

# Good jobs in Scotland

## Final report

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## Executive summary

This research aims to inform the development of the Poverty and Inequality Commission's (PIC) advice and recommendations on how the Scottish Government can support the creation of more 'good jobs' and reduce in-work poverty as part of the next Child Poverty Delivery Plan.

'Good jobs' are defined as secure and meaningful work, with fair pay and conditions, adequate options around flexibility, and opportunities for progression, that can effectively contribute to reducing child poverty.

**Despite strong employment growth, Scotland has seen weak pay growth which, combined with benefits cuts, has affected household incomes, particularly those at the bottom of the distribution.**

- More than two thirds of children in poverty live in working households. Having paid work is an effective way out of poverty, but having a job is not always enough. For example, when it does not pay well, or when someone is unable to work enough hours.
- Scotland's labour market was characterised by strong employment growth and weak pay growth prior to the coronavirus pandemic. Weak pay growth is reflected in weak growth in household incomes among working age adults over the last decade.

**There has been a relative improvement in pay in Scotland and trade union membership has remained stable between 2011 and 2019. However, other measures of job quality – underemployment, employer investment in development opportunities, and overemployment – have worsened.**

- There has been a substantial fall in the proportion of full-time workers in Scotland earning less than the Real Living Wage (RLW). An estimated one in seven workers in Scotland in 2020 were earning less than the RLW.
- The use of zero-hours contracts has risen in Scotland, but temporary work (both voluntary and involuntary) has fallen over the same period.
- Underemployment fell in the decade prior to the pandemic but has recently risen from 9.5% in 2019 to 11% in 2021.
- Fewer employers in Scotland are providing development opportunities (79% in 2011 and 70% in 2019) which is likely to limit individuals' opportunities for progression.
- Throughout the past decade, trade union membership remained relatively steady in Scotland (29% of employees in Scotland were members of a trade union in 2011 and 2019).
- One in 8 workers in Scotland are overemployed, which is relatively high compared to other parts of the UK.

**Those with the lowest qualifications, young people, women, and disabled people are most likely to be on low pay.**

- The proportion of employees on low pay falls as qualification level increases, with less than 1 in 20 (4%) of employees with a higher degree on low pay.
- Young people (16 to 24 year olds) are most likely to be underemployed (wanting to work more hours for the same rate of pay), although underemployment among this age group has fallen over the last five years.
- Women are more likely to be on low pay and underemployed. This, in part, reflects the higher proportion of women who work part-time. They are also more likely to work in sectors which have higher rates of low pay.
- Disabled people (23%) and women with dependent children (38%) are more likely to be living in relative poverty than the Scottish average.

**Child poverty is higher in urban areas with low pay and underemployment being higher in some cities, such as Glasgow, and parts of the Highlands and Islands.**

- Relative child poverty has risen in nearly every Scottish local authority and English constituency since 2014/15. Children are generally more likely to be in poverty in urban areas.
- While cities like Glasgow have a relatively low proportion of low paid jobs, many of their residents are on low pay. This indicates that many of the higher paid jobs located in the city are likely to be done by in-commuters. Residents in parts of the Highlands and Islands are more likely to be underemployed than other parts of Scotland, and there are fewer high paid jobs in these areas.

**Global economic change, an ageing population, automation and digitalisation are likely to impact the quality of employment and access to 'good jobs', with occupational polarisation set to increase, especially for women.**

- Global economic change and ageing populations are reshaping the labour market, impacting on the quality of jobs and access to 'good jobs'.
- The pandemic has accelerated trends in automation and digitalisation, impacting on how and where people work, and what jobs people do.
- Scotland's ageing population will increase demand for health and social care services.
- The occupational profile of jobs in Scotland is projected to continue to polarise, with growth in high and low pay occupations, which can impact on opportunities for progression. Occupational polarisation is projected to be more pronounced for women.

**Public procurement, voluntary charters and higher public sector pay were found to be the main levers available to the Scottish Government to support job quality, although there is a general lack of evidence on what works to support the creation of good jobs.**

- The Scottish government embed Fair Work principles in public procurement processes. Procurement is one of the main levers available to Scottish Government, although no impact evaluations assessing the use of fair work criteria in procurement were identified.
- The Scottish Government has sought to encourage employers to commit to maintaining Fair Work standards through the Scottish Business Pledge accreditation scheme. There is a general lack of evidence on the impact of voluntary charters.
- The Scottish Government has demonstrated leadership by embedding Fair Work principles across the public sector and requiring all public sector employees in Scotland to be paid the Real Living Wage. Linked to this, there is some evidence that higher public sector pay increases the level of good quality jobs in the private sector.
- Career ladders, occupational skills training in targeted sectors, gender pay gap reporting, self-employment assistance programmes and employee ownership models were found to support individuals into good quality jobs or improve job quality.

## Policy implications

There are several areas where the Scottish Government should prioritise action and investment to support the creation of more 'good jobs' and help people to access them. This report has identified that the Scottish Government should:

- 1. Continue to use purchasing power and leadership to promote fair work and seek to understand its impact. This could include adopting a sector-specific approach to the Fair Work action plan and measures to create good jobs.**
- 2. Consider expanding its existing commitment to collective bargaining, set out in the Fair Work Plan, to sectors characterised by low pay and poor job quality.**
- 3. Invest in rapid testing and evaluation of initiatives and policies aimed at promoting the creation of good jobs, including robust monitoring and rapid testing and evaluation of the Fair Work First policy and its impact**
- 4. Establish a cross-government approach to supporting the creation of good jobs, including by embedding fair work principles further across all policy areas, such as City Region and Growth Deal Plans.**
- 5. Work with partners and use a wide range of channels to actively engage with employers to ensure flexible work arrangements are embedded into current work practices and to encourage the creation of new fair flexible jobs.**

- 6. Support groups at risk of poverty to access good jobs through infrastructure development and welfare support by expanding its investment in free childcare, promoting greater transport integration and investing in direct welfare support, such as the Scottish Child Payment.**
- 7. Work with employers to promote employee engagement, empowerment, and skills development to improve job quality, including by deploying and testing innovative approaches to pilot skills development initiatives.**



# Introduction

The Child Poverty Bill, introduced by the Scottish Government in 2017, sets out key targets to reducing the number of children experiencing poverty. By 2030, the Scottish Government aims to see fewer than 10% of children living in Scottish households in relative poverty; fewer than 5% in absolute poverty; fewer than 5% with combined low income and material deprivation; and fewer than 5% in persistent poverty. If Scotland is to meet these targets, there is an urgent need to reduce low pay and encourage fair growth. For too many, work has not offered a route out of poverty. Across 2017-20, more than half of people living in poverty in Scotland lived in a working household. Action to create and sustain good jobs – that is jobs that are secure and meaningful, with decent pay and flexibility – is an essential mechanism to reduce inequality and poverty.

The Child Poverty Act established the Poverty and Inequality Commission (PIC) in 2019. The Commission has a statutory duty to provide advice to the Scottish Government to inform the Government's Child Poverty Delivery Plans. The next Plan is due to be published by the Scottish Government in March 2022 covering the four-year period to 2026.

Learning and Work Institute (L&W) has undertaken research on behalf of the PIC to inform the development of its advice and recommendations on how the Scottish Government can support the creation of more 'good jobs' and reduce in-work poverty as part of this plan.

The research explores:

- The current state of job quality in Scotland, and how it varies across different groups and places
- How employment and core measures of job quality are likely to change by 2027
- The policy and delivery mechanisms the Scottish government, and other agencies, including local authorities, have available to support the creation of more good jobs
- What works to increase the number and proportion of 'good jobs'

The study adopted a mixed-methods approach, combining desk-based research and quantitative analysis, to build a high-quality evidence base and understanding of how to create and sustain more good jobs. This report presents findings from the research and sets out key policy recommendations.

## Definition of 'good jobs'

For this report, good jobs are defined as secure and meaningful work, with fair pay and conditions, adequate options around flexibility and opportunities for progression, that can effectively contribute to reducing child poverty.

## Methodology

This research is primarily focused on the creation of ‘good jobs’ and on how these are, or can be, accessed by different groups. We acknowledge the importance of taking a wider approach to understanding access to good jobs – by looking at the educational opportunities available to young people, for example – yet this is beyond the scope of this report.

The research adopted a mixed methods approach. The desk-based research included a policy mapping exercise and evidence review on the impact of policy interventions designed to improve job quality or access to ‘good jobs’. The quantitative analysis drew on publicly available data, including microdata from the LFS.

### Desk research

We conducted a rapid evidence review to identify available levers to encourage the creation of good jobs and what works in supporting job creation. The review focused on evidence from Scotland, the UK and other OECD countries, where relevant. It involved the use of keyword searching across a range of search engines and databases, including Google Scholar, specialist research institutes<sup>1</sup> and research databases<sup>2</sup>. Identified evidence was then sifted to ensure that only relevant evidence with a focus on creation or access to good jobs was included.

### Quantitative research

The quantitative analysis built on L&W’s Better Work Audit<sup>3</sup> and drew on microdata from the Labour Force Survey (LFS), Annual Survey of Hours and Earnings (ASHE) and other public data.

The trend analysis drew on Working Futures<sup>4</sup> to explore trends likely to influence the creation or support of good jobs by 2027 and the likely magnitude of these effects.

All differences reported from original analysis conducted by L&W for this report are statistically significant at the 5% level, except for Figure 5 where we have included the confidence interval due to small sample sizes.

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<sup>1</sup> For example, Institute of Labour Economics

<sup>2</sup> For example, Clearing House for Labour Evaluation and Research

<sup>3</sup> Learning and Work Institute (2021) [Better Work Audit](#).

<sup>4</sup> Warwick Institute for Employment Research (2020) *Working Futures 2017-2027: Long-run labour market and skills projections for the UK*, Department for Education

# Income, poverty and work in Scotland

## Key findings

- Two key characteristics of Scotland's labour market (and the UK's) over the last decade, prior to the coronavirus pandemic, were strong employment growth and weak pay growth.
- Weak pay growth is reflected in weak growth in household incomes among working age adults over the last decade, although the relationship between pay (measured at the individual level) and household incomes is not straightforward.
- Weakness in pay growth and benefits cuts have put pressure on household incomes at the bottom of the distribution (which have seen far slower rises than those with higher incomes), although rises in employment over the last decade have kept poverty lower than it otherwise would have been.
- More than two thirds of children in poverty live in working households. Having paid work is an effective way out of poverty, and those families where all adults are in full-time work have a relatively low poverty risk. But having a job is not always enough, for example when it does not pay well, or when someone is unable to work enough hours or has additional costs relating to disability, housing, or children.

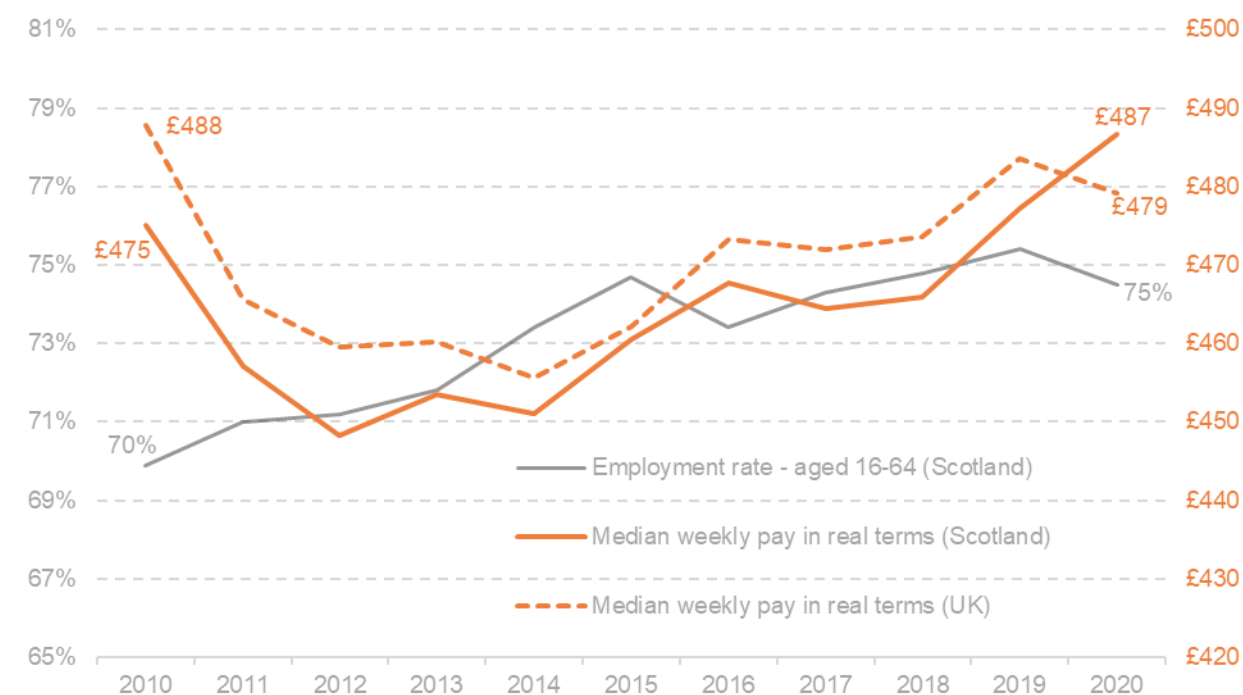
**Prior to the pandemic, Scotland had record high employment rates, but real pay had only just returned to its pre-2008 recession peak.**

Prior to the pandemic, employment stood at 75% - a record high (Figure 1). Following a decade of 'lost pay growth', real weekly pay (adjusted for inflation) in Scotland returned to its pre-2008 recession peak in 2019/2020. Scotland has seen stronger pay growth over the last decade compared to the UK, and average weekly pay is now higher than in the UK. This may be due, in part, to relatively high increases in public sector pay, although private sector pay increases were also higher than the UK average.<sup>5</sup> Yet, while the employment rate increased by 5.5 percentage points in Scotland between 2010 and 2019, average weekly pay increased by just 0.4% over the same period. The pay squeeze, unprecedented in modern times, had knock-on impacts on household income and standards of living.

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<sup>5</sup> Annual Survey of Hours and Earnings, ONS, 2021

**Figure 1: Real median weekly pay and employment rate in Scotland, 2010-20**



Source: L&W tabulations of NOMIS labour market statistics data, which draw from a range of sources, including ASHE (for median pay) and LFS (for employment rate)

**Reflecting the decade of slow pay growth prior to the pandemic, growth in household incomes in Scotland has also been slower in the last decade compared to the one before the financial crisis.**

Average household incomes (which includes investments and benefit payments, as well as pay) *before* housing costs for working age adults with and without children in 2020 were lower in Scotland than the UK average (£576pw compared to £582pw).<sup>6</sup> The gap has widened as household incomes have risen more slowly in Scotland than in other parts of the UK over the last decade.<sup>7</sup> Household incomes grew by 3.3% in real terms between 2007/08-2009/10 and 2017/18-2019/20, compared to the 24% increase in the decade to 2006/07-2008/09.<sup>8</sup>

Reflecting lower housing cost, average household incomes *after* housing costs for working age adults in Scotland were higher than the UK average in 2020 (£511pw compared to £497). However, the gap between Scotland and the national average has narrowed over

<sup>6</sup> Pay growth is an individual measure, whereas household income looks at a household level and includes investments and benefit payments. This may explain lower household income growth, despite stronger pay growth in Scotland, in comparison to the UK, although it has not been possible to identify how specific factors have contributed to these differences.

