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The Governance and Implementation of a Social Partnership Approach  
in Scotland: Implications for the Inclusion of Vulnerable Groups and the  
Resilience of the Labour Market in Scotland

(Working Paper: Please do not quote)

Marion Ellison  
Social Policy  
Queen Margaret University,  
Edinburgh, EH21 6UU  
United Kingdom  
Email: mellison@qmu.ac.uk

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Workshop 4. Policy learning for inclusive and resilient labour markets

Chair: Menno Fenger, Erasmus University Rotterdam (INSPIRES)

The research leading to these results has received funding from the European Community's



Funded under Socio-economic Sciences & Humanities

Seventh Framework Programme under grant agreement No. 320121 (Project INSPIRES).

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## Abstract

In response to the economic crises of 2008 the current Scottish Government has adopted a strong social partnership and a range of active inclusion policies. Working with employer associations, employers directly, the third sector and trade unions there has been a distinctive expansion of social partnership measures between the Scottish Government and private sector employers in recent years, also evidenced by significantly increased investment in employer orientated labour

market measures. Focusing on the governance and implementation of these measures this paper examines the underlying rationale, scope, governance, implementation and outcomes of employer orientated measures implemented by the Scottish Government since the 2008 Financial Crises. These measures include ‘The Employer Recruitment Incentive and Employer Recruitment Incentive with Special Additional Measures and a plethora of specialized apprenticeship and internship initiatives for young people who face significant challenges. This group includes Young people aged 16-24 who also face significant challenges including: young people with disabilities; young people leaving care, young carers and young people who have been convicted or cautioned for a criminal offence and have completed their sentence.

## Introduction

Social and Employment policies designed around notions of Partnerships and Co-Production have been implemented by the Scottish Government as part of the strategic response to the 2008 Financial Crises. The central rationale of the approach is to reconfigure the relationship between communities, business and the public sector in order to mitigate the impacts of the economic recession, austerity measures and welfare reforms particularly with regard to the reduction or withdrawal of public services or welfare entitlements. In particular, a number of employer orientated initiatives have been developed to directly mitigate the effects of economic recession on small businesses and reduced expenditure in employment or social policies at UK level. A key aim of co-production is to offset the impact of severe budget cuts implemented at UK level. Importantly however social and employment policies developed on the basis of partnership and co-production are also part of the positive ‘bottom up’ model of community development, practices and processes. Alongside other measures co-production is being used to advance and promote civic engagement a part of a wider strategic approach to alleviate the impact of cuts in services on vulnerable groups by encouraging wider community participation.

Initiated, developed and implemented through local partnership and co-production, an integrated approach to economic, social and employment policies is regarded as being fundamental to the development of economic, business, and community capacity and resilience to respond effectively to challenging economic conditions.(Scottish Government, 2013). Consequently, continuing reductions in public spending to meet austerity targets, implemented by the UK government, are a particular threat to the most disadvantaged communities in Scotland<sup>1</sup>. Since the 2008 crises the Scottish Government has focussed largely upon a dual social investment approach designed to build economic and labour market resilience through ‘constructive advantage’. Here, innovative employment programmes to support vulnerable groups in the labour market are combined with significant inward investment in key economic growth sectors. More broadly this approach is located within cross cutting public sector policies

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<sup>1</sup> Of the proposed £25 billion austerity cuts proposed by the UK government after 2015, £8 billion of cuts is expected from the Scottish budget.

intrinsically linked to the ‘Solidarity Purpose’ defined as “unlocking the economic potential of all individuals will support economic growth by increasing labour market participation and by removing the personal and social costs of poverty”. Economic growth is regarded as being contingent upon reducing income inequality and the improvement of access to employment opportunities especially for those on lower incomes.

## 2. The Policy Context: Social Investment and Partnership for Constructive Advantage

The current Scottish Government aligns social and employment policies to notions of economic and labour market resilience premised upon the principle of ‘constructive advantage’. ‘Constructive advantage’ is based upon the rationale that economic growth, equity and sustainability are interdependent factors. Using this rationale social and employment policies are designed to maximise value added in growth areas of the economy through the creation of high quality sustainable jobs.

Crucially, the Scottish government is not in control of the fiscal levers required to significantly address issues relating to precarious labour market attachments and broader deprivation experienced by vulnerable groups. However, innovative actions have enabled the Scottish government to utilise social and employment policies to offset the worst impacts of the 2008 Financial Crises. A key social policy driver underpinning this progress in tackling insecure labour market attachment and poverty in Scotland has been extra support to working families through a distinct approach to wage policy (particularly in the public sector) and to social investment. The decentralisation of important policy fields including Health, Education, Employment, Training and Social Care devolution has encouraged local innovative social and labour market measures relevant to local economies and communities. As a result like other sub-state governments the Scottish Government is playing an increasingly crucial role in delivering provisions aimed at improving the social well-being of their own population. (Schmuecker, 2008). Evidence relating to innovative social and employment policies in this report reveals that this role has become particularly significant in Scotland following the economic crises of 2008 for eight key reasons.

1. **Substantive and increasing levels of civic engagement in the development of social policies.**<sup>2</sup>
2. **Establishment of national frameworks and institutions such as Skills Development Scotland.**
3. **Promotion of co-production with key stakeholders**<sup>3</sup>

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<sup>2</sup> Vehicles for engagement include, the Committees System; Petitioning; and CIVIC (an online interactive platform)

<sup>3</sup> Employers, vulnerable groups, the education and social sector, local authorities, third sector organisations and community groups. See: The Community Empowerment Scotland Bill 2014.

4. **Emphasises on the framework of Community Planning Partnerships (CPP's) and Public Social Partnerships. (PSP's)<sup>4</sup>**
5. **A long term approach to economic resilience<sup>5</sup>**
6. **An emphasis on promoting equality through the use of social and employment policies and significant levels of social investment**
7. **The Living Wage has been implemented to all public sector workers directly employed by the Scottish Government and also to all staff employed by NHS Scotland.**
8. **Focus on Prevention and Early Intervention. <sup>6</sup>**

Appropriate economic, social and employment policies in Scotland are currently formulated within an architecture of 'constructive advantage'. Within this framework, engagement with the global knowledge economy involves integrating business development opportunities, inward investment and market access within a focus on the quality of life of people living and working in Scotland. The interface between investment in education, industrial infrastructure, and technologies has brought a distinct approach to social and employment policies in Scotland. These policies include the abolition of up-front student tuition fees, free bus transport and personal care for the elderly and the abolition of prescription charges. A central focus of distinct Scottish Governments since 1997 has been to utilise limited policy levers available to reduce poverty and inequality. Recent data from the OECD have revealed that levels of income inequality have risen faster in the UK than any other developed country since 1975. In light of this, the current Scottish government has argued that the Scottish economy needs to grow more rapidly and has emphasised the synergy between higher economic growth and more equal distribution of wealth and opportunity. Inward investment strategies are closely aligned to this objective with a focus upon rebalancing the economy in order to revitalise manufacturing and to also tackle the geographic dimension of poverty and inequality in Scotland. This redistributive approach forms a central thread of policy approaches adopted by the Scottish government initially embedded in the 'Solidarity Purpose Framework (Figure1.). In particular, wage policies including a strong commitment to the living wage (Living Wage (Scotland) Bill, 2013). The promotion of a statutory minimum wage is aligned to the rationale that a higher productivity; higher wage, higher tax revenue base and more equally distributed economy offers an effective framework for long term labour market and economic resilience. Scottish Government policy documents also point to recent UK evaluations of the benefits of paying the living

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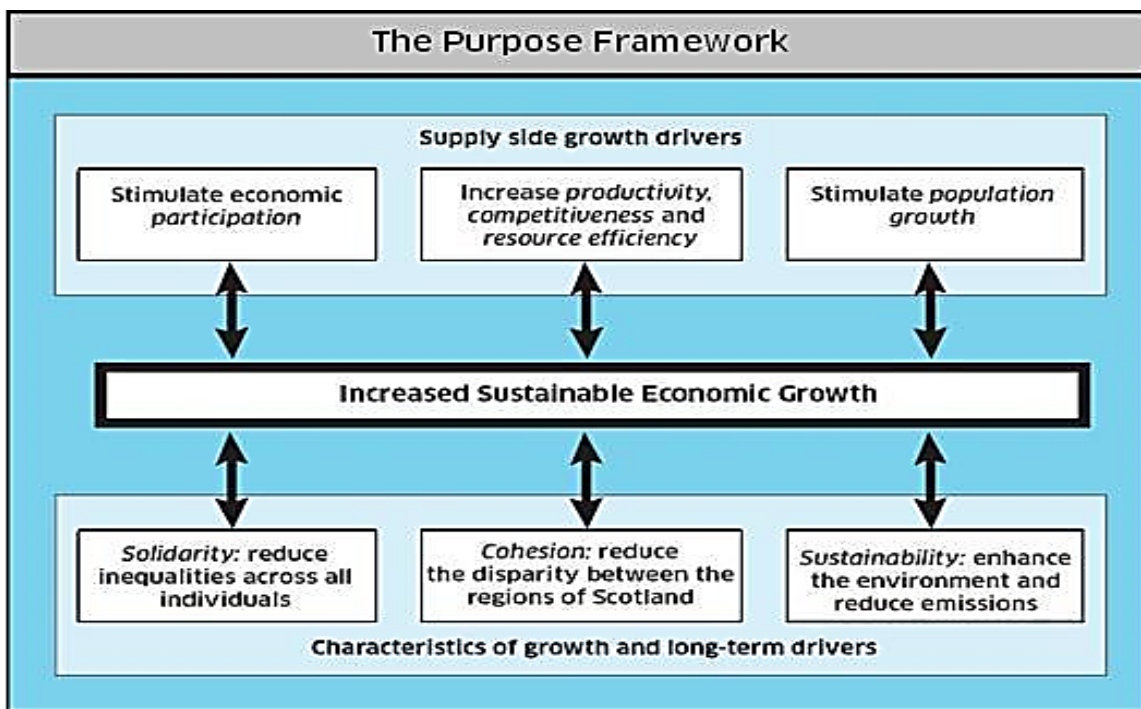
<sup>4</sup> 1. PSP's facilitate co-planning and delivery of services to local communities. This involves three stages: (i) social enterprises work with public sector purchasers to design a service; (ii) a consortium of public sector and social enterprises participate in a short-term pilot to refine service delivery parameters; (iii) the service is then further developed to maximise community benefit before being competitively tendered.

