

**August 2015**

## **Barnardo's Scotland response to the Economy Energy and Tourism Committee inquiry into work, wages and well-being in the Scottish labour market**

### **Background**

Barnardo's Scotland is the largest children's charity in Scotland; we work with some of the most vulnerable and disadvantaged children in Scotland. We run over 120 services and work with over 26,000 children, young people and their families every year throughout Scotland, many of these services provide essential support to families struggling with multiple adversities.

Barnardo's Scotland welcomes the opportunity to respond to the Economy Energy and Tourism Committee's Inquiry into work, wages and well-being in the Scottish labour market. We provide a range of services to young people who require an often intensive level of support to get into work and to maintain that position once they are there. In addition many of the services we provide are to young parents who are often in and out of work due to a range of circumstances.

### **What makes a job 'good' or 'bad'?**

The young people supported into employment through our Barnardo's Works service have very clear views on what constitutes a good job:

*"A job should enable you to have a reasonable, preferably good, life. It should let you have the freedom and capacity to do the things you enjoy, albeit with rather less time than if you were unemployed. Therefore a good job can be seen as something that enables you to be happy, enjoy yourself and potentially expand your horizons". (Young person supported by Barnardo's Works Edinburgh)*

For them it is about a job that they chose to do; that suits them at that particular point in time; that offers flexibility in terms of working patterns and this flexibility supports training and further education; that is permanent or at least secure; that offers progression in the workplace and training opportunities and pays at least a living wage.

It is unsurprising that what young people consider a bad job is often the exact opposite of what they believe a good job to be:

*"A bad job in this case would be one which limits you and does not let you relax, whether this is to not enough time (being overworked), not enough money (not making enough to live on), or due to stress from the workplace (caused by many things)".(Young person supported by Barnardo's Works Edinburgh)*

There is an understandable focus by the European Union, UK and Scottish Government on increasing employment rates. However this allows little or no scope to focus on the quality of jobs. There is, therefore, a danger that there is an unstated 'any job will do' approach. This is not helped by an increasingly strict sanctions regime imposed by the UK Government which tightens conditionality and increases the number of young people subject to benefit sanctions.

Such an approach ignores the importance of young people being able to make a choice on what job they want to do and in many ways takes away their power to determine the kind of and type of job they would like.

Bad jobs are characterised by the fact that there is often an element of coercion (conditionality). There is little in the way of on-the-job training and little chance of progression with that employer. At the same time, jobs of this nature offer almost no flexibility for young people to mix work with further education or other training. The focus is simply on the needs of the employer.

For many of the young people we work with, the level of pay is not the main issue but where many of the characteristics above are the main features of the job being paid, the very lowest level of the minimum wage is hard to take. The recent announcement by the Chancellor of the Exchequer in the budget that the new 'national

living wage' will not apply to those under 25 is likely to exacerbate a situation where young people are doing jobs where low pay is only one of the bad things about the job.

Job insecurity is a particular problem for young people. The Resolution Foundation found that 50 per cent of 18-29 year olds were insecure in their employment in 2014, up from 40 per cent in 1994<sup>1</sup>.

### **Have jobs become better or worse since 2008?**

The economic crisis of 2008 hit young people the hardest. Proportionately more found themselves out of work than other age groups<sup>2</sup>. Seven years later, as well as young people entering the labour market for the first time, there are those who have had experience of multiple jobs in that time.

Whilst it is difficult to say whether jobs *overall* since 2008 have become better or worse we can say with some certainty that the nature of work has become more diverse. Unfortunately this diversity does not necessarily benefit young people. Young people tell us that the work available is often low quality and on a part-time or zero hour basis. Low quality in this sense will look very much like the 'bad' jobs described above which are low paid and insecure with very little training or chance of progression.

There has been an increase in those who are self-employed; this group now makes up 15% of the workforce<sup>3</sup>. For many this is a positive choice, but for others they may feel they have no choice but to deliver the same services on a self-employed basis. Whilst there are no doubt advantages to self-employment, for many there is also the possibility of a loss of the other benefits employed status brings such as pension, protected annual leave entitlement and in general a lower earnings potential. Self-employed people tend to be older and for the young people we work with this type of employment is a very remote possibility.

