



Briefing for the Public Petitions Committee

Petition Number: [PE01467](#)

Main Petitioner: Andrew McGowan MSYP on behalf of Scottish Youth Parliament

Subject: Scottish Living Wage Recognition Scheme

Calls on the Parliament to urge the Scottish Government to set up a recognition scheme to recognise employers that pay a Scottish Living Wage.

Background

A 'living wage' is defined as a level of earnings sufficient to enable those working to purchase a 'basket' of goods and services that a family needs to buy in order to reach a minimum acceptable standard of living. The basket of goods, and the resulting living wage calculations, draws on research undertaken by the Living Wage Foundation and the Centre for Research in Social Policy at Loughborough University. The living wage is currently set at £7.45 per hour for those in Scotland ([The Poverty Alliance](#) 2012). The relevant wage rate is updated periodically to reflect changing price levels and living standards.

In comparison, the national minimum wage is currently set at £6.19 per hour for those aged 21 and over. However, lower rates apply for apprentices (£2.65 per hour), those aged under 18 (£3.68) and those aged 18 to 20 years (£4.98) ([UK Government](#) 2013).

[Research commissioned by KPMG from Markit](#) published in October 2012 estimated that 18% of workers in Scotland are paid less than the living wage (390,000 employees). By job type, the research indicates that the activities with the highest proportion of workers paid below the living wage are bar staff (90 percent) and waiters/waitresses (85 percent) – though by number of workers the most affected people are sales and retail assistants.

On a UK-wide basis, the [Living Wage Foundation](#) offers an accreditation for living wage employers. Accreditation is managed by Citizens UK and provides employers with a licence to the living wage employer mark. It is open to employers already paying the living wage, or those committed to an agreed timetable of implementation. Accredited Living Wage Employers are recognised at the annual Living Wage Awards. Other more local accreditation

schemes are also in place such as Glasgow City Council's [Glasgow Living Wage Employer Award](#).

Scottish Government Action

The Scottish Government states that it fully supports the principles of the Living Wage Campaign and incorporated the requirement to pay a minimum living wage of £7.15 per hour into its pay policy in 2011-12. This was updated to £7.45 in November 2012 ([Scottish Government](#) 2012). Arrangements for Modern Apprentices may vary. The Scottish Government pay policy covers wage levels for around 30,000 staff including; most civil servants in central government, government agencies, non-departmental public bodies (NDPBs) and NHS Executive and senior management.

The Scottish Government does not have direct control over all public sector employees. Local authorities and the NHS account for the majority of the staff within the public sector who are not directly covered by the Scottish Government's pay policy. Together these two groups account for three quarters of public sector employees in Scotland. NHS Scotland pays all directly employed staff the living wage or above and, as at January 2013, 20 of the 32 local authorities in Scotland had living wage policies in place ([The Poverty Alliance](#) 2013). It is worth noting that in November 2012 the Convention of Scottish Local Authorities (CoSLA) made an offer to trade unions as part of the pay deal to introduce a Living Wage of £7.50 across all councils ([CoSLA](#) 2012).

Through the consultation on the Procurement Reform Bill, the Scottish Government consulted on matters concerning the living wage through procurement. In particular, it questioned whether or not procurement activity should be used to encourage contractors to pay the living wage to their employees engaged in the delivery of public sector contracts ([Scottish Government](#) 2013). The Procurement Reform Bill has not yet been introduced.

Scottish Parliament Action

The Local Government and Regeneration Committee held an inquiry into a living wage in Scotland in December 2011. The Committee published its [report](#) on the Living Wage in Scotland on Friday 3 February 2012. While the Committee was broadly supportive of the campaign for a living wage, it recognised that decisions on whether or not to introduce the living wage are influenced by a complex range of factors, difficulties and unresolved issues. It also acknowledged that current economic circumstances bring additional pressures on public, private and voluntary sectors, which do not lead to conditions that are generally favourable in respect of the likelihood of wider introduction of the living wage. The Committee considered the option of establishing a living wage unit within the Scottish Government to input into policy and be a source of advice to employers. It took the view that the co-

ordination and mainstreaming of work on the living wage across different strands of government was more important than there being a dedicated unit.

In August 2012 John Park MSP lodged a proposal for a Bill to require private sector employees working on public sector contracts to be paid the Living Wage; and/or (b) require the Scottish Ministers to prepare and report to the Parliament on a strategic plan to promote the Living Wage. A [consultation](#) on the Bill was undertaken, but the proposal was withdrawn in December 2012 at the time of his resignation ([Scottish Parliament](#) 2013).

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