<sup>5</sup> A strong emphasis upon the capture of the geographic potential of renewables to sustain future energy requirements within Scotland for export purposes whilst also ensuring transition to a low carbon economy.

<sup>6</sup> A strong emphasis on investment in education, health and social services for vulnerable groups and on multi-sectoral provision for early intervention particularly for young people experiencing additional barriers in entering further or higher education or the labour market.

wage to employees in the private sector, particularly larger private sector organization (Scottish Government 2013). Longer term benefits identified include higher productivity levels; lower labour turnover; increased staff continuity; reduced levels of sick leave and a more motivated workforce (KPMG, London 2013; Lawton and Pennycook, 2013). Importantly, under proposals for the EU’s Social Business Initiative, public procurement procedures will be revised to ensure greater consideration for ‘social and environmental criteria and the integration of vulnerable and disadvantaged. Employment orientated measures are also directed at supporting SME’s in paying the living wage to vulnerable groups as well as encouraging larger firms benefitting from public procurement contracts within the private sector to adopt a living wage policy.

**Figure One**



Adopting a Co-ordinated approach to, the Scottish Government’s broader infrastructure investment is designed to support Scotland’s long term economic development, while supporting economic recovery in the short and medium term. Substantial social investment has been directed at policies and programmes which support young people to enter and sustain their position within the labour market. Exemplifying this, the Scottish government recently published an Infrastructure Investment Plan detailing the allocation of £9 billion public procurement spending to intrinsically promote economic growth and jobs. Current Public Procurement clauses in Scotland include requiring every company in receipt of a significant Government contract to produce a training and apprenticeship plan. This is particularly beneficial to young people in the Scottish labour market. In addition community benefit clauses are used within procurement contracts to support employability and targeted recruitment and training through public sector contracts. Innovative social and employment policies are also underpinned by long term

preventive strategies aimed at young people. Exemplifying this a central part of the investment strategy implemented in 2013 has a long term focus and includes £16.25 million allocated to;

- (i) A national employer recruitment initiative that will create up to 10,000 opportunities for Small and Medium Enterprises to recruit young people
- (ii) The establishment of an Energy Skills Academy to support the creation of skills in oil and gas, renewables, thermal generation and carbon capture and storage industries.

These two innovative strategies articulate the underlying principle underlying the current Scottish Government's approach to economic and labour market resilience. Investment in the national employer recruitment initiative focuses on a shared responsibility, partnership approach with a dual approach to supply side drivers including productivity and competitiveness and longer term growth strategies including, social cohesion and solidarity.

There are currently 70,000 people employed in the low-carbon economy and the Scottish Government aims to increase this to 130,000 by 2020 through have already secured in advance of £750 million worth of investment in renewable projects since 2011. Exemplifying the potential of the renewables the offshore wind industry has the potential to support 28,000 jobs and 20,000 indirectly related jobs generating in the region of £7.1 billion for the Scottish economy by 2020. The Scottish Government has also piloted a new models of social investment to secure greater resources to support the shift to prevention. In particular there has been significant investment in social enterprises. In 2013, over 3000 social enterprises existed, employing over 100,000 and a combined annual turnover of £3.1 billion (Scottish Enterprise, 2013).

Social Investment in Education, Lifelong learning and Early Intervention is also regarded as being central to economic recovery and long-term economic growth. Pivotal to this investment approach is the implementation of the Curriculum for Excellence which the Scottish Government argues is critical to enabling all young people to successfully enter and sustain a position within the labour market by equipping young people with broader social skills which will provide them with a greater capacity to participate as active citizens. Central to the new Curriculum is the development of critical thinking and initiative.

The Third Sector has benefitted from significant investment since 2008. Funding is directed at building the capacity and effectiveness of the third sectors contribution to public policy and supporting social enterprise initiatives. A cross-sector policy approach which includes the third sector and the public sector is adopted to ensure maximum benefit of programmes of preventative spend for young people and other vulnerable groups within the Scottish Labour Market. Community engagement is a statutory responsibility integrated across all policy areas in Scotland. This is supported by the Scottish Community Empowerment Action Plan and through measures to support community asset and land ownership. Social and Employment policies designed to facilitate resilience and inclusion within local labour markets benefit from this local approach to regeneration, housing and community health. This approach is seen as pivotal to regeneration of communities where there are clear indicators of long term deprivation, and associated socio-economic outcomes including, lower levels of educational attainment, health inequalities and precarious labour market attachments. Here, co-production is implemented alongside more targeted early intervention and prevention strategies. (Scottish Government, 2013).

More broadly, this approach also encourages local authorities and community planning partnerships to protect vulnerable communities by 'realigning' mainstream budgets towards activities which build local economic and labour market resilience and business capacity. Skills Development Scotland is

instrumental in coordinating and facilitating skills development in local communities and a central concern of the current Scottish Government is to evaluate the local labour market and business outcomes of recently implemented measures such as the employer recruitment incentive. (Scottish Government, 2013). The heavy investment in high quality work and the promotion of the living wage represents a central strand of a preventative approach shifting the historically heavy balance from crises management towards early intervention to ensure that individuals have the opportunity to reach their potential in the labour market. A number of social and employment policies implemented to support vulnerable groups and resilient labour markets are defined by a combination of prevention, social investment for 'constructive advantage' and co-production principles.

### **Employer Orientated Measures**

The programmes will create up to 10,000 opportunities for SME to recruit young people and involves the creation of 25,000 Modern Apprenticeships and the Intermediate Vocational Education and Training (VET) system to complement further and higher education. The underlying rationale of this approach is to ensure improved connectivity and cooperation between education and work and to ensure that employers are adequately engaged with young people. The underlying tenet governing these measures is partnership between employers and education with employers viewing themselves as co-investors/co-designers rather than purely consumers. (Scottish Government, 2013) and include:

1. **The Employer Recruitment Incentive.** This innovation adopts a dual response to the crises by bolstering labour market resilience and inclusion by stimulating the supply of quality jobs for young people with special tailored measures for young people who face significant challenges. This new scheme introduced in 2013 was funded jointly by the Scottish Government and European Social fund aims to provide job opportunities for young people before they become long-term unemployed. Working in partnership with private sector employers the Scottish Government partly funds new youth jobs (created over and above existing workforce needs of the company). The new positions are strictly regulated and private sector employers must ensure employee rights and conditions outlined below to receive this funding. Where a company commits to creating a new youth job, it will receive a 50% cash incentive (of the salary cost of employing the young person excluding National Insurance) for at least 6 months.
2. **The Employment Recruitment Incentive** with additional measures for young people who are facing additional challenges or barriers in entering the labour market. Young people who benefit from this programme include children who have previously been looked after by the state, this funding benefits private sector employers, primarily small and medium sized enterprises (SMEs).
3. **STEM** initiative has been designed to encourage the number of young people with qualifications in Science, Technology and Engineering qualifications and training opportunities. This includes the establishment of an Energy Skills Academy to support the creation of skills in oil and gas, renewables, thermal generation and carbon capture and storage industries.
4. **TSIS** programme is a structural initiative which involves strategic engagement with the Third Sector in Scotland. Third Sector Internships Scotland helps students to find paid work experience in the Third Sector and contribute to the work of Scotland's third Sector organizations. TSIS is being delivered by Queen Margaret University, The Open University in Scotland and the Scottish Council for Voluntary Organizations, with support from universities across Scotland.

Scotland unlike the rest of the UK continues to provide the Educational Maintenance Allowances to support students through their further education studies. £31.6 million per year is being provided in

financial support to the most vulnerable young people in Scotland to enable them to continue in education and learning following school leaving age

A central challenge is underemployment and young people are particularly vulnerable regarding skills. A long term planning approach to skills underemployment has led to the development of a number of measures including the creation of 25,000 apprenticeship opportunities in 2012 to 2013 within an overall training target of 46,500 places; A further key strand of government policy in this area has been a focus on equal opportunities to lifelong learning. Responsibility for the co-ordination of these measures resides with Skills Development Scotland.

### ***Labour Market Inclusion***

Recent evidence has revealed the deep impact of austerity measures and welfare reforms instituted by the UK Government on vulnerable groups in Scotland (Oxfam, 2014; Joseph Rowntree Foundation, 2014; Tressel Trust 2014). These measures have had a particularly significant impact on people with disabilities across all age groups in Scotland. Importantly however, there is some evidence that policies instituted by successive Scottish Governments have had some positive impacts particularly with regard to child poverty. In the ten years between 2001 to 2011/12, the proportion of children in poverty in Scotland fell ten percentage points on both the ‘before’ and ‘after’ housing costs measures – about twice the fall observed in England: six and three percentage points respectively (Aldridge and Kenway, 2014).

Much of the fall in child poverty in both Scotland and England is due to a fall in the high poverty rate among lone-parent families. This is largely attributable to a net improvement in employment rates compared with ten years ago, and policies – both UK-wide and Scotland-specific – that have sought to address poverty in this group. However, much of Scotland’s additional fall in child poverty is due to a drop in poverty among working-couple parents. This is partly a result of increased levels of ‘full’ working (where both adults are in work and at least one of them is working full-time). These increased levels of ‘full working’ have not been observed in England during the same period. Recent studies provide evidence that a central reason for this difference lies in the Scottish Government’s pro-active approach to facilitating the participation of women in the labour market through increased investment in child care and early education in Scotland (Bailey and Bramley 2013; Aldridge et al 2013; MacInnes et al 2013; Aldridge and Kenway 2014). Underlining these findings, in December 2013, the number of women in employment in Scotland reached a record 21-year high with 1,233,000 women in the Scottish labour market (ONS, 2014).

