

BRIEFING

OCTOBER 2024

Ensuring the Minimum Income Guarantee complements fair work



A roadmap to the Minimum Income Guarantee

- There are a number of unanswered questions relating to the MIG and fair work, including how the policy will influence the actions of employers and individuals in the labour market, and whether the interactions between social security and work will lead to the policy disincentivizing paid work.
- The role of fair work in the MIG remains a point of contention. While our discussions provided insight as to how civil society view some of the questions outlined above, it did not achieve consensus or clarity on the specific answers. It is therefore imperative that the Expert Group's final report and subsequent Scottish Government policy-making focuses on the role of fair work within the MIG.
- Employers will play a significant role in the delivery of a MIG, but there is need for greater engagement with this group to better articulate this role. Quick progress must be made on both ending negative employment practice and offering support and advice to employers so they are able to, amongst other things: pay the real Living Wage, deliver Living Hours, and offer flexible working.
- A pre-requisite to ensuring more people, particularly women, can access the MIG level through paid work is investment in our care economy, including the expansion of the current funded childcare entitlement for low-income households, and greater flexibility in delivery of provision.
- A majority of attendees expressed support for a system free of conditionality, while a number highlighted that this may make it more challenging to build public support. However, with conditionality not currently within the Scottish Government's gift, early steps to deliver a MIG will likely reside within the current system. There is a need, therefore, to consider how civil society engage with the UK Government to address the current, prohibitive model.
- There was support for replacing conditionality with sustainable employability support which is tailored to the needs of groups who are furthest from the labour market, and shifting emphasis from the individual to employer, with fair work conditionality placed on employers to drive-up standards relating to wages, security and training.
- Ensuring there is better enforcement of pre-existing legal standards, such as the National Minimum Wage, is an interim step towards the MIG.
- While there was some support for the devolution of employment law, there was wider support on the need to devolve the administration of the Jobcentre Plus network to the Scottish Parliament.



Introduction

The Minimum Income Guarantee (MIG) is more than a social security proposal and requires reform to the world of work to ensure more people can reach the MIG Level through paid work. While it has been well-acknowledged that there is a role for the labour market in the delivery of the MIG, our engagement with members has found several unanswered questions around work incentives and how the MIG will align with Scotland's ambitions to become a fair work nation.

Attendees at the Poverty Alliance's annual conference in November 2023 highlighted questions about the impact on the labour market, including:

- Whether the introduction of the MIG will influence the actions of employers, such as their willingness to pay the real Living Wage when they know wages will effectively be 'topped-up' by a MIG payment, and how we may mitigate against that risk;
- Whether people will be willing to take on less attractive jobs when they are in receipt of the MIG payment; and
- The nature of the interactions between social security and work and, as a result, whether the policy would disincentivise paid work.

Having clarity on these questions was seen as critical to building public and political support with attendees highlighting work incentives as a potential area of skepticism, particularly in media coverage¹. Taking on board these concerns, and in order to explore these issues in more detail, we held a seminar in March 2024 on how the MIG can complement Scotland's ambitions on fair work. The seminar included inputs from Tony Wilson, Director at the Institute of Employment Studies and Sharon Wright, Professor of Social Policy, University of Glasgow.

This session focused on the next steps for fair work policy; the role of employers in the delivery of the MIG; and the interactions between work and social security. While our discussions provided insight as to how civil society view some of the unanswered questions outlined above, it did not achieve consensus or clarity on the specific answers to those questions. It is therefore imperative that the Expert Group's final report and subsequent Scottish Government policy-making focuses on the role of fair work within the MIG. Within this, employer buy-in is critical, and there is clearly a need for greater engagement and evidence to persuade these stakeholders that MIG will help them succeed.

