



Changing Employment & Education Trends in Scotland

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Summary

This report follows up on a series of longitudinal studies by the Scotland Institute on changes in the Scottish labour market since 1992. The earlier reports focused on the impact on the under-25 demographic, while this report expands beyond that to also look at the wider employment landscape. The main dataset runs up to 2019, but the report does also contain a final section that looks at the immediate impacts of the Covid-19 pandemic.

For under-25s, the main findings are:

- 1 The patterns of insecure employment that were established after the 2008 financial crisis have continued. This age group continue to report a reliance on part-time and/or temporary work, even when they are seeking full time employment;
- 2 There remains a gender gap, with young women less likely to be able to gain full time employment, but with strong evidence this gap has been closing in the period 2015-2019;
- 3 In terms of hours worked and security of employment, the dynamics have remained much the same as reported in 2014;
- 4 However, the post-25 age group are entering full time employment in greater numbers, suggesting that issues around insecure employment ease over time.

For the wider labour force, the main findings are:

- 1 When inflation is taken into account, wages have been static for the period 2015-2019. But once housing costs, which have grown faster than inflation are taken into account, this indicates a fall in expendable income, especially among those on low pay or in insecure employment;
- 2 16% of single people in full time work earned less than 60% of the median income, i.e. were below the poverty line;
- 3 Almost 10% of the labour force in 2019 were in receipt of Universal Credit or Working Family Tax Credits. As many people in work were in receipt of Universal Credit as out of work;
- 4 Only 30% of individuals with children earned enough to meet the minimum income levels identified by the Joseph Rowntree Foundation as needed for a basic standard of living;
- 5 Given all the problems of stagnant wages and the operation of Universal Credit, levels of household debt increased.

For the impact of Covid, the main findings are:

- 1 Arrears of rent and Council Tax have increased substantially;
- 2 Reliance on Universal Credit has increased substantially;
- 3 Food bank take up in Scotland has not increased due to the effects of Scottish Government measures;

- 4 More people report that their hours of work vary on a weekly basis – however this could be related to changes in the terms of employment, or to the shifting Covid regulations and the need for sudden periods of self-isolation.

The overall trend in the Scottish labour market in the aftermath of the 2007-08 financial crisis has been towards pay constraints and a significant increase in casual work. The evidence in the 2014-2019 period is that these patterns have persisted but not particularly worsened. However, in terms of productivity, this is guaranteed to maintain a low productivity economy. Our research indicates the existence of a well educated young workforce who receive little or no subsequent education as they progress in their working lives. For many, formal education ends when they graduate with a degree or leave school, and there is little subsequent in-work training and development.

The Scottish Government has worked with the STUC on a Fair Work agenda, and it is perhaps indicative of some measure of relative success that there is no evidence for increases in casualization of work, or for more people seeking additional hours. But equally, this has not substantially shifted the dynamics set in place during the aftermath of the 2007-08 financial crisis.

Introduction

This report updates and expands several earlier reports by the Scotland Institute on the Scottish Labour Market. Two of those reports focused on changing trends in employment patterns for those under 25, from being able to access full time salaried work in 1992 relatively easily, to the increasing precarious labour market of 2014 – this was worsened by the 2008 financial crisis, but the trends had been set in motion well before then¹. This report continues to develop the main themes in that earlier work, and updates the longitudinal studies to 2019. In addition, it draws on data for 2021 to explore the impact of the Covid pandemic, especially on already marginalised groups. Plus, this updated report looks at employment and earnings for the wider Scottish labour force. The data is derived from the ONS provided NOMIS site, and also from accessing a set of the original Labour Force Surveys. Unless otherwise reported, all the tables are based on the 16-65 age groups, on the assumption that those outside these bands are mostly economically inactive.

As noted in the summary, the main finding is wage stagnation between 2015-2019, after inflation is taken into account. This is significant given that some costs which disproportionately affect the poorer segments of society, especially the cost of housing, for example, have increased much quicker than the basic rate of inflation, suggesting that those on the lowest pay have seen serious losses in expendable income. We are now in a position where 16% of single people in full time employment do not earn enough to escape living in poverty. And 10% of those in work are also in receipt of either Universal Credit or Working Family Tax Credits.