Critically however, poverty for children in workless families in Scotland remains high and changes to benefits instituted by the UK Government from 2012 have been evidenced as increasing this poverty further (Oxfam, 2014; McCormick, J., 2013). Whilst the Scottish Government only has limited powers to mitigate the negative impacts of austerity measures and welfare reforms instituted by the Westminster Government, it has offset measures such as the cut to Council Tax Benefit, the introduction of the spare room subsidy (bedroom tax) and the removal of components of the social fund by providing direct assistance to the most vulnerable families particularly to those with disabilities. Despite these compensatory measures, precarious



attachments to the labour market created by lack of skills, disability, caring responsibilities or ill health have accentuated levels of poverty in Scotland. The plethora of measures and interventions developed since the 2008 Financial Crises have been designed to address these precarious attachments whilst also supporting the social and economic well-being of vulnerable groups within the Scottish labour market. As evidenced below, combining labour market programmes and social investment has had a demonstrably positive impact on labour market attachment and longer term well-being of some vulnerable groups in Scotland, particularly young people. However, whilst social and employment policy measures have alleviated poverty amongst disabled groups in Scotland, employment policies and measures have not led to significantly improved labour market outcomes for this group.

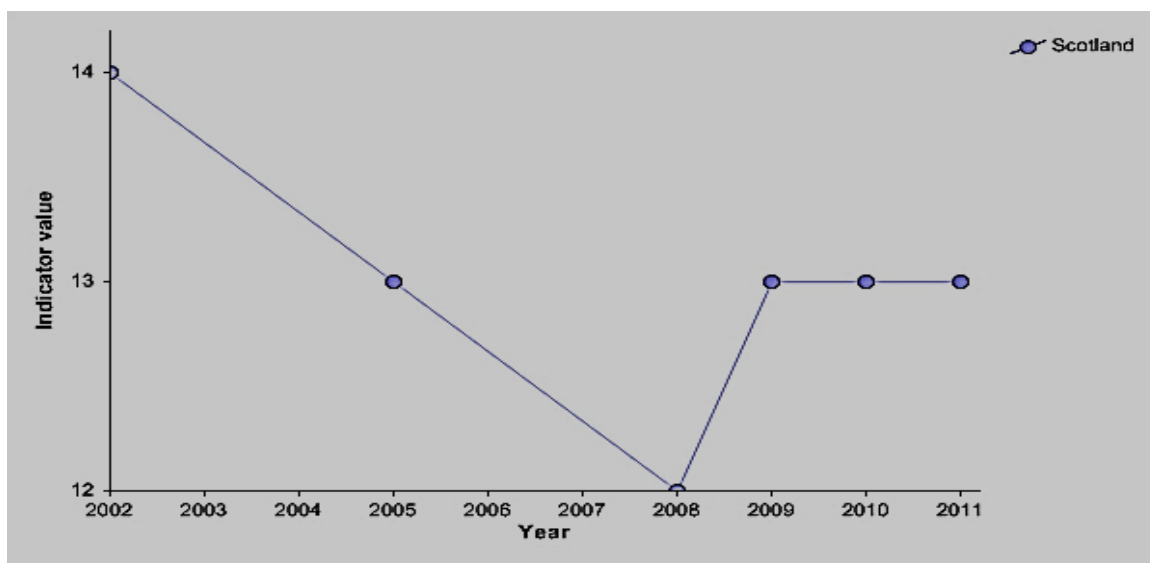
Analysis of recent national statistical and research evidence indicates that levels of deprivation in Scotland as a whole have stabilised or gone into steady decline since 2004/5. (DWP 2013; Scottish Government 2013). A recent report conducted by the Poverty and Social Exclusion UK (PSE-UK) Survey, in 2012 reveals that levels of deprivation were lower in Scotland than in the rest of the UK in 2013 (Gordon et al 2013). Evidencing this, 33 per cent of adults endured multiple deprivation in the UK in 2013 compared to 29 per cent in Scotland. Importantly however, absolute poverty in the UK is higher than in most other western Europe countries and Scotland has only slightly reduced rates of absolute poverty since 2004/2005 (ONS 2013).

Nevertheless, a good deal of substantive evidence reveals that relative poverty in Scotland has been lower than in the rest of the UK since 2004/5 (.Bailey and Bramley 2013; McCormick and Harrop 2010; Parekh et al 2010; Aldridge et al 2013; MacInnes et al 2013; Aldridge and Kenway 2014). A recent report by Bailey, (2014) further substantiates this evidence. Drawing upon a the analysis of a range statistical databases including the Family Resources Survey, and the Scottish Neighbourhood Survey, Bailey (2014) provides clear evidence of improved levels of labour market resilience in the Scotland between 2000-4 and 2008-12. In particular, analysis of FRS data reveals a strengthening of the employment position of Scottish Households over this period. This analysis utilises data relating to changes in household employment rates – a measure known as ‘household work intensity’. Taking account of all people of working age, the proportion of households with a high employment rate (over 0.8) fell across the UK between 2000-4 and 2008-12 but it did so by less in Scotland than in the RoUK.

At the other extreme, the proportion of workless households increased in the RoUK but fell in Scotland. In the two intermediate categories, the differences were smaller but also worked in Scotland’s favour (Bailey, 2014). Importantly the relative improvement in employment rates in Scotland has occurred mainly through households without children. For those with children, the changes in Scotland mirror those in the RoUK indicating that those households did not see as much benefit from the relative improvement in Scotland’s economy as households without children. This would lend support to the idea that affordable childcare is a critical barrier to entering and sustaining a position in the labour market. (Aldridge and Kenway 2014; McCormick and Harrop 2010; Parekh et al 2010; Aldridge et al 2013; MacInnes et al 2013; Lawton and Pennycook, 2013; IPPR, 2013).

As Figure 2 (below) illustrates, the last decade has also seen a gradual improvement in Scotland's labour market position relative to the UK as a whole, particularly the years from 1999 to the start of the recession in 2007 or 2008. This improving position is also reflected in a rise in earnings relative to the UK (ONS, 2014). Reinforcing this trend, the proportion of income being provided by social security has fallen over the last 10 years. (FES, 2013).

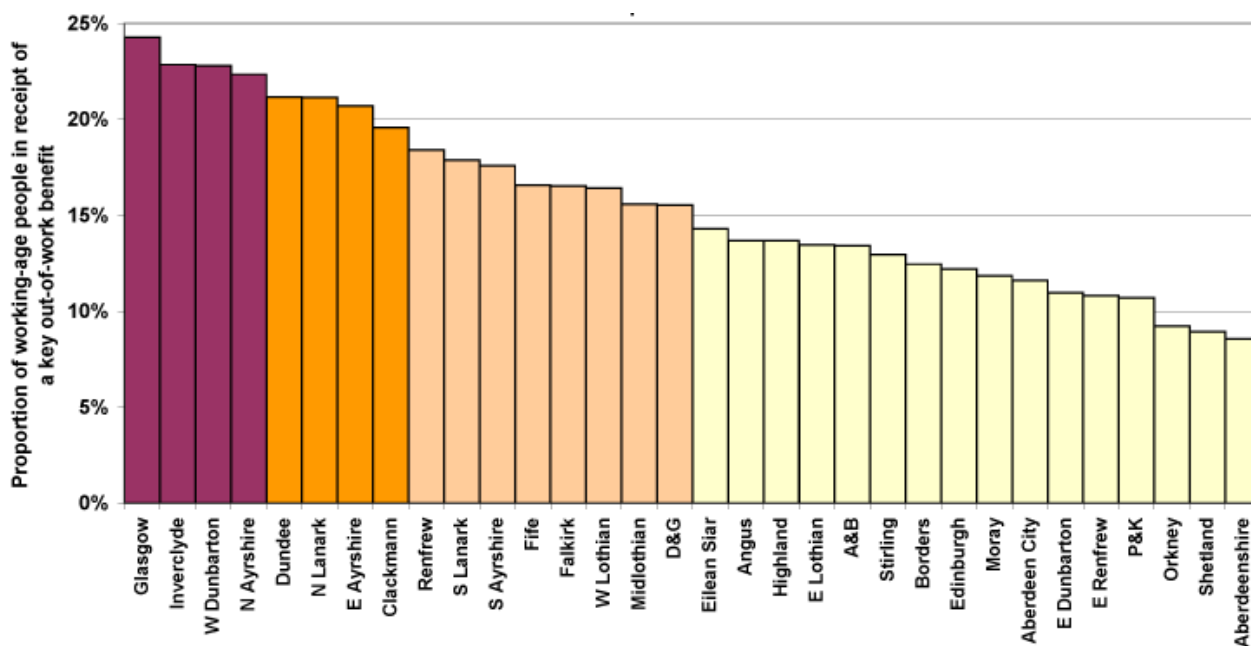
**Figure 2: Change Over Time report for Scotland: Economic Activity, Benefits and Tax Credits**



**INDICATOR: Percentage of working age population in Scotland who are employment deprived between 2002 and 2011**  
 Source: Scottish Neighbourhood Survey, Accessed: December, 2013

A number of studies have highlighted the significance of the labour market in contributing to the improving position of vulnerable groups since 2002 in Scotland (McCormick and Harrop 2010; Aldridge and Kenway 2014). Other factors include more affordable housing, and the use of preventative policies including, higher levels of social investment in health, education and transport to support vulnerable groups.

