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The Information Centre
An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

18th Meeting, 2023 (Session 6), Thursday, 29 June

Child Poverty and Parental Employment Inquiry: Fair and family friendly working

Introduction

This is the fifth theme and seventh panel 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 and Benbecula. 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. The Committee has held sessions on childcare, employability and education and training. Transport issues will be considered at a future meeting.

The panel today continues last week's theme on how employment needs to change in order that low-income parents can more readily increase their earning potential. The Committee will hear from:

- Helen Herd, Head of Human Resources and Rachel Hunter, Director of Enterprise Support, Highlands and Islands Enterprise;
- Aileen McNiven, Head of Business Services and Harvey Tilley, Chief Operating Officer, Independent Living Fund Scotland;
- Andy Wood, People Services Lead, The Wheatley Group.

This paper provides some background on witnesses and summarises some key themes in the inquiry so far before suggesting **six themes for discussion from page 4 onwards**.

Context

A fuller version of this context section is available in [last week's papers](#).

69% of children in poverty are in families with at least one parent in work. In the **Call for Views**, 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.

[Best Start Bright Futures](#) (BSBF) aims to move 10,000 parents into employment and support up to 3,000 to increase their earnings.

Under the theme 'transforming our economy', BSBF highlights:

- Progressing fair work actions in low paid sectors and ensuring investment in Just Transition supports meaningful action on child poverty;
- Fair Work Action plan;
- Promoting fair work through public procurement policy and practice;
- Developing Community Wealth Building action plans and introducing a Bill during this session.

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.

Previous Consideration

Some of the key themes in oral evidence during this inquiry have included:

- **Childcare** is key, but recruitment issues in the childcare sector will make it challenging to achieve further significant expansion in a short time frame. There are particular challenges for those with additional support needs and in rural areas.
- **Lifelong learning** improves people's employment prospects. Short courses, community-based college provision and partnership working are all key to this. We need better support for part time students and better childcare and transport infrastructure to support access to lifelong learning.
- **Social security** rules can be a barrier to both education and employment.
- Achieving the employment aims in Best Start Bright Futures will require a huge increase in the **scale of employability activity**. The delay in funding has had an impact.
- Employment is still the best route out of poverty if it's **the right job**. It needs to be sustainable, not just 'any job'.
- There needs to be more **flexible eligibility criteria in employability programmes**.

Last week the Committee discussed **fair and family friendly working** with: Joseph Rowntree Foundation, CIPD, Flexible Working Scotland, Flexibility Works, Working Families, Scottish Care, Business in the Community and the STUC. A broad range of issues was discussed including:

- Flexible working is crucial but **it's not just about home working** or a four-day week. **Flexi-time and predictable shifts** are important – particularly for front-line workers, which includes a large proportion of those on low pay.
- **Good line management** and listening to employees is crucial.
- There were different views on devolving employment law. Some emphasised the importance of 'soft power', others put greater emphasis on legislation and enforcement.
- The message on Fair Work and tackling child poverty needs to permeate further into the private sector.
- **Employers need clear messages** from Government. They need specific, practical advice and on-going support to help them deliver fair, flexible work.
- **Procurement conditions** are part of the answer, but businesses need support to be able to comply (e.g. in the independent care sector). There was also a view that more should be mandated through procurement, including trade union representation and flexible working.

Today's witnesses

The Wheatley Group is the UK's largest developer of social rented homes, a leading care provider and property manager. Their [Annual Report 2021-22](#) notes that the group owns or manages over 93,600 homes in 19 local authorities in Scotland. They have [around 2,500 staff](#) and are a supplier of new social housing, receiving £41.9m from Scottish Government and local authorities in 2021-22.

[Support to tenants](#) includes money advice and employability support. Support is also provided through the company's charitable arm, the Wheatley Foundation.

[Highlands and Islands Enterprise](#) (HIE) is a non-departmental public body of the Scottish Government. It works with businesses, social enterprises and communities across the region. Any organisation applying to them for funding must meet [fair work conditions](#). They have a ['fair work employer support tool'](#) to explain the dimensions of fair work and how they can be achieved.

The agency's total budget from the Scottish Government for 2023-24 is £63m, of which £28m is capital. This is a slight cash reduction on 2022-23 budget of £64m.

