Financial Scrutiny Unit Briefing
Impact of the Scottish Government pay freeze

9 September 2011

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At the time of the 2011-12 Draft Budget, the Scottish Government announced its intention to implement a pay freeze. This briefing analyses the impact of this decision on different groups within the public sector workforce. The briefing also illustrates the type of analysis the Equal Opportunities Committee may wish to request from the Government and other public bodies, in gaining a fuller understanding of the impact of other budget decisions.
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EXECUTIVE SUMMARY

The Scottish Government’s pay policy for 2011-12 included:

- A pay freeze (zero percent basic award) for all staff to apply for 2011-12
- A minimum annual pay increase in 2011-12 of £250 for all staff earning less than £21,000 per annum (on a full-time equivalent (FTE) basis)

The Scottish Government does not control the pay of all parts of the Scottish public sector. It directly controls the pay of Scottish Government staff, and the staff of around 50 public bodies, which account for around 6% of the Scottish public sector (31,100 staff).

The analysis in this briefing is based on a survey carried out by SPICe of the Scottish Government and the largest five NDPBs (Scottish Enterprise, Scottish Environment Protection Agency, Scottish Police Services Authority, Scottish Natural Heritage and Skills Development Scotland). Together, these organisations account for 12,600 (41%) of the 31,100 staff directly covered by the Scottish Government’s public sector pay policy. Comparable data were also gathered from NHS Scotland. Although not under the direct control of the Scottish Government, NHS Scotland represents a significant pay group (159,800 staff).

This analysis only considered the impact of the two aspects of the pay policy indicated above. It does not for example consider the impact of continued pay progression or the suspension of non-consolidated payments, which might have a differential impact across the workforce.

The results of the analysis reveal some differential results for different equality strands. For example, on the basis of our sample:

- On average 24% of Scottish Government/NDPB employees earned below £21,000 (on a FTE basis) and so have been ‘protected’ from the pay freeze
- Because they are more likely to be lower paid, a higher proportion of women have been ‘protected’ from the pay freeze than men (29% of women versus 19% of men)
- The youngest and oldest age groups are also amongst the lowest paid and so are most likely to have been ‘protected’ from the pay freeze by the £21,000 threshold (78% of those 24 and under, and 32% of those 55 and over)
- 38% of employees with a disability earn below £21,000 (above the average for all employees), whilst only 16% of non-white employees earn below the threshold.

If it is assumed that the sample is broadly representative of all 31,100 employees directly affected by the pay policy, then it is possible to estimate the total numbers affected. For example, it is estimated that some 7,500 employees in the Scottish Government, other NDPBs and agencies earn below £21,000 (FTE) and so were ‘protected’ from the pay freeze. Conversely, nearly 24,000 employees, earning above £21,000, are estimated to have had their pay frozen. Amongst those ‘protected’ are an estimated 4,900 women, 500 young people (24 and under), 1,400 older persons (55 and older), around 400 people reporting with a disability and around 200 non-white people (though there is a high level of non-reporting of disability and ethnic group).
PURPOSE OF THIS ANALYSIS

This analysis stems from a call by the Equal Opportunities Committee, in its report on the 2011-12 draft budget, for improved analysis and understanding of the equalities implications of budget decisions. In the report the Committee stated:

“The Committee has been encouraged by the tone of the Equality Statement which said "equality considerations have underpinned our Budget. They have also helped to shape our proposals. In these tough times this is more not less important." However, the evidence presented to the Committee indicates that there is a lack of detail to support that tone, both in terms of data and required analysis, contained within the relevant budget documents.”

Additionally the Committee recommended that the Scottish Government be requested to develop its modelling capacity to include equalities analysis. The Scottish Government has signalled its willingness to undertake more in depth analysis and in the Equality Budget Statement highlighted that Equalities Budget Advisory Group (EBAG) and the Office of the Chief Economic Adviser have discussed issues such as women's role and participation in the labour market, the formal and informal economy and the challenge of measurement and economic modelling for this.

The Cabinet Secretary acknowledged in his evidence on the budget the role of the Committee in encouraging improvements in the budget equality statement:

“The equality statement is much stronger. If I was to identify where it could be strengthened further, I am sure that some further empirical analysis would help. Of that I am certain. …. the Government has been helped, encouraged and cajoled by the committee to come up with a better proposition, and I would want to continue that dialogue. If the committee wants to reflect specifically on the budget equality statement and give the Government points that it believes would further strengthen the statement, we will be happy to consider them. I am sure that the committee will want to do that. Not for a moment would I suggest that this is the end of the road. We have made a lot of good progress, but we still have more progress to make.”