Exemplifying this, as Figure 3. illustrates there are marked differences in relation to numbers of working age people in receipt of out of work benefits in different parts of Scotland. Critically the proportion of working age people in receipt of out-of-work benefits is more than twice as high in Glasgow Inverclyde, West Dunbartonshire and East Ayrshire than in several other parts of Scotland. Recognition of these differences is fundamental to the rationale of devolved governance to local authorities in the planning of local social and employment policies, partnership models and collaborative governance.



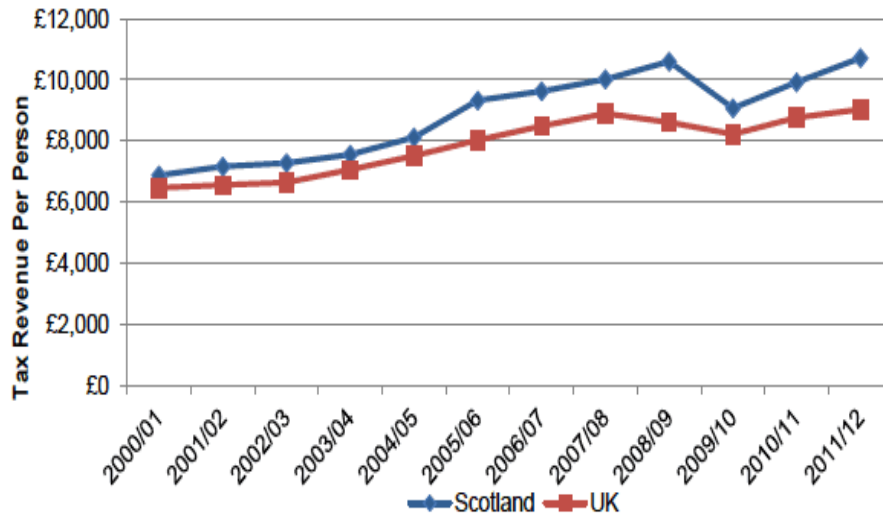
**Figure 3:**  
**Proportion of working-age people in receipt of a key out-of-work benefit by local authority in Scotland**

**Source: Department for Work and Pensions 2011-2012**

In terms of economic and labour market resilience, in 2011-12, total tax revenue generated in Scotland (onshore and offshore) was £56.9 billion. Figure 4. provides a breakdown of revenue by source. Income tax is the largest onshore source of tax revenue in Scotland, raising £10.8 billion in 2011-12, 19% of the Scottish total. VAT and National Insurance Contributions were the second and third largest sources of onshore revenue, generating 17% and 15% of total estimated Scottish receipts respectively. Tax revenue per person has remained relatively strong in Scotland during the period between 2008 and 2013 declining to UK levels in 2009- 2010 before return to an upward trajectory in 2011 and 2012. Total Scottish tax receipts can be disaggregated into onshore and offshore revenue. In 2011-12, onshore taxes generated an estimated £46.3 billion in revenue. This is equivalent to 8.2% of total onshore UK tax receipts, which is broadly in line with Scotland's share of the UK population. Total tax revenue (onshore and offshore) in Scotland was equivalent to £10,700 per person in 2011-12, compared to £9,000 in the UK as a whole.

As Figure 4. illustrates, whilst tax revenue per head in Scotland has varied year on year, it has been consistently higher than the UK average over the past decade. Longer term analysis estimates that total tax revenue per person in Scotland was higher than the UK average in each year between 1980-81 and 2011-12. Since 1980-81, total tax revenue per capita in Scotland has been on average £800 a year higher than in the UK as a whole. Adjusted for inflation, the gap has averaged £1,350 over this period. This reflects the relative contribution of offshore revenues to the Scottish and UK public finances.

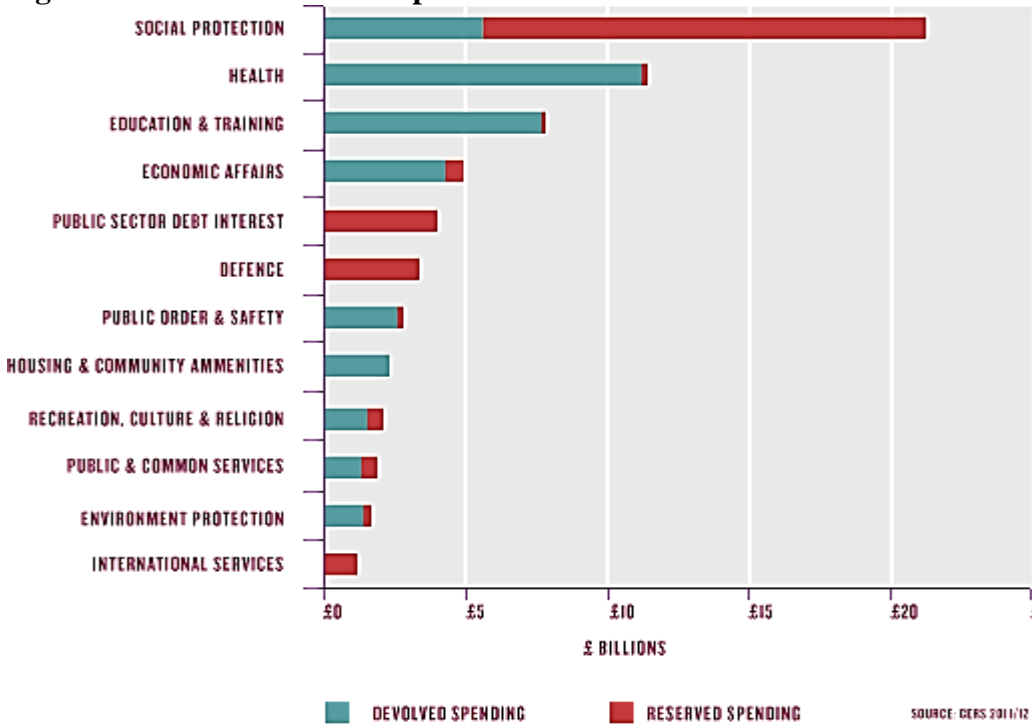
**Figure 6: Tax Revenue per capita between 2000/01 and 2011/12**



Source: ONS; 2013.

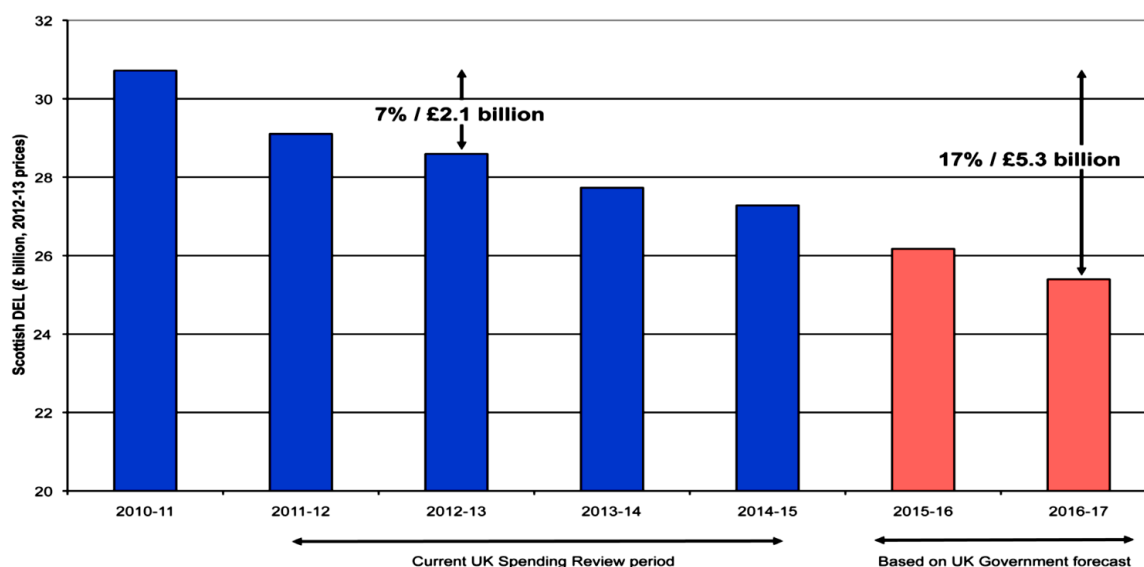
The Scottish Government has limited fiscal levers through which to implement social and employment policies for resilient and inclusive labour markets. As Figure 5. below illustrates with the UK government largely responsible for decisions relating to public expenditure having reserved powers over 85% of public expenditure in Scotland.

**Figure 5: Total Public Expenditure in Scotland 2012 -2013**



Source: Scottish Government.

The Table below illustrates the overall DEL figures for the Budget 2013 to 2014. In particular significant reductions in public spending will limit the capacity of The Scottish Government to introduce social and employment measures in line with the ‘constructive advantage’ approach to economic resilience. In particular the Scottish total DEL for 2016-17 will be 17% lower in real terms than in 2010-2011.



