

Briefing:

Low pay and insecure work in construction and care

This briefing estimates the potential number of workers in low pay and insecure work in construction and care in Scotland. Where Scottish figures are unavailable it applies UK averages to estimate Scottish specific figures. It uses ONS sources where possible, but alternative sources where ONS data is unavailable, particularly in relation to bogus self-employment.

Zero-hour contracts

Across the UK health and social work accounts for 19%, almost one in five of all people on zero-hour contracts (171,000 individuals). Construction accounts for 2.9% (26,000 individuals).¹

Zero-hour contracts (ZHCs) by occupation and sector aren't available for Scotland, but there is an estimated 71,000 individuals on ZHCs in Scotland in total.² Applying the UK averages for construction and health and social work to this figure, results in 15,620 individuals on ZHCs in Scotland in these two sectors - 13,490 in health and social work and 2,059 in construction.³

Non-permanent workers in construction

Across the UK, 3.7% of construction workers are classed as 'non-permanent' whether that be as seasonal workers, fixed term, agency, temporary worker or other temporary employment.⁴

Applying the 3.7% non-permanent figure to Scotland's construction workforce equals 6,549 individuals.

Bogus self-employment in construction

The House of Commons Library recently published a report on self-employment in the construction industry.⁵ The latest estimates of bogus self-employment it refers to is a 2008 report from Professor Mark Harvey, at the University of Essex, commissioned by UCATT which suggested that around 30% of the UK construction workforce – 375,000 to 425,000 - were inaccurately engaged as self-employed.

In the same year, in response to a parliamentary question, the then Minister, Angela Eagle, referred to HMRC estimates of 200,000 workers which they estimated were wrongfully classed as self-employed in the construction industry.⁶ This equates to 15%.

Scotland's construction workforce is 177,000.⁷ Applying the UK-wide bogus self employment estimates of 15-30% to this figure results in 26,550 - 53,100 individuals.

While it could be argued that bogus self-employment is not always 'insecure', the loss of benefits to the worker like holiday pay, sick pay and pensions, is still of serious concern. The loss of revenue to the taxpayer, estimated between £350 million and £1.7 billion,⁸ must also be considered.

Low pay

The Resolution Foundation estimate that 21% of health and social work and 13% of care workers are low paid across the UK.⁹

There are 395,000 individuals in health and social work in Scotland.¹⁰ Applying the 21% low paid estimate to this figure equals 82,950 low-paid health and social work individuals in Scotland.

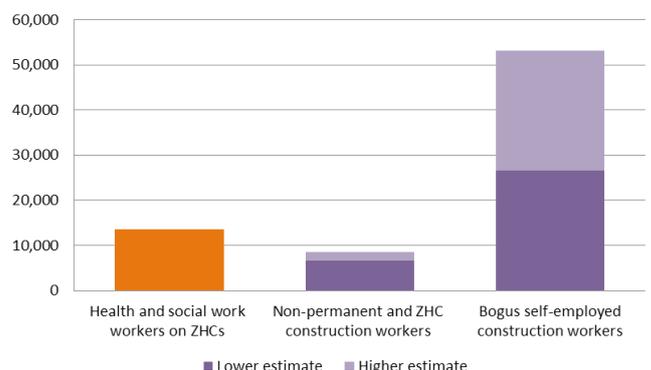
There are 177,000 individuals in construction in Scotland.¹¹ Applying the 13% low-paid estimate to this figure equals 23,010 low-paid construction workers.

Overall figures for insecure work and bogus self-employment

This briefing estimates that, in Scotland, there could be: 26,550 - 53,100 bogus self-employed construction workers; 6,549 non-permanent construction workers; and 13,490 health and social work workers on ZHCs. There are also 2,059 construction workers on ZHCs, but they might also be fixed term for example, so we can't simply assume zero-hour contracts are separate to non-permanent employees. However, excluding ZHC construction workers from the low-range and including in the high range brings an overall estimated figure of: **46,589 - 75,198** in insecure work and bogus self-employment in care and construction.

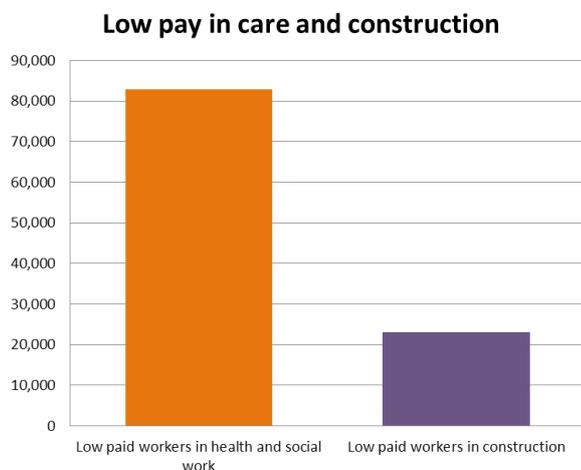
Given that previous estimates for insecure work have totalled 274,000 workers in Scotland,¹² this briefing suggests that care and construction account for a significant part of this problem.¹³

Insecure work and bogus self employment in care and construction



Overall figures for low-pay

This briefing suggests that, in Scotland, there could be 82,950 low paid health and social work workers and 23,010 low paid construction workers. This brings an overall figure of **105,960** low-paid care and construction workers.



Conclusion

It is clear that care and construction account for significant numbers of workers in Scotland and that large proportions of these workers are low paid and in insecure work.

Yet care and construction form the basis of Scotland's social and economic infrastructure. They are also hugely dependent on Government funding.

Meaningful and effective reforms to procurement policy and practice are needed if Scotland is to make inroads into precarious working practices.

For further information on this briefing contact:

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1. ONS (2018) 'People in employment on zero hours contracts' Tab 6 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

2. ONS (2018) 'People in employment on zero hours contracts' Tab 4 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

3. The figure is 20.2% by care, occupation and leisure service occupation as opposed to health and social work industry. However for comparative purposes the lower figure is used.

4. Authors calculations based on ONS (2018) 'Permanent and non-permanent workers in construction by reason job is temporary' <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/s/007998permanentandnonpermanentworkersinconstructionbyreasonjobistemporary>

5. House of Commons Library (2018) 'Self-employment in the construction industry' p.18 <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN00196>

6. House of Commons Library (2018) 'Self-employment in the construction industry' p.18 <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN00196>

7. ONS (2018) 'HI11 Regional labour market: Headline indicators for Scotland' Tab 5 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforscotlandhi11>

8. House of Commons Library (2018) 'Self-employment in the construction industry' p.18 <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN00196>

9. Resolution Foundation analysis of ONS, Annual Survey of Hours and Earnings (2017 analysis of 2016 data) 'Low Pay Britain' p.39 <http://www.resolutionfoundation.org/app/uploads/2017/10/Low-Pay-Britain-2017.pdf>

10. ONS (2018) 'HI11 Regional labour market: Headline indicators for Scotland' Tab 5 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforscotlandhi11>

11. ONS (2018) 'HI11 Regional labour market: Headline indicators for Scotland' Tab 5 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforscotlandhi11>

12. SPICe for Scottish Labour (2017) <https://wdclabourgroup.wordpress.com/2017/12/26/over-a-quarter-of-a-million-scots-trapped-in-insecure-work/>

13. While the 274,000 figure has in part been calculated differently to the figures in this briefing, when accounting for bogus self-employment in the construction sector as a form of insecure work, care and construction might account for up to a quarter (17-27%) of insecure work in Scotland.

