

Deputy First Minister
and Cabinet Secretary for Infrastructure, Investment and Cities
Nicola Sturgeon MSP



T: 0845 774 1741
E: scottish.ministers@scotland.gsi.gov.uk

David Stewart MSP
Convener
Public Petitions Committee
T3.40
Scottish Parliament
Edinburgh
EH99 1SP



By email to petitions@scottish.parliament.uk

Your ref: PE1467
Our ref:

26 March 2013

CONSIDERATION OF PETITION PE1467

I understand that the committee considered the above petition, on a Living Wage Recognition Scheme, at its meeting on 1st March 2013. I am writing to respond to the questions asked of the Scottish Government by the Assistant Clerk in a letter dated 8th March 2013.

As you know this Government has been consistent in its commitment to tackle poverty. And an important part of that is our support for the principles of the Living Wage Campaign around fair levels of pay. We have underlined that support by committing to pay the Living Wage through our Public Sector Pay Policy. We would therefore be supportive of any actions which seek to promote further uptake of the Living Wage.

The commitment we initially made as part of our 2011-12 pay policy lifted 6,000 public sector staff above the Living Wage level. Recent KPMG research shows that Scotland has a greater proportion of people earning above that level than the UK average and a greater proportion than any other part of the UK, outwith London and the South East. This is welcome, but we recognise that further progress can be made. So, although these decisions are quite rightly a matter for the organisations concerned, we will continue to encourage all public, private and third sector organisations to do likewise.

In terms of the petition itself we would be interested in some further detail from the petitioners about how such a scheme might operate. The committee asked a number of operational questions about interactions with businesses and how a register of employers might be set up. We would also be interested in the views of businesses as to how a recognition scheme would be received by them.

The Living Wage Foundation themselves maintain a list of Living Wage Employers and we would be interested to hear how the petitioners would see any new scheme working alongside that one and what they might see as the role of the Living Wage Campaign in Scotland.

EU procurement rules only impose duties and obligations on the activities of public bodies whenever they procure goods, services and works through public contracts. In such scenarios, it has been confirmed by the European Commission that any requirement, as part of a procurement process or public contract, on contractors to pay their employees a living wage set higher than the UK's National Minimum Wage is unlikely to be compatible with European Union law. In practice, this means that public bodies cannot mandate payment of a living wage as part of the selection of bidders or the award criteria for a public contract.

If public bodies wish to encourage contractors to pay their employees a living wage through procurement processes, this may still be possible but must not discriminate amongst contractors depending on those who are, or are likely, to pay a Living Wage and those who are not or have not stated a view. In order to understand the implications of using procurement activity as a mechanism for promoting the living wage across the private and third sectors, we consulted on this issue as part of the wider consultation on the Procurement Reform Bill. The consultation closed on 2 November 2012, we are analysing these responses and other evidence to consider how to progress this issue.

I hope this response is helpful in setting out the Government's position and would underline that I would be happy to discuss the Living Wage and its further promotion in Scotland with the petitioners and other interested parties.

NICOLA STURGEON