strong professional relationships are the key to success for SPS, whether they are with the people in our care, between colleagues or specifically amongst managers and trade union officials. To build these relationships we need to have trust and belief in others, respect for them and for diversity, we must interact with integrity and mindfulness and have the courage to care regardless of circumstances. As managers we must listen to and respect the employee voice as it is telling us what we can change to enable colleagues to make a greater impact in transforming the lives of those in our care. Trade union reps can play a very positive role in ensuring that voice is heard and acted upon."

Colin McConnell, Chief Executive, SPS

OTHER INPUTS: RAJENDRA SISODIA

Sector: Research/Academia

Background

Research carried out ahead of starting this review identified the work of Rajendra Sisodia, who is the F.W. Olin Distinguished Professor of Global Business, Whole Foods Market Research Scholar in Conscious Capitalism at Babson College in Wellesley, Massachusetts and the co-founder and co-chairman of Conscious Capitalism, Inc.

Challenges

In his book, "Firms of Endearment" he establishes that today's greatest companies are fuelled by passion, purpose and ethics, and not obsessed about short-term returns. Those firms are nevertheless able to earn large profits, year-on-year, by helping all their stakeholders thrive and derive benefit, including: customers, investors, employees, partners, host communities, and wider society.

Achievements

In the unlikely setting of the USA, these still relatively rare firms seems able to behave in ways that encourage positive responses from all of their stakeholders that create positive reinforcing feedback loops and ensure that slips and mistakes are quickly and acceptably rectified.

The approach works when companies develop and apply the following attributes:-

1. Aligning the interests of all stakeholder groups (customers, employees, partners, investors, and society) rather than seeking profit optimization
2. Below-average executive compensation
3. Open-door policies
4. Employee compensation and benefits are above average for their industry
5. Above-average employee training
6. Empower employees to satisfy customers
7. Hire employees who are passionate about the company's purpose
8. Humanise customer and employee experiences
9. Enjoy below-average marketing costs
10. Honour the spirit as well as the letter of laws
11. Focus on corporate culture as a competitive advantage
12. Are often innovative in their industries

What makes this compelling is Sisodia's message that the companies that adopted this approach in the period 1996-2011, outperformed the market for that same period by 10.5 times. These companies included the following: Commerce Bank; Container Store; Costco; Harley-Davidson; Honda; IDEO; IKEA; jetBlue; Johnson & Johnson; Jordan's Furniture; New Balance; Patagonia; Southwest Airlines; Timberland; Toyota; Trader Joe's; UPS; Wegmans, and Whole Foods.

It almost goes without saying that his phenomenon is worthy of further study and then an open-ended dialogue between unions and management to see how they could work together to emulate this approach in Scotland.

OTHER INPUTS:

CREW RESOURCE MANAGEMENT (CRM)

Sector: Commercial Aviation

Background

Crew Resource Management (CRM) is a system of management that makes optimal use of all available resources to the Flight Crew on commercial airlines to ensure safe and efficient flight operations. It was developed in the 1970s, initially by United Airlines in the USA with the support of the US Air Line Pilots Association. It gained the approval of the Federal Aviation Authority, who then worked with the US Government to make it mandatory. This was then repeated by other airlines, governments, regulators and unions across the world.

Challenges

CRM removed the assumption that the captain was responsible for everything and had all the answers and it removed the dominant hierarchical structure, which was becoming increasingly toxic and dysfunctional.

Achievements

The achievements were based on a commitment to safety and the hard work need to achieve that end. It involved mandatory training and testing with trainers giving lessons that made the case for respect, listening, openness, honesty and a willingness to inquire, advocate and be assertive.

In the process it was discovered that effective crew decision-making included the following four central elements:-

1. Good Situational Awareness
2. High Levels of Metacognition – the knowledge of one's own thoughts and the factors that influence thinking
3. Shared Mental Models
4. Efficient Resource Management

The net effect is that airline safety is now not merely a result of better technology but also the hard work of human beings, who train to interface with that technology and each other.

Conclusion

If a constantly changing team such as a given flight crew can train to such a standard and operate with such cohesion and success, other workplaces should learn from their example.

OTHER INPUTS: BEYOND SHAREHOLDER VALUE

Sector: Trade Unions – TUC and Academics

Background

This recent paper called, “Beyond Shareholder Value” is available from: <http://www.tuc.org.uk/economic-issues/corporate-governance/economic-analysis/beyond-shareholder-value-reasons-and-choices>. It is a collection of essays that debate and challenge the primacy of shareholder value and map out strategies that could be more balanced and sustainably benefit a wider range of stakeholders including shareholders but crucially adding: customers, workers, suppliers, communities, taxpayers and the environment.

Challenges

The challenges that this paper suggests have been direct by-products of an excessive focus on shareholder value are as follows:

1. A stifling of innovation and holding back of investment
2. Destruction of companies and economic value
3. Negative impacts on stakeholders and the environment
4. Inequality and wider economic imbalances
5. Flawed political philosophy on the Left

Achievements

The paper is very comprehensive and produces some very sound suggestions that indirectly support the conclusions that Rajendra Sisodia reached when looking at firms that have sought to meet the legitimate needs of all their stakeholders.

Amongst other things and in the words of Professor John Kay, it suggests that:

- “Markets work, in the long run, because they are the economic expression of the disciplined pluralism that is the basis of a democratic society. They facilitate experiment and innovation.”
- “Markets and corporations serve citizens when, and only when, they are embedded in the societies of which they are part.”
- “With proper recognition that successful market economies are necessarily embedded in a social context, it is time to return to the stakeholder debate.”

Conclusion:

As Professor Kay and others in this paper suggest, it is time to restart and join a debate that is already happening elsewhere, and which could develop well in 21st Century Scotland where the appetite for it is strong and well-informed.

Appendix 2 – Review Group Members

Jim Mather (Chair) – Chairman, Gael Limited

Mary Alexander – Deputy Regional Secretary, Scotland, Unite

Sue Bruce – Chief Executive, City of Edinburgh Council

Patricia Findlay – Professor of Work and Employment Relations and Director of the Scottish Centre for Employment Research, University of Strathclyde

Mary Grant – Managing Director Business Development, National Express

Lilian Macer – Scottish Convener, Unison

Chris Parr – Chief Executive, Tullis Russell

Grahame Smith – General Secretary, Scottish Trades Union Congress

Appendix 3 – List of Abbreviations

ACAS – Advisory, Conciliation and Arbitration Service

CIPD – Chartered Institute of Personnel Development

CWU – Communication Workers’ Union

EHRC – Equalities and Human Rights Commission

ESOL – English for Speakers of Other Languages

NDPB – Non-Departmental Public Body

NGO – Non-Governmental Organisation

SCQF – Scottish Credit and Qualifications Framework

SDS – Skills Development Scotland

SFC – Scottish Funding Council

SIP – Skills Investment Plans

SIPTU – Services, Industrial, Professional and Technical Union

SPS – Scottish Prison Service

STUC – Scottish Trades Union Congress

SUL – Scottish Union Learning

TEEU – Technical, Engineering and Electrical Union

UCATT – Union of Construction, Allied Trades and Technicians



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