As the Scotland Institute has argued in the past, poverty and low wages are not just a problem for those affected directly², but it undermines any attempt to run a productive economy that generates social wealth for us all³. Research in the Netherlands and Germany suggests that higher pay in traditionally low pay sectors such as hospitality or retail is closely related to higher productivity in the economy overall. This is because higher wages trigger consequent higher investments in individual skills, greater use of IT, and the development of improved working models, in part to cover the impact of higher pay and in part due to the contribution of a higher paid workforce.

The Scottish labour force is relatively well educated at the point of entry into work. But there is an endemic problem⁴ once in work. For most, formal skills acquisition stops upon leaving

¹ Cook, R. 2013. *The Changing Face of Youth Unemployment and Employment in Scotland 1992-2012*. Glasgow: The Scotland Institute, Cook, R. 2015. *From Recession to Recovery: Youth Employment and Unemployment in Scotland 2008-2015*. Glasgow: The Scotland Institute.

² Cook, R. 2012. *The Personal, Social and Economic costs of Social Exclusion*. Glasgow: Scotland Insitute.

³ Cook, R. 2014. *Addressing the Productivity Challenge Facing Scotland*. Glasgow: Scotland Institute.

⁴ Scottish Government 2014. *Adult Learning in Scotland: Statement of Ambition*. Edinburgh.

full time education, with very low provision of in-work training either by employers or state schemes, or indeed at the initiative of individual workers. There are plenty of reports on this issue, but there is a consistent lack of response from the government. Almost every new Scottish education minister makes note the problem when they first assume office⁵, but then nothing happens. This is, of course, not just an issue in Scotland – the entire field of vocational skills and adult education has been poorly handled across the UK for more than 50 years.

Education is a devolved area in Wales, Northern Ireland and Scotland, and one where the Scottish Government has generally struggled for many years at almost every level. At the moment, every possible delivery mechanism is flawed. Employers simply do not do enough⁶, government schemes are poorly designed, and relying on individuals to fund themselves is not a viable solution for the economy as a whole, while it also entrenches pre-existing inequalities. This therefore should be a main area of focus for any Scottish government for the foreseeable future.

⁵ Swinney, J. 2017. *The future of the skills system in Scotland* [Online]. IPPR. Available: <https://www.ippr.org/event/the-future-of-the-skills-system-in-scotland> [Accessed 10 May 2017].

⁶ UKCES. 2015. *Employer Perspectives Survey 2014: Scotland data* [Online]. London: HM Government. Available: <https://www.gov.uk/government/publications/employer-perspectives-survey-2014-scotland-data> [Accessed 1 June 2015].

Overall Labour Market Trends

Wages, Benefits and In-Work Poverty

Stagnant Wages

From 2015-2020 wages increased by just under 15%, from a mean annual wage of £22,470 to one of £25,812. However, over the same period, inflation (as measured by the RPI) was just over 13%, leaving wages much the same on average. This also masks considerable variance in terms of gender and type of work. The table below shows average earnings at a weekly and per hour calculation, adjusted for RPI changes.

Table 1: Average Wages 2015-2020⁷

	Average Weekly Wage				Average Hourly Wage			
	M FT	M PT	F FT	F PT	M FT	M PT	F FT	F PT
2015	£ 655.3	£ 190.2	£ 542.0	£ 204.7	£ 16.4	£ 10.3	£ 14.6	£ 10.8
2016	£ 661.5	£ 197.3	£ 547.0	£ 211.9	£ 16.5	£ 10.9	£ 14.7	£ 11.1
2017	£ 652.9	£ 197.9	£ 538.1	£ 212.7	£ 16.4	£ 11.4	£ 14.5	£ 11.1
2018	£ 648.3	£ 193.4	£ 541.9	£ 215.8	£ 16.2	£ 11.1	£ 14.5	£ 11.3
2019	£ 651.3	£ 195.1	£ 541.3	£ 220.8	£ 16.4	£ 11.2	£ 14.6	£ 11.5
2020	£ 641.0	£ 205.2	£ 558.7	£ 232.7	£ 16.4	£ 11.9	£ 15.1	£ 12.3

The only group to have seen a net increase in their average wages over that period were women in part-time work. One possible explanation for this is they are often employed in the social and health care sectors and there has been a determined effort to improve wages and conditions in that sector. For full time employees, this suggests a small closing of the gender pay gap but that remains a significant feature and cannot be explained in terms of prior education. Not reported, is evidence for a continuing pay gap based on ethnicity but the sample sizes were too small to enable this to be explored in any depth.

