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The Living Wage: facts and figures 2017

Andrew Aiton

This briefing looks at statistics on the Living Wage in Scotland for employees and businesses.



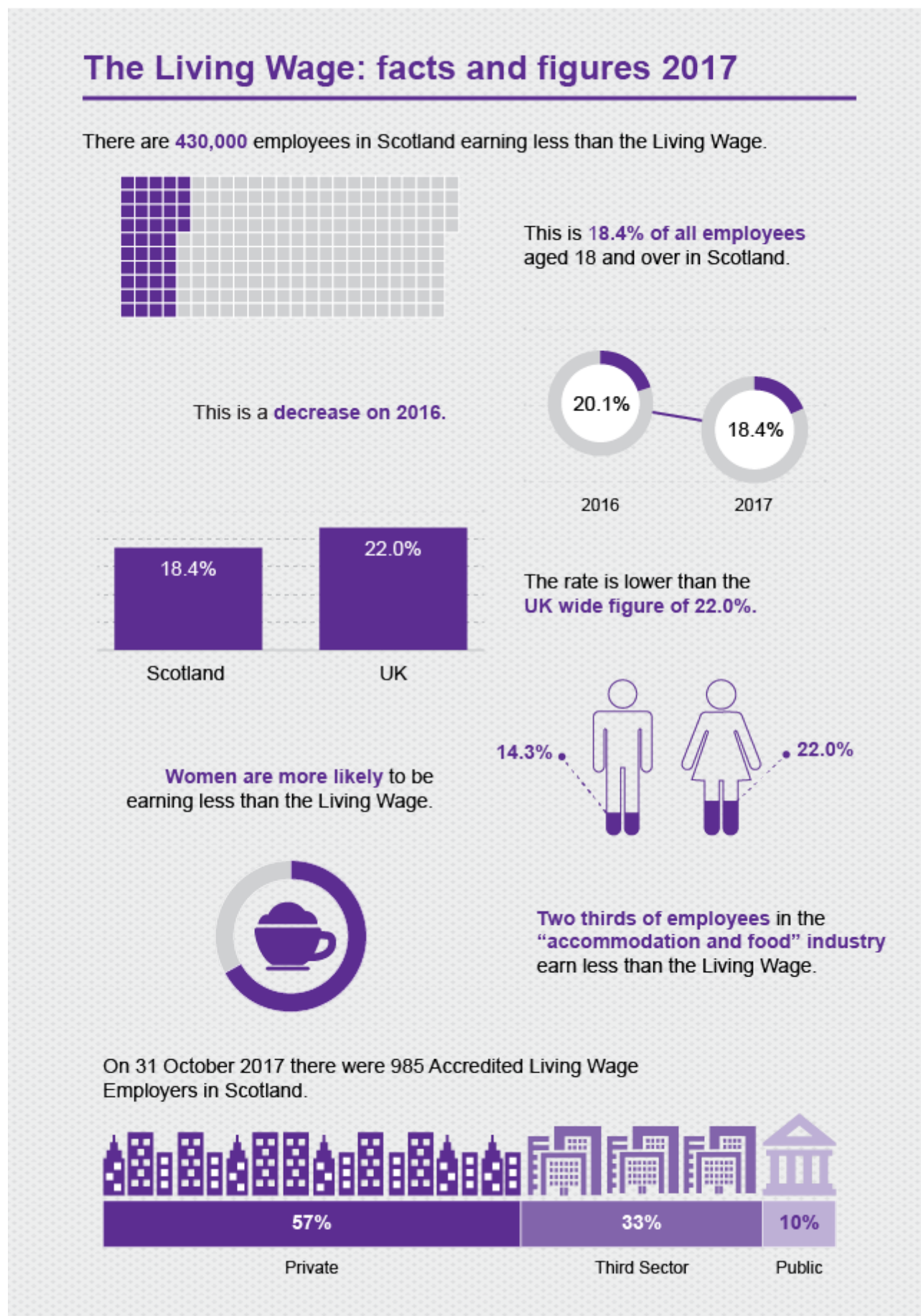
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Executive Summary

Figure 1: The Living Wage: facts and figures 2017 - Executive Summary



Annual Survey of Hours and Earnings - Scotland -2017 and Scottish Living Wage Accreditation

The Living Wage

The “**real Living Wage**” is an independently set hourly rate which is calculated according to the basic cost of living in the UK. These figures are calculated annually and announced in November. The calculation is done by the Resolution Foundation and overseen by the Living Wage Commission, based on the best available evidence on living standards in London and the UK. For more information on the calculation see the [SPICe Living Wage briefing](#) ¹. The real Living Wage is a voluntary rate at which employers pay their staff £8.75 per hour.

Although the real Living Wage is not compulsory, on 31 October 2017, there were 985 employers in Scotland who have received accreditation as Living Wage employers. Accreditation requires employers to pay all staff, including contracted staff, at least the Living Wage. Accredited employers include some large companies such as SSE, Royal Bank of Scotland, Standard Life and Aberdeen Asset Management.

The Scottish Government has set out that [all bodies covered by the policy](#) must pay their staff at least the Living Wage, apart from Modern Apprentices ². This includes people directly employed by the Scottish Government as well as its agencies and NDPBs such as SportScotland, the Scottish Court Service and Creative Scotland.

The Scottish Government has outlined its commitment to promoting the Living Wage in its [latest economic strategy](#) ³. Paying all employees aged over 18 and over the Living Wage is the core of the [Scottish Business Pledge](#) ⁴.

About the data

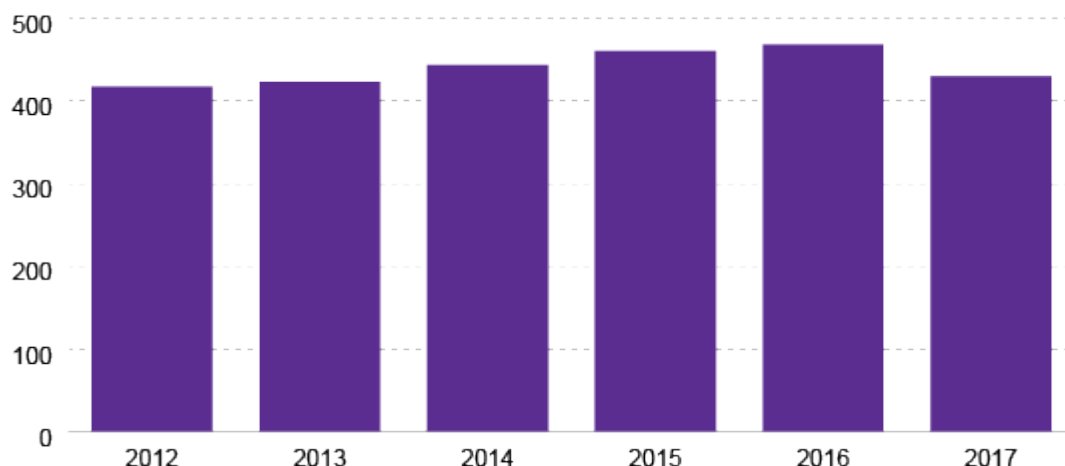
The data on employees comes from the Annual Survey of Hours and Earnings (ASHE), published by the Office of National Statistics (ONS). Most of the data comes from the Scottish Government's [Annual Survey of Hours and Earnings - Scotland - 2017](#) ⁵ publication. Some additional analysis comes from the ONS, specifically on UK comparisons and working patterns ⁶. As ASHE is based on analysis of PAYE it doesn't include the self-employed. At the time of the ASHE 2017 survey the Living Wage rate for the UK was £8.45.

