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Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 9 September 2015

Session 4

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ECONOMY, ENERGY AND TOURISM COMMITTEE
20th Meeting 2015, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)
*Patrick Harvie (Glasgow) (Green)
*Johann Lamont (Glasgow Pollok) (Lab)
*Richard Lyle (Central Scotland) (SNP)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Lewis Macdonald (North East Scotland) (Lab)
*Joan McAlpine (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Clare Bambra (Durham University)
Sarah Jones (Health and Safety Executive)
Lorna Kelly (Glasgow Centre for Population Health)
Martin Taulbut (NHS Health Scotland)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 9 September 2015

[The Deputy Convener opened the meeting at 11:15]

Decision on Taking Business in Private

The Deputy Convener (Dennis Robertson): Good morning and welcome to the 20th meeting in 2015 of the Economy, Energy and Tourism Committee. I ask all members with electronic devices such as phones to switch them to silent; otherwise, they will interfere with our sound system. Some members might use tablet devices to follow proceedings.

We have apologies from the convener, who is stuck in traffic. As deputy convener, I will convene the meeting until he arrives.

Under item 1, I ask members whether they are content to take item 4 in private.

Members *indicated agreement.*

Work, Wages and Wellbeing Inquiry

11:16

The Deputy Convener: We have an array of witnesses for an important evidence session on our work, wages and wellbeing inquiry. I ask the witnesses to introduce themselves and give a brief introductory statement. We will start with Professor Clare Bambra.

Professor Clare Bambra (Durham University): Hi, and thank you for inviting me today. I am professor of public health and geography at Durham University. I have done research into work and health and health inequalities for more than a decade. I submitted some written evidence to the committee around quality of work from a public health perspective, looking at, in particular, the psychosocial work environment, the physical work environment and contractual terms and conditions. I also provided some evidence-based recommendations on how a parliamentary committee such as this one could try to improve the relationship between job quality and health and wellbeing outcomes.

The Deputy Convener: Thank you for your brevity.

Lorna Kelly (Glasgow Centre for Population Health): I am the associate director at the Glasgow Centre for Population Health, which was set up about 10 years ago to look at the causes of health inequalities in Glasgow and to work alongside other organisations on how we can address those inequalities. I particularly want to present today some evidence from our work on in-work poverty and our work with particular groups on the impact of poverty and the nature of work in a changing labour market, notably the cycle between low-paid work and no pay.

Martin Taulbut (NHS Health Scotland): Hi. I am from NHS Health Scotland, and we are very interested in the role that work plays in improving population health and reducing health inequalities. We previously submitted evidence to the committee on those areas.

Sarah Jones (Health and Safety Executive): Good morning. I am head of the director's office in Scotland of the Health and Safety Executive. We welcome the opportunity to give evidence to this inquiry into work, wages and wellbeing. It is potentially a very broad topic for the HSE, so I will say little bit about our positioning in the context of the inquiry. Our remit and powers are quite specific: our role is to prevent work-related ill health and disease caused by work activity. We do not have a role in general health promotion, which

is outside our statutory remit. We look for evidence of what causes work-related ill health and disease, and draw on expertise and evidence from a wide range of specialisms across the whole of Britain.

The committee has a written submission on work that we are doing to prevent ill health. The one thing that is not mentioned in the submission is the new workplace health expert committee that the HSE recently set up. We can provide more information about that. I noticed from the submissions to the inquiry that have already been made that evidence has been provided by Professor John Cherrie, who is a member of that committee, which is looking at new and emerging risks in respect of health at work.

The Deputy Convener: Thank you. I am sure that we would welcome evidence of that work.

We move straight to questions. The Health and Sport Committee has also been looking at the matter, and several of our witnesses have been before it to look at the impacts of ill health on work. We will therefore try to focus more on the impact on the economy and wider issues around that.

Patrick Harvie (Glasgow) (Green): Good morning. I think that all members of the committee are aware that far more than pay levels is involved in this area, but I want to start with them.

Some of the written evidence that has been submitted looks at the potential beneficial impact of increases to the minimum wage and the promotion of the living wage. For more than 120 years, the concept of a living wage has been based on a calculation of what people need to live a decent life, but the United Kingdom Government now appears to wish to break with that, rebranding an increase to the minimum wage level for over-25s only as a living wage. I ask the witnesses to say something about the impact that we might expect that policy change to have, first, directly on the people whose income will increase—if they are over 25 and are currently on the minimum wage, their income will increase; secondly, on those who are left behind because they are under 25 and will not get that benefit; and, thirdly, on employers, who may think that paying the living wage is a good thing but who do not feel that they need to keep pace with the cost of living. It is clear that the living wage, if it is to be meaningful, will go up, given some of the other welfare changes that are coming through. Will you reflect on the expectation that we might have of the health and wellbeing impacts of that policy change?

The Deputy Convener: Whom would you like to direct your question to in the first instance, Patrick?

Patrick Harvie: I am happy to throw it open to whoever would like to comment. Clare Bambra reacted visibly at one point, so maybe we could start with her.

Professor Bambra: I will take the part of that quite thorough and complicated question that relates to changes to the national minimum wage being accompanied by reductions in tax credits. Although there is an increase in income—from a health perspective, an increase in income up to a certain point would be a good thing—the removal of tax credits, particularly for women with children, will, obviously, be seen as having a negative effect.

We have been doing some research at Durham University on the UK Government's wider welfare reform agenda, which has begun to show that there are indeed negative health impacts, as the rest of the public health literature suggests. I expect that the combined measure of an increase and a reduction will mean that most people will not get an increase and that it will end up having a negative health effect. However, that is extrapolation. We would have to study the matter over time as it evolves.

Lorna Kelly: I endorse the need to look at pay and the welfare and benefits system together, so that we look at both total individual income and total household income.

Patrick Harvie specifically mentioned the under-25s. This is an area of growing concern not just for those individuals directly, because they are often part of a household and many of them have children. We can talk about the potential benefits of a living wage or even of the new national living wage, but there is a group of people who would be impacted on by not receiving it, and issues would potentially be set up for them, for the rest of their lives, and for their household.