---

<sup>1</sup> Resolution foundation A steady job? The UK's record on labour market security and stability since the millennium

<sup>2</sup> <http://www.un.org/en/development/desa/news/ecosoc/young-people-job-crisis.html>

<sup>3</sup> <http://www.ons.gov.uk/ons/rel/lmac/self-employed-workers-in-the-uk/2014/sty-self-employed.html>

Barnardo's Scotland works with young people who would be considered 'furthest from the labour market'. Many have additional support needs and often require intensive support to get to the stage where they are able to take up employment. Our work with them suggests that there has been very little change in the experience of these young people since 2008. As the qualifications required for fairly low level entry jobs have increased these young people are pushed to the back of the queue and are often left with the jobs where there is little or no training or chance of progression.

We are however encouraged by the desire to see more young people enter apprenticeships and the development of a more vocationally focussed senior phase in schools. However there is a need to ensure that these developments benefit the most vulnerable young people and that training programmes and apprenticeships are not closed to them. The ring fencing of Community Jobs Scotland places for care leavers is a good example of how this can be done.

### **The effect of low quality/low pay jobs on the economy?**

Low paid and low quality employment has a significant impact on the levels of in-work poverty. In Scotland we know that 52 per cent of working age adults in poverty are in work and 59 per cent of children in poverty live in a household with at least one adult in work<sup>4</sup>.

Living in poverty has a significant impact on an individual's ability to participate in their local community and society generally. Low pay has an obvious impact on how much disposable income is spent in local economies. Low pay also affects the performance of businesses themselves. The Scottish Living Wage Campaign has pointed out that paying a living wage increases productivity, improves staff morale and staff retention and is generally good for business.

Unless low pay is tackled there is a real risk not only to local economies but also to the long term earning potential of young people as they remain stuck in low quality jobs where their talents are never realised.

---

<sup>4</sup> <http://www.scotland.gov.uk/Publications/2015/01/3233>

## **The health impacts of low quality jobs.**

The young people and families we work with often face multiple adversities which include living in poverty, substance misuse, domestic and sexual abuse and mental health problems. Many of these issues are exacerbated by low pay and low quality work.

For many, the experience of work where the hours can be long, the work menial with no flexibility and little chance of progression will have a significant impact on their mental and physical health. This in turn will have an effect on their ability to continue in that employment which will have implications for their benefits and future work prospects.

There are also wider impacts on other family members. It is common to hear of parents carrying out more than one job in order to provide for their children. The stress of this and the fact that these jobs are low quality will affect how these children grow up and their relationships with their parents. There is a danger that unless the cycle of low pay, low quality work and the related stress is broken it is these children who will fail educationally and fall into the same low paid, low quality work. Policies to tackle educational attainment must take this into account.

## **What can the Scottish Government and public policy makers do to improve job quality in Scotland?**

The Scottish Government's commitment to the living wage is welcome and it is encouraging to see that a number of employers have signed up to this. Nevertheless we know that the lowest paid sectors such as hospitality and retail continue to lag behind the public sector and other private sector employers. We would encourage the Scottish Government to continue promoting the living wage but we believe there is merit in taking a more targeted approach to promoting the living wage in these sectors. This is particularly important in relation to young workers who will be significantly disadvantaged by being excluded from the UK Government's 'national living wage'.

We very much welcome the Scottish Government's Fair Work Initiative. This offers an opportunity to make employment and employment support work for all in Scotland. We particularly

welcome the fact that there is an opportunity to redesign employability programmes as part of the devolution of the Work Programme contained in the Scotland Bill. It is our view that as part of this redesign there should be a segmentation of employability support based on age and need. This approach would ensure that employability support for young people is tailored to their needs. This would also be an opportunity to ensure that any conditionality in relation to work does not punish individuals for requiring additional support to get work and to stay in a job.

The Scottish Government aim of increasing apprenticeships by 2020 is welcome. However, we already know that the current Modern Apprenticeship programme can be inaccessible for young people with additional needs or who require more intensive support. As such, any new apprenticeships should be designed so that these young people can benefit from them. There is merit in looking at how qualifications act as a barrier for many young people entering employment and the potential for in work qualifications to be used to ensure more young people from poorer and disadvantaged backgrounds can progress to apprenticeships and better quality jobs.

For more information or clarification of any of the points in this evidence contact Eddie Follan, Policy and Public Affairs Officer, Barnardo's Scotland [eddie.follan@barnardos.org.uk](mailto:eddie.follan@barnardos.org.uk) T: 0131 446 7077