The data on business accreditation was extracted from the [Scottish Living Wage Accreditation](#) website by SPICe on 31 October 2017.

How many people in Scotland earn less than the Living Wage?

The number of people in Scotland earning less than the Living Wage fell between 2016 and 2017

Figure 2: Number of employees earning less than the Living Wage in Scotland - 2012 to 2017

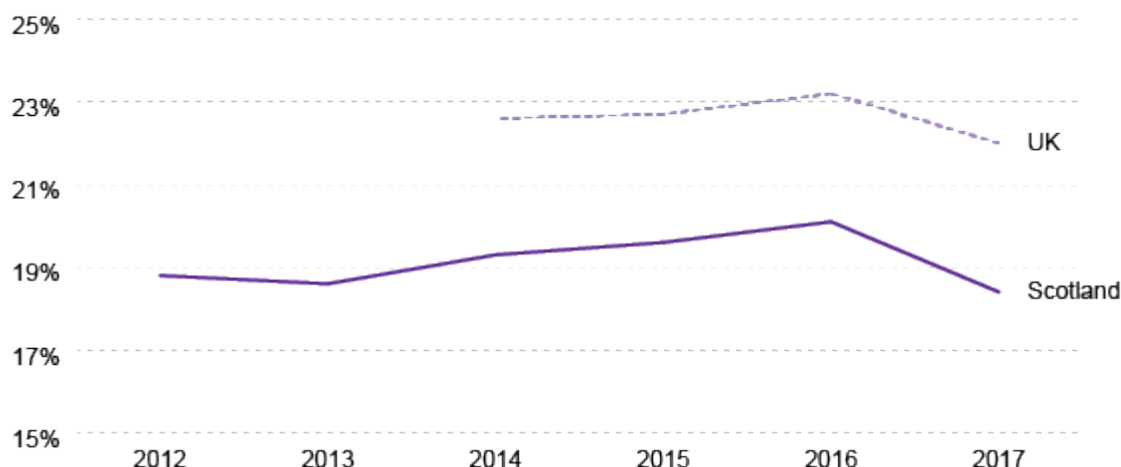


[Annual Survey of Hours and Earnings - Scotland -2017](#)

At April 2017 there were estimated to be 430,000 people earning less than the living wage in Scotland. This is a reduction of 37,000 on April 2016, or 8%. However since 2012 the number has increased by 13,000, or 3%.

Scotland has a lower proportion of employees earning less than the Living Wage than the UK

Figure 3: Proportion of employees earning less than the Living Wage in Scotland (2012-2017) and the UK (2014 - 2017)

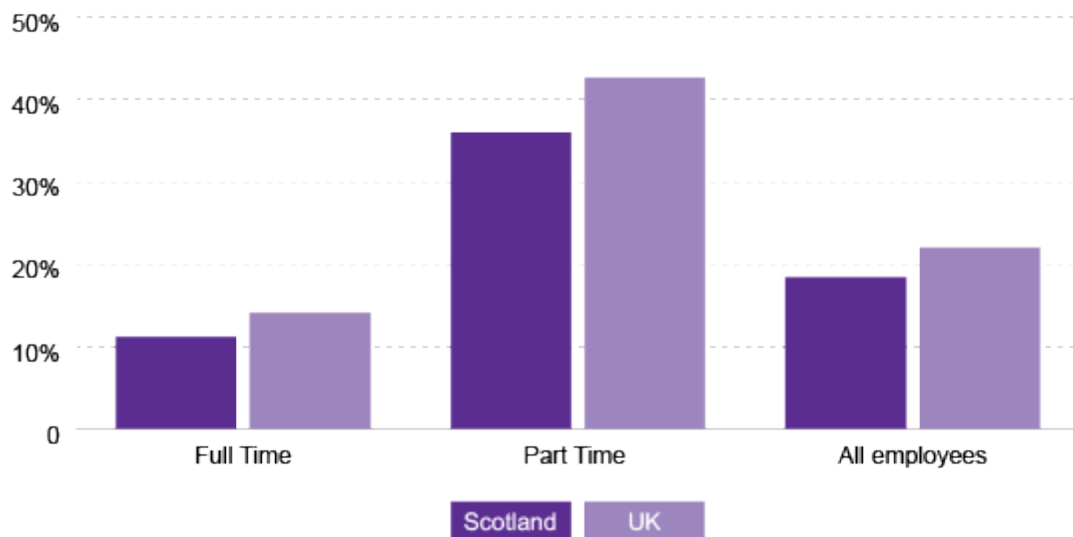


[Annual Survey of Hours and Earnings - Scotland -2017](#) and [ONS](#)

Figure 3 shows that, at April 2017, 18.4% of employees in Scotland were earning less than the living wage. There was a 1.8 percentage point decrease from April 2016 and the rate is now lower than the 2012 figure of 18.8%. The UK wide figure is 22.0%, which is a 1.2 percentage point decrease since April 2016.

Part-time employees in Scotland are less likely to earn below than the living wage than across the UK as a whole

Figure 4: Proportion of employees earning less than the Living Wage by working pattern in Scotland and the UK - 2017



[Annual Survey of Hours and Earnings - Scotland -2017](#) and [ONS](#)

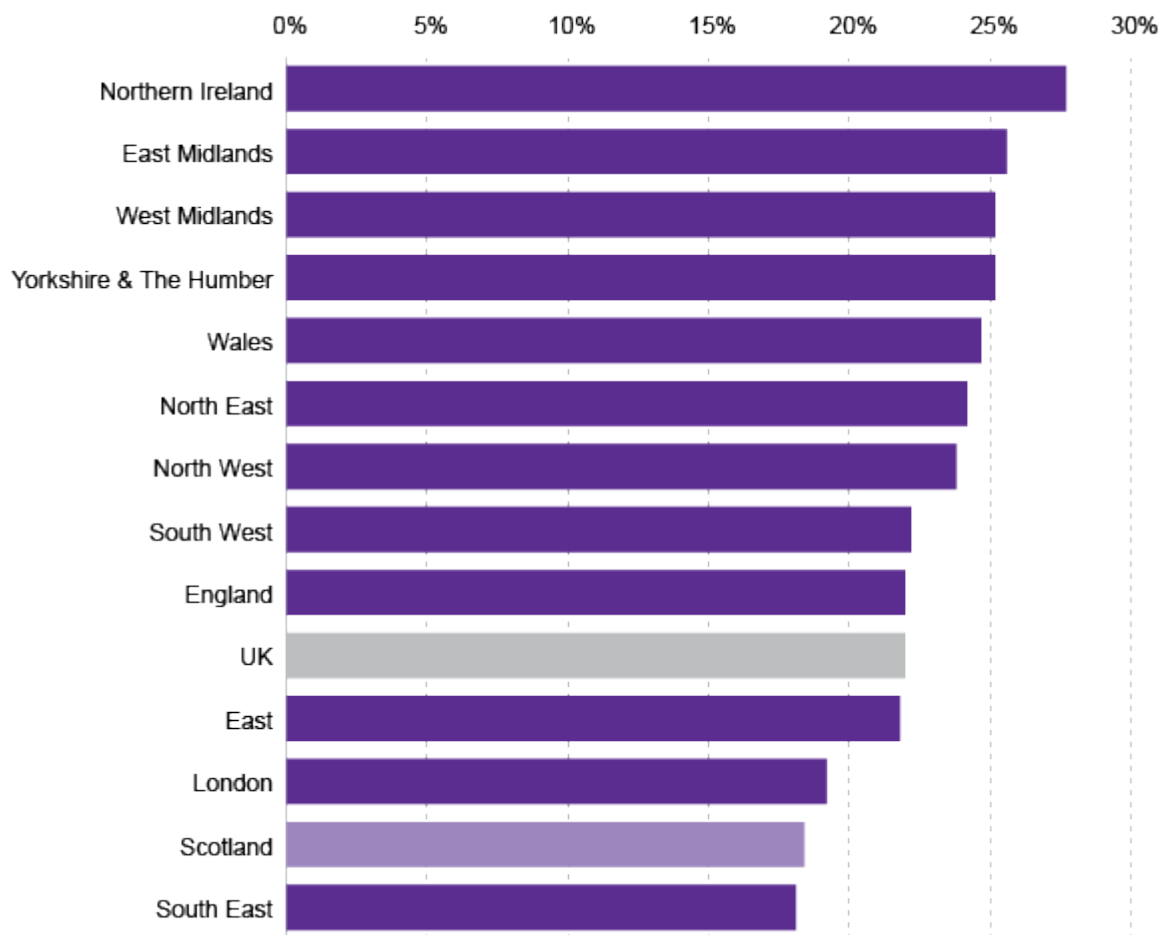
Looking at full-time and part-time employment shows:

