

T: 0300 244 4000  
E: [MinisterET@gov.scot](mailto:MinisterET@gov.scot)

Gordon Lindhurst MSP  
Convener  
Economy, Jobs, and Fair Work Committee

29 August 2017

## **ECONOMY, JOBS AND FAIR WORK COMMITTEE REPORT ON THE GENDER PAY GAP**

Please find attached the Scottish Government's response to the Committee's report *No Small Change: The Economic Potential of Closing the Gender Pay Gap* published on 26 June 2017. The Scottish Government (including Scottish Enterprise (SE), Highland and Islands Enterprise (HIE) and Skills Development Scotland (SDS)) responses to the specific recommendations highlighted in your report are set out in Annex A.

I welcome the work the Committee has undertaken on building an understanding of the drivers and reasons for the prevalence of the gender pay gap in Scotland and its on-going commitment to identify and address the issues raised.

As the Committee acknowledges the drivers behind the gender pay gap are complex and inter-related and are not unique to Scotland. There is also agreement that there is no one solution to closing it but I am confident that Scottish Government has been taking action on a number of fronts for many years and will continue to do so.

I wholeheartedly agree with the Committee as to the benefits to both business and employees of offering agile and family friendly practices. As you know, the Scottish Government has no powers to enforce flexible working practices on employers, but we are doing all we can to encourage the adoption of flexible working by employers and also the uptake of shared parental leave by employees. By funding Family Friendly Working Scotland and Fathers Network Scotland we will work together to change workplace cultures.

Following a recommendation in Professor Naomi Eisenstadt's independent report on poverty and inequality, the Scottish Government committed in the Fairer Scotland Action Plan to commissioning a Flexible Jobs Index for Scotland. We have fulfilled this commitment, and the Flexible Jobs Index Scotland will provide information on the supply of and demand for flexible working in Scotland. The findings will help us, collectively, identify ways to enhance the flexible jobs market in Scotland, benefitting employees, their families and employers alike.

The committee stated that they are not persuaded that the enterprise agencies are fully committed to promoting the Scottish Business Pledge (SBP) and propose including ambitious SBP targets within future business plans. Many of the current 399 SBP companies are supported by the business support delivery partners, with around 58% alone being supported in their growth ambitions by SE, HIE and Business Gateway. The Committee may wish to note a similar recommendation was made when the EET Committee looked at Fair Work in the last Parliament. The Scottish Government did not accept the proposal then because we believe that the agencies are supportive and helpful in promoting the Pledge and that we considered that the Business Pledge should remain voluntary, with the ambition best achieved through evidence of the benefits rather than targets. Phase 2 of the Enterprise and Skills Review, committed to dialogue with key stakeholders to agree a timetable for exploring conditionality associated with delivery of business support.

Although not raised by the committee report I feel that I should highlight the impact of austerity on women and that the inequalities that exist within our society have been exacerbated by the UK Government's failed austerity agenda and welfare cuts. The Fawcett Society (2016) found that women are twice as dependent on social security as men, and the UK Women's Budget Group, highlighted that of the £16.6 billion of net cumulative spending cuts and tax rises since 2010, around £12bn, (75%) have come directly from women's incomes.

Progress can be seen in Scotland and if we look at the gender pay gap on hourly pay (excluding overtime), regardless of how it is measured, Scotland outperforms the UK average; the **full-time median** pay gap in 2016 was 6.2%, lower than the UK figure of 9.4%. The **overall median** pay gap in Scotland, reflecting both full and part-time workers, currently stands at 15.6% lower than 18.1% for the UK; the Scottish **full time mean** hourly pay gap is 10.7% in Scotland compared to 13.9%; and the **overall mean** is 14.9% compared to 17.3% for the rest of the UK.

Finally, can I reassure the Committee of this Government's determination to reduce gender inequality and improve women's position in the workplace and indeed in all aspects of Scottish life. Our strong commitment to equality is at the core of [Scotland's Economic Strategy](#) and closing the gender pay gap is a priority, as the Committee has recognised, both in terms of promoting equality and boosting inclusive economic growth.

**JAMIE HEPBURN**

**EJFW Committee Report on Gender Pay Gap Inquiry – SG Response to Recommendations**

| <b>Recommendation</b>  | <b>SG Response</b>  |
|--|---|
| <p>27. The Committee recommends that the Scottish Government develop a suite of indicators to measure the underlying causes of the gender pay gap, using a comprehensive data set.</p>                                       | <p>The Scottish Government already publishes a suite of indicators on the gender pay gap at <a href="http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Earnings">http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Earnings</a></p> <p>The Fairer Scotland Action Plan, published in 2016, had a number of research actions that the Scottish Government committed to taking forward to help evidence what is required to make Scotland a fairer place to live. One of these actions included a Gender Index. Over the last year we have been working with stakeholders including Close the Gap, Women’s Enterprise Scotland, Engender and Angela O’Hagan, (Convenor of the Scottish Women’s Budget Group) to develop this Index. We will shortly be publishing a working paper to provide an update of the work to date and would be happy to share this with the Committee when it is published.</p> <p>We agree that high quality equality evidence and analysis is vital to underpin effective and inclusive policy making in Scotland. However, despite improvements in recent years, there remain gaps in Scotland’s equality evidence base. Our „Equalities Evidence Strategy“ published in July sets out a four year strategy (2017-21) describing the equality evidence gaps (including gender) we have identified in concert with our partner organisations and academic colleagues, and detailing a strategic approach to strengthening Scotland’s equality evidence base<sup>[1]</sup>.</p> |
| <p>28. The Committee recommends that the Scottish Government changes the way it measures and reports the gender pay gap in its National Performance Framework (NPF), to take into account part-time workers in Scotland.</p> | <p>The measure chosen matches the headline measure used by the Scottish Government, and the measure used by the Office for National Statistics for the UK and so allows comparison and provides consistency. However, additional information will be provided on Scotland Performs to show the position for part-time workers.</p>  |

