

SPICe**The Information Centre**
An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

17th Meeting, 2023 (Session 6), Thursday, 22 June

Parental Employment and Child Poverty: fair and family friendly working

Introduction

These two evidence sessions focus on the fourth theme of the Committee's inquiry into how to address child poverty through improving parental employment. Members attended a focus group in Glasgow and visits have been held in North Ayrshire and South Uist. A call for views attracted 108 responses. Notes of this work and individual responses are [available here](#). [A summary of the call for views' responses is available here](#).

The visits and call for views have been used to shape the themes for oral evidence taking. Today the Committee will hear from two panels on fair and family friendly working. The Committee has already held sessions on childcare, education and training and employability. Transport issues will be considered at a future meeting in September.

The two panels today consider the inquiry from the perspective of how employment needs to change so that low-income parents can more readily increase their earning potential. The Committee will hear from:

Panel 1:

- Jack Evans, Senior Policy Adviser (Scotland) [Joseph Rowntree Foundation](#)
- Lynn Houmdi, Co-Creator and Programme Manager, Making Work Work, the Challenges Group; and Founder of [Flexible Working Scotland](#)
- Nikki Slowey, Director and Co-founder, [Flexibility Works](#) (offering consultancy and training, and aiming to accelerate the adoption of flexible working)
- Jane van Zyl, CEO, [Working Families](#) (national charity for working parents and carers)
- Marek Zemanik, Senior Public Policy Adviser (Scotland and Northern Ireland) [CIPD](#)

Panel 2:

- Andrea Bradley, General Secretary, Educational Institute of Scotland,
- representing the Scottish Trades Union Congress ([STUC](#))
- Karen Hedge, Deputy Chief Executive, [Scottish Care](#) (“the voice of the independent care sector in Scotland”)
- Louisa Macdonell, Scotland Director, [Business in the Community](#) (supporting greener, fairer business, supported by His Majesty the King)

This paper provides a summary of the call for views, context on Scottish Government policy on fair work and how this links to Best Start Bright Futures. It also gives a brief note of some key employment rights before suggesting **7 themes for discussion from p.11 onwards. Themes 1 to 3 for panel 1 and themes 4 to 7 for panel 2.**

Context

The Call for Views asked what the Scottish Government and individual employers could do to increase flexible and family friendly working and support those who want to work more hours.

Many submissions noted that family friendly and flexible jobs are needed in order to accommodate school hours and childcare responsibilities. Social security rules and lack of childcare were frequently cited as barriers.

The types of flexibilities mentioned were:

- flexible hours to fit round school
- working from home/hybrid working
- time off when children are sick
- job share offered as standard
- four day week without loss of pay
- compressed hours
- more flexible annual leave arrangements
- commitment [to ‘Living Hours’](#) alongside a real ‘Living Wage’
- no ‘zero hours’ contracts.

In addition to improving childcare, there was a call for government to do more to promote family friendly working and support businesses to implement it. Although some submissions called for legislation, others recognised the Scottish Government’s limited scope to legislate in this area and focused on incentivisation and encouragement. Suggestions for Scottish Government action included:

- promoting [the real living wage](#)
- exemplifying fair work in the public sector
- a badge/recognition scheme for employers
- using procurement rules to influence employment practices.
- providing grants and subsidies to help firms implement family friendly working.

This echoes much of what is already set out in the Scottish Government's [Fair Work Action Plan](#).

The annex to this paper is an extract from the call for views summary, focusing on fair and family friendly working.

Fair and Family Friendly Working in 'Best Start Bright Futures'

The broad 'employment' target in [Best Start Bright Futures](#) (BSBF) is to move up to 10,000 parents into sustained work ('stretch' target of up to 12,000) and support up to 3,000 to increase their earnings.

Under the theme 'transforming our economy', BSBF commitments are:

- Work in partnership with public, private and third sector employers to identify and overcome barriers to parental employment. This includes progressing fair work actions in low paid sectors and ensuring investment in Just Transition supports meaningful action on child poverty;
- Publish our refreshed Fair Work Action plan in 2022, including commitments relating to structural barriers and inequalities, as well as discrete focus on the Gender Pay Gap, the disability employment gap and new Ethnicity Pay Gap strategy;
- Promote fair work through public procurement policy and practice;
- Develop Community Wealth Building action plans and introduce a Bill during this session.

The following provides some background on the policies referenced in these commitments before looking at the [progress report](#) published on 13 June.

Just Transition

The [Scottish Government defines a 'just transition'](#) as:

“both the outcome – a fairer, greener future for all – and the process that must be undertaken in partnership with those impacted by the transition to net zero. It support a net zero and climate resilient economy in a way that delivers fairness and tackles inequality and injustice.”

The Scottish Government is producing sectoral and regional 'just transition' plans and has established a second 'Just Transition Commission' to advise on their development. The Committee heard from Satwat Rehman about their work. The Scottish Government has recently [consulted on a draft energy strategy and just transition plan](#). The [Economy and Fair Work Committee](#) are currently looking at Just Transition for the Grangemouth area.

[Fair Work Action plan](#)

The Scottish Government's 'vision' is for Scotland “to be a leading Fair Work Nation by 2025.” This work is cross-cutting:

“The Scottish Government will continue to use all levers available to us to make Fair Work the norm by promoting and embedding Fair Work within every Ministerial portfolio across the economy.”