- 11% of full-time employees in Scotland earn less the living wage, compared to 14% in the UK as a whole.
- 36% of part-time employees in Scotland earn less the living wage, compared to 43% in the UK as a whole.

How does Scotland compare with the other nations and regions of the UK?

Scotland has the second lowest proportion of people earning less than the Living Wage across the nations and regions of the UK

Figure 5: Proportion of employees earning less than the Living Wage by nation and region of the UK - 2017



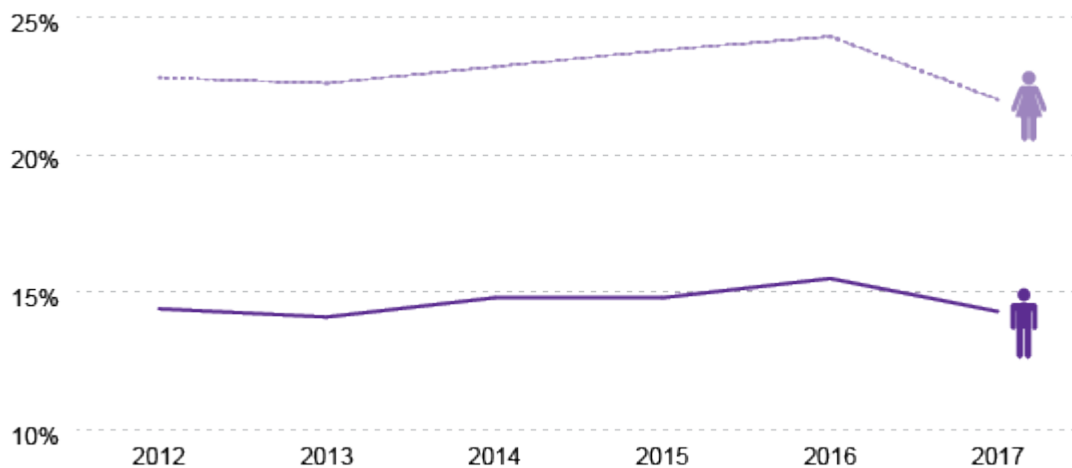
[Annual Survey of Hours and Earnings - Scotland -2017](#)

The South East has the lowest proportion at 18.1% while Northern Ireland has the highest at 27.7%.

Are men or women more likely to earn less than the Living Wage?

Women are more likely to be earning less than the Living Wage than men

Figure 6: Proportion of employees earning less than the Living Wage by gender in Scotland - 2012 to 2017

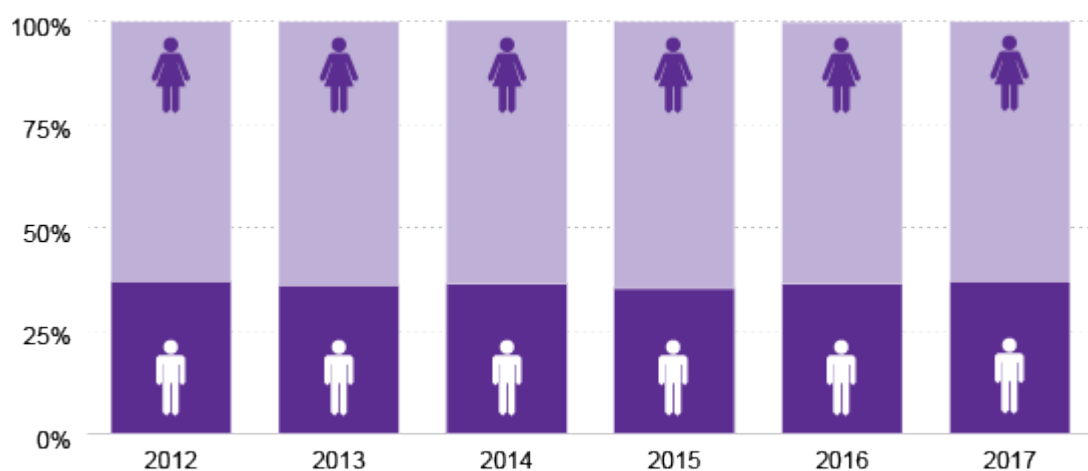


[Annual Survey of Hours and Earnings - Scotland -2017](#)

Women are more likely to be earning less than the Living Wage. At April 2017 22% of women were earning less than the living wage compared to 14% of men. However over the year there was a larger fall in the proportion of women earning less than the Living Wage, -2.3 percentage points compared to -1.1.

Woman make up the majority of employees earning less than the Living Wage

Figure 7: Proportion of total employees earning less than the Living Wage by gender in Scotland - 2012 to 2017

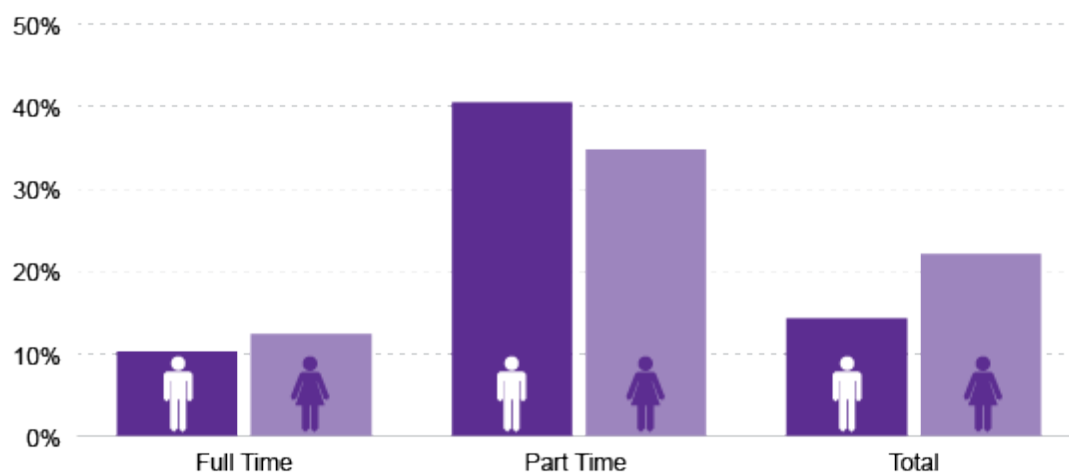


[Annual Survey of Hours and Earnings - Scotland -2017](#)

Figure 7 shows that women make up the majority of all employees who earn below the living wage, current at 63%. This has remained mainly unchanged since 2012.

