

The Educational Institute of Scotland

Living Wage (Scotland) Bill EIS Response

1. Introduction

- 1.1 The Educational Institute of Scotland welcomes this opportunity to respond to John Park's Bill which seeks to require that private sector employees working on public sector contracts will be paid the Living Wage and to require Scottish Ministers to prepare and report to the Parliament on a strategic plan to promote the Living Wage.
- 1.2 The EIS has, in recent years, been involved with other organisations in work highlighting the effects of poverty on educational achievement and attainment and has been to the fore within both the STUC and TUC on this important issue. The fact that 6 out of 10 of poor children are currently living in families suffering "in-work" poverty points very forcibly to the fact that the "Living Wage" should, in fact, have the same legal status as the "Minimum Wage" and be enforceable through statute.
- 1.3 The EIS, however, congratulates John Park on bringing this Bill to the Scottish Parliament and fully supports his proposal to address low pay amongst those employees by using contractual arrangements (previously referred to as contract compliance) within public sector procurement so that businesses which benefit from public sector contracts would be obliged to pay the Living Wage to employees engaged in the relevant contract.
- 1.4 The Living Wage was first established in 2007 and currently stands at £7.20 per hour. This contrasts with the National Minimum Wage which, for those aged 21 or over, is £6.08 per hour, while for those aged between 18-20 it is £4.98 per hour. It is reckoned that around 550,000 adult employees in Scotland are currently paid below the Living Wage (ie 25% in the private sector and 4% in the public sector receive less than the current Living Wage rate).
- 1.5 In essence, the principal objective of the Bill is to increase the number of workers paid the Living Wage using both the public procurement process and by encouraging all employers to pay at least the Living Wage to their workers.
- 1.6 Approximately £9 billion is spent in procuring private sector contracts by the public sector in Scotland and the Bill seeks to introduce a contractual commitment to pay the Living Wage by all private sector employers engaged in the delivery of public sector contracts. The Bill also seeks to promote the Living Wage amongst all those employers who currently pay their staff below this level.
- 1.7 There is a questionmark over the view of the relevant European Commissioner (Internal Market and Services) and whether EU Member

States can mandate payment of the Living Wage through procurement activity. This will be addressed once the Bill has been drafted.

2. The EIS Response to the Bill

- 2.1 The EIS supports fully the objectives of the proposed Bill and the specific proposals to require the payment of the Living Wage (in the private sector) as part of the procurement process and to encourage all employers to pay their employees at least the Living Wage rate.
- 2.2 The EIS provides the following responses to specific questions contained within the consultation document as follows:

(a) Do you support the general aims of the proposed Bill?

As indicated above the EIS does fully support the provisions contained within the Bill both to extend the number of working people covered by the "Living Wage" as a contribution to addressing the educational disadvantages experienced by young people living in poverty in Scotland.

(b) Do you envisage any issues for public sector bodies when including the Living Wage as a contract performance condition of a contract?

There remain a number of public bodies (albeit a small number) which do not support/enforce the Living Wage and this would have to be addressed before that public body could be expected to enforce the Living Wage as part of a contractual arrangement with a private sector body. Consideration will also have to be given to the mechanisms for the monitoring and enforcement of any new provisions.

(c) What do you consider will be the advantages or disadvantages for employers and employees if public sector performance clauses stipulate the payment of the Living Wage?

Any increase in the extent of application of the Living Wage rate across the public and private sector is, *per se*, a welcome initiative. Improved living standards for working people and the improved life chances for children, currently living in poverty can only be welcome and any increased costs to employers can only be regarded as money well spent.

(d) Which public sector bodies should use contract performance clauses to deliver the Living Wage?

It is the view of the EIS that all public bodies which contract with the private/third sector to deliver goods or services should be required to be compliant in terms of the delivery of the Living Wage. From an EIS perspective this must include all Local Authorities, Further Education Colleges and Higher Education Institutions.

- (e) Which bodies should be mandatory consultees?

From an EIS perspective all of the bodies identified as public sector organisations on page 12 of this consultation should be included in any mandatory consultation exercise. This should also include all of the trades unions affected by the provisions of the Bill and must include the STUC also.

- (f) What information must be included in the Scottish Ministers' report to the Scottish Parliament?

It would be the hope of the EIS that the Scottish Ministers would set targets to increase the application of the Living Wage across Scotland by the introduction of these contract compliance measures and that rigorous and effective monitoring will be put in place to allow Scottish Ministers to measure the extent to which their targets have been achieved.

- (g) What is your assessment of the likely financial implications of the proposed Bill to you or your organisation?

It is probably too early to provide any detailed or accurate analysis of the possible financial implications of the application of this Bill. This would probably have to await the publication of the actual draft Bill or even any new legislation which might arise from the Bill.

- (h) Is the proposed Bill likely to have any substantial positive or negative implications for equality?

As indicated above the EIS would welcome any increase in application of the Living Wage across the economy and the positive effects which measures such as this should have as a contribution to tackling the inequalities in education. As indicated elsewhere in the consultation paper, people from black and minority ethnic communities are twice as likely to live in low income households as white people. Eastern European and other migrant workers are also more likely to be in low paid jobs (e.g. retail, hospitality and catering). Finally, women are also more likely than men to be in low paid employment and all of these groups should benefit from the proposals outlined in the consultation should these finally get onto the Statute Book.

- (i) Do you have any other comments on or suggestions relevant to the proposal?

As indicated above the EIS supports wholeheartedly the provisions of this Bill and would hope that any objections from the European Commission could be overcome prior to the enactment of any future legislation. The EIS would also advocate that adoption of the target to replace the National Minimum Wage legislation with

new statutory provisions to implement a National Living Wage across all sectors of the economy.
