



The Scottish Parliament  
Pàrlamaid na h-Alba

# ECONOMY, ENERGY AND TOURISM COMMITTEE

## MEETING DETAILS

23rd Meeting, 2015

**Wednesday 30 September 2015**

The James Clerk Maxwell Room (CR4)

Meeting starts at **09.30 am**

## ADDITIONAL INFORMATION

### Previous Meetings

[Previous Meeting Papers and Official Reports](#)

### Correspondence/Events

### Written Submissions

[Work, wages and wellbeing in the Scottish labour market](#)

### Background Papers

## COMMITTEE PAPERS

### Agenda

**Submission from Prof. Chris Warhurst**

**Submission from CIPD**

**Submission from Unison**

**Submission from CAS**

**Submission from Unite**

**Summary of evidence**

## NOTICES

### Next Meeting is Wednesday 7 October:

Expected to start at 09:30 am. Business includes:

- Work Wages and Wellbeing oral evidence



**ECONOMY, ENERGY AND TOURISM COMMITTEE**

**AGENDA**

**23rd Meeting, 2015 (Session 4)**

**Wednesday 30 September 2015**

The Committee will meet at 9.30 am in the James Clerk Maxwell Room (CR4).

1. **Work, wages and wellbeing in the Scottish labour market:** The Committee will take evidence from—

Professor Chris Warhurst, University of Warwick;

Dr John McGurk, Head of CIPD Scotland, CIPD;

and then from—

Dave Watson, Scottish Organiser, Unison;

Rob Gowans, Policy Officer, Citizens Advice Scotland;

Liz Cairns, Research Officer, Unite.

2. **Review of evidence heard (in private):** The Committee will review the evidence heard at today's meeting.
3. **Security of Supply (in private):** The Committee will consider a draft report.

Douglas Wands  
Clerk to the Economy, Energy and Tourism Committee  
Room T2.60  
The Scottish Parliament  
Edinburgh  
Tel: 0131 348 5207  
Email: [douglas.wands@scottish.parliament.uk](mailto:douglas.wands@scottish.parliament.uk)

The papers for this meeting are as follows—

**Agenda Item 1**

PRIVATE PAPER	EET/S4/15/23/1 (P)
Submission from Professor Chris Warhurst	EET/S4/15/23/2
Submission from CIPD Scotland	EET/S4/15/23/3
Submission from Unison	EET/S4/15/23/4
Submission from Citizens Advice Scotland	EET/S4/15/23/5
Submission from Unite	EET/S4/15/23/6
Work, wages and wellbeing summary of evidence	EET/S4/15/23/7

**Agenda Item 3**

PRIVATE PAPER	EET/S4/15/23/8 (P)
---------------	--------------------

## SUBMISSION FROM PROFESSOR CHRIS WARHURST

**Issues to be considered when promoting job quality**

1. The Institute for Employment Research (IER) was established by the University of Warwick over 30 years ago. It is one of Europe's leading centres for labour market research. It is a multi-disciplinary institute with over 30 staff and a network of around 30 associates in the UK and overseas. Using a socioeconomic approach, IER's fields of research include, broadly: labour market assessment and forecasting; education, training and skills; labour market classification and measurement; gender and work; work, welfare and public policy; careers; job quality; and employment policy. Major sources of funding are national governments, the EU, research councils and charitable bodies.
2. As part of its programme of research on job quality, IER is undertaking or has undertaken: pan-European research on the linkages between job quality, innovation and the creation of more and better jobs in Europe funded by the EU's Horizon 2020 programme; research on employment restructuring and job quality in Australia for the EU's Eurofound agency; the development of a job quality index for Australia; and is a partner in Oxfam Scotland's decent work research project. In addition it has published a number of books, journal articles and book chapters on job quality and is currently co-editing the forthcoming *Oxford Handbook of Job Quality* for Oxford University Press. It is from this body of work, that this evidence is drawn.
3. There is now a consensus, championed by government and civic bodies in Scotland, that job quality matters. It affects what might be broadly termed the 'well-being' of countries, companies and individuals and their families. Good job quality makes countries more competitive, companies more productive and workers and their families better off. Significantly, it can also underpin two important policy objectives in Scotland: leveraging better skill utilisation and more innovative workplaces.
4. There have been different routes to this point. For the EU it was the economic crisis and recognition that countries with better job quality have higher employment participation and lower unemployment rates. Amongst the Scandinavian countries it is recognition that good jobs underpin organisational learning cultures and company-level innovation. In Australia, it was recognition that more effective skill utilisation requires many of the working practices that characterise good jobs. Scotland has a long-standing concern with child poverty and one of its major causes – the working poor and jobs that pay too little to afford a decent life.
5. More recently, the Scottish Government's interest in job quality has turned to understanding the social, economic and health impacts of employment practices such as zero hours contracts. It has launched an inquiry into work, wages and well-being in Scotland, and which has job quality at its heart. This inquiry is welcome; it provides an opportunity not just to provide improved well-being for Scotland and its companies and citizens, but also for Scotland to become a world-leader in employment policy thinking.
6. Crucially, such governmental interest is no longer weighed down by the myth of a trade-off between job quality and job creation. Indeed research by French economist Christine Erhel and her colleagues shows a positive correlation between job quality and the level of employment in EU countries. The EU even namechecks this research in justifying its current 'more and better jobs' employment strategy.
7. Yet before governments can rush off to start developing policies to improve jobs quality and their countries', companies' and citizens' well-being, there are four big questions that need to

be answered about job quality. These questions form the '4Ws'. Moreover underpinning these questions is a fifth 'W' which arguably drives the other four.

8. The first W is the most basic: **what** is job quality? Although it forms the focus of much conjecture and research internationally, a consistent, unifying definition of job quality remains elusive. Terms are used interchangeably though variously overlapping, complementary and distinct: 'work quality', 'quality of employment', 'fair work', 'decent work' and the 'quality of working life' for example. Moreover different disciplines typically focus on different measures – economists favour pay for example, psychologists job satisfaction. Moreover the meaning of 'good' and 'bad' jobs is not necessarily self-evident as workers' assessments of job quality vary. What is a bad job for one person, can be a good job for another – as Scottish research by John Sutherland shows. In addition, some measures of job quality favour a single indicator, pay for example is the focus of the EU's Eurofound agency for living and working conditions; others, such as the multi-disciplinary team led by Spanish researcher Rafael Munez de Bustillo, favour bundles of dimensions that can include pay but also skills, contractual arrangements, work-life balance and health & safety. Generating an effective and operationalisable definition of job quality requires drawing upon and encompassing these multi-disciplinary and multi-dimensional approaches. Perhaps Scotland can take the lead here and convene a multi-disciplinary convention that draws on international expertise to work with the country's policy-makers and practitioners (including trade unions) to develop an operationalisable model of job quality applicable to Scotland that allows measurement.
9. The second W focuses on **which** jobs need intervention. At the moment agreement on what comprises bad jobs is easier to achieve than agreement on good jobs. A job that doesn't pay a living wage cannot be said to be good. However deciding how much pay makes a good job is more tricky. And yet, it needs to be appreciated that whilst much of the drive for intervention centres on improving bad jobs, good jobs can go bad and bad jobs can get worse. In the US for example, Jeffrey Rothstein has noted how relatively good jobs in the car industry are going bad as wages and working hours are being undermined. In Scotland already poor quality cleaning jobs in hotels can get worse when workers are shifted into temporary work agency employment or retail workers put onto zero hours contracts. With colleagues in the US and Scotland, I've mapped seven possible scenarios for the trajectory of job quality based on the stock of good or bad jobs increasing or decreasing and the quality of existing jobs improving or diminishing. Using the model suggested flagged above, assessing and mapping the quality of jobs in Scotland, identifying 'hot spots' and 'cold spots' of good and bad job quality by occupation, industry, sector and region most obviously, though analysis by sex, race and age would be useful. This programme of work would allow scientists and policy-makers to identify key points and types of intervention to improve job quality. But it is important not just to map but also monitor the quality of jobs in Scotland over time and enable trends and developments to be identified.
10. The third W raises the tricky issue of **who** should act to improve job quality. Multiple options exist. If skill equilibrium theory is to be believed, a link exists between firms' product market strategies and skills and pay. By taking the 'high road' and moving into product markets based on quality or innovation rather than cost, firms should raise the pay and skill levels of employees – though this coupling of product and labour tends to be tighter in manufacturing than services. Research for the Joseph Rowntree Foundation however shows that firms also have and make choices, even within the same product market niche, with some firms deliberately taking this 'high road'. Unfortunately, the 'low road' of competing on cost remains attractive to many firms. The result is poor quality jobs with low pay and low skill.
11. Government can have role in blocking off the low road and paving the high road through the adoption and/or enforcement of regulation on labour standards, behaving as a model employer

in the public sector, inserting job quality clauses into public procurement contracts for private and voluntary sector contractors, and by encouraging job quality-specific educational content in university and college curricula. What the UK lacks is a Ministry for Labour. The Department for Work and Pensions focuses on getting the unemployed into work and ignores what happens to workers once they're in jobs. That needs to change. Scotland could develop ministerial responsibility for ensuring that its country's workplaces provide for company and worker well-being. Decent work delivers for all – workers, their employers and the host country.

12. Where governments fail to act, trade unions and community organisations often step in, sometimes working together, as London Citizens illustrated in its initial drive to make companies adopt a living wage in the city's cleaning industry. In 1950s and 1960s unions had a key role improving job quality in terms of pay and benefits, training, occupational health and safety, and employment security. It is notable that much of these gains are withering with the decline of trade unions. As union influence has declined, responsibility for having a better job has shifted onto the shoulders of individuals, with the lever into good jobs regarded as being education and training. Unfortunately, this approach runs upon against the reality of rising over-qualification for workers as the stock of graduate jobs, for example, fails to keep pace with the increasing number of graduates on the labour market – as Ewart Keep never stops telling Scottish policy-makers. Individuals improving their qualification levels through education is therefore important but not sufficient; employer demand for higher skilled workers is also required, which brings us back to the issue of employers making choices about job quality.
13. The fourth W signals the need to consider **where** intervention should occur to improve job quality. While some overlap exists, there are various options about where intervention should occur: prior to work, in the workplace or parallel to work. In terms of the first option, education and training is the most obvious point of intervention, and one pursued actively by many governments, including Scotland with its expansion of higher education. The problems of an over-qualified workforce cannot be easily dismissed but it still remains true that, generally, workers with higher level qualifications have better jobs. But it is not just about getting more individuals into universities and colleges; it is also about shaping what is taught in those institutions, particularly in respect to management and business education. The Scottish Government should commission a review of this education in its universities and colleges. Better management and business education might make the second option – intervention in the workplace – easier. Job design was once a key policy focus amongst European governments as they pursued improving the quality of working life. In recent years a similar focus has emerged with high performance working. The difference this time around is that, whilst the need for high performance working is recognised by governments there is no mechanism for its delivery as there was previously with the quality of working life movement and its promotion and implementation of socio-technical design that sought a better blend of technology, work design and worker capacities. If companies are to be encouraged to choose the high road and adopt high performance working, then help in converting those choices into workplace change would be useful. Scottish universities and the funding council should encourage more applied and action research so that evidence of what works can be translated into more extensive best practice in Scottish companies. In terms of the last option, interventions parallel to work, governmental regulation at national or supranational level (in the case of the EU) to establish and enforce employment protection legislation and labour standards is the most obvious mechanism. The growth of precarious employment is a particular problem and one facilitated by the UK Government but which the Scottish Government, for the meantime, might explore limiting through some of the mechanisms listed above – using the public sector as a model employer and spreading good practice through public procurement contracts.

14. Addressing these 4Ws is challenging. Doing so means being clear in answering an overarching fifth W – **why** does the Scottish Government want to improve job quality? There have been a number of calls to address job quality. One approach is to provide minimum work and employment standards. This approach informs the ILO's Decent Work Agenda and its call to abolish child labour for example. Linked to its Fair Work initiative, Australia has introduced National Employment Standards that provide ten minimum entitlements that have to be provided to all employees such as annual leave. (It should be appreciated that paid annual leave is not a statutory entitlement in some countries.) Another approach is to raise work and employment standards. For example, Paul Osterman, the MIT economist, has suggested 'bad jobs can be made good', and with UK colleagues and in part based on research undertaken in Scotland, I have called for a 'new deal' for workers in bad jobs that would include raising the National Minimum Wage and increasing investment in training. These two approaches are not mutually exclusive. As the new Scottish Parliament was being established, I flagged the possibility of introducing 'employment enrichment' that recognises that in many cases employers can't or won't improve work (simplified work is cheaper and profitable) but the government can ensure better terms and conditions of employment with, for example, statutory rights to learning, and not just raising but also robustly enforcing minimum wage rates. Another approach is for job quality to be a lever to realise other goals. As noted above, there is evidence that particular job quality can boost workplace skill utilisation, companies' innovative capacity and the health of workers for example. The key point is that what Scotland wants to achieve in addressing job quality must be clearly defined. Having direction requires knowing the points of departure and arrival. In embarking on this journey the Scottish Government should also bear in mind that job quality is not a panacea. Whilst improving job quality can and will achieve much, it will not be and should not be regarded as a cure-all for the country's economic, social and health challenges. In this respect, what Scotland wants to achieve in improving job quality must also be clearly achievable.
15. If Scotland can address these five Ws and promote job quality, it will go some considerable way to improving the well-being of the country, its companies and citizens. It will put Scotland at the international leading edge of not just employment policy thinking, it will contribute to Scotland becoming a good place to live and work.

### Useful Reading

Eikhof, D.R. and Warhurst, C. (2015) 'When good jobs go bad and bad jobs get worse: women's progression opportunities in a polarized labour market' in J. Bimrose, M. McMahan and M. Watson (eds) *Women's Career Development Throughout the Lifespan: An International Perspective*, London: Routledge.

Grimshaw, D., Lloyd, C. and Warhurst, C. (2008) 'Low Wage Work in the UK: A Synthesis of Findings, the Institutional Effects and Policy Responses' in C. Lloyd, G. Mason and K. Mayhew (eds) *Low Wage Work in the UK*, New York: Russell Sage Foundation.

Knox, A. and Warhurst, C. (eds) (2015) *Job Quality in Australia: Perspectives, Problems and Proposals*, Sydney: Federation Press [various chapters].

Knox, A., Warhurst, C., Nickson, D. and Dutton, E. (2015) 'More than a feeling: using hotel room attendants to improve understanding of job quality', *International Journal of Human Resource Management*, vol.26, no.12, pp.1547-1567.

Skills Australia (2012) *Better Use of Skills, Better Outcomes: A Research Report on Skills Utilisation in Australia*, Canberra: DEEWR.

Sutherland, J. (2011) 'Job Attribute Preferences in Scotland', *Centre for Public Policy for Regions Working Paper 27*, Centre for Public Policy for Regions, University of Glasgow.

Warhurst, C. (2002) 'Towards the "Better Job": Scottish Work and Employment in the "Knowledge Age"' in G. Hassan and C. Warhurst (eds) *Tomorrow's Scotland: New Policy Directions*, London: Lawrence & Wishart.

Warhurst, C. and Wright, S. (2014) 'If it's innovation you want, think about job quality' in BBVA (eds) *Reinventing the Company in the Digital Age*, Madrid: BBVA.

Warhurst, C., Carre, F., Findlay, F. and Tilly, C. (eds) (2012) *Are bad jobs inevitable? Trends, determinants and responses to job quality in the twenty-first century*, London: Palgrave [various chapters].

### **Useful resources**

Making bad jobs better: <http://www.makingbadjobsbetter.org.uk/>

Quality of job and innovation generated employment outcomes: <http://quinne.eu/>

*Professor Chris Warhurst, University of Warwick, August 2015*



SUBMISSION FROM CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT  
(CIPD) SCOTLAND

**Background**

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

**General**

**CIPD represents 10,000 plus HR professionals across all of Scotland's sectors and in private, public and not for profit enterprises. We are committed to building better workplaces through the very day interactions and interventions of People and Development professionals and creating dialogue about the need for better work and working lives through our research and policy. We address the specific question of the committee's inquiry (as set out below) and outline our own view based on research and that of others.**

- **What makes a job 'good' or 'bad'?**
- **Have jobs become better or worse since 2008?**
- **What effect might low quality/low pay jobs have on the economy?**
- **What can the Scottish Government and public policy makers do to improve job quality in Scotland.**

We address this challenge in terms of four big skills asks in our *Scotland's Skilled Future Report* of June 2015<sup>1</sup>. Nothing we have seen in the emerging economy, the challenges

---

<sup>1</sup> CIPD (2015) *Scotland's Skilled Future*. <https://www.cipd.co.uk/local/scotland/scotlands-skilled-future-report.aspx>

specifically to Scotland, and the rigours of operating within a rapidly changing global context have changed our minds that Scotland needs to pursue an integrated skills agenda that focuses on:

## **Response**

### **What makes a job ‘good’ or ‘bad’?**

CIPD nationally has been at the forefront of the debate on the present state and future direction of work. Our focus on building better work and working lives has been at the centre of our approach. We recognise that a variety of factors related to skills, qualification and ability define what individuals can expect to do for a living, and that management culture, firms’ strategy and the business context often define what happens at work. Our joint work with SKOPE suggest that, for the UK as a whole and for Scotland, the issue of employer demand and ambition is at the centre. This results in stagnant real wages, especially among the low paid, employment insecurity and fragmentation.