The Joseph Rowntree Foundation has gathered evidence that looks at groups that are most at risk of getting stuck in the cycle of low-paid work or the cycle between unemployment and low pay. Young people are particularly vulnerable in that regard, for a range of reasons.

We have concerns about the potential impacts on under-25s and what they might lead to.

Patrick Harvie: Thank you.

Martin Taulbut: I will add a couple of points. We would reiterate that although increasing wage levels are very welcome and make an important contribution, this is about household incomes, which includes things such as tax credits. We have covered that ground previously, in terms of the role that such things can play in supporting incomes.

Another issue is the interaction with the number of hours of work. Even if other things were favourable—the right wage levels were there and

other measures were in place to support families with children—there is still the question whether people are able to secure enough hours. The Joseph Rowntree Foundation has just published some evidence on that, which the committee might like to consider.

Patrick Harvie: I am not sure whether Sarah Jones wants to comment.

Sarah Jones: We do not have a role in contractual employment matters or pay, but Martin Taulbut mentioned hours of work. We look at hours of work from the other perspective. Rather than looking at underemployment, we enforce legislation on maximum weekly hours and night-time working; it is not our legislation, but we have a role in enforcing it.

Patrick Harvie: I have looked at the statistics in an article that the Office for National Statistics published a few days ago, entitled "Relationship between Wealth, Income and Personal Well-being". The article is based on data that was gathered in 2011-12 and it breaks down income inequality and wealth inequality in terms of the impact on life satisfaction, sense of worth and levels of happiness and anxiety. That approach is clearly only one way of measuring those things.

While a lot of the discussion is about the lowest paid and about whether we should increase the minimum wage or have a living wage and so on, there is also a need to recognise that the impact of high pay seems quite marginal: if somebody is already doing all right, increasing their pay beyond that level is not of great benefit to their health and wellbeing. For example, MSPs earn £58,000, I think. If we were 10 grand richer or 10 grand poorer, it probably would not make a great deal of difference to our health or wellbeing. However, that seems to be where the economy has gone in recent years, as there has been an increase in the share of the national wealth that goes to the very wealthiest.

The Scottish Government's economic strategy makes it clear that those who make up the wealthiest 17 per cent of society have seen an incredible spike in their share of the pie, if you like, in terms of income, and the bulk of the rest of the population have seen a reduction in their share. Does that not suggest that we need to focus not only on a safety net at the bottom and on the minimum wage but on how we share the wealth of the whole economy and whether an increasing share is being hoarded disproportionately by a small number of people?

Lorna Kelly: I will make a couple of points. First, it is absolutely the case that income makes a contribution to inequalities across society, and we know from a number of sources that inequality is bad for health—not just for the health of the poorest but for everybody's health and outcomes. Secondly, inequality is also increasingly seen as bad for economic growth. Increasingly, organisations such as the Organisation for Economic Co-operation and Development recognise that not only income and wealth inequalities but inequalities in terms of opportunity are very bad for overall economic growth in society.

High wage growth in certain sectors has a further impact on the affordability of goods and services in the economy. House prices are probably the most obvious example of that. Growth in income in certain sectors drives up house prices, taking those houses out of the reach of other people. As you say, inequalities have a number of other impacts, in addition to impact of absolute pay levels.

11:30

Clare Bambra: I agree with the comments from Patrick Harvie and Lorna Kelly about the effects of income inequality on population health. Many studies by people such as Richard Wilkinson and Kate Pickett have shown such a relationship. However, from a public health perspective, if we help the people at the bottom of the income and health curve that Patrick Harvie talked about, we will get the most health gain, because the gap between the most deprived 10 per cent and the next block of 10 per cent is much bigger than that at any other step along the gradient.

Although I support—and the evidence supports—Patrick Harvie's position on income inequality, there is still a case for the proportionate universalism of doing more for the poorest because we would get more public health gain.

Patrick Harvie: The way to get that maximum benefit is to achieve precisely the opposite of what has been happening in the economy for the past few years.

Clare Bambra: Yes; it would be possible to achieve that if we took from the top, because we would have the opportunity to give to the bottom. We can redistribute income. We cannot redistribute health, but we can influence the distribution of health over time through income distribution.

The Deputy Convener: What impact is the review of the social security benefits system having on the poorest people in our communities—those who are in work but have insufficient hours or those who are trying to get into work and are on jobseekers allowance? As Patrick Harvie mentioned, the review affects a significant group of people who are outside the benefits structure. Basically, the suggestion is that

if you are under 25, you had better stay at home. What impact is that having?

Clare Bambra: The restructuring of welfare support and the decrease in that support are beginning to have noticeable effects on health inequalities between areas and social groups. As Patrick Harvie pointed out, incomes are going down for some while they are going up considerably for others.

In my research, I have not studied the particular effect on younger people but, obviously, they are more likely to be on zero-hours contracts and to experience the precarious labour market and welfare system that we are developing. They are also likely to have less access to the benefits system, even as it currently stands. We could argue that there is a generational gap. The rights to welfare that still exist are probably disproportionately held by people who are over 25.

I have not studied that from a health perspective, but perhaps some of my colleagues have.

Lorna Kelly: I will make a couple of comments. A lot of what I will say is based on research that we have done with lone parents on the experience of being on jobseekers allowance and the implications that that has for work.

The focus of the work programme and jobseekers allowance is on getting people into any job, which can often drive people into taking the first job that becomes available. The focus is much less on the sustainability of that work. Lone parents have a higher rate of exit from the workplace. People are getting jobs that they are then unable to sustain because of changes to hours or an inability to reconcile them with childcare commitments. There is an issue with how jobseekers allowance and work support are focused on getting people into work but not necessarily on its sustainability.

Another issue relates to things that help people to get into better-quality work, such as qualifications. We have heard some evidence from people about the difficulties in pursuing further education, for example, as a result of some of the changes to the welfare and benefits system. The lack of ability to claim benefits when they are studying challenges people's ability to improve themselves and get better qualifications that give them more choice in the labour market and more chance of getting a better job.