<sup>[1]</sup><http://www.gov.scot/Resource/0052/00522512.pdf>

|   |  |
|---|--|
| <p>29. The Committee also asks the Scottish Government to explore the feasibility of comparing Scotland's pay gap performance with other European countries and reporting progress through the NPF.</p>   | <p>Comparisons on Scotland Performs currently focus on improving data on protected equalities characteristics and area- based inequalities.</p> <p>Future work on developing and improving the National Performance Framework indicator set as a whole will consider additional comparators where this is appropriate, including exploring the feasibility of comparing Scotland pay gap performance with other European countries.</p>  |
| <p>47. The Committee recognises the evidence from McKinsey, CBI Scotland, EY and others on the economic benefits of reducing the gender pay gap. However, the Committee feels that more analysis of the economic benefits of reducing the gender pay gap is needed.</p>   | <p>Scotland's Economic Strategy remains our over-arching framework for how we aim to achieve a more productive, cohesive and fairer Scotland, based on increasing competitiveness and tackling inequality. Maximising economic opportunities for women in Scotland, and closing the remaining gender pay gap, are important priorities within this agenda. However, as the Committee noted, there is more that can be done to highlight the direct benefits to Scotland's businesses from playing a full role in realising these ambitions. The Scottish Government firmly values the expertise of stakeholders, including Close the Gap, and our enterprise partners, and will work with them in scoping this research and taking it forward.</p>   |
| <p>48. The Committee is also of the view that increasing women's earnings would lead to increased economic stimulus through increased spending. The Committee considers, though, that rather than relying on an extrapolation of the UK figure presented in the McKinsey report, Scotland-specific analysis should be produced.</p> | <p>The Scottish Government has produced a number of research papers on the gender pay gap in recent years. In March 2014, we commissioned research to bring together the evidence base on whether gender diversity on boards leads to better governance and some bespoke research on how to increase representation of women on private sector boards in Scotland, which included a section on the rationale for doing so. In June 2016, we published a paper titled "New Perspectives on the Pay Gap". This looked in detail at trends and drivers, and examined some of the evidence on how industrial organisation can impact on the gender pay gap. Key parts of this analysis were updated and published in March 2017</p> <p>We will also shortly be publishing new research which looks at the experience of older women in the workplace, both from the employee and employer perspective.</p> |

|   |  |
|---|--|
| <p>49. The Committee recommends that further research on the business case for reducing the gender pay gap be undertaken in partnership with Close the Gap.</p> | <p>We recognise that it is common for a lot of published research in this area to focus on barriers that need to be addressed, rather than looking at success stories. There would clearly be a lot of value taking forward further research that addressed this gap - focussing specifically the economic and business benefits of closing the gender pay gap in Scotland, looking at all levels of Scottish business and across sectors. As previously stated the Scottish Government firmly values the expertise of stakeholders, including Close the Gap, and our enterprise partners, and will work with them in scoping this research and taking it forward.</p> <p>Both Highlands and Island Enterprise (HIE) and Scottish Enterprise(SE), as members of Close the Gap’s advisory group, welcome the opportunity to assist with developing and promoting robust evidence on the business case for reducing the gender pay gap. This will complement Close the Gap’s online toolkit, funded by the Scottish Government, for SME’s: <a href="#">“Think Business, Think Equality,”</a> which provides practical support for employers.</p> <p>HIE’s 2017 research <a href="#">“Occupational Segregation in the Highlands and Islands”</a> demonstrates the impact of occupational segregation, one of the causes of the gender pay gap, on businesses and the economy of the region.</p> <p>SE has also recently published a paper on this in the Fraser of Allander commentary – “Scotland’s Gender Pay Gap: Latest Data and Insights”.</p> |
|---|--|

|   |   |
|---|---|
| <p>58. The Committee calls on all employers to ensure, by carrying out equal pay audits, that their pay systems do not discriminate on grounds of gender.</p> | <p>The Scottish Government agrees that employers should not discriminate on the grounds of gender. The Scottish Government is committed to treating people fairly in the work place and encourages best practice among its public bodies as set out in the Fair Work Framework. This recognition is embedded in our public sector pay policy where each public body is required to make sure it has due regard to its obligations under the public sector equality duties and in terms of pay proposals, in addition public bodies are encouraged to carry out equal pay reviews and take steps to address any inequalities they have identified. The 2017-18 public sector pay policy provides the flexibility for employers to use paybill savings to consider meaningful restructuring of their pay and grading systems or to make changes to existing HR policies to address evidenced equality issues.</p> <p>Under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended in 2016, listed public authorities in Scotland with more than 20 employees must publish their gender pay gap every 2 years and statements on equal pay every 4 years. An equal pay statement must specify the authority's policy on equal pay and occupational segregation among its employees between women and men. Listed public authorities are not currently required to carry out equal pay audits.</p> <p>The Scottish Government funds and promotes Close the Gap's online toolkit, "<a href="#">Think Business, Think Equality</a>," which provides advice and support to employers on addressing gender inequality in the workplace.</p> |
|---|---|

79. The Committee notes that the issues with STEM subjects and the law are part of a wider and recognised issue in Scottish training and education.

The Scottish Government has published and consulted on our draft STEM Strategy for Education and Training which seeks to raise the level of knowledge and skills for all and provide opportunities to develop specialist skills for careers in STEM sectors. One of the priority themes within the Strategy is Equity – to take action to reduce equity gaps, including in relation to gender. We want to achieve greater diversity across the uptake of STEM courses and within the STEM workforce. We will be publishing a final version of the Strategy later this year.

We are currently supporting the Improving Gender Balance Scotland Project, in partnership with the Institute of Physics, to challenge stereotyping in schools and help young people to make informed career decisions and challenge ideas that some school subjects are „just for girls“, or „just for boys“. We will consider how to build on this work through the STEM Strategy.

Encouraging diversity in the workforce by tackling gender stereotyping in career options such as STEM is central to the Developing the Young Workforce (DYW) programme. Key to this aim is removing real or perceived barriers to open up more opportunities for young people to access training and employment programmes to support smoother transitions to further, higher education and work. Education/employer partnerships, the career education and work placements standards and earlier careers advice and guidance supports enriching a young person’s learning, knowledge and understanding of career options such as in the STEM sector.