The reality of wage stagnation is actually worse than these headline figures suggest. The effective inflation rate for those on lower incomes has been much higher than the overall average increase of 13% in costs since 2015, especially in terms of rental costs for housing. Three categories are estimated for those in the labour force, with an estimate of what is needed for a marginally decent standard of living. These are the calculations by the Joseph Rowntree Foundation as to the income

⁷ Derived from the relevant Labour Force Survey data and the published RPI statistics,

levels needed for a basic standard of living⁸, whether their salary matches the poverty line (i.e. 60% of the median wage) or the National Living Wage (assuming a 35 hour week).

Table 2: Estimates of low and poverty wages Category	Est. Minimum Income	Poverty Line (60% of Median Wage - £595pw)	National Living Wage (assume 35 hour week) – 2021 (£8.91ph)
Single Person	£296.82	£357	£311.85
Couple no Children	£444.80	£357	£311.85
One Child	£603.91	£357	£311.85
Two Children	£800.17	£357	£311.85

In effect, these are all different measures of how to interpret low income. The Joseph Rowntree estimates are probably the most effective as they seek to capture the income needed for some degree of financial stability while allowing for a small amount of discretionary expenditure.

Since the LFS is not designed to capture household income (or indeed any earnings outside paid work) it is not feasible to fully model a comparison to the above tests. In particular, the LFS does not capture earnings from self-employment or benefits. What can be done is to explore whether salaried income alone is sufficient to meet those thresholds.

Table 3: In-work poverty in Scotland

Category	Work	Meet JWF Minimum?	Above Poverty Line	Above NLW
Single Person	FT	81.48%	84.00%	84.00%
	PT	28.57%	41.18%	30.77%
Couple no Children	FT	48.09%	60.54%	70.22%
	PT	14.68%	18.18%	36.94%
One Child	FT	40.00%	70.00%	71.43%
	PT	8.33%	16.67%	25.00%
Two Children	FT	33.33%	55.56%	40.00%
	PT	0.00%	11.11%	33.33%

In this table, the PT work line is unreliable as an overall guide to household income as it is possible in most circumstances that the income is supplemented by the earnings of their partner(s). However, some 16% of single people who are in full time work are in poverty and earn less than the NLW indicates. For couples with no children, these figures are 40% and 30% respectively. Once children are taken into account, the earnings of an individual are not enough to meet the basic needs in over 40% of cases and 65% of families with children earn less than the JWF minimum.

⁸ Padley, M. & Hirsch, D. 2017. A Minimum Income Standard for the UK in 2017. York: Joseph Rowntree Foundation.

In many cases, this will be made up by receipt of benefits or a second income, but it is indicative that Scotland continues to have a serious problem with low wages.

Benefits

One way to gauge the impact of low wages is in terms of the number of people in work and in receipt of some form of benefits. Over this period, Job Seeker’s Allowance was gradually being phased out (a drop of 65% from 2015 to 2019) as Universal Credit was imposed on more people. Despite the regular claims of the British Prime Minister and Chancellor of the Exchequer, it must be stressed that as many people in work as seeking work are in receipt of this benefit. The other major in-work benefits are the Tax Credit system introduced by the last Labour Government (and paid to around 7% of the workforce) and Housing Benefit (paid to around 3% of the workforce).

The table below uses the ILO definitions rather than those of the UK Government to identify those in work, those seeking work (this definition is more broadly drawn), and those economically inactive. This table excludes those over 65. It shows the spread of each benefit type across these three categories.