The Deputy Convener: I suspend the meeting for 30 seconds to allow our convener to take the chair.

11:34

Meeting suspended.

11:35

On resuming—

The Convener (Murdo Fraser): I apologise for my late arrival—it was something to do with a cycle race in Edinburgh. I thank the deputy convener for ably holding the fort in my absence.

We will go back to Patrick Harvie.

Patrick Harvie: I had more or less come to the end of my questions on pay levels. I was going to come on to night-time working, but perhaps other members first want to pursue the issue of wages.

The Convener: Does anyone want to come in on wages?

Lewis Macdonald (North East Scotland) (Lab): It would be helpful to hear a little more about a general point related to wages, which is the issue of insecurity in work, of which low pay is one feature. I wonder whether the witnesses would like to add to the very strong written evidence that they have provided, which demonstrates that insecure work and low-paid work can sometimes be very bad for health, even relative to unemployment. There is clearly quite a lot to say on that.

Lorna Kelly: There are two issues that I would want to cover. One is about insecurity of employment status and the other is about insecurity of hours and wage levels. Insecurity of employment status—when someone feels that they either cannot sustain their employment or are at risk of losing it—creates a huge amount of stress and has an impact on mental health and someone's ability to plan and manage for their family.

The second issue, insecurity of income, relates to things like zero-hours work, in which someone does not know what hours they will get from week to week. Their wages may fluctuate from week to week, which makes it very difficult for families to plan and manage their money and to know that they will be able to afford the day-to-day bills. There is lots of evidence that that kind of financial stress has an impact on mental health.

Professor Bambra: It will also have longer-term effects, not just in psychosocial terms or in relation to health-related stress. Studies have shown that chronic stress exposure through things such as temporary and insecure work is associated with increased risk of mortality, particularly from cardiovascular disease.

There is also evidence that people who are involved in insecure work are more likely to

engage in risky health behaviours such as smoking and alcohol use. It is not entirely clear why that might be, but there is speculation in the literature that it is to do with issues around future orientation—about people not being able to plan for a future. That reflects what Lorna Kelly said. You can see people engaging in a kind of "Who cares?", live for today way, because that is the environment that they are in and they cannot plan beyond the end of the week.

On zero hours, I refer to my earlier point. If people regularly do less than 16 hours a week, employers do not have to pay national insurance and so on, which, over the course of someone's life, can have an impact on their income—not just their ability to save and predict, but the benefits that they get from the state. Again, we have a situation of a kind of two or three-tiered welfare state. As Dennis Robertson referred to earlier, that will affect younger people and new migrants into the country. There is also evidence that women are more likely than men to be in temporary work. There are different levels of inequality in this situation.

Lewis Macdonald: Martin Taulbut made the point that tax credits were a mechanism to attempt to address the low pay issue or, if you like, the difference between the minimum wage and the living wage that people need to survive. Do the witnesses have a view on how effectively tax credits did that job? Equally, do they have a view on the consequences of the ending of some of those tax credits? I guess that Martin Taulbut, having mentioned the issue, might want to kick off on that.

Martin Taulbut: I can point out the previous modelling work that was done through the investment in equalities work, which suggested the quite positive role that increasing tax credits would play in improving population health and reducing health inequalities. By extrapolation, it is possible to suggest that reducing tax credits would not be likely to improve health or reduce inequalities.

The Convener: Several other members want to come in.

Lewis Macdonald: I just want to add one more thing, convener. That seems to be a slightly abstract version of the role of tax credits. Have any studies been done that might put meat on those bones?

Lorna Kelly: I do not have huge expertise in the area, but one of the issues that frequently comes up is the ability of the welfare and benefits system to be flexible enough to respond to fluctuations in income. Tax credits are part of that, but there is a range of other benefits, both direct and passported.

One of the concerns that people have when moving into work that may be unpredictable or involve a zero-hours contract is the speed at which the benefits system can respond to that and the number of different places that they may need to go, for example, to continue housing benefit for a while. That flexibility to adapt to how the labour market is changing is crucial for any welfare and benefits system going forward.

The Convener: Three members want to come in. Joan McAlpine will go first.

Joan McAlpine (South Scotland) (SNP): I want to focus on pay levels. There are a lot of issues relating to why people feel unhappy at work, but certainly from the responses that we have had, low pay is a really important factor. We have talked quite a bit about the setting of the living wage, but the evidence that we have received suggests that there are two ways that we can regulate pay. One is to set a good living wage and the other is to have an economy where labour is very well organised—such as that in Sweden—which raises the level of wages. Can you cite any examples of workplaces where health has improved because the workforce is better organised?

Professor Bambra: I am trying to think of a study that has addressed that question directly rather than at a national level, as you have alluded to—for example, the health of Sweden versus the health of England or Scotland. I cannot think of a study that has looked at the effect of a workplace becoming more unionised.

There are certainly studies about what happens when employees have more control and more involvement in work—through workers councils in Germany, for example—that might be similar to what you are asking about. The evidence from those studies suggests that such interventions—for example, having more employee representation and involvement in decisions about the nature of work and indeed about pay for the top level of directors—can be beneficial for the health of those employees.

Sarah Jones: This is not in connection with pay, but studies have certainly been done in the past—I do not know how recent they are—that have looked at the impact of trade unions in preventing work-related ill health and injury. The evidence is that, where workers are fully engaged and involved in joint risk assessment with their employers, health and safety in the workplace is better managed.

Martin Taulbut: Clare Bambra has talked about the importance of control at work and how that can relate to improved self-reported health, so there is good evidence for that. In Scotland, control at work is lowest for those working in the hotel,

restaurant and retail industries. There is some evidence in the Scottish health survey. Workers in those industries also happen to be the lowest paid—or at least those industries have a high concentration of workers on low pay. We can at least make some reasonable inferences from that.

Joan McAlpine: What do you think will be the effect of the UK Government's proposed trade union legislation on workers' health?