Men working part-time are more likely to earn less than the Living Wage than women working part-time

Figure 8: Proportion of employees earning less than the Living Wage by gender and working pattern in Scotland - 2017



[Annual Survey of Hours and Earnings - Scotland -2017](#) and [ONS](#)

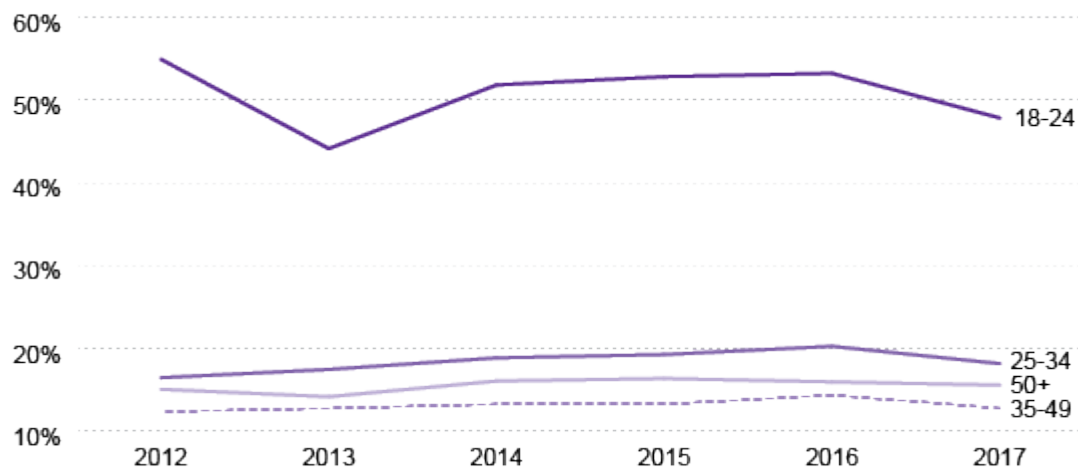
When looking at working patterns it shows:

- Women working full-time are more likely to be earning less than the living wage.
- There is a roughly even split by gender for those earning less than the living wage and working full-time, with men making up 53% and women making up 47%.
- Men working part-time are more likely to earn less than the living wage than women.
- Women make up 75% of those working part-time who earn less than the living wage.

Which age group is more likely to earn less than the Living Wage?

Employees aged 18-24 are far more likely to earn less than the living wage than any other age group

Figure 9: Proportion of employees earning less than the Living Wage by age group in Scotland - 2012 to 2017

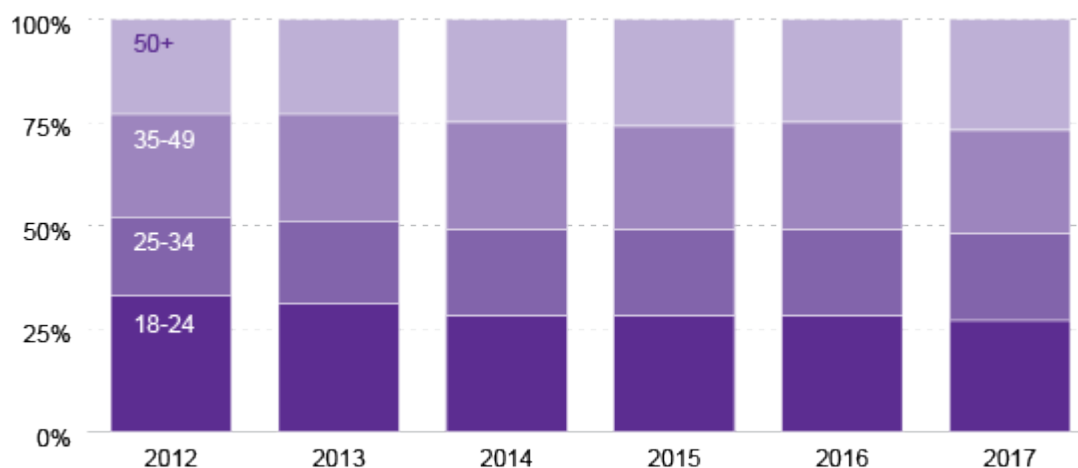


[Annual Survey of Hours and Earnings - Scotland -2017](#)

Employees aged 18-24 are far more likely to earn less than the living wage than any other age group. One reason for this is that this age group are more likely to be employed in accommodation and food services jobs.

Employees aged 18-24 and those aged 50+ make up the majority of those earning less than the living wage

Figure 10: Proportion of total employees earning less than the Living Wage by age in Scotland - 2012 to 2017



[Annual Survey of Hours and Earnings - Scotland -2017](#)

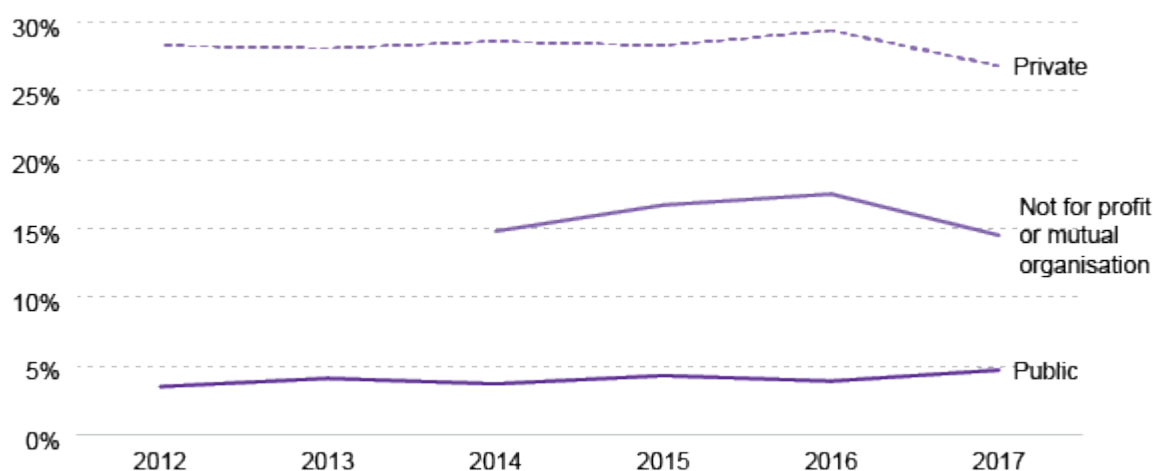
Figure 10 shows the proportion of total employees earning less than the Living Wage by age in Scotland since 2012

- Employees aged 18-24 and those aged 50+ make up the majority (54%) of those earning less than the living wage.
- Since 2012 the proportion of all employees earning less than the living age who are aged 18-24 earning has decreased from 33% to 27%. The number decreased 22,000 or 16% since 2012.
- The proportion of all employees earning less than the living age in the 50+ age group increasing from 23% to 27%. Having increased by 19,000 or 20% since 2012.

Does the public or private sector have more more employees earning less than the Living Wage?