¹ See detail of early media coverage in the Talking about the Minimum Income Guarantee briefing, including Sarret, Lucy 'Outrage as "money-grabbing" SNP set for yet another tax hike to fill economy black hole', *Daily Express*, 22nd June 2024 available at <https://www.express.co.uk/news/politics/1926367/SNP-tax-increase-benefits-scheme>



The current picture

Research from the Institute of Fiscal Studies found that social security reforms in recent decades have consistently resulted in higher employment than the system they replaced.² However, this employment growth is usually in part-time, low-paid work which rarely leads to career progression. Reforms to-date, therefore, are unlikely to enable more people to reach the MIG level through paid work alone. Indeed, those encouraged to enter paid work within the current system tend to remain on low pay and are often still entitled to in-work social security support. For example, while getting out-of-work single parents to look for work did push them into employment, on average the jobs paid just £8,000 per year (2021 prices) and virtually none of these roles paid over £20,000 per year. As a result, essentially all of these new workers were in the bottom 40% of the overall earnings distribution.³ As women account for the majority of so-called ‘second earners’ and primary caregivers, women will have been disproportionately impacted by these trends and our social security policy is thus reinforcing women’s labour market and financial inequality.⁴

A range of pre-existing models exist that can be adopted with regards to the interaction between the MIG and fair work. Different governments have taken different approaches to the idea of work incentives in social security, but the question of how best to encourage people into paid work has been a long-standing policy consideration. Indeed, the need to “*leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family*” is visible in William Beveridge’s 1944 *Social Insurance and Allied Services* report.

More recently, the idea of ‘making work pay’ was a core rationale for welfare reform, bringing a system of sanctions and conditionality which effectively forces people into paid work or additional working hours. Work incentives, cliff edges in support and taper rates have also become a core focus within policy discussions on the Scottish Child Payment. It seems likely, therefore, that the issue of incentives will be a live issue as we enter the period of the implementation.

² Institute for Fiscal Studies (2023) *Benefits and tax credits* available at <https://ifs.org.uk/inequality/press-release/decades-of-benefit-reforms-have-pushed-more-people-into-work-but-very-often-into-part-time-low-paid-work-with-little-prospect-of-progression/>

³ Ibid.

⁴ Wright, Sharon (2023) *Women and welfare conditionality: Lived experiences of benefit sanctions, work and welfare*, Policy Press, 30th October 2023 available at <https://bristoluniversitypressdigital.com/monobook/book/9781447347767/9781447347767.xml>

Potential models for conditionality and work incentives



Tony Wilson, Director at the Institute for Employment Studies, outlined four ways to think about work incentives within our social security system:

- **Worse off out of work:** How can the system make people worse off? This often means pushing people into destitution, creating a strong compulsion to enter paid work. This is a feature of our current UK ‘safety net’ approach with very low ‘replacement rates’⁵ and means-testing.
- **Better off in work:** A key focus for the past twenty years has been improving financial return from work, but with different approaches and philosophies. One example is Working Tax Credits which provided additional financial incentives to enter paid work. The introduction of the statutory National Minimum Wage in 1999 was also an example of this approach, as was subsequent changes to the system of minimum wages since 2015.
- **Making it easier to take up work:** This approach often involves financial incentives to enter paid work, due to legitimate concerns about costs and uncertainty of moving into work, such as costs relating to childcare or transport. The UK has many examples of one-off or ongoing extra

payments if you take up work including the Job Grant, In Work Credit, Return to Work Credit. While these interventions have been abolished post-2010, the Job Start Payment applies in Scotland for unemployed young people.

- **Threats:** Threatening people to enter paid work, including risk of sanctions for those who have work-related requirements within their social security entitlement.

While these various models exist, the evidence base on what works with regards to work incentives remains contested, and thus fails to provide a clear route forward for the MIG:

- **Worse off out of work:** Low benefits are a very blunt, unequal and risky instrument. Evidence would also suggest that the declining value of out of work benefits has not correlated with increased levels of employment.
- **Better off in work:** High ‘marginal deduction rates’ affect work choices in different ways, and particularly for people with extra costs and other responsibilities. There is not currently enough understanding of what works in this regard, including whether interventions such as Working Tax Credits make it less likely that employers will pay higher rates of pay.