### **Have jobs become better or worse since 2008?**

According to economists at Scottish Enterprise, from 2001-2010 the number of medium skilled and medium paid jobs decreased by 62,000, and the number of lower paid and higher paid jobs increased by 46,000 and 118,500 respectively.<sup>2</sup> That suggest a trends towards job polarisation and hollowing out. The same research showed that mid-level jobs declined by 4% and top level jobs increased by 3%. At the lower skilled end the decline was 1%. These trends have continued up to 2014.<sup>3</sup> CIPD Scotland would concur with this research and many like it. The institutional approach of SKOPE, which looks at the interactions between skills, training and the labour market, arrives at a similar conclusion.

Work by Strathclyde University on Poor Work suggest that there is a real ‘hour glass’ employment picture in Scotland. The solutions to this are complex, but we advise that boosting training and development of low skilled jobs, as well as enriching the tasks and attributes of those jobs, will help build the skills and productivity potential of such jobs. Jobs at the higher end, however, are equally important for the complexity of modern business, and these jobs themselves have to be enriched and adapted so that a richer mix of skills and capability can be developed as a result. Many employers see the recruitment of specialist technical and managerial staff as their biggest headache.<sup>4</sup>

### **The current nature of work**

Scotland’s employment level is currently good and unemployment is correspondingly low. The level of qualification is high, yet we suffer from many poor quality, low skilled jobs.

---

<sup>2</sup> Roger, G, Richmond, K, Scotland’s Labour Market: ‘Job Polarisation’ and Inclusive Growth

<sup>3</sup> Not directly comparable due to changes in SIC but indicative.

<sup>4</sup> CIPD (2015) Resourcing and Talent Planning Survey

Like the rest of the UK, our productivity is low, although Scotland's industrial structure helps to offset that. We have in common with the rest of the UK a flexible labour market which permits and sometimes promotes the use of low tenure jobs. Zero hours contracts for example, self-employment, and job sharing are all part of this flexibility. Individuals take these options for a variety of reasons. The evidence base both from CIPD's *Labour Market Outlook* survey and from ONS shows that the picture on ZHC's and other forms of atypical work is less negative than many advocate.<sup>5</sup>

### **What effect might low pay/low quality jobs have on the economy?**

Jobs of this nature are low in productivity and, in an advanced mature open economy, poor productivity is our biggest challenge. It's important that we understand the complexity of defining and measuring productivity, and CIPD research has recently investigated this. Recent and forthcoming CIPD research will explain how productivity can be improved. In the UK productivity has been at a standstill for the past seven years. In fact, output per hour worked is still nearly 2% lower than it was at the start of the recession in 2008. This is, in part, a consequence of much stronger employment growth than anyone would have predicted. However, weak productivity is the main reason why average hourly earnings are still some 6% lower in real terms than they were in 2008.

Our report includes analysis of two surveys conducted by YouGov asking HR leaders about the meaning, measurement and importance of productivity, as well as how they rate their organisation's productivity and performance, and the prevalence of smart and agile working practices.<sup>6</sup> Analysis of these two surveys gives us an understanding of why some organisations perform better – and are more productive – than others. The report suggests possible ways for businesses to raise their productivity and improve their performance, and for government to help them to do so.

It is clear that the hollowing out described above has impacted groups such as young people, women and workers from black and ethnic minority backgrounds, especially those from the African and South Asian community. This exacerbates inequality. The answer is to improve training and qualifications and skills utilisation. The CIPD was involved in the work of the Scottish Government on skills utilisation, and we welcome the approach of the Government in addressing the full complexity of the problem. However as recent research by CIPD shows, one of the key challenges in addressing this issue is that of over qualification<sup>7</sup>. Scotland has long had a high level of university education but, despite this,

---

<sup>5</sup> CIPD (2014) *Zero Hours Contracts Myth and Reality* (2014). Based upon combined data from both employers and employees. 23 % use zero The use of zero-hours contracts is most prevalent in the public (28%), and the non-profit sectors (42%), with private sector organisations least likely to report they use them (19%).

<sup>6</sup> CIPD (2015) *Productivity: Getting the Best out of People*

<sup>7</sup> CIPD (2015) *Over qualification and Skills Mismatch in the Graduate Labour Market*. CIPD Policy report August 2015.

still has many people in poorly paid work. We need to rethink the issue. The rise in the number of graduates has not been matched by an increase in high-skilled jobs.

Unfortunately previous policy has made assumptions about the expansion of Further Education on the basis of the human capital lifetime earnings model, which predicts much higher levels of earnings for graduates compared to non-graduates. However, many graduates are nowadays finding themselves working in jobs that would, in previous generations, have been filled by non-graduates.

Comparisons across Europe suggest that graduate over-qualification is a particular problem for the UK, with 58.8% of UK graduates in non-graduate jobs – a percentage only exceeded by Greece and Estonia. The CIPD commissioned this report to examine the available evidence on the extent to which graduates are over qualified and over skilled for the current labour market, and the ways in which the labour market and occupations may have adapted to the growing supply of graduates. The report suggests a range of interpretations of the available data, but the findings raise questions about the size of the Higher Education sector in relation to our labour market needs, and reinforces calls for investment in alternative routes into work for young people.

## **What can the Scottish Government do to improve job quality?**

### **Wages and productivity**

Scotland faces the same dilemma of all advanced, open and mature economies. How do we earn our living in a world where every global competitor is moving up the value chain, where innovation and high wages, not just low margin production, are the aim of everyone, and where automation and digital disruption is the backdrop?

Scotland's economy is generally performing well, with high levels of employment and low levels of unemployment. In 'Old European' terms, we are streets ahead of others in terms of labour market engagement. We should not, however, be complacent. The recent announcements at Young's Seafood, and previous announcements at Tullis Russell, demonstrate the volatility of employment. The downturn in oil and gas, with many more job losses predicted, is a challenge for Scotland. CIPD Scotland, as a board member of the PACE Partnership, has been active in supporting the Scottish Government's work to help respond to such business shocks, and we have recently shared our insight on alternatives to redundancy and career coaching with the oil and gas industry. We are also helping to support new job growth by working with partners to help boost quality job creation in the SME sector. Our national project with the JP Morgan Chase Foundation to create appropriate People Skills for growing SMEs was launched in Glasgow by the Cabinet Secretary for Fair Work, Skills and Training, Roseanna Cunningham MSP, in September.

### **Work**

For Scotland, the priority must be in developing our labour market right through from pre-school to pension age and beyond, focusing on developing the right skills and capabilities across the working life for all. To do this we need the integral insight of People and Development professionals at all levels. The world of work is changing fast. The context of Volatile, Uncertain, Complex and Ambiguous (VUCA) change is the frame within which Scotland's private, public and third sector businesses operate. The trends of increasing digital technology, automation, a "sharing" economy and a shift from tenure to task are the driving trends. All of these shifts are accompanied by a huge increase in globalisation, market opening and international labour mobility.

Many of these changes are with us now and will, within this context, many thought leaders are seeing a revolutionary change in nature of work. Work itself will become distinct and separate from employment.<sup>8</sup> However, the distributional and economic impacts of such change have to be carefully weighted and appraised. We know that there will be a hollowing out of jobs, and that there will be a threat to traditional stable high income and high status forms of employment. We also know that our education system will have to adapt to a world in which knowledge and content are delivered through many channels, and are deployable across many areas. That means we will have to pay attention to our present and future workforce.

## **Workforce**

For Scotland to develop a high skills and high wage economy, we will need to think seriously about our future workforce. Government is already thinking deeply about these issues and agencies such as Skills Development Scotland and Scottish Enterprise already have a focus on tackling the big human capital issues implicit within this challenge. CIPD Scotland is convinced that we need to welcomes initiatives like *Developing Scotland's Young Workforce*, which seeks to tackle the linkages between education and the workplace. In our view, we should develop young people from the earliest age with a focus on early years learning, given its pivotal role in forming behaviours, skills and expectations.<sup>9</sup> The Scottish Government already plans to increase pre-school provision, particularly for those most currently excluded through lack of income or access. However, the shifting workforce demands much more of a focus on the development of a universal level of high quality early years education for all. This presents an opportunity in developing the skills and productivity of early years teaching and learning. The workplace and employers can play their part in this through both funding and support, as well as flexibility for parents and carers of pre-school children.

We clearly need to help young people to develop through both vocational and academic education routes, with a recognition of the interchangeability and equal esteem of both.

---

<sup>8</sup> Boudreau, J, Jesusathan R, Creelman, D (2015) *Lead the Work: Navigating A World beyond Employment*: (Wiley 2015)

<sup>9</sup> Heckman (2012), US Government White House Special Report (2015) Work Foundation Wise Group 2007.

Helping young people ground themselves in the key cognitive skills such as STEM subjects, literacy and important life skills are the foundation for future employment. This means that government should consider engaging with global attainment benchmarks such as PISA and, where appropriate, testing progress and attainment as well as accrediting and recognising achievement. The debate on education is often unhelpfully polarised between the two extremes of constant testing and untested continuous assessment. Employers need both in order to be sure that young people can contribute and use their potential fully.

Providing foresight and forward planning to help our industries adopt to a changed world of shifting business models, fast evolving technology, diverse talent, demographic change and other driving issues must also be a priority. For example, ageing workforces are a complex issue affecting some sectors more than others. In a joint report with the International Longevity centre, CIPD outlines the challenge in different industries (CIPD/ILC2015).<sup>10</sup>

This research shows that demographic change will have a profound effect on the UK labour market over the next two decades and beyond. Over 30% of people in employment in the UK are currently over the age of 50, and there are unlikely to be enough younger people entering the labour market to replace this group once they leave the workforce, taking their skills and experience with them. Employers need to recognise the potential issues they will face, such as skills shortages, productivity challenges, labour shortfalls and an inability to meet customer service and production targets. Scotland, which has a more rapidly ageing population, will be impacted even more. The data from the Labour Force Survey shows particular issues in the high value high productivity issues like engineering, energy and finance. Solutions start with a recognition that strategic workplace planning is paramount. It also requires a focus on flexibility and variation in employment for all age groups, and a succession strategy based on accelerated workplace learning. The most important issue, however, is to be aware and alive to the issue and to treat an ageing workforce as an opportunity, and not a crisis. However, if we fail to tackle these issues systematically we will face a talent crunch in Scotland.

The CIPD suggests that developing a learning system both within and outside the workplace, based on innovation and lifelong learning, could help to capture the learning of older workers. Arising from the report, we would suggest that within Scotland a group of skills transition mentors could help do this and make the appointment of modern apprenticeships more viable. Focusing on our key sectors, such as energy, financial services, tourism and food and drink, as well as building our emerging sectors based on life sciences, high tech manufacturing and harvesting digital content will all be vitally important. Providing the people and development support to our growing, but fragile, SME sector will also help, as will promoting the spirit of entrepreneurship, curiosity and problem solving, for which Scotland is renowned.

---

<sup>10</sup> Avoiding the demographic crunch



## Wellbeing and the Workplace

In the workplace, the CIPD believes that the challenges of poor engagement and poor health lead to below par productivity. This needs to be addressed by a renewed focus on engagement, wellbeing and resilience. The business of HR and People and Development professionals in all businesses and all sectors should be to create flourishing workplaces. There is mounting evidence that this improves performance through improving what's known as subjective wellbeing<sup>11</sup>. These workplaces will be productive, agile and equipped for the world we are in, as well as the world we face. Thus resourcing and talent planning should be focused around employer brand and employee integration; learning and development should focus on preparing people for a future of shifting skills and capability with the end goal of increasing productivity. Performance and reward should focus on designing a pay and benefits offer which both engages and enthuses; and systems of appraisal and review which energise, and don't alienate employees and managers. HR professionals should focus on building quality relationships and helping to promote employee voice and values. They should be at the centre of delivering productivity and efficiency, and designing sustainable high value jobs. HR and people and development should also be at the forefront of employee wellbeing. Evidence demonstrates that a focus on proactive employee health has real benefits for both productivity of the workplace and the prosperity of Scotland. People and development professionals should also think about becoming a channel for harnessing employee ideas and innovation. In an increasingly volatile and uncertain world of work, resilience is a key attribute, and using a lens for both individual employees and for the organisation will help build resilience. Creating a sense of purpose and focus should be the role of HR leaders.

## Dialogue

Constant engaging and energising discussion about present and future challenges and opportunities across the business and sector. This should be with all relevant stakeholders through the lens of people and development challenges facing the organisation.

## Data

Dialogue begets data and vice versa. What do we know? What do we need to find out? What evidence do we need to collect? Steering solutions and interventions on data and evidence helps to develop integrated workforce planning, and creates a positive force for future change.

## Development

Often the dialogue interwoven with data in its widest sense results in some kind of development and learning need. The development perspective is important as it helps

---

<sup>11</sup> See Bryson, A, Forth, J, Stokes, L (2014) *Does Worker Wellbeing Affect Workplace Performance?* (NIESR/Department for Business Innovation and Skills.

organisations to meet needs in a longer term perspective. These dimensions are mutually reinforcing, and together helps to develop a coherent people strategy which is embedded with business and organisational imperatives.

CIPD has been working with UKCES, accounting body CIMA, the ILM and RSA on a project called *Valuing your Talent* which, at its root, is about valuing the contribution of people to business success. We believe that a systematic approach can help deliver a skilled and sustainable future for Scotland.

**CIPD (September 2015)**



**September 2015**

## **Introduction**

UNISON is Scotland's largest public sector trade union. UNISON members deliver a wide range of services in the public, community and private sector. UNISON Scotland welcomes the opportunity to submit evidence to the Economy, Energy and Tourism Committee.

Many UNISON members are low paid, particularly our women members who work in occupations, such as domestic staff, clerical and administrative staff, home care, etc. We have highlighted the pay and conditions of home care staff in our Time to Care report, and in our Ethical Care Charter.

We are also campaigning for the full implementation of the Scottish Living Wage which will benefit many of our low paid members. [The living wage was raised in November 2014. Outside London it rose from £7.65 an hour to £7.85 an hour.] This should not be confused with the Chancellor's announcement of a National Living Wage. This is in effect a top up of the National Minimum Wage and has no relation to any calculation of a 'living wage' that we are aware of. It also discriminates against young workers by starting at 25 years of age.

## **Ethical Care Charter**

In 2012 UNISON conducted a UK wide survey into the working conditions of homecare workers, entitled "Time to Care". The responses showed "a committed but poorly paid and treated workforce which is doing its best to maintain good levels of quality care in a system that is in crisis". The comments from workers illustrated the correlation between poor terms and conditions and lower standards of care for the clients they serve.

Based on the responses to the questionnaire, the Ethical Care Charter was developed. The intention behind the Charter was to seek to persuade councils to become Ethical Care Councils, commissioning services on the basis of the aims of the Charter. The principal objective was to provide for the quality and dignity of care by ensuring a more stable, well paid and trained workforce.

The Charter was structured in 3 stages.

Stage 1 called for:

- Care based on client need, not minutes or tasks;
- 15 minute visits should not be used;
- Homecare workers to be paid for travelling time, travel costs and other necessary expenses;
- Visits to be scheduled based on need;

- Eligible workers should be paid statutory sick pay.

Stage 2 sought to ensure that:

- Clients would be allocated the same worker/s wherever possible;
- An end to zero hours contracts;
- A clear procedure for following up staff concerns about their clients' wellbeing;
- Proper training to provide a good service (paid for and in work time);
- Homecare workers to be able to meet co-workers to share best practice and limit their isolation;

Finally, Stage 3 sought to ensure that:

- Homecare workers to be paid at least the Living Wage and where they are paid above this rate any outsourced workers should be required to maintain that rate throughout the contract;
- An occupational sick pay scheme should cover all staff who should not be pressurised to work when ill, to continue to care for their vulnerable clients.

At the end of 2013 UNISON Scotland surveyed Scottish homecare workers and published its own report entitled, *Scotland: It's time to Care* in February 2014. A similar set of questions was asked of Scottish homecare workers and the results showed similar responses to the UK wide survey. We found that the majority of workers believed that the service was not sufficient to meet the needs of the elderly and vulnerable people they cared for. This covered both the time they could spend with them and the quality of care they could give them. Almost half (44%) said that they were limited to specific times on their visits; half were not paid travelling time for travelling between visits and 75% expected the situation to get worse.

Since the time of the UK survey and especially following on from the Scottish survey, UNISON branches have been urged to meet with their employers to ask them to sign up to the Charter and implement its objectives. We wished to ensure that councils should not seek to make savings based on cutting the terms and conditions of workers and cutting back the services provided to their clients, but to provide a proper service to those clients based on need, delivered by a properly paid and trained workforce.

