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# The Living Wage: facts and figures 2020

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



*Living  
Wage  
Scotland*

13 March 2020  
SB 20-24

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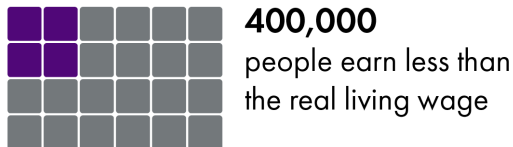
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# Executive Summary

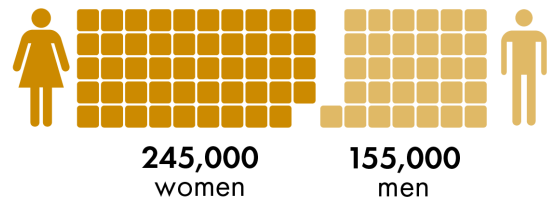
Figure 1: The Living Wage: facts and figures 2019 - Executive Summary

## Real living wage facts and figure 2019

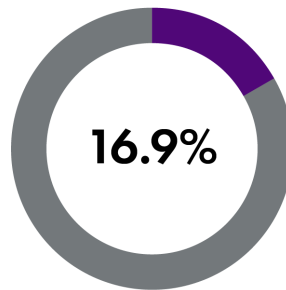
How many employees in Scotland **earn less than the real living wage?**



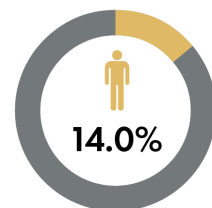
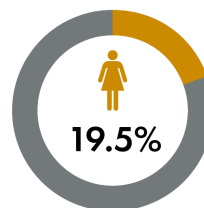
How many women and men **earn less than the real living wage?**



What proportion of people in Scotland earn less than the **real living wage?**



What proportion of women and men earn less the **real living wage?**

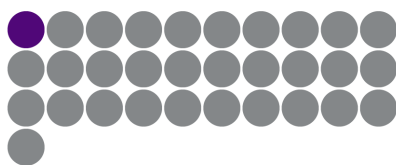


A higher proportion of private sector workers earn less than the **real living wage** compared to the public sector

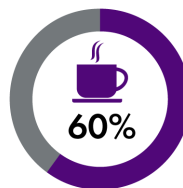
Private Sector - **1 in 4**



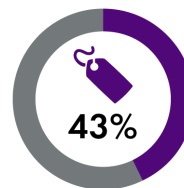
Public sector - **1 in 31**



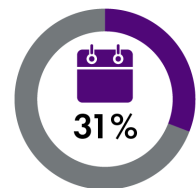
Which industries have the highest proportion of those earning less than the **real living wage?**



Accommodation  
& food



Retail &  
wholesale



Administration

On 6 January 2020, there were 1,689 **accredited Living Wage employers** in Scotland



# 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](#) <sup>1</sup>. The real Living Wage is a voluntary rate at which employers pay their staff £9.30 per hour.

As of January 2020, there were 1,689 accredited Living Wage employers in Scotland. Accreditation requires employers to pay all staff aged 18 and over, 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 public sector pay policy](#) must pay their staff at least the Living Wage, apart from Modern Apprentices <sup>2</sup>. 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](#) <sup>3</sup>. Furthermore, paying all employees aged 18 and over the Living Wage is at the heart of the [Scottish Business Pledge](#) <sup>4</sup>.

## About the data

Earnings data is from the Annual Survey of Hours and Earnings (ASHE), published by the Office of National Statistics (ONS) in October 2019. Most of the analysis here comes from the Scottish Government's [Annual Survey of Hours and Earnings - 2019](#) publication <sup>5</sup>, with some additional analysis from the ONS, specifically on UK comparisons and working patterns <sup>6</sup>.

ASHE is based on analysis of PAYE data so it does not include the self-employed.

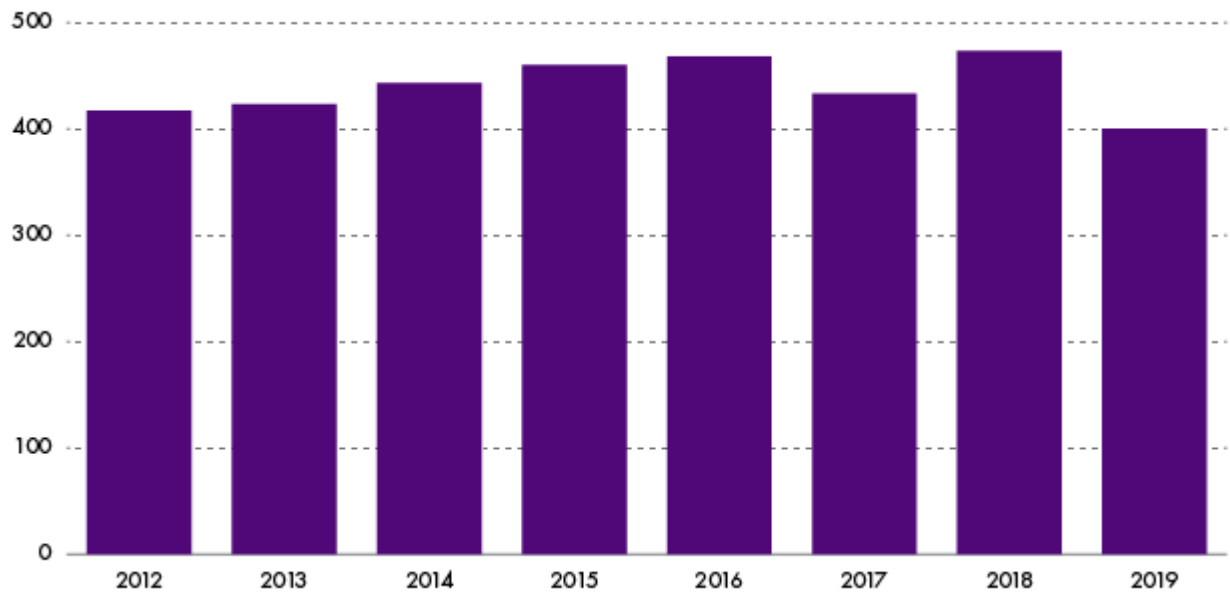
At the time of the ASHE 2019 survey the Living Wage rate for the UK was £9.00.

The data on business accreditation was extracted from the Scottish Living Wage Accreditation website by SPICe on 6 January 2020.

