

SUBMISSION FROM THE POVERTY ALLIANCE

Introduction

The Poverty Alliance is the national anti-poverty network in Scotland, formally established in 1992. We are an independent organisation with around 200 members, with members drawn from the voluntary and public sectors, trade unions, researchers, faith groups and individuals with direct experience of poverty. Our aim is to work with others to enable communities and individuals to tackle poverty. We have a number of key policy areas that provide the focus for our activities; these are addressing low incomes, supporting services to address poverty, enhancing the participation of people with direct experience of poverty in policy development processes, and addressing attitudes to poverty.

Work, Wages and Wellbeing

The Poverty Alliance welcomes this consultation by the Economy, Energy and Tourism committee into work, wages and wellbeing in the Scottish labour market. Employment issues are now central to questions of poverty in Scotland. According to the latest poverty statistics, half of all adults living in poverty and 56% of children in poverty are living in households where someone is in employment¹. As the relationship between in-work and out of work poverty have become ever closer² it is important that our understanding of the needs of those working in low wage labour markets is also understood in the context of our changing social security system. As an organisation that has been campaigning for the Living Wage since 2007 and now runs the Scottish Living Wage Accreditation Initiative³, this consultation is of particular interest to us. Equally though, issues of work, wages and wellbeing also connect with our concerns around the reform of our social security system. It is important to be clear that the Living Wage is independently calculated and set each year by the Living Wage Foundation⁴. The Living Wage is currently set at £7.85 outside of London and is updated every November. At £1.35 per hour more than the minimum wage, the Living Wage is an important tool in the fight against in work poverty, and helps ensure that everyone gets a fair day's pay for a fair day's work.

However, work is about more than just wages and we know that for many people there are issues around quality of work, contracted hours, sickness and holiday pay.

At the Scottish Assembly for Tackling Poverty in 2014 we asked people what a Scotland without poverty would look like and what this meant for jobs and employment. One participant said:

¹ Scottish Government (2015) Poverty and Income Inequality in Scotland: 2013/14

² Shildrick T; MacDonald R; Webster C; Garthwaite K (2012) Poverty and Insecurity: Life in low-pay, no-pay Britain. Bristol: Policy Press.

³ See www.scottishlivingwage.org

⁴ For more details on the case for the current approach to setting the Living Wage figure see <https://povertyalliance.wordpress.com/2015/02/27/more-than-a-number-calculating-the-living-wage/>

“A good job is something that you have a passion for – I love going into my job. It gives you more than money – it gives me qualifications and training, it builds my confidence and my self-esteem. That’s the kind of jobs we need.”⁵

The Living Wage

Case study: Lauren works for J&A Mitchell and Co. who recently became Accredited Living Wage Employers. Lauren lives with her dad and younger sister, who is still at school. Lauren is the only person in her household who is working and says:

“Working full-time and taking care of the bills and food shopping means that there often isn’t much left over for anything else. The difference the Living Wage is making to me is that I now have a little bit extra to go out with friends, instead of missing out on social events”. Lauren says she really enjoys being able to spend time with her friends and feels it gives her an energy boost.

The difference between the National Minimum Wage and the Living Wage might not seem like a significant amount but there is clear evidence that it is improving the lives of people on low pay.

For many this can be the difference between living in poverty and being able to afford the extras that mean you aren’t working simply to scrape by every month. For Lauren it means being able to socialise with her friends but for others it simply offers more security. Having an income that allows one to participate in society is crucial to our understanding of poverty. Townsend’s classic definition of poverty emphasised the ability “to participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong.”⁶ For people like Lauren, with the Living Wage they would be able to participate effectively.

Cameron works for Accredited Living Wage Employer Utopia Computers, he said:

“Before I got the Living Wage I was earning the minimum wage for a 20 year old, which isn’t a lot as you probably know. I live with my girlfriend and daughter. Before I got the Living Wage, we were more or less living pay check to pay check. Now we’ve got a little bit extra, we’ve been able to redecorate the house. Just generally I think getting the Living Wage has meant we have more security. So the increase in my pay to the Living Wage standard has been great, it’s made a big difference”.