11:45

Professor Bambra: I am happy to take that question, although I do not want to take all the questions. I think that workers' health will decrease over time. It was mentioned earlier that trade unions have a positive effect through, for example, engaging employees in taking their health and safety more seriously, ensuring that employers are implementing legislation and challenging discriminatory practices in the workplace. If trade unions have less ability to do those kinds of day-to-day case activities, I can extrapolate from that that it would have a negative health effect. At the moment, trade unions represent only about 25 to 30 per cent of the workforce, so there is already a huge part of the workforce that is underrepresented.

One could argue that pay levels increased from the post-war period through to the late 1970s in direct correlation with the increase in trade union density and influence in Government, corporatist structures et cetera. As has been alluded to, countries in which trade unions are more involved in policy and politics tend to have better workplaces, in terms of both the physical environment and the psychosocial environment. There is a strong case that, historically and in a contemporary setting, trade unions have considerably improved the health of the workforce and therefore the health of the public.

Sarah Jones: In policy terms, the HSE has always understood that good health and safety management requires three characteristics: leadership, good worker involvement and competence—the employer's access to competent advice on health and safety. That can come from trade union health and safety representatives, but there are different models of worker engagement, and not all of them involve trade unions. The principle of good, strong worker involvement and the contribution that that makes to reducing ill health and injury from work-related activity will prevail.

Chic Brodie (South Scotland) (SNP): I will ask about democratic participation in the management of companies and organisations later.

On income, Ms Bambra, have you considered the impact of equity participation? In some ways, equity participation makes the living wage seem miserly. I have run companies across Europe and I found that involving workers councils in financial participation results in more productivity and more jobs. That is even the case in the public sector, in circumstances of a committed cost basis in which employees can share in efficiency improvements. Have you done any comparison of companies that have equity participation and those that do not?

Before I came to this place, I was in company turnarounds. In one company, we took shares from the directors—whom I fired—and gave them to employees who had been there for more than a year. That company now has three times the revenue it had and a pension pot is being built up, which the employees share in. Have you made such an analysis or comparison?

Professor Bambra: I am afraid that I have not and I am not aware of one.

Chic Brodie: Do you have a view?

Professor Bambra: I can certainly give you a view—that is what I am doing this morning. Equity participation could have the benefit of increasing health, as it is based on the principles of participation, involvement and, potentially, control. As shareholders, employees would have a vote at annual general meetings et cetera, and therefore an influence on things. However, I am kind of guessing a bit beyond my expertise and going into personal opinion.

Chic Brodie: Does anyone else have an opinion?

Lorna Kelly: I am not aware of specific studies on equity participation, but a number of the responses to your call for evidence referenced the Marmot review, its comprehensive work on the qualities of good work and the issue that it flagged up around participation and decision making. The issue is not simply about collective bargaining arrangements; it is about influence over day-to-day decision making in a company. One might extrapolate that a company giving employees greater involvement in decision making and processes around equity benefits and so on would help to meet that Marmot review criterion.

Richard Lyle (Central Scotland) (SNP): A constituent gave me a simple view, on which I would like to know the witnesses' opinions. The Government is talking about housing benefits and cuts. We have people who are working who do not get a decent wage and therefore must claim housing benefit. Is the Government subsidising companies by allowing them not to pay a living wage? If those companies paid a living wage, would the Government save on housing benefit? What do you think of that simplistic view?

No one is answering. Are you all stunned?

Professor Bambra: I am not an economist or housing policy person. However, I agree with your constituent to an extent. One of the criticisms of tax credits is that they effectively subsidise low wages and that they are politically vulnerable in a way that decreasing wages might not be. I think there would be a case for increasing wages in preference to enlarging a benefit system that is more politically vulnerable. There are studies that show that people's self-respect comes from earning rather than receiving from the state.

Richard Lyle: Yes—Lorna Kelly made the point earlier. Most people are in work, and if they are then out of work they need to go to the housing office or the council to fill in a form. They must then go back to the jobcentre and fill in more forms, and wait on the money coming through. They may have to take a loan from the jobcentre that they will have to repay. That basically drives people down and down and down, and once they are in that circle it is very hard for them to get out.

The other witnesses may want to answer the first question, although I have a second question.

Lorna Kelly: I just want to pick up on the point about the difference in where people get their money from. There is evidence that, if someone can earn a wage without relying on having it topped up with benefits, that has implications for self-esteem as well as psychosocial and other benefits.

However, I am slightly wary of getting into an argument about those who are on benefits and those who are not. A large proportion of people in this country receive state benefits of one sort or another, so talking about getting to a situation in which there are some people who are taxpayers and some who are recipients is not necessarily helpful to the debate.

Richard Lyle: I want companies to pay the wages that they should pay to ensure that people live better. Anyway, I will move on.

Lorna Kelly, your submission states:

"In work poverty has become a more significant factor in overall poverty rates. Specifically, in-work poverty changed from representing just over a third (37%) of total relative poverty in 1999/00 to almost half (48%) in 2010/11."

For the record, can you give the reasons for that?

Lorna Kelly: It is partly to do with changes in overall poverty rates and the strides that are being made in reducing the number of people who are in relative poverty. The absolute numbers of people in in-work poverty are not changing significantly but the proportion that they make up of the overall number of households in poverty is larger.

We have not been making strides on in-work poverty in the same way that we have been doing with families in which nobody is in work.

Johann Lamont (Glasgow Pollok) (Lab): I want to go back to the purpose of the committee's inquiry, which is about not so much why such practices are unfair and affect the health of individuals but whether there is an economic impact from having an economy that relies on people being in low-paid and insecure jobs. It is helpful to persuade an employer that it is better to organise things in a slightly different way because that makes sense economically.

Have you done any work simply to quantify the consequences of the health impacts on individuals for employers or for the economy?

Professor Bambra: Our route has been to focus on things such as sickness absence. I did a review of workplace interventions that looked at control and participation, for example. As health researchers, we focused primarily on health outcomes, but we also included sickness absence within that. There was evidence to suggest that sickness absence decreased, which could be sold to an employer as a clear benefit for them.

We also found from those studies that, although health tended to improve, there were no negative effects on productivity. There was no loss for the employer and a potential gain, in terms of the cost of sickness absence.