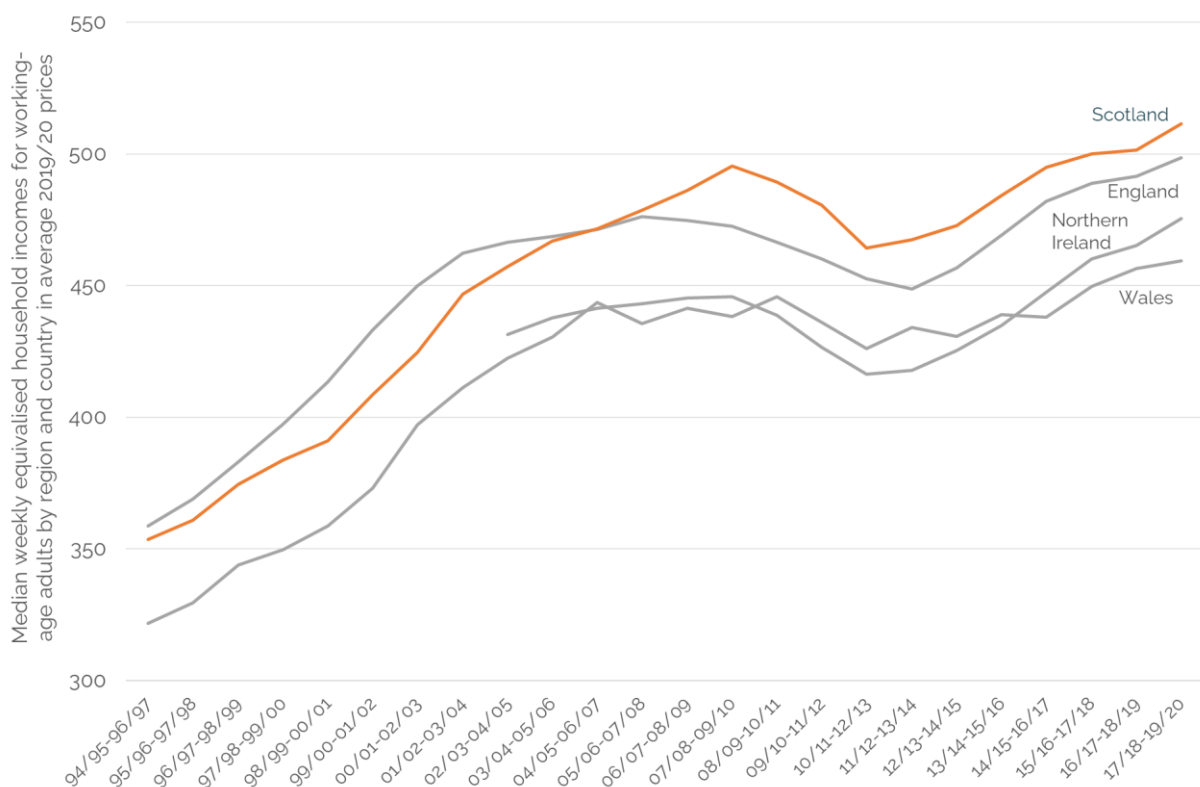
<sup>7</sup> Households Below Average Income (HBAI), DWP, 2021

<sup>8</sup> Households Below Average Income (HBAI), DWP, 2021

the last decade, as incomes after housing costs have also risen more slowly in Scotland than in other parts of the UK (except for Wales).

The gap in growth rates in the last decade compared to the previous decade is even wider when housing costs are considered. Household incomes after housing costs grew by 3.2% in real terms between 2007/08-2009/10 and 2017/18-2019/20, compared to the 30% between 2006/07-2008/09.

**Figure 2: Median weekly equivalised household incomes after housing costs for working-age adults by region and country in average 2019/20 prices**



Source: L&W analysis of HBAI, DWP

### **Weak pay growth and benefit cuts have put pressure on household incomes at the bottom of the pay distribution.**

Growth in household income has been slowest at the bottom of the income distribution. Household incomes among the 10% of households with the lowest income grew by 1% in the decade prior to the pandemic, compared to 6.8% at the median.<sup>9</sup> This has been compounded by the benefit freeze, the Universal Credit (UC) work allowance cuts in 2016/17 and the two-child limit. An estimated 200,000 people, half of them children, are thought to have been pushed into poverty as a result of the first three years of the freeze.<sup>10</sup> The cut to Universal Credit (UC) and Working Tax Credits (WTC) is likely to create further

<sup>9</sup> Households Below Average Income (HBAI), DWP, 2021

<sup>10</sup> Joseph Rowntree Foundation (2019) [End the benefit freeze to stop people being swept into poverty](#).

pressure for households with the lowest income. According to the Joseph Rowntree Foundation, 450,000 families in Scotland will be affected by these cuts by reducing their income by over £1,000 a year.<sup>11</sup> Despite this, rises in employment over the last decade have kept poverty lower than it otherwise would have been.<sup>12</sup>

**These trends have contributed to rising child poverty in Scotland and more than two thirds of children in poverty live in working poverty.**

A quarter of children in Scotland (24% or 240,000 children each year) were living in relative poverty after housing costs in 2017-20<sup>(ibid)</sup>. Child poverty rates in working households have been gradually rising since the 2008 recession. These rises mirror increases in other parts of the UK (namely England), although the child poverty rate in Scotland remains well below the UK average.

Children from minority ethnic households, those with a single parent in the household, and those with a disabled person in the household are most likely to be living in poverty<sup>(ibid)</sup>. Approximately 100,000 children (42% of all children in poverty) are from households with a disabled person. This is likely a result of the reduced number of hours a carer can work<sup>13</sup>, or the increased likelihood of disabled adults being unemployed or in part time work when they are in work<sup>14</sup>.

Having paid work can be an effective way out of poverty, and families where all adults are in full-time work have a low poverty risk. Yet, it is estimated that in 2017-20, 68% of children in relative poverty after housing costs were living in working households (160,000 children each year). The extent to which work lifts households out of poverty is dependent on individual circumstances, e.g. how many people are in work and how many dependent children are living in a household, but the quality of the work itself also plays a role.

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<sup>11</sup> Joseph Rowntree Foundation (2021) [Poverty in Scotland 2021](#)

<sup>12</sup> Institute for Fiscal Studies (2018) [Poverty and low pay in the UK: the state of play and the challenges ahead](#).

<sup>13</sup> [Carers UK: 2019 fact sheet](#)

<sup>14</sup> [ONS: disability and employment, UK: 2019](#)

## Core measures of job quality

### Key findings

- There has been a substantial fall in the proportion of full-time workers in Scotland earning less than the Real Living Wage. An estimated 1 in 7 workers in Scotland earn less than the living wage.
- The use of zero-hours contracts has risen in Scotland, but temporary work (both voluntary and involuntary) has fallen over the same period.
- Underemployment fell in the decade prior to the pandemic but has recently risen. One in 10 employees preferred to work longer hours on the same rate of pay in Q2 2021, which is slightly higher than other parts of the UK.
- Fewer employers in Scotland are providing development opportunities and employer investment in training has fallen between 2017 and 2020.
- Throughout the decade, trade union membership remained relatively steady in Scotland. In 2011 and 2019, 29% of employees in Scotland were members of a trade union. Membership has fallen slightly in other parts of the UK over the same time period.
- One in 8 workers in Scotland are overemployed, which is relatively high compared to other parts of the UK. This measure captures a preference to work shorter hours even if it were to result in lower pay. Overwork can have impacts on individuals' health and wellbeing.

The analysis below builds on a definition of job quality which prioritises fair pay and conditions, secure work (e.g. availability of hours and terms of employment), access to sufficient flexibility, opportunities for progression, and representation. These core measures are in line with a framework developed by Carnegie UK Trust and the Royal Society for Arts, Manufacturing and Commerce (RSA) on measuring good work and were selected on the basis that they are most likely to impact on child poverty.

### Low pay

The Real Living Wage (RLW), calculated by the Resolution Foundation on behalf of the Living Wage Foundation (LWF) is based on analysis of 'what employees and their families need to earn in order to have a decent standard of living and fully participate in society'.<sup>15</sup>

The 'UK Real Living Wage' was calculated at £9.50 for 2020/21. Variation in individual and household circumstances, and local living costs, mean that single aggregate wage rates such as the RLW can never be 'true' needs-based measures. However, they can provide a

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<sup>15</sup> Living Wage Commission (2016) *Closing the gap: A Living Wage that means families don't go short*

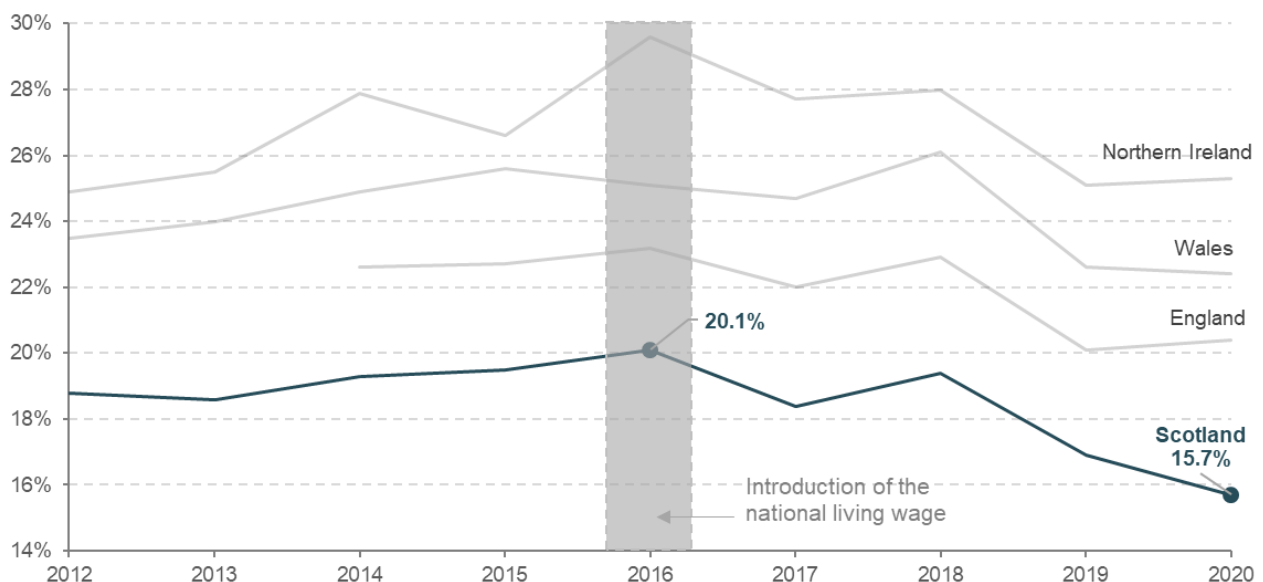


good indication of how wages at the lower end have moved relative to minimum income standards in recent years.

**There has been a substantial fall in the proportion of full-time workers earning less than the real living wage.**

Figure 3 shows the proportion of full-time workers earning below the RLW. The proportion of workers earning below the RLW in Scotland fell from a peak of 20.1% in 2016 to 15.7% in 2020. This period coincides with the introduction of the National Living Wage, which has brought a substantial increase in pay for workers aged 25 from £6.70 in 2015-16 to £7.20 in 2016-17. This now stands at a minimum wage of £8.91<sup>16</sup> extended to workers aged 23 and above. The bottom paid 30% of workers have benefited directly or indirectly from its introduction. More recent divergence between Scotland and other parts of the UK suggests other factors, such as public sector pay settlements, may have also impacted on the fall in low pay.

**Figure 3: Proportion of full-time workers earning below the Real Living Wage**



Source: L&W tabulations of Annual Survey of Household Earnings data

Note: Publicly available ASHE data for England does not exist before 2014, thus the data series starts in this year. The UK Real Living Wage is used for Northern Ireland, Wales, and Scotland. For England, the London Real Living Wage is also used for those that work in London.

### Atypical work

‘Atypical work’ refers to workers who are employed on non-permanent employment contracts. This includes temporary and zero-hours contracts.

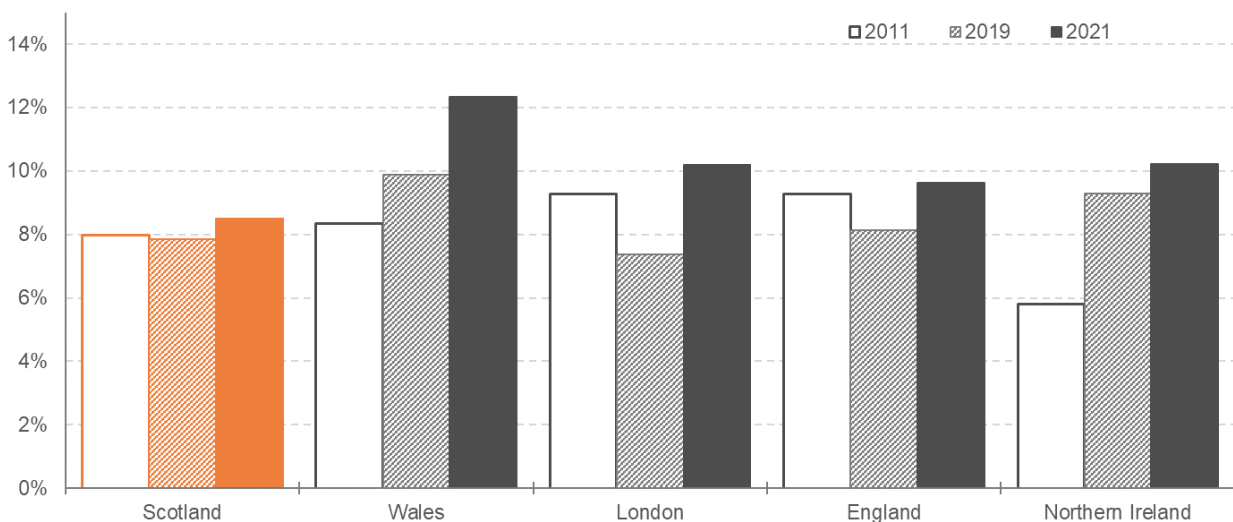
<sup>16</sup> The National Minimum Wage will increase to £9.50 per hour in April 2022, following an announcement from the UK government in advance of the 2021 Autumn Budget.



The growing diversity of contract types can support individuals to find employment opportunities that fit with their personal circumstances, such as health or parental/caring responsibilities. Yet, atypical work can also lead to job insecurity if it amounts to a one-way street in favour of employers with workers employed on unstable, irregular employment contracts, with little advanced guarantee of the hours worked or income earned week-to-week. This can create challenges for workers, including the ability to manage budgets and financial responsibilities. Unpredictable shifts can also cause difficulties in planning, for example, childcare and caring arrangements or additional job responsibilities.

Over the last decade, Scotland has seen little change in the use of atypical contracts (particularly compared to the other devolved nations), with the proportion of employees in atypical work falling slightly from 8% to 7.8% between 2011 and 2019 (Figure 4). The pandemic led to an increase in atypical work in Scotland in comparison to 2019, with the proportion of workers in atypical work increasing from 7.8% to 8.5% in 2021 – above 2011 rates.