⁵ Replacement rates refer to a comparison between the income received by a household when out of work with the income received when working at a specified wage.

- **Making it easier to take up work:** Time-limited incentive payments are not well evaluated. This approach appears to have worked as part of a package of provision, but impacts may not be permanent. In long-run studies, people who benefit from incentives had lower wellbeing than those who did not. This may relate to these incentives creating unrealistic expectations, and once these short-term support had been removed, they were unable to maintain paid work. This, again, is an argument for improving the quality of work itself.
- **Threats:** ‘Loss aversion’ is undoubtedly a powerful motivator, but the evidence base on conditionality is especially contested: sanctions lead to bad choices and their harmful effects on people with health needs or caring responsibilities outweigh any potential benefits.

Policy-making in this space is thus trying to reconcile three objectives of: poverty-reduction; work incentives; and affordability. While it is easy to design policy that achieves one or two of these factors, it is challenging to do all three. In considering the opportunities for an alternative model, Tony Wilson outlined a range of policy options which function within the context of the desire to set a guarantee.

| Policy option | Detail |
|-------------------------------------|--|
| Minimum Income Guarantee | <ul style="list-style-type: none"> • Consistent with minimum income floors. • Limited qualifying criteria. |
| Better off in work guarantee | <ul style="list-style-type: none"> • On paper, and in practice, people would be better off in work than out of work. Requires more consistent and transparent access to additional costs support where needed. • Reform tapers⁶ and disregards⁷ which characterise in current system – a more ‘lumpy’ approach, but with time-limited better off in work guarantee for mini-jobs. • Access to time-limited extra cash for those with extra costs or other responsibilities. |
| Opportunity guarantee | <ul style="list-style-type: none"> • Anyone who wants help to prepare for, or look for a job, will get it regardless of whether they are currently in paid work or not. • National access to specialist support for disabled people, those with long-term health conditions including parents. • Clear charter setting out your entitlements and service standards. |
| ‘Next steps’ agreement | <ul style="list-style-type: none"> • Reformed claimant commitment based on behavioural insights to support positive action, rather than basing motivation to participate solely on ‘loss aversion’. • Reformed job search and work prep requirements, simplified for jobseekers, and none for those who cannot take work up due to caring, ill-health or disability. • Sanctions as last resort – treated as a failure, rather than objective of the policy. |

Tony outlined that the starting point for the MIG should be no conditionality for disabled people, those with a health condition, or those with caring responsibilities, either childcare or unpaid care for disabled people or older people. However, while it may be worth testing this policy approach, it is likely to be difficult to win an argument for no conditionality throughout the system. More importantly, the system should be based on

agreement and commitments, but should be without sanctions.

A critical aspect of this should be thinking about employment support services including job preparation, matching and brokerage support for the unemployed, or those who are seeking to progress within paid work. This should include specialist support for those further from work, tailored to their needs.

⁶ A taper is the rate at which a benefit is reduced to take account of earnings.

⁷ In Universal Credit money can be earned by members of the household before it has any impact on the amount of Universal Credit received – this amount is called the earnings disregard.

Embedding lessons from current models of sanctions and conditionality



The starting principle for the input of Sharon Wright, Professor of Social Policy at the University of Glasgow, was that the MIG should be characterised by no conditionality, with this position being informed by 25 years of research with people experiencing the system of conditionality and sanctions. The key conclusion from this research is that sanctions are cruel, and people express anger and frustration about how they have been treated. People have disengaged from the system because of how they will be treated by Universal Credit, and the uncertainty that comes with social security.

Often the system of incentives and conditionality is designed around able-bodied men but in reality they apply to women who have caring responsibilities. When we look at the origins of the welfare state, the language is focused on ‘him’, reflecting men providing for their families. However, what has happened over the intervening years is that increasing numbers of women have entered the labour market, and they have subsequently been pushed to work more hours by our social security system. Sanctions and conditionality have had very harsh implications for women and their children, and the UK system is more punitive than that of our European counterparts.