SDS continues to undertake a range of activities to contribute towards addressing gender imbalance through the Equality Action Plan for Modern Apprenticeships in Scotland. Skills Development Scotland(SDS) published its Equality Action Plan (EAP) Year 1 update on Tuesday 18 July 2017. The update can be viewed at <http://www.skillsdevelopmentscotland.co.uk/media/43416/sds-equalities-action-plan-update-2017.pdf>

|  |   |
|--|---|
| <p>80. The Committee feels that changes are needed in the education system, and intends to write to the Education and Skills Committee with findings in this report, to ask them to consider the issue further in their future work. In doing so, the Committee will draw its attention to the FDM model of attracting women who do not hold a STEM degree into STEM-related work.</p> | <p>Scottish Government notes this point. To encourage women into technology-related careers, a gender action plan has been published<sup>1</sup> to tackle the gender gap in ICT subjects and careers. Through the plan we will deliver modules to promote flexible working practices to employers, develop a mentoring framework for those considering, or looking to progress in, a career in tech, and create training opportunities for women career changers moving into the sector. We have also invested over £1 million into the Digital World marketing campaign and Discover Digital World events to raise awareness of the varied and attractive careers available in ICT.</p> <p>Whilst the FDM model of attracting women into STEM is producing good results, the Scottish Government believes that we have to consider other models and be aware that there are other providers contributing successfully to this space and a mixed use approach would be preferable.</p>   |
| <p>104. The Committee asks the Scottish Government, its agencies, and the Scottish Parliament to ensure that all roles are advertised as flexible, agile or part-time, unless there is a business reason not to do so.</p>   | <p>All Scottish Government staff (with some small exceptions such as security officers) including our Senior Civil Servants (SCS) are encouraged to participate in our Flexible Working Hours scheme. We require our managers to consider all flexible working requests objectively and with sensitivity, and treat all applicants equally and fairly.</p> <p>The Scottish Government is a member organisation of the Family Friendly Working Scotland Partnership and have adopted their „Happy to Talk Flexible Working“ strapline which is attached to all our job adverts and signals our commitment to flexible working. SE’s commitment to flexible working is published on the recruitment section of their website - <a href="https://www.scottish-enterprise.com/about-us/work-for-us">https://www.scottish-enterprise.com/about-us/work-for-us</a></p> <p>All roles within HIE are advertised with a flexible location (agile) unless there is a business reason not to do so. Hours/work pattern is also an area that is discussed at approval stage (for posts) and again flexibility is encouraged unless there is a business reason not to do so.</p> |

<sup>1</sup> [https://www.skillsdevelopmentscotland.co.uk/media/40691/2869\\_sds\\_equalities\\_action\\_plan\\_digital\\_v7.pdf](https://www.skillsdevelopmentscotland.co.uk/media/40691/2869_sds_equalities_action_plan_digital_v7.pdf)



|   |   |
|---|---|
| <p>105. The Committee asks the Scottish Government, its agencies, and the Scottish Parliament to share with the Committee their current practices on advertising flexible, agile, and part-time jobs, to ensure that they are following best practice principles.</p> | <p>As above. The Scottish Government is a member organisation of the Family Friendly Working Scotland Partnership and have adopted their „Happy to Talk Flexible Working” strapline which is attached to all our job adverts and signals our commitment to flexible working.</p>  |
| <p>106. The Committee recommends that the Scottish Government collect data on the number of flexible working requests made in Scotland, and which were successful, in both the public and private sector, to gain a fuller picture of the situation.</p>              | <p>The Scottish Government does not believe that it would be possible to collect meaningful data on the flexible working requests made in Scotland. We would be reliant on employers providing this information on a voluntary basis, which would lead to incomplete and/or skewed data. It is also likely that the information provided by employers would underestimate the prevalence of flexible working, for the following reasons:</p> <ul style="list-style-type: none"> <li>• Many flexible working arrangements are informal and do not follow the „right to request” route.</li> <li>• We know from our engagement with employers that many only have an estimate of the percentage of their employees working flexibly and not all employers track this information.</li> <li>• Some employees would never need to make a formal flexible working request if their employer has a „flexibility by default” approach. On the other hand, some employees would not make the request for flexible working for reasons such as perceived damage to career or reputation, which would not be revealed by data on flexible working requests.</li> </ul> <p>We do, however, recognise the importance of gathering meaningful data on flexible working. We will therefore explore whether a wide-ranging survey of employees in Scotland, to ascertain how many want/need flexible working and how many have it, will provide that data.</p> <p>As previously stated the Scottish Government currently funds, and is a member of, Family Friendly Working Scotland. This Partnership looks for opportunities to change workplace culture by highlighting where flexible working has been successful, including for men and for women in senior positions (with associated benefits for employers as a result of having happy, motivated, loyal employees).</p> |

107. The Committee recommends that the Scottish Government, its agencies, and the Scottish Parliament ensure their job application forms contain a section allowing applicants to set out if they want to work flexibly and if so, in what way. The Committee encourages other businesses and organisations to do the same.

As an employer the Scottish Government's application forms already contain a section which asks specifically whether the candidate wishes to work on a full or part-time basis or another non-standard full-time work pattern. A free text box is provided which gives the candidate the opportunity to give full details of their preferred work pattern. This information provided is not available to the recruiting manager and has no bearing on the process to select the best candidate for the vacancy. We clearly advertise that all our internal posts are available for staff on all working patterns to apply for. The Scottish Government base selection decisions on the merit of the candidate and their ability to do the job – nothing else.

SE is committed to helping their employees balance their home and working lives without affecting their opportunities to progress. They offer flexible working arrangements including variable and reduced hours, term time working, partial retirement, time off to care for dependants and emergency leave. Further details (including breakdown by grade) is available in their Equality Mainstreaming report - [file:///C:/Users/mcleib/Downloads/Equality Mainstreaming Report PDF version April 2017%20\(1\).pdf](file:///C:/Users/mcleib/Downloads/Equality%20Mainstreaming%20Report%20PDF%20version%20April%202017.pdf)

Following a recommendation in Professor Naomi Eisenstadt's independent report on poverty and inequality, the Scottish Government committed in the Fairer Scotland Action Plan to commissioning a **Flexible Jobs Index for Scotland**. We have fulfilled this commitment, and the Flexible Jobs Index Scotland will provide information on the supply of and demand for flexible working in Scotland. The Index will analyse the availability of flexible working in a range of ways, including by pay grade and by type of role. The findings will help us, collectively, identify ways to enhance the flexible jobs market in Scotland, benefitting employees, their families and employers alike.

It is our understanding that Timewise will publish the Index in September.

SE is reviewing its whole approach to resourcing, including the promotion of part time, agile and flexible working. This is noted in the Equal Pay Action Plan included in the 2017 Equality Mainstreaming report.