Private sector employees are far more likely to earn less than the living wage

Figure 11: Proportion of employees earning less than the Living Wage by sector in Scotland - 2012 to 2017



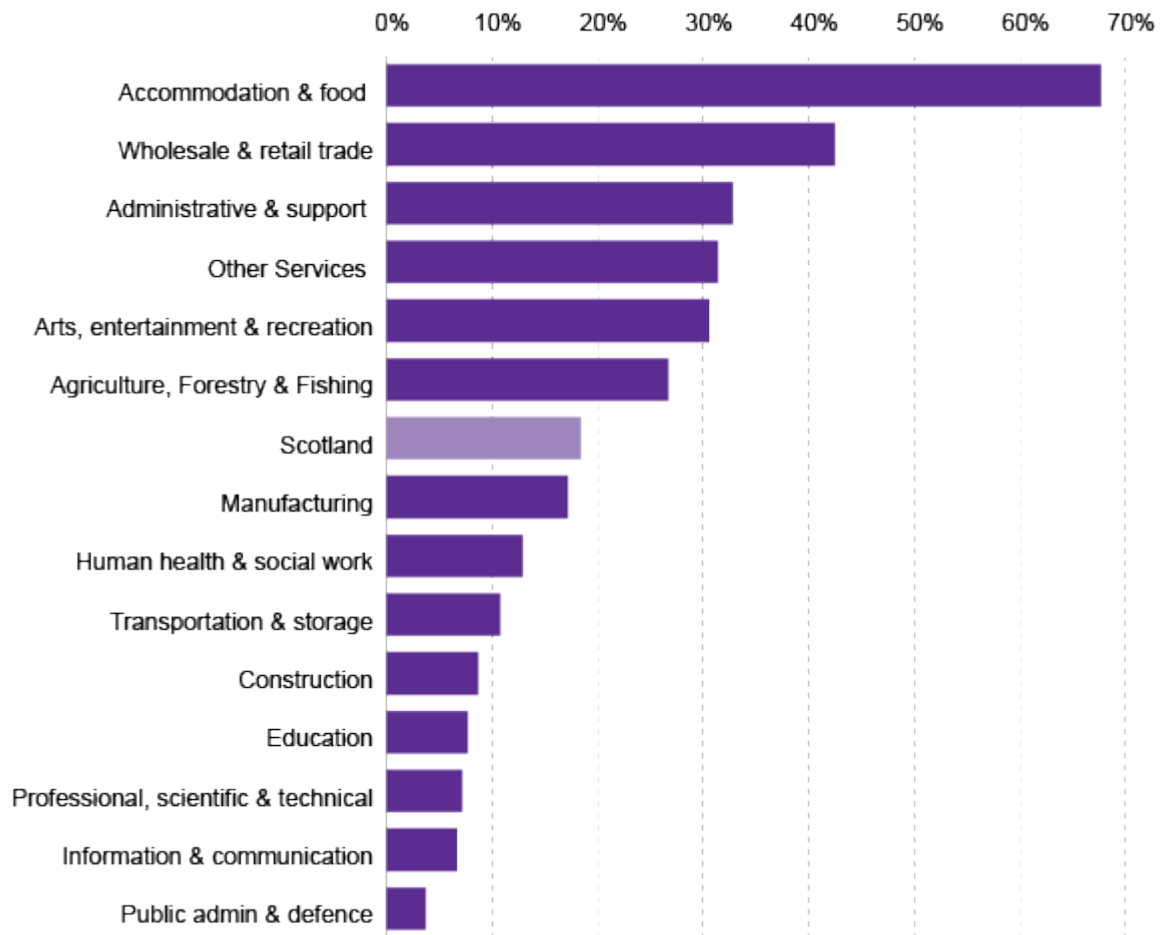
[Annual Survey of Hours and Earnings - Scotland -2017](#)

At April 2017 27% of people working in the private sector in Scotland were earning less than the Living Wage. This compares to 5% in the public sector. Despite the decrease between 2016 and 2017, the rate has remained around 28% of employees earning less than the Living Wage. There is no data available for the "not for profit or mutual organisation" sector prior to 2014.

Which industries are more likely to pay less than the Living Wage?

Two third of employees in the "accommodation and food" industry earn less than the Living Wage

Figure 12: Proportion of employees earning less than the Living Wage by industry in Scotland - 2017

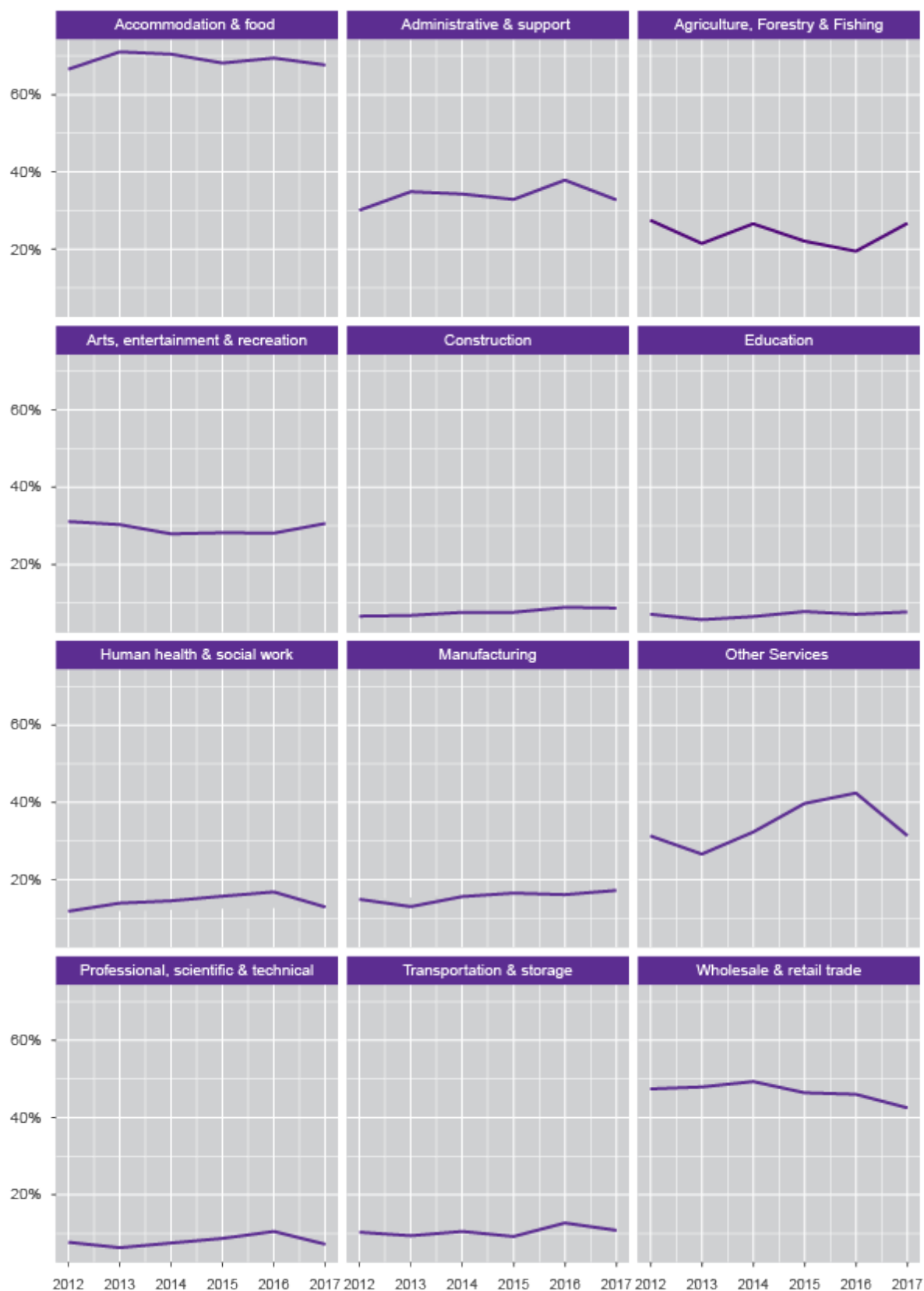


[Annual Survey of Hours and Earnings - Scotland -2017](#)

The "accommodation and food" services and "wholesale and retail trade" industries have the highest proportion of those earning less than the living wage.