Action is based around the Fair Work First principles which include:

- Appropriate channels for effective voice
- Investment in workforce development
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- No inappropriate use of zero-hours contracts
- Payment of the Real Living Wage (currently £10.90 ph).

The Action Plan focuses on a range of inequalities – particularly the gender pay gap, disability employment gap and anti-racism.

In the absence of powers to legislate on employment rights and wages, the Scottish Government is using its leverage over the public sector, including public sector contracts to spread fair work practices.

The following provides more detail on two areas of action of particularly relevant to this inquiry:

- Encouraging adoption of the other fair work principles, and
- Requirement to pay the real living wage in public procurement and grants.

Promoting fair work

Actions include:

- **Accreditation Schemes:** The Scottish Government supports accreditation schemes on the real living wage and ‘living hours’ to encourage businesses to adopt fair work practice. The Scottish Government aims to achieve an additional 5,000 workers uplifted annually to the real Living Wage through the accreditation scheme.

The [Scottish Living Hours Accreditation Scheme](#) requires:

- Payment of real living wage
- Providing a contract of at least 16 hours a week unless the worker requests otherwise
- Ensuring at least four weeks’ notice of shifts and guaranteed payment if shifts are cancelled within this period.
- **The Scottish Business Pledge** through which employers can sign up to fair work principles.
- **Promoting flexible work:** The Scottish Government is “continuing to support organisations to adopt flexible working practices that benefit employers and employees, especially female staff and workers over 50.”

- **Developing sectoral Fair Work agreements**, focusing on areas that are typically lower paid and precarious. Strategies have been produced for the care sector (2019) and retail (2021).

The [Fair Work Convention](#) has advised the Scottish Government on fair work since 2015.

Public procurement

Public sector grants, funding and contracts are issued in line with '[Fair Work First guidance](#)'.

Paying the real living wage is a procurement requirement where:

- Fair work practices are relevant to how the contract will be delivered,
- It does not discriminate amongst potential bidders,
- It is proportionate to do so, and
- The contract will be delivered by workers based in the UK.

Other fair work practices will be encouraged. These include:

- No inappropriate use of zero hours contracts,
- Offer flexible and family friendly working practices for all workers from day one of employment.

Community Wealth Building

A consultation ran from January to May 2023. This included asking whether there are devolved areas where the law could be changed to advance the 'workforce pillar' of [Community Wealth Building](#). Suggestions from early engagement included:

- Taking further steps to encourage anchor organisation to pay the real Living Wage and become Living Wage accredited. ([Anchor institutions](#) are organisations which have an important presence in a place or are tied to a particular place. Eg NHS, universities, large businesses).
- Anchor organisations should develop and commit to local or regional fair employment charters.
- Promoting co-operative, social enterprise and employee-owned businesses.

Legislation is expected before the end of this parliamentary session. A Bill Steering Group has been established chaired by Tom Arthur MSP, Minister for Community Wealth and Public Finance. Plans have been informed by pilots in Clackmannanshire, Glasgow City Region, South of Scotland, Eilean siar and North Ayrshire. These also informed the Economic Development Associations Scotland (EDAs) [guide to community wealth building](#).

National Strategy for Economic Transformation (NSET)

The above measures on fair work are reflected in [NSET](#), particularly Programme 5: "A Fairer and More Equal Economy."

“We need to ensure everyone in Scotland earns at least the real Living Wage as a minimum. We recognise that we will not tackle Scotland's deep-seated poverty challenges without transforming the sectors where low pay or precarious work are most prevalent. “

The [delivery plans](#) (October 2022) included:

- Project 14: tackle poverty through fairer pay and conditions. Highlighting fair work actions discussed above.
- Project 15: eradicate structural barriers to participating in the labour market – included “support parents to increase income from employments.

A dedicated Fairer and More Equal Society Programme Board has been established.

Progress Report 2021-22

On 13 June 2023, the Scottish Government published its [progress report on Best Start Bright Futures](#). The following summarises some key points of particular relevance to fair and family friendly working.

Progress in 2022-23 includes:

- Over 9,000 workers uplifted to at least the Real Living Wage due to employer accreditation;
- 91% of all employees aged 18 and over earned at least the Real Living Wage in 2022;
- Scottish Government attached fair work first criteria so £4 billion public funding since 2019;
- Public sector pay led to between 4% and 6% higher salaries on average over the last three years;
- 3,000 living wage employers in Scotland in March 2023;
- £700 million through the emergency budget review for pay settlements.

Priorities for 2023-24 include:

- ‘New Deal for Business’, likely to include making work accessible through job quality, job design, flexible working and occupational health support with a particular focus on parents and stemming the flow of people leaving work prematurely due to ill-health;
- From July 2023, recipients of public sector grants will have to pay real leaving wage and provide channels for an effective worker voice;
- Deliver an evidence plan and measurement framework for the Fair Work Action Plan in late 2023.

[Updated modelling](#) suggests that:

- Scottish Government policies are keeping around 90,000 children out of relative poverty;

- Relative child poverty is expected to be around 19% in 2023-24. This is above the 18% target, but still nine percentage points under what it would have been in the absence of Scottish Government policies.

This modelling is largely based on the impact of social security measures, primarily the Scottish Child Payment.