**Figure 6: Total: Scottish DEL budget: (2010-11 to 2016-17 (based on UK Government forecast))**

**Source: Scottish Government, 2013**

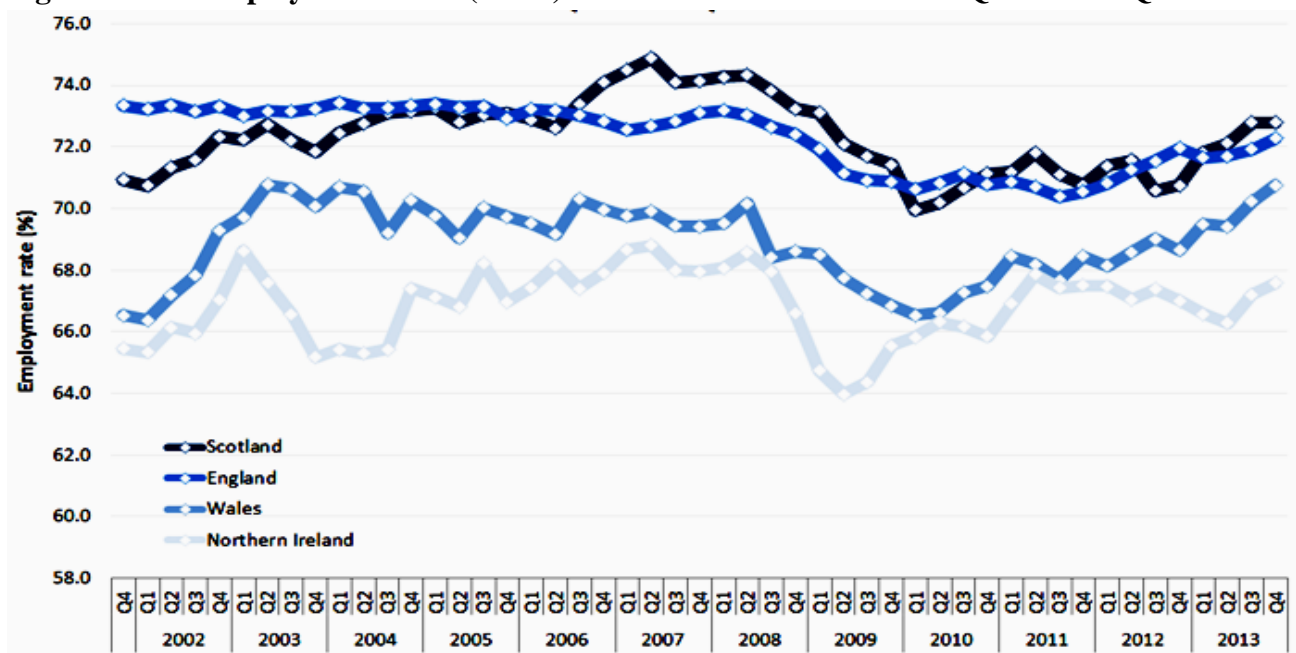
Scotland with a fall in employment and a rise in unemployment between 2008 and 2013 had a particularly negative impact upon young people within the labour market. In 2013 the overall unemployment rate in Scotland was 7.7%, marginally below the UK figure of 7.9%. (ONS, 2014). Notably, employment levels have recovered to a degree in Scotland since April 2010, although levels remain below their pre-recession high. On average, between 2008 and 2013, Scotland maintained its position as the top performing country of the UK in terms of overall employment levels.

However, worsening labour market conditions have impacted disproportionately on vulnerable groups in the labour market in Scotland. Data for the 3 month period April to June 2013 shows that compared to the pre-recession peak in employment – in the 3 month period March-May 2008 – male employment rates were 3.9 percentage points lower, whilst female employment rates were 1.7 percentage points lower. The data also suggests that this balance may be shifting, with male employment increasing and female employment falling in recent months. (ONS, 2014) Despite this, according to figures for April to June 2013, the female employment rate in Scotland is the highest of all UK countries and Scotland’s female unemployment rate is lower than in the UK as a whole. (ONS, 2013). The Economic Recovery Plan implemented by the Scottish Government in 2008 aimed to facilitate the resilience of the Scottish economy. Overall,

the global recession has been less damaging to productive output in Scotland than in England with a fall of 5.7% from peak to trough in Scotland compared to 6.3% in England.

In 2013 Scotland had the highest employment rate of the four countries in the United Kingdom with the employment rate showing a 2.0 % increase between 2012 to 2013. Scotland’s employment rate has been steadily increasing since 1997 reaching its highest point at 74.9% during the second calendar quarter of 2007 (Apr-Jun). As Figure 7. (below) reveals the Financial Crises of 2008 did have a significant impact on Scotland’s employment rate, however overall employment levels have recovered well and during the final calendar quarter of 2013 (Oct-Dec 2013), the employment rate in Scotland was 72.8 per cent, not far below the peak of 74.9% reached before the crises. This compares to an employment rate of 72.3 per cent in England during the final quarter of 2013.

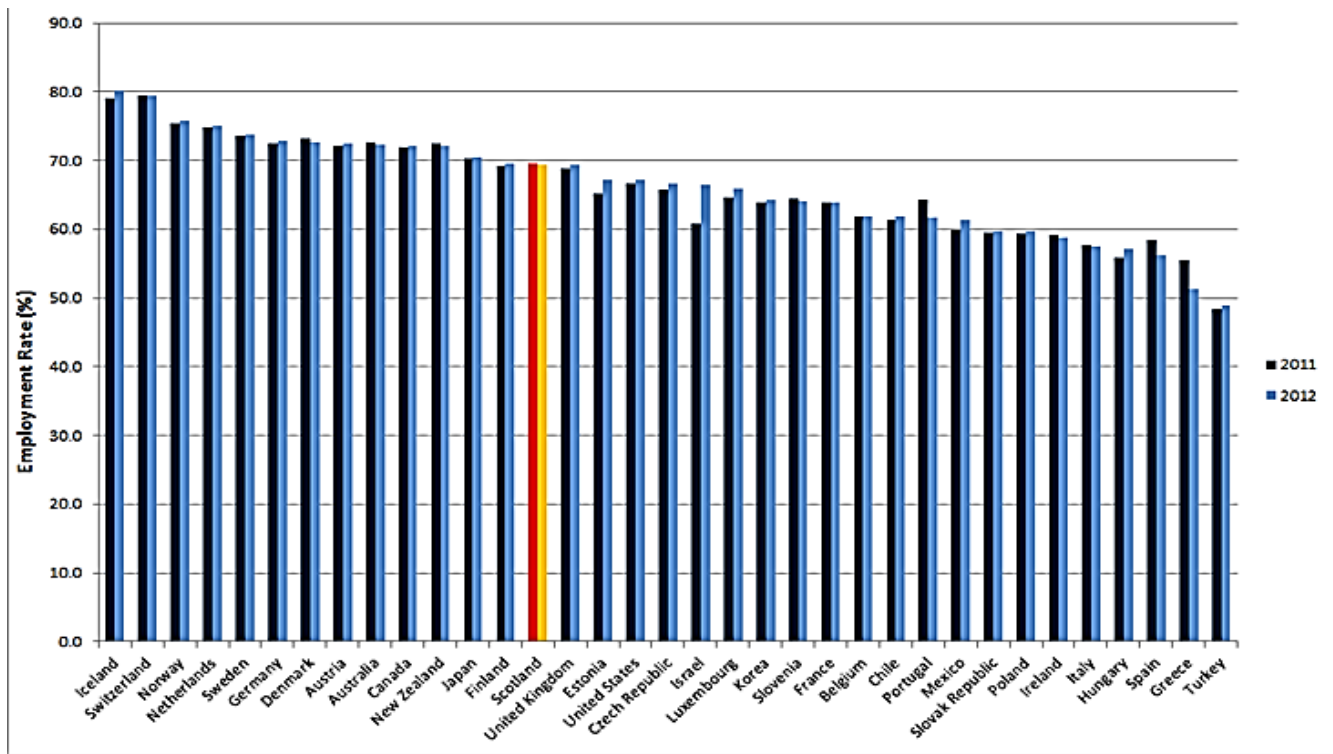
**Figure 7: Employment Rates (16-64) in the 4 Countries of the UK QA 2001 to Q4 2013**



Source: Labour Force Survey, Seasonally Adjusted data, Office for National Statistics

As **Figure 8.** below illustrates, this positive trend in employment rates in Scotland is further confirmed within the context of international data.

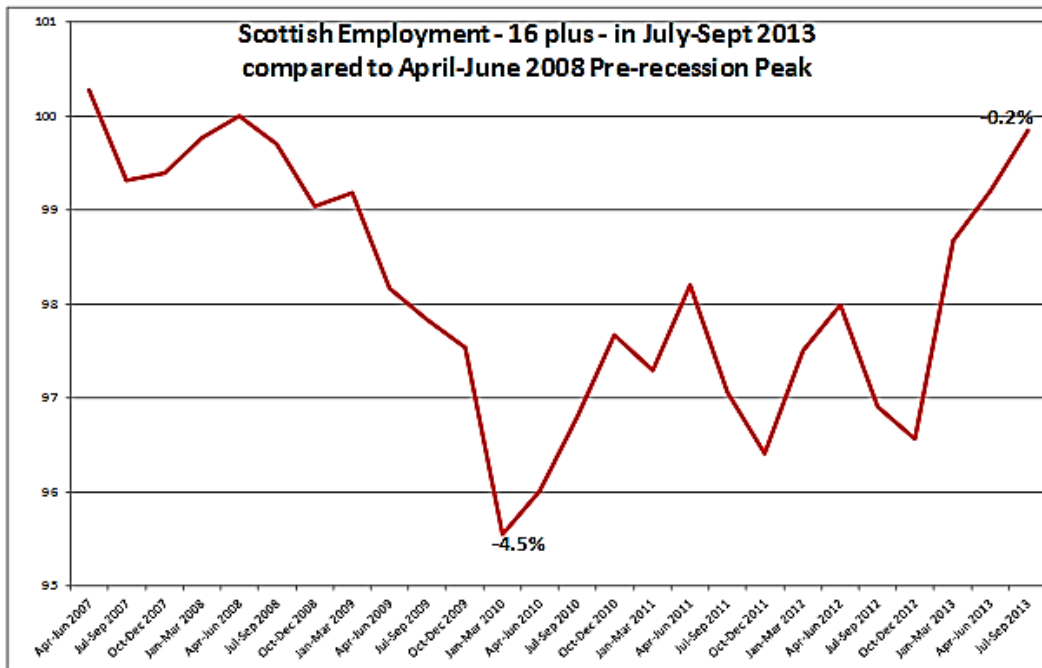
**Figure 8: Employment Rates in OECD countries.**



**Source: Organisation for Economic Co-operation and Development (OECD), Annual Population Survey: 2013**

The degree of labour market recovery from the 2008 Financial Crises is illustrated in Figure 9. below:

**Figure 9.: Scottish Employment levels between April- June 2007 and July-September 2013**



**Source: ONS; 2014**

In 2013 Scotland had the highest employment rate of the four countries in the United Kingdom with the employment rate showing a 2.0 % increase between 2012 to 2013. Scotland's employment rate has been steadily increasing since 1997 reaching its highest point at 74.9% during the second calendar quarter of 2007 (Apr-Jun). As Figure 9. reveals the Financial Crises of 2008 did have a significant impact on Scotland's employment rate, however overall employment levels have recovered well and during the final calendar quarter of 2013 (Oct-Dec 2013), the employment rate in Scotland was 72.8 per cent, not far below the peak of 74.9% reached before the crises. This compares to an employment rate of 72.3 per cent in England during the final quarter of 2013.