# 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 2012 and 2019**

Figure 2: Number of employees earning less than the Living Wage in Scotland - 2012 to 2019 ('000)

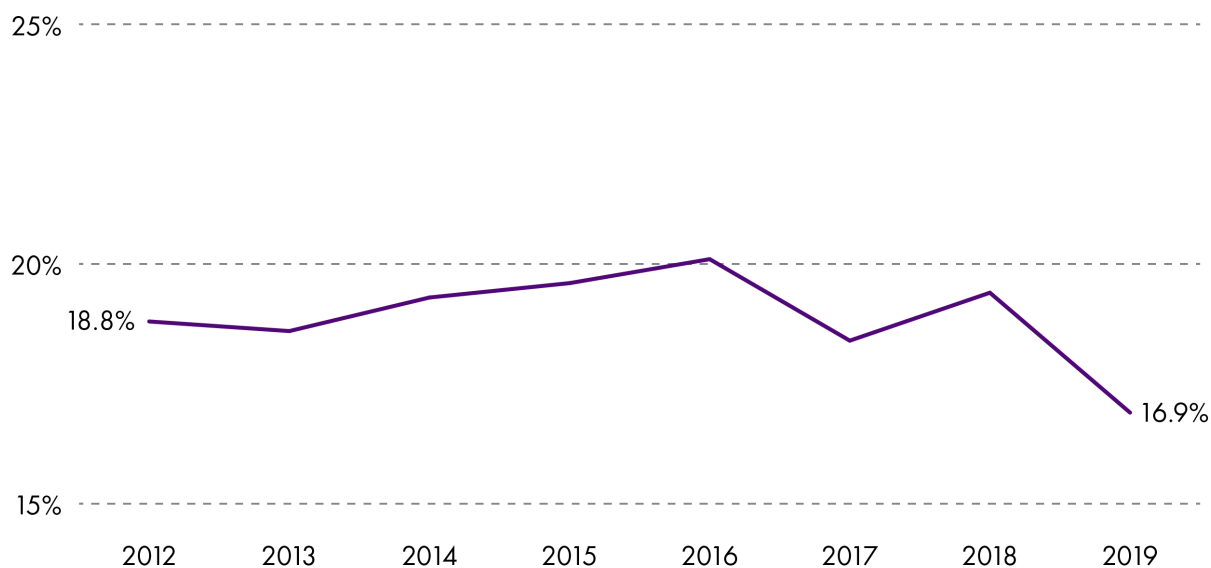


[Annual Survey of Hours and Earnings - Scotland -2019](#)

In April 2019 there were estimated to be 400,000 people earning less than the living wage in Scotland. This is a reduction of 73,000 from April 2018, a fall of 15%.

## The proportion of people earning less than the living wage in Scotland has fallen to 16.9% from 18.8% in 2012

Figure 3: Proportion of all employees earning less than the living wage in Scotland 2012 to 2019

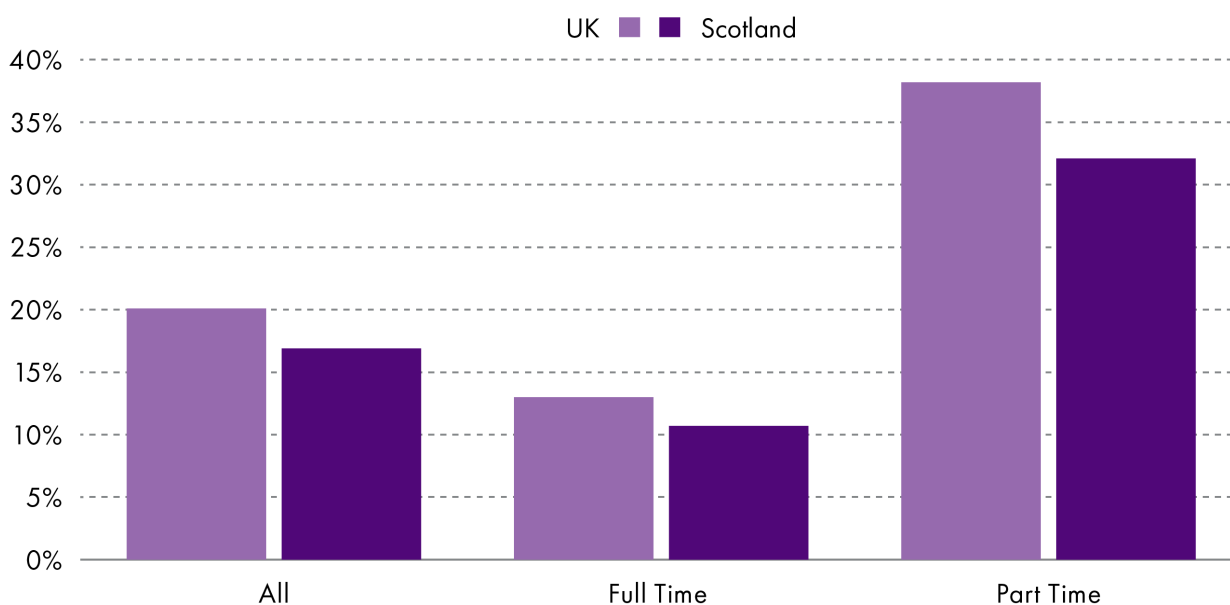


[Annual Survey of Hours and Earnings - Scotland -2019](#)

The current proportion of people earning less than the living wage in Scotland is the lowest since the introduction of the real living wage in 2012.

## A higher percentage of those working part-time earn less than the living wage compared to full-time workers

Figure 4: Proportion of employees earning less than the Living Wage by working pattern in Scotland and the UK - 2019



[ONS](#)

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

- 10.7% of full-time employees in Scotland earn less the living wage, compared to 13.0% in the UK as a whole.
- 32.1% of part-time employees in Scotland earn less the living wage, compared to 38.2% in the UK as a whole.
- 56% of people earning less than the living wage work part-time.