**Figure 4: Proportion of working-age employees in atypical work**



Source: L&W analysis of Labour Force Survey data (2011 to 2021)

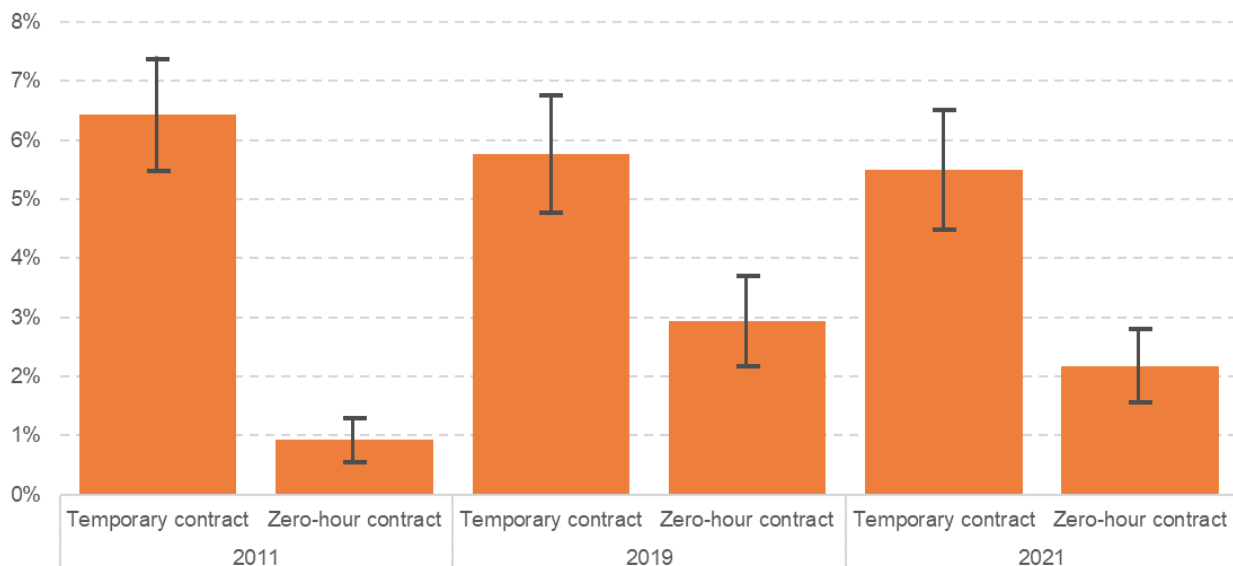
### **The use of zero-hours contracts has risen in Scotland, but temporary work (both voluntary and involuntary) has slightly fallen over the same period**

Changes in atypical work should not be framed as either a worsening or improvement in the quality of work because of the complex trade-off between security and flexibility. When assessing terms of employment, it is important to consider workers' preference between security and flexibility.

Further analysis on specific contract types of employees in Scotland indicates that the prevalence of zero-hours contracts has risen from 2011 to 2019. Less than one per cent (0.9%) of all employees in Scotland were employed on zero-hours contracts in 2011 but by 2019 this had risen to 2.9%, before falling slightly to 2.2% in 2021. At the same time, the

proportion of workers on temporary contracts fell slightly from 6.4% in 2011 to 5.8% in 2019 – falling further to 5.5% in 2021. This coincided with a fall in the proportion of workers on temporary contracts ‘due to being unable to find permanent employment’, from 51.2% in 2011 to 29.6%, then to 31.3% in 2021 – signifying an overall increase in satisfaction of contract type in the last decade for workers on temporary contracts.

**Figure 5: Proportion of working-age employees in Scotland on zero-hours and temporary contracts**



Source: L&W analysis of Labour Force Survey data (2011 to 2021)

Note: Due to small sample sizes, 95 % confidence intervals have been included, to establish the range of values deemed statistically significant.

## Self-employment

Rates of self-employment in Scotland have remained stable over the last decade, decreasing slightly from 13.8% in 2011 to 13.4% in 2019.<sup>17</sup> Though relatively unchanged, employment conditions, job security and lack of social protection for this substantial section of the labour market remains a cause for concern. While it is a diverse group, including professional jobs, the self-employed are much more likely to have low earnings than employees.<sup>18</sup>

The rise of the gig economy (defined as where intermediary platforms are used to connect self-employed workers with work) has encapsulated a novel range of non-business owning freelancing and subcontracting activity. This can involve multiple short-term spells of ‘dependent’ self-employment with purchasers of labour services, for example through internet platform-based organisations such as Uber and Deliveroo. A survey by the RSA

<sup>17</sup> LFS quarterly datasets (2011-2019)

<sup>18</sup> Giupponi, G. and Xiaowei, X. (2020) What does the rise in self-employment tell us about the labour market? IFS

and Ipsos MORI suggests that as many as 1.1m people are engaged in gig work in Great Britain and the rise in self-employed taxi services in the last decade has been rapid.<sup>19</sup> These organisations have faced continued scrutiny into their employment practices<sup>20</sup>, with detractors highlighting how their practices reduce job quality and employee tenure through the use of digital worker surveillance, rating practices, and unclear dismissal policies.

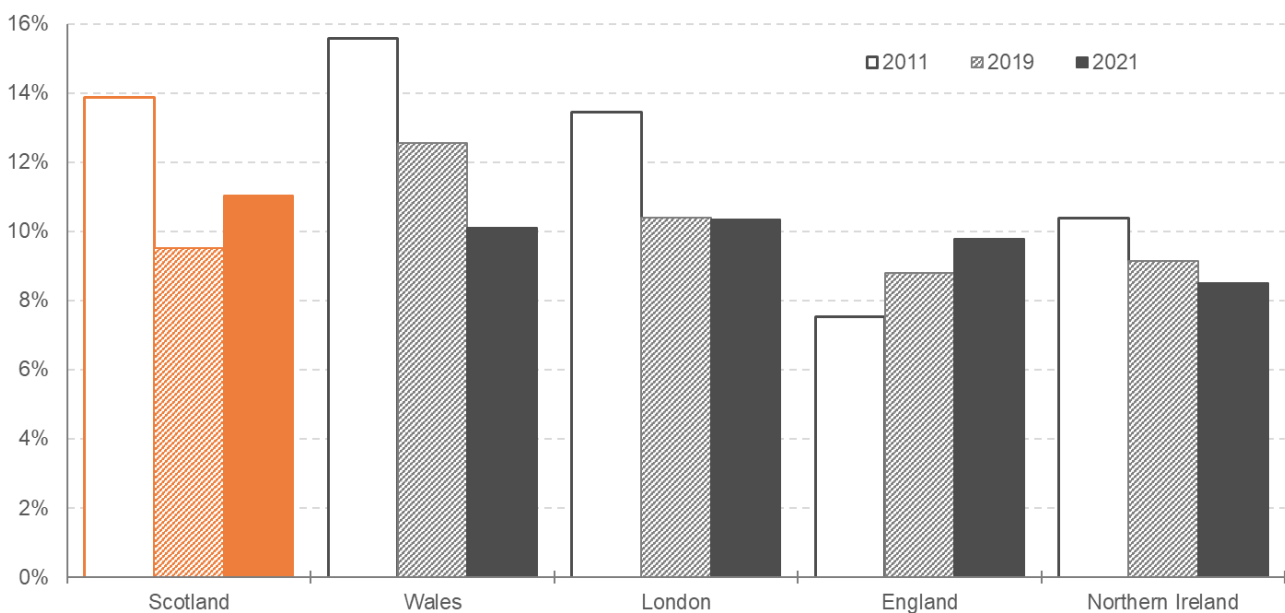
### Underemployment

Workers are considered underemployed where a person wants to: increase the number of hours within their current employment at their same level of pay, find an additional job, or find an alternative job with greater hours but is unable to do so.

#### Underemployment fell in the decade prior to the pandemic but has risen more recently.

Rates of underemployment fell in Scotland over the last decade (Figure 6), with the proportion of working-age employees who would prefer to work more hours at the same hourly pay falling from 13.9% to 9.5% between 2011-19. The pandemic reversed the reduction in underemployment (from 9.5% to 11% between 2019-21). This was likely caused by the restricted availability of jobs and hours (for employees furloughed), driving a greater need for earnings and hours during the pandemic.

**Figure 6: Proportion of working-age employees who are underemployed**



Source: L&W analysis of Labour Force Survey data (2011 to 2021)

<sup>19</sup> RSA (2017) [Good Gigs: A fairer future for the UK's gig economy](#).

<sup>20</sup> [An uber ethical dilemma: examining what's at stake](#), Journal of Information, Communication & Ethics in Society, 2018

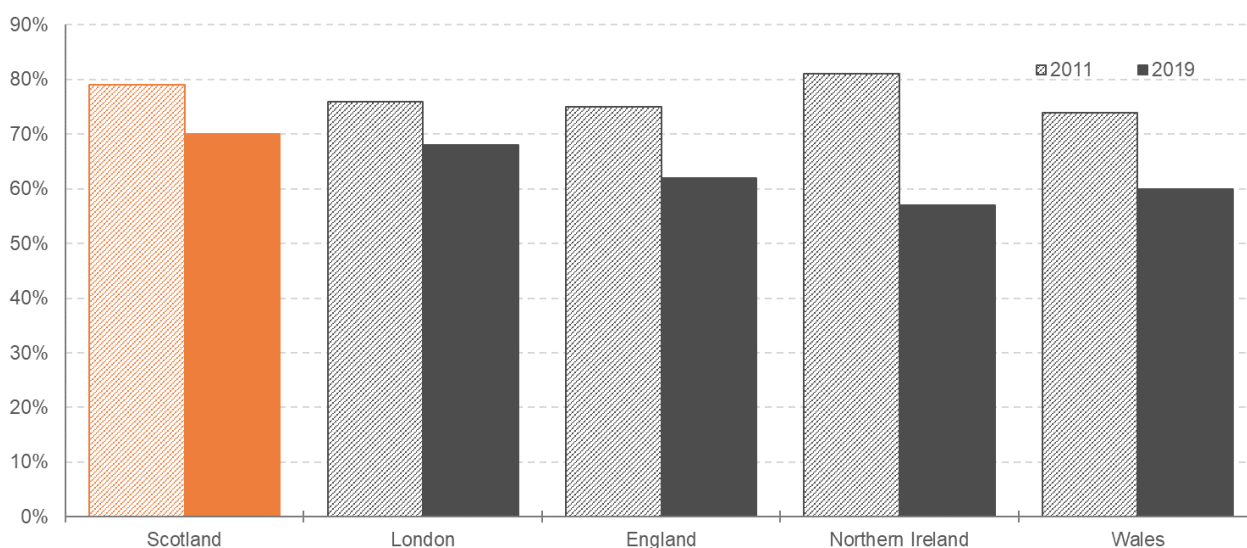
### Opportunity: development and training

Opportunities for development in the workplace represent internal pathways to develop the skills, capabilities and competencies an employer requires from its workforce. This can boost productivity and business success. Opportunities for development can also help workers build skills and experience.

#### Fewer employers in Scotland are providing development opportunities.

The proportion of employers in Scotland who provided their employees with development opportunities (such as allowing staff to perform tasks beyond their strict job role and providing opportunities shadowing others perform their job) fell from 79% in 2011 to 70% in 2019 (Figure 7). This suggests a reduction in the development and progression opportunities available to employees across Scotland. This follows falls in employer investment in training between 2017 and 2020 – potentially as a result of the pandemic – but also over the longer term. The proportion of employers providing any training in the previous 12 months was 59% in 2020 compared to 71% in 2017 and 73% in 2011.<sup>21</sup>

**Figure 7: Proportion of employers who provided development activities for employees**



Source: Employer Skills Survey (2011 and 2019) & Scottish Employer Perspectives Survey (2019)

Note: The Employer Skills Survey excluded Scotland in 2019, thus data from the Scottish Employer Perspectives Survey (2019) which looked at employers who “provided training and development opportunities for staff in the last 12 months” has been used as a proxy

### Effective voice: representation

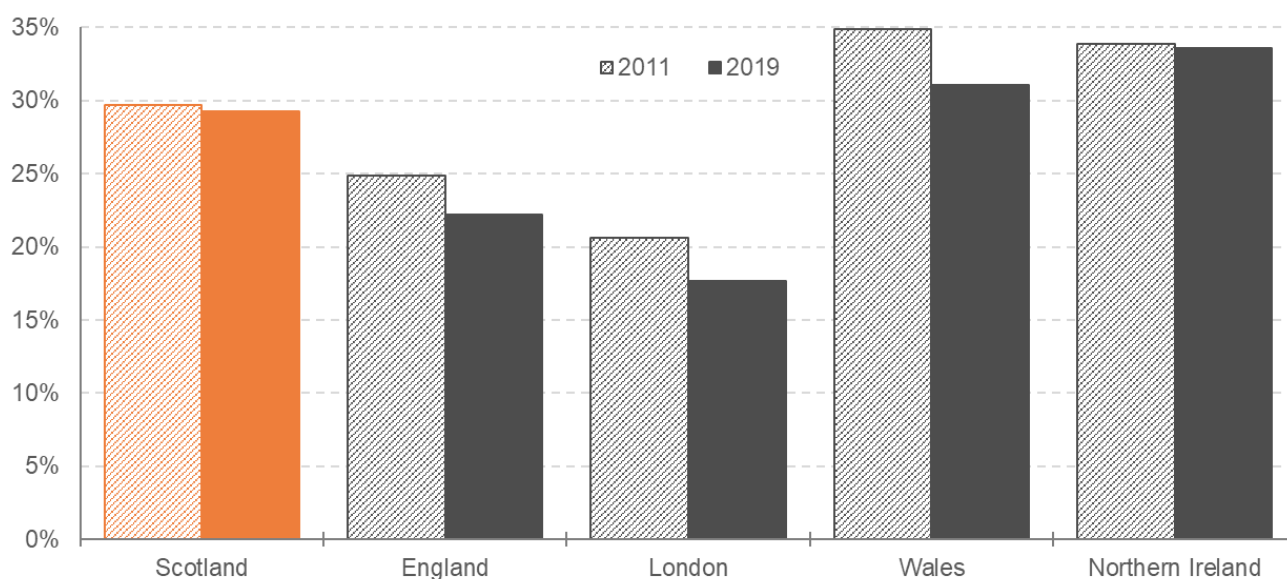
Trade union membership can allow workers to negotiate better pay and working conditions, and discuss concerns. It also guarantees workers the right to receive trade union protection related to employment rights and workplace conditions, and access to training opportunities.

<sup>21</sup> Scottish Employer Skills Survey (2020)

## Trade union membership rates have remained steady over the last decade.

In 2011 and 2019, 29% of employees in Scotland were members of a trade union (Figure 8). Membership has fallen slightly in other parts of the UK over the same period. Membership is higher in Scotland than in England but lower than Northern Ireland and Wales. This likely reflects differences in the sectoral profile of these areas, with lower levels of employment in sectors with traditionally high rates of union membership. Trade union membership is highest in education (51%) and lowest in administration and support services, where closer to one in 20 are trade union members.

**Figure 8: Proportion of employees who are members of a trade union**



Source: L&W analysis of Labour Force Survey data (2011 to 2019)

Notably, the proportion of workers in Scotland whose pay is affected by collective bargaining (the process by which trade unions negotiate with employers) increased from 35% in 2011 to 38% in 2019. As with union membership, coverage is highest in education (71%), and lowest in professional, scientific, and technical activities (19%).

## Work-life balance

Working more, or longer hours than they would prefer to can prevent workers from achieving a satisfactory work-life balance. Having a poor work-life balance can impact workers' ability to manage their health, childcare and caring responsibilities and personal relationships. Overemployment is one measure of work-life balance, as it directly measures the proportion of employees who would prefer to work shorter hours, even if this resulted in less pay. The measure of overemployment is chosen instead of a measure such as overtime as it captures the *preference* to work less hours.