There has been a very limited take up of the Charter in full. Renfrewshire has formally signed the Charter and others have agreed in principle to adopt it. There are ongoing discussions with other councils who have adopted many of its provisions. The constraints have been uncertainty over the legal issues surrounding procurement and budget cuts.

## **Living Wage: Freedom of Information Survey**

UNISON at UK level sent Freedom of Information requests to all public sector employers in local government, NHS trusts, universities, further education colleges, sixth form colleges and police forces over May and June 2015. The survey covered a short set of questions that sought to establish a comprehensive picture of living wage payment across the public sector employers where our membership is concentrated. The survey uncovered where the living wage was paid to directly employed staff, where employers placed some kind of requirement on contractors for payment of the living wage, and where employers stated an aspiration to pay the living wage to directly employed or staff engaged in delivery of public services through contractors.

In Scotland almost all public sector employers pay the Scottish Living Wage and have a mechanism for uprating it. This is a significantly better position than the rest of the UK.

The results relating to questions on payment of the living wage to staff employed by contractors delivering public services on behalf of the public sector body found that just over 10% of public sector employers in the UK placed some kind of commitment on the contractor to pay the living wage to their lowest paid staff when a new contract was signed or a contract was up for renewal. Among those employers who made no such current commitment, 23% indicated that they aspired to establish such arrangements among contractors within the next two years. In Scotland, only one local authority indicated that they required contractors to pay the living wage when new contracts were negotiated.

The survey also sought to ascertain whether employers who did not pay the living wage saw the huge cuts to public sector budgets and the government's pay cap as a decisive reason for not introducing the living wage. A large proportion did not express an opinion, but among those employers who did three-quarters stated that they would be minded to introduce a living wage if it was not for these government policies.

## **Procurement**

Procurement is a very important lever in securing the living wage and providing more secure employment. We have a statutory framework for achieving this, although the detailed regulations are not yet in place.

### **Procurement Reform (Scotland) Act 2014**

This legislation enables public bodies to spread the benefits of the Living Wage through procurement.

S.15(5)(b) now requires public bodies to set out their general policy on the living wage in their procurement strategy. This means that public bodies can evaluate bids against that policy and confirm in the contract. This will then become an enforceable performance clause.

S.29 (2)(b) says that this will include the recruitment, remuneration (including payment of a living wage) and other terms of engagement of persons involved in producing,

providing or constructing the subject matter of the regulated procurement, and employee representation including trade union recognition.

## **S52 Guidance**

The Local Government in Scotland Act 2003, Section 52 provides that the Scottish Ministers may issue guidance on contractual matters to which local authorities must have regard when entering into contracts. They issued guidance in 2006 and the primary aim was to ensure "that the terms and conditions of service of new employees appointed by contractors to their workforces post-transfer, should be such as to eliminate the scope for the creation of so-called 'two-tier' workforces".

While this guidance wasn't intended to deliver the Scottish Living Wage, its provisions now has that effect. This is because it applies to any exercise which involves the consideration of a change of service provider or where the transfer of local authority staff is at issue.

The provisions of the s52 guidance require local authorities to ensure that new starters, or existing contractor staff allocated to a contract, should be employed on terms and conditions "which are no less favourable overall". As all council staff are now paid the Scottish Living Wage, this means all contractor staff must be paid the same.

The s52 guidance is not well known or well understood, but its requirements are clear and local authorities must specify its provisions in contracts. It applies not only in the rare circumstances when staff transfer, but also when an existing outsourced contract changes. While s52 only applies to local authorities, there are equivalent provisions in the PPP Protocol that covers Public Private Partnerships in all services.

New evidence that councils are ignoring the requirements of s52 comes in *The Third Annual Report Scottish Local Government Benchmarking Framework*. S52 is supposed to end the two tier workforce yet they report an 8% increase in privatised social care services and say that this, "*has contributed to reduced costs through lower salary and pension costs*". There could not be a clearer admission of unlawful procurement in an official report.

## **Regulations and Guidance**

We had expected the Procurement Reform Act statutory guidance on the living wage to be in place by now. However, this was delayed and as an interim measure a Scottish Procurement Policy Note, '*Evaluating employment practices and workforce matters, including living wage, in public contracts*' has been published. While this is not as good as statutory guidance and has some omissions, it does explain how public bodies can legally ensure the living wage and other employment matters are included in contracts.

A number of our branches have reported that, in local authorities in particular, legal and procurement advice has persisted with the erroneous position that the living wage and other workforce matters cannot be included in contracts. This policy note is helpful in

challenging that advice and includes a practical case study piloted by the Scottish Government and model specifications.

The Scottish Government has also published a consultation on the transposition of the latest EU Procurement Directive into Scottish procurement regulations. There are a number of options available to ministers and UNISON has pressed for a much more radical approach in line with the 'Ten Asks' we promoted with a network of civil society partners during the Procurement Reform Act's legislative journey.

The statutory guidance on workforce matters has recently been the subject of consultation and we understand it should shortly be ready for publication. We hope this will end any remaining excuses for not adopting the living wage and broader workforce matters in procurement.

**For Further Information, please contact:**

Dave Watson: [d.watson@unison.co.uk](mailto:d.watson@unison.co.uk)

Diane Anderson: [diane.anderson@unison.co.uk](mailto:diane.anderson@unison.co.uk)

## SUBMISSION FROM CITIZENS ADVICE SCOTLAND

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer service, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

We are champions for both citizens and consumers and in 2013/14 the Citizens Advice Service in Scotland helped over **330,000 clients** in Scotland and dealt with **over one million issues** overall. In addition, the Scottish zone of our self-help website Adviceguide received approximately **4.2 million** unique page views. In 2013/14, our citizens advice bureaux recorded a financial gain for clients of over **£125 million**.

### Summary

- Citizens advice bureaux regularly see examples of extremely unfair treatment at work. Many of these cases, such as employees being paid less than the National Minimum Wage – or not being paid at all - women being dismissed when pregnant, instances of racist and sexist bullying in the workplace, or workers being denied sick pay or paid holiday, are illegal, but since the introduction of Employment Tribunal fees are very difficult for workers to challenge.
- Increasingly citizens advice bureaux are advising clients who are in work but are struggling to pay for essentials
- The number of new employment issues in citizens advice bureaux has risen by 12% between 2011 and 2015. This includes a sharp rise in advice given on pay and entitlements, dispute resolution and self-employment.
- The number of zero hours contracts in the UK is estimated to have grown to 1.8 million. Citizens advice bureaux in Scotland have highlighted a number of problems stemming from the way zero hours contracts have been used by employers, and their growing prevalence is a serious cause for concern.
- In-work poverty amongst adults and children has risen in Scotland since 2008.
- As well as leaving working families struggling, in-work poverty also means that individuals have little disposable income to spend in Scotland's economy.
- People who worked in low quality, stressful and insecure jobs have poorer general health and a lower satisfaction with daily activities than those that were unemployed.
- The Scottish Government should take action to improve enforcement of employment Tribunal awards in Scotland, and remove fees for bringing a claim following the further devolution process.

- New Statutory Guidance on Public Procurement should promote fair employment and fair pay as far as is legally possible.
- The Scottish Government and local authorities must work together to ensure that suitable, affordable childcare is provided for working parents in all areas of Scotland, to prevent childcare costs causing in-work poverty or forcing parents to leave their jobs.

## Introduction

Scotland's Citizens Advice Service is the most common external source of advice for employees who experience problems at work. In 2014/15 clients sought advice on 50,625 new employment issues, a number that has been increasing in recent years. Additionally, citizens advice bureaux see first-hand the effects of in-work poverty, with a growing number of working clients seeking advice because they are struggling to pay for essentials. These twin problems – unfair employment practices and low paid jobs – represent a worrying trend in recent years and ones which CAS believes need to be addressed.

## What makes a job 'good' or 'bad'?

Citizens advice bureaux in Scotland see many clients with jobs which would be easy to describe as 'bad'. These include situations where clients experience some extremely unfair treatment at work. Examples of this, which CAS presented in our recent report 'Fair Enough?'<sup>1</sup> include:

- Clients being dismissed in unfair circumstances, including for being off sick, attempting to take holiday, or informed of their dismissal by text message.
- Employees who were not paid at all by their employers, in one case for six months' full-time work.
- Employers who failed to pay their employees' income tax and national insurance leaving them to pick up the bill; and instances of clients paid considerably below the National Minimum Wage.
- Clients who were unfairly denied sick pay when seriously ill
- Employers refusing to allow employees to take paid holiday
- Women who were dismissed when they became pregnant
- Instances of racist and sexist bullying at work
- Migrant workers who were exploited and made to work excessive hours

---

<sup>1</sup> Fair Enough? Preventing Scotland's workers from unfair treatment – Citizens Advice Scotland, February 2015 <http://www.cas.org.uk/publications/fair-enough>

- Cases where a client won their case at an Employment Tribunal, and were awarded several thousand pounds, but their ex-employers managed to avoid paying them any of the money they were due

Many of these practices are illegal, but employees can experience significant barriers to upholding their rights. They may have attempted to seek justice in an Employment Tribunal, but been unable to afford fees of up to £1,200 to bring a case. They may have brought a claim and won their case, but their ex-employer has managed to avoid paying them the money they are due. Alternatively, they may not have been able to assert their rights due to fear of losing their job.

Additionally, citizens advice bureaux in Scotland advise clients who are in work, but are struggling to pay for essentials. In-work poverty is a significant concern for CAS, and the most recent figures from the Scottish Government show that almost half of working age adults in poverty (48%)<sup>2</sup> are from working households. It is no longer the case that securing paid employment by itself is a route out of poverty.

The misuse of zero hours contracts has affected CAB clients in both ways – by enabling ‘bad’ employers to treat workers in an extremely unfair way that ignores some of the most basic employment rights. Their misuse has also had the effect of causing in-work poverty and hardship for zero hours workers, who are left unable to budget, in debt and who have great difficulty securing support from the in-work benefits system due to an unpredictable income.

Drawing a precise distinction between ‘good’ and ‘bad’ jobs is not an exact science, but ensuring that workers’ basic rights at work are respected, they are treated fairly, and are given a suitable number of hours on a wage that ensures they can comfortably pay for essentials would be a starting point for determining a ‘good’ job.

### **Have jobs become better or worse since 2008?**

Following the recession, Citizens Advice Scotland has become increasingly concerned about the rising number of clients who seek advice on employment issues, despite economic recovery.

Between 2011 and 2015<sup>3</sup>, new employment issues in Scottish citizens advice bureaux increased from 45,131 in 2011/12 to 50,625 in 2014/15, a rise of 12%. In that time there were particularly sharp increases in advice on pay and entitlements (up 29%), dispute resolution (up 23%) and self-employment (up 33%). The only areas of employment advice to decrease during the period were redundancy (down 31%) and Employment Tribunals and appeals (down 9%).

Based on this worrying trend, CAS published evidence reports in 2012<sup>4</sup> and 2015<sup>5</sup> to highlight the growing examples of unfair employment that bureaux have seen since

<sup>2</sup> Poverty and Income Inequality in Scotland: 2013/14 – Scottish Government, June 2015  
<http://www.gov.scot/Publications/2015/06/7453/2>

<sup>3</sup> Due to changes in our case recording system, it is not possible to make like-for-like comparisons for 2008-2010

<sup>4</sup> Fair Employment – Why Scotland’s workers need a Fair Employment Commission – Citizens Advice Scotland, February 2012 <http://www.cas.org.uk/publications/fair-employment>



the economic crash. The recession created a situation in which these poor practices became more common: employees put up with poor employers for fear of losing their job; workers accepted radical changes to their pay and hours rather than face a tough labour market; and employers tried to cut corners and slash costs in order to stay afloat.

From July 2013, people who want to make a claim to an Employment Tribunal are required to pay a fee to do so and a further fee if their case goes to a hearing. These fees are not insubstantial – for some claims it costs an individual up to £1,200 to get their claim heard by the Employment Tribunal, no matter how strong their case may be. Fee remission may be possible, but requires claimants to be on benefits, or have a low income and no other capital. If an employee is owed unpaid wages or other amounts, then these can frequently be for a lower amount than the fees to have their case heard.

The impact of introducing Tribunal fees is clear from the amount of cases that are lodged. Official figures from the Ministry of Justice showed there was an 81% decline in the number of cases lodged in the Employment Tribunal in January-March 2014, compared with the year before, when no fee was payable. Evidence from Scotland's citizens advice bureaux shows that unfair employment is still as common as ever, but people simply cannot afford to pay to bring their claim.<sup>6</sup>

The emergence of the zero hours contract in recent years has been a notable trend in the labour market. Recent ONS (Office for National Statistics) estimates indicate that the number of zero hours contracts in the UK has increased to 1.8 million.<sup>7</sup> Citizens advice bureaux in Scotland have highlighted a number of different problems stemming from the way zero hours contracts have been used by employers, and their growing prevalence has given rise to a number of serious causes for concern.

Whilst zero hours contracts may be suited to particular types of work, such as casual or seasonal labour, the **misuse** of zero hours contracts is becoming a major problem, which should be addressed to prevent exploitation and hardship. Misuse can include situations where zero hours contracts are issued by employers inappropriately, such as where a full-time or part-time contract may be better suited and have led to a number of serious problems for CAB clients including destitution caused by a lack of work; serious debt and budgeting difficulties caused by a fluctuating income as well as difficulties accessing the benefits system. On top of this, we have reports of poor treatment and problems enforcing rights at work.

Prior to a slight decline in 2013/14, the percentage of adults in poverty in Scotland who were from a working household (in-work poverty) reached a record high of 52% in 2012/13. The proportion of children in poverty where at least one adult was in

---

<sup>5</sup> Fair Enough? Preventing Scotland's workers from unfair treatment – Citizens Advice Scotland, February 2015 <http://www.cas.org.uk/publications/fair-enough>

<sup>6</sup> The Price of Justice: The impact of Employment Tribunal fees on CAB clients in Scotland – Citizens Advice Scotland, March 2015 <http://www.cas.org.uk/publications/price-justice>

<sup>7</sup> Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours – Office for National Statistics, February 2015 [http://www.ons.gov.uk/ons/dcp171776\\_396885.pdf](http://www.ons.gov.uk/ons/dcp171776_396885.pdf)

employment in their household rose from 45% in 2008/09 to 59% in 2012/13, before a small decline to 56% in 2013/14.<sup>8</sup>

Part of the explanation for this lies in pay. Prior to October 2014, the Minimum Wage had risen at a lower rate than inflation, as measured by the Consumer Prices Index (CPI), for five consecutive years from 2009 to 2013. Until 2008, uprating had comfortably exceeded CPI each year.<sup>9</sup> This has led to a situation where the real-terms value of the National Minimum Wage has become depressed compared with the cost of purchasing everyday essentials. Even with the recent 'National Living Wage' increase in the Minimum Wage rate for over 25s to £7.20 per hour from April 2016, the lowest-paid jobs will still be earning less than the current Scottish Living Wage of £7.85 per hour (which will also be uprated prior to the 'National Living Wage' coming into effect).

Low pay must also be set against considerable cuts to support from the in-work benefits system. In April 2012, the eligibility rules for Working Tax Credit and Child Tax Credit changed, negatively impacting on tens of thousands of Scottish families.<sup>10</sup> By April 2014, the number of in work families in Scotland receiving in work tax credit support had reduced by 97,300 compared to two years previously (a reduction of 27% in the number of families).<sup>11</sup> Changes proposed by the UK Government in the Welfare Reform and Work Bill will make further cuts, reducing the incomes of an estimated 250,000 households in Scotland.<sup>12</sup>

As a result of these changes, the contribution of social security support to family incomes has declined and will decline further. Citizens advice bureaux have advised clients who have lost their entitlement to tax credits and subsequently fallen into financial difficulties.

Since 2010 there has also been a substantial increase in the number of Jobseekers Allowance (JSA) and Employment and Support Allowance (ESA) sanctions imposed on claimants with the proportion of JSA claimants being sanctioned almost doubling from 2008 to 2014.<sup>13</sup> The impact of sanctions is a major concern for CAS, as bureaux in Scotland have reported of advising clients who have been left without

<sup>8</sup> Poverty and Income Inequality in Scotland: 2013/14 – Scottish Government, June 2015

<http://www.gov.scot/Publications/2015/06/7453/2>

<sup>9</sup> Response to Low Pay Commission consultation on the National Minimum Wage – Citizens Advice Scotland, September 2014 <http://www.cas.org.uk/publications/response-consultation-national-minimum-wage>

<sup>10</sup> Up to that date, families were eligible for Child Tax Credits if their income was below £41,300. This changed to £32,000 for families with two children and £26,000 for lone parents. Families were also able to claim Working Tax Credit if they were responsible for at least one child and worked at least 16 hours per week, but this was increased to 24 hours per week (with one parent having to work at least 16 hours).