[Independent Living Fund](#) (ILF) is a non-departmental public body funded by the Scottish Government and Department of Health in Northern Ireland. They employ around 65 people, with their main office in Livingston. Their submission gives more detail, listing a number of awards they have received including Best Small Employer 2023 at the Working Families Best Practice Awards.

ILF is funded through grant-in-aid from the Scottish Government. Their budget allocation was £53m in both 2022-23 and 2023-24.

Suggested themes

Theme 1: Challenges for business

The May 2023 [Business Insights and Conditions Survey](#) of businesses in Scotland with more than ten employees found that:

- 40.9% of businesses had difficulty recruiting. The highest rates of recruitment difficulties were reported by businesses in the Construction (50.3%) and Accommodation & Food Services (41.6%) industry sectors.
- 37.3% reported prices of materials, goods and services had increased in May compared to April 2023. This led 6.7% to reduce staff hours.
- 31.0% had higher turnover in May than April.
- 39.7% thought business performance would increase over the next year.

HIE publishes 'business panel surveys' indicating the level of business confidence in the region. The survey from April, included that:

"Business performance was mixed, but most said they had either performed well or had been fairly steady. While sales or turnover performance was also fairly mixed, this did not always translate into profit - businesses were more likely to report a decrease in profit margins than an increase.

[...]

The top concern for businesses over the next six months was high and increasing costs.

[...]

One in five (19%) businesses were concerned about wellbeing or burnout for themselves (10%) or their staff (9%).”

Last week witnesses discussed how employers are often willing to provide flexible working but need more support. Karen Hedge (Scottish Care) described how for independent care providers:

“The challenge is how do we create those conditions to enable them to enact this. Because from our survey of members there is a desire to do so, they recognise that to retain our staff we need to be doing this but its how do we do it within the current economic challenge?” (10.39 am).

Members may wish to discuss:

- 1. What are the current challenges for employers and how might these impact efforts to provide fair, flexible, family friendly working?**

Theme 2: Supporting employees

Today’s witnesses represent different scales and types of organisations.

The Wheatley Group employs around 2,500 staff, ILF around 70 and HIE employs 274 people. All three receive public funding.

In their submissions:

The Wheatley Group states that it “is committed to ensuring a fair work-life balance for all staff”. They provide a wide variety of flexible working arrangements, including term-time working and shift-arrangements. They offer additional childcare support, travel loans, subsidised driving lessons and welfare benefits advice.

ILF provides “an inclusive and respectful culture, where all voices are heard and valued.” They are ‘flexible by default’. Recruiting managers must make a business case not to offer posts as flexible.” Employee benefits include maternity and paternity leave and pay above the statutory minima.

HIE submission details its awards for family friendly working. It has been used as a good practice case study by Working Families UK. 38% of staff work reduced or compressed hours. They promote the ‘happy to talk flexible working’ tagline and highlight flexible working when recruiting.

Last week the panel discussed the different types of flexibilities that can be offered. Witnesses emphasised that only a minority of employees earning under £20,000 are in jobs where home working is possible. They emphasised the importance of:

- flexi-time
- certainty of working patterns to allow parents to plan childcare
- ad-hoc flexibility for emergencies.

The types of flexible working that came up in our call for views as helpful for low-income families included:

- Flexible hours to fit round school
- Working from home/hybrid working
- 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'
- No 'zero hours' contracts.

Members may wish to discuss:

- 2. What different types of flexible and family friendly working are available to your employees?**
- 3. If you have workers whose job requires them to be physically present at a specific workplace, how do you support them to balance work and family life?**
- 4. How do you ensure employees with additional caring responsibilities – e.g. caring for a disabled child – are supported?**
- 5. What advice would you give to other employers seeking to be more flexible and family friendly?**

Theme 3: Scottish Government influence

Last week there were different opinions on the importance of devolving employment law in order to effect change in this area. Jack Evans (Joseph Rowntree Foundation) told the Committee not to underestimate 'soft power', which he considered was under-utilised (09.43am). On the other hand, Andrea Bradley (STUC) supported the devolution of employment law in order to translate more of the aspirations of the Fair Work Convention into legislation (10.26am).