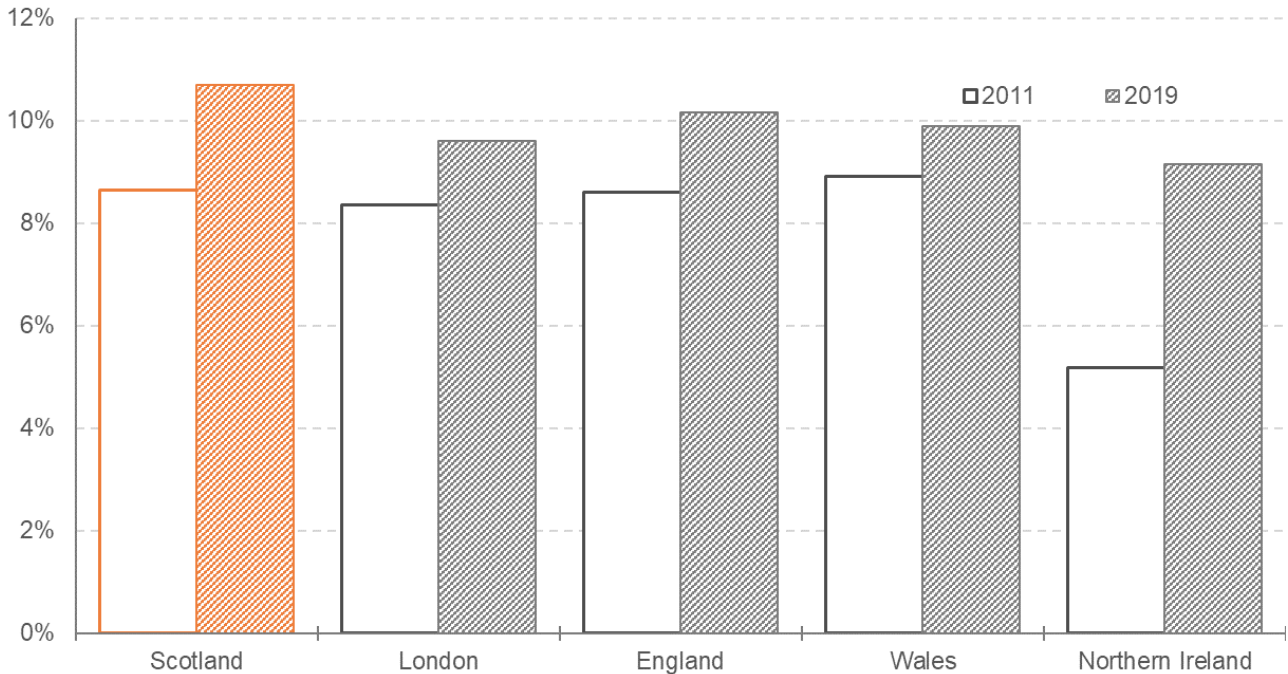
## One in eight workers in Scotland are overemployed.

Compared to England and the other devolved nations, as of 2019, a relatively high proportion of employees in Scotland are overemployed (Figure 9). In 2011, 8.6% of all



working age employees in Scotland preferred to work shorter hours, even if it resulted in less pay. This rose to 10.7% in 2019.

**Figure 9: Proportion of employees who would prefer shorter hours, even if it resulted in less pay**



Source: L&W analysis of Labour Force Survey data (2011 to 2019)

# Job quality across demographic groups and sub-regional areas

## Key findings

- **The chances of being on low pay vary significantly across qualification level. One in five workers in Scotland with no qualifications were on low pay in 2018, compared to fewer than one in 20 of employees with a higher degree on low pay.**
- **Young people (16 to 24 year olds) are most likely to be underemployed (wanting to work more hours for the same rate of pay), although underemployment among this age group has fallen over the last five years.**
- **Women are more likely to be on low pay and underemployed, in part reflecting the higher proportion of women who work part-time and their overrepresentation in low pay sectors. The rate of low pay for women has fallen over the last five years.**
- **Disabled people are more likely to be living in poverty, as are children living in a household with a disabled person. This in part reflects the disability employment and pay gaps. Disabled people are more likely to be on low pay compared to non-disabled people.**
- **Child poverty is higher in urban areas with low pay and underemployment being higher in some cities, such as Glasgow, and parts of the Highlands and Islands.**

This section briefly covers poverty, then explores how pay and underemployment, as core measures of job quality, vary across demographic groups and local areas.

Throughout the section, low pay is primarily defined as hourly wages below two-thirds of gross median hourly pay (excluding overtime). Workers earning less than the Real Living Wage is also used as a definition of low pay to explore workplace-based earnings at local authority level. Analysis is carried out using 2018 as observed year, as it is the latest publicly available data where Annual Population Survey data is available at sub-regional level.

**Children in households with disabled people, single parents, and individuals in part-time work are more likely to be living in poverty.**

Almost one in four children in Scotland (24%)<sup>22</sup> live in relative poverty (below 60% of UK median income after housing costs). Child poverty is higher in households with disabled adults (34%), single parents (38%) and adults in only part-time work (41%).

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<sup>22</sup> See Appendix A for full data table.

Compared to the Scottish average (19%), the proportion of Scottish adults in relative poverty is higher for those in households with disabled adults (23%), and women with dependent children (38%). Women and disabled people are also more likely to experience relatively low levels of job quality (low pay and underemployment), as detailed in this section.

### **Job quality across demographic groups**

#### **Employees with no or low qualifications are far more likely to be on low pay than those with higher level qualifications.**

Almost one in ten workers (9.8%) in Scotland with no qualifications were on low pay in 2018<sup>23</sup>. Notably, a higher proportion of employees qualified to National 5 or equivalent (11.1%) and National 6 or equivalent (10.2%) are on low pay compared to those with no qualifications<sup>24</sup>. This may relate to the age profile at different qualification levels, as young people who are more likely to be qualified to at least National 5 are more likely to be on low pay due to their age. The proportion then falls as qualification level increases further, with only 1.2% of workers with a higher degree on low pay.

The pattern of underemployment across different qualification levels is less clear. Underemployment is highest for those with 'other' qualifications (12.1%), followed by those with level 2 qualifications (10.3%). Similar to patterns of low pay, employees qualified to level 3 (8.3%) are more likely to be underemployed than those without any qualifications, which may relate to the age profile across different qualification levels.

#### **A relatively large proportion of disabled people are underemployed, with nearly one in seven disabled employees in Scotland wanting to work more hours.**

Analysis across demographic characteristics indicates differences in low pay across disability status<sup>25</sup>, with 7.6% of employees with a disability in low paid work, compared to 6.3% of workers without a disability. There is a more substantial difference in rates of underemployment, with 13.4% of employees with a disability underemployed, compared to 9.9% of employees without a disability.

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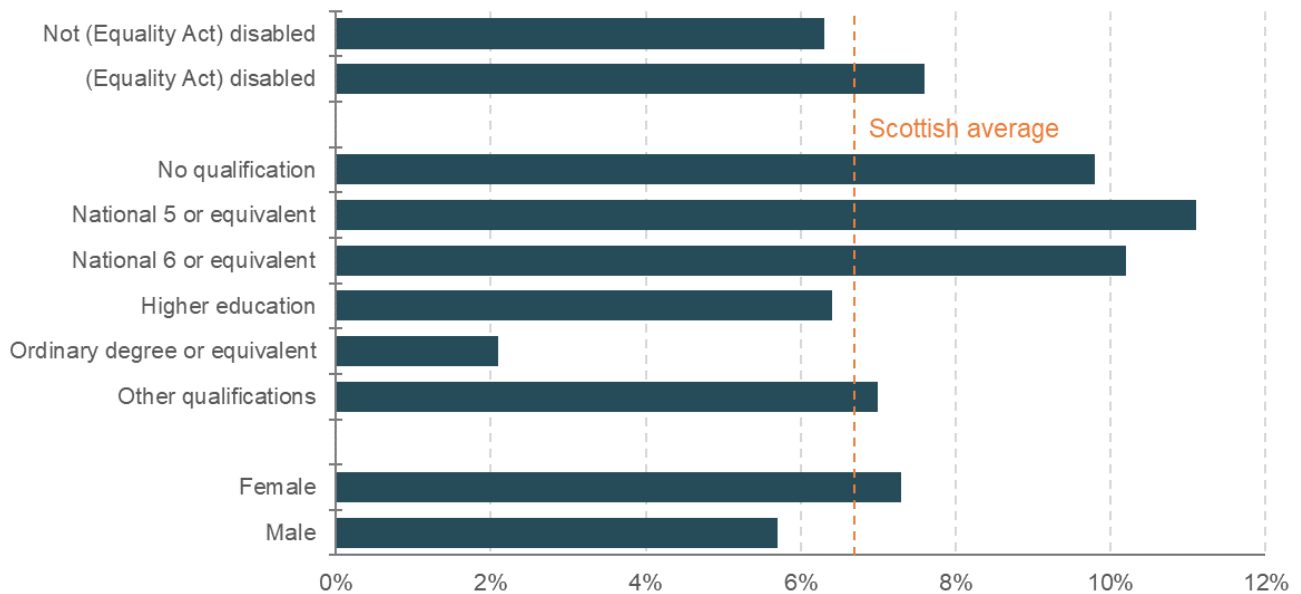
<sup>23</sup> This data is statistically significant at the five per cent level.

<sup>24</sup> In the datasets used in analysis, qualification levels were originally classified according to NQF levels, but have been re-labelled to reflect the specifics of the Scottish qualification system

<sup>25</sup> Individuals are categorised as disabled under the Equality Act 2010, if they "have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to carry out normal daily activities"



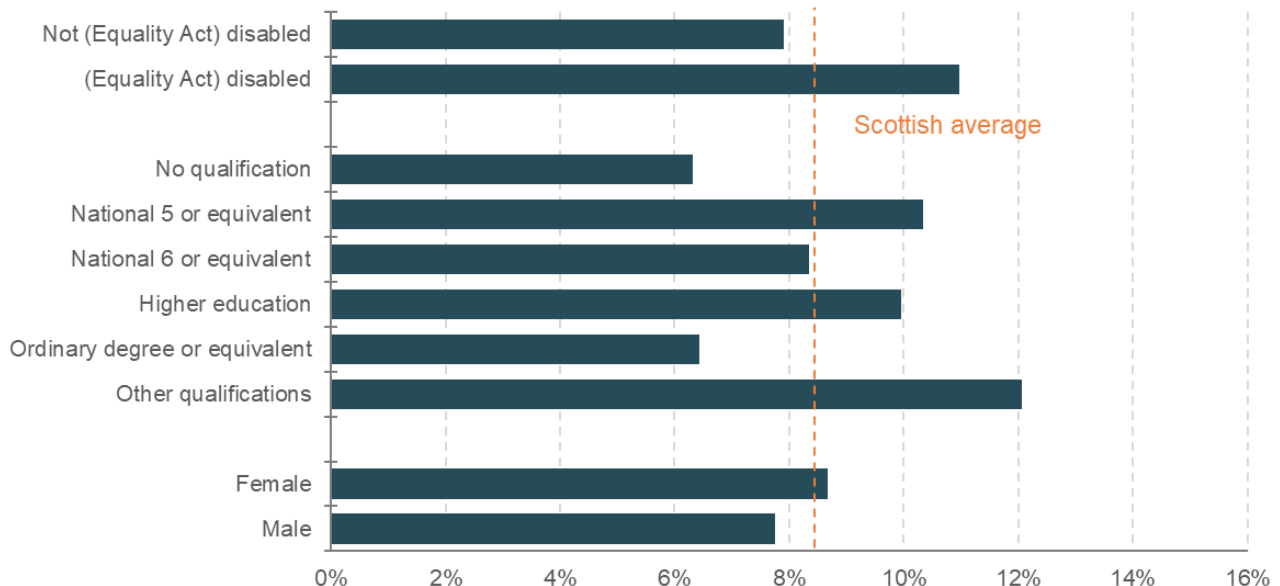
**Figure 10: Proportion of employees on low pay, by various demographic characteristics (2018)**



Source: L&W analysis of Annual Population Survey data (2018)

Notes: APS has been used in this section of the analysis, as opposed to LFS, as the dataset's larger sample size allows for more reliable breakdowns across demographic characteristics. APS uses the National Qualifications Framework (NQF).

**Figure 11: Proportion of underemployed employees, by various demographic characteristics (2018)**



Source: L&W analysis of Annual Population Survey data (2018)

Note: APS has been used in this section of the analysis, as opposed to LFS, as the dataset's larger sample size allows for more reliable breakdowns across demographic characteristics

Analysis across age group indicates that while the rate of underemployment is highest among young people (16 to 20 year olds), compared to other age groups, underemployment has fallen by nearly six percentage points from 2015 (from 22% to 16%) – the largest fall of any age group. Notably, underemployment has fallen across all age groups.

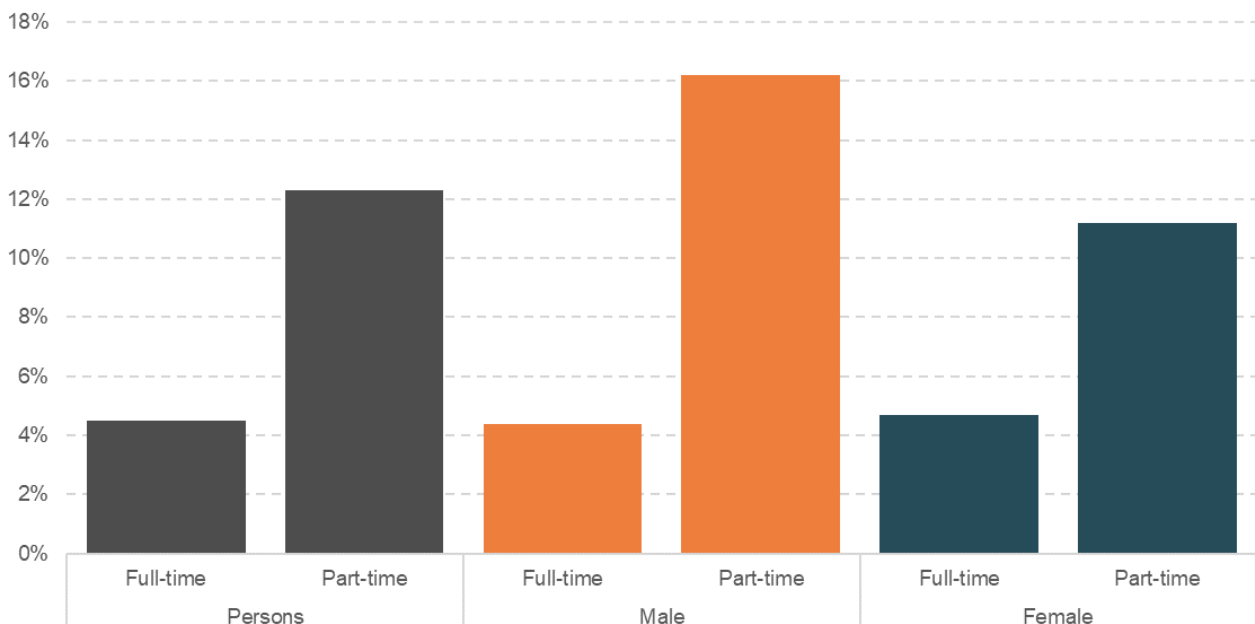
**Women are still more likely to be on low pay and underemployed than men but the low pay gap between men and women has narrowed over the last five years.**

Female employees are more likely to be on low pay than male employees, 7.3% compared to 5.7%. They are also more likely to be underemployed, with 11.2% of female employees underemployed, compared to 9.3% of male employees.