Johann Lamont: Have you—or has anyone else—done any work on speaking to employers who have chosen to pay the living wage or not to use zero-hours contracts about what has driven their choice?

Professor Bambra: I am afraid that I have not.

Lorna Kelly: We have not done any work on that directly, but I am aware of anecdotal evidence from various employers who talk about the impact that the living wage has had on their workforce. Those who support women in business talk about the impact of having family-friendly policies on productivity and on people's ability to sustain employment. That is important, because the issue for employers is not just sickness rates and the productivity of those in work but people's ability to stay in work for a prolonged period of time, thereby avoiding the significant costs that are associated with recruitment and with a high turnover in the workforce.

Johann Lamont: I am aware of engineering companies that have changed their working practices, even for high-level engineering jobs, to bring women back after they have had families, because otherwise they lose skills and have to recruit.

We have touched a little on ownership models and whether they make any difference. Are there any examples of whether models such as employee ownership or a co-operative produce

outcomes that are different from those that are produced by straightforward employer-employee models?

Lorna Kelly: That is not an area that I can comment on, I am afraid.

Johann Lamont: I am interested in another issue. You spoke about specific sectors, such as the care sector, in which there are problems. Is there any difference for a care sector worker who is working under pressure if they are working in the public sector, the voluntary sector or the private sector? Is there any evidence of varying quality, not just in an occupation but in how the work is run and how much control employees have?

Lorna Kelly: We have done some work in the third sector. That sector is massively diverse, so our work has not explicitly contrasted the public, private and third sectors, but we have picked out a number of issues on work quality in the third sector.

Generally, the evidence that came back from the third sector was that terms and conditions are fairly good; that the sector has a large number of living-wage employers; and that benefits are associated with doing work that is perceived to be of value or that fits with people's value systems. However, there was a sense that there is a lot of stress for the third sector as a whole and for particular parts of it. That stress is associated with demands on services, and it causes challenges for people, as stress at work affects their feeling that they can do a good job and that their workload is manageable.

Another issue is job security. Most people in the third sector are on permanent contracts, but those contracts are permanent only to the extent that funding continues. As members will know, many third sector organisations struggle with getting long-term funding in place.

There are differences by sector. We have not directly compared the sectors, but I have given you some insight into what those in the third sector workforce have said.

Sarah Jones: I will add something on work-related stress. It is difficult to distinguish between causes of stress that are external to the workplace and work-related stress, but the HSE has developed management standards for controlling stress in the workplace, and our evidence is that work-related stress is reported more in the public sector. That is where we are focusing our efforts to get employers to implement the management standards as part of complying with their general duties under the Health and Safety at Work etc Act 1974.

Johann Lamont: Is that the evidence because people feel more comfortable about identifying stress if they work in the public sector rather than the private sector?

Sarah Jones: That could well be the case, and it could also be because there is a greater density of trade union representation in the public sector and the reports are coming through with trade union support. The evidence that we are working on is based partly on self-reporting through the labour force survey, for example.

We are concentrating our efforts on the public sector. That is not to say that people who work for private sector care providers do not experience the same level of stress as those who work in the public sector. We do not know that, but it is worth us concentrating our efforts on the management standards in areas of the public sector.

12:00

Johann Lamont: If people can progress in their job through access to skills and training and thereby achieve satisfaction at work, does that correlate with their health and wellbeing? We talked about the opportunities to progress through education. That relates to why there is a major problem with the cuts to further education, which is a really important step for people. Is there a correlation between health and the provision by employers of good skills, training and opportunities for people to progress in their job?

Lorna Kelly: Yes. One characteristic of a good job that we would look for is the opportunity for people to progress and to do a job that enables them to use their skills and abilities. There is certainly evidence of a difference in the opportunities for progression and support between different types of employees, and I am sure that there is such a difference between sectors. For example, employees who already have high levels of qualifications are more likely to get support in work for progression and further study than those who have low levels of qualifications. That is an inequality that creates a risk of people being trapped in relative low pay.

Chic Brodie: Sarah Jones talked about the public sector. The committee did an online survey of 600 people, 60 per cent of whom worked in the public sector and 30 per cent of whom worked in the private sector. Seventy-four per cent of respondents said that they thought that their job was good. If we applied that across the board, that would suggest that about 44 per cent of people in the public sector think that their job is good. Therefore, I do not understand Sarah Jones's comments about the public sector.

The survey indicated that stress, anxiety or depression was the biggest cause of health

problems. Management standards have been mentioned. I think that it was Warren Buffett who said that, in order to be successful, it is necessary to have integrity, intellect and energy, and that if someone does not have integrity, the other two qualities are a waste of time. What impact has poor management had on the health of the workers who are below those who have practised such management? If we leave aside the banking sector, what do we need to do to achieve the management standards that will help to alleviate many of the health problems that workers experience in their workplace?

Sarah Jones: We developed the management standards for helping employers to control work-related stress because we felt that they needed additional guidance to comply with the general duty to protect people's health and safety in the workplace. We developed the standards according to the six principles or characteristics of a good workplace, which are ensuring that the leadership in the workplace manages the demands on the workforce; offering people as much control over their work activity as possible; supporting and encouraging people to progress; looking at relationships between individuals and their line managers; clarifying people's role in the workplace and making sure that they understand it; and managing change in the workplace as effectively and carefully as possible.

When employers take up the management standards, as some of the larger employers have done, they take on a lot of responsibility, because the standards require them to survey their employees about the way in which the workplace is run. One of the characteristics that we encourage in all employers is the showing of strong leadership in managing health and safety. One thing that comes through in some of the submissions to the committee's inquiry is that employers need to show leadership not just individually in their businesses but across industries.

The HSE is having success in particular industries by getting leadership across the industry to take responsibility for the industry's levels of health and safety performance and to share with the HSE the responsibility for improving practice in order to comply with the management standards on stress and with good health and safety practice for a range of issues.

Chic Brodie: Do leaders and managers have a short-sighted view of what they are trying to achieve, particularly when it comes to their remuneration and position? Do you see there being a seismic shift so that managers become good managers by, in the first instance, treating their employees and colleagues properly in the workplace?