## 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 all 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 (London figure based on London Rate) - 2019

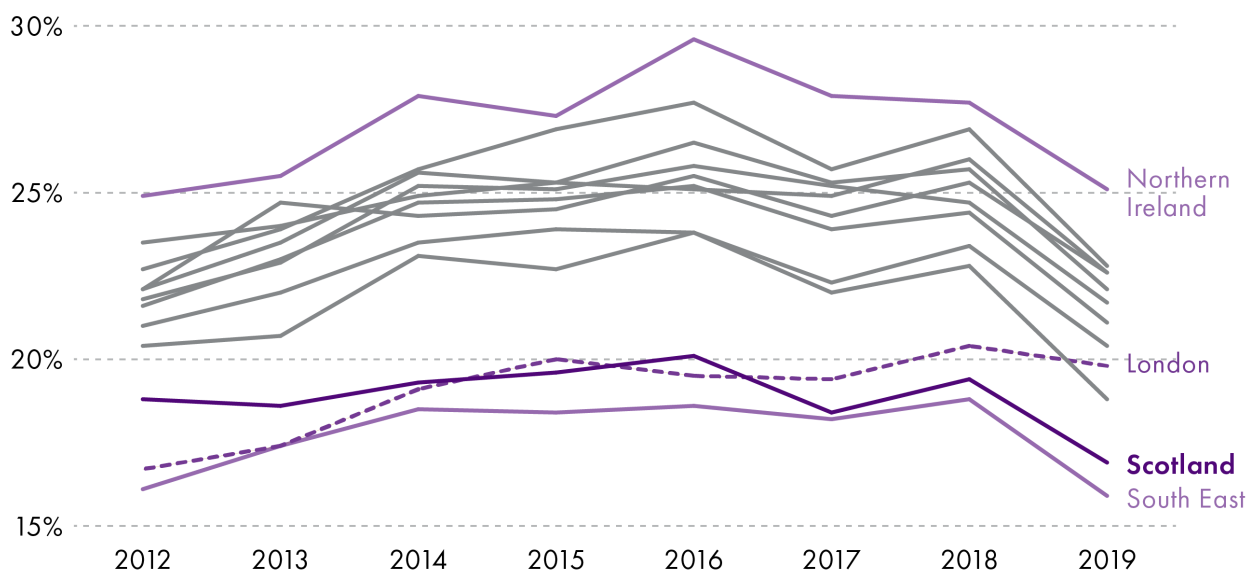


[Annual Survey of Hours and Earnings - Scotland -2019](#)

The South East has the lowest proportion at 15.9% while Northern Ireland has the highest at 25.1%.

## Scotland has consistently had one of the lowest proportions of employees earning less than the living wage of the countries and nations of the UK since 2012

Figure 6: Proportion of employees earning less than the living wage for the countries and nations of the UK - 2012 to 2019

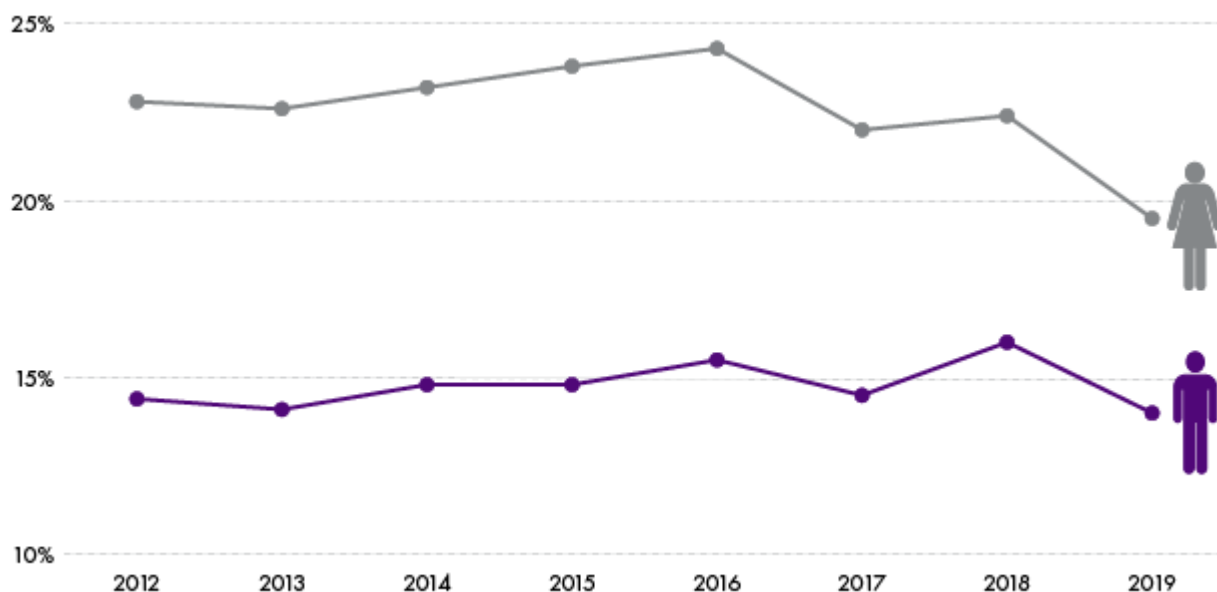


ONS

## What do the statistics tell us about living wage by sex?

### A higher proportion of women earn less than the living wage than men

Figure 7: Proportion of employees earning less than the living wage by sex in Scotland - 2012 to 2019

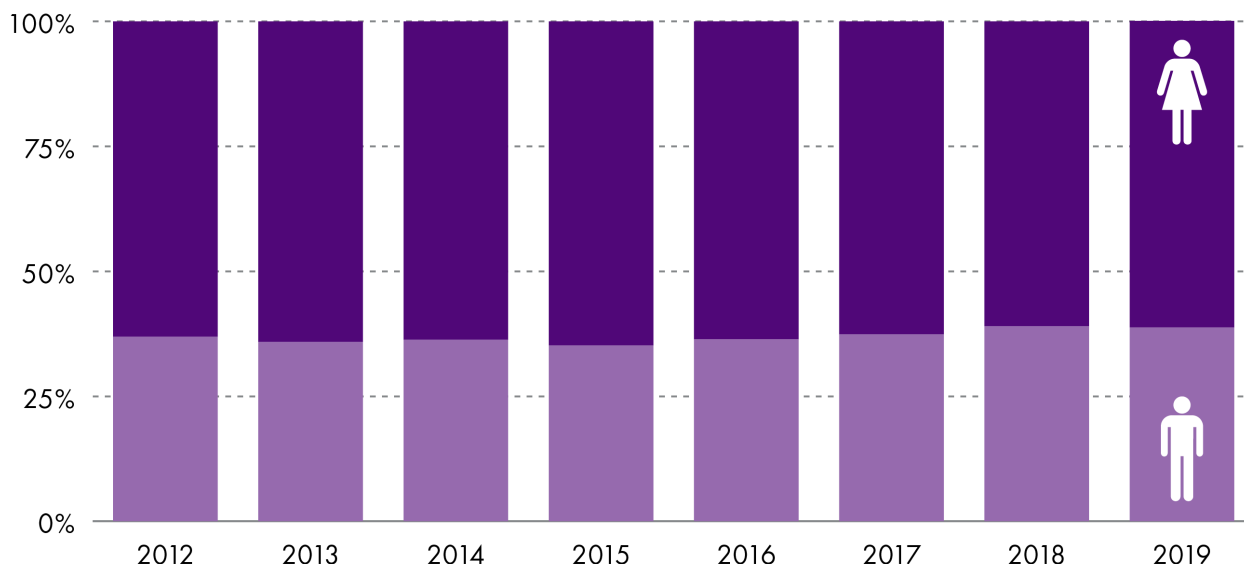




Women are more likely to be earning less than the living wage. In 2019, 19.5% of women earned less than the living wage, compared to 14.0% of men.

