

## EQUALITY IMPACT ASSESSMENT - RESULTS

<b>Title of Policy</b>	A Trading Nation – a plan to grow Scotland’s Exports
<b>Summary of aims and desired outcomes of Policy</b>	The target of this plan is to grow Scotland's international exports from 20-25% of GDP by 2029. If achieved it is estimated that this would contribute £3.5bn to GDP, create around 17,500 jobs and add around £500m in tax to the economy every year. This would benefit individual businesses as well as the wider economy, providing revenue to support delivery of vital public services.
<b>Directorate: Division: team</b>	Directorate for International Trade and Investment: Trade and Investment Delivery Division: Trade Promotion Team

### Executive summary

The development of A Trading Nation – a plan to grow Scotland’s Exports was a commitment in the 2018 Programme for Government. This recognised that exports could, and should, contribute more to the Scottish Government’s goal of sustainable, inclusive economic growth and that approaches to date had not supported exporting businesses in Scotland to achieve their full potential.

The plan builds on existing Scottish Government economic strategies and the work of the Enterprise and Skills Strategic Board. It is aligned with Government priorities of inclusive growth and the wider internationalisation agenda, ensuring ethical business practices are observed, including respect for human rights and the rule of law.

The plan sets out the actions we will take and how we will work with all of our existing partners to deliver growth in Scotland's export performance.

### **EQIA Considerations:**

As outlined above, the target is expressly to grow Scotland's international exports as a percentage of GDP. To understand the action necessary to achieve this objective required a multidisciplinary team of analysts, operational delivery colleagues and policy makers, in consultation with Ministers and wider stakeholders, to undertake a comprehensive quantitative and qualitative analysis of Scotland's export performance and market opportunity and to use that data to determine where growth was most likely to be realised and to align public sector support to deliver this.

The actions in the plan have the potential to impact on the service delivery and support levels provided by our Enterprise Agencies - SDI/HIE/SE - to existing and potential business customers. The plan will require our enterprise agencies and delivery partners to realign resources and tailor more specific levels of support services for businesses to meet their exporting needs based on the analysis that underpins this plan.

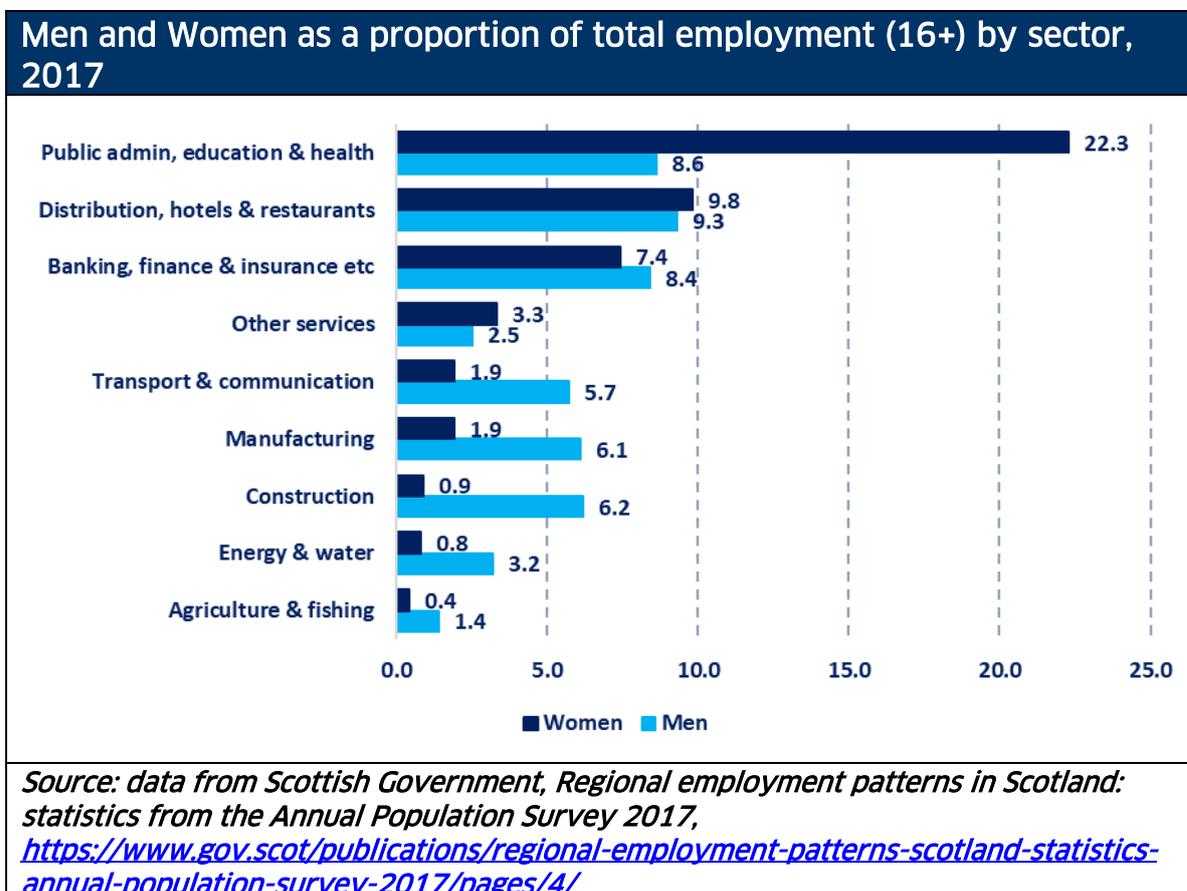
An increase in exports could have longer term impacts on transport bodies responsible for developing and maintaining infrastructure. Any significant increase in exports would be reliant on appropriate transport links and infrastructure to be in place or to be developed to match that increase i.e. international connectivity to markets by air, land and sea through our ports.

