SUBMISSION FROM THE SCOTTISH CHAMBERS OF COMMERCE

Scottish Chambers of Commerce (SCC) welcome the opportunity to contribute towards the Local Government and Regeneration Committee’s Inquiry into a Living Wage in Scotland.

Scottish Chambers of Commerce represent the views of over 10,000 businesses that are members of Chambers of Commerce the length and breadth of Scotland. Our membership reflects the makeup of the Scottish business community, so includes a very high proportion of small businesses as well as large corporations.

SCC’s interest in this debate reflects the concerns of member businesses competing for public sector contracts. Despite the squeeze on public sector resources, these contracts remain an important source of income for many businesses in Scotland.

SCC have been working closely with the Scottish Government and other stakeholders over recent years to align public sector procurement processes to the Scottish Government’s stated priority of increasing sustainable economic growth, by making public contracts more accessible to Scottish businesses, looking particularly at breaking down barriers to winning public sector contracts for SMEs. The establishment and increasing usage of Public Contracts Scotland has been a significant success, along with the more recent establishment of a Champions’ Group to raise awareness of the Single Point of Enquiry for businesses in Scotland involved with public sector tendering processes.

Along with the changes needed to the mechanics of the system, however, a nascent culture change in the procurement landscape is apparent, as buyers come to terms with the positive role that procurement can have in promoting Scottish economic development. We are working with the Scottish Government on their development of guidance on pursuing tendering processes that favour local job creation and business expansion.

This joint working between businesses and the public sector is taking place in a context of a challenging time for Scotland’s economy, and the resulting imperative to use public spending as far as possible to promote economic growth. This context undermines the call from some campaign groups to make tendering processes less accessible, rather than more so.

In order to operate effectively, businesses require the flexibility to pay their staff what is viable. In these times of rising unemployment, this is even more important. Businesses have taken different measures to adapt to the challenging economic circumstances of recent years. One has been the decision by many to maintain employment by restraining or halting pay growth. The priority must be to tackle unemployment, but businesses can not contribute to that if they are being forced to
pay a certain wage based not on their business model and circumstances, but on a
determination by public sector bodies.

Scottish businesses are already struggling; the inclusion of public sector contract
requirements to make changes to their wage policy, potentially increasing the wages
of some employees, will add yet another burden to businesses doing their best to
develop in difficult circumstances.

Scottish businesses are already subject to the terms of the National Minimum Wage,
where minimum hourly rates of pay for many workers are determined through the
work of the Low Pay Commission and wide consultation. This work does not need to
be second guessed in Scotland, with the risk of additional costs being placed on
firms carrying out public contracts within Scotland.

SCC exists to promote the interests of Scottish businesses – Chamber members –
not just for themselves, but for the contribution of business to the Scottish economy.
Policy makers must make sure that any Living Wage policy does not impinge on
businesses’ capacity to fuel Scotland’s economic growth.

Scottish Chambers of Commerce

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