HIE also has a very flexible working approach and policy to help embed a culture which encourages a flexible approach to workforce development. HIE goes beyond its statutory duties in offering all staff the opportunity to apply for flexible work arrangements whether that is location or working pattern.

|  |  |
|--|--|
|  | <p>From a business perspective, this works better for the organisation than including a section within the application form. This does not mean that posts that are not advertised as flexible can never be changed – this is also subject to review and changing requirements. It is worth noting that HIE was a Finalist in Working Families „Best Public Sector Employer Award 2017 “ – this was in recognition of their flexible working practices.</p>  |
| <p>112. The Committee notes the impact that simple changes to language and imagery can have, both on broadening the appeal of certain roles, and on expanding the reach of business support services. The Committee notes that changes to language and imagery can be quickly, simply, and affordably made, and challenge perceptions.</p> | <p>The Scottish Government and its agencies recognises the power of language and imagery in addressing gendered stereotypes, both as an employer and in the delivery of their functions. They acknowledge that signposting of suitable tool-kits and materials to businesses is a cost-effective way for businesses to widen their talent pool. One example is the <a href="#">Tackling the Technology Gender Gap Together</a> Best practice Guide for Employers</p> <p>SE is taking a conscious approach to both gender balance and accessibility requirements across the development of their online environments to ensure that they meet the needs of all their customers. SE is pro-actively looking at the balance in their approach to ensure that they look to address any identified gaps. For example, SE are looking to broaden relationships with a number of organisations like the RNIB and Women’s Enterprise Scotland to help achieve that aim.</p> <p>SDS have worked with schools, Local Authorities, industry bodies and employers, to deliver four targeted work taster programmes for young women into non- traditional STEM-related workplaces through the “Why Not...” programme. This is designed to tackle the perceptions around STEM. The girls who attended the sessions were given the opportunity to think more diversely about their career choices and to consider MAs. These programmes will have long-term benefits in helping us to attract talent to the workforce in the future when they transition from school.</p> |

|  |  |
|--|--|
|  | <p><b>Employer Engagement</b></p> <p>To increase the recruitment and success of under-represented groups SDS are encouraging employers to embrace diversity and inclusive practice in their workplaces. SDS activities with employers seek to influence and support businesses to create and sustain fair and equal work environments – this includes giving consideration to language and imagery. SDS have developed new resources to share with employers, and through Developing Young Workforce groups, via Our Skillsforce:<br/> <a href="https://www.ourskillsforce.co.uk/diversity-and-your-business/">https://www.ourskillsforce.co.uk/diversity-and-your-business/</a></p> <p>These resources include „equality postcards“ which highlight simple solutions to frequently raised challenges and promote the business case for diversity.</p>   |
| <p>119. The Committee notes the successes of the modern apprenticeship model in providing opportunities for young people and employers alike, but considers that despite significant effort, little progress has been made in addressing occupational segregation within the modern apprenticeships system. The Committee understands that the Delivering the Young Workforce target to “reduce to 60 per cent the percentage of Modern Apprenticeship frameworks where the gender balance is 75:25 or worse by 2021” moved in the wrong direction between 2014/15 and 2015/16. The Committee asks the Scottish Government to inform the Committee how many letters of guidance to SDS have requested action in this area over the years and what outcomes have been achieved as a result.</p> | <p>The Scottish Government have issued a letter of guidance to SDS annually, since 2009. The guidance letter outlines the strategic vision and Ministerial expectations of SDS. This includes our expectation that SDS place equality and diversity at the very heart of SDS activity to drive forward change that will make an enduring difference, along with any targets set for delivery within the next financial year.</p> <p>The Delivering the Young Workforce (DYW) target to “reduce to 60 per cent the percentage of Modern Apprenticeship frameworks where the gender balance is 75:25 or worse by 2021”, was first referred to in the 2015/16 letter of guidance. Specifically, SDS were asked to „continue to work with SFC in developing respective gender action plans to achieve the recommendations of DYW relating to gender imbalance in apprenticeships and colleges“.</p> <p>In response, SDS published their <u>Equality Action Plan for Modern Apprenticeships in Scotland</u> (Dec 2015), which detailed how they will work to increase and support the number of MA starts from under-represented groups, including:-</p> <ul style="list-style-type: none"> <li>• increasing uptake by individuals from ethnic minority communities, disabled people and individuals with care experience;</li> <li>• addressing issues of gender imbalance in certain in Modern Apprenticeship frameworks, for example females in science, technology, engineering and maths (STEM) and males in childcare related apprenticeships.</li> </ul> |

SDS recently published their Equality Action Plan – Year 1 update.

In addition, SDS worked with the Scottish Funding Council in their development of a Gender Action Plan, which sets out how colleges and universities can address gender imbalances in course uptake across the FE/HE sector in Scotland. This was published on 12 August 2016.

SDS have been asked, in subsequent guidance letters, to ensure that the DYW recommendations are fully reflected in their activity, Operating and Corporate Plans. Progress is monitored through regular discussions between SDS and SG Officials. Outcomes and achievements are reflected in the SDS Annual Review document and statistical outcomes are reported in SDSs' publication of official statistics (Modern Apprenticeship Statistics Full Year Report 2016/17).

Overall there have been improvements to the number of frameworks where the gender balance is greater than 75:25 (from 74% in 2015/16 to 70% in 2016/17).

SDS are working with expert organisations to further improve the gender imbalance in the uptake of apprenticeship frameworks and the Scottish Government will continue to support them to ensure that apprenticeship opportunities are open to all.