"Wholesale and retail trade" has seen the biggest decrease in the proportion of people earning less than the living wage between 2012 and 2017

Figure 13: Proportion of employees earning less than the Living Wage by selected industry in Scotland - 2012 to 2017



[Annual Survey of Hours and Earnings - Scotland -2017](#)

Figure 13 shows how the proportions of people earning less than the living wage have changed between 2012 and 2017 for selected industries. Generally there has been little change in for most industries.

- "Wholesale and retail trade" has seen the biggest decrease, falling by 5 percentage points between 2012 and 2017.
- The biggest increase came in "administrative & support " services, (3 percentage points) however the proportion did fall by 5 percentage points between 2016 and 2017.

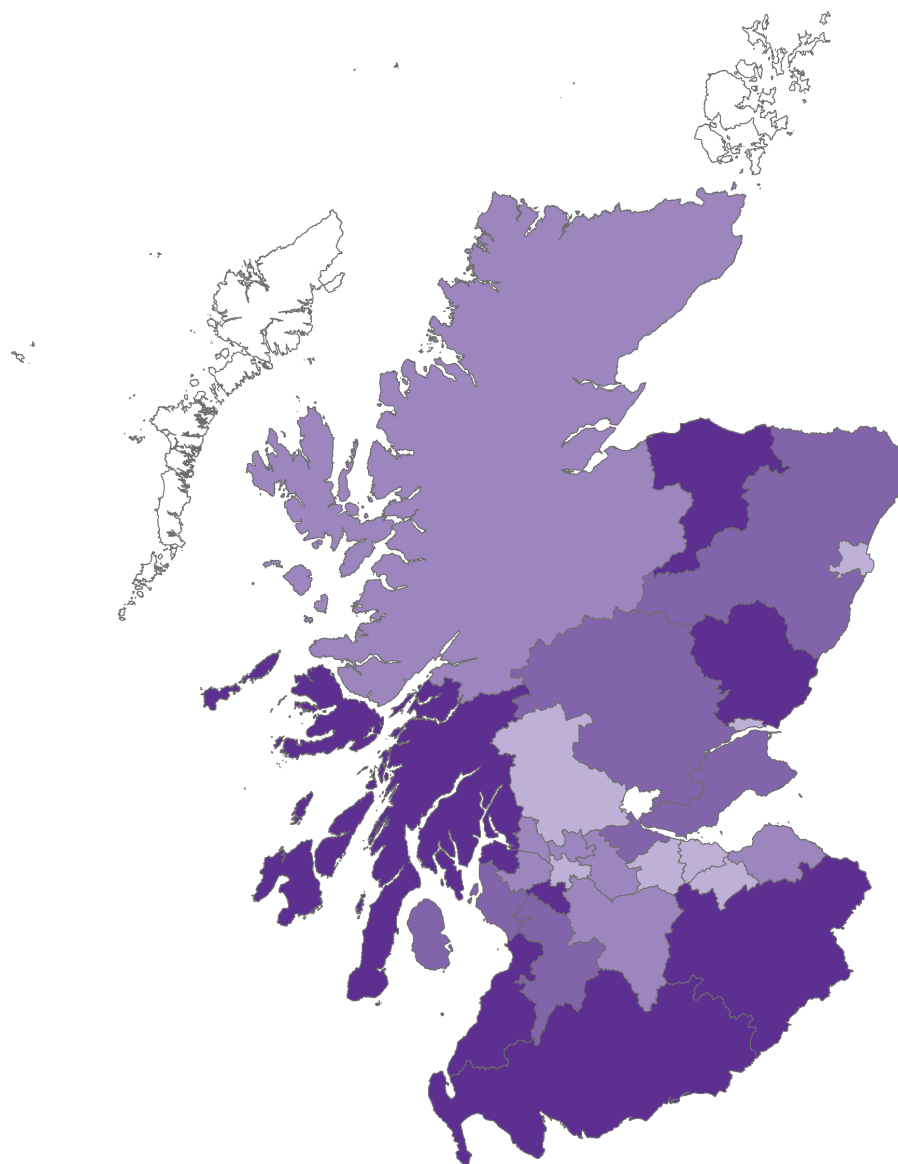
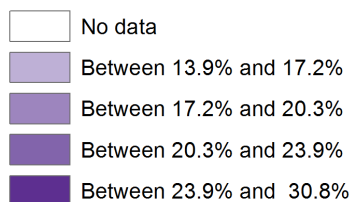
Caution should be used when interpreting this data. The quality of the data for different industries varies. Smaller industries like "other services" or "financial and insurance" services are considered "acceptable" due to the small size, while "wholesale and retail trade" and "human health & social work" are considered "precise" as they are much larger employers. The "real estate activities" industry is an example where the data is considered "unreliable" and has not been published.

Where are people more likely to earn less than the Living Wage?

Scotland's four major cities have some of the lowest rates of people earning less than the living wage

Figure 14: Proportion of employees earning less than the Living Wage by Local Authority - 2017

Proportion of employees earning less than the Living Wage April 2017



When looking at local authorities, Angus has the highest proportion of employees earning less than the Living Wage in Scotland, at 31% of employees. Midlothian has the lowest proportion at 14%. The analysis is based on workplace rather than residence.

Scotland's four major cities have some of the lowest rates of people earning less than the living wage, while some of the local authorities which have a higher proportion of outward commuters have some of the highest, for example East Renfrewshire at 30%.

The variation across local authorities reflects the predominance of certain types of jobs and industries in specific areas. For example, Edinburgh has a higher proportion of people employed in sectors such as “professional, scientific and technical” service and “administrative and support services”. Meanwhile Dumfries and Galloway has a higher proportion of total workforce working in the “Wholesale, retail and repairs” where people are more likely to be paid less than the Living Wage.

How many accredited living wage employers are there in Scotland?

The Scottish Government has set a target of having 1,000 accredited Living Wage employers in Scotland by Autumn 2017 ⁷. Accreditation requires employers to pay all staff, including contracted staff, at least the Living Wage. At the time of writing this briefing there were 985 accredited Living Wage employers in Scotland. [Businesses in Scotland 2016](#) estimates there are 350,000 registered and unregistered private sector enterprises operating in Scotland.

While this briefing looks at accredited employers in Scotland, the Living Wage is a UK wide initiative. This means there are employers in Scotland, like Lidl and Ikea, which have received accreditation elsewhere in the UK, and so will not appear in these statistics. Also, there might be employers in Scotland who are paying the Living Wage but have not applied for accreditation.

More information on accreditation and the [latest data on Scottish employers which have received accreditation](#) can be found on the Scottish Living Wage website.

What size of employers have received accreditation?

91% of accredited employers are small or medium sized which means they employ 250 or less people. The majority of these are small and micro employers which employ between 1 and 50 people, making up 75% of the total number of accredited employers.