Sarah Jones: I do not think that I have any evidence that I can bring to the table on that issue but, when senior managers at management board level in an organisation take their employees' health and safety seriously, there is evidence of better performance.

Dennis Robertson (Aberdeenshire West) (SNP): We are talking about evidence that we can measure, but what about companies that will not engage? What can the HSE do about them? If there is no engagement, you cannot have a broad spectrum of evidence, so how can you measure?

Sarah Jones: We target our inspections at industries and occupations where we have evidence of high risk in the potential for ill health or injury. Over the past three years, we have done an average of about 2,400 inspections a year in Scotland. Since we introduced a fee for when we find a material breach of the law, we have served over 3,500 notices of contravention. We can enforce the law and can do so all the way to recommending to the procurator fiscal that a company should be prosecuted.

Johann Lamont: On health and safety issues, what are the reasons for Scotland's relatively high workplace fatality rates?

Sarah Jones: If we standardise the data by occupation and industry, Scotland's record is similar to that of other parts of Great Britain. The driver of health and safety risk in the workplace is to do with the activity that a person undertakes; the issue is the occupation and the industry rather than where someone happens to work.

Johann Lamont: So Scotland has a disproportionate number of unsafe workplaces.

Sarah Jones: No. I am saying that Scotland is very similar to other parts of Britain in that regard.

Johann Lamont: So we have a disproportionate number of industries that create risk.

Sarah Jones: It is the industry and occupational make-up in different parts of the country that has most impact on health and safety performance. For example, London and the south-east have a lot of relatively low-risk workplaces because a lot of people work in offices, and the statistics show that that area has a relatively lower rate of injury and ill health.

Johann Lamont: Does that mean that you target resource and inspection at areas of higher risk, which disproportionately involves Scotland?

Sarah Jones: Yes. We target higher-risk industries, where we have evidence for that. For example, this year, we are targeting respirable crystalline silica in the industries where it is used; asthmagens in certain parts of manufacturing

industry; and musculoskeletal disorders in construction and in the food manufacturing industry, because we have the evidence that those areas create the highest levels of ill health.

Johann Lamont: On enforcement, will you clarify what has become local government's responsibility and what is the HSE's responsibility?

Sarah Jones: Essentially, the split is that local authorities have statutory responsibility for enforcing health and safety at work law in offices and shops, and we do the higher-risk end of the spectrum. When I say "higher risk", that does not mean that all the premises that local authorities inspect are low risk, particularly with regard to health issues such as work-related stress.

Johann Lamont: There is a correlation between the areas in which local government has enforcement responsibility and the poor health of the workforce in shops and so on. What do you do to ensure that local authorities undertake enforcement properly? It is one thing for a local authority to have that responsibility, but it is something different for it to have the capacity for that.

Local authorities have suffered cuts to their budgets. What do you do to make the case for more funding for local government enforcement? Councils cannot use the powers that they have because they do not have the necessary resources.

Sarah Jones: The HSE does not have a role in the funding of local authorities. However, we direct the health and safety system and set certain expectations of all environmental health officers to go to the right places and look at the right things.

I think from memory that, across the 32 Scottish local authorities, there are about 80 full-time equivalent environmental health officers with statutory health and safety duties. Of course, they carry those out alongside other duties, such as those on food standards and trading standards.

Johann Lamont: You might want to look at this area a bit further. It is not just the responsibility that is important but the capacity to enforce the provisions. If no one speaks up and investigates, and if the provisions are not enforced, there is an opportunity for neglect.

Sarah Jones: I am not sure whether the committee has invited local authorities to give evidence, but it might be worth talking to the Society of Chief Officers of Environmental Health in Scotland.

Gordon MacDonald (Edinburgh Pentlands) (SNP): It was helpful to hear that, when it comes to fatalities, what is important is the nature of the work rather than where in the United Kingdom it is done. Does the same thing apply to the number of sick days? Our briefing paper says that 2.2 million days are lost to sickness in Scotland a year. That number is 21 per cent lower than the numbers in north-east England and the East Midlands, 19 per cent lower than the number in Wales, 17 per cent lower than the number in south-west England and so on. Further, since 2006-07, the number of days that have been lost through sickness in Scotland has dropped from 3.7 million to 2.2 million—that is a drop of 42 per cent, compared with a drop of 26 per cent in the UK. What is driving that? If the patterns relate to the nature of the work rather than the location, why has Scotland performed so much better than the rest of the UK?

Sarah Jones: The short answer is that I do not know. The sickness absence figures include sickness absence that is due to causes other than work-related issues. The HSE is interested purely in work-related sickness absence.

We are doing a lot more work to delve more deeply into injury and ill-health statistics, precisely because we want to get to the bottom of the reasons for the differences that we see between nations and regions. As we said, our evidence is that the figures are strongly driven by the type of work and occupation. Therefore, it might be interesting to look at sickness absence data that is standardised by industry and occupation.

Professor Bambra: The overall time trend for the whole UK, with a decrease since 2006-07, possibly shows the effects of an economic downturn on the people who are in work—that is, people become worried about taking sickness absence when they need it, so we get presenteeism.

Another point that might relate to the difference between England and Scotland that Gordon MacDonald noted is that, when the economy contracts, certain people are more likely to lose their jobs than others are. We have talked about people who are in low-paid, low-skill jobs, and there are also people with pre-existing health conditions or people who have a track record of sickness absence—there is a big overlap between those categories.

Those people might have exited the labour market, so they will not be in the time-trend data. Perhaps in Scotland there were higher increases in unemployment levels, and perhaps more people with health conditions dropped out of the labour market. That might be a reason for the difference that Gordon MacDonald noted. However, that is just a speculative comment—it is not something that I have considered.

12:15

Sarah Jones: That is a fair point. The figures might be totally unrelated to occupation, and other

economic factors might have had an impact. Nevertheless, provided that we have sufficient sample sizes to delve more deeply into the statistics, the more we can do, the more interesting information we might find. Whether it is by sector or by occupation is difficult to say.

Gordon MacDonald: Has any relationship been identified between the number of days that are lost to sickness and job insecurity?