The Living Wage is a way for organisations to make their employees feel valued. In return, employers experience benefits such as lower staff turnover and absenteeism, and higher productivity.⁷

The benefits to both employee and employer are clear, and it is evident that the payment of the Living Wage is a pre-requisite of a good job. We would encourage all employers who can pay the Living Wage to do so. We have welcomed the work that the Scottish Government has done on promoting the Living Wage to date and hope this will continue in the future. We would also like to see the Living Wage

⁵ Kelly, P. and Darling, L. (2015) ‘A Scotland without Poverty’ Glasgow: Poverty Alliance

⁶ Townsend, P. (1979) [Poverty in the United Kingdom](#), London, Allen Lane and Penguin Books.

⁷ Scottish Living Wage Campaign (2014) http://slw.povertyalliance.org/about/what_difference_does_it_make

included in the regulations for the Procurement Reform Act so that everyone paid from the public purse is paid a fair day's pay for a fair day's work.

Zero hours contracts

As we have already established, while a job needs to pay the Living Wage to be a good job, payment of the Living Wage alone is not enough. In recent years we have seen a growth in the use of zero hours contracts as people have struggled to secure full time employment.

The STUC's *Better Than Zero* campaign has worked with young people on zero hours contracts to campaign about this issue. One of the young people said:

"I'm 18 years old and have a zero hour contract. I do not know how many hours I will work in a given month: my shifts are often cancelled or not given at all. This is not a massive issue as I still live at home, however many of my colleagues have families to support and this insecurity must be very uncomfortable for them."

There are issues around zero hours contracts beyond number of hours available for work. People on zero hours contracts often find themselves with less rights at work, and can be more vulnerable to discrimination due to the lack of security in their contracts.⁸

Those on zero hours contracts can also face confusion about their rights to holiday, sickness and maternity pay, and fluctuating hours can make it difficult to access benefits.⁹

It is also difficult to imagine how anyone is meant to manage their finances week to week with no idea of what their earnings will actually be. At a time when politically people are constantly being reminded about the importance of budgeting, it does not seem right that we deem it acceptable to deny people the job security to do this.

If we are serious about making work pay then we must end this abuse of zero hours contracts by employers. The Scottish Government has to give serious consideration to how we end the abuse of zero hours contracts by employers. The creation of the Scottish Business Pledge is a welcome step forward in encouraging employers to adopt best practice on the use of exploitative zero hours contracts. However, it is important that more employers become involved.

Quality of work

At the 2014 Scottish Assembly for Tackling Poverty, we asked people what a Scotland without poverty would look like. People told us:

"Different kinds of work would be available, we would have more jobs that are about caring for people."

⁸ Citizens Advice Scotland (2013) <http://www.cas.org.uk/publications/scottish-affairs-committee-inquiry-zero-hours-contracts>

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“A bad job is something you are there every day, plodding away, and you don’t really want to be there, you’re there because you have to be, not because you want to be. A good job is when you are happy to go to work, wanting to put they extra hours in because you are passionate about it.”¹⁰

People should feel valued in their work. This goes beyond pay and hours, and is about how people feel when in their workplace, and about their workplace. We know that people want to work, but struggle with the lack of employment opportunities available. We want to see more jobs created in Scotland, but we need to think about the quality of the work being provided.

The Poverty Alliance believes that public money should not be given to companies with poor employment records who pay only the national minimum wage, and use zero hours contracts. We want to see organisations recognising the value in their staff and rewarding them appropriately. There should be recognition of trade unions, adequate sickness, holiday and maternity pay, and employees should be confident that they are working in a safe environment.

It has also come to our attention via the STUC *Better than zero* campaign that many employers, particularly in the hospitality and retail sectors, are requiring their staff to work additional hours either at the beginning or the end of their shift for no pay. This is unacceptable; people should be paid for all the hours they work and there should be penalties for any business avoiding doing this.

Staff wellbeing

A recent survey conducted by the Guardian on wellbeing of 3700 employees in the public and voluntary sector found that 93% of respondents said they were stressed either all, some or a lot of the time; 46% of charity workers report being stressed all or most of the time¹¹.