The Committee’s Legacy paper indicated that as part of efforts to improve the analysis and understanding of the equalities impacts of budget decisions it had requested a specific case study from the Financial Scrutiny Unit in SPICe, to assess the equalities impacts of the Government’s pay freeze. Further details on the case study are set out as an annex to the Legacy paper.

This briefing is therefore intended to inform the Committee about some of the equalities impacts of a specific budget decision (the pay freeze). However it is also intended to illustrate the type of analysis the Committee may wish to request from the Government and other public bodies, in gaining a fuller understanding of the impact of other budget decisions, as part of its scrutiny of the draft budget, or at other times as appropriate.

SCOTTISH PUBLIC SECTOR PAY POLICY

The Government’s pay policy for 2011-12 was announced alongside the 2011-12 Draft Budget. The pay policy included the following measures:

- A pay freeze (zero percent basic award) for all staff to apply for 2011-12
- Non consolidated pay (e.g. bonuses) suspended for 2011-12
• Pay progression arrangements (whereby staff progress annually through defined pay scales) to be determined by individual public bodies
• Introduction of a ‘Scottish Living Wage’, a minimum rate of pay for those covered by the policy, currently set at £7.15 per hour.
• All staff earning less than £21,000 per annum (on a full-time equivalent basis) to receive a minimum annual pay increase of £250, along with scope for exceptional and modest base pay increases where staff are in receipt of a base salary that is just above £21,000, so as to maintain pay differentials.

Public bodies covered by the pay policy were also encouraged to offer a commitment to no compulsory redundancies as part of their collective bargaining negotiations for 2011-12.

GROUPS COVERED BY PAY POLICY

The Scottish Government does not have direct control over all public sector employees. Around 50 public bodies are covered by the Scottish Government’s pay policy, including:

• the Scottish Government (apart from those in the Senior Civil Service)
• Non-departmental public bodies, public corporations and agencies
• NHS Executive and Senior Management

In total, an estimated 31,100 staff are directly covered by the public sector pay policy, representing around 6% of all those employed in the Scottish public sector. Local authorities and the NHS account for the majority of the staff within the public sector who are not directly covered by the Scottish Government’s pay policy. Together these two groups account for three-quarters of public sector employees in Scotland. For local authorities, COSLA is the pay determining body, while for the NHS, the Scottish Government determines pay, but takes recommendations from the UK-wide pay review body and has, in the past, adopted these recommendations. A breakdown of the various public sector pay groups and associated headcounts is given in Table 1.
### Table 1: Public sector pay groups
Source: Scottish Government (2011)

<table>
<thead>
<tr>
<th>Staff group</th>
<th>Pay determining process</th>
<th>Estimated headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Government (excl SCS), NDPBs, Public Corporations, Departments</td>
<td>Scottish Government directly controls through pay policy</td>
<td>31,100</td>
</tr>
<tr>
<td>and Agencies, NHS Senior Management</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Local authority staff (excl teachers, police and fire)</td>
<td>COSLA</td>
<td>205,100</td>
</tr>
<tr>
<td>NHS</td>
<td>Scottish Government determines, but usually follows recommendations of UK pay review</td>
<td>159,800</td>
</tr>
<tr>
<td></td>
<td>body</td>
<td>33%</td>
</tr>
<tr>
<td>Teachers and associated professionals</td>
<td>Scottish Government determines alongside COSLA and trade unions</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12%</td>
</tr>
<tr>
<td>Police</td>
<td>Scottish Government determines, but usually follows recommendations of UK pay review</td>
<td>23,900</td>
</tr>
<tr>
<td></td>
<td>body</td>
<td>5%</td>
</tr>
<tr>
<td>Fire</td>
<td>Scottish Government determines, but usually follows recommendations of UK pay review</td>
<td>7,400</td>
</tr>
<tr>
<td></td>
<td>body</td>
<td>2%</td>
</tr>
<tr>
<td>Senior Civil Service (SCS)</td>
<td>UK Government determines pay</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>487,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

NB: Figures provided by Scottish government 23/5/11, and may not necessarily correspond with subsequently published Public Sector Employment figures