The system pushes people into taking low-quality jobs which they do not want; do not pay fairly; do not fit with their caring responsibilities; and are detrimental to their health and wellbeing. Work requirements have been degendered, but caring responsibilities have not, often creating impossible choices for women. Within the context of the MIG, we need to embed gender considerations into the fair work sphere, including consideration of women’s experiences of paid work and unpaid care.

As Scotland does not yet have the powers to introduce a ‘full’ MIG, the policy will sit within the wider, reserved system of Universal Credit. The possibility of removing conditionality, or altering this, is therefore not currently in play. In the current UK system, conditionality is based upon the belief that we need to force people into paid work, otherwise they will not work. However, evidence shows that conditionality is counterproductive, actually hindering people’s ability to enter paid work.

In our approach to conditionality and the MIG, there is a need to acknowledge structural disadvantages in paid work which are particularly acute for some women, disabled people, migrant communities, some Black and minority ethnic groups, and unpaid carers. The current system does not take these barriers into account.

Within the employment sphere of MIG we must focus on the crucial role for employers, adopt a careful approach to self-employment and ensure support for workers is secure and predictable. When delivering the MIG, issues of withdrawal of support will be vital: the level and speed with which the MIG payment would be removed could have a significant impact on the likelihood of people taking up or staying in part-time employment. While cliff edges and tapers will undoubtedly be very important in the design of the policy, some of the arguments against the MIG are the same arguments used against the introduction of the National Minimum Wage, including negative economic consequences, the closure of businesses and job losses. It is important to be clear that these concerns in relation to the National Minimum Wage did not come to fruition.

Some policy proposals put forward by Sharon Wright for how the MIG could embed employment and fair work include:

- Regulate employers to provide fair work, including a guarantee to work that pays the real Living Wage.
- Ensure that unpaid carers, the majority of whom are women, have access to an adequate income that does not force them into inadequate work (see also briefing paper 1 of this series).
- Measure work outcomes using job quality criteria related to fair work, rather than just 35 hours.



Discussion points

Attendees had the opportunity to discuss, in groups, the approach to work incentives and the MIG. This included the next steps that were needed for fair work to ensure more people are able to reach the MIG level through paid work alone. Some key considerations included:

An offer of good-quality, tailored employability support should replace conditionality

Sustainable employment support, rather than conditionality, is key to enabling more people into fair work. Forcing people into any job, regardless of whether it meets their needs, is not delivering strong outcomes for individuals, communities or our labour market. Increased investment is needed to create good-quality services which, working with local employers, provide opportunities and options that are tailored to individuals and their current circumstances. Seminar attendees highlighted good examples of this, like Individual Placement and Support (IPS) services for those with severe and enduring mental illness, where advisors have a small caseload, tailor support to each client, and work with local employers and clinical teams to identify work opportunities that will complement their client's health needs at that moment.

More broadly, attendees highlighted issues with current employability support services in Scotland. Employability support within a functioning social security system should

offer a viable route out of poverty. However, the system is not yet fulfilling this ambition. Fair Start Scotland is not meeting targets relating to priority groups such as disabled people, Black and minority ethnic people and single parents. This points to the fact that mainstream services are not responding to the needs of groups who continue to experience barriers to employment. It is concerning, therefore, that tailored programmes, such as the Parental Employability Support Fund have been subject to substantial funding cuts.

IPPR Scotland research found that the devolved Scotland/Scottish employability system is valued by people accessing it, but is not yet meeting its ambitions, including those relating to child poverty.⁸ Meeting the Scottish Government's stated employability aims would require at least a 200% increase in the number of parents entering work each year. Similarly, to secure the ambition to reach 86,000 parents supported by programmes would in turn require a near 300% increase in the number of starts.