Table 4: In and out of work benefit claims

2015	Universal Credit	JSA	Tax Credits	Housing Benefit	Disability Benefit (any)	Total
Employed	22.22%	9.86%	66.17%	27.84%	13.56%	73.72%
Unemployed	11.11%	71.23%	6.36%	13.54%	4.39%	4.51%
Inactive	66.67%	18.90%	27.47%	58.62%	82.05%	21.77%
2017						
Employed	18.59%	12.57%	64.33%	23.25%	11.60%	79.22%
Unemployed	53.85%	62.30%	3.91%	7.38%	3.00%	3.19%
Inactive	27.56%	25.13%	31.76%	69.37%	85.39%	17.59%
2019						
Employed	28.30%	6.15%	66.51%	26.37%	13.47%	74.77%
Unemployed	27.24%	50.77%	4.01%	6.82%	2.27%	2.69%
Inactive	44.46%	43.08%	29.47%	66.80%	84.26%	22.54%

Thus in 2019, 75% of the working age population were employed, 1.7% were in receipt of Universal Credit, and 4.5% were receiving Tax Credits. The other way to look at this is that 28% of those in receipt of Universal Credit were in work and 27% were unemployed. Not surprisingly, this has led to a steady growth in household debts, with the average unsecured household debt in 2019 reaching £14,566⁹. This was partly related to the expansion of Universal Credit, not least because its

⁹ Morgan-Klein, L. 2020. Scotland in the Red. StepChange Debt Charity.

introduction also came with the removal of entitlement to other benefits such as Housing¹⁰, with 27% of those seeking advice were (or had been) in receipt of Universal Credit. The impact on families with children is even worse, when the effects of the Benefit Cap introduced by the 2010-15 Coalition Government are considered. In Scotland, 97% of those facing this arbitrary limit are households with children, and 66% are lone parent families¹¹.

Employment dynamics

This section looks at the spread of employment by various categories.

Sector

Table 5: Employment by Sector

	Female	Male
A:Agriculture, hunting & forestry	0.61%	2.83%
B:Fishing	0.11%	0.35%
C:Mining, quarrying	0.81%	3.75%
D:Manufacturing	4.41%	12.61%
E:Electricity gas & water supply	0.67%	1.84%
F:Construction	1.64%	11.66%
G:Wholesale, retail & motor trade	12.61%	12.12%
H:Hotels & restaurants	6.45%	5.00%
I:Transport, storage & communication	2.70%	8.71%
J:Financial intermediation	4.55%	3.53%
K:Real estate, renting & business activs	10.45%	13.84%
L:Public administration & defence	8.26%	6.72%
M:Education	13.14%	5.19%
N:Health & social work	25.97%	5.86%
O:Other community, social & personal	7.32%	5.76%
P:Private house holds with employed persons	0.18%	0.05%
Q:Extra-territorial organisations, bodies	0.10%	0.19%

In looking for an explanation of the gender wage split, it is worth noting that there are employment sectors where the gender balance is strongly skewed. In particular, education, health and social care are largely dominated by women while agriculture, construction and manufacturing are male dominated. The differences in terms of relative wage growth above can mostly be explained by different sectoral employment patterns rather than related to qualifications or age.

¹⁰ Cook, R. 2016. Universal Credit: Implications for Scotland. Glasgow: Scotland Institute.

¹¹ Scottish Government 2021. Universal Credit: Scotland Bulletin. Edinburgh: Scottish Government.

Related to that, there is an equally clear gender split in employment in the overall private sector. Overall, the Scottish labour force is divided 33:67 between the public and the private sectors.

Table 6: Private and Public Sector Employment

	Female	Male	All
Outside Private Sector	42.64%	21.99%	32.44%
Armed forces	0.03%	0.48%	0.25%
Central Gov., Civil Service	3.13%	2.53%	2.83%
Charity, voluntary org etc.	4.24%	1.98%	3.12%
Health authority or NHS trust	11.32%	2.61%	7.02%
Local govt. or council (incl . police etc.)	15.86%	8.22%	12.09%
Nationalised industry etc.	0.28%	0.50%	0.39%
Other	0.79%	0.74%	0.76%
Public company, plc	0.94%	1.08%	1.01%
University, etc.	2.38%	1.81%	2.10%
Private Sector	57.36%	78.01%	67.56%

Insecure Work

It has been estimated that some 11% of Scottish workers are in what they describe as insecure employment. This can include short notice of shift changes that means their income is volatile, and they cannot plan their finances with any security¹². This mainly affects those under 25, and is discussed in more detail later on in this report.