In the absence of legislative power on employment law, the Scottish Government seeks to influence behaviour through:

- Conditions of grant and contract
- Pay and conditions in the public sector
- Support and encouragement, for example through accreditation schemes living wage and living hours.

The Scottish Government's Fair Work Action plan states that:

“We will help employers across all sectors by providing targeted support to embed fair work practices to create diverse and inclusive workplaces by reducing barriers which restrict employment opportunities for those who are marginalised in the labour market, particularly women, people from racialised minorities, disabled people, and the over 50s.”

Highlands and Islands Enterprise has a key role in this through its economic development work. Their submission lists a range of measures including a Fair work Support Programme which provides “specialist human resources support to businesses and social enterprise to help them develop and implement Fair Work Action Plans in their organisations”.

Last week, Lynn Houmdi (Flexible Working Scotland) noted that there are many organisations funded to engage with business, but:

“the issue is about mainstreaming these ideas around child poverty, around flexible working, so that the same messages are passing through those organisations and the Scottish Government is signalling that this is an important issue for businesses.” (09.49am)

The panel discussed how employers need practical, specific advice on the different type of flexibilities to offer and how to provide those. Suggestions included:

- One to one management support for micro-businesses
- Promoting a ‘gold standard’ for contractual maternity and paternity provision
- Specific, practical advice – avoiding ‘vague nebulous concepts’
- Monitoring provision and measuring progress to avoid a ‘tick box’ approach

The introduction of conditionality on public sector grant making and procurement was discussed, noting that it has focused particularly on paying the real living wage. The Joseph Rowntree Foundation stated that bringing all employees up to the real living wage would only lift a further 1% of children out of child poverty.

Members may wish to discuss:

- 6. Last week the Committee heard about the importance of specific, practical, advice for business along with very clear messaging. What are witnesses’ views on how to improve engagement with employers - particularly SMEs in the private sector?**
- 7. Does the Scottish Government put enough emphasis on flexible and family friendly working in its Fair Work policies? If not, what would be the best methods to promote this further?**

Theme 4: Childcare and flexible working

One of the conundrums the Committee has been considering is that parents need flexible working, largely due to lack of childcare, but the childcare sector faces significant recruitment challenges. Last week Jack Evans (Joseph Rowntree Foundation) said:

“One of the questions we need to ask is who shoulders the responsibility of childcare and flexibility – where’s the balance between the two? By (government) paying for childcare, are we letting employers off the hook for inflexible anti-family practices and should more be done with employers to ramp up that flexibility so the cost to the state is lowered?” (09.19am)

The Scottish Government is currently considering how to further expand funded childcare. Commitments to [further expansion](#) are:

- Develop a funded early learning and childcare offer for one and two year olds, focusing on those who need it most; and
- Build a system of school age childcare, by the end of this Parliament, providing care before and after school, all year round, supporting parents and carers – particularly on low incomes – to have secure and stable employment. Those on the lowest incomes will pay nothing.

The exact timing, hours of provision, eligibility and income thresholds have yet to be announced.

Members may wish to discuss:

8. **Do witnesses have any views on the extent to which working parents need further state funded childcare in order to sustain or progress in employment? Would that need be reduced if employers provided more flexible working arrangements?**
9. **What are witnesses views on how to achieve the right balance between expanding state funded childcare and expanding availability of flexible working?**

Theme 5: Rural areas

The Committee’s visit to Benbecula and South Uist highlighted the challenges in rural areas. This was also a theme in the Call for Views, in particular difficulties in:

- Finding suitable childcare,
- Local transport infrastructure, and
- Affordable housing.

All affected the potential for low-income parents to enter and sustain employment.

The Committee has heard that childcare issues stopped parents going back to work.

In its visit to South Uist, the Committee also heard that employers found it difficult to recruit due to the housing shortage. On the other hand, in their written submission the CIPD noted that one positive development was that the increase in home and hybrid working “may start to slow rural depopulation.”

10. (For HIE particularly) The Committee has heard that some of the barriers to working for low income parents are particularly acute in rural areas – especially around transport, childcare and affordable housing. What can business and employers do to address these issues? What can the Scottish Government do?

Camilla Kidner
SPICe
26 June 2023