On the prospects for meeting the 2030 targets, the report notes that:

“relative child poverty will need to fall by an additional 9 percentage points between 2026-27 and 2030-31, while absolute child poverty will need to fall by an additional 11 percentage points. Such a reduction is unlikely to occur without considerable changes to the drivers of poverty.”

Employment Rights

Employment law is reserved. The following provides a very brief overview of key rights relevant to parents.

Maternity and Shared Parental Leave

A summary of maternity pay and leave is available at <https://www.gov.uk/maternity-pay-leave>.

Statutory Maternity Leave (SMP) is 52 weeks, paid at:

- 90% salary for 6 weeks
- The lower of £172.48 or 90% salary for the next 33 weeks
- Remaining time is unpaid.

Employers' policies may be more generous than this statutory minimum.

Mothers who cannot get SMP (e.g. because they are self-employed, or recently stopped working) may be eligible for [Maternity Allowance](#), paid at between £27 to £172.48 for up to 39 weeks for people who are self-employed. Or, £172.48 or 90% of earnings if employed.

[Shared Parental Leave](#) is the lower of £172.48 or 90% of earnings. Parents can share up to 50 weeks of leave and up to 37 weeks of pay between them.

Paternity Pay and Leave

Partners may be eligible for 1 or 2 weeks' paternity leave, at the lower of £172.48 or 90% of earnings.

Right to request flexible working

Employees have [a right to request flexible working](#) after 26 weeks' working. The UK Government has introduced [a Bill that would extend this](#) to a right to request from day 1. Flexible working can mean job sharing, working from home, part time, compressed hours, flexitime, annualised hours, staggered hours and phased retirement.

Employees have a statutory right to time off to deal with an urgent situation relating to a dependant. In addition, parents may be entitled to parental leave.

The right to time off for dependants

There is no statutory right to be paid for time taken off to care for a dependant, although an employer may have a policy that allows for limited time off with pay.

It applies in the following situations:

- to support a dependant who is ill, injured or gives birth;
- to make care arrangements for a dependant who is ill or injured;
- to deal with the death of a dependant;
- to deal with the unexpected disruption to care arrangements for a dependant; and
- to deal with an unexpected incident at a dependent child's school.

An employee must tell their employer why they are absent as soon as possible.

Employers' time off policies may be more generous than the statutory requirement.

Parental leave is unpaid leave to provide care for a child

Employees who have worked for their employer for at least one year are entitled to take up to 18 weeks unpaid parental leave to care for a child. The maximum that can be taken in one year is four weeks.

Employees must usually take leave in week-long chunks - although multiple weeks can be taken. Parents who care for a disabled child can take the leave as individual days.

An employee must usually give their employer at least 21 days' notice of their intention to take parental leave. An employer can refuse to grant leave if it would unduly disrupt business operations. However, this right does not apply where the leave is due to start on the date of the birth of a child or the date a child is placed for adoption with the employee.

An employer must reschedule any parental leave which has been refused within the next six months.

Employers' parental leave policies may be more generous than the statutory requirements. For example, they may extend entitlement to parental leave to a wider range of staff.

National Minimum Wage and Living Wage

The statutory minimum wage rates for 2023-24 are set out below as hourly pay. [UK Government policy](#) is that the 'living wage' (currently £10.42 per hour) will, from 2024 apply from age 21 and be increased to two thirds median hourly earnings. The [central estimate for next year is £11.16](#).

Age	Hourly rate
Apprentice	£5.28
Under 18	£5.28
18 to 20	£7.49
21 to 22	£10.18
Living wage 23+	£10.42

Non-statutory ‘Real Living Wage’

The non-statutory ‘real living wage’ is £10.90 per hour this year. That works out at:

- £9,069 per year for 16 hours per week
- £17,539 per year [after tax](#) for 35 hours per week (£19,838 per year gross)

In 2022, 91% of all employees aged 18 and over earned at least the Real Living Wage (BSBF progress report). At that time, the real living wage was £9.90.

Average pay is increasing, but not once it’s adjusted for inflation

[Latest earnings data](#) shows average weekly pay in the UK is £603 per week, (£31,356 pa). (whole economy, seasonally adjusted regular pay).

[Earnings increased](#) by 7.2% in the UK in the latest quarter compared to the same quarter a year ago (three month average growth, February to April 2023, whole economy, seasonally adjusted regular pay (excluding bonuses)).

Although average wages are rising, inflation means that the real value of wages is falling. [For the UK](#), using CPIU real earnings, in February to April 2023 regular pay (excluding bonuses) fell by 1.3% compared to the same period a year ago.

Many families with children who are on low wages will get incomes topped up through social security.

Underemployment

The underemployment rate is the share of those in employment who would like to work additional hours for the same rate of pay. It indicates the appetite within the labour force for taking on additional hours, either in the same job or in a supplementary job. [ONS labour market statistics](#) are used to estimate Scotland’s underemployment rate – the latest data [published by the Scottish Government](#) is covers data up to Q1 2020, which is useful to consider longer term trends.

These show a steady decline in Scotland’s underemployment rate between Q1 2013 and Q1 2020, from 10.0% to 7.1%. Underemployment has been consistently higher for women than men. In Q1 2020, women’s underemployment rate was 7.4%, versus 6.8% for men.