The recent improvement in employment levels has been largely driven by growth in female employment which has increased by 27,000 or 2% since September-November 2008. At the same time however in common with the rest of the UK there has been a significant growth in levels of part-time employment. In 2013 part-time employment in Scotland made up 27% of all employment with women making up the vast majority of part-time posts. (ONS, 2013). Critically, the age distribution of unemployment in Scotland clearly illustrates that the vast majority of those not in employment in Scotland are young people. 20.5% of young people aged 16-24 were unemployed in Scotland between July 2012 and June 2013. This compares with a current EU average youth unemployment rate of 23%.

**Table 1:**  
**Age Distribution of Unemployment in Scotland July 2012 to June 2013**

Age Group	Level	Rate
16-24	81,900	20.5%
25-34	42,300	7.2%
35-49	49,400	5.4%
50+	35,400	4.6%

**Source: Annual Population Survey: ONS, (Accessed December, 2013)**

As **Table 2.** (below) illustrates, working age people most affected by the 2008 financial crises and subsequent economic recession are people aged between 16 and 24. In September 2007, one year before the crises 62.6% of all employees in Scotland were between the ages of 16 -24, by September 2013 this had fallen by a full 10% to 53.6%. Of this age group, 16-17 year olds have been more vulnerable to the impacts of recession with employment rates falling by 11.6% between 2008 and 2013. Young people aged between 18-24 have been slightly less vulnerable than the age group as a whole with employment rates for this group falling by 8.8%. In comparison, older workers (aged between 50 and 64) have experienced a very minor fall in employment rates of 0.6% between September 2007 and September 2013, with workers over the age of 65 being the only age group to experience a rise in levels of employment during this period of 2.6%. This suggests that employers are choosing to retain experienced workers during the recession. This practice has been rationalized by employers as a way of reducing the costs of



training younger, inexperienced or lower skilled workers during the recession. The age group making up the majority of workers in the Scottish labour market between September 2007 and September 2013 are those aged between 35 and 49. Employment Rates for this group fell by 1.5% during this period whilst employment rates for people aged between 25 and 34 years of age fell by 2.5%.

**Table 2: Employment rates (%) by age and selected age cohorts, October 2005 – September 2013**

<b>In % October to September</b>	<b>Sep 06</b>	<b>Sep 07</b>	<b>Sep 08</b>	<b>Sep 09</b>	<b>Sep 10</b>	<b>Sep 11</b>	<b>Sep 12</b>	<b>Sep 13</b>
<b>16-17</b>	<b>43.3</b>	40.6	40.1	37.1	31.1	31.0	28.8	<b>29.0</b>
<b>18-24</b>	<b>68.3</b>	68.6	67.9	64.4	62.7	61.1	58.4	<b>59.8</b>
<b>16-24</b>	<b>62.9</b>	62.6	61.9	58.6	56.2	55.0	52.5	<b>53.6</b>
<b>25-34</b>	<b>79.7</b>	81.5	81.6	80.1	77.9	79.3	79.7	<b>79.0</b>
<b>35-49</b>	<b>82.9</b>	83.8	83.7	82.1	81.1	80.7	81.5	<b>81.4</b>
<b>50-64</b>	<b>62.9</b>	64.5	66.0	64.6	64.2	63.6	64.1	<b>63.9</b>
<b>65+</b>	<b>5.3</b>	5.4	6.0	6.8	6.6	6.7	7.5	<b>8.0</b>
<b>All Workers</b>	<b>59.9</b>	<b>60.6</b>	<b>60.9</b>	<b>59.5</b>	<b>58.3</b>	<b>58.0</b>	<b>57.9</b>	<b>57.6</b>

**Source: ONS Labour Market Statistics, Scotland, March 2014**

Importantly also, the negative psycho-social impact of poor quality, insecure and low paid jobs on young people have been well evidenced by a number of recent studies. (WHO, 2013; Bailey and Bramley, 2013). The Labour Force Survey does not directly gather any other information on skills related to underemployment. However, the accepted definition of underemployment currently includes, all employed persons aged 16 and over who during the reference week were willing to work additional hours, meaning that they: wanted another job in addition to their current job(s), or wanted another job with more hours instead of their current job(s), or wanted to increase the total number of hours worked in their current job(s). In 2013 there were 234,100 workers who were underemployed in Scotland (down 9,300 over the year), this represents 9.6% of all employed people over 16 (down 0.4 percentage points over the year). Significantly, the underemployment level has increased by 59,600 since 2008, representing an increase in the underemployment rate of 2.6 percentage points over the same period. During, 2012 and 2013, the underemployment rate for 16-24 year olds decreased by 10,100 (2.6 percentage points). Underemployment rates were higher for females than males in the Scottish labour market (this reflects the higher prevalence of part-time work amongst women). In 2013, the underemployment rate for men was 9.0% - up 2.9 percentage points since 2008 - while the rate for women was 10.1% - up 2.2 percentage points since 2008.

## Young People: The Scale and Nature of Youth Unemployment in Scotland

As the labour market in Scotland has constricted following the global financial crises in 2008 and subsequent economic downturn, young people have experienced greater barriers in entering sustained long term employment. Since the start of the downturn in 2008 unemployment among 16-24 year olds in Scotland has risen from 55,000 in 2008 to 81,000 in 2013 (Labour Force Survey, May 2014). This represents an increase of 26,000 over the period although there has been a decrease of 2,000 from the previous year (2013). Table 3 (below) reveals the impact of the 2007 Financial Crises on both unemployment rates and levels of economic activity of young people between the ages of 16 and 25. Between 2007 (the year before the Crises) and 2013 unemployment rates increased by 8.2% for this age group whilst inactivity rates increased by 8.4%.

**Table 3: Rates of Unemployment and Economic Inactivity amongst Young People (aged 16-25) between 2002 and 2013**

Year	Unemployed	Economically Inactive
2002	14.6%	23.9%
2007	12.4%	28.7%
2012	21.2%	33.3%
2013	20.6%	37.1%

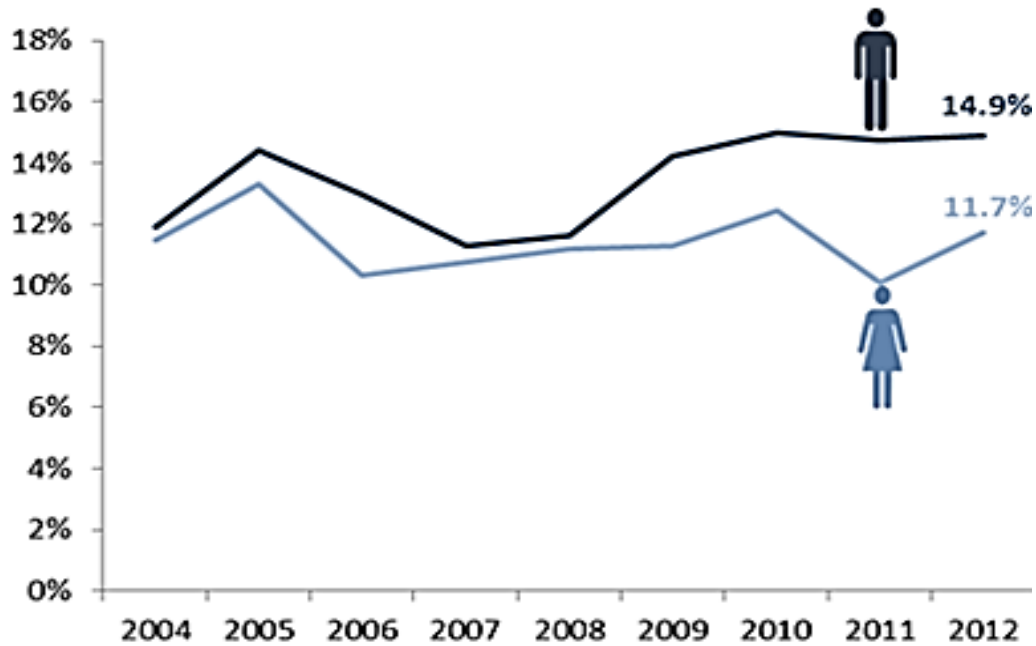
**Source: NOMIS. 2013. Official Labour Market Statistics [Online]. London: ONS.**

**Available:**

**Accessed February, 2014.**

Importantly however as Figure 1 (below) indicates a significant proportion of young people who are unemployed or economically inactive who have low levels of educational or training qualifications or no qualifications at all. Many of these young people face multiple disadvantage during childhood and a disrupted education as a consequence. Young people who are particularly vulnerable include young people in the care system, young people in the justice system and young carers. The range of support services which cater for these groups of young people can provide support and direction to enhance their job prospects. The Scottish Government's Prevention Strategy is aimed at supporting young people not in employment, education or training through a multi-sectoral approach across a range of policy and employment areas with a focus on early intervention. Prevention measures have been found to be most effective when enhanced by tailored support to help young people re-engage with education and training (Skills Development Scotland, 2013). The most effective support for this group comprises a combination measures of supported transition into employment, work experience, internships and opportunities to re-engage in full-time learning.