|   |  |
|---|--|
| <p>120. The Committee will consider as part of its future work programme a further session with SDS to receive an update on work to date and progress on addressing occupational segregation in apprenticeships.</p>  | <p>The Committee will wish to note that SDS updated Equality Action Plan for Modern Apprenticeships was published on 18 July 2017. This covers work against the objectives identified for the original Action Plan in December 2015, for example</p> <ul style="list-style-type: none"> <li>• 210 contracted training providers engaged with nine different programmes of CPD ranging from general to specific equality topics.</li> <li>• Funding 58 action research projects covering each of the groups covered by the plan</li> <li>• Over 4,000 young people engaged in specifically targeted MA awareness and interest sessions</li> <li>• The Improving Gender Balance project delivered over 1,000 hours of activity with school pupils and key influencers (e.g parents, teachers)</li> <li>• All contracted Training Providers for Modern Apprenticeships produced an Equality Action Plan designed to promote diversity in recruitment by employers and equality of outcomes.</li> </ul> <p>The updated plan reflects on SDS's achievements, but also looks at their key aims for the future. Going forward SDS will continue to work to build fairer and more diverse workplaces and look forward to working with the Economy, Jobs and Fair Work Committee to achieve this.</p> |
| <p>127. The Committee has heard evidence, from FDM in particular, about the benefits of retraining older workers and the enhanced rates of retention in the STEM sector on doing so. Given this, and the Scottish Government's commitment to programmes for women returners, the Committee recommends that the Scottish Government consider the successes learned from the modern apprenticeship programme and apply them to create a new programme for returners, with appropriate resources</p> | <p>In direct response to the views of employers in Scotland, and reflecting on the Apprenticeship Levy consultation responses we received, we have set out a range of interventions that further support skills, training and employment in Scotland. In particular we will:</p> <ul style="list-style-type: none"> <li>○ support measures to tackle structural unemployment issues and challenge inequalities and under-representation in the labour market by supporting people who face barriers to education, training or employment, in partnership with employers, local authorities and the third sector;</li> <li>○ An increase in the number of Modern Apprenticeships Frameworks that can be supported for apprentices aged over 25</li> <li>○ Enhanced contribution rates for disabled people and those with experience of care up to the age of 29 and</li> <li>○ respond to the immediate skills needs of employers, through: <ul style="list-style-type: none"> <li>▪ the establishment of a new Flexible Workforce Development Fund for employers; and</li> <li>▪ ongoing and sector-specific skills support for priority sectors in the economy such as digital, care and early years.</li> </ul> </li> </ul>  |

|  |   |
|--|---|
| <p>128. The Committee recognises that different solutions are needed for different sectors, and that approaches to returners' programmes should be tailored accordingly, drawing on best practice examples wherever available.</p>   | <p>We are delivering Returners' programmes to assist women who struggle to re-enter the workforce following a career break. Building on our initial funding to Equate Scotland of up to £50,000 to deliver the initiative in the STEM sector, we recently announced additional funding of £185,000 to six projects supporting the initiative across a variety of industrial sectors where occupational segregation and the lack of women in senior positions is a concern. Projects funded include; Returners to the financial services sector, manufacturing, security, entrepreneurship, and we are also supporting the take up of flexible working practices and support for women from Black and Minority Ethnic communities.</p> <p>An evaluation of the programme will be undertaken in partnership with the approved projects to assess the success or otherwise of the various approaches taken by projects when reaching out and supporting different client groups, employers and industrial sectors. We will therefore be able to work with partner projects and their wider network to identify and learn from best practice.</p> |
| <p>145. The Scottish Government has stated that in September 2017 it will publish a new learning and development pathway for childcare workers. The Committee recommends that the forthcoming expansion of childcare learning and development pathway specifically address measures on gender.</p> | <p>Career development pathways are being developed for the Early Learning and Childcare (ELC) sector as a whole and also in each local authority area to reflect the way the ELC service is delivered locally. This work is being progressed with a wide range of stakeholders as part of the actions flowing from our Skills Investment Plan: Prospectus for Scotland's Early Learning and Childcare Sector published in March 2017.</p> <p>We recognise the valuable work undertaken by the residential child care workforce and are committed to supporting the workforce in this role. We remain committed to developing the new benchmark Standard level 9 qualification which will raise the status of RCC and reflect the challenging and often complex nature of the work they do.</p>  |

|  |   |
|--|---|
| <p>146. It is the Committee's view that the care sector – including child care and adult/elderly care - is an undervalued but growing and central part of Scotland's economy. The Committee recognises the impact that improving pay in child, adult and elderly care would have not only on reducing the gender pay gap but also on recruiting a more balanced workforce.</p> | <p>The Scottish Government recognises and values the vital contribution of Scotland's highly dedicated and skilled care workforce.</p> <p><i>Our Skills Investment Plan: Prospectus for Scotland's Early Learning and Childcare Sector</i> sets out the shape of the Early Learning and Childcare sector, including working patterns, skills evidence and gender split in the workforce. At the moment, the ELC workforce is overwhelmingly female at 97%. A range of actions are being taken to address this imbalance. For example, the Scottish Funding Council's gender action plan is helping to attract more males in to training positions in colleges and universities. One of the strategic objectives flowing from our Skills Investment Plan is to "raise the profile and attractiveness of the sector and actively increase diversity". That goal will be reached by delivering a recruitment campaign to attract a diverse workforce, ensuring high quality careers information, advice and guidance and by commissioning specific materials to attract underrepresented groups.</p> <p>As set out in the <a href="#">Blueprint for 2020 Action Plan</a> the Scottish Government wants to see all childcare workers delivering the funded ELC entitlement, across all sectors, to be paid the Living Wage. We will therefore provide sufficient additional revenue funding to allow local authorities to agree rates with funded providers in the private and third sectors that enables them to pay the Living Wage to care workers providing the expanded funded entitlement from 2020.</p> <p>We have made a significant step to improve pay of care workers supporting adults by enabling the payment of the Living Wage of £8.45 per hour to be paid from 1st May 2017. We estimate up to 40,000 workers – mainly women - will receive a well-deserved pay rise. We encourage local partners and providers to expand on this initiative where this is regarded as affordable, sustainable and meets local priorities.</p> |
|--|---|