There is potential for impacts on how the following groups and sector representatives focus support around exporting to their members and/or delivery partners:

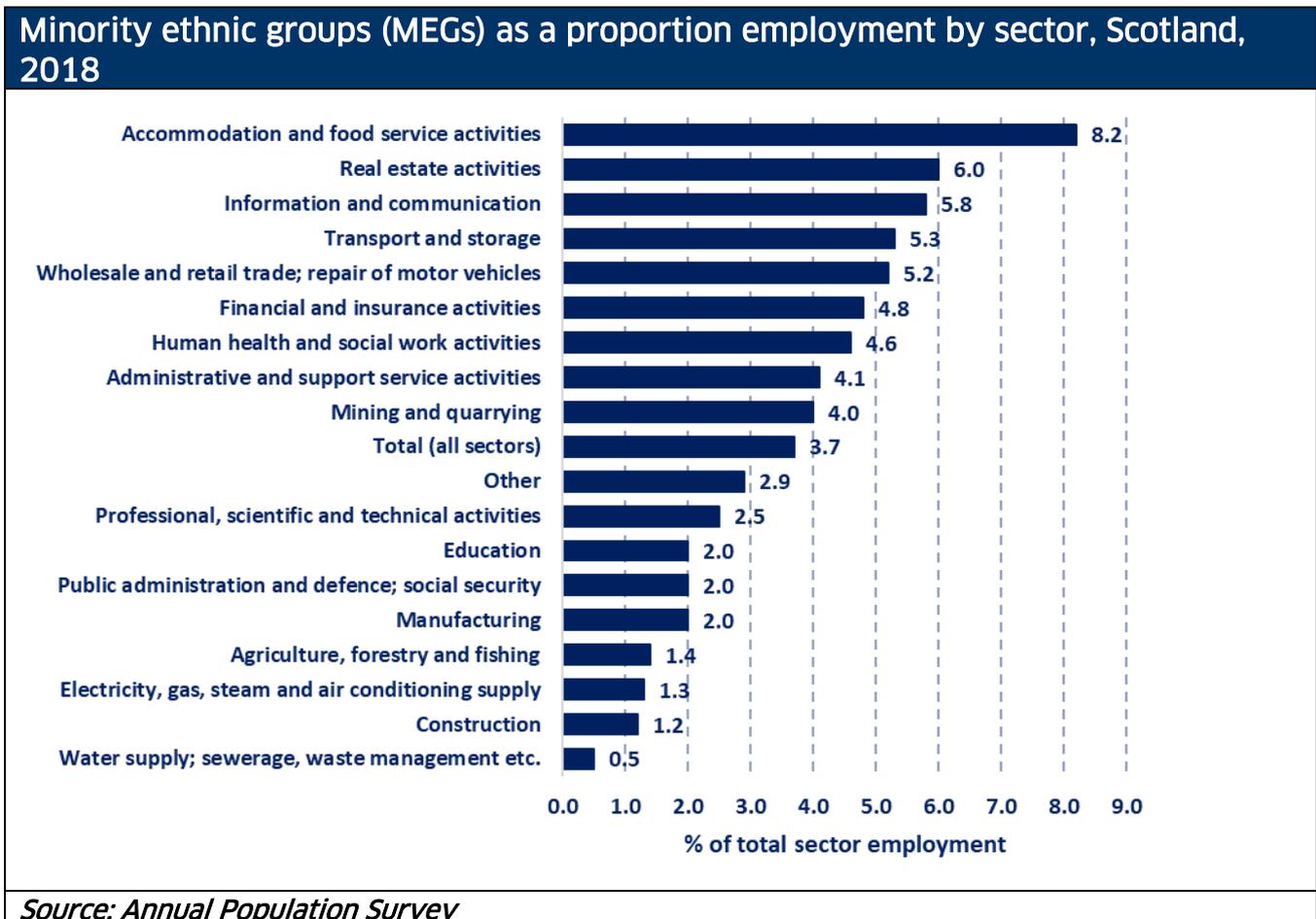
- Industry Representative Groups,
- Scottish diaspora,
- Universities and Academia,
- Local Authorities,
- UK Government agencies
- Internal Policy stakeholders