### IMPLEMENTATION OF PAY POLICY

Although many groups of public sector workers are not directly covered by the Scottish Government’s pay policy, some groups have agreed pay settlements that reflect all, or part, of the Scottish Government’s policy. Table 2 summarises the pay settlements for 2011-12 for the main groups.
Table 2: Public sector pay settlements, 2011-12
Source: Scottish Government (2011)

<table>
<thead>
<tr>
<th>Staff group</th>
<th>Pay freeze?</th>
<th>Suspension of non-consolidated pay?</th>
<th>Continued progression payments?</th>
<th>Living wage?</th>
<th>Increases for those paid less than £21,000?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Government (excl SCS), NDPBs, Public Corporations, Departments and Agencies, NHS Senior Managers</td>
<td>Y</td>
<td>Y (but decided by individual bodies)</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Local authority staff (excl teachers, police and fire)</td>
<td>Y</td>
<td>n/a</td>
<td>Decided by individual local authorities</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>NHS</td>
<td>Y</td>
<td>Y</td>
<td>Introduced (or being introduced) in 6 out of 32 local authorities</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Teachers and associated professionals</td>
<td>Y</td>
<td>n/a</td>
<td>Y</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td></td>
<td></td>
<td></td>
<td>No settlement yet for 2011-12</td>
<td></td>
</tr>
<tr>
<td>Fire</td>
<td>Y</td>
<td>n/a</td>
<td>Y</td>
<td>n/a</td>
<td>N</td>
</tr>
<tr>
<td>Senior Civil Service (SCS)</td>
<td>Y</td>
<td>Y</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

n/a – not applicable e.g. non-consolidated pay not available for some groups; higher levels of earnings in some groups mean that living wage and £21,000 threshold are not relevant

**ANTICIPATED SAVINGS FROM PAY FREEZE**

The 2011-12 pay policy was announced in the context of severe budgetary constraints and was one of a range of measures aimed at helping the Scottish Government achieve the required 4.5% reduction in its budget in 2011-12. Some form of pay restraint was one of the measures put forward in the Independent Budget Review (IBR) commissioned by the Scottish Government in order to review options for budgetary savings. The Scottish Government has estimated that, if applied across the public sector, the pay freeze will save £300m in 2011-12 that would otherwise have been spent on wages and associated costs, such as pensions. This estimate is based on analysis undertaken as part of the IBR, updated to reflect changes since the IBR was published (such as the local authority pay settlement). The overall public sector paybill, estimated at £15.2bn in 2010-11, will continue to rise due to progression payments and payments to those earning under £21,000, but it will rise by an estimated £300m less than would otherwise have been expected.

The inclusion of the £21,000 threshold and allowance for continued pay progression mean that anticipated savings are lower than would otherwise have been the case. However, the Scottish Government had indicated that it wanted to support lower paid staff within the public sector through the inclusion of a threshold. Pay progression arrangements are determined by individual public bodies, but the pay policy allows for these to continue. According to IBR

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1 Departmental Expenditure Limit
2 Assuming that pay continued to rise in line with historical trends
analysis, these two elements to the pay policy result in the anticipated savings being £180m lower than would otherwise have been the case.

**APPRAOCH TO THE PAY FREEZE CASE STUDY**

**Data analysis**

In order to establish the equalities impact of the pay freeze, data on the numbers employed in the various parts of the Scottish public sector were needed, including a breakdown to allow analysis for equalities groups. For the purposes of this analysis, the following breakdowns were requested:

- Sex
- Employment status (full-time/part-time)
- Age
- Ethnic group
- Disability status

In order to protect confidentiality, the latter two categories had to be analysed in broad terms (white / non-white and with / without disability) due to the small numbers involved in certain groups. As the pay freeze only affects those earning over £21,000 on a full-time equivalent (FTE) basis, the analysis focused on the numbers in various groups earning above and below this threshold.

To protect confidentiality, all headcount numbers have been rounded to the nearest 5.

**Public sector pay policy group**

The primary focus of this case study was the pay group directly affected by the public sector pay policy i.e. the first group shown in Tables 1 and 2 above. Within the resources available, it was not possible to contact all 50+ organisations covered by the public sector pay policy. Information was gathered from the Scottish Government and the largest five NDPBs (Scottish Enterprise, Scottish Environment Protection Agency, Scottish Police Services Authority, Scottish Natural Heritage and Skills Development Scotland). Together, these organisations account for 12,600 (41%) of the 31,100 staff directly covered by the Scottish Government’s public sector pay policy (see Table 3 below).