|  |   |
|--|---|
| <p>147. The Committee welcomes the statement by the Minister for Employability and Training that the childcare workforce needs to be “fairly remunerated.” The Committee is of the view that to have a transformational effect on reducing the gender pay gap, serious consideration should be given to increasing wages in care beyond the living wage to more accurately reflect the value of the work undertaken.</p> | <p>Public sector staff working in ELC settings already receive at least the Living Wage. However, the Scottish Government wants to see all childcare workers delivering the funded ELC entitlement, across all sectors, to be paid the Living Wage. We will provide sufficient additional revenue funding to allow local authorities to agree rates with funded providers in the private and third sectors that enables them to pay the Living Wage to care workers providing the expanded funded entitlement from 2020. Initial estimates suggest that up to 8,000 staff currently working in funded provider settings could benefit if the Living Wage was paid to all workers in these settings.</p> <p>To ensure that a high quality experience is delivered and to make a career in ELC a more attractive long-term proposition will require Fair Work practices across the sector, including ensuring that staff are fairly remunerated.</p>  |
| <p>148. It is vital that we raise the status of care in Scotland. As a first step in recognising its importance, the Committee recommends that care becomes a Scottish Government priority sector with a monetary value put on the sector.</p>   | <p>Our <i>Skills Investment Plan: Prospectus for Scotland’s Early Learning and Childcare Sector</i> recognises the importance of the sector and was developed with a wide range of stakeholders from across the sector, including private and third sector organisations. Set against the backdrop of our commitment to nearly double the amount of entitled ELC, it sets out the skills challenges facing the sector, creating direction and bringing focus to the responses required by the public and private sector skills systems to address the skills priorities identified.</p> <p>We have taken action to protect and grow our social care services. In 2016/17 we provided £250 million to support social care and deliver on our shared priorities, including the payment of the Living Wage to adult care workers.</p> <p>A further £100 million in 2017/18 was allocated to support the continued delivery of the Living Wage commitment and sustainability within the sector. Our commitment to pay the Living Wage to adult care workers recognises the need to tackle problems of recruitment and retention to improve the quality of care in the context of demographic pressures.</p> |
| <p>156. The Committee is concerned that the 250 employee threshold for gender pay gap reporting does not capture Scotland’s SME economy. However, given that this reporting requirement is new, the Committee recommends that the Scottish Government monitor and review the number of businesses and employees captured by the reporting.</p>   | <p>The Scottish Government notes the Committee’s recommendation and we will continue to engage with the UK Government on the implementation of the regulations which require employers with more than 250 employees to report their gender pay gap by April 2018.</p>   |

|  |  |
|--|--|
| <p>157. The Committee is of the view that reporting a pay gap in itself may not lead to change. The Committee notes that at present, employers have the option to provide a narrative around their gender pay gap report, but this is not required, nor is an action plan to reduce the pay gap. The Committee encourages all businesses to create an action plan, and recommends that the Scottish Government put in place guidance to support employers in creating such a plan.</p> | <p>Close the Gap, which was funded by the Scottish Government, and the Equality and Human Rights Commission both offer clear guidance on developing and delivering an equal pay policy and action plan. This guidance is promoted by the Scottish Government and its agencies through a number of different routes including the Scottish Business Pledge website.</p> <p>We and our agencies also sign post companies to ACAS who has provided some good guidance for business on the pay gap legislation: <a href="http://www.acas.org.uk/index.aspx?articleid=5768">http://www.acas.org.uk/index.aspx?articleid=5768</a></p> <p>The requirement for the public, private and third sector bodies to publish gender pay gap data is founded on the Equality Act 2010</p> <ul style="list-style-type: none"> <li>- (Specific Duties and Public Authorities) Regulations 2017 for public bodies</li> <li>- (Gender Pay Gap Information) Regulations 2017 for private and third sector bodies</li> </ul> |
| <p>169. Given what it has heard on the value of targets in achieving change, the Committee believes that a SMART target in the National Performance Framework on the gender pay gap – specifying what should be achieved and by when – would help focus efforts in this area and recommends the Scottish Government set one.</p>   | <p>It is not the ethos or purpose of the NPF to set targets across the indicator set in this way, as the focus is on a model of continuous improvement.</p>  |

|  |   |
|--|---|
| <p>177. The Committee urges the Scottish Government to consider with a view to amending the current procurement regulations to include a question for bidders on their gender pay gap. Bidders could be asked to calculate and submit their gender pay gap, using the formula stipulated in the 2017 Gender Pay Gap Reporting Duty.</p>  | <p>Contractors are expected to comply with social, environmental and labour laws and obligations including the Equality Act 2010.</p> <p>Statutory Guidance on the selection of tenderers and award of contracts, „Addressing Fair Work Practices, including the Living Wage, in Procurement“, published by the Scottish Government in October 2015 is clear that we expect contractors who deliver public contracts to adopt policies which demonstrate their compliance with relevant employment, equality and health and safety law, human rights standards and adherence to relevant collective agreements. We further expect contractors to have policies which describe how they adopt fair work practices for all workers engaged on delivering the public contract, including a positive approach to fair and equal pay.</p> <p>We are drafting best practice guidance on fair work and procurement. The new guidance is being based on practical experience and highlights opportunities that are arising in different sectors, namely - care, services, goods and construction, we suggest equal pay audits as an indicator of a strong approach to diversity alongside equal pay policies.</p> |
| <p>178. The Committee asks the Scottish Government to take advantage of the opportunities presented by the shift in procurement legislation as a result of leaving the European Union, to consider any new legislation in light of the gender pay gap.</p>   | <p>It is unclear how forthcoming negotiations will impact on the shape of procurement or employment legislation. Contractors are expected to comply with social, environmental and labour laws and obligations including the Equality Act 2010.</p> <p>As 177 above, Statutory Guidance on the selection of tenderers and award of contracts, „Addressing Fair Work Practices, including the Living Wage, in Procurement“, published by the Scottish Government in October 2015 is clear that we expect contractors who deliver public contracts to adopt policies which demonstrate their compliance with relevant employment, equality and health and safety law, human rights standards and adherence to relevant collective agreements.</p>   |
| <p>187. The Committee recommends that the gender element of the Scottish Business Pledge is redesigned so that businesses are fully aware of what is required of them. The Committee recommends that this work be undertaken by the Scottish Government in consultation with gender advisers and that the Scottish Government provide guidance to support businesses in reducing the gender pay gap.</p> | <p>We broadly accept this proposal and agree to take forward a programme of work to identify best practice and case studies which illustrate how companies can and should meet the headline requirements of the existing gender element of the Pledge. However we anticipate that this work will develop the existing model, and that we are already taking steps to ensure that business understand what they have committed to do when making their Pledge. We can however build on that, and learn from gender policy developments since the Pledge was launched in 2015.</p>  |

192. The Committee highlights the difference between “actual” living wage employers, who ensure all those working for the business are paid the living wage, and “conceptual” living wage employers, who support the concept of the living wage but do not actually implement it. The Committee encourages all businesses to enter into the letter and not merely the spirit of being a living wage employer. The Committee believes that all businesses should not only strive to be living wage employers themselves but should also encourage those in the supply chain to pay the living wage.