As part of her recommendation in [Shifting the Curve](#), Naomi Eisenstadt, Independent Advisor on Poverty and Inequality to the Scottish Government, suggested that:

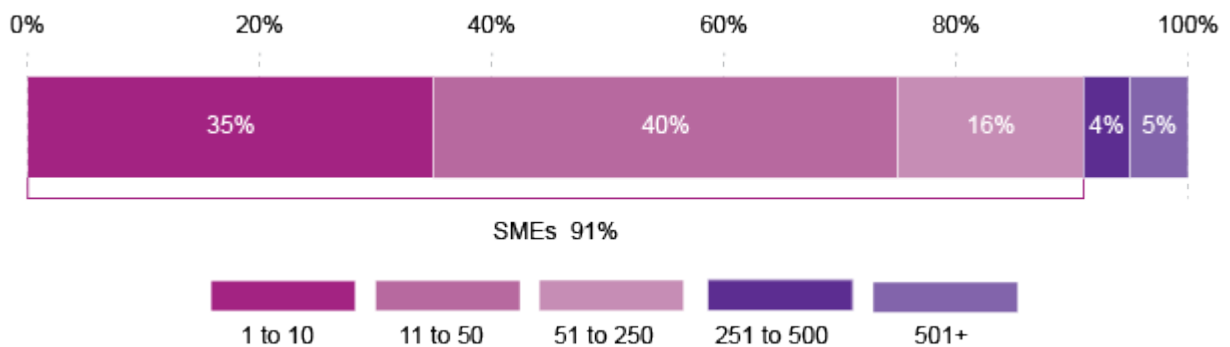
“ More should also be done in particular to encourage more medium- and large-sized employers to pay the Living Wage. This is likely to be the best way of boosting the numbers of people who get the Living Wage, and larger organisations often have greater capacity to absorb costs. ⁸ ”

Employment by employer size varies by industry. In the “Accommodation and food service” industry, where 67% of people earn less than the Living Wage, 53% of employment comes from small businesses. But in the “wholesale and retail” industry, where 43% of people earn less than the Living Wage, 70% of employment comes from medium and large sized.

Large employers make up 9% of the total number of accredited employers while medium-sized employers make up 16%. At the time of producing last year's briefing large employers made up 10% while medium-sized employers made up 15% ⁹.

91% of Accredited employers are SMEs

Figure 15: Proportion of total accredited employers by business size - 31 October 2017



[Scottish Living Wage Accreditation](#)

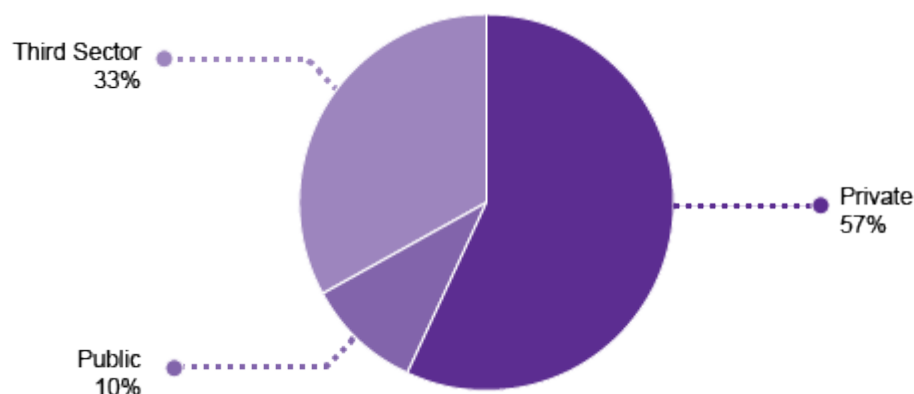
[Businesses in Scotland](#) provides information on the number of private sector business in Scotland. The latest figures show that 98% of private sector business in Scotland are small and account for 29% of employment. So far, of the private sector companies which have received accreditation, 80% are small businesses. Large businesses in Scotland make up less than 1% of total private sector enterprises but they make up 40% of total employment. So far, of the private sector companies which have received accreditation 4% are large businesses.

Does the public or private sector have more accredited employers?

The Living Wage Foundation classifies employers into three sectors; private, third and public. Based on this classification the majority of employers are in the private sector.

More than half of accredited employers are in the private sector

Figure 16: Proportion of total accredited employers by sector - 31 October 2017



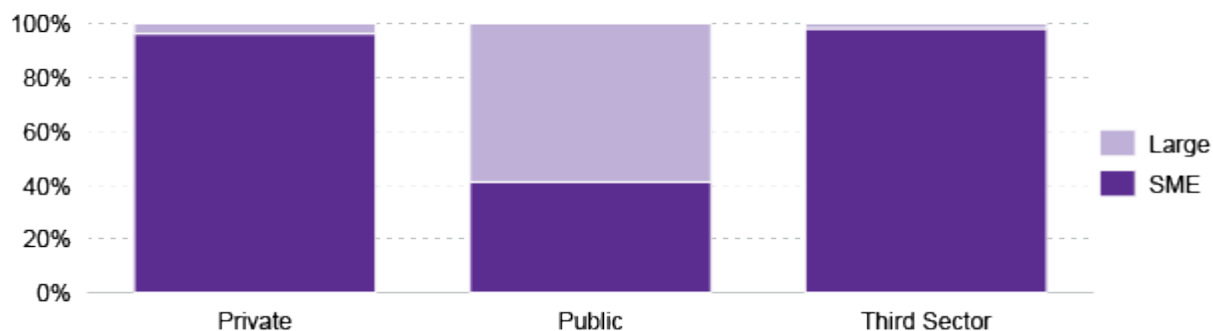
[Scottish Living Wage Accreditation](#)

Whilst all public bodies which are covered by the Scottish Government pay agreement have to pay those directly employed at least the Living Wage, they are not all accredited employers. There are however a number of public sector employers which have received

accreditation, including 14 local authorities, the Scottish Government and the Scottish Parliament. There are 174,000 private sector businesses registered in Scotland and currently 562 private sector businesses have received accreditation, or 0.2%.

Most accredited public sector employers are have more than 250 employees

Figure 17: Proportion of total accredited employers by sector and business size - 31 October 2017