**Table 3: Organisations covered in SPICe analysis**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Government</td>
<td>6,910</td>
</tr>
<tr>
<td>Scottish Enterprise</td>
<td>1,070</td>
</tr>
<tr>
<td>Scottish Environment Protection Agency</td>
<td>1,220</td>
</tr>
<tr>
<td>Scottish Natural Heritage</td>
<td>870</td>
</tr>
<tr>
<td>Scottish Police Services Authority (incl SCDEA)</td>
<td>1,320</td>
</tr>
<tr>
<td>Skills Development Scotland</td>
<td>1,180</td>
</tr>
<tr>
<td><strong>Total of organisations covered</strong></td>
<td><strong>12,570</strong></td>
</tr>
</tbody>
</table>

These organisations were contacted and asked to provide details of the numbers in their organisation earning above and below the £21,000 FTE threshold broken down by sex,
employment status, age, ethnic group and disability status. Details of numbers earning below £7.15 per hour in the same groups was also requested.

Other pay groups

As the group directly covered by the public sector pay policy only accounts for 6% of public sector employees, the research was also extended to consider the two largest groups of public sector staff – the NHS and local authorities. Although they are not directly covered by the Scottish Government’s public sector pay policy, their approach to pay in 2011-12 reflects the key features of the policy:

- NHS Scotland has implemented a pay freeze in 2011-12 for all those earning £21,000 (FTE) and above and, since 1 April 2011, all staff are paid a minimum hourly wage that is above the living wage of £7.15 per hour
- COSLA has introduced a pay freeze in 2011-12 for all local authority staff (with no threshold). The living wage has not been implemented across all local authorities, although some local authorities have opted to introduce this (Glasgow City Council was the first Council to introduce a living wage in 2009, and five further Councils have since introduced living wage policies)

Both NHS Scotland and COSLA were contacted to request data to support this research. Data were provided by NHS Scotland, and are analysed in this paper. COSLA was unable to provide similar data covering all local authorities and as a result, there is limited coverage of the local authority sector in this paper.

Limitations of analysis

Some of the limitations of this high level analysis are set out below:

- The analysis focuses on specific aspects of the pay policy, namely the pay freeze (with the associated £21,000 threshold). It does not for example consider the impact of continued pay progression or the suspension of non-consolidated payments, which might have a differential impact across the workforce.
- Date of analysis – as some organisations will still be in the process of implementing 2011-12 pay agreements and living wage policies, the data presented in this analysis may not reflect the full implementation of the 2011-12 pay policy. In addition, NHS data are as at September 2010, so will not reflect the implementation of the living wage policy in April 2011.
- Figures on ethnicity and disability are incomplete, as this information is only available if disclosed by an individual. For a significant proportion of the workforce the information is not available. For example, for over half the workforce it was not known whether the employee had a disability. This analysis has not factored in any estimates or imputations of status when unknown.
- Any ‘modelling’ of the impact of the pay freeze on the wider economy would require further work by the Scottish Government and/or other research bodies. Initial discussions with the Scottish Government have indicated that existing models are not sufficiently detailed to support such analysis. Further detailed research (for example, of the spending patterns of different groups of society) would be required to make progress in this respect.
RESULTS OF THE ANALYSIS

This analysis covers two main pay groups:

- Those employed directly by the Scottish Government and in NDPBs, and thus directly controlled by Scottish Government pay policy
- Those employed by NHS Scotland, (provided for comparative purposes)

As indicated above figures were requested, but not readily available, for local authorities.

For consistency this analysis identifies the proportions of workers who can be deemed to have been ‘protected’ from the pay freeze to a certain degree, as a result of being paid less than £21,000, and so eligible for the £250 minimum annual pay increase. The converse approach would be to identify the remainder of the workforce who have been ‘hit’ by the pay freeze (and who could be said to have been ‘unprotected’). Either approach is valid.

WHICH GROUPS HAVE BEEN MOST ‘PROTECTED’ FROM THE PAY FREEZE?

Figures 1 and 2 below identify the proportions of different population groups earning below £21,000, and so ‘protected’ to a degree from the pay freeze/eligible for a pay rise. Figure 1 provides the figures for those directly employed by the Scottish Government and the NDPBs surveyed. Figure 2 provides comparable figures for NHS Scotland employees.

**Figure 1: Scottish Government and NDPBs: Proportions earning below £21,000 FTE (June 2011)**

- On average 24% of Scottish Government/NDPB employees earned below £21,000, and have been ‘protected’ from the pay freeze. (Conversely therefore 76% of employees can be said to have been ‘hit’ by the pay freeze)
Because they are more likely to be lower paid, a higher proportion of women have been ‘protected’ from the pay freeze than men (29% versus 19%).