Sarah Jones: The HSE has not identified that.

Professor Bambra: I am afraid that I cannot think of one.

Lewis Macdonald: I want to follow up on some of the health and safety aspects. I was struck by Clare Bambra's conclusion that one of the key things to do about low-quality work, or work that is bad for health, is to enforce more thoroughly or more frequently and to tighten up regulation, for example, in relation to the psychological impact of work. I am interested to hear a bit more from her about those conclusions and the evidence base for them. I would also like to hear from other witnesses about how that would or could be translated into practice. I am conscious that the HSE has had its own financial pressures to face, and I recognise the limits of what Sarah Jones might or might not be able to say, but it would be interesting to have some reflections on that.

Professor Bambra: To reinforce what Sarah Jones said, there is evidence from studies to show that, when more regular inspections of workplaces take place, for example in construction, there is better health and safety compliance in those workplaces. That is fairly logical, but there is research to underpin that. Therefore, we could say that, if we had more implementation of the legislation—that is, more inspections and potentially things such as increased fines so that there is a big impact on employers that are seen to be following bad practice—we would expect that to have a beneficial effect on the health and safety environment of those workforces.

The HSE's remit is largely around the physical work environment and physical health conditions. Sarah Jones gave some examples to do with when the HSE can inspect. Inspecting for whether a workplace is psychologically damaging is not within its remit. However, countries such as Sweden and Norway have health and safety legislation governing the psychosocial work environment as well as the physical work environment. Studies have shown that those countries tend to have less stressful work environments and they tend to be the same places that are implementing the other sort of interventions that I have talked about. For example, employers are giving employees more control and giving them a consultancy role in relation to the decisions that are made in the company. We could argue that that is partly directed by the legislative framework, although that would be a bit of an extrapolation around cause and effect.

There are alternative routes, however. One is to implement the legislation that is in place. There are certain ways of doing that, and if the legislation is implemented more, the evidence suggests that there would be a better impact. The second aspect is that, from looking at other countries, we can see that there are other aspects of the work environment that are not regulated in this country but which could be.

Sarah Jones: To pick up on the changes in the construction industry, it is not necessarily true that that is simply the result of the number of inspections that we do in that industry. It has very much been about applying a mixture of interventions, including, as I said, getting industry to step up to the plate and to share the responsibility with the regulator. As well as employers' efforts, there are the trade union efforts. It is a mixture of interventions.

The HSE has been in construction in an intensive way for a long while and that model has led to improvement, although it has not yet led to the complete culture change that we would like to see. Indeed, we would like to translate the model to other industries, too, if there were a willingness by industry leaders to take it up.

On the biopsychosocial aspects of ill health at work, it is true that we are not geared up to inspect for those issues. However, I have mentioned the stress management standards. Those are the product of quite a lot of research, including NHS Health Scotland's work positive, which looks at the management of work-related stress. We see increased take-up of those management standards as an important part of compliance with health and safety overall.

We are pushing again for the take-up of the standards. We have noticed that, after we develop toolkits and guidance for employers to use to comply with the law, we vacate the scene and things slip away. We are in this for the long haul, but we want to work with other organisations in Scotland, such as the Scottish centre for healthy working lives to achieve that. The emphasis on a mentally healthy workplace will help in managing work-related stress.

Lewis Macdonald: That is very interesting. I am curious to explore a little further whether providing best practice guidance is sufficient. In most sectors, there are good and less-good employers, while some employers simply flout the guidance altogether. Is there a need for more legislative back-up to make the guidance mandatory or

effective in some of the industries where there is a problem?

Johann Lamont asked about the resourcing of local authority enforcement in those areas for which it is responsible. What is your view on the resourcing of the HSE to implement enforcement in those areas for which it is responsible, either onshore or offshore?

Sarah Jones: The Health and Safety at Work etc Act 1974 is a mature body of legislation, which has been around for a long time. The Robens report in 1972 led to the act's introduction in 1974. We have just been through a process of rationalising and simplifying the legislation and the guidance that goes with it. We recognised that, although it was introduced with the best will in the world, some of the guidance had become overlapping, complex and difficult for employers to get to grips with. The guidance that backs up the legislation is incredibly important. The HSE will check whether that guidance is being followed—that is part of the whole approach.

We do not think that any new regulation is needed in this area. The legislation is there and it can be enforced. We have taken enforcement action on, for example, health issues and work-related stress. I must say that there have not been many work-related stress cases, but the power of that example of taking enforcement action should serve as a lesson to all employers. The maximum publicity that we can get when we take enforcement action helps us considerably.

I cannot comment on the HSE's funding, which comes through our stewardship department, the Department for Work and Pensions. We have around 60 staff—front-line inspectors and specialists—based in Scotland, working outside the field of major hazards. The number of staff goes up quite a lot for major hazards. We also draw on a lot of expertise from other parts of Britain, and our headquarters is based in Bootle; in fact, I have policy colleagues here with me from our Bootle headquarters. We draw on a range of expertise and resources from down south, as well.

Gordon MacDonald: I am looking for a bit of clarity on two things that we have heard this morning. You stated that the number of inspections in Scotland has been increasing and there has been a call for more inspections. What proportion of the total number of inspections that are done throughout the UK are the 2,400 inspections that you said had taken place in Scotland?

Secondly, I note that Northern Ireland has its own regulator. Is there a particular reason for that? If it is important that you can call on expertise from the rest of the UK, why is that not the case for Northern Ireland?

Sarah Jones: We are in touch with HSE Northern Ireland quite a lot and we work together on some issues. Northern Ireland has its own HSE because of the historical evolution of the constitution; there was no particular policy decision behind it. We work closely with HSE Northern Ireland.

The figure that I gave you for the number of inspections in Scotland was the three-year average for the most recent three years; it is slightly more than 10 per cent of the overall number of inspections across the whole of Britain.

Gordon MacDonald: Is that the nature of the industries in Scotland as opposed to those in the other parts of the UK? Is the figure proportionate?