**Figure 10: Change in composition of Young People Aged 16 – 19 who are Not in Employment, Education or Training in Scotland between 2004 and 2012**



**Source: Annual Population Survey: 2013.**

In 2013, 29,000 (11.9%) of 16-19 year olds were not in education, employment or training. The proportion of young people who are not in education, employment or training (NEET) has decreased by 1.4 percentage points (down 4,000) since 2012. Importantly, this decrease has been driven by a decrease in the number of NEET males; in 2013, 15,000 (11.8%) males were NEET, down 4,000 (3.1 percentage points) since 2012. For females, in 2013, 14,000 (12.0%) were NEET, the level is unchanged from 2012 (however, the rate increased by 0.3 percentage points since 2012). 2013 is the first year that the proportion of NEET females is above that of males since 2004 (0.1 percentage points of a difference in 2013). However the number of 16-19 year males not in education employment or training in Scotland did increase from 12% to 14.9% between 2008 and 2012 whilst the females in this groups has remained relatively stable being at 10.8% in 2008, 11% in 2011 and 11.7% in 2012. One explanation of this gender differential relates to overall higher rates of female participation in further and higher education in Scottish Institutions between 2003-04 and 2012-13. Exemplifying this, As Table 6 (below) indicates that apart from the year 2010-11 consistently higher numbers of females than males have qualified from Higher Education Institutions in Scotland over the past decade. It is important to note that these numbers also comprise of students from other parts of the UK, Europe and International students. This analysis suggests that preventative measures, particularly with regard to education for the most vulnerable young people in Scotland need to be further developed to take account of gender differences.

**Table 6: Qualifiers from Higher Education courses at Scottish Institutions by gender, 2003-04 to 2012-13**

Academic Year	Males	Females
2003-04	32,360	43,110
2004-05	34,365	46,680
2005-06	33,975	47,190
2006-07	35,435	47,485
2007-08	36,015	47,315
2008-09	37,270	46,760
2009-10	37,410	46,470
2010-11	41,215	41,215
2011-12	41,440	51,430
2012-13	42,285	53,295

Sources: Higher Education Statistics Agency (HESA) and Scottish Funding Council

The proportion of entrants to HE that come from the 20% most deprived areas of Scotland rose to 15.8% in 2012-13 from 15.1% in 2011-12 (19.3% of the working age population live in the 20% most deprived areas of Scotland). Entrants from deprived areas remain over-represented in Scotland's colleges (22.8%) and under-represented amongst Scotland's HEIs, particularly ancient universities (8.2%) and small specialist institutions (7.4%).<sup>36</sup> In 2012-13, entrants from deprived areas were under represented by 3.5 percentage points. In 2004-05 under-representation of this group stood at 4.6 percentage points. Figure 5 provides an overview of the level of representation of Scottish domiciled entrants from deprived areas. The number of Scottish people aged 21 to 24 graduating from University has increased by 2,445 (6.4%) between 2011-12 and 2012-13. The majority of those graduating (55.6%) in 2012-13 were aged under 25. The number of people resident in Scotland graduating from University aged 25 to 29 has increased by 58.9% (6,965) since 2003-04. The number of all entrants from deprived areas increased slightly from 14.9% in 2004-05 to 15.8% in 2012-13. Whilst numbers did stabilize at the time of the Global Financial crises in 2008 there has been a 1% growth in numbers of Scottish domiciled entrants from deprived areas to higher education in the UK since 2008-09.

**Table 7: Scottish domiciled entrants from deprived areas to higher education in the UK 2004-05 to 2012-13**

Percentage of HE Entrants from Deprived Areas									
Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
All entrants from deprived areas 18 to 24	14.9	15.0	15.0	14.8	14.9	15.1	15.4	15.1	15.8
% of Scottish population living in deprived areas	19.8%	19.7	19.6	19.8	19.2	19.1	19.0	19.0	19.3
% of Scottish working age population	19.5	19.4	19.4	19.0	19.0	18.9	18.8	18.8	19.3

living in deprived areas (19)									
Under-representation of total population from deprived areas	-5.0	-4.7	-4.6	-4.5	-4.3	-4.1	-3.6	-3.9	-3.5
Under-representation of working age population from deprived areas-	-4.6	-4.4	-4.4	-4.2	-4.1	-3.8	-3.4	-3.7	-3.5

## Young People with Disabilities

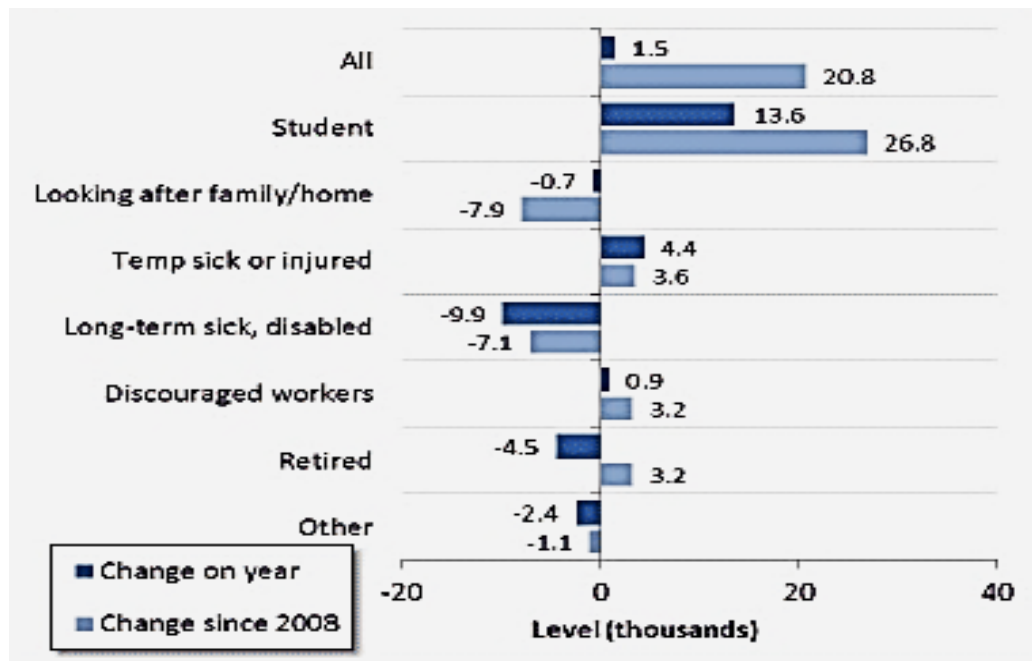
In 2013, 47.8% of people with a disability were economically inactive. This has reduced from 49.4% in 2008. The employment rate for people aged 16-64 with a disability in Scotland was 46.3% in 2011 falling to 45.6% in 2013, a decrease of 0.7%. This represents a larger decrease than that seen for the 16-64 population as a whole (down 0.1 percentage point). Over the two year period there has been a slight shift out of employment and into unemployment for disabled people. At **45.6%** in 2012-2013 the employment rate for disabled people is lower than any other group of working age people in Scotland. This employment rate contrasts sharply with the overall employment rate of **71.8%** in Scotland. Significantly employment rates for disabled people in Scotland have decreased from 49.4% in 2008 to 45.6% in 2012-13 a reduction of 3.8%. However before the crises there had been some improvements in rates of employment. Between 2004 and 2010, employment rates increased from 42.4% to 46.9% suggesting that the economic crises has impacted significantly on this group. Recent measures have had some positive impact and the employment rate for people aged 16-64 with a disability decreased by 0.6 percentage points from 46.3% in 2011 to 45.6% in 2012, a larger decrease than that seen for the 16-64 population as a whole (down 0.1 percentage point) (ONS,2014). Over the year there has been a shift out of employment and into unemployment for disabled people. Self-employment rates tend to be higher for disabled people. Between October 2012 and September 2013, the self-employment rate for disabled people was 14.9% compared to 11.1% for non-disabled people. (ONS, 2014). The closure of a number of Remploy factories by the UK Government since 2012 has resulted in a number of redundancies of disabled people and has had a significant impact on disabled people entering and sustaining a position in the labour market. Recent measures introduced by the Scottish Government to offset these closures include the Remploy Employment Incentive in 2013. An incentive payment of £5000 is available to employers who want to recruit former Remploy workers on a permanent basis. The payment is also available to former Remploy workers who want to set up their own business. The Incentive has been designed to help disabled Remploy workers who have been made redundant in Scotland from July 2012 onwards. Remploy is a Public Corporation and Non-Departmental

Public Body of the Department for Work and Pensions. As part of the transformation of the company, a number of Remploy factories have closed resulting in redundancies. The Incentive is £5,000, payable in stages and is payable for all jobs in the public, private, and third sector and to support self-employment. Employers must retain employees for a minimum of 18 months and this subsidy is available for existing vacancies and newly created posts.

## People with Disabilities and Economic Inactivity in Scotland

Since 2008 there has been an increase of 20,800 in the number of economically inactive people (16-64) in Scotland. There are 26,800 more economically inactive students than in 2008 and 7,900 fewer economically inactive people who were looking after the family or home than in 2008. Significantly there are now 7,100 fewer economically inactive people who are sick or disabled than in 2008.

**Figure 21: Change over year and since 2008 in economic inactivity levels by reason, Scotland, 2012**



**Source: Annual Population Survey, Jan-Dec, ONS**

**Note:** The employment rate is the number of people aged 16-64 in employment expressed as a percentage of the population aged 16-64. The Economic activity rate is the number of people either in employment or unemployed as a percentage of the population aged 16-64. The Economic inactivity rate is the number of people aged 16-64 neither in employment nor unemployed as a percentage of the population aged 16-64.