One particular problem is the official statistics do not explicitly capture the main form of insecure employment, Zero Hours Contracts, meaning it is necessary to build up a picture from a variety of indirect indicators. The table below shows some of the main possible indicators for those currently in employment and aged 16-65.

Table 7: Insecure Work (various measures)

	2015	2017	2019
Variable Hours	19.14%	17.10%	16.2%
PT but want FT	3.74%	3.58%	3.56%
Agency/Casual/Other	2.21%	1.95%	1.93%
Fixed Term	2.42%	1.99%	1.95%
Seasonal Work	0.43%	0.32%	0.27%
Non-permanent work for over 1 year	2.83%	2.41%	2.11%

¹² Living Wage Foundation. 2021. *More than 3.5 million people in low paid, insecure work* [Online]. Available: <https://www.livingwage.org.uk/news/more-3.5-million-people-low-paid-insecure-work> [Accessed 1 August 2021].

These categories are not mutually exclusive, though they do indicate that casual work is not particularly a feature of seasonal employment but is part of the core labour market. Note that a substantial minority report that they remain on non-permanent work for many years, corroborating our earlier reports that this was becoming less a transitional state and more a permanent feature of the working life of some individuals. One welcome development is that there is a trend across the period towards less casual work for the overall workforce.

Across the period just over 10% of the employed labour force report they worked from home on a regular basis. Mostly, these were self-employed. The proportion of those in work and reporting as self-employed increased gradually from 11.7% in 2015 to 12.4% in 2019.

Productivity and Training

The correlations between low pay, insecure work and productivity are complex. If low pay reflects the skills of those entering the labour market, then that can contribute to low productivity¹³. Equally, in the UK, sectors such as retail and hospitality are synonymous with low productivity¹⁴, but this is not the case in countries such as Germany or the Netherlands. The main reasons for this relate to low levels of investment both in capital and in-work training and greater reliance on temporary workers. A second, major problem is the tendency for productivity gains to be used to reward capital, not those who are employed.

There is a wider, particularly Scottish problem, of a long tradition of low wages. In the nineteenth century, this allowed greater profits but depressed domestic demand for goods and services. For many years, the solution was to rely on production of goods for manufacturing and often for export. The problem was this left the Scottish economy particularly ill placed to adapt in the post-war period as manufacturing increasingly became based around light engineering and for consumer production. When this shift came about more abruptly in the early 1980s, the result was de-industrialisation, unemployment and significant social distress.

As a result of policies implemented in the wake of that de-industrialisation wave, the current Scottish labour force is mostly well educated. Of those in work, over 33% have a degree and 50% have some form of higher qualification. The problem is the lack of longer-term in-work training and development.

Table 8: Qualifications, Age and Employment Status

¹³ Innes, D. 2018. The links between low productivity, low pay and in-work poverty. York: Joseph Rowntree Foundation.

¹⁴ Cook, R. 2014. Addressing the Productivity Challenge Facing Scotland. Glasgow: Scotland Institute.