A report by Glasgow Centre for Population Health describes the link between employment and health. It states ‘it is long-established that employment and indeed the nature of the work are important social determinants of health’¹². In recent years, there has been less of a focus on quality of work and more emphasis on just getting people into a job. This low quality work has negative impacts on the wellbeing of the individual, and in fact can have a worse impact on mental health than being unemployed.¹³ There is also evidence that temporary work is associated with poorer mental and physical health compared with permanent employment.¹⁴ The wider point here is that employers who rely heavily on poor quality jobs are, in effect, guilty of ‘social dumping’ - they take the profits but the health costs of their practices fall on the public and on the public purse. More must be done to end this.

¹⁰ Kelly, P. and Darling, L. (2015) Poverty Alliance ‘A Scotland without Poverty’

¹¹ Guardian (2015) ‘Revealed how the stress of working in public services is taking its toll on staff’

¹² ‘Acheson D. Independent inquiry into inequalities in health report. London: Stationery Office;1998.’ In Harkins, C. & Egan J. (2013) The rise of in-work poverty and the changing nature of poverty and work in Scotland: what are the implications for population health?

¹³ Harkins, C. & Egan J. (2013) The rise of in-work poverty and the changing nature of poverty and work in Scotland: what are the implications for population health?

¹⁴ Harkins, C. & Egan J. (2013) The rise of in-work poverty and the changing nature of poverty and work in Scotland: what are the implications for population health?

In recent months, the Poverty Alliance has been conducting research tracking the impact of welfare reform in Glasgow. As part of this, we met with frontline advice workers and asked them about their wellbeing at work. Some of the issues raised were negative health impacts including mental health impacts and physical health impacts including time off work.

“you see it, people coming into work even though they are sick because they have to”¹⁵

This is not unique to frontline advisors; we know that in all sectors people are forcing themselves to go to work when they are unwell. This can be as a result of workload or because they cannot afford financially to take time off unpaid. There needs to be better workplace protections for employees so that they are able to take time off when needed.

As many organisations face growing pressures on funding, it is likely that the burden placed on staff will grow and they may face increased stress levels. Organisations need to think of how best to support staff in cases like this.

One of the other challenges raised as part of the Poverty Alliance research was maintaining motivation.¹⁶ This again shows the importance of making staff feel valued. Again, pay is a part of this but not the whole story. We need to ensure that staff are offered suitable support in their workplace, especially when they work in a high stress environment. No one should face health issues as a result of their work.

Conclusion

There are many things which make up a good job – decent pay, job security, a feeling of being valued, adequate benefits and an employer which recognises trade unions.

The Scottish Government has many options available for improving the quality of jobs in Scotland. The Government should continue to promote the Living Wage through the Scottish Living Wage Accreditation Initiative and should legislate to ensure all contracting authorities stipulate payment of the Living Wage as a condition for performance of the contract. It is not right that public money should be used to pay wages so low that they trap people in poverty.

The Scottish Government needs to give serious consideration to how we end the use of exploitative zero hours contracts in Scotland. The Scottish Business Pledge is a step towards this, and other ways of improving the quality of jobs in Scotland, but we need to look beyond a voluntary scheme to end poor employment practices.

There could also be more work done to promote trade union membership, particularly in those sectors where there is a traditional lack of unionisation such as hospitality and retail.

We also need to consider the type of jobs that are being created in Scotland, and the structure of our labour market. If we are using public funds to attract investment

¹⁵ F. McHardy (2015) Staff Wellbeing and Welfare Reform, Poverty Alliance, forthcoming.

¹⁶ *ibid.*

then we need to ensure that the jobs being created are quality jobs, which provide people with security and opportunity.

Finally, we need to recognise that the primary responsibility for what happens in the workplace lies with employers. It is the role of Government to support and encourage good practice, and when opportunities arise to legislate to change behaviour. Ultimately, it will require the best of employers to lead others and ensure that they play a full role in driving up standards in Scottish workplaces.