The youngest and oldest age groups are also amongst the lowest paid and so are most likely to have been ‘protected’ from the pay freeze by the £21,000 threshold (78% of those 24 and under and 32% of those 55 and over).

38% of employees with a disability earn below £21,000 (above the average for all employees), whilst only 16% of non-white employees earn below the threshold.

Figure 2: NHS Scotland: Proportions earning below £21,000 FTE (September 2010)

A significantly higher proportion of the NHS workforce earns less than £21,000 (37%, compared to the 24% for the Scottish Government and other NDPBs).

However very similar patterns emerge with a higher proportion of women, a higher proportion of younger and older age groups and higher proportion of employees with a disability, all earning below £21,000 (and so ‘protected by the £21,000 pay threshold).

A more detailed look by age and sex

Figures 3 and 4 disaggregate the workforce statistics for the age and sex breakdowns.

Across all age groups women are more likely than men to be paid less than £21,000.

Some 83% of women 24 and under, and 44% of women 55 and over are paid less than £21,000, and so ‘protected’ by the pay threshold.

Within NHS Scotland, 55% of women over 55 are paid less than £21,000, whilst for the younger age categories, a higher proportion of men are lower paid (for example 61% of men aged 24 and under).
ESTIMATING THE TOTAL NUMBERS AFFECTED BY THE PAY FREEZE

There are 31,100 staff employed directly by the Scottish Government, NDPBs, agencies and other employers whose pay policy is directly controlled by the Scottish Government, accounting...
for around 6% of the total public sector workforce. This analysis covers six organisations that are directly affected by the Scottish Government’s public sector pay policy (Scottish Government, Scottish Enterprise, Scottish Environment Protection Agency, Scottish Natural Heritage, Scottish Police Service Authority\(^3\) and Skills Development Scotland). The 12,570 employed in these organisations represent 41% of the 31,100 total. The proportion above the £21,000 threshold varied between organisations, from 69% earning over £21,000 FTE in the Scottish Government to 89% earning over £21,000 FTE in SEPA.

If it is assumed that this sample is broadly representative of all 31,100 employees in this group, then Figures 5 and 6 below provide estimates of the numbers that would be expected to be earning above and below £21,000.

- It is estimated that some 7,500 employees in the Scottish Government and other NDPBs and agencies earn below £21,000 (FTE) and so were ‘protected’ from the pay freeze by the Scottish Government’s decision to provide for a minimum payment of £250 for those below this threshold. Conversely nearly 24,000 employees, earning above £21,000, are estimated to have been directly affected by the pay freeze.

- More women than men earn under £21,000 (4,900 versus 2,700). In a reflection of the higher numbers of women in the workforce, slightly more women than men earn above the £21,000 threshold (12,000 versus 11,500)

- The majority of workers are in the two middle age bands and this is reflected in the higher numbers earning below £21,000, and earning above £21,000. Overall the Scottish Government ‘protected’ just over 500 younger people, and just over 1,400 older workers from the pay freeze (compared to 5,600 in the middle age bands)

- The numbers in the workforce identified as having a disability form a small proportion of the total figures, and nearly 400 workers with a disability are estimated to have been earning under £21,000 (with 700 estimated to be earning more)

- Similarly the numbers of non-white workers are relatively low, with just under 200 earning less than £21,000 (and 900 above this level)

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\(^3\) All figures for the SPSA include the Scottish Crime and Drug Enforcement Agency (SCDEA)
Figure 5: Scottish Government and NDPBs: Estimated numbers earning **below** £21,000 FTE (June 2011)

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>7,540</td>
</tr>
<tr>
<td>Women</td>
<td>4,880</td>
</tr>
<tr>
<td>Men</td>
<td>2,660</td>
</tr>
<tr>
<td>Age &lt;24</td>
<td>530</td>
</tr>
<tr>
<td>Age 25-39</td>
<td>2,820</td>
</tr>
<tr>
<td>Age 40-54</td>
<td>2,770</td>
</tr>
<tr>
<td>Age 55+</td>
<td>1,415</td>
</tr>
<tr>
<td>With a disability</td>
<td>390</td>
</tr>
<tr>
<td>Non-white</td>
<td>170</td>
</tr>
</tbody>
</table>