	Age Band									
	20-24yrs	25-29yrs	30-34yrs	35-39yrs	40-44yrs	45-49yrs	50-54yrs	55-59yrs	60-64yrs	All 20-64
In Employment										
No Qualifications	5.07%	4.65%	5.82%	5.41%	6.76%	8.05%	11.14%	11.95%	14.12%	8.19%
Degree	24.14%	41.87%	43.63%	40.12%	38.70%	32.65%	27.67%	26.63%	22.72%	33.41%
Higher Ed	20.46%	16.61%	16.41%	17.53%	17.82%	17.33%	17.17%	15.40%	13.66%	16.92%
Highers	33.38%	19.89%	17.64%	18.47%	17.40%	19.49%	21.19%	23.00%	28.68%	21.48%
Other	3.69%	4.10%	5.28%	6.03%	5.28%	5.00%	5.73%	6.15%	9.25%	5.59%
Standard	13.27%	12.88%	11.23%	12.44%	14.04%	17.50%	17.10%	16.87%	11.58%	14.40%
Unemployed										
No Qualifications	11.94%	13.15%	16.55%	12.03%	10.07%	13.40%	20.12%	15.18%	11.90%	13.77%
Degree	18.66%	22.54%	32.41%	32.28%	26.62%	21.65%	21.34%	19.90%	12.70%	22.78%
Higher Ed	21.27%	16.90%	13.79%	11.39%	13.67%	17.53%	9.76%	12.04%	22.22%	15.71%
Highers	21.27%	15.02%	15.17%	10.13%	17.99%	20.62%	22.56%	27.75%	24.60%	19.59%
Other	8.21%	6.57%	6.90%	11.39%	8.63%	7.22%	8.54%	9.42%	14.29%	8.76%
Standard	18.66%	25.82%	15.17%	22.78%	23.02%	19.59%	17.68%	15.71%	14.29%	19.40%
Inactive										
No Qualifications	11.20%	18.62%	20.20%	17.11%	18.63%	26.30%	32.53%	26.37%	21.70%	22.01%
Degree	16.35%	24.77%	19.77%	22.11%	17.43%	12.28%	13.27%	21.44%	24.09%	19.99%
Higher Ed	10.21%	15.38%	14.24%	15.26%	14.88%	12.50%	11.78%	12.45%	17.50%	14.33%
Highers	45.29%	12.15%	11.48%	14.87%	16.89%	19.78%	15.07%	18.30%	20.12%	20.08%
Other	6.14%	8.00%	9.45%	11.05%	10.05%	9.02%	5.89%	4.81%	7.11%	7.42%
Standard	10.80%	21.08%	24.85%	19.61%	22.12%	20.11%	21.46%	16.64%	9.47%	16.17%

This table excludes the 16-20 year old group, as many of them are still in full time education. Few people under 40 in employment have no formal qualifications. Overall this group is split 50:50 between being in work and not. 40% of the under-40s are educated to degree level and almost 60% have some form of higher education qualification. On this basis, Scotland's productivity problem is not one of the labour force lacking qualifications.

One of the major problems is that for the most part, education is seen as a one off exercise mostly completed by the mid-20s. Thus there is a very close correlation between age and the length of time since acquiring their highest qualification, as illustrated:

Table 9: Years since acquired highest qualification

Average of Years since higher qual	Age Bands									
	20-24yrs	25-29yrs	30-34yrs	35-39yrs	40-44yrs	45-49yrs	50-54yrs	55-59yrs	60-64yrs	
Employed	2.54	5.35	8.90	11.96	15.11	18.47	21.16	25.57	28.63	
Unemployed	2.00	4.48	6.76	9.69	14.85	17.41	16.88	21.06	19.80	
Inactive	2.95	4.60	8.43	11.45	18.81	21.76	22.06	26.46	32.19	
Grand Total	2.58	5.23	8.80	11.84	15.48	18.69	21.13	25.55	30.19	

Only 14% of the workforce reported any in-work training in the last year. Of those where this contained an element of off the job, more formal education, in over half of the cases the costs were met by the employee not the employer. State support for in-work training was also minimal.

Table 10: In-Work Training

Type of Training		Paid by		
		Employer	Govt scheme	Self fund
On Job training	7.51%			
Away from Job	5.15%	25.61%	18.42%	55.97%

Both	3.55%	29.33%	19.27%	51.40%
Total including away from job	8.71%	27.13%	18.77%	54.10%

In effect, the current labour market almost looks like it was designed to limit productivity. It takes in a relatively well qualified workforce, but then offers minimal in-work training, low wages and often insecure employment.

Youth Employment and Unemployment

Most of the issues identified above apply equally to those under 24. However, they are more vulnerable to insecure employment, and more likely to struggle to progress to structured, full time work. To track whether this continues past 24, we have added the 25-29 age group to this analysis. The table below shows the proportion of that particular age group who are both in employment and in full time employment.

Table 11: Youth Employment Rates (FT Employment)

Age Band	2007	2012	2015	2017	2019
16-19	49.4%	33.7%	35.1%	36.1%	33.7%
20-24	72.8%	64.5%	64.1%	65.7%	63.2%
25-29			77.3%	78.5%	82.5%

Broadly this supports our earlier view that the 2007-2008 financial crisis led to a major shift in the youth employment market, and that this then settled into a new pattern. Although, there is some variation by year, broadly the distribution between full and part time work has remained steady. The other key indicator from this table is that there is an important shift around the 24/25 age barrier, with most people at that stage entering full time work – if they are in employment at all.