A more recent survey by [CIPD in 2022](#) found that:

“those in part-time roles and the self-employed are more likely to be underemployed – 29% and 18% respectively would like to work more hours, compared with only 4% of full-time workers. Furthermore, in line with previous research, those in lower occupational classes are more likely to report underemployment – 19% for ‘sales and customer service occupations’, 22% for ‘process, plant and machine operatives’ and 31% for those in ‘elementary occupations’”

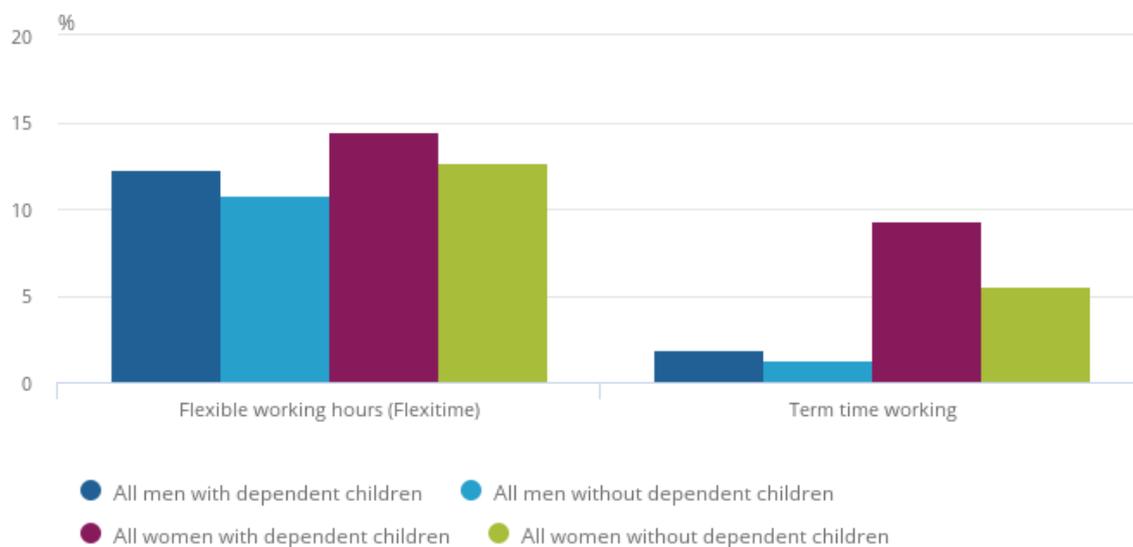
Flexible Working and term-time working

UK figures from the ONS show that, in 2021:

- 14.5% of women with dependent children had flexible working arrangement.
- 9.3% of women with dependent children had term-time working arrangements.

Figure 7: Mothers were more likely to work in jobs with term-time working and flexible working than fathers

April to June 2021, UK



Source: Source: Labour Force Survey (LFS) Household datasets

Suggested themes

Panel 1

On the first panel, the Committee will hear from:

- Jack Evans, Senior Policy Adviser (Scotland) Joseph Rowntree Foundation
- Marek Zemanik, Senior Public Policy Adviser (Scotland and Northern Ireland), CIPD
- Lynn Houmudi, Co-Creator and Programme Manager, Making Work Work, the Challenges Group; and Founder of Flexible Working Scotland
- Nikki Slowey, Director and Co-founder, Flexibility Works
- Jane van Zyl, CEO, Working Families

Theme 1: The need for family friendly work

CIPD Scotland's [Working Lives Scotland report](#) (June 2022) noted "how resistant good – and indeed poor – practice is to change."

[In a blog](#) on their recent report "Spotlight on low income families" (May 2023), Working Families comment on a widening gap between low and higher income parents:

"Working parents on higher wages enjoy more access to flex, more quality time with their child in the first year, and less debt and worry; whilst those on lower incomes struggle with little notice of work schedules, more rigid work patterns, and few realistic options for parental leave and childcare.

The solution starts with flexible working. Not only can it enable parents and carers who would otherwise be locked out of the labour market to work; it also helps families better manage childcare, freeing up valuable income. Flexible working can and should work for everyone, not just those who work behind a desk or happen to have a sympathetic manager."

Flexibility Works' submission points out that: "for many working parents flex is a lifeline." They published results of their survey [Flex for Life 2023](#) in May. Findings include:

- 51% of workers earning less than £20,000 a year work flexibly compared with 80% of those earning over £50,000
- 21% don't work flexibly but would like to
- 21% say they have less flexibility than a year ago

More than one in four (26%) of parents who currently work flexibly would have to stop work if they couldn't work flexibly.

The most common type of flexible working is home working (50% of those working flexibly) followed by flexitime (37%).