<sup>11</sup> There were 258,500 in-work families in receipt of tax credits in Scotland in April 2014, compared with 355,800 in April 2012. Personal tax credits: provisional statistics: 2014 to 2009, HM Revenue & Customs - <https://www.gov.uk/government/statistics/personal-tax-credits-provisional-statistics-2013-to-2009>

<sup>12</sup> Initial Assessment of Budget Tax and Benefit Reforms – Scottish Government, July 2015 <http://www.gov.scot/Resource/0048/00481599.pdf>

<sup>13</sup> JSA sanctions as a percentage of JSA claimants peaked at 6.77% per month before challenges and 5.83% after challenges in the year to March 2014, compared with the previous highest figures of 3.81% and 3.51% respectively in the year to July 2008. From 'Briefing: The DWP's JSA/ESA sanctions statistics release, 13 May 2015' – Dr. David Webster <http://www.cpag.org.uk/david-webster>

money, food or heating as a result of incurring a sanction.<sup>14</sup> This is also leading to claimants becoming fearful of declining job offers, or leaving jobs even if they are inappropriate, exploitative or they are unfairly treated, for fear of being left without income due to a sanction. There is therefore less of an onus on employers to offer 'good' jobs that will attract jobseekers, as the benefits system compels claimants to take any employment offered to them.

Taking all these factors together, it is hard not to conclude that jobs have got worse since 2008, with increasingly poorly paid work less likely to be able to keep families out of poverty, less secure terms and working hours, and with basic employment rights becoming harder to enforce.

### **What effect might low quality/low pay jobs have on the economy and public health?**

As highlighted above, citizens advice bureaux in Scotland have reported advising increasing numbers of clients who are in work, but struggling to pay for essentials. A high level of in-work poverty means that there are a significant number of individuals with little to no disposable income.

In Scotland, 18% of employees are paid less than the Living Wage, equivalent to 418,000 individuals.<sup>15</sup> In their annual 'Minimum Income Standard' report, which is used to calculate the Living Wage, the Joseph Rowntree Foundation found that people working at the National Minimum Wage and taking up all in-work benefit entitlements were short of a basic minimum income as determined by members of the public. In 2015, a single person was £110 per week short of reaching the Minimum Income Standard, a couple with two children was £197 per week below the MIS, and a lone parent with one child was £118 short.<sup>16</sup> The cumulative effect of these shortfalls adds up to millions of pounds that would be spent in Scotland's economy, but is not.

It is also important to ensure that unscrupulous employers who wilfully undermine their employees' basic employment rights do not gain an unfair advantage over fair employers. If rogue employers are seen to get away with meting out unfair practices on their staff, other employers will rightly feel disadvantaged for complying with the law and treating their staff fairly, and may be at a competitive disadvantage as a result.

Unfair employment doesn't just cause problems for the individuals concerned, it's something that causes problems for society more widely. As part of a major study of poverty and social exclusion in Scotland and the UK, researchers found that people who worked in low quality, stressful and insecure jobs had poorer general health and a lower satisfaction with daily activities than those that were unemployed.<sup>17</sup> Unfair

<sup>14</sup> Sanctioned: what benefit? – Citizens Advice Scotland, July 2014

<http://www.cas.org.uk/publications/sanctioned-what-benefit>

<sup>15</sup> Why is the Living Wage important? – Poverty Alliance

[http://slw.povertyalliance.org/about/why\\_is\\_it\\_important](http://slw.povertyalliance.org/about/why_is_it_important)

<sup>16</sup> A Minimum Income Standard for the UK in 2015 – Joseph Rowntree Foundation, July 2015

<http://www.jrf.org.uk/publications/minimum-income-standard-uk-2015>

<sup>17</sup> Employment, poverty and social exclusion – Poverty and Social Exclusion in the UK project, June 2014

employment has an effect on public services, and many other areas of people's lives outside the workplace, and is unfair on employers who make efforts to treat their staff fairly and comply with the law.

It is important, on both wages and treatment of workers that acceptable basic standards are set and enforced to avoid a 'race to the bottom' with workers in low paid and insecure jobs paying the price.

### **What can the Scottish Government and public policy makers do to improve job quality in Scotland?**

Whilst a number of legislative measures to improve job quality, such as levels of the National Minimum Wage, in-work social security benefits, and employment law are reserved to the UK Parliament, there are a number of actions the Scottish Government might take to reduce the number of 'bad jobs' in Scotland.

- **If the Scottish Government acquires the ability to remove fees to bring a claim to an Employment Tribunal following the further devolution process, CAS would recommend that they do so without delay.**
- **The system of enforcement of Employment Tribunal awards in Scotland should be strengthened. The Scottish Government should work to address this, by exploring a range of options for improving the system of enforcement in Scotland, compatible with Scots law.**

In Scotland, only 41% of people who have been successful in winning their claim at an Employment Tribunal actually receive the full amount they are owed, and only half actually receive any payment whatsoever.<sup>18</sup> This is clearly unacceptable and action should be taken to improve the rate of payment. Whilst it may not be entirely appropriate for Scotland, the English 'Fast Track System' for enforcing awards has had some successful results in speeding up the process of making sure people are awarded what they are owed. This is an example of the sort of thing that could be considered.

- **Scotland's Fair Work Convention is a welcome development. The Scottish Government should examine the possibility of extending its role once it is fully established.**

For instance, the Fair Work Convention could work with Acas, trade unions and other stakeholders, such as the Citizens Advice Service to promote awareness of basic rights at work and how to assert them for employees and employers alike. The Fair Work Convention could also take on a role overseeing enforcement of employment law under Scots law, such as the proposed administrative devolution of Employment Tribunals.

---

[http://poverty.ac.uk/sites/default/files/attachments/Bailey%2C%20Employment%2C%20poverty%20and%20social%20exclusion\\_0.pdf](http://poverty.ac.uk/sites/default/files/attachments/Bailey%2C%20Employment%2C%20poverty%20and%20social%20exclusion_0.pdf)

<sup>18</sup> Payment of Tribunal Awards 2013 Study – IFF Research, Department for Business Innovation and Skills, October 2013

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253558/bis-13-1270-enforcement-of-tribunal-awards.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253558/bis-13-1270-enforcement-of-tribunal-awards.pdf)

- **The Scottish Government's welcome moves to promote payment of the Scottish Living Wage, and promotion of fair work through the Scottish Business Pledge should continue over the long-term.**
- **New Statutory Guidance on Public Procurement should require as far as possible that contractors pay at least the Scottish Living Wage and that they do not misuse zero hours contracts.**

**Additionally, CAS believes businesses should be excluded from being awarded contracts if they have breached their obligations relating to the payment of employees' tax or social security contributions, if they have failed to pay the National Minimum Wage to employees, or if they demonstrate evidence of unfair employment practices<sup>19</sup>.**

- **The Scottish Government and local authorities must work together to ensure that suitable, affordable childcare is provided for working parents in all areas of Scotland. This is particularly important in rural areas, where provision is reported to be particularly inadequate.**

**The Scottish Government must take caution to ensure that the additional childcare provided is affordable for working families to prevent childcare costs causing in-work poverty or forcing parents to leave their jobs.**

Childcare costs can vary considerably depending on where in Scotland a family lives, with part-time nursery care in the most expensive local authority being £3,341 per year more than in the neighbouring local authority.<sup>20</sup> Part of the reason for this local difference may be due to the low levels of childcare supply reported by the majority of local authorities. Availability of affordable local childcare – or indeed any childcare at all – has caused problems for citizens advice bureau clients who, in some instances, have been forced to give up work, or prevented them from taking up jobs due to no childcare being available locally.

Additionally, the UK Government has the ability to make many positive changes which would help improve job quality in Scotland. CAS recommends the UK Government:

- **Remove Employment Tribunal fees**
- **Increase efforts to enforce payment of the National Minimum Wage and employees' Income Tax/National Insurance**
- **Review the support provided by the current tax credits and benefits system, to avoid the interaction between different forms of state support causing disincentives to work for parents with childcare commitments.**

---

<sup>19</sup> CAS response to the Scottish Government's consultation on changes to the public procurement rules in Scotland – Citizens Advice Scotland, April 2014 <http://www.cas.org.uk/publications/cas-response-scottish-government%E2%80%99s-consultation-changes-public-procurement-rules>

<sup>20</sup> The 2014 Scottish Childcare Report - Family and Childcare Trust

- As part of the clearer focus on tackling low pay and in-work poverty through the National Minimum Wage, the Low Pay Commission should study the methods used to calculate the Living Wage to determine whether a similar formula can be developed for NMW uprating.
- The youth rates of the National Minimum Wage should be reviewed to consider their relative value, their ability to tackle in-work poverty amongst young people, and to take into account the limited in-work support available from tax credits and benefits for this age group.
- A strategic approach should be taken across Government to ensure that rises in the National Minimum Wage and changes to the tax and benefit systems are complementary, with the aim of ensuring that workers are better off and do not face in-work poverty.
- There needs to be a fundamental and public review of the purpose of the JSA and ESA sanctions regime.

## **Appendix – case studies from Scottish citizens advice bureaux**

### **Low pay**

- A West of Scotland CAB reports of a client who works in a shop for 16 hours a week with occasional overtime. Her income fluctuates, but is always low, and as she is 21 she is too young to claim Working Tax Credit. She is finding paying for essentials a big struggle, and has rent and Council Tax arrears from living in temporary homeless accommodation until recently.
- An East of Scotland CAB reports of a client who is in full time employment but is finding it difficult to cope financially. She is earning £7 per hour and works 35 hours per week, but is finding it difficult to manage to pay rent, Council Tax and other essentials. The client has Council Tax arrears and a debt with a 'club book'.
- A West of Scotland CAB reports of a client who works 10 hours a week at the National Minimum Wage. The client's weekly costs for travelling to work are 16% of her income. She would be eligible for £13.40 per week Jobseekers Allowance, but would need to spend another £5.40 in return bus fares which would not be much help.

### **Severe in-work poverty**

- A South of Scotland CAB reports of a client who is suffering from severe financial hardship. The client works between 22 and 26 hours each week and has asked for extra hours but nothing is available. The client's monthly rent is 65% of her monthly income and has had to borrow from family to pay her rent in full each month. The client has been going without heating or food and has been showering at family members' houses. The CAB performed a benefit check to try and maximise the client's income, but unfortunately there was no entitlement to any other benefits.



### **Misuse of zero hours contracts**

- An East of Scotland CAB reports of a client who had started a job on a zero hours contract. She only took the job on the condition that she was given at least 16 hours each week to qualify for tax credits to provide for her and her baby. However, she has only been given a total of three hours' work in the past two weeks, and her shift today (1.5 hours) has been cancelled. The client now does not have sufficient funds to provide for her child and is having to borrow money from her parents to pay for essentials.
- A West of Scotland CAB reports of a client who works as a carer on a zero hours contract. She is due to have a stent fitted as she has blocked arteries, but feels she cannot afford to do this as she has no right to sick pay other than Statutory Sick Pay and would not be able to afford to live on that. The client works between 30 and 70 hours per week, often leaving the house at 6AM and not returning until 10PM due to time spent travelling, but only gets paid for six hours per day of this. The client has developed kidney stones as she is not allowed to use her clients' toilets, and it is too far to return home to go to the toilet.

### **Discrimination against pregnant women**

- An East of Scotland CAB reports of a client who was trying to obtain support for her daughter who works as an apprentice hairdresser. The client's daughter is expecting a child, but when she told her employer they told her she has to "get rid of it" or she will be sacked.
- A West of Scotland CAB reports of a client who is employed at a beauty salon. As soon as the client found out she was pregnant she told her employer. The employer reacted by saying that this was 'not good' and was 'a kick in the face'. Subsequently, the employer told her that she was dismissed. They offered her the alternative of becoming self-employed and renting the room she used in the salon, but the client did not want to do this and would have rather stayed on as an employee.

### **Not paid by employer**

- A West of Scotland CAB reports of a client who believed she was employed by someone as a groom, which included accommodation and livery. The client was told she would be paid for the work and it was arranged for the employer to be reimbursed through a 'DWP job incentive scheme'. However, this did not happen as the employer had no employer's liability insurance. The client advises she was given no wages at all for the six months she has worked there. The client has calculated that she is due about £6,000. She feels she was further exploited during this period of employment as she was sometimes locked in the stables and was made to work seven days a week for long periods of time.
- An East of Scotland CAB reports of a client who succeeded in finding a job at a local fast food outlet. At the end of her first week, the client asked for her

wages which she calculated to be £55, but was told that she was 'dismissed', and that as she was leaving there was no need for the employer to pay her. She has since found that this has been the situation with many of her fellow workers. Her 'employer' did not take any personal details from her - not even her name - before she started work and there is no contract of employment. She is seeking help to be paid the money she is due.

### **Dismissal**

- Citizens Advice Direct reports of a client who had been working for the past four months on a zero hours contract. Usually she gets contacted by texts or phonecalls to let her know when her shifts are. This morning she got a phone call that she had not turned up at work and would be sacked. However, she did not know that she was supposed to be at work, as no one had contacted her.

### **Tribunal award not being able to be enforced**

- A North of Scotland CAB reports of a client who did not receive wages or holiday pay from his former employer. The client was successful in his Employment Tribunal claim and received an award of £3,283.34. The client waited 42 days but received no payment from his former employer. He then had to write to the Tribunal for 'an extract of the judgement' which caused further delay. In the interim his ex-employer attempted to get the company 'struck off' meaning the client had to write to Companies House to object. The objection was successful but this only delays the process for two months. The client now has his extract of award and it is uncertain what enforcement action he will be able to achieve in the time scale, given that the ex-employer reports that the company has no money. The client is in a catch 22 situation with a 'hollow victory' award - in that he is owed money but the respondent will not pay. The company will be struck off in two months' time meaning the client will have an award but no legal entity to pursue payment from thereafter. In order to see if Sheriff Officers can enforce payment, the client will need to pay further sums of around £100 but this may not be successful if his ex-employer has no money. The company is not formally insolvent and so the client is unable to get payment from the National Insurance Fund. The client could trigger the insolvency of the Respondent but the cost for this is over £1,500 (non-refundable) and there would still be no guarantee of getting any money thereafter as the Redundancy Payments Service will only pay holiday pay due if it is within 12 months. The time taken to get to Employment Tribunal, then get the award and then to trigger an insolvency makes this impossible.



## SUBMISSION FROM UNITE

### Introduction

Unite welcomes the opportunity to contribute to this call for evidence and applauds the Scottish Government's stated commitment to promote fair workplaces and to support sustainable and well paid jobs. Unite is working with the Scottish Government on the Fair Work Convention which has been tasked with promoting fairer workplaces and encouraging employers to engage with a fair work agenda, and we will continue to work with the Convention to promote workplace democracy.

There is no doubt however, that work, wages and wellbeing have all suffered over the last seven years of a UK coalition government and now under a majority Conservative government.

The growth of insecure two-tier work in the labour market since 2008 has been driven by numerous loopholes and inadequacies in our labour law, not least of which is the arbitrary legal distinction between workers and employees that means that many workers are not entitled to legal rights and protections.

Too many jobs created in recent times have been 'bad' jobs; low paid and insecure with short hours contracts, underemployment and a proliferation of jobs employing people on zero hours contracts; We have witnessed employers riding rough-shod over National Agreements and health and safety guidelines being breached.

In our response to the Smith Commission Unite supported the devolution of employment law including control over the minimum wage and while this did not form part of the final settlement within the Scotland Act we believe that the Scottish Government still has an important role in improving job quality and could do more to tackle so-called 'bad' jobs by actively promoting the living wage; by banning zero hours contracts and blacklisting companies under procurement rules; encouraging collective bargaining in inward investment and supporting companies that engage fully with trade unions. This would show a proactive approach to promoting fair workplaces and encourage 'good' jobs.

### **Work**

There has been a relentless attack on workers' rights and organised labour by consecutive Conservative Government's for almost four decades which has undermined workers' legal protections and introduced a series of anti-trade union laws in the UK. These attacks have sought to weaken collective bargaining and reduce trade union influence which has led to a power imbalance in the workplace creating an environment where insecure low paid jobs have proliferated.

Unite does not however accept the claims made by the Scottish Government, that while employment law is reserved to Westminster their hands are tied on many of the issues affecting workers in their place of work. We believe that there is more work that could and should be done to increase the level and speed of action in implementing initiatives and policies to deliver quality jobs in Scotland.

### Umbrella Companies and false self-employment

The proliferation of umbrella companies, set up to deny workers their full wages and to shift the tax burden, should be banned. It is difficult to accurately measure the true extent of the numbers employed on such contracts, however it is estimated that around 200,000 people are employed by umbrella companies in the UK.

According to UCATT, the UK Treasury loses around £3800 in tax revenue for every worker employed on such contracts. Therefore on lower estimates this would put the loss to the UK economy at tens of millions of pounds each year. Umbrella companies are a legal scam that must be stopped.