### Women make up the majority of employees earning less than the living wage

Figure 8: Proportion of total employees earning less than the living wage by sex in Scotland - 2012 to 2019

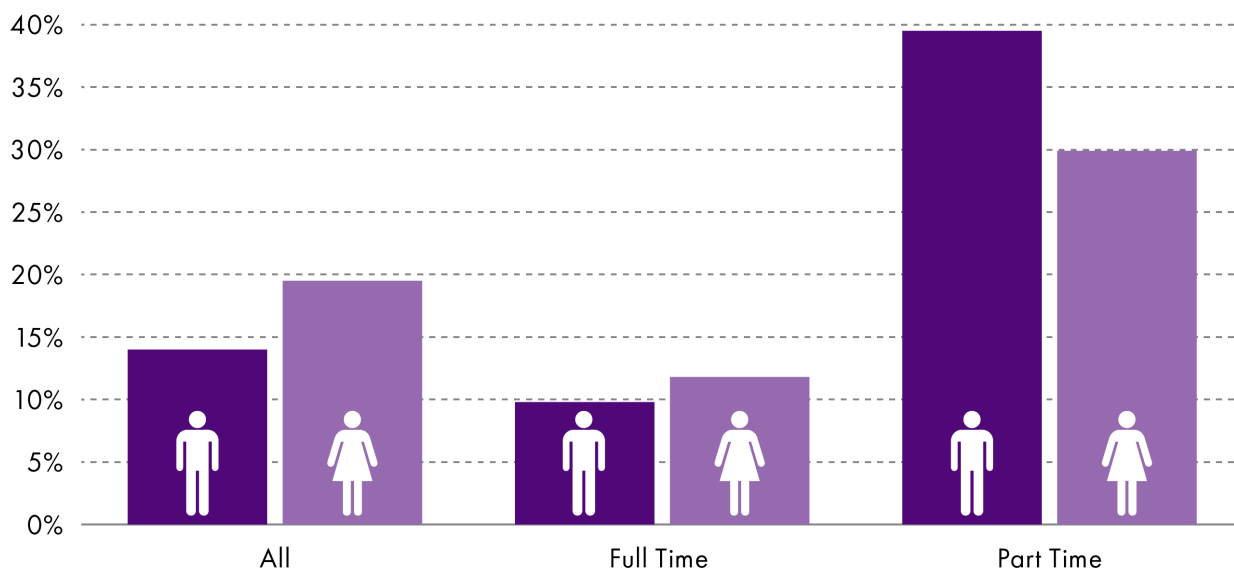


[Annual Survey of Hours and Earnings - Scotland - 2019](#)

Figure 8 shows that women make up the majority of all employees earning below the living wage, current at 61%. This has remained mainly unchanged since 2012.

### A higher proportion of men working part-time earn less than the living wage than women working part-time

Figure 9: Proportion of employees earning less than the living wage by sex and working pattern in Scotland - 2019



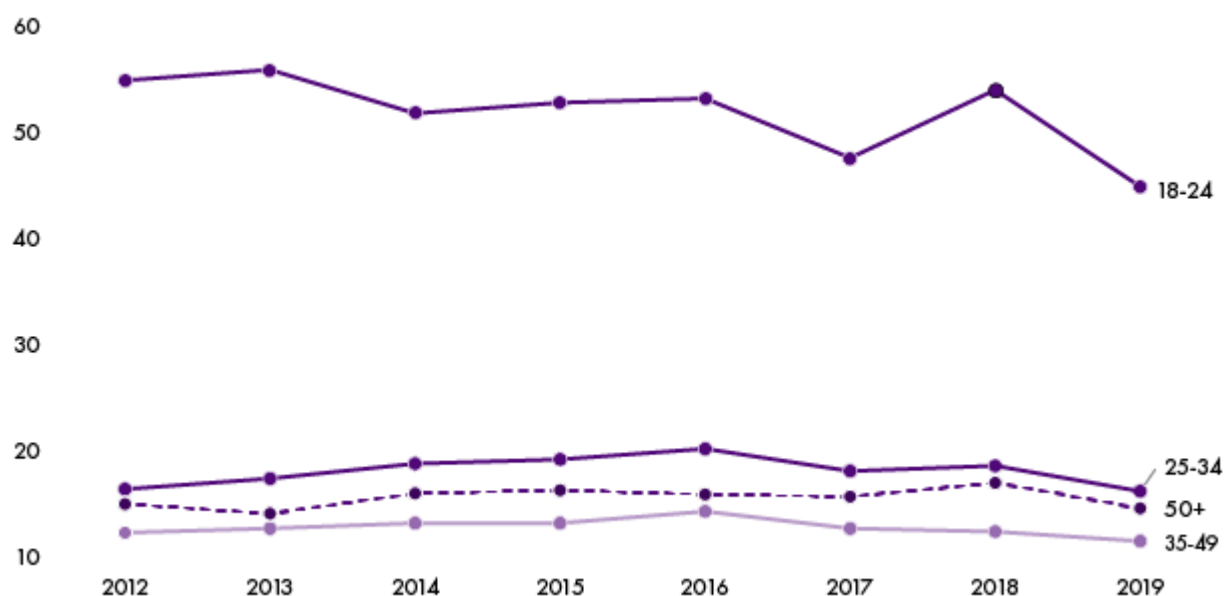
When looking at working patterns it shows:

- 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 52% and women making up 48%.
- Men working part-time are more likely to earn less than the living wage than women.