Changes in patterns of economic activity and inactivity amongst working age disabled people in Scotland are different across genders. Women in the labour market have fared better in the Scottish labour market, between 2009-10 to 2012-2013 disabled women's employment rate rose by 3.9% whereas disabled men's employment rate rose by 3.5%. Whilst only a difference of 0.4% it may indicate that measures and policies put in place to support disabled people are more

conducive to the entry and maintenance of disabled women in the labour market. Interpreting these changes is complex as levels of economic activity may reflect broader transformations such as changing occupational structures, impacting differentially on men and women within the Scottish Labour market. Increasing employment rates for people over the age of 50 in the Scottish Labour market may also be a result of more disabled people remaining in the work force. Between 2001 and 2012 the rate of employment of disabled people aged 50 and over rose from 34.9% to 41.7%. (ONS, 2014). This corresponds with more general patterns regarding employment rates and age. Over the past decade there has been an increase in overall employment rates for 50-64 year olds in Scotland, (increasing from 62.9 in 2005 to 63.9 in 2013). Increasingly disabled people aged 50+ are remaining in the labour market. Significantly, trends in quarterly flows reveal that the number of people in employment aged 50 and over who develop a disability and remain in employment has increased since 2008. (ONS, 2014). This may suggest that in terms of labour market resilience and inclusion the crisis has and continues to impact most upon disabled people entering the labour market for the first time and those who are in work and who have not yet acquired the skills and experience needed to fully sustain a position in the labour market. Whilst consolidating policies which maintain and improve retention rates for people who suffer impairments whilst in employment it is also important to encourage policies which support disabled people with less skills and experience in entering and sustaining a position in the labour market. A recent report from Inclusion Scotland has noted that young disabled people are more likely to leave education and become unemployed than their non-disabled peers. Based on UK and Scottish data the employment rate gap between disabled and non-disabled people expands at the age of 21 and by 25 the gap is the same average level as it is for all adults. (ONS, 2014). This demonstrates that young disabled people under the age of 25 are less likely than non-disabled people to enter and sustain employment. However, data relating to both the UK and Scottish labour market also reveals that having a degree qualification significantly improves employment outcomes for disabled people. (Scottish Neighbourhood Survey 2013; Higher Education Statistics Agency (HESA) and Scottish Funding Council, 2014, ONS, 2014). For example UK wide figures show that 60% of all disabled graduates were in employment six months after graduating compared to 65% of non-disabled graduates. (ONS, 2014). Building on this the Scottish Government have initiated and developed several innovative measures aimed specifically at disabled under graduates and graduates. Working in partnership with Scottish Disability Equality Forum, BEMIS, CEMVO and SCVO in the Equalities Internship Scheme, the Scottish Government has funded 75 Internships with a disability or long-term health condition, funded by the Scottish Government. 75 internships opportunities will be targeted at graduates with a disability or long-term health condition. Internship schemes are a useful route into employment. In 2013 the Scottish government launched the Scottish Parliament Internship Scheme for young disabled graduates (under 25 years). This innovative project provides paid internships within the Scottish Parliament as part of a drive to provide initial opportunities toward disabled people gaining elected office to address the significant under-representation of disabled people in elected office in Scotland. Members of the Scottish Parliament (MSP's) will work with Inclusion Scotland to develop the programme. Inclusion Scotland (IS) is a network of disabled peoples' organizations and individual disabled people with a central aim to highlight the physical, social, economic, cultural and attitudinal barriers that affect disabled people's everyday lives and to encourage a wider understanding of

those issues throughout Scotland. Inclusion Scotland is part of the Independent Living Movement. The position of disabled people in the Scottish labour market is differentiated by the impairment type. The Annual Population Survey, 2013 reveals that people with depression or learning disabilities experience lower rates of employment compared to the figure for all disabled people. In addition the long-term trend for school leavers with Additional Support Needs shows that they are twice as likely to be unemployed or workless (17.2%) in comparison to those who do not have Additional Support Needs (8.9%). Whilst not all school leavers with Additional Special Needs have an impairment, Inclusion Scotland have found that in 2011/2013 more than 2 out of 3 school leavers with an ASN does have an identifiable impairment (physical, cognitive and learning difficulties). In addition school leavers with an ASN are much less likely to be in higher education (15%) compared to 40% of school leavers with no ASN. However school leavers with an Additional Special Need are over represented in further education at 40% compared to 25%. This study by Inclusion Scotland has raised serious concerns that “disabled young people are being “parked” in further education rather than being given appropriate training or work experience to enhance their future employment opportunities” (Inclusion Scotland, 2013). This concern is confirmed by a report on Modern Apprenticeships published in 2013 by the Equalities and Human Rights Commission Scotland which showed that of the 26,000 modern apprenticeships in Scotland, only 74 were taken by a person with a declared disability. This is less than 0.5% of the available places even though 8% of 16-24 year olds in Scotland are disabled.

Overall, there is significant evidence that the position of working age people (16-64) with a disability is more precarious than other vulnerable groups within the Scottish labour market. Whilst there has been some improvement in the employment rate for disabled people since the Financial Crises. The extra pressures placed on this group by economic recession, and UK wide welfare reforms have created more barriers and challenges for this group. In particular, there is substantive research evidence revealing the barriers disabled people face in relation to income, work, education, access to goods and services and other areas.

As Hogarth et al (2009) has argued disabled people in the UK as a whole have been particularly affected by the economic crises for several reasons. Firstly, disabled workers tend to be concentrated in jobs or sectors which are more vulnerable to the economic cycle. Secondly disabled people have been particularly affected by the current UK welfare reforms and public sector cuts. The phasing out of Disability Living Allowance (DLA) (replaced by Personal Independence Payments (PIP) from 2013) and Incapacity Benefit (existing claimants of which will be migrated to Employment Support Allowance by April 2014) has been evidenced as being of concern to disabled people. In particular required medical assessments (carried out by the private company ATOS) for people who currently claim either of these benefits have been reported as being distressing for disabled people. (Scottish Government 2013). Concerns expressed by disabled people have centered on a fear that assessors will not understand the nature or complexity of impairment and/or that the assessments themselves are inappropriately designed. Recent evidence has also shown that the ‘Spare Room Subsidy’ (also known as the bedroom tax) recently implemented by the UK Government has caused significant financial distress to disabled people who utilize a spare room for specialist equipment or adaptations. The spare room is ‘taxed’ through the reduction of housing benefit available to the disabled person



and/or their family. The Scottish Government gained cross party agreement from the Scottish Parliament to compensate disabled people and all groups in financial distress as a result of this 'tax' on housing benefit introduced by the UK Government. Thirdly, disabled people are more likely to live in low income households, and as such may be disproportionately affected by changes to benefits, and increases in food and fuel prices and increases in indirect taxes (such as VAT). As a result of their lower incomes, some disabled people may be more likely to rely on publicly funded services, like transport. Also, depending on the nature and severity of their impairment, disabled people may make more use of social services (for help at home or for equipment and adaptations) Hogarth et al (2009). Any changes or cuts to services as a result of restrictions to public sector budgets thus have significant implications for disabled people. The Scottish government have implemented a number of universal and targeted measures which support people with disabilities during the economic recession. In particular measures such as free medical prescriptions and public transport have been found to be particularly beneficial for people with disabilities. (Equalities and Human Rights Commission, Scotland, 2013)

Young people with disabilities have been placed in a particularly precarious position since the crises. As evidence from Inclusion Scotland, (2013) and Equalities and Human Rights Commission Scotland (EHRC) (2013)) has shown current provision has not effectively addressed the barriers faced by disabled young people making the transition between school and employment. The low rate of participation in The Employment Recruitment Incentive with Additional Measures and the Modern Apprenticeship schemes (standing at 0.5% of all 16 to 24 year olds participating in the scheme in 2013)) is of particular concern.

## **Conclusion**

The current Scottish Government Economic Strategy has two central aims, Firstly, to promote resilience during times of economic crises and uncertainty and secondly to effect long-term, or structural, change in Scotland's sustainable growth rate. (Scottish Government, 2012). The central challenge for the Scottish Government given its broadly social investment approach is the impact of the financial crises on public sector finances. Critically, the economic strategy outlined by the Finance, Employment and Sustainable Growth (FESG) Plan (2013) focusses on substantial investment in: business, tourism, renewable energy, capital infrastructure, entrepreneurship and innovation; digital public services and planning; action on community empowerment; promoting equality and building an effective and enterprising third sector and improving public services through Community Planning Partnerships. (Scottish Government, 2013). The principle of constructive advantage aligns economic growth with equity and sustainability and the maximization of value added to growth areas through the creation of high quality sustainable jobs. However, the Scottish Government is not in control of the fiscal levers required to significantly address issues relating to precarious labour market attachments and broader deprivation experienced by vulnerable groups. Whilst the benefits of social investment and integrated social, educational and employment initiatives for young people in general have been clearly identified disabled young people remain severely disadvantaged within the labour market despite a plethora of additional measures. The Scottish Government has provided some innovative programmes specifically for disabled young people graduating from higher education

institutions in Scotland, this only benefits the minority of young disabled people (15%) who gain entry to higher education in the first place. As Inclusion Scotland (2013) have argued for most disabled young people between the ages of 16 to 24 the transition between school and employment is rendered difficult by a range of barriers and challenges. This analysis has identified the need for a greater use of cross-sectoral policies including innovative approaches to education and training, investment in accessible transport housing and integrated health and social care to provide support for disabled people across all age groups but most particularly for young people making the already difficult transition between school and employment. It may be suggested that the strategy of ‘Constructive Advantage’ requires some further re-orientation towards social investment in education and other mechanisms to enable those young people who are most vulnerable in society to fully realize their potential.

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