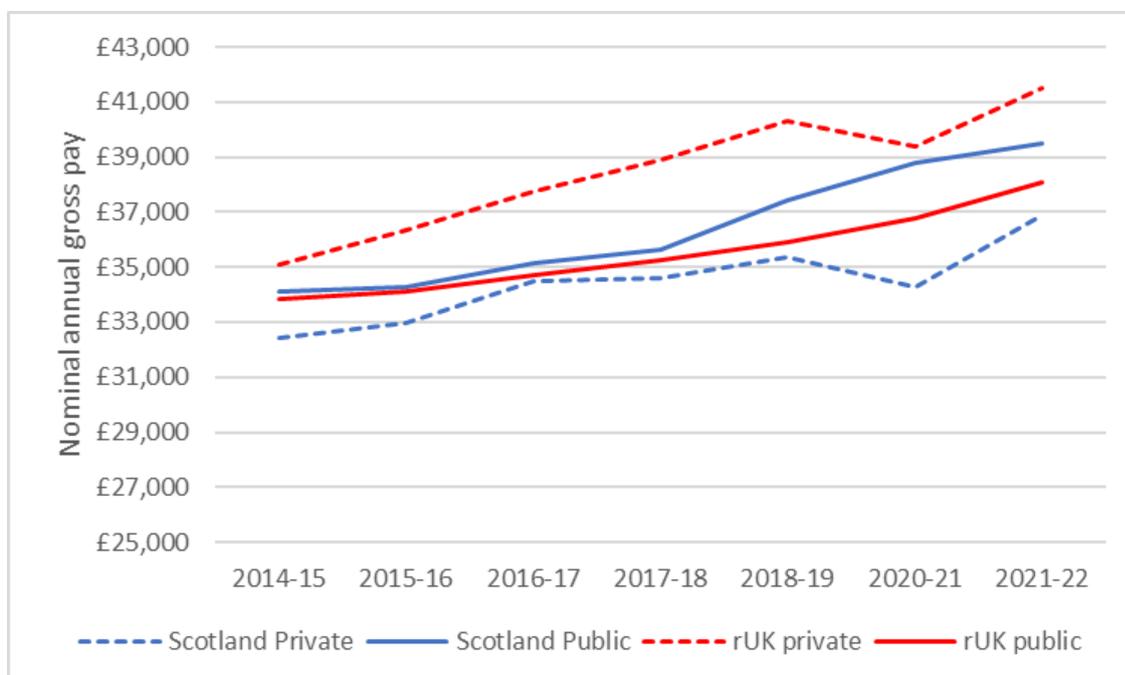
Members may wish to discuss:

1. What types of flexibilities are required? To what extent are these available to low-income parents?
2. What is the most effective way to develop more flexible ways of working?
3. Have we learned anything from the pandemic?
4. To what extent could improving childcare reduce the need for flexible working? Is increasing childcare supply more difficult than increasing availability of flexible, family friendly working?

Theme 2: Public Sector as Exemplar

Although the Scottish Government does not have powers over employment law, it can affect pay and conditions in the devolved public sector.

[22% of Scottish workforce are in the public sector](#), (538,700 workers) mainly in local government (261,000 workers) and the NHS (180,400 workers). The following chart is taken from the [Scottish Government's public sector pay strategy](#), illustrating a widening gap in public sector pay in Scotland compared to rUK. Public sector pay in Scotland is higher than rUK while private sector pay is lower.



The [public sector pay strategy 2023-24](#)

“supports our commitment to tackle poverty including our commitment to the real Living Wage of £10.90, across the devolved public sector in Scotland. In

balancing fairness, sustainability and flexibility, this Pay Strategy sets a range for pay awards for 2023-24 to be agreed between employers and Trade Unions and sets an expectation that business efficiencies and workforce changes will be required for public bodies to go beyond the 2% pay assumption set in the Resource Spending Review. “

The strategy included:

- Implementation of £10.90 per hour;
- Suggested cash underpin of £1,500 for public sector workers who earn £25,000 or less;
- Setting a pay award floor of 2%;
- Strongly encourages a standard 35 hour working week;
- Commits to a 4 day working week public sector pilot.

Members may wish to discuss:

- 5. To what extent is the public sector an exemplar of fair and family friendly working?**
- 6. What more can the Scottish Government do to ensure that the fair and family friendly working are the norm throughout the public sector?**
- 7. Are there any Scottish Government policies pulling in the opposite direction?**

Theme 3: Encouraging and promoting in the private sector

The Scottish Government has used various mechanisms to encourage action in the private sector. These include:

- Living wage accreditation;
- Scottish Business Pledge;
- Sectoral plans – including one for retail.

At last week’s Committee meeting, Philip Whyte (IPPR) commented that:

“the power the Scottish Government has, a lot of it is soft power – it’s essentially marketing and PR through things like the business pledge “(SJSS Committee, 15 June 11.22 am).

The progress report on Best Start Bright Futures stated that:

- There were 3,000 living wage accredited employers in Scotland as of 31 March 2023.
- There were 20 living hours accredited employers.

The report didn’t state how many were in the private sector.

The Scottish Government has recently sought to ‘re-set’ its relationship with private business, including linking in to the ‘Well Being Economy. Neil Gray, MSP, said:

“The concept of what we're looking to achieve from our wellbeing economy approach is one business understands - with a strong business landscape, which allows business to grow and achieve good results, but to do so for a purpose, a fair work agenda, tackling child poverty, and looking after our planet.” ([BBC News 14 June 2023](#))

The progress report on BSBF stated that:

“By Summer 2023 we will have worked with business leaders to agree a set of actions that business can take to support the transition to a wellbeing economy within the frame of the New Deal for Business. This is likely to include making work accessible through job quality, job design, flexible working and occupational health support, with a particular focus on parents and stemming the flow of people leaving the workforce prematurely due to ill-health.”

The submission from the Joseph Rowntree Foundation states that the Scottish Government needs to:

“create a trusting and genuine partnership with the Scottish private sector”.

They suggest:

- Offering funding and incentives, such as subsidising the cost of setting up flexible working arrangements;
- Providing guidance and resources;
- Working with partners to promote the benefits of family friendly and flexible working.