## What do the statistics tell us about living wage by age?

**A higher proportion of 18-24 year old earn less than the living wage than any other age group**

Figure 10: Proportion of employees earning less than the Living Wage by age group in Scotland - 2012 to 2019

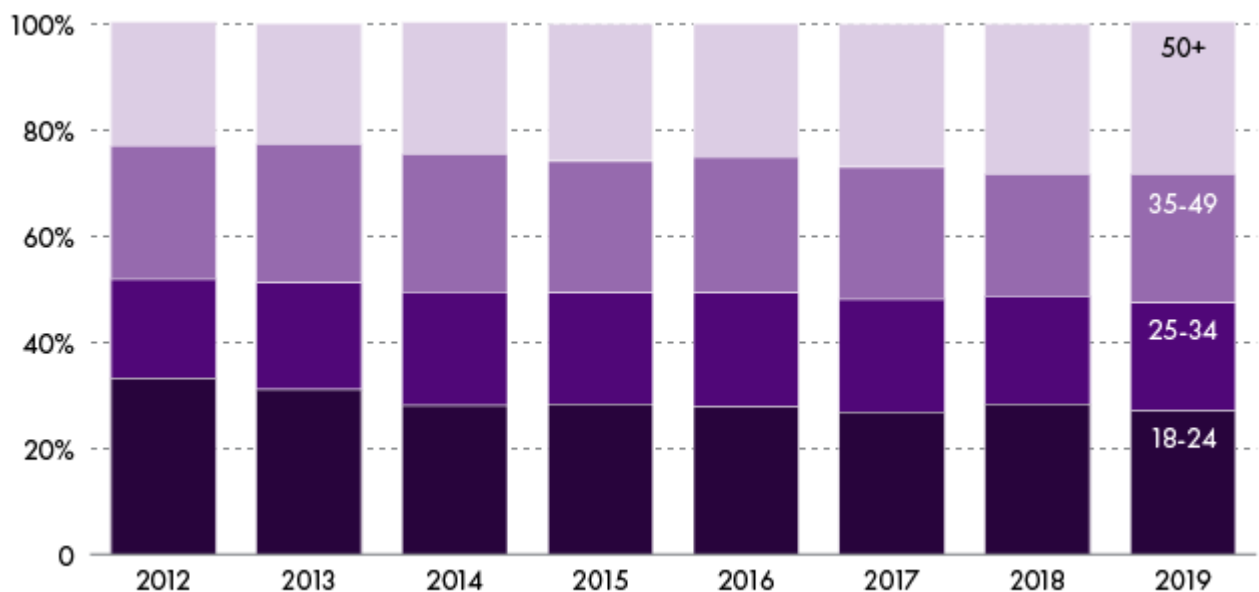


[Annual Survey of Hours and Earnings - Scotland -2019](#)

Employees aged 18-24 are far more likely to earn less than the living wage than any other age group. 18-24 year olds have a high proportion of people working in accommodation and food services jobs, which has the highest proportion of people earning less than the living wage.

**The 50+ age group now makes up 29% of those earning less than the living wage, increasing from 23% in 2012**

Figure 11: Proportion of total employees earning less than the living wage by age in Scotland - 2012 to 2019



[Annual Survey of Hours and Earnings - Scotland -2019](#)

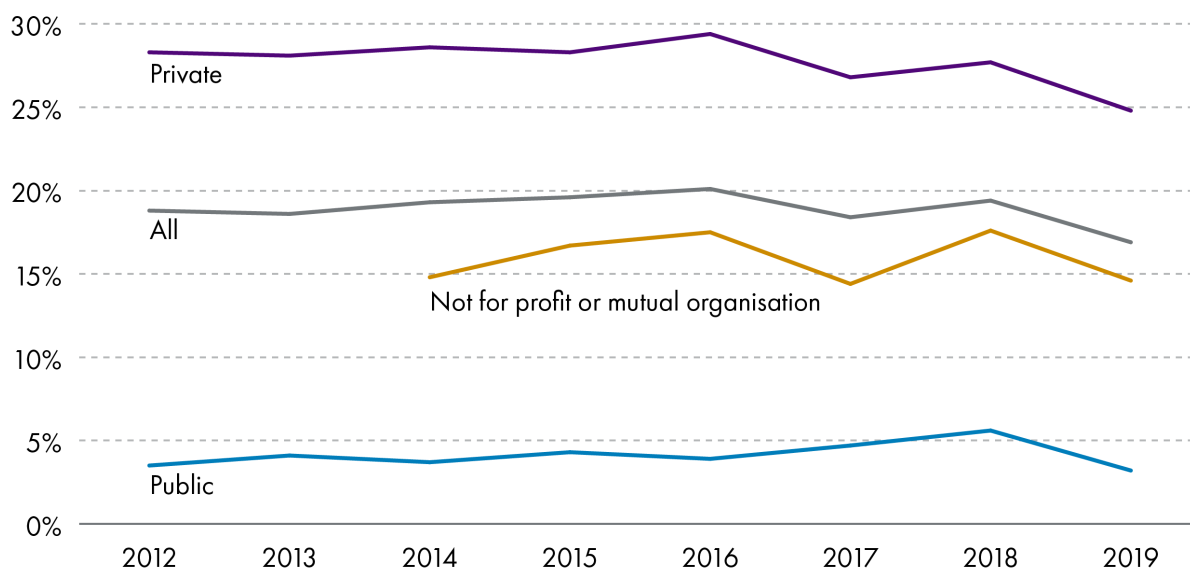
Figure 11 shows the proportion of total employees earning less than the living wage by age in Scotland since 2012

- Since 2012 the proportion of all employees earning less than the living wage who are aged 18-24 has decreased from 33% to 27%. The number decreased by 30,000 or 22% over the period.
- The proportion of all employees earning less than the living wage in the 50+ age group increased from 23% to 29%. This is an increase of 18,000 or 19% since 2012.

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

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

Figure 12: Proportion of employees earning less than the Living Wage by sector in Scotland - 2012 to 2019