Sarah Jones: No, I do not think that there is any particular reason for it. We are much more careful about how we target our inspections. We try not to go to places that we do not have a reason to visit, and we try to gather as much evidence as we can beforehand so that we go to the right places. When I say that, I mean places where we have reason to believe that we will find a material breach of the law.

The Convener: Lastly, we return to Patrick Harvie.

Patrick Harvie: I wanted to ask about the wellbeing as well as health and safety of night-time working. Night-time jobs cover a wide range, from highly skilled, highly paid, secure jobs with a lot of control and autonomy to low-paid, insecure, physically stressful jobs where tiredness leads to direct safety risks and where, for example, people who leave work late at night might be unsafe getting home. For example, many Glasgow nightclubs do not provide taxis for staff who are leaving their workplaces at 2, 3 or 4 in the morning.

Understanding is being developed about the long-term impact on health and wellbeing of living life against the natural rhythms of what most people call their body clock. Do we know enough about the health, wellbeing and safety implications of night-time working? Given that night-time working is unlikely to go away any time soon, what can we do to address those issues and look after the wellbeing of those who work in such jobs?

Professor Bambra: There is a strong, well-established and long-standing evidence base around the effects of night work and shift work more generally—often there is an overlap—that would answer your question. Mortality rates from cardiovascular disease, gastrointestinal problems, tiredness, fatigue, injury and accident rates—the list goes on—are all higher among night workers. Your point about the social desynchronisation that people experience through their work-life balance

and such issues is also well established in the literature.

Less research has been done, but there are still some reasonable quality studies, on the sort of interventions that could be made to mitigate the effects of night work within a 24-hour economy. They range from quite low-level interventions such as having special lights that will help with melatonin levels in the skin, all the way through to changing the nature of shift work rotation so that when someone goes on or comes off a shift, depending on which pattern they take, could be better or worse for their circadian rhythms.

There is quite a range of potential interventions. I am not sure that there is a silver bullet, but things could be done to make night-time working less bad for health than it currently is.

Lorna Kelly: Some specific examples have been given to us from people who are trying to juggle work and childcare responsibilities. They often see night-time working as a good option because if their partner is at home overnight, they can go out to work and come back the next day. People have noted an impact around tiredness because of working overnight and still having family responsibilities during the day when they come back. They have also noted an impact on the dynamics within the household and their relationship with their partners because they never see them and take a kind of tag-team approach to managing the family.

12:30

One of the other issues that is flagged up is people's sense of whether they have a choice. That links to the previous discussion about the role of regulation versus the role of individual choice in people being able to go for a different job if they cannot get one that is of good quality on a number of different measures. There is a sense among many people who are stuck in low-paid, low-quality work that they do not have any option. That might be because of skills, confidence or family responsibilities such as unpaid care, whether it is childcare or looking after elderly relatives. People feel that they are not able to choose a healthier form of work because of a number of those other barriers.

Sarah Jones: We have commissioned a further study on shift work and disease from the University of Oxford. We are in touch with the Scottish Government because we believe that that research will need a range of policy responses that will be much broader than health and safety at work. That study is due to report in December.

Patrick Harvie: We might have signed off the report on our inquiry by that point, but perhaps we will be able to consider the research in advance of any committee debate on the inquiry.

This is not a magic bullet, but would it be reasonable to suggest that night-time working deserves a higher minimum wage than daytime working? Would that be a signal that we take the issue seriously and want employers to recognise that we ask night-time workers to bear a much greater burden in exchange for their remuneration?

Professor Bambra: Historically, higher-risk jobs have tended to have a pay premium attached to them, at least in recent times. I guess that it would be a way of making a trade-off between a person's health and their income. Arguably, it would have to be quite a decent amount higher to make up for that—I am sure that we could get an economist to do some modelling for you to get precise figures—but, in principle, the answer is yes.

Martin Taulbut: Scotland seems to have a higher proportion of shift work than the rest of the regions of Britain. The health survey for England recently did some work on predictors of bad health among shift workers, including those who work in the night-time economy. Living in a low-income household and low qualifications emerge as drivers of particularly bad health for that group, so your suggestion could partly compensate for that poor health, Mr Harvie.

Patrick Harvie: Thank you very much.

Dennis Robertson: The witnesses have suggested that we might not need to implement legislation. Do we just need a change in culture? Is culture a factor that we need to drill down into? Last week, I heard from an executive from Nixon, an offshore company. Nixon started looking at the culture of the industry and its workforce and has seen significant change because of the way that it has embraced that. If the matter is more cultural, from where in Europe could we learn lessons? There are other European countries that seem to be healthier and happier, so what can we learn from them? Are they healthier and happier because of their culture?

Professor Bambra: That is not an easy question.

Dennis Robertson: I did not think that it was easy.

Professor Bambra: I cannot tweet my answer to it. It is more challenging—probably the most challenging question today.

We can learn a lot from Europe. I have alluded to some of the Scandinavian countries. There are cultural differences but, as I also mentioned, there are legislative differences, differences in the trade union density and, historically at least, political cultural differences in the involvement of

organised labour in those countries. The cultural question cannot be detached from the political and legislative question.

Lorna Kelly: Less on the direct health and safety issues but more on issues such as balancing work and childcare, there are certainly differences in attitudes across European countries. I pointed to some of the northern European or Scandinavian countries for differences on that. In our submission, we gave the example of Gothenburg in Sweden, which is trialling a six-hour working day in certain parts to see what happens. That is based on the premise that it might increase productivity and reduce sickness absence. We do not know how that will go and what the outcomes will be, but there are certainly other places in Europe that are trying out different ways of working to address a number of the issues that we have raised.

Sarah Jones: Scotland has a relatively good record within the United Kingdom against other European countries on Eurostat measures for work-related injury and ill health. We cannot regulate for happiness, but industry in general and specific industries continue to become responsible for a culture change. It is not just about culture; it is about their reputation. A number of large businesses have recently realised that some of their working practices and the way that they treat employees were not going down too well with the general public.

The Convener: That concludes our evidence taking. On behalf of the committee, I thank the witnesses for coming along and giving us their time.

12:36

Meeting continued in private until 13:02.

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