There has also been a dramatic increase in so-called 'false self-employment' with rates increasing steadily over recent years. False self-employment is used by employers to engage workers indirectly, without the costs of holiday or sick pay, pensions or to uphold existing employment rights afforded to workers.

The undernoted graph shows the extent of the growth in self-employment between 2007 and 2014.

#### Employees, self-employed (000s), Scotland, 2007-2014



Source: STUC (UWC/Oxfam Decent Work Policy Forum)

According to the Resolution Foundation this type of employment scheme appears to have also played a particularly important role in reducing the jobless count during the economic downturn since 2008.

*“.... the typical incomes associated with self-employment have been falling, suggesting that many of those moving into this category might also be considered to be part of the bottom tier of Britain’s labour market. (This) shows that the number classified as self-employed increased by around 1*

*million (or 26 per cent) between 2002 and 2013, with a 10 per cent increase occurring after the onset of economic downturn.”<sup>1</sup>*

### Zero hours contracts

As the workforce has grown, the numbers employed on zero hours contracts has escalated, exploiting working people.

The Office for National Statistics (ONS) estimate 1.4 million (April 2014) people are employed on zero hour contracts in the UK, rising from 134, 000 in 2006. Unite has organised a campaign on this issue – No to Zero – gathering data and urging our members to raise this issue with their MPs.<sup>2</sup>

Evidence shows that zero hour contracts are impacting upon more vulnerable groups in the labour market. Workers on zero hour contracts are more likely to be young; they are also less likely to have a degree. Zero hour contracts are also used more often in workplaces that employ non-UK nationals particularly in sectors such as food processing, cleaning, hospitality, agriculture, care and construction. This reinforces serious concerns about the social exclusion caused by these contracts.

Zero hour contracts are also impacting on workers wellbeing. A survey conducted by MASS 1 for Unite found that 69% of respondents felt anxious about being on a zero hour contract.

### Blacklisting

Blacklisting is another insidious practise and one which has disproportionately affected Scottish workers. Blacklisting is also a clear breach of human rights. Companies which have blacklisted workers on grounds of trade union membership or for raising environmental or health and safety issues, should be refused procurement contracts. They must also be banned from bidding from future contracts until they have made suitable remedial actions, including admitting their part in blacklisting workers, providing adequate compensation and employing workers previously blacklisted.

The Scottish Government has condemned blacklisting companies and issued Guidance which states:

*“...any company which engages in or has engaged in the blacklisting of employees or potential employees should be considered to have committed an act of grave misconduct in the course of its business and should be excluded from bidding for a public contract unless it can demonstrate that it has taken appropriate remedial steps;”<sup>3</sup>*

Yet Unite has anecdotal evidence that the blacklisting of workers continues and the Scottish Government continues to issue contracts to known blacklisting companies

<sup>1</sup> <http://www.resolutionfoundation.org/wp-content/uploads/2014/08/Low-Pay-Britain-2013.pdf>

<sup>2</sup> <http://www.unitetheunion.org/campaigning/saynotozerohourscontracts/>

<sup>3</sup> <http://www.gov.scot/resource/0043/00438311.pdf>

despite making a commitment to ban blacklisting and tackle this issue.<sup>4</sup> Unite welcomes the work done by the Scottish Affairs Select Committee into blacklisting and has called for a full public inquiry into the practice. We would urge the Scottish Government to work with the Westminster government to ensure this is delivered.

### Underemployment

According to the Office for National Statistics, in 2014 just less than 1 in 10, or three million people, employed in the UK wanted to work more hours than they are currently employed to do and are therefore classified as underemployed.<sup>5</sup> In Scotland a study conducted by the Scottish Trade Union Congress (STUC) for the Scottish Government highlighted 250,000 workers in Scotland want to work more hours.

On average each underemployed worker would like to work an extra 11.3 hours per week and over 1 in 5 people working in elementary occupations (cleaners, security guards, catering assistants, leisure workers and bar staff for example) were underemployed in 2014.

The rate of underemployment in Scotland in 2013 was 9.6% up from 7% in 2008.<sup>6</sup>

The evidence shows there are people working part-time that want to work full time; and people working full-time that want more hours. This is a massive loss of potential benefits to the economy and to the wealth of the country. There is a lot of work that could be done and there is obviously a capable workforce willing to do it. However it may also be that simply by paying a decent wage for the hours that are worked, providing a decent income, would reduce the demand for more hours.

### Facility time

We have also seen an attack on the rights of elected trade union reps to represent members through an attack on trade union facility time. Facility time, which is the time off agreed jointly by the union and the employer to carry out union work, is being withdrawn or reduced, particularly within the public sector.

Yet critics of facility time fail to see the benefits it brings:

- *Overall productivity gains worth between £4bn to 12bn to the UK economy;*
- *Savings of at least £19 million as a result of reducing dismissals;*
- *Savings to employers of between £82m - £143m in recruitment costs as a result of reducing early exits.*<sup>7</sup>

### Industrial ballots

<sup>4</sup> A recent example is the construction of the Aberdeen Western Peripheral Road. A Scottish Government project being undertaken by Balfour Beatty and Carillion. Both companies were found to have blacklisted Scottish workers and have not taken remedial action or accepted their role in blacklisting workers.

<sup>5</sup> <http://www.ons.gov.uk/ons/rel/lmac/underemployed-workers-in-the-uk/2014/rpt-underemployment-and-overemployment-2014.html>

<sup>6</sup> <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-386785>

<sup>7</sup> <https://www.tuc.org.uk/sites/default/files/tucfiles/thefactsaboutfacilitytime.pdf>

The Trade Union Bill currently going through Westminster will introduce legislation that will require fifty percent of union members in a workplace to vote for strike action before it is legitimate. This is despite the fact that the Conservative government was elected on just 24% of eligible votes. The Bill also proposes further restrictions on 'key' public services. These thresholds impose highly restrictive parameters for conducting democratic ballots.

### Employment Tribunals

The ability to access and obtain a fair hearing is a fundamental right to social justice in the workplace in any developed economy. However the introduction of fees to take a case to Employment Tribunal has removed this right and has impacted on an individuals' social, moral and financial wellbeing.

In 2013, the coalition government introduced fees for taking a case to Employment Tribunal (ET). Under the scheme employees must find fees of £1250 to bring a claim against an employer. This has limited the ability to seek justice for many workers.

Since the fees were introduced cases have dropped by 73%. <sup>8</sup>

The process is a fundamental breach of human rights and the right to access justice. In particular it is denying lower paid workers access to justice. Since the introduction of fees in 2013:

- Unfair dismissal claims are down 74%,
- race discrimination cases are down 61%,
- disability discrimination cases are down 63%
- And sex discrimination cases are down a massive 91%

The most vulnerable groups in society are being disproportionately impacted by this decision. Even some employer organisations have raised concerns. A survey by the CIPD reports that 38% of members surveyed said that the system should not be changed with 36% saying fees should be reduced considerably or abolished altogether. <sup>9</sup>

Mike Emmott CIPD Employee Relations Manager stated that:

*"Fees may not make it impossible for claimants to pursue their case but they've certainly made it more difficult, which begs the question: are we putting too high a price on justice?"* <sup>10</sup>

Unite believes this is undoubtedly the case and has called for the immediate abolition of tribunal fees.

---

<sup>8</sup> <file:///U:/Elizabeth%20Cairns/Personal/Scotland/Statistics/ET%20fees.pdf>

<sup>9</sup> CIPD Conflict Management: A Shift in Direction? March 2015

<sup>10</sup> <http://www.hrmagazine.co.uk/hro/news/1150314/tribunal-claims-introduction-fees-cipd>

Let us be clear, this is not about promoting industrial democracy. These attacks on trade union rights are about smothering the trade union voice and must therefore be challenged as an attack on fundamental human rights.

## Wages

Unite would argue that the decision to maintain low pay is an ideological, not an economic decision.

Low pay subsidised by tax credits, welfare benefits and tax breaks for employers is masking the issue. Statistics released by the Scottish Government in 2014 showed that over half (52 per cent) of working-age adults in poverty were in “in-work” poverty.<sup>11</sup>

The report also highlighted that six in ten children in poverty in Scotland in 2012-13 were in households where at least one adult was in employment. There were 30,000 more children in in-work poverty households in 2012-13 compared with the previous year. Our young people’s future is being blighted by low pay now.

A report by the Resolution Foundation found that:

*“While low paid work exists across all occupational groups, there is a clear bias towards lower skilled occupations. More than half of elementary (cleaners, security guards, catering assistants, leisure workers and bar staff for example) and sales & customer service (retail assistants, cashiers, telephone salespersons and customer services for example) workers were low paid in 2012, as were one-in-three workers in personal services (covering social care and childcare for example), compared with just 5 per cent of managers & senior officials and 1 per cent of those in professional occupations.”*

The report goes on to say:

*“Part-time workers face a particular low pay risk, with two-in-five (43 per cent) of such employees being low paid in 2012, compared with 12 per cent of those working full-time. In the context of the growth of part-time employment over the last three decades and recent rises in (often involuntary) part-time work and under-employment, the prevalence of low pay among part-time workers is concerning.”*

## Wage distribution

Since 2008 we have seen a larger share of national income going to the top earners creating a widening income gap and greater income inequality. However this imbalance is not reflected in increasing productivity or greater profits. According research by the High Pay Centre:

<sup>11</sup> <http://www.gov.scot/Publications/2015/01/3233>

*“...increases in executive pay between 2000 and 2013 were far greater than the increase in company profits or market value.”<sup>12</sup>*

The TUC also report that:

*“...high pay differentials damage employee morale, are detrimental to firm performance, contribute to inequality across the economy as a whole and have fuelled the public’s lack of trust in business.”<sup>13</sup>*

### Living Wage

According to the Scottish Government’s own figures, in March 2014 there were an estimated 335,015 private sector enterprises in Scotland.<sup>14</sup>

As of March 2014, there were 332,720 Small and Medium-sized Enterprises (SMEs) operating in Scotland, providing an estimated 1.1 million jobs. SMEs accounted for 99.3% of all private sector enterprises and accounted for 54.8% of private sector employment and 37.9% of private sector turnover.

Rosanna Cunningham, Cabinet Secretary for Fair Work, Skills and Training was recently congratulating the work done by the Scottish government having signed up 300 businesses as living wage employers. With a further commitment to having 500 accredited employers by the end of March 2016, it is evident from the numbers that the pace to drive a living wage is far too slow to make a dent in the number of small businesses registered in Scotland that are not presently paying the living wage.

The Chancellor stated in the summer budget that the government will introduce a living wage of £7.20 in 2016 for workers over 25, which will rise to £9.00 by 2020. This amount is below £7.85 per hour which has been identified by the Scottish Living Wage Campaign as the amount required to provide a decent standard of living and to keep workers out of poverty and will do nothing for the two million under 25’s UK wide who will continue to live on the present National Minimum Wage level.

Unite believes that if the Scottish Government is prepared to challenge the European Union (EU) on alcohol minimum unit pricing,<sup>15</sup> then it should also be prepared to consider challenging the EU on applying the living wage in procurement in public sector contracts. It is not enough to accept the claim that the Scottish Government’s hands are tied by EU procurement rules or that they have no control over employment law. They should adopt a living wage of £7.85 for all public sector workers, not only those covered by Scottish Government pay policy, and further should stipulate paying the living wage is compulsory in all procurement contracts.

---

<sup>12</sup> [High Pay Centre: Performance Related Pay, What does business think? \(2015\)](#)

<sup>13</sup> <https://www.tuc.org.uk/sites/default/files/ExecutiveExcess.pdf>

<sup>14</sup> <http://www.gov.scot/Topics/Statistics/Browse/Business/Corporate/KeyFacts>

<sup>15</sup> <http://news.scotland.gov.uk/News/Minimum-unit-pricing-18a4.aspx>



The Scottish Government taking a lead must also go further by applying the rules to the supply chain; where sub-contractors and third party suppliers must also pay the living wage.

It is not acceptable to award a procurement contract to one company and abdicate responsibility for who that company then sub-contract the work to. The chain of responsibility must be an important determinant when awarding procurement contracts.

### Equal pay

Article 3 of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights says all states must:

*“ensure equal rights of men and women to the ‘enjoyment’ of all civil, political, economic, cultural and social rights.”*

Yet, women are still being discriminated against in the workplace; in civil society and in business.

Forty years after the introduction of the Equal Pay Act there remains a stubborn pay gap in many sectors of the economy. According to Close the Gap the gender pay gap in Scotland is 11.5%.<sup>16</sup>

However in some sectors and some occupations it is considerably higher. According to the Equality and Human Rights Commission, women and men make up equal proportions of the finance workforce, yet women earn 55% less on average than their male colleagues.<sup>17</sup> In the legal profession in Scotland the gap is 42%.<sup>18</sup>

Yet should we be surprised that the pay gap has not been tackled when the decision makers are mostly male. At Westminster following the general election, women make up just 191 of the 650 MPs equivalent to 29.4%. The Scottish Parliament fairs slightly better with women making up 34.9% of MSPs. And in business women represent 23.5% of executives in the FTSE 100 and just 18% in the FTSE 250.

The recent announcement by the UK government to legislate for every private sector company with 250 employees or more to publish the gap between its average male and female earnings is a weak attempt at addressing this problem. Publishing a pay audit is the first step in the process; the real challenge will come in trying to ensure that the findings are implemented. It is this which will create an impasse within the business community, as employers realise the costs involved in addressing the findings in some cases, may be costly.

## **Wellbeing**

### Sickness absence

<sup>16</sup> <http://www.closesthegap.org.uk/news/blog/scotlands-gender-pay-gap-remains-high-at-115/>

<sup>17</sup> [http://www.equalityhumanrights.com/sites/default/files/documents/financial\\_services\\_inquiry\\_report.pdf](http://www.equalityhumanrights.com/sites/default/files/documents/financial_services_inquiry_report.pdf)

<sup>18</sup> <http://www.lawscot.org.uk/news/2015/07/tackling-the-gender-pay-gap-42-difference-between-male-and-female-solicitors/>



There is no doubt that the 2008 recession and the austerity measures implemented by the UK government have affected workers wellbeing in a number of ways including emotional, moral, social and financial wellbeing.

Recent figures suggest that presenteeism — the phenomenon of ill and disabled people coming into work when they would otherwise be off sick — has increased, as have rates of stress and mental health problems.

A Labour Research report carried out in 2015 noted:

*“The most common reason that people came into work sick was they didn’t think it was “serious enough to take time off” (76%). But other responses are more worrying: “My workload is too great for me to have time off, even if I’m unwell” (31%); “I worry about the financial implications of taking time off” (20%); “other colleagues make me feel guilty for taking sick leave” (19%); and “I feel too threatened by the risk of redundancy to take time off when ill” (13%).”<sup>19</sup>*

As well as this a report by the TUC noted that:

*“...workers have been experiencing a significant increase in stress, which in some cases has led to mental ill health, as a result of the impact of austerity on their work and home lives.”<sup>20</sup>*

The report goes on to say:

*“Many employers do not deal with mental health issues and this may lead to many people losing their job, and even worse, failing to find new work as a result of the stigma associated with mental health issues.”*

So we have a situation where around one third of sick people are going in to work due to stress over workload and a further thirteen percent, for fear of being made redundant. When they do attend work they are unfortunately subjected to extreme stress levels leading some workers to suffer bouts of mental ill health. This is wholly unacceptable and is not conducive to high productivity or good work.

### Trade unions

To combat the prevalence of bad jobs and to halt detrimental employment practices Unite sees a role for the Scottish Government in promoting trade unions and collective bargaining. There is a compelling link between strong trade unions and more equal societies. Not only that, trade unions defend the pay and conditions of their members and help protect existing employment terms for all workers.

However in recent year’s trade union membership has declined from a peak of thirteen million in 1979 to around 6.4 million today. This is in no small part due to the attacks on existing trade union rights by politicians and criticisms of trade unions in the right wing media.

<sup>19</sup> LRD: Sickness absence and sick pay - a guide for trade union reps (June 2015)

<sup>20</sup> [https://www.tuc.org.uk/sites/default/files/GoodPracticeMentalHealth\\_0.pdf](https://www.tuc.org.uk/sites/default/files/GoodPracticeMentalHealth_0.pdf)

Trade unions nevertheless remain relevant. Despite a decline from its peak in 1979 trade unions in the UK still represent a significant proportion of working people and despite the recession, the figure has stabilised over the last few years; in fact there have been periods of growth. In 2012 trade union membership rose by 59,000. According to the most recent figures from Department for Business Innovation and Skills (BIS) there are 687,000 people who are members of trade unions in Scotland.<sup>21</sup>

In Scotland trade union density is 30.4%, with 48.4% of workplaces having a trade union presence. 32.9% of employees pay is affected by a collective agreement.<sup>22</sup>

There is also clear evidence that trade unions bring higher pay. This is known as the trade union premium. According to BIS the trade union wage gap, defined as the percentage difference in average gross hourly earnings of union members compared with non-members, is 21.6% in the public sector and 8.1% in the private sector.<sup>23</sup> Trade union members are also more likely to have a degree with 53% of union members having a degree or other higher education qualification, compared with 41% of workforce as a whole.