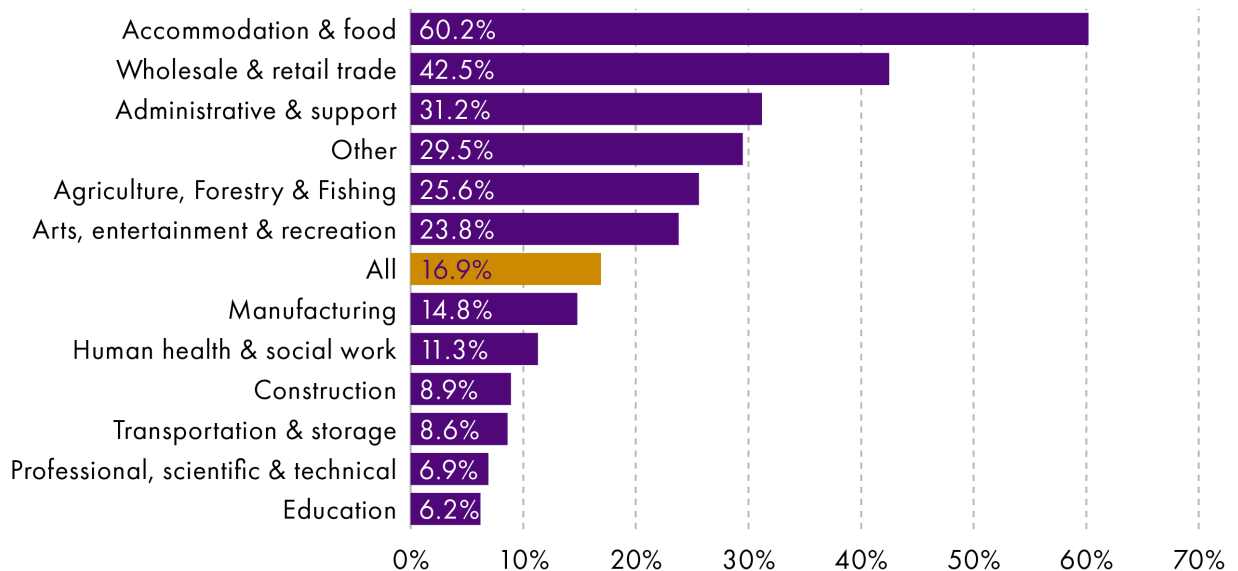
[Annual Survey of Hours and Earnings - Scotland -2019](#)

At April 2019, 24.8% of people working in the private sector in Scotland were earning less than the living wage. This compares to 3.2% in the public sector. Between 2016 and 2019 the proportion of people in the private sector earning less than the living wage fell from 29.4% to 24.8%.

# What do the statistics tell us about living wage by industry?

**60% of employees in the "accommodation and food" industry earn less than the living wage**

Figure 13: Proportion of employees earning less than the living wage by industry in Scotland - 2019



[Annual Survey of Hours and Earnings - Scotland -2019](#)

The "accommodation and food" services and "wholesale and retail trade" industries have the highest proportion of those earning less than the living wage. Combined, these two sectors account for around half (197,000) of all employees in Scotland earning less than the living wage.

# How many accredited living wage employers are there in Scotland?

Accreditation requires employers to pay all staff aged 18 and over, including contracted staff, at least the living wage. On 6 January 2020, there were 1,689 accredited Living Wage employers in Scotland. [Businesses in Scotland 2019](#) estimates there are 356,550 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 accredited Scottish employers](#) can be found on the Scottish Living Wage website.

## What size of employers have received accreditation?

Ninety two percent of accredited employers are small or medium sized which means they employ fewer than 250 people. The majority of these are small or micro firms employing between 1 and 49 people . This groups makes up 78% of all 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:

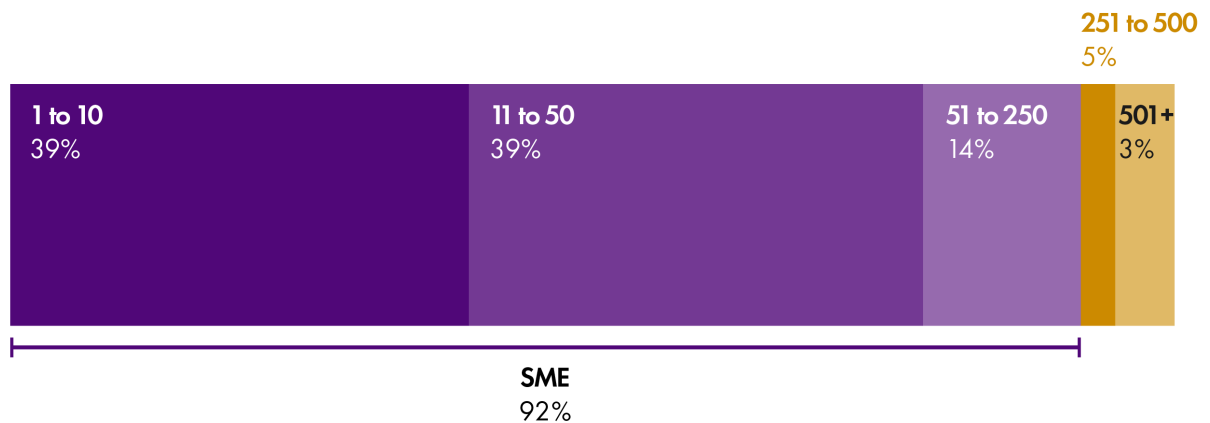
“ More should also be done in particular to encourage more medium- and large-sized employers to pay the Living Wage. This is likely to be the best way of boosting the numbers of people who get the Living Wage, and larger organisations often have greater capacity to absorb costs. <sup>7</sup> ”

Employment by employer size varies by industry. In the “Accommodation and food service” industry, where 60% of people earn less than the living wage, 53% of employment comes from small businesses. But in the “retail trade incl. fuel sales” industry, where 43% of people earn less than the living wage, 68% of employment comes from medium and large sized businesses.

Large employers make up 8% of the total number of accredited employers while medium-sized employers make up 14%. .

## Ninety one percent of accredited employers are SMEs

Figure 14 Proportion of total accredited employers by business size - 6 January 2020



[Scottish Living Wage Accreditation](#)

[Businesses in Scotland](#) provides information on the number of private sector business in Scotland. The latest figures show that:

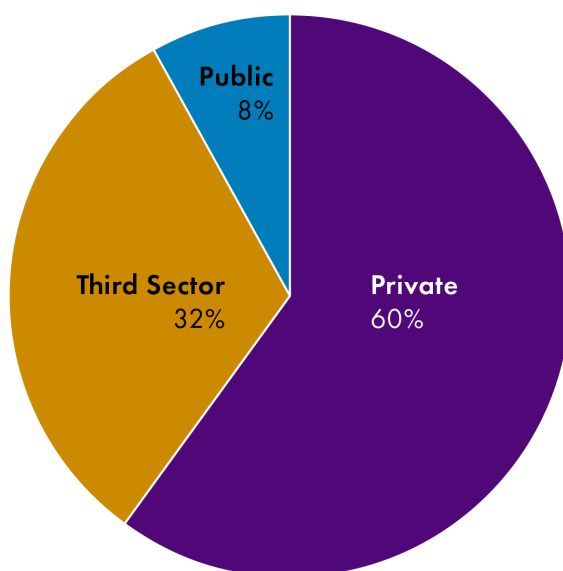
- Ninety nine point three percent of private sector business in Scotland are small or medium and account for 55.4% of private sector employment.
- So far, of the private sector companies which have received accreditation, 96% are small or medium businesses.
- Large businesses in Scotland make up less than 1% of total private sector enterprises but they make up 45% 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 15: Proportion of total accredited employers by sector - 6 January 2020