Men working part-time are the most likely to be on low pay (although there are proportionately fewer), while men working full-time are the least likely to be on low pay.

The proportion of female employees on low pay has fallen compared to 2015, when 24% of female employees were on low pay compared to 15% of male employees. This is largely driven by the fall in women working part-time being on low pay, although women working full-time are also less likely to be on low pay. The introduction of the National Living Wage in 2016 and of the gender pay gap reporting requirement in 2017 are likely to have contributed to this fall.

**Figure 12: Proportion of employees on low pay by gender and working pattern (2018)**



Source: L&W analysis of Annual Population Survey data (2018)

Note: APS has been used in this section of the analysis, as opposed to LFS, as the dataset's larger sample size allows for more reliable breakdowns across demographic characteristics

### Job quality across local authority areas

Child poverty has risen in nearly every Scottish local authority and English constituency since 2014/15, according to research published by the End Child Poverty coalition<sup>26</sup>. The research by Loughborough University shows that, even before the pandemic, levels of child poverty in Scotland ranged from one in seven children in the Shetland Islands to nearly one in three in Glasgow once housing costs are taken into account<sup>(ibid)</sup>. Children are generally more likely to be in poverty in urban areas.

### **There is large variation in the prevalence of low pay and underemployment across Scotland.**

There are significant differences in the likelihood of being on low pay and underemployed by local authority area. Na h-Eileanan Siar has the highest rate of underemployment (14%), while Argyll and Bute has the highest rate of low pay (10%). North Ayrshire stands out, with high rates of underemployed workers and workers on low pay (13% and 9% respectively) – likely related to both its industrial profile and general trend of weak economic performance compared to the Scottish average<sup>27</sup>. Among the cities, Glasgow and Dundee have higher rates of low pay and underemployment compared to Edinburgh. Aberdeen has relatively low rates of low pay but the highest levels of underemployment of the Scottish cities. Glasgow and Dundee, and parts of the Highlands and Islands, continue to have high rates of underemployment<sup>28</sup>, above the Scottish average of 7.4%.

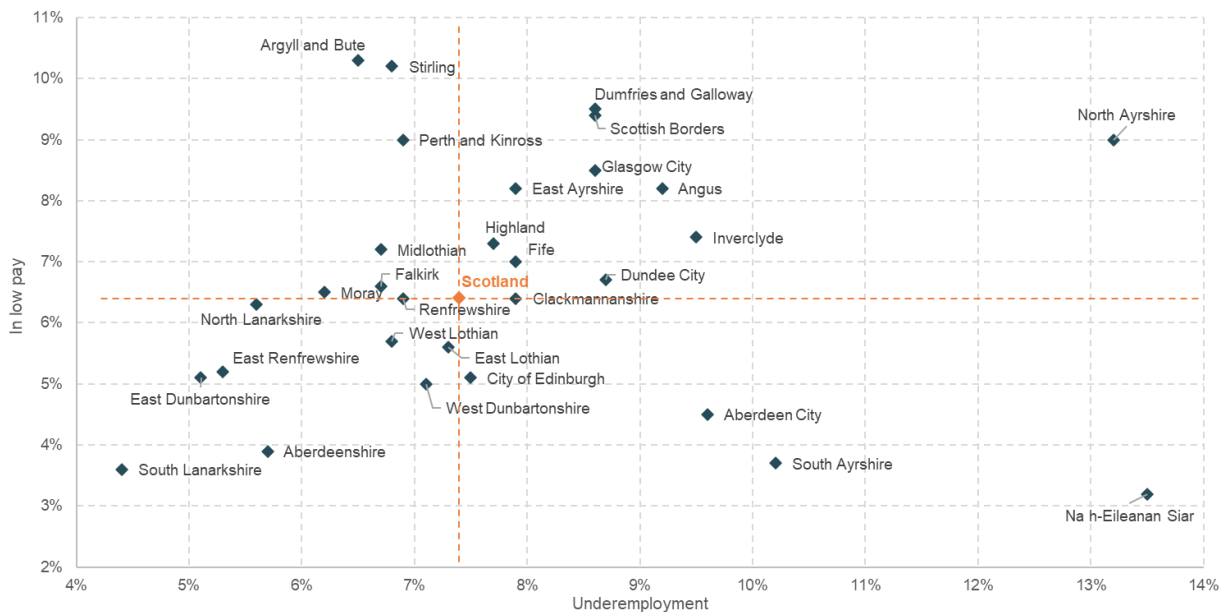
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<sup>26</sup> <http://www.endchildpoverty.org.uk/child-poverty-in-your-area-201415-201819/>

<sup>27</sup> <http://northayrshire.community/wp-content/uploads/2019/01/North-Ayrshire-Report-final-11-Dec-2018.pdf>

<sup>28</sup> In this case, underemployment has been categorised by the ONS in the data source as those “who are in work but who would prefer to work more hours for the same rate of pay” – excluding part-time workers preferring full-time work. Due to the data requirements for this portion of the analysis (requiring the ability to cut across council area), this definition has been used in figure 12.

**Figure 13: Proportion of employees who are underemployed and on low pay (residence based), by unitary authority (2018)**



Source: L&W analysis of Annual Population Survey (2018)

Note: Some Unitary Authorities are not included as their data is not sufficiently reliable because of small sample sizes

### **A higher proportion of jobs in rural areas pay less than the living wage.**

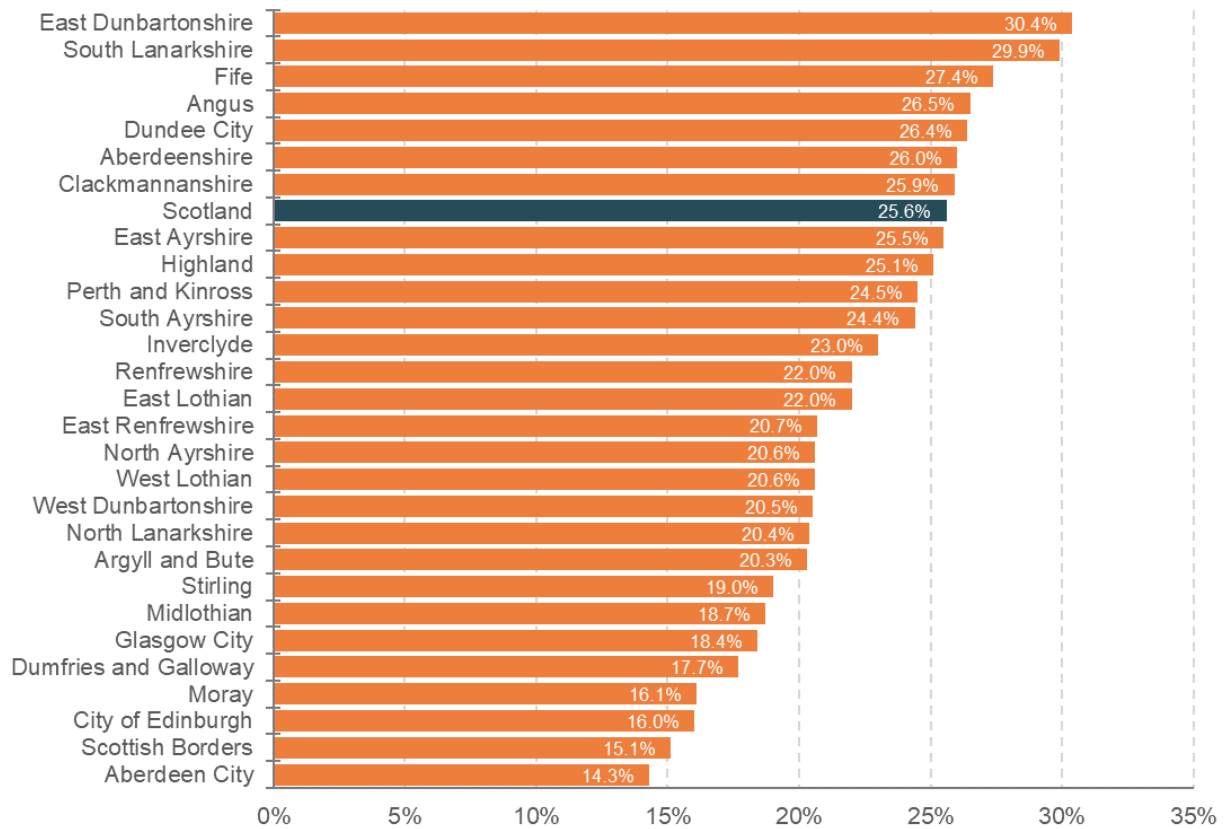
The proportion of workers earning less than the RLW<sup>29</sup> varies significantly at the local level, and tends to be higher in more rural areas. Aberdeen City (14.3%) and the City of Edinburgh (16%) have the lowest proportion of workers earning less than the RLW, reflecting the concentration of higher paying jobs in the two cities.

While Glasgow has a relatively low proportion of low paid jobs, a relatively high proportion of residents in the city work in low paid jobs. This indicates that many of the higher paid jobs located in the city are likely to be done by in-commuters<sup>30</sup>.

<sup>29</sup> Data on the measure of low pay used primarily throughout the analysis (earning below two-thirds of the UK median) is not publicly across council area, thus earning below Real Living Wage is used as a proxy.

<sup>30</sup> [Glasgow Live analysis of Annual Survey of Household Earnings data](#)

**Figure 14: Proportion of employees earning less than the Real Living Wage (workplace based), by council area (2018)**



Source: L&W analysis of Annual Survey of Hours and Earnings

Note: Some council areas are not included as their data is not sufficiently reliable because of small sample sizes

# Drivers of change and the future of job quality in Scotland

## Key findings

- **Global economic change and ageing populations are reshaping the labour market, impacting on the quality of jobs and access to ‘good jobs’.**
- **The pandemic has accelerated some of these changes, exacerbated pre-existing labour market inequalities and accelerated changes in sectoral patterns of employment. The cost of living is also likely to increase.**
- **Scotland’s ageing population will increase demand for health and social care services. However, concerns have been raised about the quality of jobs in social care with low compliance with the National Minimum Wage and the widespread use of zero hours contracts, for example.**
- **Occupational profile of jobs in Scotland is projected to continue to polarise, with growth in high and low pay occupations. Caring personal service occupations are expected to be one of the fastest growing occupational sub-major groups between 2017 and 2027.**
- **Occupational polarisation is projected to be more pronounced for women, with large declines in admin and secretarial roles and increases in caring roles predicted. The hospitality sector is likely to play an even more significant role in the quality of work available to women.**

Global economic change and ageing populations are reshaping the labour market, impacting on the quality of jobs and access to ‘good jobs’.

## Technological change and globalisation

Digitalisation and automation are changing the nature and conditions of work. Automation is unlikely to lead to large scale job loss, but it will change the tasks and skills required in most occupations, which will impact both on job quality (potentially positively and negatively) and access to jobs. The rise of atypical forms of employment and the gig economy enabled through technology has also raised concerns about working conditions.

**There has been increased use of almost all types of digital technologies, but the Scottish workforce is less likely to have essential digital skills for work than other parts of the UK.**

Basic digital skills are now required for almost every job. Almost all digital technologies, including the use of mobile technologies, cloud computing and social media, saw an increase in use between 2017 and 2021.<sup>31</sup>

While demand for digital skills has increased, just one in five (21%) of all businesses stated that their existing staff were fully equipped in terms of skills to meet the business' digital technology needs and one in seven (15%) stated that they had considerable skills gaps.<sup>(ibid)</sup> Agricultural and hospitality businesses (low pay sectors) were most likely to report considerable digital skills gaps.

Only 77% of people in Scotland aged over fifteen can complete all seven tech skills considered to be "foundation" level, compared to the UK average of 84%.<sup>(ibid)</sup> Just 39% of the Scottish workforce have 'Work Essential Digital Skills' compared to the UK average of 48%.<sup>32</sup>

### **Nearly half of businesses are not planning to develop employees' digital skills.**

Despite these digital skills gaps, just 29% of businesses stated that they are doing something to develop their current employees' digital technology skills. Nearly half (46%) of businesses stated that they were not currently taking action to develop their employees' digital skills and have no plans to do so in the future.<sup>33</sup>

## **Demography**

### **Scotland's ageing population will increase demand for health and social care services.**

Long-term increases in life expectancy mean many young people will have 50-year careers, requiring them to switch careers and update their skills more often. An aging population will also mean a higher proportion of older people in the workforce, with an extra 332,000 people aged over 60 by 2030 compared to 2018<sup>34</sup>. The workforce is likely to diversify, with an increased number of people with health problems and disabilities.

Demand for health and social care services will also rise as the proportion of older people increases, raising further questions about the quality of jobs in the care sector. The Low Pay Commission has flagged it as a sector of concern in terms of compliance with the national minimum wage; paid hours restricted to time with patients, with staff uncompensated for travel time; and the use of zero hours contracts in home-based long-term care is widespread<sup>35</sup>.

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<sup>31</sup> Scottish Government (2021) [Digital Economy Business Survey](#).

<sup>32</sup> Lloyds Bank, 2020

<sup>33</sup> Scottish Government (2021) [Digital Economy Business Survey](#).

<sup>34</sup> National Records of Scotland (N/A) [Projected Population of Scotland](#)

<sup>35</sup> Low Pay Commission (2021) [Non-compliance and enforcement of the National Minimum Wage: A report by the Low Pay Commission](#)

## Transition to net zero

The transition to a low carbon economy is likely to affect the skills needed in many jobs, reduce demand for some roles, and create new ones. Skills demands created by the transition mean that millions of workers will have to retrain or upskill in high-tech STEM roles and low- and medium-skilled technical qualifications. Scotland is deemed to be one of the areas most likely to be affected due to the prevalence of carbon intensive industries and skills profile.<sup>36</sup>

## Occupational profile changes

### **Occupational profile of jobs in Scotland is projected to continue to polarise.**

According to the Working Futures 2017-2027 projections, the most significant job losses are predicted to be in administrative & secretarial occupations, as computer technology displaces jobs. There is also expected to be a significant overall decline for skilled trades. The decline in employment for process, plant & machine operatives is also expected to continue linked to job loss in manufacturing.<sup>37</sup>

By contrast, employment in managerial and professional occupations is projected to increase, alongside growth in low pay occupations. Caring personal service occupations are expected to be one of the fastest growing occupational sub-major groups between 2017 and 2027. Projections also indicate that Scotland will have a larger than average share of elementary occupations – the lowest paid jobs – in 2027.

Occupational polarisation is projected to be more pronounced for women with large declines in admin and secretarial roles and increases in caring roles predicted, with the hospitality sector likely to play an even more significant role in the quality of work available to women. Yet, growth in part-time work in professional and higher-level managerial roles may offer more flexible working opportunities for women.

## The effects of the coronavirus pandemic

### **The coronavirus pandemic has exacerbated existing inequalities.**

The pandemic has had a significant impact on the labour market, exacerbating pre-existing labour market inequalities and accelerating changes in sectoral patterns of employment.<sup>38</sup> Business turnover in Scotland decreased in almost all sectors in 2020 as a result of lockdown. Restrictions had a particularly significant impact in the construction, tourism and hospitality, food, arts, entertainment and recreation sectors. Rural and island communities have been affected by the disruption to tourism and hospitality. However, there have been

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<sup>36</sup> Onward (2021) [Getting to zero](#).

<sup>37</sup> Working Futures 2017 to 2027.