Trade unions help to reduce income inequality, reduce discrimination, reduce health and safety risks, increase productivity, increase skills and improve morale in the workplace; all features of good work.

Unite would therefore argue that the most effective way to tackle the level of 'bad' jobs in the economy is to encourage the collective bargaining of workers' pay and conditions.

According to the Institute of Employment Rights (IER):

*"Extensive research has found that collective bargaining reduces economic inequality and is therefore beneficial for low and middle-income earners."*

The report also states that studies from Canada, the US and the UK all indicate that wage inequality increases as union influence declines and further that the gender pay gap is significantly narrowed in workplaces where unions are active and there are centralised forms of collective bargaining.<sup>24</sup>

With Scotland attracting more foreign investment than any other area of the UK outside London, as well as benefitting from lower operating costs of around 30%,<sup>25</sup> the Scottish Government should encourage these international organisations to engage with trade unions to improve productivity, reduce inequality and increase workplace democracy.

It will be trade unions that will ensure pay rates are fair and transparent; that will protect the terms and conditions for those working within the public and private

<sup>21</sup> Business Innovation and Skills - trade union membership statistical bulletin 2015

<sup>22</sup> Ibid.

<sup>23</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/431564/Trade\\_Union\\_Membership\\_Statistics\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/431564/Trade_Union_Membership_Statistics_2014.pdf)

<sup>24</sup> IER: Trade unions and economic inequality (Aug 2014)

<sup>25</sup> <http://www.sdi.co.uk/invest>

sectors, ensuring workers are directly employed on decent contracts and addressing issues of in-work poverty, inequality and fairness.

### **Scottish Government Priorities**

- **Defend human rights and International Labour Organisation (ILO) rights including freedom of association and the right to collective bargaining;**
- **Abolish indirect employment such as umbrella companies and false self-employment in procurement contracts including sub-contractors and the supply chain;**
- **Ban zero hours contracts from public sector contracts including the procurement process;**
- **Pay the Scottish living wage to all workers engaged on public sector contracts and apply this rule to the supply chain;**
- **Ban blacklisting companies from bidding for procurement contracts until suitable remedial action has been made;**
- **Encourage trade union engagement and collective bargaining in all inward investment projects.**

Pat Rafferty

Unite Scottish Secretary

**August 2015**

Sept 2015		
-----------	--	--

## **Economy, Energy and Tourism Committee**

### **Work, Wages and Wellbeing**

#### **Summary of written submissions**

#### **Introduction**

This paper summarises the submissions received on the Committee's inquiry into work, wages and wellbeing. A total of 42 written submissions have been received so far (as at 24 September 2015), of which—

- 10 were from third sector or campaigning organisations;
- 4 were from local authorities;
- 7 were from other bodies in the public sector;
- 6 were from business organisations or industry bodies;
- 4 were from trade unions or professional associations;
- 6 were from businesses or individuals; and,
- 5 were from academics or research organisations.

The Committee's call for evidence was launched on the 22<sup>nd</sup> June 2015 and asked for views on the following areas relating to the Scottish labour market—

1. What makes a job 'good' or 'bad'?
2. Have jobs become better or worse since 2008?
3. The impact of job and employment quality on health.
4. What effect might low quality/low pay jobs have on the economy?
5. What can the Scottish Government and public policy makers do to improve job quality in Scotland?

Although most submissions addressed the Committee's remit and the questions asked in the call for evidence, some either did not answer the specific questions or only vaguely addressed the remit. Like other summaries of evidence, this paper has

been structured by the questions asked. Therefore, relevant comments from these submissions have been placed under the most appropriate heading.

## **1. What makes a job ‘good’ or ‘bad’.**

As became clear during [the first evidence session in June](#), there is no agreed definition of what makes a job ‘good’ or ‘bad’. The CBI goes as far as to warn “it is not advisable for politicians to determine job quality or to attempt a definition.”.

Most submissions attempted a definition, or at least referenced academic work in this field, whilst accepting that other definitions and views were credible. Some responses highlighted the subjective nature of the question, for example Dumfries and Galloway Council wrote—

“There are many different ways of interpreting or measuring whether a job is ‘good’ or ‘bad’. A definitive answer is hard to reach as each individual will value certain factors over others depending on their personal preference or situation.”

Clearly, what is a bad job for one person can be a good job for another.

Furthermore, there are regional and sectoral elements to the Scottish labour market which complicate the ‘good’/‘bad’ assumptions further (see for example, the Highlands and Islands Enterprise and Dumfries and Galloway submissions). The location and transport links to a job are important, with the travel times and costs in rural Scotland often influencing whether a job is seen as ‘good’ or ‘bad’.

Professor Patricia Findlay’s explains why defining job quality is problematic—

“Job quality is a broad and multidimensional concept encompassing the intrinsic nature of work (such as skills, pace, discretion and autonomy), the employment or contractual arrangements within which work takes place (including pay, contractual status, benefits, work-life balance and opportunities for progression) and aspects of work relations (perceptions of fairness and trust, voice and due process/procedural justice).

“There is no one accepted measure of job quality. Some researchers use objective indicators (eg pay, hours worked, fixed or open ended contract) and others subjective indicators (eg measures of job satisfaction; perceptions of stress); others use a mixture of both.”

Nevertheless, there are several factors, repeated throughout most submissions, which contributors saw as determining the quality of a job. These can be summarised as—

- pay and benefits;
- security of contract/working hours;
- opportunity for training and advancement;
- type of work/job design (including control and demand);
- employee engagement;

- level of support/leadership; and,
- the working environment and physical conditions.

Added to these, the employing organisation/company's purpose, values and standards of ethics was often cited as an important factor influencing an employee's feeling of fulfilment and value.

The above factors reflect [the findings of the Committee's online questionnaire](#) which received 607 responses over the summer.

Citizen Advice Scotland's submission focuses on employment practice which often strays into the illegal. Unfair dismissal, unpaid work and minimum wage infringements, as well as 'misuse' of zero hours contracts, are clearly evidence of 'bad jobs': "many of these practices are illegal, but employees can experience significant barriers to upholding their rights. They may have attempted to seek justice in an Employment Tribunal, but been unable to afford fees of up to £1,200 to bring a case".

Skills Development Scotland (SDS), unsurprisingly, focusses on the importance of skills: "It is widely acknowledged that more highly skilled roles provide increased job satisfaction. They attract an increased level of pay, opportunities to up-skill and re-train, as well as autonomy over decision-making." SDS and SCDI both highlight the importance of employee engagement and the STUC is keen to stress that modern management techniques, such as new forms of performance management can contribute to poor job quality employment.

#### *Job quality for different groups*

According to Close the Gap, "any consideration of job quality must recognise the structural barriers that women face to obtaining a 'good' job". A number of submissions highlighted pay inequality in Scotland as a serious barrier to job and employment improvements—

"The pay gap is caused by occupational segregation, where women and men do different types and levels of work; inflexible working practices which make it difficult for women with caring responsibilities to participate in the labour market equally, particularly at senior levels; and discrimination within pay systems. Almost a fifth of the Scottish workforce is paid below the living wage, and 64% of these workers are women."

The Scottish Women's Convention (SWC) consulted with women of all ages, from a variety of different backgrounds and in a number of different forms of employment in compiling its response. In addition to the factors bulleted above, the SWC found that accessible, affordable and appropriate childcare was a major factor in determining whether a job was good for bad for women with children: "If employment is the route out of poverty and onto a better life, then childcare is the bridge."

The Equalities and Human Rights Commission highlighted the harassment faced by women and LGBT people in the workplace—

“In a recent report the Equality Network estimated that 24% of LGBT people in Scotland had experienced harassment at work. One in three women aged between 18-34 report being sexually harassed at work, predominantly verbal harassment although just under half of women also report unwanted sexual advances. Harassment was reported most frequently in the food and retail sectors”.

### *Youth employment and ‘entry-level’ jobs*

Barnardo’s Scotland provides an insight into problems faced by many young people, stating that job insecurity is a particular problem for young people: “50% of 18-29 year olds were insecure in their employment.” For many young people bad jobs are:

“...characterised by the fact that there is often an element of coercion (conditionality). There is little in the way of on-the-job training and little chance of progression with that employer. At the same time, jobs of this nature offer almost no flexibility for young people to mix work with further education or other training. The focus is simply on the needs of the employer.”

The Federation of Small Businesses also raises the issue of youth employment, although they suggest that low quality/low paid work is essentially a fact of Scottish economic life and to tackle “issues around youth unemployment” “will require an increase in the number of entry-level jobs in the economy.” What the FSB means by ‘entry level’ jobs is unclear, however they stress that “the Scottish economy will always require a range of jobs across differing skills and pay levels and a proportion of these will likely be at the lower end of the remuneration scale.”

Oxfam Scotland highlights the link between low quality/low paid work and unemployment, noting Joseph Rowntree Foundation research which suggests that:

“half of men and a third of women who claim Job Seekers Allowance do so within six months of a previous claim ending. A significant section of these individuals will have moved into and then out of work during this time”.

### *Sectoral considerations*

The joint submission from Social and Public Health Sciences Units and the Scottish Collaboration for Public Health Research and Policy warns about classifying entire sectors or occupations as ‘bad quality’, pointing out that “for any one occupation or job type, these drivers may vary between employers, e.g. a zero-hours contract in a sport shop differs from a permanent retail assistant ‘partner’ in a department store”.

Nevertheless, NHS Health Scotland, in its submission, identifies elementary<sup>1</sup> jobs, sales and customer service, process, plant and machine operative and caring and leisure jobs as occupations with “high numbers of jobs that increase the risk to health

---

<sup>1</sup> ‘Elementary occupations’ covers occupations which “require the knowledge and experience necessary to perform mostly routine tasks, often involving the use of simple hand-held tools and, in some cases, requiring a degree of physical effort” (ONS)

of people employed in them". The most recent Annual Population Survey would suggest that these occupations account for around a third of the Scottish labour force.

Professor Chris Warhurst of Warwick University discusses the potential for 'good' jobs becoming 'bad', and vice versa—

"It needs to be appreciated that whilst much of the drive for intervention centres on improving bad jobs, good jobs can go bad and bad jobs can get worse. In the US for example, Jeffrey Rothstein has noted how relatively good jobs in the car industry are going bad as wages and working hours are being undermined. In Scotland already poor quality cleaning jobs in hotels can get worse when workers are shifted into temporary work agency employment or retail workers put onto zero hours contracts."

*'Good' and 'bad' jobs from a public health perspective*

Professor Clare Bambra of Durham University, focusses on the health impacts of low quality work and worklessness. She identifies three areas determining job quality from a health perspective—

1. Physical working conditions – ie. hazardous conditions and environmental factors;
2. Psychosocial conditions – low job control/ high demand leading to chronic stress; and,
3. Contractual conditions – job insecurity, pay levels and rights at work.

Professor Bambra stresses that these three aspects of low quality work "are often clustered and experienced at the same time, by the same workers". In other words, it is likely that workers in dangerous conditions will have little control or discretion over their working lives, and may also experience low pay and low job security.

The Glasgow Centre for Population Health refers to the recent Marmot Review in its submission, highlighting the importance of job stability, worker control, appropriate demand, fair pay and opportunities for training and development. Other factors of importance include enabling participation in decision-making, collective bargaining and "meeting basic psychological needs e.g. self-esteem, sense of belonging and meaningfulness".

Some submissions, for example that from the Social and Public Health Sciences Unit and the Scottish Collaboration for Public Health Research and Policy, discuss how lower incomes "preclude people from purchasing health enhancing goods and services and participating fully in society, which may increase health risks and lower self-esteem and status."

The Health and Safety Executive (HSE), Professor Clare Bambra, Social and Public Health Sciences Units and the Scottish Collaboration for Public Health Research and Policy highlight the dangers of hazardous working conditions: "The everyday workplace poses potential risks to employees in the form of chemical and biological toxins, heat, noise and physical injury. Despite decades of improvements in



workplace safety, many of these hazards still exist. Jobs in the manufacturing, construction and agriculture industries account for one fifth of all jobs in Scotland, with these jobs typically encompassing some degree of chemical and/or physical hazard.”

## 2. Have jobs become better or worse since 2008?

Scottish Enterprise sums-up the majority view when stating “the recession has impacted on job quality due to the resulting rise in unemployment, underemployment, insecurity, and reduction in incomes.” Almost all submissions focus on changes to *employment* quality, for example pay and contractual status. Few comment on changes to *work* quality, for example discretion and autonomy. This is perhaps due to the lack of data in work quality areas (as explored during the 24 June oral evidence session).

Submissions describe how changes to the Scottish labour market since 2008 are for the most part continuations, or accelerations, of previously identified trends. For example, Oxfam writes, “many of the polarising trends between ‘lovely’ and ‘lousy’ jobs were exacerbated rather than caused by the 2008 crisis”. SDS highlights the continuing decline of manufacturing and the move towards a service economy, as well as the drop in trade union membership since the 1980s.

Almost all submissions accept that zero hours contracts, underemployment, part-time employment and self-employment are now increasingly significant features of the Scottish and UK labour markets. Most submissions therefore believe that job and employment quality has deteriorated for many people. Dumfries and Galloway Council, for example, writes—

“On the whole jobs have become worse since 2008. Though there is an ever increasing awareness of what a good job involves and requires (the importance of aspects such as fairness, equality and work life balance are greater understood and emphasised), there are fewer full-time jobs, there are fewer well-paid jobs and there is less job security.”

The STUC in its submission arrives at similar conclusions—

“Feedback from trade union workplace representatives across the economy strongly suggests that the quality and security of employment has deteriorated since the recession started in early 2008. Adverse trends which were apparent prior to 2008 – e.g. underemployment, zero hours contracts – have become more deeply embedded over the past seven years with the rising prevalence of insecure work a particular concern. Although concerns around insecurity tend to focus on zero hours contracts, it is important to note that other insecure forms of work – such as pay between assignment contracts – are also increasingly common.”

The views of those responding to the Committee’s online questionnaire paint a similar picture, with almost 70% of those in post for more than five years saying their job quality had deteriorated since they started.

Citizens Advice Scotland provided statistics from their Scottish bureaux showing that new employment related cases “increased from 45,131 in 2011/12 to 50,625 in 2014/15, a rise of 12%. In that time there were particularly sharp increases in advice on pay and entitlements (up 29%), dispute resolution (up 23%) and self-employment (up 33%).”

#### *A flexible labour market*

CBI Scotland believes “our flexible labour market is a significant asset that should be protected”. The relatively low levels of unemployment witnessed during and after the 2008 recession can be accredited to the flexibility employers had in adjusting the pay and hours of existing staff. This view is also supported by the FSB in its submission.

The CBI concludes that “the Scottish labour market had to adapt in the wake of the 2008/09 recession to maintain employment levels and to drive prosperity”. Furthermore, the flexibility of the UK’s labour force is “the single employment issue on which UK businesses hold a near-unanimous view” with 95% of recently surveyed businesses reporting labour flexibility “as important or vital to the competitiveness of the UK”.

By flexibility, the CBI means—

“... the ability of companies to adapt to changing trading, technological and social circumstances by adapting processes of production and resourcing. In practice, this can be simplified into questions of skill levels, adaptability of production processes and infrastructure, productivity, and the ability to “take a chance” on new ideas or to meet unpredictable extra demand through a range of flexible employment choices.”

Responding to concerns about increased part-time employment since 2008, the CBI notes that the number of people working part-time involuntarily has actually dropped from a peak in 2013. They believe “as the economy further strengthens we anticipate this shift from part-time jobs to full-time jobs will continue”.

#### *Job polarisation and challenges for young people*

There are concerns about a growing polarisation of the workforce with Scottish Enterprise research showing that, between 2001 and 2010, the number of jobs in Scotland in medium-skill/medium-wage occupations declined (by 62,500), and the number in both the lower skilled (+46,000) and higher skilled (+118,500) occupation groups increased, leading to a more polarised labour market. Since 2011, the number of jobs rose across the board, but the rise was highest in the lower and highest paid groups, indicating that “the job polarisation trend has continued post-recession.”

Job polarisation presents a particular challenge for young people, according to Scottish Enterprise. Lower paid occupations tend to have a higher proportion of young employees as over 20% of those in the lowest earning decile are aged 16 – 24 whereas the proportion in the highest earning decile is 2.2%: “The relative decline

in middle ranking jobs makes the transition to better paying occupations more difficult.”

Barnardo’s Scotland accepts that the labour force is now more diverse: “unfortunately this diversity does not necessarily benefit young people. Young people tell us that the work available is often low quality and on a part-time or zero hour basis.”

