



Llywodraeth Cymru
Welsh Government

John Griffiths AM
Chair of the Equalities, Local Government
and Communities Committee
National Assembly for Wales

5 November 2018

Dear John,

I have been asked to write to you regarding the Welsh Government's response to recommendation 17 of your Committee's report 'Making the Economy Work for People on Low Incomes in Wales'.

The Fair Work Board was established in May 2017. Its membership comprised myself as the Chair and the members of the tripartite Social Partner Strategy Group (SPSG): Wales TUC, CBI, FSB and Commerce Cymru. Cerys Furlong, Chief Executive Chwarae Teg also attended the Board.

When the First Minister announced the Welsh Government's ambition for Wales to become a Fair Work Nation last year it was decided to divide the activity in two stages. The first stage of the work, conducted by the Fair Work Board, was an initial scoping, discussion and identification of the key practices that impact on fair work. The second stage would be a more in-depth analysis of the evidence leading to the development of indicators and measures of fair work together with recommendations to Welsh Government on whether the current measures available to it could be taken further and what new or additional steps might be taken.

The Fair Work Board met on five occasions. It considered the evidence gaps and looked at the quality of work in Wales and the measures that could constitute fair working practices. It considered evidence on Fair Work practices including the TUCs work on Fair Work and more further afield the work of the Smith Institute and the research conducted by the German Government.

It examined the Welsh National Well-being Indicators that relate to the labour market and "decent jobs" and met with Sir David Metcalf, Director Labour Market Enforcement, BEIS to discuss his department's work on labour market enforcement within Wales.

The Fair Work Board set out what it considered to be the underpinning values of Fair Work which include a right to be heard, fair and guaranteed hourly earnings, job security and career progression, job quality and working time quality.

The Board concluded that virtually all the levers available to drive fair work behaviours sit within the scope of the public sector and that there are broadly two spheres for influence: (i) The scope to deliver a fair work agenda in the Welsh public sector through the public service supply chain and through public financial support, and (ii) The scope to encourage or incentivise the private sector to adopt fair work practices (both in their own businesses and through their supply chains) through the Welsh Government's business support programmes or other appropriate support mechanisms.

It was not easy during the initial scoping stage to arrive at an agreed set of principles for fair work. While there was broad agreement to many of the identified policy levers, there remained some unresolved issues in relation to collective bargaining and the role of different forms of employee participation in the decision making process.

In undertaking this work, the Board provided us with a useful forum for the development of our thinking on fair work and has been a source of good, creative and critical advice. Whilst the Board was able to agree what constitutes fair work (at a very high level) and the levers available to progress fair work, it did not prove possible to reach consensus in order to make recommendations on the means and processes by which to deliver fair work outcomes which would support the differing perspectives of the social partners, specifically those of the Wales TUC and those of the employers.

The Fair Work Board therefore agreed to recommend to Welsh Government that it move to establish a Fair Work Commission to take the agenda and discussion forward in the next phase.

Taking this work into its second phase, in May this year the First Minister announced that he would establish an expert Independent Fair Work Commission and I issued a written statement at the end of July detailing the Commission's membership and its terms of reference.

The Commission has been asked, on the basis of evidence and analysis, to make recommendations to promote and encourage fair work in Wales. The Commission's terms of reference state that it will develop indicators and measures of fair work and identify data sources to help monitor progress. It has also been asked to consider whether measures to promote fair work currently available to the Welsh government could be strengthened and identify what new or additional steps might be taken, including new legislation, and make recommendations.

The Commission met for the first time on the 10 August and actively started work in October. It issued a call for evidence on 12 October via its website at <https://beta.gov.wales/fair-work-commission> and I understand that the Commission will be contacting various Committee Chairs including yourself to invite you to meet them to discuss the issues.

The Commission has been asked to report to us with its recommendations by spring 2019.

Once the Fair Work Commission has completed this important work, we will then be in a position to reflect on the implications of the Commission's findings on our wider policies such as the Economic Action Plan and procurement policies.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AC/AM
Arweinydd y Tŷ a'r Prif Chwip
Leader of the House and Chief Whip