We promote and encourage all businesses to pay the real living wage (currently £8.45 per hour). Becoming an Accredited Living Wage employer ensures **that all those in the supply chain are also paid the Living Wage.**

We continue to work with the Scottish Living Wage Accreditation Initiative to encourage more businesses to recognise the benefits of paying the Real Living Wage. We currently have **over 890 employers signed up** and are well on our way to meeting our target of 1,000 Living Wage accredited employers by autumn 2017. This is a significant step in our drive to promote fairer working environments for Scottish employees and ensures people’s basic wage continues to meet the real cost of living.

We committed to paying the real Living Wage of £8.45 p.h. to adult social care workers from 1 October 2016 giving up to 40,000 people, mainly women, doing some of the most valuable work in Scotland a well-deserved pay rise.

We have committed to extend the Living Wage to all childcare staff delivering the funded entitlement by 2020.

Paying the Real Living Wage makes sense for businesses. It’s an investment in people and all the evidence shows it leads to increased productivity and reduced staff absence, while sending a strong signal to customers about fairness.

|   |  |
|---|--|
| <p>201. The Committee is not persuaded that the enterprise agencies are as fully committed to promoting the Scottish Business Pledge as they might be. The Committee expects to see the inclusion of ambitious Scottish Business Pledge targets and gender pay measures within future business plans.</p> | <p>Many of the current 399 SBP companies are supported by the business support delivery partners, with around 58% alone being supported in their growth ambitions by SE, HIE and Business Gateway. The Committee may wish to note a similar recommendation was made when the EET Committee looked at Fair Work in the last Parliament. The Scottish Government did not accept the proposal then because we believe that the agencies are supportive and helpful in promoting the Pledge and that we considered that the Business Pledge remains voluntary, with the ambition best achieved through evidence of the benefits rather than targets.</p> <p>Phase 2 of the Enterprise and Skills Review, committed to dialogue with key stakeholders to agree a timetable for exploring conditionality associated with delivery of business support.</p> <p>Scottish Enterprise have developed a number of case studies around Pledge companies supported by SE, including <a href="#">Comrie Croft</a>, <a href="#">Agenor</a> and <a href="#">ScurrEnergy</a>. These have been shared on the SE and Business Pledge website and been used internally for customer facing staff development.</p> <p>SE hosted networking events around the Pledge elements identified as being least understood by business. this has included for example, a roundtable of Business Pledge signatories to discuss our approach to encouraging more diverse boards. This acted as a springboard for a national conference addressed by the First Minister, as well as representatives of the private sector – Virgin Money and the Mitie Corporation.</p> <p>SE ensured their specialists and account managers participate in professional development on elements of the Pledge such as the Real Living Wage and diverse boards.</p> <p>SE jointly delivered awareness raising sessions on the Business Pledge with partners such as Business Gateway and have updated guidance for our account managers. This has been distributed more widely for possible use by other business support bodies such as HIE and the Business Gateway.</p> <p>HIE actively promotes the SBP to account managed businesses and fully supports the economic and business benefits of addressing the gender pay gap. HIE's Operating Plan measures include a "Business Values Ladder" which identifies a company's ability to demonstrate strong values in undertaking and growing their business. This enables HIE to measure the extent to which both account managed and non-account managed businesses and social enterprises demonstrate innovative workplace practices which reflect the SBP elements.</p> |
|---|--|

|   |  |
|---|--|
|   | <p>HIE has included a statement in their Invitation to Tender (ITT) document outlining support for the Pledge and reference the pledge within the emails sent to all successful bidders from any tender process. HIE, in collaboration with Scottish Government and Scottish Enterprise, delivered an <a href="#">event</a> in 2017 to encourage private sector businesses to increase the gender balance of their boards.</p> <p>However during the Enterprise and Skills Review HIE acknowledged the need to continue to promote good business practice in a supportive environment. They will therefore continue to explore with enterprise agencies how they can improve/increase the number of businesses who sign up to the Pledge and consider what measures they will take forward to help to reduce pay gaps within their next business plan.</p>   |
| <p>202. The Committee recommends that the enterprise agencies require all account managed businesses to have or produce gender pay gap reports and action plans. The Committee also recommends that those who receive significant support, such as Regional Selective Assistance grants, should also be asked to have or produce gender pay gap reports and action plans for their Scottish operations.</p> | <p>The Scottish Government understands the concerns of the Committee and stakeholders who provided evidence to the enquiry on this matter. We also appreciate the challenges that this recommendation could pose to companies, for example 65% of SE Account Managed companies and 95.5% of companies in receipt of Regional Selective Assistance (RSA) awards in the last two years are SMEs who are excluded from the current reporting legislation.</p> <p>The enterprise agencies believe that companies in the SME bracket face considerable issues in gender pay gap reporting – the cost of compliance is, proportionately, much greater and there is a risk around data protection.</p> <p>However as we stated in Phase 2 of the Enterprise and Skills review: “The phase 1 report suggested that we consider whether there should be an obligation upon business in return for support. It is important that we support both inclusive growth and high growth whilst managing our finite resources. The degree of any obligation will mean different things in different instances.... This needs to be considered further to ensure that we continue to promote good business practice in a supportive environment.” We will therefore continue to explore with enterprise agencies how we can increase the number of businesses who produce pay gap reports and action plans and continue to signpost businesses to the relevant guidance available, mentioned elsewhere in this response.</p> |

|   |   |
|---|---|
| <p>203. The Committee expresses disappointment in the lack of information given in evidence by Scottish Enterprise on the number of account managed companies run by women, and on the potential economic benefit to Scotland of greater levels of female employment and female entrepreneurship.</p> | <p>SE's Equality Mainstreaming Report 2017 sets out their commitment to increasing the number of account managed companies led by women, ethnic minorities, young, and disabled people. An action plan is in development.</p> <p>Part of this action plan will be to establish a robust baseline set of statistics. Protected characteristics under Equalities legislation cannot be used without the permission of the individuals concerned. SE is keen to improve our data collection in this area and is actively working on a legally compliant approach to ensure a robust baseline.</p> <p>SE have commented that one area where they do have robust data is in relation to companies accessing their services for the first time. Where an answer was provided, the proportion of those businesses which are women-owned was 47.5% in 2015</p> <p>HIE continues to develop the gathering and use of gender disaggregated business data.</p> |
| <p>204. The Committee believes that all account managed companies and recipients of Regional Selective Assistance grants should be Business Pledge signatories.</p>   | <p>see response to recommendation 202.</p>  |
| <p>205. The Committee recommends that the Scottish Government clearly sets out what is expected of the enterprise agencies in relation to addressing the gender pay gap and that it monitors their performance in this area</p>   | <p>The Scottish Government in its letter of guidance to its enterprise agencies asks them to work towards reducing the gender pay gap. As the Committee correctly points out in their next recommendation they are a partner in helping the Government address the pay gap. Their performance to do so is monitored through the Public Sector Equality Duty reporting. Public bodies, which includes the enterprise agencies, are required to report every two years and the deadline for the publication of these Mainstreaming Equality was at the end of April 2017. As part of that report they are under a duty to provide information on gender, race and disability pay gaps and equal pay statements.</p>   |
| <p>206. The Committee notes that the gender pay indicator page on Scotland Performs does not include the enterprise agencies as "partners" in helping the Government address the pay gap. The Committee asks the Government to explain and address this exclusion.</p>                                | <p>The Scottish Government acknowledges this recommendation - it was simply an oversight that will be corrected when the indicator is reviewed.</p>   |