Members may wish to discuss:

- 8. Although employment law is reserved, employers can offer more generous terms through contracts – how effective is the Scottish Government in encouraging and supporting the private sector in doing this?**
- 9. CIPD emphasises that, in practice, a lot relies on good line management. Does the Scottish Government have a role in fostering best practice in this area?**
- 10. What is needed to ensure private business is fully engaged in policy debates around fair pay and family friendly working?**

Panel 2

On the second panel, the Committee will hear from:

- Andrea Bradley, General Secretary, Educational Institute of Scotland, representing Scottish Trades Union Congress

- Karen Hedge, Deputy Chief Executive, Scottish Care; and
- Louisa Macdonell, Scotland Director, Business in the Community

Theme 4: Challenges for business

The Scottish Government's [Medium Term Financial Strategy](#) (May 2023) stated that:

“Economic conditions in Scotland and the UK continue to remain challenging as inflationary pressures continue to create a cost of living crisis for households and businesses across the country and increase pressure on public services. However, there is evidence that the Scottish economy has proved to be more resilient than previously expected with the latest economic outturn data showing that, despite the scale of the global energy price shock, Scotland avoided entering a technical recession towards the end of 2022 as had been forecast.”

The latest [Scottish Government economic brief](#) is for April 2023. This stated that:

“Cost challenges remain a key part of that concern as businesses face higher energy and staffing costs in the face of an outlook of subdued demand for the year. Like other key indicators, business confidence has improved in recent months following a drop during the second half of last year, reflecting that while conditions are challenging, there is a greater degree of resilience than previously forecast and the economy is progressing through this current downturn.”

In their submission CIPD suggest that:

“the current tight labour market is likely to be conducive to job quality improvements.”

Members may wish to discuss:

- 11. How can fair work best be moved forward given the current economic climate?**
- 12. How might a tight labour market lead to improvements in family friendly working?**
- 13. What is the scope for increasing flexible working for frontline workers – particularly in the care sector?**

Theme 5: Encouraging and promoting in the private sector

Members may wish to explore this theme with Panel 2 as they did with Panel 1. The following is a short summary of the background provided under Theme 3 above, although suggested issues for discussion are different.

Scottish Government has used various mechanisms to encourage action in the private sector and has recently sought to ‘re-set’ its relationship with private business, including linking in to the ‘Well Being Economy’.

The progress report on BSBF stated that:

“By Summer 2023 we will have worked with business leaders to agree a set of actions that business can take to support the transition to a wellbeing economy within the frame of the New Deal for Business. This is likely to include making work accessible through job quality, job design, flexible working and occupational health support, with a particular focus on parents and stemming the flow of people leaving the workforce prematurely due to ill-health.

Members may wish to discuss:

- 14. How effective are accreditation schemes like the Scottish Business Pledge, living wage and living hours? What would make them more effective?**
- 15. How best can the Scottish Government encourage and support businesses to do more on fair and family friendly working?**
- 16. What do witnesses expect from the Scottish Government’s ‘New Deal for Business’?**

Theme 6: Procurement and Fair Work

The Scottish Government is using public procurement and grant making to incentivise employers to pay at least the real living wage. As noted above, in 2022 91% of the Scottish workforce was paid at least the real living wage (BSBF update). However, the real living wage has since increased from £9.90 to £10.90 per hour. Continuing inflation means it is likely to see significant further increases.

From 1 July 2023 there is a presumption that all organisations seeking public sector grants or contracts will need to pay the real living wage and provide effective workers’ voice. The other aspects of fair work will be encouraged but are not mandatory. [Scottish Government guidance provides the detail](#). In many cases requirements will apply not just to the grant recipient but through the supply chain.

Two areas where there is significant contracting from the public sector are social care and childcare. In childcare, as this Committee has discussed, many independent providers find that the funding they receive does not allow them to offer competitive salaries.

In 2019, the [Fair Work Convention’s report on the social care sector](#) found that:

“Despite some good practice and efforts by individual employers, the wider funding and commissioning system makes it almost impossible for providers to offer fair work.”

[...]

“We found that the significant use of zero–hours, low–hours and sessional contracts in the social care sector is largely an outcome of the way care is purchased. Too often care provider organisations do not know how many support hours are required on a day to day basis. This type of commissioning

in turn impacts on the type of contracts offered to staff, with flexibility benefitting the employer and burdening the social care worker with unpredictable working hours and unstable earnings.”

The STUC is represented on the [Fair Work Convention](#).

Members may wish to discuss:

- 17. Will the strengthened Fair Work requirements in public sector contracts and grants result in better pay and conditions? Do witnesses foresee any unintended consequences of this policy?**
- 18. Should other aspects of fair work also be mandated, particularly the offer of family friendly working practice for all workers from day one of employment?**
- 19. How has Scottish Government social care policy affected pay and conditions in the independent social care sector?**

Theme 7: Just transition

In their submission, the Joseph Rowntree Foundation point out that 72.2% of ‘green jobs’ are held by men. They note that:

“creating an economic settlement that intersects and bonds the net-zero agenda with the reduction of poverty must be the overall policy objective. Part of this will be ensuring that jobs in key growth sectors are flexible and accessible.”

Upskilling and re-skilling will be an important part of a ‘Just Transition’. This was discussed last week. In their submission, CIPD note that “not all employees are able to take time off to undertake training.”