Attendees also highlighted the devolution settlement as a barrier here, with the operational model of Jobcentre Plus viewed as preventing people from getting effective employability support. Certainly, IPPR research concluded that most people out of work in Scotland will find their main interaction with support staff coming through a Jobcentre Plus. Disparities in philosophy and culture

⁸ IPPR Scotland (2024) *Working Wonders: The role of employability in tackling poverty* available at <https://ippr-org.files.svdcdn.com/production/Downloads/Working-wonders-March-24.pdf>

between Job Centre Plus and Social Security Scotland create differences in service levels, engagement of staff and, ultimately, the extent to which people using services feel supported.⁹ Attendees at our seminar highlighted negative experiences of individuals attending appointments at Jobcentre Plus, including stigmatising attitudes and processes, which may undermine the ambitions of the MIG, particularly with regards to tailored, personalised support. Some attendees echoed recommendations from IPPR Scotland and The Brown Commission that the administration of the Jobcentre network should be devolved to the Scottish Parliament.

Shifting conditionality and sanctions from individuals to employers

Attendees were keen to explore whether it was possible to shift conditionality from individuals to employers. This would flip the conditionality burden so it is no longer placed on those receiving support, but instead on employers to deliver fair work. This may mean an expansion of Fair Work First Conditionality, which encourages all employers bidding for public sector contracts and grants in Scotland to demonstrate certain responsible employment practices.¹⁰ Existing UK legislation has laid some of the groundwork for enabling the real Living Wage for these workers through the Public Services (Social Value) 2012 and the Procurement

2023 Acts. Further changes in this space can support a ‘race to the top’ where employers who provide the real Living Wage and Living Hours are recognised and incentivised with government contracts and grants.

Our focus should not just be on getting into employment, but enabling in-work progression

We cannot become narrowly focused on getting people into any job, without consideration of the need to promote in-work progression. The Institute for Fiscal Studies found that benefit reforms since the late 1990s have, on average, strengthened the financial incentive to move from unemployment to part-time work.¹¹ However, contrastingly, the incentive to make the transition from part- to full-time work for low earners with children has been weakened. The Institute for Fiscal Studies thus concluded that social security policy should factor in the longer-term effects of how reforms affect careers and progression.

Currently, there are low levels of investment in employees by employers, particularly in low-paid occupations. This is reflected in the findings of a Citizen’s Panel, coordinated by the Poverty Alliance, which found barriers to upskilling support and a lack of protected time afforded to employees for training and development.¹² This was also a key finding of

⁹ IPPR Scotland (2024) *Working Wonders: The role of employability in tackling poverty* available at <https://ippr-org.files.svdcdn.com/production/Downloads/Working-wonders-March-24.pdf>

¹⁰ The full Fair Work First criteria comprises payment of the real Living Wage, investment in skills and training, no exploitative zero hours contracts, action on gender pay, creating channels for effective voice at work, including through trade unions, no fire and re-hire practices, and flexible working.

¹¹ Institute for Fiscal Studies (2023) **Decades of benefit reforms have pushed more people into work – but very often into part-time, low-paid work with little prospect of progression | Inequality: the IFS Deaton Review**

¹² Poverty Alliance (2023) *Participation of people with experience of poverty in the Scottish Government’s Lifetime Skills Offer* available at <https://www.povertyalliance.org/wp-content/uploads/2023/10/COMBINED-Get-Heard-Scotland-Lifetime-skills-offer-June-2023.pdf>

the Serving the Future project, focused on the hospitality sector, where a lack of consistent line management, unclear or absent formal career progression processes and few options for formal training opportunities were cited as barriers to progression.¹³ It is clear that progression, training and upskilling need to be afforded greater attention by employers and policymakers during the development and implementation of the MIG.

Both employers and our governments have a role to play in improving access to flexible working

Flexible working is an essential tool for many people experiencing in-work poverty, particularly disabled people and women with caring responsibilities, including single parents, the majority of whom are women. With Employment Law reserved to Westminster, this recommendation requires action by the UK Government. Despite recent changes to flexible working regulations through the Employment Relations (Flexible Working) Act 2023, legal provisions remain unfit for purpose. We have welcomed the changes, enacted from this year, to make flexible working a day one right. However, recent survey data from ACAS has highlighted a lack of awareness around these changes with 70% of employees not aware that they will have a right to request flexible working from their employer from day one of their job.¹⁴ There is therefore action to be

taken to further promote these changes, and increase awareness among employees of these benefits.¹⁵ In addition, the refreshed regulations fail to promote the stated aim of “making flexible working the default”. There is still a need to enhance the right to flexible working with further action to strengthen regulations. This should include a requirement for employers to include flexible working in job adverts.