<sup>38</sup> Prince's Trust (2021). [Facing the future](#).



some positive shifts, including more flexible working arrangements and making more use of digital services.

There are several pandemic-accelerated (or induced) trends that are likely to impact on jobs in the longer-term including a shift to more home working; rise in online shopping; and accelerated automation. For example, some have hypothesised that the existing trend toward online shopping has been shocked upwards, meaning a permanently reduced demand for high street shopping.<sup>39</sup> This would accelerate the decline in retail employment, but potentially increase demand for warehouse and logistics jobs to support online shopping.

**Two in three businesses in Scotland are expecting to use hybrid models of working for some staff over the longer term. These trends have implications for the types and locations of jobs available.**

More homeworking means less demand for office support jobs - cleaners, maintenance staff - and the services used by office workers - sandwich sellers, restaurant staff, hotel workers and taxi drivers. Many of these jobs are in sectors most affected in the short term by government restrictions (the 'shutdown sectors'). These jobs account for 30% of the UK workforce and 40% of the non-graduate workforce. Homeworking means that many of these jobs are likely to be permanently lost.

Shifts towards homeworking will likely impact on the location of some jobs too. On average, one in four workers work and live in different neighbourhoods *and* can work from home.<sup>40</sup> With an increase in homeworking, work-related consumption of goods and services provided by the locally consumed service industries will take place where workers live, not where they work.

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<sup>39</sup> McKinsey Global Institute (2021) [Will productivity and growth return after the COVID-19 crisis?](#)

<sup>40</sup> Economics Observatory (2021) [Zoomshock: how is working from home affecting cities and suburbs?](#)

# What works to increase the number of good jobs

## Key findings

- Public procurement and fair employment in the public sector are key ways in which the Scottish Government has demonstrated leadership in promoting job quality. The government has embedded Fair Work principles in its procurement process and across the public sector. There are no impact evaluations available on social procurement, however, there is some evidence that higher public sector pay increases the level of good quality jobs in the private sector.
- The Scottish Government has developed the Scottish Business Pledge accreditation scheme to encourage employers to commit to Fair Work standards. Despite having over 800 employers accredited to date, this review has found no evidence that the Scottish Business Pledge has encouraged additional action from employers. No evidence was identified as to the impact of voluntary charters.
- The Scottish Government can encourage employers to adopt Fair Work principles by making this a condition of grant and loan funding and is working with employers through best practice guideline and forums to incentivise the adoption of Fair Work standards.
- There is some evidence on additional initiatives which can support job quality such as: funding to develop career ladders, occupational skills training in targeted sectors, gender pay gap reporting, self-employment assistance programmes and employee ownership models.

Our evidence review identified a limited number of levers available to the Scottish Government to support the creation of good jobs. It also identified that **there is relatively limited evidence of what works in relation to policies that support the creation of good jobs, with a lack of impact evaluation**. However, available evidence has been included where possible, including evidence from qualitative evaluations and grey literature. The findings from the review should not be treated as exhaustive.

## Public sector leadership

### Fair Work approach to procurement

**The Scottish Government has developed Fair Work First guidance which sets out criteria for good quality jobs.**<sup>41</sup> This guides the Scottish Government's approach to assessing job quality, particularly in its procurement process.

The Scottish Government has significant purchasing power of around £11 billion annually. Some or all Fair Work principles are embedded in the procurement process as compulsory requirements or with performance assessed against these objectives in the scoring system. Private sector employers therefore benefit from adhering to Fair Work principles, because this increases their chances of securing revenue from Scottish Government contracts. The Scottish Government intends to embed this approach more widely across publicly funded bodies in Scotland to increase this incentive. The Fair Work Action Plan Annual Report (2021) notes seven Scottish Government contracts with a total value of £619.8 million included Fair Work criteria in the tendering process.<sup>42</sup> As Fair Work First is less than a year old, its impact has not yet been evaluated.

**No impact evaluations assessing the use of social procurement to promote minimum employment standards were identified.** However, social procurement has a long historical basis, with many examples of this approach.<sup>43</sup> For example, the London Borough of Islington includes Living Wage requirements in all supplier contracts.<sup>44</sup> A report by the European Commission in 2011 found that almost half (45%) of public sector authorities it surveyed used some form of social procurement, with job opportunities and job quality the two most common aims.<sup>45</sup> As part of the Prosperity for All Economic Action Plan, Welsh Government have developed a new Economic Contract that requires all organisations seeking public investment to demonstrate their commitment to Fair Work.<sup>46</sup>

**Procurement in adult social care that uses Fair Work guidelines has been found to improve wages among social care workers.** In February 2021 the Independent Review of Adult Social Care in Scotland (IRASC) was published, which aimed to improve outcomes for service users and workers. As part of its recommendations, IRASC outlined the need for an “ethical commissioning model” for adult social care – where commissioning and procurement take fair work and other social conditions into account. IRASC

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<sup>41</sup> This includes: appropriate channels for effective voice, such as trade recognition; investment in workforce development; no inappropriate use of zero-hours contracts; action to tackle the gender pay gap and create a more diverse and inclusive workplace; and payment of the real Living Wage.

<sup>42</sup> These are: Fair Start Scotland (£96m); Electronic Monitoring of Offenders (£42m); Electronic Counting of Votes (£8m); Workplace Equality Fund 2019/20 fund management contract; facilities management (£400m over seven years); Baby box (£56m); Scottish National Standardised Assessments (£17m)

<sup>43</sup> Schulten, T. et al (2012). [Pay and other social clauses in european public procurement](#).

<sup>44</sup> Centre for local economic strategies (2014). [Living wage and the role of local government](#).

<sup>45</sup> Schulten, T. et al (2012). [Pay and other social clauses in european public procurement](#).

<sup>46</sup> Business Wales (2021). [The economic contract](#).

recommended that Integration Joint Boards<sup>47</sup> set mandatory procurement parameters including minimum standards for fair work, with particular focus on “pay, travel time, sick pay arrangements, training and development, maternity leave, progression pathways, flexible pathways and pension provision”. The review recommended that fair work standards should be developed through a “sector level collective bargaining” approach, via a national forum comprising Integration Joint Boards, Scottish Government and employer and worker representatives.<sup>48</sup> In response to the IRASC, the Scottish Government has made a commitment to ensure that adult social care workers receive at least the RLW of £9.50 an hour.<sup>49</sup> A 2018 qualitative evaluation of the implementation of the Living Wage in adult social care in Scotland (through additional funding from Scottish Government) found that procurement had been a successful route for ensuring care workers were paid the Living Wage.<sup>50</sup>

## **Fair employment in the public sector**

**The Scottish Government has embedded Fair Work principles across the public sector.**<sup>51</sup> This includes the payment of the Living Wage to all public sector employees in Scotland who are covered by public sector pay policy.<sup>52</sup> They report that this has been achieved in bodies under the direct control of Scottish ministers and intend to expand this to non-departmental public bodies. This work will directly increase the provision of good quality jobs in Scotland. It may also encourage other employers to improve their standards because they need to compete with the public sector for staff.

**There is some evidence that higher public sector pay increases the level of good quality jobs in the private sector.** A study which modelled public sector wage differentials in Spain estimates that cities with higher public sector wages have increased levels of private sector pay.<sup>53</sup> Public sector organisations can also join networks of employers that promote payment of the Real Living Wage.<sup>54</sup> For example, public sector organisations can become Living Wage accredited, which can help to support and promote

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<sup>47</sup> Integration Joint Boards are corporate bodies established by a Health Board and Local Authority as part of integrating health and social care functions. A range of responsibilities and resources are delegated to Integration Joint Boards from Health Boards and Local Authorities.

<sup>48</sup> Scottish Government (2021). [Adult social care: independent review](#).

<sup>49</sup> Scottish Government (2021) [Fair pay for social care workers](#).

<sup>50</sup> Cunningham et al (2018). [Implementing the Scottish Living Wage in adult social care: An evaluation of the experiences of social care partners, and usefulness of Joint Guidance](#). Coalition of Care and Support Providers Scotland.

<sup>51</sup> The Fair Work Action Plan discusses a range of measures the Scottish Government has taken to improve working practices, including becoming the first national government in the UK to be Living Wage accredited. [Fair Work Action Plan \(www.gov.scot\)](#)

<sup>52</sup> Scottish Government (2021). [Public sector pay policy 2021 to 2022 \(revised\)](#).

<sup>53</sup> Jofre-Monseny et al (2016). [Local labor market effects of public employment](#).

<sup>54</sup> Centre for local economic strategies (2014). [Living wage and the role of local government](#).

the Living Wage campaign and ensure that “regularly contracted” staff (such as caterers and cleaners) receive the Living Wage alongside directly-employed staff.<sup>55</sup>

## Employer engagement

### Standards and accreditations

**The Scottish Government created the Scottish Business Pledge<sup>56</sup> accreditation scheme in 2015 to encourage employers to commit to Fair Work standards.** This requires employers to commit to three core pledges relating to job quality.<sup>57</sup>

The Scottish Business Pledge may encourage employers to improve the quality of jobs to receive this accreditation, alongside benefiting the company’s image, assist their marketing activity, and help them retain, motivate, and attract staff. According to an Oxfam review of the Pledge, as of 2018, 0.3% of Scotland’s registered business base had become accredited, with the official website currently listing 818 accredited employers. This review has found no evidence that the Scottish Business Pledge has encouraged additional action from employers.

There are many other examples of charters, codes of practice and voluntary accreditation that are designed to encourage employers to sign up to minimum job quality standards for employees. This includes the Fair Work Framework, developed by the Fair Work Convention in 2016 to define and promote fair work practices in Scotland; the Welsh Government’s voluntary Code of Practice of Ethical Employment in Supply Chains to combat modern slavery and exploitative practices<sup>58</sup> and the Greater Manchester Good Employment Charter, which promotes seven characteristics of good employment.<sup>5960</sup> The Mayor of London’s Good Work Standard is an employer accreditation based on criteria related to fair pay and conditions; workplace wellbeing; skills and progression; and diversity and recruitment. Employers are also provided with best practice guidance, supporting information and resources.<sup>61</sup>

**No evidence on the impact of voluntary charters was identified.** A 2017 review of local employment charters in the UK identified a number of local charters that had been successful in terms of recruiting employers, although impact on employees or jobs was not measured. However, it should be noted that this review was conducted before the launch of the Greater Manchester Good Employment Charter or the Mayor of London’s Good

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<sup>55</sup> Living Wage Foundation. [FAQs](#)

<sup>56</sup> [Scottish Business Pledge](#)

<sup>57</sup> These are: paying the real living wage; no inappropriate use of zero hours contracts; and action to address the gender pay gap. Employers must also commit to any five from a set of seven other elements.

<sup>58</sup> OECD (2017). [Code of Practice on Ethical Employment in Supply Chains](#).

<sup>59</sup> Secure work, flexible work, real living wage, engagement & voice, recruitment, people management and health & wellbeing

<sup>60</sup> Greater Manchester Good Employment Charter. [Impact of the charter](#).

<sup>61</sup> Mayor of London & London Assembly. [How to achieve the Good Work Standard](#).

Work Standard, and did not include the Scottish Fair Work Framework. The review did identify a number of lessons for the successful engagement of business in charters, including partnership working; a defined local benefit; flexibility and rigour; engagement incentives; and built-in monitoring.<sup>62</sup>

### **Fair Work conditionality on grants and loans**

**The Scottish Government can encourage employers to adopt Fair Work principles by making this a condition of grant and loan funding.** Since April 2019 Scottish Enterprise has applied Fair Work First criteria to 250 large grants with a total value of £126.9 million, in order to test the inclusion of specific criteria relating to payment of the living wage, restriction of zero hours contracts, and gender pay gap reporting in grant funding. Lessons learnt from this testing process fed into the development of Fair Work First.<sup>63</sup>

### **Best practice guidelines**

The Scottish Government is also working to persuade employers to adopt Fair Work standards by providing best practice guidelines and facilitating forums. This may work alongside formal accreditations to influence company policies. For example, Skills Development Scotland discuss assisting businesses to adopt best practices around the refreshed Business Pledge with a range of events.<sup>64</sup>

The Scottish Government and other public sector bodies can also leverage the relationships built through broader partnerships to obtain a commitment to Fair Work principles from employers. For example, the Tay Cities Deal discusses working with employers to obtain a commitment to Fair Work principles.<sup>65</sup>

### **Supporting job quality: skills and employment support, pay gap reporting and wider economic policy**

The review identified a range of additional initiatives and policies which have been found to support job quality.

### **Workforce development**

**Funding to develop career ladders can increase job quality in poorly paid sectors.** The Extended Care Career Ladder Initiative (ECCLI) was a multiple round grant programme for Massachusetts nursing homes and home health agencies to support

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<sup>62</sup> Hughes et al. (2018). [Good jobs in Greater Manchester: the role of employment charters](#). Inclusive Growth Analysis Unit.

<sup>63</sup> Scottish Government (2021). [Fair work: action plan](#).

<sup>64</sup> This is referred to in the Fair Work Action Plan Annual Report: [fair-work-action-plan-annual-report.pdf \(skillsdevelopmentscotland.co.uk\)](#)

<sup>65</sup> This plan discusses skills improvement, job creation and economic growth more broadly: [final-skills-investment-plan-tay-cities-region.pdf \(taycities.co.uk\)](#)



development of career ladders and other training initiatives for the frontline workforce. Career ladders were typically composed of small increases in responsibility (with associated skills training) and small pay increases, and could include both care staff and entry-level staff in other roles. Qualitative evaluation identified a range of positive impacts on staff skills and quality of care, alongside the creation of better quality jobs in terms of pay as staff progressed up the career ladder. Although conducted in the USA, findings are transferrable to Scotland given the diversity of nursing homes included in the programme (i.e. it was tested on profit and non-profit, multi-site and single-site and urban and rural nursing homes) and the similarity of job roles with their Scottish equivalents.<sup>66</sup>

**Business development support can facilitate improvements in job quality but must consider requirements for staff progression.** The Glasgow “In Work Progression in the Care Sector pilot” was set up as part of the Glasgow City Region City Deal. It was developed to test whether an employer-led approach to business development in the care sector could support businesses to improve their operation, and through this, support staff to progress in earnings. Glasgow City Council Business Advisors delivered a range of tailored support to businesses in the care sector, who experienced a range of benefits such as enhanced business profiles, improved financial processes, cost savings and care improvements. A large number of participating staff received skills training which enabled them to develop in their roles and increased productivity, performance and wellbeing. Although there were some instances of career progression, the evaluation found mixed views on the pilot’s actual impact on direct earning progression. The highly-regulated nature of the care sector was one barrier to progression, with the pilot not offering SVQ qualifications which are a requirement for significant progression.<sup>67</sup>

### Targeted sector-based skills training

**Occupational skills training in targeted sectors combined with job placement services can support unemployed or low paid individuals into good quality jobs.**

The WorkAdvance programme aimed to provide training and job placements for unemployed or low paid individuals in New York, focused on sectors with good quality jobs and career pathways. Although the programme did not include job creation, an impact evaluation<sup>68</sup> found substantial and statistically significant increases in earnings and employment across the first three years at one of the four programme sites, with significant impacts on earnings in the longer term. Individuals furthest from the labour market (long-term unemployed or semi-attached) were found to have benefited most from the programme.<sup>69,70</sup> The key successful features of WorkAdvance were identified as its focus on sectors with a high demand for entry-level and middle skill roles with skills needs that

<sup>66</sup> Washko, M. et al. (2007). [Extended Care Career Ladder Initiative \(ECCLI\) Qualitative Evaluation Project: Final Report](#)

<sup>67</sup> Murphy, H. et al. (2019). [Glasgow in-work progression pilot evaluation](#). Learning and Work Institute.