The STUC is represented on the [Just Transition Commission](#).

Business in the Community combines aims of fair work and a greener economy:

“Business in the Community is the UK’s largest and most influential responsible business network dedicated to building a fairer and greener world together, supported by His Majesty The King for over 40 years.”

Their “[specialist advisers support individual businesses](#) by delivering targeted interventions, training and strategic change programmes, sharing best practice and frameworks for action.”

Members may wish to discuss

- 20. How can we ensure that employees with childcare commitments, those working part-time, or home working are able to take advantage of workplace training – particularly as we transition to a net zero economy?**
- 21. How can the Scottish Government integrate fair, flexible working into new growth sectors of the economy?**

Camilla Kidner
SPICe
June 2023

Annex: Summary of call for views: employment and fair and family friendly working

The Call for Views asked what the Scottish Government could do to increase the supply of good quality, family friendly jobs. For most this was an issue of furthering fair work and better childcare rather than a question of economic development, although a couple of individual responses referred to supporting SMEs and investing in deprived areas outwith large urban areas. Many organisation responses discussed the equalities aspect of employment – particularly the gendered nature of poor pay and undervaluing ‘women’s work’ (See for example Close the Gap).

Engaging the private sector

JRF were unusual in discussing in detail the importance of engaging with the private sector stating:

“You cannot transition an advanced consumer economy to a wellbeing one if the people (employers) for whom the change is most challenging are at best disengaged and, more commonly, fearful of your agenda.”

They note the higher poverty rate for private sector staff (13%) compared to public sector staff (6%). They recommend a focus on small businesses which account for 43.2% of private sector employment. They consider that:

“Scottish Government can play a significant role in highlighting, promoting and incentivising best practice and working on areas of aligned self-interest for the benefit for all.”

South Ayrshire Council noted the difficulties faced by employers:

“Employers are facing multiple economic challenges which impact on their business from fuel costs, supply chain issues and increases to staff costs without an increase to their income.”

Public and Third Sector Jobs

Inclusion Scotland note that: “**longer-term funding and support for the third sector** can assist in improving access to secure employment within this sector.”

A few submissions recommended funded **job placements**. (eg Salvesen Mindroom Centre, Aberdeen City Council, JRF). JRF recommend scaling up schemes like the NHS Demonstrator Project proposed in [Best Start Bright Futures](#).

“We look forward to hearing what the next steps will be for the project and how that the evaluation will highlight similar success to those seen in NHS Lanarkshire .”

Just Transition – green jobs and ‘wellbeing economy’

Several submissions raised the potential of ‘green jobs’ to increase the supply of high-quality jobs but were concerned that this may not be realised. The Joseph Rowntree Foundation referred to:

“clear gender and age divides already appearing within the ‘green jobs market’”

The Poverty Alliance recommend that:

“the Scottish Government should explore financial support for parents to access training, including upfront costs for travel and childcare; how upskilling and reskilling support designed to support the just transition will tackle poverty; and how skills programmes will meet the needs of the priority family groups.”

Fair and Flexible Working

The call for views asked what employers and the Scottish government could do to increase flexible and family friendly working.

Flexible Working Scotland set the gender context:

“Flexible working should not only be something for working parents, but it is a key enabler of parents accessing work, particularly mums, who experience the Motherhood Penalty. [...] In the UK, by the time a woman’s first child is 12 years old, her pay is 33% less than a man in an equivalent role.”

The most common types of flexible working suggested were:

- Flexible hours to fit round school
- Working from home/hybrid working

Other types of flexibility suggested were:

- Time off when children are sick
- Offer job share as standard
- Four day week without loss of pay
- Compressed hours
- More flexible annual leave arrangements
- Commitment to ‘living hours’ (an extension of the ‘living wage’)
- No ‘zero hours’ contracts

Availability of and attitudes to flexible working

CIPD state that 28% of employers promote flexible working options such as job-share, term-time working and part-time hours.

Part time jobs tend to be paid at lower hourly rates than full time jobs. Close the Gap state there aren't as many term-time jobs as there used to be and lower paid jobs are also less likely to allow flexible working.

Advice Direct Scotland have a four-day week without loss of pay. They say:

“This has increased employee satisfaction and wellbeing, retention rates & productivity but has also served to decrease staff turnover and absenteeism. It also provides parents with additional flexibility in meeting the balance between work and caring for their children.”

How to increase flexible working

For individuals the most common answer (7 mentions) was **legislation**, organisations tended to favour **advice, guidance and encouragement**. One individual said:

“There needs to be more repercussion to businesses who don't adapt to more flexible working practices. There also needs to be more incentives to businesses to take on parents.” (individual)

Others suggested ways to encourage change, such as:

“marketing businesses that are willing to offer flexi working”

“Training from organisations such as Flexibility Works for managers.”

“Understanding that this can be a positive to their business”

Dumfries and Galloway council said that:

“More support for employers who want to trial flexibility should be provided; this could be through business organisations such as Chambers of Commerce or enterprise agencies. A resourced campaign to increase employer understanding of parent's needs and the ability to offer flexibility through sharing of good practice and case studies alongside practical support to implement.”