The youth labour market remains stratified by gender. Of those in employment, at every stage women are less likely to be in full time employment. However, there is strong evidence that since 2015, this gap has narrowed significantly.

Table 12: Gender differences in youth employment

Age Band	2007	2012	2015	2017	2019
Male 16-19	60.4%	49.6%	50.8%	49.2%	45.8%
Female 16-19	38.3%	21.7%	22.0%	26.4%	22.3%
Male 20-24	78.2%	69.5%	70.6%	75.5%	75.7%
Female 20-24	32.5%	41.1%	57.9%	62.3%	61.8%
Male 25-29			90.0%	91.3%	89.2%
Female 25-29			66.0%	67.1%	76.4%

Trying to characterise the problem of insecure work is complex, in part because there is no simple definition. One aspect is whether or not those who work part time do so by choice. If those in education are excluded, in the 2012 dataset some 46% of those in part time work did so only because they could not find full time work. By 2017, this had increased to 53%, and this figure remained steady across the period of this study. This broadly suggests that the labour market has settled into this new structural form, and is not just a short-term effect of the 2008-12 upheaval.

Table 13: Insecure Employment for those under 25

Year	Average Hours (all employees)	Temporary Job	Variable Hours
2007	30.51	42.58%	
2012	29.02	52.12%	
2015	28.06	51.7%	32.5%
2017	29.36	51.8%	33.1%
2019	28.56	48.8%	32.7%

Impact of Covid-19

General Trends

For obvious reasons, there is little point discussing the 2020-2021 labour market in terms of longitudinal trends. The bulk of the period from March 2020 to August 2021 has been marked by a unique set of economic dynamics. However, it is useful to explore whether those already marginalised by the existing labour market conditions have been even further disadvantaged by the impact of Covid-19 and the chosen policy responses, mostly coming from the UK-wide government.

There is a general consensus that those in secure employment and with existing assets have largely been protected from the worst economic effects¹⁵. On the other hand, debt has become more common, and more serious, for those on low incomes, with particular concerns around the rise in rent and Council Tax arrears¹⁶, which has the potential to lead to longer term problems of homelessness when current tenant protections are removed.

Almost 100,000 more people in Scotland have need to claim Universal Credit either to support job search or to supplement wages in the period April 2020 to March 2021¹⁷. As a measure of the shifts in the labour market, the number of single person households needing to claim has risen from 120,000 in November 2019 to 244,000 in November 2020. Universal Credit has its shortcomings¹⁸ and, due to

¹⁵ Bank of England. 2020. *How has Covid affected household savings?* [Online]. Bank of England. Available: <https://www.bankofengland.co.uk/bank-overground/2020/how-has-covid-affected-household-savings> [Accessed 10 May 2021].

¹⁶ Morgan-Klein, L. 2020. *Scotland in the Red*. StepChange Debt Charity.

¹⁷ Scottish Government 2021. *Universal Credit: Scotland Bulletin*. Edinburgh: Scottish Government.

¹⁸ Cook, R. 2016. *Universal Credit: Implications for Scotland*. Glasgow: Scotland Institute.

how it is operated by the DWP, raises the risk of individuals not just losing that particular benefit but all other forms of social support. The overall proportion of those who are unemployed is much the same in Scotland as in the rest of the UK for June 2021, and, in both cases, there are more people recorded as long-term sick or retired, reflecting the impacts of the pandemic on health of the overall population.

However, there is evidence that the Scottish Government has used its limited welfare powers well to reduce the immediate effects of the economic disruption necessitated by the health situation. Data by the Trussell Trust suggests that Scotland saw a 1% drop in food-bank usage¹⁹, for example. This is not due to underlying factors, as the numbers needing crisis grants and struggling with low incomes has increased, but due to initiatives such as the Scottish Food Fund providing an alternative route to accessing sufficient food to live on.

Labour Market Dynamics

This section focuses on whether or not insecure employment has increased over the last 18 months. While any change could be short lived, the warning from the 2007-08 financial crisis is that one-off shocks to the labour market can produce structurally embedded adverse effects, especially without sound policies to pre-empt such outcomes. As above, this table only captures those in employment and aged between 16-65.