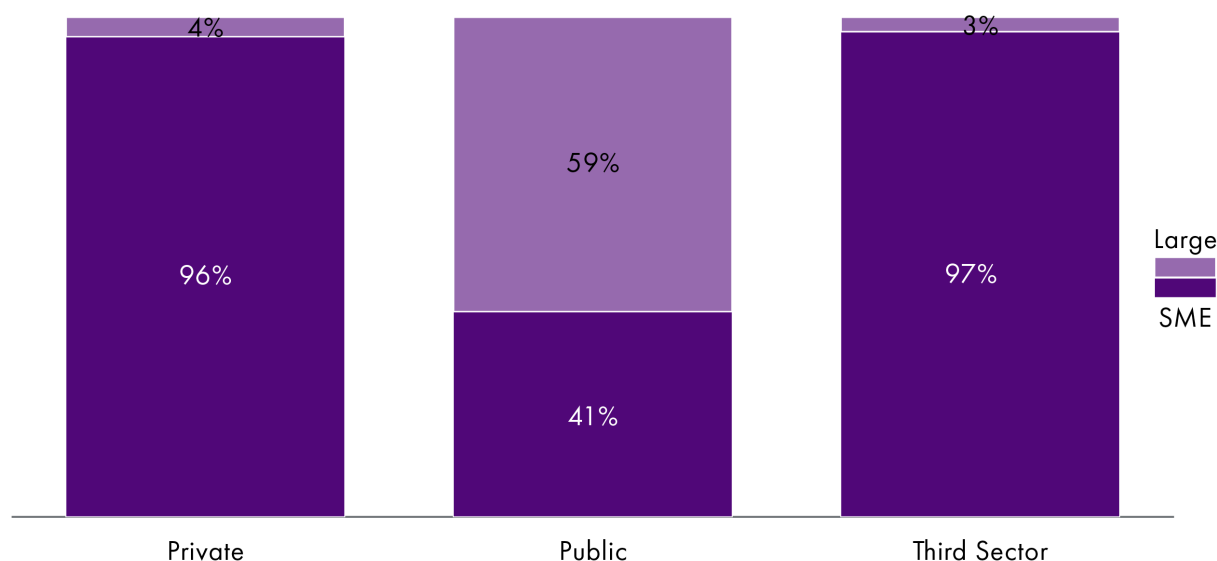


### Scottish Living Wage Accreditation

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 18 local authorities, the Scottish Government and the Scottish Parliament.

## Most accredited public sector employers have more than 250 employees

Figure 16: Proportion of total accredited employers by sector and business size - 6 January 2020



### Scottish Living Wage Accreditation

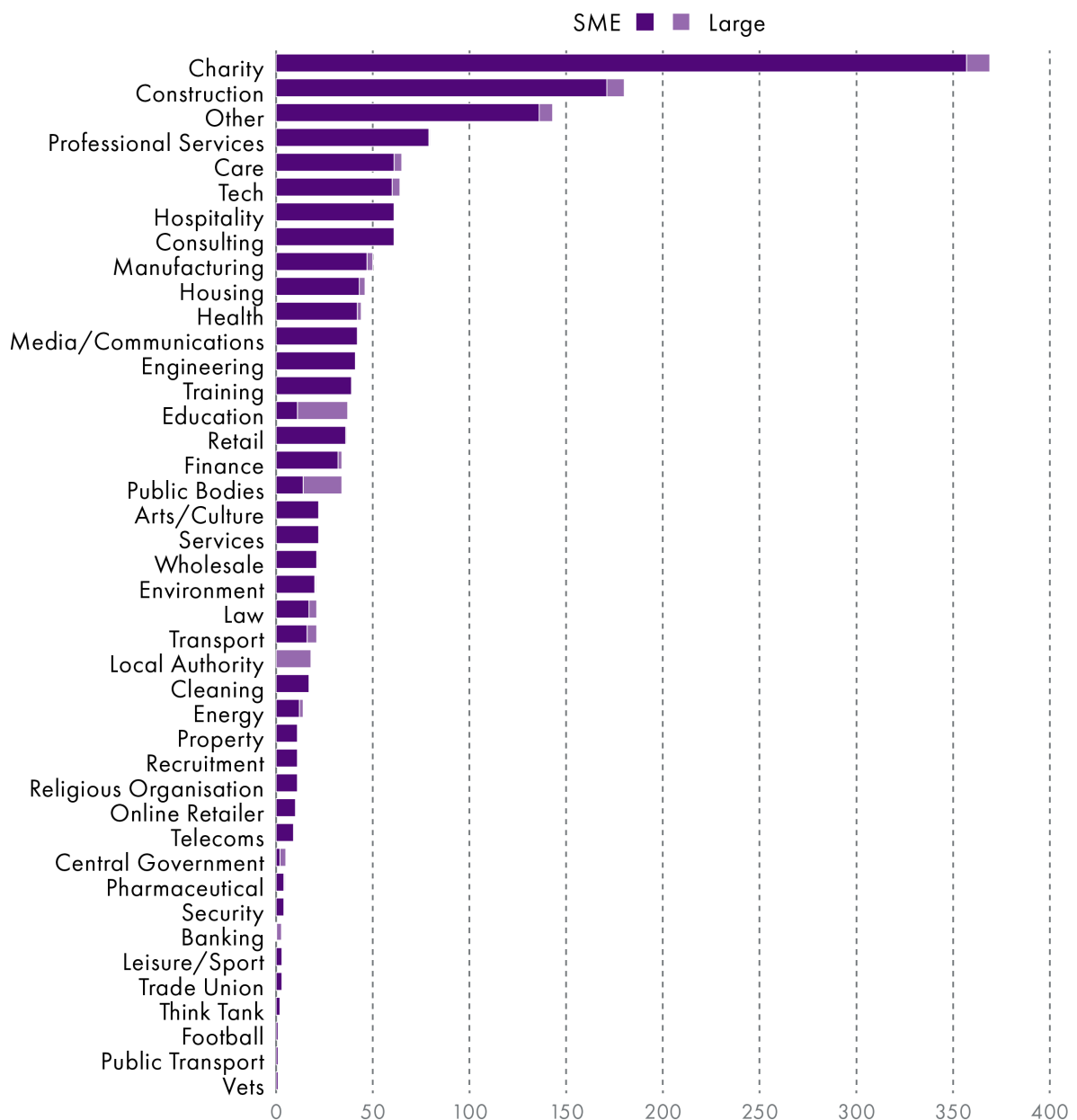


Figure 16 shows the breakdown by employer size and shows that the majority of accredited businesses in the private and third sectors are SMEs. Public sector bodies are more likely to be large employers.