The Scottish Government can also take action to place greater emphasis on flexible working within fair work policy-making and guidance, building on the existing, welcome, Fair Work First criteria. However, employer and line manager attitudes continue to present a barrier to greater access to flexible work. The right to request flexible working does not equate to a right to work flexibly and those that request it have no guarantee of it being approved. Indeed, around three in ten requests from employees seeking to access flexible working are turned down by their employer.¹⁶ Research conducted in Scotland found that 52% of employers think flexible working creates more work for line managers, and 30% felt that those working flexibly are less committed to their career.¹⁷ Employers therefore need to ensure they have clear policies on flexible working, provide training for line managers on the new regulations and wider flexible working, and challenge this cultural presumption against flexibility.

¹³ Robertson, L., McFadyen, C., McHardy, F., Fox, C., Watts, R., Congreve, E., Davidson, J., Hirvonen, A., Schwittay, H., Shields, S., Catalano, A., and Timbrell, H. (2023). *Workers' Experiences of Low-Paid Work: A Snapshot of the Hospitality Industry* available at https://fraserofallander.org/wp-content/uploads/2023/11/Longitudinal_Report_Final.pdf

¹⁴ Acas (2023) *7 out of 10 Employees are Unaware of New Day One Right to Request Flexible Working* available at <https://www.acas.org.uk/7-out-of-10-employees-are-unaware-of-new-day-one-right-to-request-flexible-working>

¹⁵ Close The Gap (2023) *UK Government Changes to Flexible Working Regulations Fall Short* available at <https://www.closesthegap.org.uk/news/blog/uk-government-changes-to-flexible-working-regulations-fall-short/>

¹⁶ TUC (2021) *The Future of Flexible Work* available at <https://www.tuc.org.uk/research-analysis/reports/future-flexible-work>

¹⁷ Flexibility Works (2020) *Flex for Life* available at <https://www.flexibilityworks.org/flexible-working-research/flex-for-life-report-2022/>

Employers have a key role to play in delivery of fair work to progress the MIG

Employers will play a significant role in the delivery of a MIG and action to tackle poverty more broadly. Analysis from IPPR Scotland concluded that simply ensuring everyone already in work is paid the real Living Wage would lift around 70,000 people out of poverty.¹⁸ While good for people, increasing positive employment outcomes is also good for the economy – resulting in higher tax revenues and lower social security payments.

Quick progress must be made on both ending negative employment practice and offering support and advice to employers so they are able to, amongst other things: pay the real Living Wage, deliver Living Hours, and offer flexible working. The role of employers in delivering these fair work priorities should be viewed as a critical interim step. Attendees noted that this would likely require support for employers, as well as regulatory and legal changes.

Continued poor employment outcomes for disabled people, including the disability employment gap and the concentration of disabled people in low-paid and insecure work, were seen as barriers to the delivery of a MIG. Employers are key to addressing these trends, taking action to accommodate reasonable adjustments and address discrimination in recruitment and employment practice. ‘Employerability’ should thus be a key concept within the MIG.

Regulation is important but we need to ensure greater enforcement of those rights

Analysis from Resolution Foundation points to 334,000 employees being paid less than the National Minimum Wage in 2022; 900,000 having no paid holidays; and 1.8m receiving no payslip. The absence of these legal rights is more common among low-earners. Despite these increasing trends, the UK has 0.29 labour market inspectors per 10,000 workers. This falls significantly short of the one per 10,000 workers recommended by the International Labour Organisation.¹⁹ Ensuring adequate enforcement of existing rights would be an interim step towards the MIG. Attendees also pointed to the need to support employers to understand their legal responsibilities.