### *Low pay and in-work poverty*

Most submissions support the view that real (ie inflation adjusted) wages have fallen significantly since 2008. The STUC, for example, believes the “collapse” in real wages between 2009-2014 was “unprecedented in modern times”. They continue: “while real wages have started to rise through 2015 this has been attributable to falling inflation rather than strong nominal wage growth. Even if real terms increases persist, it is likely to be at least the end of the decade before the median wage achieves its pre-recession value”.

SDS links the increase in low pay to the fall in union membership—

“... smaller (union) membership has reduced the proportion of employees covered by collective bargaining, which appears to have made it easier for employers to hold constant or reduce insiders’ wages; that nominal wage freezes were more prevalent in jobs without collective agreements and average wages have fallen least among those covered by collective agreements at the national or industry level.”

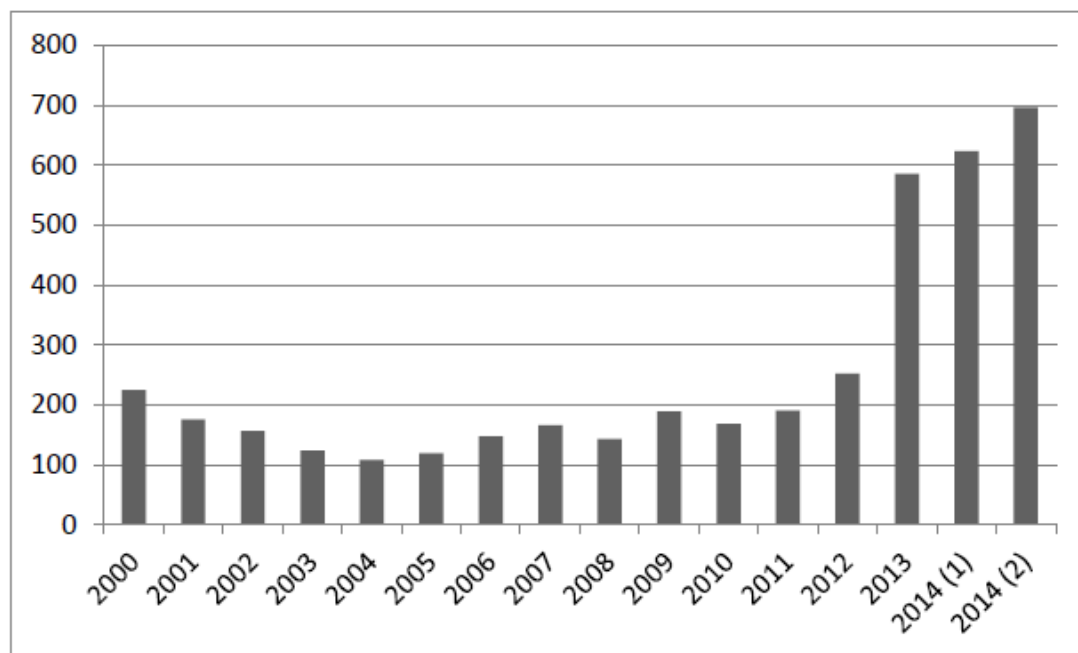
South Lanarkshire Council believes “too many people remain on the minimum wage with little hope of progression. The increase in in-work poverty levels is evidence of this.”. This concern is shared by NHS Scotland, Oxfam, Poverty Alliance, various councils and the Scottish Women’s Convention. Oxfam, for example, notes that—

“After housing costs are accounted for 50% of working age adults and 56% of children in poverty in Scotland were living in households where at least someone was in work in 2013/14. An estimated 414,000 workers – almost a fifth of the workforce – are paid below the living wage. Women are estimated to make up 64% of low paid workers. Many of those in low-paid work also struggle with issues of underemployment and job security.”

### *Zero hour contracts and job insecurity*

Almost all submissions voice concerns about the growing use of zero hours contracts. The STUC in its preliminary evidence to the Committee provided the following graph documenting the growth of these contracts across the UK since 2000 (whilst agreeing with Oxfam that official data on ZHCs is less than reliable).

### Use of zero hours contracts 2000-2014, UK



The huge jump between 2012 and 2013 is largely explained by media coverage leading to a better understanding of the types of contracts people are employed on (i.e. people responded more accurately to surveys on the nature of their contract). The STUC estimates 120,000 people in Scotland were on zero-hour contracts in 2014, with temporary contracts increasing by 25,000 since 2008 to 133,000 in 2014. According to Oxfam, “women are more likely to be affected by zero-hour and temporary contracts.”

Zero hours contracts are problematic for a number of organisations submitting evidence, including the Poverty Alliance—

“People on zero hours contracts often find themselves with less rights at work, and can be more vulnerable to discrimination due to the lack of security in their contracts. Those on zero hours contracts can also face confusion about their rights to holiday, sickness and maternity pay, and fluctuating hours can make it difficult to access benefits. It is also difficult to imagine how anyone is meant to manage their finances week to week with no idea of what their earnings will actually be.”

### *Female employment*

The STUC notes that “it is remarkable that the employment rate for women is now at an all-time high but the male employment rate is still nearly 4% below its pre-recession peak”. Close the Gap notes, however, that “women’s employment in general is more precarious because women are more likely to be in informal, temporary and part-time work”. This is a view shared by the Scottish Women’s Convention. They write: “women continue to be clustered into roles in what is known

as the ‘5c’s’ – catering, cleaning, caring, cashiering and clerical. These jobs offer low wages and little in the way of training.”

Close the Gap describes the gender differences in the Scottish labour market, with a pay gap of 12% for full-time workers and 32% for part-time workers. The reasons given for these differences in pay include: “occupational segregation, where women and men do different types and levels of work; inflexible working practices which make it difficult for women with caring responsibilities to participate in the labour market equally, particularly at senior levels; and discrimination within pay systems”. According to Close the Gap, 64% of workers paid below the living wage are women.

### *Self-employment*

Self-employment in Scotland has increased by 14% since 2008, according to the STUC, although limited labour market data on self-employment in Scotland means the characteristics of the new cohort of self-employed is “poorly understood”.

According to trade union Unite there has been a dramatic increase in so-called ‘false self-employment’ over recent years. False self-employment is “used by employers to engage workers indirectly, without the costs of holiday or sick pay, pensions or to uphold existing employment rights afforded to workers.”

The FSB, as would be expected, takes a more positive view of this increase in self-employment believing it is often unfairly labelled as “an option of last resort”. On average, the self-employed are “more satisfied and happier than employees with their work and life” according to RSA research quoted by the FSB, “the same applies to micro-business owners and their staff”.

NHS Scotland accepts that self-employment is associated with increased mental wellbeing for some people. However, quoting Households Below Average Income figures and Resolution Foundation research, NHS Scotland believes “this must be offset against the increased risk of poverty, especially as earnings for the self-employed have fallen more sharply than for employees since 2006.” Whatever the causes of the increase in self-employment, most submissions agree with the FSB’s point that “it is highly likely that this group will become a permanent feature of our economic landscape.”

### *Management issues*

Responses to the [Committee’s online questionnaire](#) highlighted the problem of poor management in many Scottish workplaces. The impact on the productivity and wellbeing of the workforce of poor management has been raised in a number of formal submissions to the inquiry. For example Professor Chris Warhurst highlights possible problems with management and business education at Scotland’s universities, and SCDI states “Leadership and management is generally believed to be an area of poor performance across all sectors in Scotland”.

Scottish Enterprise also links management issues to Scotland’s relatively low productivity levels—

“Evidence suggests that only 12% of Scottish employers (in line with UK average) are ‘higher performance workplaces’, defined as having a general management and organisational approach which

aims to stimulate more effective employee involvement and commitment in order to achieve high levels of performance.”

### **3. The impact of job and employment quality on health.**

Professor Bambra argues that low quality work is defined as “jobs that combine low levels of control with high psychological demand” which can lead to increased levels of chronic stress, musculoskeletal conditions, heart disease, hypertension, obesity and mental illness.

Furthermore, low quality contractual conditions (ie. insecure employment and low, often irregular pay) can often have as many negative health outcomes as unemployment (as identified by Clare Bambra, NHS Scotland, GCPH, Oxfam and Poverty Alliance). Workers in ‘precarious employment’ are more likely to experience those illnesses listed above, according to Professor Bambra, and are also more likely to engage in unhealthy behaviours such as high levels of alcohol consumption.

NHS Scotland identifies certain sectors with higher proportions of ‘unhealthy’ jobs: elementary, sales and customer service, process, plant and machine operative and caring, leisure and other service occupations predominate in the list of jobs that increase the risk to health of people employed in them.” Poverty Alliance believes employers who profit heavily from poor employment practices are “in effect, guilty of ‘social dumping’ - they take the profits but the health costs of their practices fall on the public and on the public purse”.

There is also the health and wellbeing of the *families* of those in precarious employment to consider, with Glasgow Centre for Population Health highlighting the “challenges in affording basic requirements for healthy living such as food and heating, including food bank referrals associated with chronic low pay and fluctuating income”.

Some submissions, for example that from the Social and Public Health Sciences Units and the Scottish Collaboration for Public Health Research and Policy, discuss how lower incomes “preclude people from purchasing health enhancing goods and services and participating fully in society, which may increase health risks and lower self-esteem and status.”

Barnardo’s Scotland and South Lanarkshire Council also make the point about low pay and low quality work impacting upon the children of workers. Barnardo’s in particular highlights the inter-generational risks of low pay/low job quality—

“There are also wider impacts on other family members. It is common to hear of parents carrying out more than one job in order to provide for their children. The stress of this and the fact that these jobs are low quality will affect how these children grow up and their relationships with their parents. There is a danger that unless the cycle of low pay, low quality work and the related

stress is broken it is these children who will fail educationally and fall into the same low paid, low quality work.”

South Lanarkshire Council makes the link between low quality/low pay and the preventative agenda pursued by the Scottish Government since the Christie Commission report (and before)—

“Low quality/low pay jobs are often the main drivers of child poverty. Child poverty impacts on the life chances of children and on their health and wellbeing. It diminishes their hopes for the future and reduces their aspirations for a safe and secure job with a decent living wage. If we do not address the issue of low quality/low pay jobs now, the impact on the economy will be felt going on into the next generation with continuing unacceptable levels of child poverty.”

The Health and Safety Executive (HSE), Professor Clare Bambra, Social and Public Health Sciences Units and the Scottish Collaboration for Public Health Research and Policy highlight the dangers of hazardous working conditions—

“The everyday workplace poses potential risks to employees in the form of chemical and biological toxins, heat, noise and physical injury. Despite decades of improvements in workplace safety, many of these hazards still exist. Jobs in the manufacturing, construction and agriculture industries account for one fifth of all jobs in Scotland, with these jobs typically encompassing some degree of chemical and/or physical hazard.”

SDS in its submission highlights research which has found a statistically significant relationship between psychological health improvements and payment of the Living Wage. NHS Scotland modelled a number of interventions and their potential impacts on health inequality and found that increasing the National Minimum Wage to £7.20 per hour “is estimated to result in 77,000 years of life gained and prevent 56,000 hospitalisations among the Scottish population”.

### *Presenteeism*

Unite, the trade union, highlights the situation where people are afraid to take time off, even when ill—

“... we have a situation where around one third of sick people are going in to work due to stress over workload and a further thirteen percent, for fear of being made redundant. When they do attend work they are unfortunately subjected to extreme stress levels leading some workers to suffer bouts of mental ill health. This is wholly unacceptable and is not conducive to high productivity or good work.”

### *Health and safety issues*

The Health and Safety Executive (HSE) provided the following information—

“In Scotland 3% of current Scottish workers (81,000 workers) are suffering from a work-related illness; this rate is statistically significantly lower than the rates in England and Wales (4% respectively). The five year average rate of new cases of ill health each year is 1,500 per 100,000 in Scotland and for total cases – people with existing conditions – it is 3,460 per 100,000.”

HSE estimates that the cost of work-related ill health is £546m (in 2012 prices) in Scotland. On their remit, the Health and Safety Executive accepts that work-related stress and associated common mental health problems have been in the top two causes of sickness absence at work for most of the last decade. However, “There are no specific regulations relating to the hazards of work-related stress and it “is difficult to prove cause and effect between problems at work and the psychological impact on a worker.”

Nevertheless, employers have a general duty to carry out a risk assessment that includes looking for potential work-related causes of stress, and HSE has produced Management Standards for tackling work related stress for employers from both public and private sectors. HSE also highlights NHS Scotland’s “Work Positive” tool which has informed the Management Standards—

“They provide a step by step guide for assessing the level of stress, identifying the cause (based on a model of six elements whose poor management is a good indicator of stress), providing advice on solutions and the necessary tools and guidance... The tool has been adopted internationally and is used by employers across the world.”

HSE is working with others in sectors of industry they feel experience “higher than normal levels of stress – education, health care, local and central government and finance.”

#### **4. What effect might low quality/low pay jobs have on the economy?**

On this question submissions tended to identify economic impacts either in terms of lost productivity (higher absence rates, staff turnover, skills and motivation issues), impact on service users/customers or the detrimental effect of low pay on local economies.

##### *Productivity*

Professor Patricia Findlay notes the increased interest amongst policy-makers and academics in the link between job quality and productivity—

“Recent academic and policy discussions of jobs quality have focussed loosely on the relationship between job quality, productivity, innovation and competitiveness. EU data has identified the relatively low numbers of workplaces in the UK where staff engage in problem-solving activities, where they can use discretion and make a difference, and that are characterised as learning workplaces. There is much interest in investigating how these features of the UK/Scottish economy contribute to low relative productivity in



Scotland and the UK and to the comparatively small proportion of UK firms who engage in innovative activity in terms of new products and services.”

Skills Development Scotland, Dumfries and Galloway Council, North Ayrshire Council, Scottish Enterprise, Close the Gap and Oxfam, all make similar points. Describing the issue from a local perspective, Dumfries and Galloway Council observes that “workers that are stressed and concerned about pay and work, or are frequently ill due to job quality are often less productive. This has a direct effect on employers - such as lower worker productivity and economic output, increased staff turnover and absenteeism”.

The recruitment and training costs associated with high staff turnover and absence rates (which can both be linked to job and employment quality) is an issue raised by the Coalition of Care and Support Providers in Scotland (CCSPS) and Close the Gap. CCSPS estimate that recruitment costs in the care sector amount to £3,500 for each new worker and this is in a sector with relatively high staff turnover rates.

Oxfam makes similar points—

“Low paid poor quality jobs can reduce economic productivity and innovation, increase staff turnover and sick leave, limit aggregate demand in the economy, limit tax revenues, increase social protection and health spending, perpetuate gender inequalities and constrain social mobility. Poor quality work is therefore bad for business, the wider economy and society.”

The Scottish Social Services Council (SSSC) highlights the impact low paying work can have on service users and patients who rely on continuity of care—

“Low pay can exacerbate staff turnover issues and ultimately affect the ability to provide continuity of care. A continuous caring relationship with an identified professional can be particularly important in many instances. For example, it can be vital when supporting an individual with dementia.”

SDS cite the Scottish Government’s Working Together Review which makes the highlights the belief that “an explanation for poor productivity performance can be linked to the way in which work is organised and the ways in which managers and leaders interact with employees.” Trade union involvement, as well as employee-friendly human resource management and development practices, even in low-paying organisations can “bring benefits to both the employer and its employees”.

On the issues of productivity and competitiveness, North Ayrshire Council concludes that—

“Low wage economies are often characterised by low productivity. Low productivity = low growth and low wages – it’s a vicious circle. It has been clear over the past 30 years that the UK cannot compete on cost alone – it is difficult to see how a low wage economy will support the types of businesses and sectors in which the UK performs well and has competitive advantage.”

*Impact on local economies*

Dumfries and Galloway Council illustrates the impact of low pay on its local economy—

“Dumfries and Galloway has a low-wage economy and this, coupled with the high living costs in the region, has resulted in households having less disposable income. In turn, demand for local goods and services is reduced and businesses therefore find it more difficult to be sustainable and require help to grow.”

Submissions from the Scottish Women’s Convention, South Lanarkshire Council, Barnardo’s Scotland and Aberdeenshire Council all make similar points. SCDI notes that “this results in a lack of spending power in the economy and this lack of growth has made employers pessimistic about future profits and apprehensive about increasing salaries.” The impact on local economic confidence and optimism is highlighted by non-for-profit organisation, Nourish Scotland, in its submission—

“The acceptance of low quality and low pay jobs tends to lower expectations all round. There’s also a danger of creating a cycle of underinvestment, where low wages become the norm and lock SMEs into a suboptimal steady state.”

Aberdeenshire Council highlights how reduced spending power caused by low pay “impacts on local economies as local, small retailers fail to compete with chain discounters.”

Taking a more Keynesian, macro-economic approach to the issue, the STUC argues that low pay means income is concentrated among higher income brackets with a “lower marginal propensity to consume” (the wealthiest tend to save more). Therefore “the economy will increasingly suffer from insufficient demand”. SCVO argues that low pay is one of the main reasons the UK sees such high rates of inequality. Relating this to economic performance - as the OECD, IMF and Scottish Government have all recently done - SCVO argues that inequality is “actively bad for our economies, making them more unstable and vulnerable to shocks”.