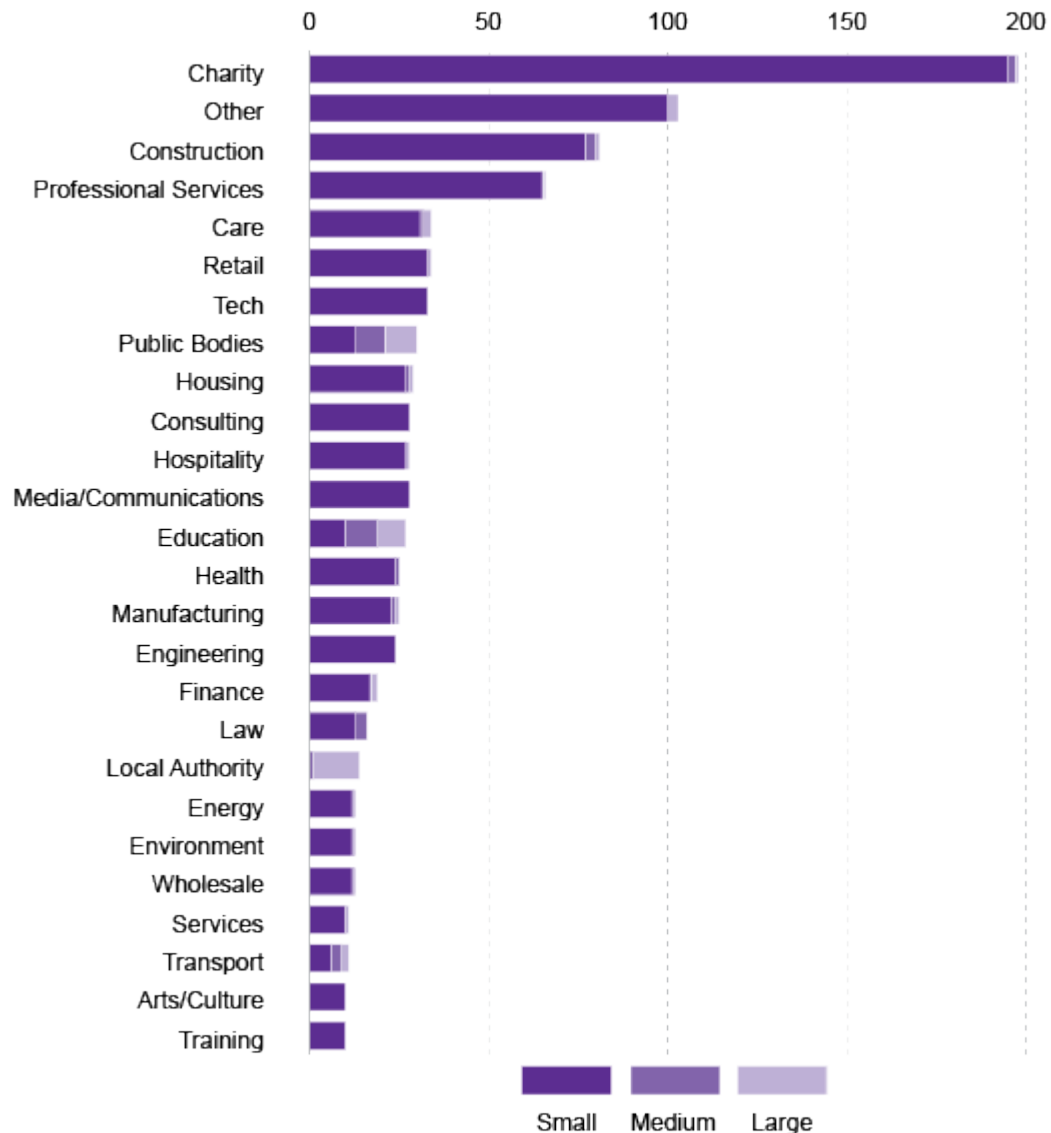
[Scottish Living Wage Accreditation](#)

Figure 17 shows the breakdown by employer size which shows that the majority of accredited businesses in the private and third sectors are SMEs. Public sector bodies are more likely to be large employers.

Which industries have the highest number of accredited employers?

Charities lead the way in receiving most accreditations

Figure 18: Proportion of total accredited employers by industry - 31 October 2017



[Scottish Living Wage Accreditation](#)

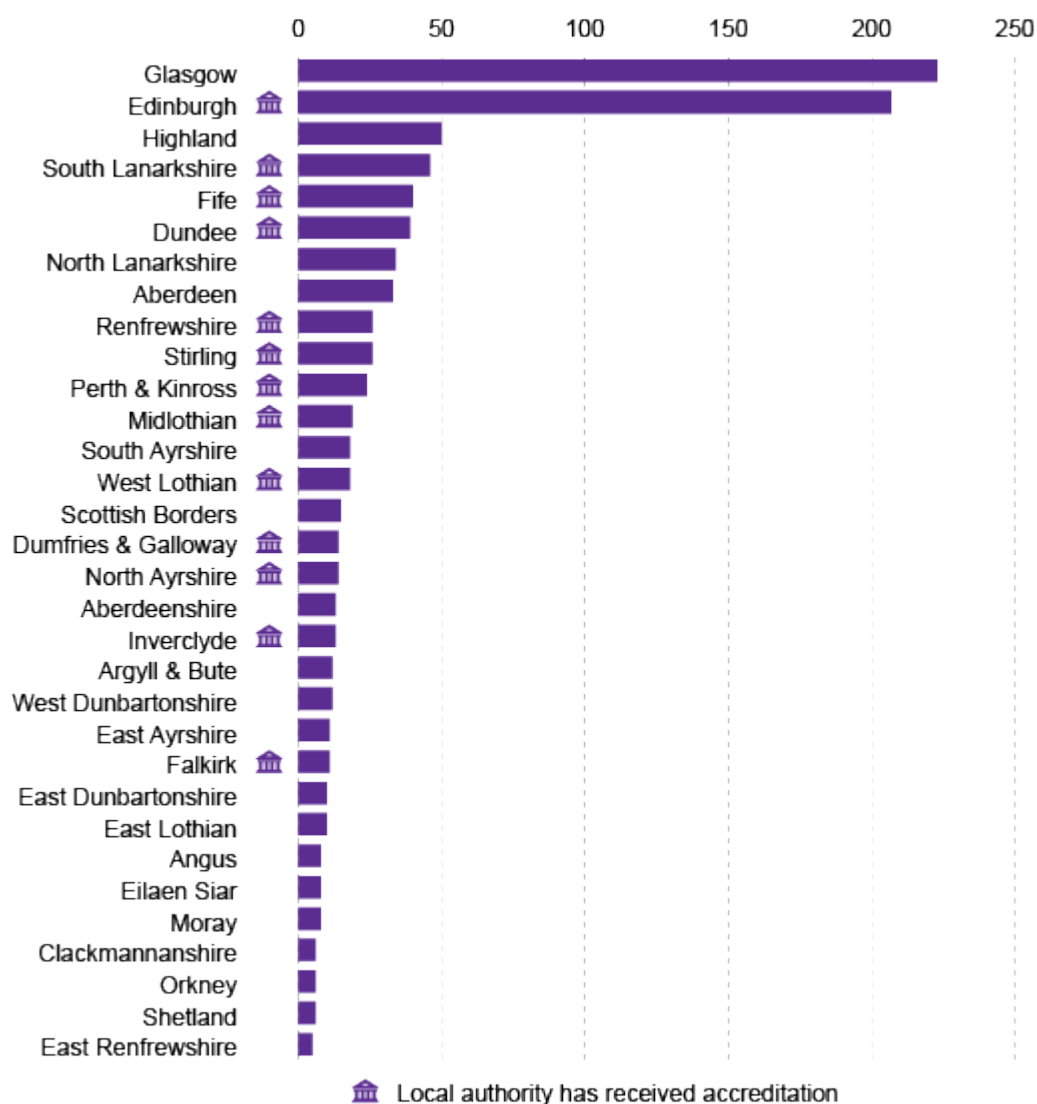
Charities have received the highest number of accreditations in Scotland. Retail and Hospitality have been highlighted as two industries with traditionally low pay. So far, 60 employers across these industries have become accredited employers with only one large retail and one large hospitality employer having received accreditation at the time of writing.

Figure 18 only contains industries that have 10 or more accredited employers

Which areas of the country have the most accredited employers?

Most of the accredited businesses in Scotland are in Glasgow and Edinburgh

Figure 19: Proportion of total accredited employers by local authority - 31 October 2017



[Scottish Living Wage Accreditation](#)

51% of Living Wage accredited employers in Scotland are registered in Scotland's four biggest cities, while the cities account for 30% of registered private sector businesses. Glasgow and Edinburgh account for 24% and 21% of accredited business respectively while each only account for 11% of all registered private sector businesses in Scotland.

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