<sup>68</sup> Large-scale, high quality randomised control trial with 2,564 participants across four sites.

<sup>69</sup> Schubert, K. (2017). [Can sector strategies promote longer term effects? Three year impacts from the WorkAdvance Demonstration](#), MDRC.

<sup>70</sup> Schaberg, K. & Greenberg, D.H. (2020). [Long-term effects of a sectoral advancement strategy](#), MDRC.

could be met through short technical training courses, and the links between the programme and employers. The review also identified financial incentives and the intensity of in-work support to be important features of in-work progression programmes.<sup>71</sup>

### Active labour market policies

**The design of active labour market policies has an influence on the quality of jobs gained by participants.** A 2016 evidence review found that active labour market policies that are most successful in minimising the length of time that participants are unemployed, such as job search assistance, conditionality, claims monitoring and sanctions, generally facilitate movement into poor quality and low paid jobs. In contrast, programmes with a focus on high quality skills training can support movement into better quality jobs, but are generally associated with longer periods of unemployment.<sup>72</sup>

### Self-employment assistance programmes

**There is some evidence that self-employment assistance programmes can lead to both decreased unemployment and increased earnings.** Self-employment assistance programmes are intended to support unemployed workers to start their own business. They can include both financial and advisory support, and may be aimed either at particular groups of unemployed workers or be available to all. Although no evidence was identified as to the impact of self-employment assistance programmes on the creation of good quality self-employed jobs, a literature review of such programmes found some evidence of increased employment and earnings for participants. However, other studies in the review found either a lack of impact or a negative impact.<sup>73</sup>

### Reporting of inequalities

**Gender pay gap reporting can lead to reductions in the gender pay gap.** Since 2017, all large UK employers (over 250 employees) have been required to annually report on their gender pay gap. A recent study has found that the introduction of this requirement has led to a 1.6 percentage point reduction in the pay gap amongst these employers, primarily due to a decline in the wages of male employees. Based on survey evidence, the author suggests this reduction is due to a preference of female workers to take jobs at employers with lower published pay gaps.<sup>74</sup> Pay gap reporting could be extended to cover ethnicity and disability.

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<sup>71</sup> Learning and Work Institute (2019). [Evidence review: Supporting progression from low pay](#).

<sup>72</sup> McKnight et al (2016). [Low pay and in-work poverty: preventative measures and preventative approaches](#).

<sup>73</sup> Betcherman G, Olivas, K and Dar A (2004) [Impacts of Active Labour Market programs: new evidence from evaluations with particular attention to developing and transition countries](#). World Bank Social Protection Discussion Paper 0402:1-94

<sup>74</sup> Blundell, J (2021). [Wage responses to gender pay gap reporting requirements](#). Centre for Economic Performance.



## Employee involvement and social enterprises

### Employee ownership

**Employee ownership models can increase job quality in poorly paid sectors.** A recent qualitative study of three employee ownership and/or co-operative models in the Welsh social care, transport and manufacturing sectors found that employee ownership could facilitate the improvement of job quality (or reduction of ‘bad’ job characteristics) in relation to work organisation, wages and payment, security and flexibility and engagement and representation.<sup>75</sup>

### High performance work practices

**High performance work practices (HPWP) can increase job satisfaction.** HPWP refer to a range of management practices designed to increase the development and productivity of employees, including increased employee autonomy, self-management and decision-making, appraisals and support for continuous professional development, performance-related rewards and knowledge and information sharing. There are parallels between these areas and those outlined in the Fair Work Framework, particularly within the fulfilment dimension. There is substantial evidence on the benefits to employers of implementing such approaches.<sup>76</sup> Reviews of the evidence on HPWPs indicate that they can increase employee job satisfaction, reduce turnover and facilitate greater skills development. However, evidence of their impact on earnings is more mixed. Although they have been found to be associated with higher paid jobs, other studies have found no evidence of their direct impact on wages.<sup>77,78</sup> Research in 2014 found that UK employers in the poorly paid retail and catering sectors were less likely than average to use HPWP, although employers in the care sector had similar usage to the national average.<sup>79</sup>

### Social enterprises

**Although successful in generating employment, evidence suggests that work integration social enterprises are of limited value in the provision of good quality jobs.** Work integration social enterprises (WISEs) are social enterprises whose primary purpose is to provide in-work skills training (including hard and soft skills) and paid work experience for disadvantaged individuals (e.g. individuals with health problems or disabilities) in order to prepare them for employment in the wider labour market. A large

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<sup>75</sup> Jenkins, S and Chivers, W (2021). [Can cooperatives/employee-owned businesses improve ‘bad’ jobs? Evaluating job quality in three low-paid sectors](#)

<sup>76</sup> Ashton, D & Sung, J. (2002). [Supporting workplace learning for high performance working](#). International Labour Organisation.

<sup>77</sup> Ashton, D & Sung, J. (2002). [Supporting workplace learning for high performance working](#). International Labour Organisation.

<sup>78</sup> Cristini, A. (2007). [High performance workplace practices from the employee’s perspective](#).

<sup>79</sup> Joseph Rowntree Foundation. (2014). [Improving progression in low-paid, low-skilled retail, catering and care jobs](#).

number of WISEs have been set up across the world, including in the UK.<sup>80,81</sup> A study of WISEs in the US found them to be generally successful in providing low paid employment opportunities, and for some groups in facilitating progression to better quality jobs. However, due to competitive pressures they are less successful in providing good quality jobs. This can be due to the sectors in which they are located (e.g. low-skill and low-wage) or due to the additional support needs and lower productivity of their employees.<sup>82</sup>

## Social partnerships

**An evidence review on social partnerships in Britain found no link between social partnerships and wage settlements.** Social partnerships are voluntary arrangements between different organisations that aim to encourage and facilitate collaboration on areas of mutual interest. In employment, social partnerships will often be comprised of employers, trade unions and public bodies. Although the evidence review found no evidence of social partnerships' impact on wages, it did find a link between social partnership firms and employment, with increased job loss in declining sectors and increased job growth in expanding sectors.<sup>83</sup>

The Welsh Government has proposed a draft Social Partnership and Public Procurement Bill that seeks to strengthen social partnerships in Wales. The aim of the Bill is to create statutory foundations for social partnerships between Government, employers, and trade unions to improve the job quality in Wales.<sup>84</sup> The Bill has not yet come into force, and so its impact cannot be assessed. However, consultation responses were mainly positive, with support for the Bill and its aims.<sup>85</sup>

## Creating an environment for good jobs

Published in 2018, the OECD jobs strategy provides policy analysis and recommendations for creating an environment that supports the creation of good jobs. This includes recommendations such as implementing a sound macroeconomic policy framework, boosting investment and productivity growth, and facilitating the adoption of flexible working arrangements.<sup>86</sup>

**The UK's minimum wage is an important component in creating an environment for good jobs** by significantly reducing extreme low pay, and – with the introduction of the National Living Wage (NLW) – reducing low pay more widely. The UK government's target to increase the NLW to two-thirds of median hourly pay by 2024 could substantially

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<sup>80</sup> Cooney, K (2011). [\*The business of job creation: an examination of the social enterprise approach to workforce development\*](#).

<sup>81</sup> [Social Enterprise UK](#)

<sup>82</sup> Cooney, K (2011). [\*The business of job creation: an examination of the social enterprise approach to workforce development\*](#).

<sup>83</sup> Kelly, J (2003). [\*Social partnership agreements in Britain: labour cooperation and compliance\*](#).

<sup>84</sup> Welsh Government White Paper (2019). [\*A more equal Wales: strengthening social partnerships\*](#).

<sup>85</sup> Welsh Government (2021) [\*Consultation – summary of responses. Draft social partnership and public procurement \(Wales\) Bill\*](#).

<sup>86</sup> OECD (2018). [\*Good jobs for all in a changing world of work\*](#).

increase the availability of well-paid jobs. However, there is a risk that employers may adapt to higher wages by undermining other aspects of job quality. In addition, a recent report by L&W and Carnegie Trust recommended that minimum wage policy be situated within a broader good work agenda, with steps to support job quality such as promoting sectoral collective bargaining agreements in low pay and low-quality sectors.<sup>87</sup>

**Greater Manchester's Local Industrial Strategy took a sectoral approach to the creation of good jobs.** There is a particular focus on 'foundational sectors' – sectors that represent a large proportion of local employment but with high concentrations of poorly paid and poor-quality work, such as retail, hospitality, and social care. **A sectoral approach enables the identification of sector-specific opportunities for the development of good jobs.** For example, the expansion of e-commerce and the promotion of technology in the retail sector.<sup>88</sup> There is no evidence on the impact of the Strategy, despite calls to embed evaluation plans in this policy.<sup>89</sup>

Launched in 2015, the French Government's Industrie du Futur (IdF) programme is a large-scale investment programme aimed at supporting companies to deploy digital technologies in order to encourage growth and job creation. **IdF is intended to create a network of regional platforms to help companies test technologies, offers financial and personalised support, and upskills workforces.** Support is primarily aimed at SMEs, mid-tier companies as well as technology providers, academia, and the public sector. It includes approximately 10 billion Euros of public funding, with the aim of leveraging private R&D and production funding. Although the programme aims to create 480,000 jobs in 10 years, **no evidence of its impact on the creation of good quality jobs was identified.**<sup>90,91</sup>

**The Scottish Government aims to stimulate inclusive economic growth and job creation through Regional Growth and City Region Deals.** Working with the UK Government and local partners, the Scottish Government has designed six City Region Deals and six Regional Growth Deals which cover all of Scotland. These typically include investments in skills, R&D projects, regeneration, transport, and other infrastructure such as digital connectivity. An Audit Scotland report published in 2020<sup>92</sup> found that there was a lack of clarity on behalf of the Scottish government on how to define and evaluate inclusive growth and on the relationship between the Deals' outcomes and the National Performance Framework. **This review has found no evidence on the impact of the Deals on regional economies.**

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<sup>87</sup> Gooch, B. et al. (2021). [The future of the minimum wage](#). L&W and Carnegie Trust.

<sup>88</sup> HM Government. (2019). [Greater Manchester Local Industrial Strategy](#).

<sup>89</sup> Greater Manchester Independent Prosperity Review (2020) [One year on](#).

<sup>90</sup> European Commission (2017). [France: Industrie du Futur](#).

<sup>91</sup> This includes: appropriate channels for effective voice, such as trade recognition; investment in workforce development; no inappropriate use of zero-hours contracts; action to tackle the gender pay gap and create a more diverse and inclusive workplace; and payment of the Real Living Wage.

<sup>92</sup> Audit Scotland (2020) [Scotland's City Region and Growth Deals](#).

**A 2010 evaluation of the Michigan Economic Growth Authority (MEGA) programme in Michigan, USA, found that it had been successful in creating and retaining employment in the area, including jobs with high wages.** The programme provides discretionary business tax credits that are linked to income taxes paid by employees on new or retained jobs.<sup>93</sup> A large proportion of the jobs created or retained have been jobs with high wages, with an average wage of \$72,130. A cost benefit analysis showed that programme benefits covered approximately two thirds of costs.<sup>94</sup>

**Flexible working arrangements are key to support groups such as parents, carers, older workers, or those with mental or physical health issues into work that accommodates their needs and circumstances.** In 2020 Scottish Government commissioned Timewise to deliver the Fair Flexible Work for Scotland programme. The programme aims to build on the impact of the pandemic on working arrangements to increase the availability of jobs with flexible working in Scotland. The programme has included a mix of guidance, webinars, and toolkits to help employers to adapt to changing working conditions in the pandemic and make permanent changes towards flexible working. Timewise has also set up a “change agents” network – a group of employer-facing and employee-facing intermediaries who help to promote and share the advice. **Although there has not yet been an evaluation of the Fair Flexible Work programme, guidance and support have been provided to a large number of employers.**<sup>95</sup>

**A community wealth building approach whereby public sector contracts are spent with local service providers where possible can create and support jobs in the supply chain.** A broader community wealth building approach includes attempting to retain the finance raised locally to support local investment projects. This approach has been adopted most notably in Preston, where the City Council partnered with other local public and third sector bodies to encourage local procurement.<sup>96</sup> A 2018 report found that this approach delivered an additional £74 million worth of procurement within Preston, and unemployment in the city fell from 6.5% in 2014 to 3.1% in 2017, below the UK average.<sup>97</sup> An additional 4,000 employees received the Real Living Wage in 2018 compared to a 2012 baseline.<sup>98</sup> The extent to which these outcomes can be attributed specifically to the community wealth building approach is unclear. The Scottish Government has been

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<sup>93</sup> Defined as jobs which would otherwise have been lost e.g. due to employer or site closure.

<sup>94</sup> Bartik, T.J. & Erickcek, G.A. (2010). [\*The employment and fiscal effects of Michigan's MEGA tax credit program\*](#). W.E. UpJohn Institute for Employment Research.

<sup>95</sup> Stewart, E. (2021). [\*Leading the charge for flexible futures in Scotland\*](#). Timewise.

<sup>96</sup> These bodies are often referred to as ‘anchor institutions’ which cannot easily relocate elsewhere. In Preston, this approach included the City Council, the University of Central Lancashire, Lancashire County Council, Preston College, Cardinal Newman College and Lancashire Constabulary

<sup>97</sup> [https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES\\_Preston\\_Document\\_WEB\\_AW.pdf?m=636994067328930000](https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES_Preston_Document_WEB_AW.pdf?m=636994067328930000)

<sup>98</sup> Ibid

working to produce bespoke community wealth building action plans in five local areas<sup>99</sup>, which will be embedded within local growth deals.

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<sup>99</sup> Clackmannanshire, South of Scotland, Western Isles, Tay Cities, and the Glasgow City Region

## Conclusion

**Investing in the creation of good jobs and promotion of job quality is essential for the Scottish Government to meet its child poverty targets by 2030.**

- More than two thirds of children in poverty in Scotland live in working households. Having paid work is an effective way out of poverty, but having a job is not always enough - in 2017-20, 68% of children in relative poverty, after housing costs, were living in working households.

**Scotland has seen an increase in under- and over-employment, despite a relative improvement in pay.**

- Despite a relative improvement in pay in Scotland, other measures of job quality have worsened with underemployment on the rise, low employer investment in development opportunities and higher overemployment compared to the rest of the UK.

**It is important to focus on the groups and places most likely to experience poor job quality and to be impacted future economic trends when designing initiatives to promote the creation of good jobs.**

- Certain groups are at heightened risk of poverty, with those with the lowest qualifications, young people, women, and disabled people being most likely to be on low pay.
- Local area analysis of job quality in Scotland indicates that there is large variation in the prevalence of low pay and underemployment across Scotland. Low pay and underemployment are higher in some cities, such as Glasgow, and parts of the Highlands and Islands.
- Global economic change, an ageing population, automation and digitalisation are likely to impact on the quality of employment and access to 'good jobs'. In addition to this, occupational profile of jobs in Scotland is projected to continue to polarise and to be more pronounced for women.

**Despite limited evidence on what works in relation to policies aimed at promoting job quality, this review points to the potential impact of sectoral approaches to the creation of good jobs.**

- There is relatively limited evidence of what works in relation to policies that support the creation of good jobs, with a lack of impact evaluation.
- Public procurement and fair employment in the public sector are key ways in which the Scottish Government has demonstrated leadership in promoting job quality.