|   |   |
|---|---|
| <p>207. The Committee recommends that the Scottish Government require the enterprise agencies to report on the work they are doing with their account managed companies to reduce the gender pay gap. This activity and progress should be reported through the agencies' annual reports and fed into the National Performance Framework's (NPF) "Reduce the pay gap" national indicator.</p> | <p>As stated in response to recommendation 205 the Scottish Government does highlight the importance of reducing the gender pay gap to its agencies. As public bodies their performance is monitored through the Public Sector Equality Duty reporting.</p> <p>SE is a long-standing advisory group member of Close the Gap. SE has promoted awareness of Close the Gap among customer facing staff. We have supported Close the Gap directly in several ways. SE was, for example, on the advisory group for their guidance for the public sector in addressing the pay gap. We have supported their research into women in the economy, most notably their work on gender segregation in the renewables sector. We have also helped with the development of their „Think Business, Think Equality“ on-line diagnostic tool which supports SMEs to identify the causes and solutions to address any pay gap.</p> <p>More broadly, SE's work with the Scottish Business Pledge and the Workplace Innovation Service contribute to addressing the underlying causes of the Gender Pay Gap through encouraging innovative and progressive workplace practices. Linking these activities to positive outcomes for gender pay gaps is impossible to establish however, due to the long time period over which such positive impacts would be realised.</p> <p>HIE will monitor the progress of both account managed and non-account managed businesses receiving support through HIE's measurement framework, including the "Business Values Ladder", which identifies a company's ability to demonstrate strong values in undertaking and growing their business.</p> <p>This enables HIE to measure the extent to which both account managed and non-account managed businesses and social enterprises demonstrate innovative workplace practices which reflect the SBP elements.</p> |
| <p>208. The Committee recommends that a question on the gender pay gap be added to the RSA application form, as is currently done for the "Invest in Youth" policy.</p>   | <p>SE has informed the Scottish Government that they are currently looking at including a new question for RSA applications on gender pay matters. As a result of the answers to that question SE will be in position to signpost companies appropriately.</p>  |



|  |  |
|--|--|
| <p>217. The Committee asks the Scottish Government and its agencies to review the funding streams available to new and existing female entrepreneurs. Of particular concern to the Committee is the suggestion that male entrepreneurs are more successful in accessing capital than females. The Committee would be interested to hear if this has been the experience of female-owned account managed companies and Business Gateway clients, and recommends the Scottish Government and its agencies undertake research in this area.</p> | <p>The Scottish Government would like to draw attention to the piece of research, "<a href="#">SME Access to Finance report</a>" we published in 2014, which had a section looking specifically at women-led business. Some of the key findings:</p> <ul style="list-style-type: none"> <li>• Women-led businesses were as likely to apply for finance as male-led or balanced-leadership businesses.</li> <li>• A greater proportion of women-led businesses reported difficulty in obtaining finance from the first source they approached, 47% vs 35%.</li> <li>• However, women-led SMEs were as likely to obtain all of the finance that they needed and were less likely to report unsuccessfully obtaining none of the finance they sought compared to non-women led SMEs.</li> </ul> <p>The Committee may wish to note that SE and HIE are actively engaged with the <a href="#">Women in Enterprise Framework</a>, which is currently being refreshed. This includes consideration of funding for female entrepreneurs and the role of gender-specific support (the Scottish Government to support „Investing Women“ to enable growth-minded businesswomen to become investment ready) and of gender-aware delivery of our support in the region.</p> |
| <p>218. The Committee heard evidence about the importance of mentoring to new and existing female business owners, and recommends that the Scottish Government reviews existing opportunities available to female entrepreneurs across the whole of Scotland with a view to enhancing support wherever possible.</p>   | <p>The Women in Enterprise Action Framework was launched on 4 March 2014 by the Deputy First Minister and Cabinet Secretary for Education and Skills and the Cabinet Secretary for Communities, Social Security and Equalities, and is currently being refreshed.</p> <p>Actions were grouped in four themes of; Mentoring &amp; Networking, Role-Model Project, Finance and Gender Specific Support. Within these themes the Scottish Government has directly supported the Scottish Chambers mentoring pilot, and continues to support the Women’s Enterprise Scotland Ambassadors and Investing Women.</p> <p>SE also funds Business Mentoring Scotland, provided via Scottish Chamber of Commerce. 21% of the mentors are female and SE is actively working with Scottish Chambers to seek more female mentors. 39% of the businesses mentored in 2015/16 were female-led. The new SE programme, Principally Women, is also considering mentoring for existing business leaders. SE is also currently assessing the existing provision via the Scottish Chambers of Commerce and Women’s Enterprise Scotland before developing further.</p>  |

|   |  |
|---|--|
| <p>221. The Committee recognises that the reasons for the gender pay gap are deep-seated and wide-ranging and need to be tackled in a number of policy areas, including education, skills, childcare, procurement, business support, and the work of the enterprise agencies. Therefore, the Committee recommends that the Scottish Government produce an overarching strategy to address the gender pay gap, including an action plan and measurable targets</p> | <p>The Scottish Government also recognises that the causes of the gender pay gap are complex and range from clustering of women in lower paid occupations to workplace practices preventing women to progress in companies. As such, many interventions will impact on it either directly or indirectly. The Scottish Government will undertake a scoping exercise to determine the feasibility of having a coordinated cross Government action plan aligned to our Labour Market Strategy</p> |
|---|--|