Seminar attendees also pointed to the increased calls for and subsequent prevalence of gender and ethnicity pay gap reporting by employers. While this increased transparency was viewed as a welcome start, the current regulations fall short of requiring employers to take action on the causes of these pay gaps. Strengthening these legal requirements to include an action plan, and mandating employers to report against those actions, would assist in encouraging employers to prioritise action on women and Black and minority ethnic people’s inequality at work.²⁰ This action could increase the likelihood that groups who are at greater risk of in-work poverty are able to meet the MIG level through paid work.

¹⁸ IPPR Scotland (2024) *Working Wonders: The role of employability in tackling poverty* available at <https://ippr-org.files.svdcdn.com/production/Downloads/Working-wonders-March-24.pdf>

¹⁹ Resolution Foundation & Centre for Economic Performance (2023) *Ending Stagnation: A New Economic Strategy for Britain* available at <https://economy2030.resolutionfoundation.org/wp-content/uploads/2023/12/Ending-stagnation-final-report.pdf>

²⁰ Close the Gap (2023) *Positive shifts, persistent problems. A five year analysis of Scottish employer gender pay gap reporting* available at: <https://www.closesthegap.org.uk/content/resources/Positive-shifts-persistent-problems-A-five-year-assessment-of-Scottish-employer-gender-pay-gap-reporting.pdf>

There is a need to focus on sectors characterised by low-paid and insecure work such as care, hospitality and retail

Research by the Institute for Fiscal Studies found that new job openings in low-paid occupations had risen about 20% above pre-pandemic levels by June 2021. More than half of this growth in low-paid work was due to the boom in transport and storage jobs, fuelled by the shift to ecommerce. Openings for waiters and bar staff, cleaners and carers made up most of the rest.²¹ The hospitality sector account for 60% of employment growth across lower paying sectors since 2008.²² Attendees questioned whether there was potential to sanction employers for unfair employment practice, or what possibilities there are to utilise employment law at the UK-level and Fair Work policy-making at the Scottish-level to target sectors which are characterised by low-pay and insecure work.

Greater investment in the care economy is critical to enable people into fair work

Childcare and unpaid care for disabled people and older people is a key barrier to participation in the labour market, particularly for women who account for the majority of primary caregivers, single parents and unpaid carers. However, unpaid care, as per the care sector more broadly, is undervalued.

Despite the fact unpaid carers save the Scottish economy £10.8bn per year, this labour is not counted within our national accounting. The earnings threshold within Carers Benefit also has implications for the position of unpaid carers in the labour market, preventing progression or additional working hours or earnings. Investing in social care to ensure that everyone can access the care they require is both an enabler of disabled people's paid work and would prevent people being forced to leave the labour market to provide care. Increasing wages in the social care sector, in reflection of the economic value of this work, would also be a critical step to ensuring the social care workforce can access the MIG level.

While attendees welcomed the introduction of 1140 hours per annum of funded childcare by the Scottish Government there was consensus that this did not yet go far enough to ensure sufficient access to affordable, accessible and flexible childcare. While representing a significant increase on the previous offer, 1140 hours still only amounts to the duration of the school day and continues to fall short of full-time working hours. As a result of the need to top-up funded hours with paid-for provision, childcare costs continue to prevent low-income parents from entering employment, or increasing their working hours and earnings.²³ The delivery of the 1140 hours has also been insufficiently flexible at the local level to enable parents

²¹ Financial Times 'Many UK workers lack job options despite labour shortage, study finds' available at <https://www.ft.com/content/424e7f55-6208-4f80-9c98-451bc2e19950>

²² Resolution Foundation & Centre for Economic Performance (2023) *Ending Stagnation: A New Economic Strategy for Britain* available at <https://economy2030.resolutionfoundation.org/wp-content/uploads/2023/12/Ending-stagnation-final-report.pdf>

²³ The Poverty Alliance and Scottish Women's Budget Group (2022) "It's hard work being poor" *Women's Experiences of the Cost-of-Living Crisis in Scotland* available at https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

into the labour market.²⁴ There is a clear need to build upon this platform, extending the funded entitlement, starting with those on low-incomes. Attendees prioritised flexible, wraparound childcare, and childcare for pre-school age children.