- This review has also found some evidence on the use of a sectoral approach to the creation of good jobs, including through career ladders, occupational skills training, employee ownership models and high-performance work practices.

## Policy implications

There are several areas where the Scottish Government should prioritise action and investment to support the creation of more 'good jobs' and help people to access them.

### Creation of good jobs

- 1. The Scottish Government should continue to use purchasing power and leadership in the public sector to promote fair work and seek to understand its impact.** Scotland was the first national government in the UK to be Living Wage accredited and has demonstrated public sector leadership in supporting job quality using public procurement. Building on the evidence regarding the effectiveness of embedding Fair Work guidelines in adult social care procurement, the Scottish Government should consider adopting a sector-specific approach to the Fair Work action plan and measures to create good jobs. The Scottish Government should target employers in foundational sectors<sup>100</sup>, including social care, childcare, retail, hospitality, and tourism, where there are higher levels of low pay and unemployment.
- 2. The Scottish Government should consider expanding its commitment to collective bargaining to sectors characterised by low pay and poor job quality.** The Scottish Government has made a commitment to promote collective bargaining in the Fair Work Plan and is working with the Scottish Trades Union Congress (STUC) to explore sectoral bargaining in Early Learning and Childcare. It should consider investing further in this approach by exploring wider sectoral collective agreements in key areas of the labour market to improve pay and conditions for workers. Sectoral collective agreements could set binding minimum standards across the relevant sector, including minimum pay rates for certain roles which go beyond the statutory minimum wage, and training standards.
- 3. The Scottish Government should invest in rapid testing and evaluation of initiatives and policies aimed at promoting the creation of good jobs.** This research has identified a gap in evidence on what works in relation to policies that support the creation of good jobs, with a lack of impact evaluation. To address this, the Scottish Government should invest in robust monitoring and rapid testing and evaluation of the Fair Work First policy and its impact – both overall and on specific sectors – and of wider policies set out in the Tackling Child Poverty Delivery Plan.

<sup>100</sup> The foundational economy refers to sectors which provide the basic services and products that support everyday life and where the bulk of low-paying jobs are concentrated.



Rapid, agile approaches to evaluation will be key to inform policymaking in this area in a timely and effective way.

4. **The Scottish Government should establish a cross-government approach to supporting the creation of good jobs.** This research has identified a need for further joint working within the Scottish government to develop an integrated approach to the creation of good jobs. Fair work principles should be embedded and mainstreamed through wider policy development across economic development, skills, education, social care, infrastructure, and business support. For example, fair work criteria and targets could be included in City Region and Growth Deals plans, with consistent monitoring and evaluation frameworks to track progress and assess impact.

#### **Supporting access to ‘good jobs’**

5. **The Scottish Government should work with partners to actively engage with employers to ensure flexible work arrangements are embedded into current work practices and to encourage the creation of new fair flexible jobs.** Flexibility is a central component of job quality, especially for specific groups such as parents, carers and disabled people. However, evidence suggests that there is limited fair flexible work – including remote working, flexible start and finish times, part-time and job-shares – available in Scotland.<sup>101</sup> The Scottish government should use a range of channels, such as the single digital portal for business support<sup>102</sup>, and work with partners, such as Scottish Enterprise and Chambers of Commerce, to encourage the implementation of flexible work practices among employers. Rapid evaluation and testing should be embedded into the design and delivery of new interventions aimed at promoting flexible work arrangements to build the existing evidence base of what works in improving job quality.
6. **The Scottish Government should support ‘at risk’ groups to access good jobs through infrastructure development and welfare support.** Accessible infrastructure such as childcare and transport play a key role in supporting the groups most affected by poor job quality. Recent analysis from the Centre for Progressive Policy estimates that if women had access to adequate childcare services, and were able to work the hours they wanted, this would increase their earnings by between £7.6bn and £10.9bn per annum.<sup>103</sup> In light of the recent expansion of early learning and childcare to 1,140 hours a year, the Scottish government should consider expanding its commitment by investing in after school activities and holiday care. Evidence suggests that transport can play a role in

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<sup>101</sup> The Scottish Flexible Jobs Index indicates that only 24% of jobs in Scotland offer flexible working. See [Scottish Flexible Jobs Index - Timewise - Flexible Working Specialists](#) for further information.

<sup>102</sup> The [Find Business Support](#) portal has been developed by the Scottish Government as part of the Fair Work Action Plan.

<sup>103</sup> Centre for Progressive Policy (2021) [Women in the Labour Market](#).

enabling individuals out of poverty where it is accessible and affordable, as a result of increased access to jobs, education and training.<sup>104</sup> The Scottish Government should consider investing in greater integration in the transport system and improved accessibility of buses, which are more likely to be used by individuals in lower income households.<sup>105</sup> Investing in direct welfare support is also key to support working parents. According to JRF, the Scottish Government could lift 20,000 children out of poverty by April 2024 by doubling the Scottish Child Payment.<sup>106</sup>

- 7. Working with employers to promote employee engagement, empowerment and skills development is a key action for the Scottish Government to improve job quality.** The Scottish Government should consider how it might work with employers, to promote an increased investment in training – such as digital skills – and promote high performance workplace practices and additional mechanisms to guarantee employee engagement and involvement, in line with the effective voice dimension set out in the Fair Work Framework. The Scottish Government may also consider deploying an innovative approach to pilot skills development initiatives. For example, guided by evidence on the areas and groups worst affected by poor job quality, it might consider designing and delivering an in-work progression programme such as WorkAdvance in Glasgow. As noted above, rapid evaluation and testing should be embedded into the design and delivery of employer engagement interventions.

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<sup>104</sup> Transport Scotland (2021) [Transport and child poverty: beyond the pandemic](#)

<sup>105</sup> Poverty and Inequality Commission (2019) [Transport and poverty in Scotland](#).

<sup>106</sup> Joseph Rowntree Foundation (2021) [Poverty in Scotland 2021](#)

## Appendix A – Policy levers and data tables

Table 1: Policy levers available to the Scottish Government to encourage job creation

Policy lever	Actions the Scottish Government can take to encourage job creation	Practical application of this and evidence
Procurement and conditional funding	<p>The Scottish Government has developed a Fair Work First approach outlining the criteria for good quality jobs. It has embedded consideration of these criteria in its tendering process and is currently seeking to expand this across the wider public sector. Scottish Government procurement has been estimated at £11 billion, giving it significant influence over tendering organisations.</p> <p>Adhering to Fair Work principles could be a condition for grant and loan funding.</p>	<p>The Fair Work Action Plan Annual Report (2021) notes seven Scottish Government contracts (total value £619.8m) included Fair Work criteria in the tendering process. Scottish Enterprise has applied Fair Work criteria to 250 large grants with a total value of £126.9 million since April 2019. The 90 successful applicants to the Early Stage Growth Challenge are also committed to Fair Work First.</p> <p>There was no drop in applications to the Scottish Enterprise grant scheme when Fair Work First criteria were applied, suggesting they were already adhering to these anyway.</p> <p>The Scottish Government has asked about Fair Work principles when applying for some Covid-related support programmes, without making this funding conditional.</p>
Standards and accreditations	<p>The Scottish Government has sought to encourage Scottish businesses to commit to maintaining Fair Work standards through an accreditation scheme called the Scottish Business Pledge.</p>	<p>Currently, 818 employers have committed to this. This review has not found any evidence that the Scottish Business Pledge has prompted any additional action from employers.</p>

Soft influence – forums, best practice guidelines etc	<p>Persuading employers to adopt Fair Work standards through providing best practice guidelines and facilitating forums. This can work in conjunction with formal standards and accreditations.</p> <p>Leveraging relationships built through working in partnership on various local growth programmes to influence employers.</p> <p>Promoting the value of apprenticeships to create more of those opportunities.</p>	<p>The Tay Cities Plan discusses working with employers to obtain a commitment to Fair Work.</p> <p>The Scottish Government has embedded Fair Work principles across bodies under the direct control of Scottish minister. They are currently working to extend this to non-executive agencies.</p> <p>This review has found little clear evidence of impact.</p>
Community wealth building and local procurement	<p>Ensuring government contracts are spent with local organisations, particularly SMEs, creating local jobs in the supply chain. At local level, this can include partnering with other institutions who cannot easily move elsewhere, to promote local procurement more widely.</p> <p>Local procurement is often part of a community wealth building programme, which also encourages finance raised locally to be used to support local enterprise.</p>	<p>This approach delivered an additional £74 million in local procurement in Preston and contributed to a fall in unemployment from 6.5% in 2014 to 3.1% in 2017.</p> <p>The Scottish Government has been working to produce bespoke community wealth building action plans in five areas, embedding these within local growth deals.</p> <p>Public sector authorities with a regulated spend of £5 million are obliged to annually review a procurement strategy, setting out how it is performing against social value criteria.</p>
Supporting economic regeneration projects	<p>Developing and funding growth plans tailored to the needs of specific areas, including investments in skills, research and development programmes, infrastructure, and urban regeneration.</p>	<p>The Scottish Government has worked alongside the UK Government and others to design six City Region Deals and six Regional Growth deals covering all of Scotland.</p>

	<p>Providing space for commerce and industry which is not otherwise available.</p> <p>Supporting locally-driven initiatives designed to improve and regenerate town centres.</p>	<p>Previous redevelopment schemes at St James Quarter in Edinburgh and Dundee Waterfront have supported new culture, office space, restaurants, leisure, and tourism.</p> <p>The Vacant and Derelict Land Fund aims to bring derelict land back into use for housebuilding and commercial development.</p>
Investment in priority industries and research and development	<p>Investing in supporting emerging technologies which can enable these to grow and provide employment.</p> <p>Providing funding for culture, supporting jobs within festivals and events.</p>	<p>Investment in various technologies relating to transport – Hydrogen Accelerator, Energy Technology Partnership, zero emission vehicles, battery recycling, and CAV Forth.</p> <p>Creation of a Scottish National Investment Bank and National Manufacturing Institute for Scotland.</p>
Transport policy	<p>Investing in transport to connect individuals with employment opportunities and enable Scottish industry to get goods to market efficiently, ensuring adequate trunk roads to remote communities.</p> <p>Protecting air travel routes important for Scottish exports and tourism.</p>	<p>The National Transport Strategy outlines improvement schemes across various modes of transport.</p> <p>The Government plans to invest over £3.8 billion in the rail network for passengers and freight. This includes delivering more rail services and accessibility to stations between East Kilbride and Glasgow, and Aberdeen to the Central Belt.</p>
Promoting Scottish goods and exports	<p>Promoting Scottish industries, particularly by creating government bodies to promote industries and facilitating new export opportunities through trade missions and matchmaking connections.</p>	<p>The Scotland is Now campaign aims to promote Scottish businesses and assets around the world, providing £20 million worth of support to businesses looking to export.</p> <p>The SNP manifesto pledges to create a body promoting agricultural produce.</p>

Skills policy	<p>Ensuring the skills in the labour market are aligned to those demanded by employers, encouraging investment and growth within Scotland.</p> <p>Investing in reskilling and retraining to help people into secure jobs in growing sectors.</p>	<p>The SNP manifesto pledges:</p> <ul style="list-style-type: none"><li>• Funding the Young Person's Guarantee</li><li>• An additional £500 million to reskill and support new jobs</li></ul> <p>The Scottish Government has also announced a £15 million scheme providing grants to employers taking on apprentices.</p>
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**Table 2: Proportion of children in each category who are in relative poverty (below 60% of UK median income after housing costs), Scotland**

	Characteristic	2010-13	2011-14	2012-15	2013-16	2014-17	2015-18	2016-19	2017-20	Characteristic <b>above</b> national average child poverty level, 2017-20
	<b>All</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>	<b>23%</b>	<b>23%</b>	<b>24%</b>	<b>23%</b>	<b>24%</b>	
Family type	No single parent in household	17%	17%	18%	19%	19%	20%	19%	20%	No single parent in household
	Single parent in household	32%	31%	32%	35%	39%	40%	38%	38%	Single parent in household
Number of children in the household	1-2 children in the household	19%	20%	20%	21%	21%	22%	21%	22%	1-2 children in the household
	3 or more children in the household	27%	26%	28%	30%	31%	32%	30%	32%	3 or more children in the household
Child age	0 - 4	22%	24%	26%	27%	27%	28%	27%	28%	0 - 4
	5 - 12	19%	19%	19%	21%	21%	21%	21%	22%	5 - 12
	13 - 19	22%	21%	21%	21%	22%	25%	23%	25%	13 - 19
Age of youngest child in the household	Youngest child in household is 1 or older	20%	20%	21%	22%	22%	23%	22%	23%	Youngest child in household is 1 or older
	Youngest child is younger than 1	23%	27%	28%	32%	30%	32%	31%	34%	Youngest child is younger than 1
Age of mother	Mother under 25 in household	47%	46%	49%	42%	51%	55%	..	..	Mother under 25 in household
	No mother under 25 in household	19%	19%	20%	22%	22%	23%	22%	23%	No mother under 25 in household
Family economic status	All in full-time work	5%	6%	6%	8%	8%	8%	6%	6%	All in full-time work
	Couple: one full-time, one not in paid work	22%	21%	26%	29%	33%	33%	35%	37%	Couple: one full-time, one not in paid work
	Couple: one full-time, one part-time	6%	7%	6%	8%	8%	9%	7%	7%	Couple: one full-time, one part-time
	Inactive or retired	55%	55%	53%	52%	57%	55%	56%	54%	Inactive or retired
	Part-time work only	26%	24%	29%	32%	38%	38%	37%	41%	Part-time work only
	Self-employed (at least one full-time)	23%	24%	27%	25%	22%	23%	27%	27%	Self-employed (at least one full-time)
Household work status	No one in paid work	63%	63%	61%	61%	65%	63%	63%	61%	No one in paid work
	Someone in paid work	13%	14%	15%	17%	17%	18%	17%	19%	Someone in paid work
Housing tenure	Buying with a mortgage	9%	10%	10%	11%	10%	10%	9%	10%	Buying with a mortgage
	Owned outright	10%	7%	6%	5%	6%	14%	15%	18%	Owned outright
	Rented from council or housing association	40%	38%	37%	38%	42%	45%	46%	47%	Rented from council or housing association
	Rented privately	36%	39%	40%	42%	44%	43%	41%	40%	Rented privately
Urban and rural areas	Rural	17%	16%	16%	15%	15%	15%	16%	19%	Rural
	Urban	22%	22%	23%	25%	26%	27%	25%	26%	Urban
Disabled household members, disability benefits removed from household income	In household with disabled person(s)	34%	32%	32%	31%	32%	34%	34%	34%	In household with disabled person(s)
	In household with no disabled person(s)	16%	16%	16%	19%	19%	20%	19%	20%	In household with no disabled person(s)
	In household with disabled child(ren)	32%	30%	31%	31%	31%	30%	28%	31%	In household with disabled child(ren)
	In household with no disabled child(ren)	20%	19%	20%	21%	22%	24%	23%	24%	In household with no disabled child(ren)



	In household with disabled adult(s)	37%	35%	33%	31%	33%	36%	36%	36%	In household with disabled adult(s)
	In household with no disabled adult(s)	17%	16%	18%	20%	20%	20%	19%	21%	In household with no disabled adult(s)
Ethnicity	Minority ethnic								38%	Minority ethnic
	White - British								22%	White - British

Source: Poverty and Income Inequality in Scotland 2017-20, Scottish Government. Using Department for Work and Pensions' (DWP) Households Below Average Income dataset, which is produced from the Family Resources Survey