#### *Economic impact on female workers*

It is the Scottish Women’s Convention (SWC) belief that “women will be unable to participate fully in the labour market, and consequently contribute to the economy, if they continue to be pushed towards low paid, low skilled jobs”. According to Close the Gap low paying employers are “failing to harness the talent of the many women who are working below their skill level in low quality, undervalued, low-paid jobs.”

The SWC argues that low quality, low paid jobs make it difficult for women to both access and afford childcare. Furthermore, being employed on temporary or zero hours contracts, with no guarantee of hours on a week to week basis, “means that securing and maintaining a place at a childcare provider is almost impossible”.

#### *Low pay/job quality a necessary part of the economy?*

The Federation of Small Businesses (FSB) argues that low paying, low skilled and low quality sectors are essential parts of the Scottish economy. Such sectors provide

‘entry-level’ opportunities for employees who can use their initial labour market experience to improve their employability and skills before moving onto better employment—

“Considering job quality, the Scottish economy will always require a range of jobs across differing skills and pay levels and a proportion of these will likely be at the lower end of the remuneration scale.”

Indeed, to tackle higher than average levels of youth unemployment, the FSB argues that the labour market requires an *increase* in such entry-level jobs. The STUC gives a partial and qualified agreement to this view, stating “a relatively high incidence of low wage/insecure/poor quality jobs would not necessarily represent a major social problem if such jobs tended to act as a stepping stone to better quality jobs”.

However, Oxfam in its submission believes “this is too often not the case”—

“Glasgow University’s Nick Bailey estimates that a third of those in ‘exclusionary employment’ have made no progress in the previous five years while the Resolution foundation estimate that almost three quarters of those who were low paid in 2002 had not managed to escape low pay by 2012.”

South Lanarkshire Council, offering a more local view, states “that too many people remain on the minimum wage with little hope of progression. The increase in in-work poverty levels is evidence of this.”

### *Employee-owned businesses*

The Committee received submissions from three employee-owned businesses: Accord Energy Solutions Limited, Clansman Dynamics and Scott and Fyfe Limited. These firms highlight the benefits of their management models on productivity and staff wellbeing.

For Accord, this model “is based on individual employee share ownership through an HMRC approved share incentive plan (SIP) and indirect employee ownership through an employee ownership trust.” As such each employee has responsibility for ensuring the company’s success and shares in the rewards of its success.

Fyfe and Scott explains some of the changes implemented since becoming employee owned, for example worker-elected directors with full board rights, employee forums, more task variation and training to support flexibility between machines and departments, and more internal promotion opportunities.

Benefits to the companies include—

“The company has seen improved productivity, a more collaborative working environment and greater job satisfaction accompanied by enhanced individual autonomy and influence on operational decision-making.”

With no external shareholders, Accord feels its management has more longer-term goals leading to increased innovation, improved staff retention and greater links to

the local community. Clansman Dynamics highlight increased profits whilst “labour turnover and absenteeism are invisible”.

## 5. What can the Scottish Government and public policy makers do to improve job quality in Scotland?

The call for evidence asked what could be done to improve matters. The following section covers the many suggestions and recommendations made within submissions.

**Oxfam Scotland** summarises the views of my organisations when it points out that “a number of the regulatory powers to improve job quality – such as employment legislation and control over the minimum wage – operate at a UK level, but there are a number of interventions the Scottish Government could undertake at a Scottish level.”

### *Living wage promotion*

- **Barnardo’s Scotland** believe there should be a more targeted approach to the living wage, eg. promoting the living wage in the hospitality and retail sectors.
- **The Coalition of Care and Support Providers in Scotland (CCPS)** must be aware of the difficulties faced by care providers in paying the living wage, particularly requiring contracting authorities to factor this into tenders.
- **CCPS** quote The UKHCA (2015) estimates that an hourly rate compliant with the forthcoming National Living Wage is £16.50/hour. Despite this, a recent homecare tender in a Scottish Local Authority had an hourly rate of £13.50, some distance short of the rate required for compliance.
- In Scotland the estimated indicative cost of living wage for all frontline care jobs would be £231m with gross public costs at £140m (Resolution Foundation, 2015).
- The **CBI** fear that for “some key lower skill sectors, such as hospitality, care and food manufacturing, the upcoming move to a higher minimum wage for workers over 25 will have very substantial effects, and may lead to reductions in hours and jobs.

### *Leadership role for public bodies*

- **Close the Gap** believes the Scottish Government “has a role to play in influencing employers around improving job quality, and must work with employers to promote the business benefits of a gender diverse workforce”.
- **Dumfries and Galloway Council** feels there should be “additional support for the micro-businesses that make up the vast part of our economy and supporting them to become involved in initiatives aimed at improving job quality and staff welfare”.

- The **STUC** believes “the Scottish Government must set an example as an excellent employer and ensure those organisations it funds or helps to fund in the public and voluntary sectors follow excellent workplace practices”.
- **GCPH** - “Embed a stronger focus on health and wellbeing across economic, regeneration and social protection policies and ensure that job quality is an explicit aim of economic strategy, as well as numbers of jobs”.
- **GCPH** - “Consider targeting support, incentives and apprenticeship schemes towards sectors and organisations which offer opportunities for high quality work and progression”.
- **SCDI** - “the private sector does not yet seem to be highly engaged with its Scottish Business Pledge. Identifying exemplars is the best way to promote good management practices and fair workplaces, and the Business Pledge is a way to do so as well as highlighting the examples in the Mather Review”.
- **South Lanarkshire Council** - “The promotion of initiatives such as the Living Wage sets an example for industry to follow. The Scottish Business Pledge includes a good mix of practices for employers to commit themselves to which could improve job quality”.
- **STUC** - “a reduction in ‘bad jobs’ should be a key economic development target for Scotland”.

#### *Management*

- **Professor Chris Warhurst** - “The Scottish Government should commission a review of this (management and business) education in its universities and colleges”.
- **SCDI** - “Leadership and management is generally believed to be an area of poor performance across all sectors in Scotland. There is a need for a greater emphasis on these qualities in education, extra-curricular activity and recruitment, more investment in management training, and encouragement of greater ambition and progression in management”.

#### *Encouraging worker participation*

- **Professor Clare Bambra** - “Scottish Government could consider interventions to increase employee control at work, as well as consider the wider regulation of the psychosocial work environment (as in the case in Sweden and Norway)”.
- **Poverty Alliance** - “There could also be more work done to promote trade union membership, particularly in those sectors where there is a traditional lack of unionisation such as hospitality and retail”.
- **Unite** - “Unite would therefore argue that the most effective way to tackle the level of ‘bad’ jobs in the economy is to encourage the collective bargaining of workers’ pay and conditions”.
- **Unite** - “Encourage trade union engagement and collective bargaining in all inward investment projects”.

- **STUC** - “The Scottish Government should do all in its power to resist implementation of Trade Union Bill measures in Scotland”.

#### *Regional approach*

- **Dumfries and Galloway Council** - “Ensuring regional equity by taking a sectoral and geographic focus to job quality and ensuring the investment required in achieving this. Additional support is required for those areas with a high reliance on low value sectors which are characterised by poor quality jobs”.
- **North Ayrshire Council** - “The Scottish Government and public policy makers can improve job quality in Scotland by taking a sectoral and geographic focus. Poor job quality is not an issue for all. It tends to be experienced more in certain areas of the country and in certain sectors of the economy. Working with sectors to understand the drivers of job quality and how these can be influenced will be vital. Additional support is required for those areas with a high reliance on low value sectors which are characterised by poor quality jobs. Raising skill levels and subsequently productivity in these areas should be a priority. We need to support business to move up the value chain, through investment”.
- **Oxfam** - “There is a need for better and greater regional economic development policies and assistance to address inequalities across Scotland’s labour market”.

#### *Employment tribunal fees*

- **Citizen Advice Scotland** - “If the Scottish Government acquires the ability to remove fees to bring a claim to an Employment Tribunal following the further devolution process, CAS would recommend that they do so without delay” – which they’ve committed to do in Programme for Government.

#### *Skills*

- **CBI** - “It is imperative that we have an education system which better prepares young people for the world of work and equips young people with the skills, knowledge and behaviours that are in demand in the labour market”.
- **Dumfries and Galloway Council** - “Raising skill levels and subsequently productivity in these (more rural) areas should be a priority. Provide opportunities for high quality jobs for targeted groups of individuals e.g. apprenticeships; Graduate Placement Schemes”.
- **Aberdeenshire Council** - Employability programmes should focus on all people not just the young.
- **GCPH** - “Ensure that employability approaches support entry to high quality jobs and focus on sustaining employment and skills development and progression”.

- **SPHSU and SCPHRP** - suggests more grants for low-income students to help attend higher education.

#### *Procurement*

- **GCPH** - “Improve Third Sector job quality by assessing the short and medium-term impact of funding decisions on the workforce, considering co-designing new approaches to competitive tendering and addressing occupational health gaps”.
- **Poverty Alliance** - “There should be recognition of trade unions, adequate sickness, holiday and maternity pay, and employees should be confident that they are working in a safe environment”.
- **Oxfam** - “Where possible, devolved powers should be used to compel employers to deliver the standards, including through public-procurement. This is of crucial importance given the significance of public procurement within the social care sector, which has significant levels of low pay and poor job quality”.
- **Oxfam** - “As well as delivering on minimum standards we should consider how procurement rules can help address pay inequalities by giving preference to firms with a pay ratio between CEO and average pay of 20:1 or less”.
- **Poverty Alliance** - “The Government should legislate to ensure all contracting authorities stipulate payment of the Living Wage as a condition for performance of the contract. It is not right that public money should be used to pay wages so low that they trap people in poverty”.
- **Poverty Alliance** - “We would like to see the Living Wage included in the regulations for the Procurement Reform Act so that everyone paid from the public purse is paid a fair day’s pay for a fair day’s work”.
- **South Lanarkshire Council** - “The Scottish Government can show leadership through its procurement processes to secure fair work practices with business developing an ethos which will set standards influencing the wider labour market”.
- **Unite** - “Pay the Scottish living wage to all workers engaged on public sector contracts and apply this rule to the supply chain”.
- **STUC** - “the promotion of good work should be firmly embedded in public procurement”.

#### *Data, research and definitions*

- **SCDI** - “The Scottish Government should provide more labour market information and economic statistics including a greater breakdown of UK figures into Scottish figures”.
- **Oxfam** - “we need better measures of job quality to be embedded within decision making frameworks. Having identified minimum standards for decent work there is a need to establish appropriate indicators so that progress can be transparently monitored. This could take the form of a new work quality

index within the National Performance Framework although this may require a new work-place survey for Scotland to ensure enhanced data is available”.

- **Oxfam** - “First and foremost the Scottish Government should support the development of minimum standards for decent work. These should be identified following a participatory exercise that reaches out to people in low-paid and insecure work – as well as those who are out of work or undertaking unpaid work, including care”.
- **Oxfam** - “There is a need to invest in a new workplace survey for Scotland – similar to the Workplace and Employment Relations Survey (WERS) but undertaken on a regular basis at a Scottish or regional level. This could help form a baseline upon which we can measure progress. This could also assist in driving a culture change among policy makers, the media, and others, recognising that headline figures of employment are an insufficient measure of the health of the Scottish labour market”.
- **Professor Patricia Findlay** - “There is no established job quality map for Scotland although ongoing research at Strathclyde is currently addressing some of the most significant gaps. Data quality across the range of components is highly variable”.
- **Scottish Enterprise** - “A framework to measure job quality is therefore essential if we are to assess whether a job is ‘good’ or ‘bad’, to ensure that we are comparing like-with-like, to measure the prevalence of different types of job in Scotland, and to understand the range of factors we need to focus on to reduce the number of ‘bad’ jobs.”.
- **Professor Patricia Findlay** - “Competing conceptualisations hinder interventions to improve job quality and the evaluation of the effectiveness of any such interventions”.
- **STUC** - “the range, quality and punctuality of Scottish labour market information is a barrier to 1) properly understanding current trends and 2) developing effective policy.”.
- **STUC** - “Some important data is irregularly reported (e.g. underemployment) or simply of very poor quality (e.g. sectoral employment, wages). There is also no Scottish survey of job quality and workplace issues; the Workplace Employee Relations Survey, undertaken across the UK every seven years, is not disaggregated on a national/regional basis”.
- **STUC** - “Investment is required in UK labour market data in order that range, quality and punctuality of UK data matches the best performing nations”.
- **STUC** - “The Scottish Government should match its commitment to fair work by funding a Scottish survey along the lines of the Workplace Employee Relations Survey”.
- **STUC** - “As part of its work to improve the National Performance Framework, the Scottish Government should consider developing new indicators which better reflect the nature of today’s labour market.”.



- **Scottish Commission on Older Women** - “While statistics on the increasing number of older women in employment are encouraging, they shed no light on the quality of jobs in which older women are engaged. But an improvement in data collection, alongside qualitative evidence, will be needed to assess progress (of the Fair Work agenda)”.
- **STUC** - “The Fair Work Standard must inform economic development policy making in Scotland; promotion of good work and improving jobs that don’t currently meet the standard should be key policy goals”.
- **FSB** - “An essential first step is establishing a robust and accepted measure of job quality to better understand the characteristics of the labour market”.

#### *Health and Safety*

- **Professor Clare Bamba** – HSE should increase the number and frequency of safety inspections in Scotland.

#### *Zero hours contracts*

- **Professor Clare Bamba** – “Scottish Government could examine the feasibility of banning ZHCs, regulating other forms of insecure work”.
- **Aberdeenshire Council** - The SG should attempt to abolish zero hours contracts.
- **Unite** - “Ban zero hours contracts from public sector contracts including the procurement process”.
- **Poverty Alliance** - “If we are serious about making work pay then we must end this abuse of zero hours contracts by employers. The Scottish Government has to give serious consideration to how we end the abuse of zero hours contracts by employers. The creation of the Scottish Business Pledge is a welcome step forward in encouraging employers to adopt best practice on the use of exploitative zero hours contracts. However, it is important that more employers become involved”.

#### *Childcare*

- **GCPH** - “Review opportunities for wider coverage of high quality and affordable childcare for those seeking work and in work”.
- **Scottish Women’s Convention** - “It is widely recognised that despite the Scottish Government’s commitment to increasing childcare provision, families across Scotland are missing out on the funded hours their children are entitled to. A number of factors contribute to this, such as rurality and access to formal childcare, as well as level of demand in more urban areas. More needs to be done to ensure that families are able to access that which they are entitled to. Childcare is, without a doubt, the main reason why more women are not active in the labour market. Ensuring that pre-school education is provided is beneficial to children, their parents, the childcare workforce and the economy overall”.

- **SSSC** - “Childcare plays a critical role in enabling people to participate fully in the labour market. A highly skilled early learning, childcare and out of school workforce is a key part of this ambition. This response has highlighted a number of initiatives (such as the Childhood Practice award and registration) which actively make a difference to the way in which workers practice and view themselves alongside other professionals involved in the development of children”.
- **Oxfam** - “Available, affordable, quality childcare provision can increase opportunities for parents to access the labour market while greater public transport provision can ensure commuting is less of an obstacle”.

### *Conditionality*

- **Poverty Alliance** - “We need to consider the type of jobs that are being creating in Scotland, and the structure of our labour market. If we are using public funds to attract investment then we need to ensure that the jobs being created are quality jobs, which provide people with security and opportunity”.
- **South Lanarkshire Council** - “Providing incentives for business and other fair work approaches particularly in the low paid sectors including care; hospitality, retail etc. will provide leadership”.
- **STUC** - “The Scottish Government must recognise good work as a key economic and social issue; the promotion of good work should be firmly embedded in public procurement, economic development and inward investment policies”.

### *Planning powers*

- **Oxfam Scotland** - “We should explore how planning powers can be used to maximise job quality. New large retail outlets for example could be required to deliver decent jobs paying a living wage. The concept of the ‘foundational economy’ may be helpful in this regard with businesses providing goods and services such as food and energy being required to provide decent jobs”.

### *The Fair Work Convention*

- **Oxfam** - Once a framework is established “Scottish Government should then promote them and set a stretching compliance target. Employers should be encouraged and supported through the creation of a new employer’s initiative which could operate as a second plank to the Living-Wage accreditation initiative”.
- **Professor Chris Warhurst** - “Government can have role in blocking off the low road and paving the high road through the adoption and/or enforcement of regulation on labour standards, behaving as a model employer in the public sector, inserting job quality clauses into public procurement contracts for private and voluntary sector contractors, and by encouraging job quality-specific educational content in university and college curricula”.

*International lessons*

- **Glasgow Centre for Public Health** - “Learn from new approaches being tested elsewhere, such as the proposed study in Gothenburg, Sweden, to explore if reducing the working week can lead to reduced sickness, improved health, more jobs and higher productivity; or, plans in the Dutch city of Utrecht to test out a Citizens’ Income as an alternative model of welfare provision”.