Figure 6: Scottish Government and NDPBs: Estimated numbers earning **above** £21,000 FTE (June 2011)

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>23,560</td>
</tr>
<tr>
<td>Women</td>
<td>12,045</td>
</tr>
<tr>
<td>Men</td>
<td>11,515</td>
</tr>
<tr>
<td>Age &lt;24</td>
<td>155</td>
</tr>
<tr>
<td>Age 25-39</td>
<td>8,975</td>
</tr>
<tr>
<td>Age 40-54</td>
<td>11,415</td>
</tr>
<tr>
<td>Age 55+</td>
<td>3,020</td>
</tr>
<tr>
<td>With a disability</td>
<td>650</td>
</tr>
<tr>
<td>Non-white</td>
<td>890</td>
</tr>
</tbody>
</table>
LIVING WAGE POLICY

A ‘living wage’ is defined as a level of earnings sufficient to enable those working to purchase a ‘basket’ of goods and services that a family needs to buy in order to reach a minimum acceptable standard of living. The basket of goods, and the resulting living wage calculations, draw on research undertaken by the Living Wage Foundation and the Centre for Research in Social Policy at Loughborough University. The relevant wage rate is uprated periodically to reflect changing price levels and living standards. In Scotland, the Scottish Living Wage Campaign has recently (22 August 2011) increased its living wage from £7.15 an hour to £7.20 an hour, reflecting latest research data. However, as this is a very recent change, public sector bodies that have living wage policies in place will not yet reflect this new rate. Any revisions to the living wage rate implemented by public sector bodies would form part of wage negotiations for 2012-13.

To date, the following public sector pay groups have living wage policies in place:

- Scottish Government – living wage of £7.15 an hour introduced on 1 August 2010
- NDPBs/agencies – covered by 2011-12 pay policy which required a living wage of £7.15 to be introduced
- NHS Scotland – living wage of £7.15 an hour introduced on 1 April 2011
- Local authorities – six local authorities currently have living wage policies in place (see below for further detail)
LOCAL AUTHORITIES

A pay settlement for Scottish local authorities was agreed in August 2010. This involved a pay freeze for all staff in 2011-12 and 2012-13 although, unlike the Scottish Government’s pay policy, there was no threshold above which the pay freeze was to apply. As a result, all local authority staff have been affected by a pay freeze in 2011-12. This is the largest group of public sector staff, involving 205,100 staff, or 42% of the public sector workforce in Scotland. Individual local authorities have negotiated positions relating to pay progression (for example, Borders Council has suspended pay progression in 2011-12 for those earning more than £21,000, but pay progression continues for those earning less than £21,000).

COSLA was contacted to request more detailed analysis of pay in local authorities in Scotland. However, COSLA advised that the information was not readily available and did not wish to participate in the analysis.

Although the local authority pay deal involves no threshold to protect the lower paid, some local authorities have introduced living wage policies to protect their lowest paid staff. To date, six Scottish local authorities have implemented living wage policies:

- Glasgow City Council (initially introduced at £7 per hour in 2009, but increased to £7.15 per hour in April 2011)
- West Dunbartonshire
- Dumfries & Galloway (will come into force on 1 October 2011)
- South Lanarkshire
- North Ayrshire
- Borders

With the exception of Glasgow City Council, all the local authorities have introduced their living wage policies within the last year, with the rate set at £7.15 an hour in all cases. In total, these six Councils account for 24% of all local authority staff in Scotland. As such, roughly a quarter of all local authority staff in Scotland are protected by living wage policies.

The Poverty Alliance recently submitted freedom of information requests to all Scottish local authorities asking for details of numbers earning less than £7.20 per hour (the recently-revised living wage threshold). Across the local authorities that responded, 7% of directly employed staff were earning less than £7.20 per hour, although this proportion varied across local authorities from 0% to 15%.

SUMMARY

This briefing presents data on the numbers of public sector workers affected by the pay freeze according to various characteristics. The inclusion of a £21,000 threshold for the pay freeze in the Scottish Government’s 2011-12 pay policy has resulted in protection for lower paid employees who are within the pay group directly controlled by the Scottish Government. NHS Scotland has also adopted this threshold. Workers earning below this threshold are more likely to be women, younger workers or have a disability. Living wage policies have also been introduced in some parts of the public sector to offer further protection for the very lowest paid employees.

More detailed modelling of the impact of the pay freeze on the wider economy would require additional research on the characteristics and spending patterns of equalities groups.
SOURCES

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