## Which industries have the highest number of accredited employers?

### Charities lead the way in receiving most accreditations

Figure 17: Proportion of total accredited employers by industry - 6 January 2020



Scottish Living Wage Accreditation

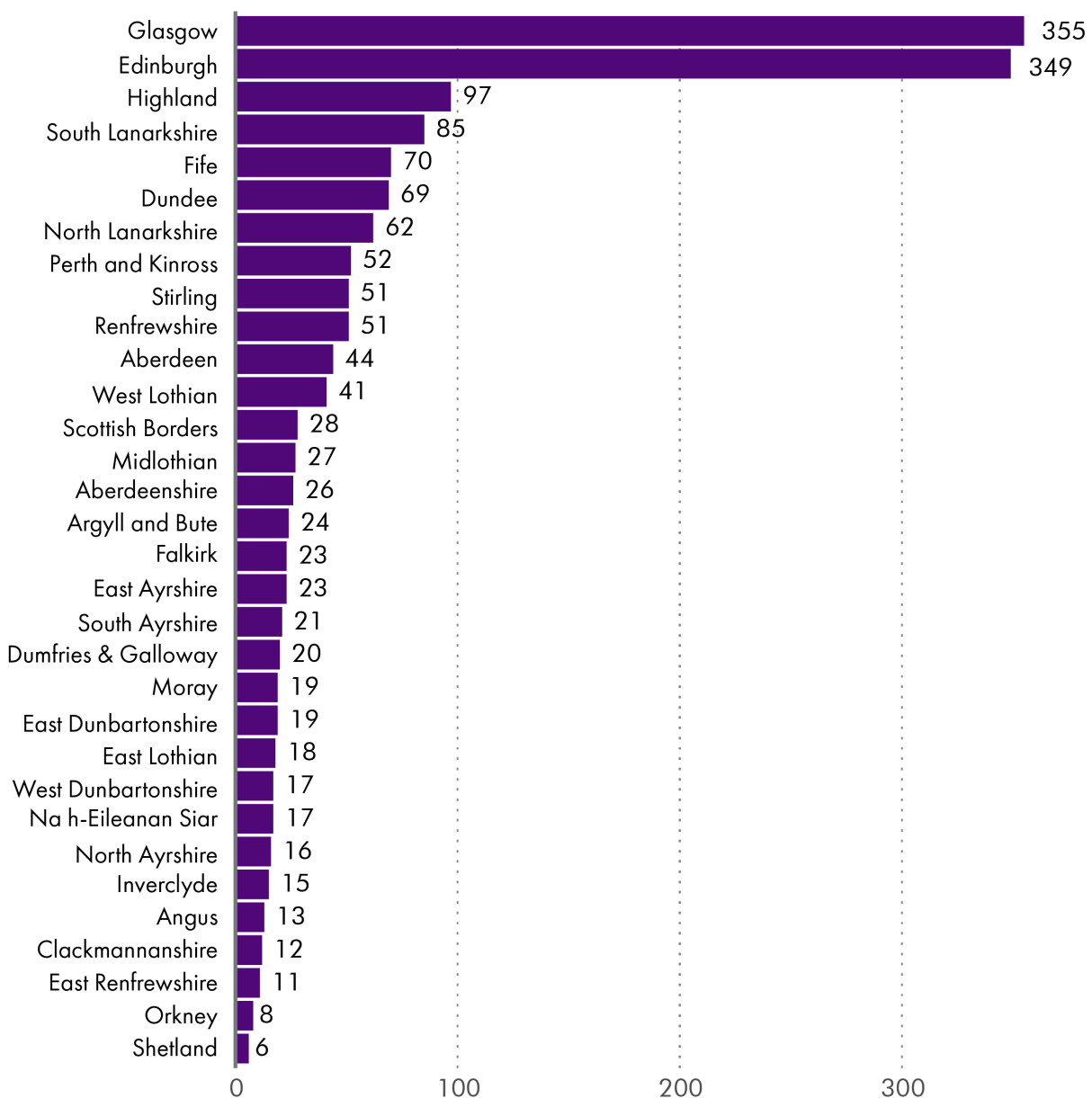
Charities have received the highest number of accreditations in Scotland. Retail and Hospitality have been highlighted as two industries with traditionally low pay. 37 retail businesses and 62 hospitality businesses have become accredited employers with only

one large retail and one large hospitality employer having received accreditation at the time of writing.

## Which areas of the country have the most accredited employers?

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

Figure 18: Total accredited employers by local authority - 6 January 2020



[Scottish Living Wage Accreditation](#)

Eight hundred and seventeen, or 48%, of the Living Wage accredited employers in Scotland are registered in Scotland's four biggest cities.

# Bibliography

- 1 Aiton, A., Campbell, A., & Liddell, G. (2015, March 12). The Living Wage. Retrieved from <http://www.scottish.parliament.uk/parliamentarybusiness/87702.aspx> [accessed 2 March 2020]
- 2 Scottish Government. (2019, March). Public Sector Pay Policy for Staff Pay Remits 2019-20 Technical Guide. [accessed 9 March 2020]
- 3 Scottish Government. (2015, March). Scotland's Economic Strategy. Retrieved from <http://www.gov.scot/Resource/0047/00472389.pdf> [accessed 2 March 2020]
- 4 Scottish Government. (2015). Scottish Business Pledge. Retrieved from <https://scottishbusinesspledge.scot/living-wage/#ffs-tabbed-15> [accessed 2 March 2020]
- 5 Scottish Government. (2020, January 13). Annual survey of hours and earnings: 2019. Retrieved from <https://www.gov.scot/publications/annual-survey-of-hours-and-earnings-2019/> [accessed 26 February 2020]
- 6 Office for National Statistics. (2019, December 29). Annual Survey of Hours and Earnings (ASHE) - Estimates of the number and proportion of employee jobs with hourly pay below the living wage, by work geography, local authority and parliamentary constituency, UK, April 2018 and April 2019. [accessed 26 February 2020]
- 7 Independent Advisor on Poverty and Inequality. (2016, January). Shifting the Curve A Report to the First Minister. Retrieved from <http://www.gov.scot/Resource/0049/00492430.pdf> [accessed 3 March 2020]

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