Flexible Working Scotland were one of many who proposed the public sector model fair work, use public procurement to spread its use and/or create a 'badge scheme':

“the Scottish Government can incentivise fair, flexible work by making it a genuine requirement of **public procurement** (rather than the currently onerous tick box system in relation to grant requests and tenders); by being a **model flexible** and fair employer alongside local authorities and making more of the fact that they are "open to flexible working" and by instigating a voluntary flexible working code and **badge scheme** (like the Living Wage Employer programme or Investors in People).”

JRF state that the existing **Scottish Business Pledge** seems to have stalled:

“the initiative seems to be on hiatus, the Pledges website’s news page has not been updated since 2020. This will be frustrating for the 800 employers that signed up to it and possibly vindication for those that chose not to sign up.”

Several respondents suggested that the Scottish Government and public sector generally should be a **‘model employer’** (CIPD, Flexible Working Scotland, JRF, GMB)

Public Health Scotland referred the role of **‘anchor institutions’** (large public sector employers such as hospitals) in both exemplifying fair work and influencing suppliers and contractors through procurement. (See also: GMB, NHS Greater Glasgow and Clyde).

Using **procurement** and grant giving to influence employment policy was a common thread (CIPD, Flexible Working Scotland, OPFS, JRF, CPAG, Public Health Scotland, GMB). JRF comment that:

“Procurement is not a silver bullet solution, but fair work aspects procurement must have more strength.”

Financial support or incentives to help businesses implement family friendly working was another suggestion across organisations and individuals. Examples included: tax breaks, funding for training and paying employers to take people on. For example, The Poverty Alliance suggested a ‘low pay levy’ to fund a bonus for those providing the real living wage and Glasgow City Council proposed financial incentives to employ parents on part time/flexible contracts.

Some suggested **subsidies and grants** for those providing flexible working (eg West Lothian Council, Glasgow City Council, South Ayrshire Council, Comhairle Nan Eilean Siar – Employability).

Dumfries and Galloway Council suggested that the Scottish Government fund 4 day working week trials.

As throughout all the responses, **childcare provision is** highlighted as a means to improve family friendly employment, particularly childcare at or near the workplace.

Culture and attitudes are also important. The Scottish Women’s Convention state that if there were more women in senior roles this would help promote family friendly working. OPFS and Public Health Scotland refer to the importance of a flexible and understanding manager.

Flexible Working Scotland consider that: “Those employers who offer flexible working need to shout about it. Only 3 in 10 job ads mention flexibility.” Pregnant

then Screwed suggest it should be a requirement to include information about flexible working in job adverts.

Employment rights

Although a reserved matter, several responses recommended the need for further legislation and regulation. This included:

- **improvements to parental leave**, by for example, increasing state funded parental leave. Pregnant then Screwed refer to: “a dad shaped hole in our parental leave system” effectively embedding the gender pay gap.
- They also propose a right to **flexible working** from day 1 and a right to appeal a rejected request for flexible working (Pregnant then Screwed),
- Ban **zero hours** contracts (eg Perth and Kinross Local Employability Partnership and several individual responses)
- **higher wages** and/or increasing the minimum wage

Underemployment - support for those who want to work more hours

The Call for Views asked how to support parents who wanted to work more hours.

CIPD noted that: “those in part-time roles and the self-employed are more likely to be underemployed – 29% and 18% respectively would like to work more hours”.

Women are more likely to work part-time and part-time roles generally attract lower wages.

The main suggestions for supporting those who want to work more hours were:

- More **childcare** (14 mentions)
- Make work pay – through removing disincentives in **social security**, supporting the transition into work (7 mentions) and promoting the real **living wage** (4 mentions).
- Promoting **flexible work** (4 mentions) (see section on flexible working)
- **Training/skill developments** (3 mentions) (see section on education and training).

Childcare is discussed extensively elsewhere. Advice Direct Scotland said that:

“A recent survey, undertaken by The Centre of Progressive Policy, evidenced from 2000 mums that, 46% were prevented from taking on more hours at work due to lack of childcare”

A common theme was that **people aren't always better off if they increase their working hours**. One individual said:

“I currently work full time but am better off if I only work 3/4 time plus I would have time with my kids. I am currently considering cutting down my hours because the pain of juggling employment with caring for kids is just not worth it.”

One described her own situation where a £7,000 pay rise resulted in less than £2,100 actual increase income due to the combined effect of getting less Universal Credit and paying more tax and national insurance. She commented:

“This is the reason most people don't take additional hours on. From the money that you're left over with, you need to pay all of the above and the additional childcare. If I didn't have a career, I'm not sure I would be working.”

A few people proposed ‘**back to work**’ grants, or other assistance with the transition from benefits to work.

Conditionality, (eg. the requirements to do job-search in order to receive benefits) was generally considered detrimental, although one individual response thought it wasn't strict enough.

A couple of responses discussed **childcare costs in universal credit** – with one suggesting that parents should be able to reclaim 100% rather than 85% of costs and another requesting that childcare costs be paid upfront rather than in arrears ([From summer 2023, parents will be able to access childcare costs upfront and the amount that can be claimed has been increased](#)).

The CIPD discussed the mismatch between underemployment and hard to fill vacancies, noting that the **tight labour market should lead to better employment conditions**:

“a tight labour market has the effect of employers seeking to improve job quality measures in a bid to attract candidates. This includes better pay and benefits, but also improved career and skills development opportunities and flexible working. Improving employer and employee understanding of flexible working options, coupled with advice and guidance on implementation, can alleviate the mismatch between underemployment and hard-to-fill vacancies.”