We need to ensure our narrative framework on MIG highlights how it complements, rather than undermines, fair work

Our narrative framework should be clear that the security of a MIG provides a platform for entry into or progression within paid work. This will bring benefits to employers in terms of workforce, as well as highlighting the economic benefits of individuals having more money to spend within their local economy. However, we must also ensure that our narrative does not further devalue part-time employment and does not utilise stigmatising language such as ‘economically inactive’ or ‘low-skilled work’.

Attendees agreed with Professor Sharon Wright that arguments against the MIG parallel arguments utilised in opposition to the National Minimum Wage. There are potentially lessons around the introduction of the National Minimum Wage, including how this policy has become embedded with broad public and political support.

There is still a need for greater support to deal with immediate, basic needs

It is difficult to enter or progress within paid work when individuals are unable to meet their immediate, basic needs such as energy, rent, or food due to living on an inadequate income. This has been increasingly common during the cost of living crisis. However, this is also a reflection of our inadequate social security system. Currently, 90% of those in receipt of Universal Credit are going without essentials. Addressing the inadequacy of social security support through a MIG may therefore provide people with the security and freedom to enter paid work.

Strong public services are also an enabler of paid work and there is a need to invest in good-quality public transport and childcare to ensure that people can afford to enter paid work. During a Citizen’s Panel on public transport, people living on low-incomes told the Poverty Alliance that the high cost of bus travel for part-time retail shifts meant that paid work was not always economically viable.²⁵

²⁴ Scottish Government (2023) *Exploring parents’ views and use of Early Learning and Childcare in Scotland* available at <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2018/08/exploring-parents-views-use-early-learning-childcare-scotland/documents/00538959-pdf/00538959-pdf/govscot%3Adocument/00538959.pdf>

²⁵ Poverty Alliance (2023) *Participation of people with experience of poverty in the Just Transition Plan for Transport* available at <https://www.povertyalliance.org/a-just-transition-plan-for-transport-views-of-people-on-low-incomes/>

Our collective priority areas of action



Attendees identified the following policy changes and activities in the realm of fair-work that they felt were most critical to the development and implementation of the MIG, in order of priority:

- The Scottish Government should expand access to childcare that is affordable, flexible and accessible. This should include expansion of the current funded entitlement, and greater flexibility in delivery of provision.
- The Scottish Government should provide a scaled-up disability employment guarantee.
- Invest in our care economy, and better value care by introducing a national outcome on care; improve rates of pay in the care sector; increase the rate of carers benefits; and ensure there is no conditionality for carers in the system.
- Work with the UK Government to provide enhanced rights for flexible working. The Scottish Government should also ensure that flexible working is more prominent in fair work policy and guidance.
- Replace conditionality with sustainable employability support, which is tailored to the needs of groups who are furthest from the labour market and face barriers to good quality employment.
- Improve job matching services within current employment support to ensure that it meets the needs of individuals and takes into account their circumstances.
- Ensure UK, Scottish Government and Local Authority fair work policy-making encourages employers to invest in and prioritise training and upskilling for employees.
- Shift emphasis from the individual to the employer, with fair work conditionality placed on employers to drive-up standards relating to wages, security and training.
- The UK Government should ensure there is better enforcement of pre-existing legal standards, such as the National Minimum Wage.
- The UK Government should devolve the administration of the Jobcentre Plus network to the Scottish Parliament.



The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups



abrdn Financial Fairness Trust has supported this project as part of its mission to contribute towards strategic change which improves financial well-being in the UK. The Trust funds research, policy work and campaigning activities to tackle financial problems and improve living standards for people on low-to-middle incomes in the UK. It is an independent charitable foundation registered in Scotland (SC040877).