Table 14: Impact of Covid on insecure employment

Issue	Change to 2019	Value
Variable Hours	Yes, increased	26.7%
PT but want FT	Same	3.8%
Agency/Casual/Other	Decreased	1.7%
Fixed Term	Increased	2.8%
Seasonal Work	Decreased	0.01%

This is a complex picture. The drop in seasonal work is to be expected given that the sample period is from January to April. There is a small increase in fixed term contracts, and little change in the numbers working part-time but really wanting full-time employment. The big change is in terms of those reporting variable hours, and most reported this as an unexpected decrease. This may be very contextual, with businesses opening and closing due to shifting guidance, or a need to deal with staff testing positive for Covid. If that is the reason, then there is little reason to suspect this forms the basis for a new shift to even more casualisation of the labour market. On the other hand, added to a wider drop in household incomes, it may point to a labour market become even more precarious for many.

¹⁹ Trussell Trust 2021. Data briefing on end-of-year statistics relating to use of food banks: April 2020 – March 2021.

There has been a slight drop in self-employed individuals to 11.8%, as some people have been forced to abandon their businesses. On the other hand, predictably, working from home has increased from around 10% of the workforce to 16.5%. Since this covers a period when the government advice over home working was less strict than it had been at times in 2020, this may indicate a small long term shift away from office work. It may also reflect that those able to work remotely were more likely to have managed to hold onto their job over the last year.

In addition, there has been some significant changes in the sectoral pattern of employment due to Covid.

Table 15: Impact of Covid on Sectoral Employment

	2015-19	2021
A:Agriculture, hunting & forestry	1.71%	1.52%
B:Fishing	0.23%	0.42%
C:Mining, quarrying	2.26%	2.39%
D:Manufacturing	8.46%	6.53%
E:Electricity gas & water supply	1.25%	1.58%
F:Construction	6.59%	5.56%
G:Wholesale, retail & motor trade	12.37%	11.24%
H:Hotels & restaurants	5.74%	4.37%
I:Transport, storage & communication	5.67%	5.58%
J:Financial intermediation	4.05%	4.27%
K:Real estate, renting & business activs	12.12%	13.65%
L:Public administration & defence	7.50%	9.83%
M:Education	9.22%	10.39%
N:Health & social work	16.04%	16.02%
O:Other community, social & personal	6.55%	6.50%

(note does not add to 100 as some marginal areas are not shown)

In the main, these changes do not reflect people moving to new sectors, but that some sectors have been disproportionately affected by the pandemic. Thus the drops in construction, manufacturing, retail and hotels, reflect the fall in demand for those sectors and therefore the fall in the numbers of people employable in those sectors.

Conclusions

This report extends our previous studies on the Scottish labour market. The main finding is the shift to less secure employment that followed the 2007-08 financial crisis has become entrenched and systemic, but has not become more widespread.

Moreover, the period 2015-2019 is characterised by stagnant wages for many.

This suggests that if low pay and insecure work are seen to be undesirable, then the current policy framework is not enough to address the issues. The risk is that emerging from the Covid pandemic, we will see another radical shift towards the direction of low pay and insecure work. So far the data cannot be interpreted to show this, but it is clear that more people are reporting variable hours than before. Equally, some of the shifts in sectoral employment, such as the drop in the retail sector, are going to continue, but it is likely that sectors such as construction will recover.

The problem is that low pay and insecure work are linked to a low productivity economy, and the Scottish economy has failed to solve that problem for many years. Even the relative growth in economic activity from 2000 onwards can mostly be explained by net inward migration expanding the labour force, rather than increases in productivity. The regulatory framework is partially outside the remit of the Scottish Parliament, but as noted, plenty could still be done using the devolved education system. The problem here is that the Scottish government has so far struggled to follow a correct diagnosis on the challenges faced by the Scottish education system with effective action to remedy the issues.

These underlying weaknesses have a long-term knock-on effect on social, cultural, and civic organisation and engagement. Only by comprehensively addressing these points can we boost productivity and social cohesion not only in Scotland, but across the entire United Kingdom.

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