An analytical paper on Trade and Inclusive Growth by the Scottish Government’s Office of the Chief Economic Adviser (OCEA) highlights potential links to wider impacts of inequality and socio economic disadvantage. For the purposes of this EQIA this analysis paper provides evidence of potential impacts on those with protected characteristics of Sex and Race:

- Trade can have impacts based on sex depending on the industry. The composition of employment by industry differs for men and women. According to the Institute for Public Policy Research (IPPR), men tend to work in goods-related industries (for example, chemicals and electrical equipment) and agriculture, whereas women tend to work in services sectors (for example, education, health and social care, and retail). Women tend to be represented more in ‘non-traded’ sectors (i.e. sectors providing goods or services that are not easily traded internationally since they are must be consumed domestically such as health and social care, public admin, etc), while men have slightly more representation in traded sectors (i.e. sectors that are more likely to be traded internationally such as manufacturing). This is illustrated in the chart below:



- Trade can have different impacts based on race, specifically across minority ethnic groups as evidence from the Annual Population Survey (APS) confirms that ethnic minorities make up a larger proportion of service industries, than manufacturing and agriculture. Some of these service sectors are “non-traded” (e.g. human health and social work), while other service sectors are ‘traded’ (e.g. financial services’). The table below illustrates this:



- As a result, trade policy has the potential to impact different ethnic groups depending on how trade impacts particular sectors.

This evidence is illustrative of potential impacts from trade on these specific groups however it is a complex issue which is difficult to properly establish. The analysis in this paper looks at trade from a general perspective and is not intended to highlight any direct evidence of impacts likely to be directly resulting from the focus and actions of the Export Growth Plan. Nevertheless it does provide highlighted evidential points considered and addressed as part of this assessment.

## **Background**

The Export Growth Plan is built on a comprehensive analysis of Scotland's export performance and market opportunity and seeks to use that data to support Scottish businesses focus more on internationalisation and help to grow the value of Scotland's exports as a percentage of GDP from 20% - 25% over the next ten years.

To achieve this growth the Plan sets out a range of actions and how we will work with partners to deliver these. This includes working with business organisations and networks, industry groups, the Scottish diaspora, universities, local authorities, UK government agencies and other bodies.

The aims of the Plan align with our existing innovation strategy and our Economic Action Plan. The Plan also contributes to National Performance Framework outcomes:-

- Economy - We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- International - We are open, connected and make a positive contribution internationally
- Fair work and business - We have thriving and innovative businesses with quality jobs and fair work

A Trading Nation will be a live document to be updated and developed on a regular basis as situations change and more evidence becomes available. This will enable us to review and refine the actions and interventions that we make to ensure that they are delivering for businesses and for Scotland's economy.

## **The Scope of the EQIA**

The scope of this EQIA is to consider the impact of the Export Growth Plan on all equality groups, specifically age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation. We have considered and assessed the potential for direct or indirect discriminatory impacts from development of the policy or the proposed focus and actions of the Plan.

In order to determine the impact, a desk based review of the details of the Plan and subsequent delivery actions was undertaken in conjunction with

data analysis taken from the Small Business Survey evidence looking at relevant equalities aspects. Additional evidence in the form of engagement with relevant internal policy colleagues from Fair Work raised awareness of the Plan actions and identified where both policies aligned or could be aligned with commitments to continuing engagement to support appropriate mitigation measures from any potential impacts.

During the development phase extensive stakeholder engagement was undertaken with a range of industry representatives and sectoral leadership groups. In total more than 30 organisations have been consulted in the development of this plan. This helped to build and incorporate an evidence base from stakeholders who would most likely be directly impacted by the actions of the Plan, specifically including consideration of the overall aims for inclusive economic growth and any potential impacts arising from that. The range of feedback and anecdotal evidence captured during development has been considered as part of this Assessment.

### **Key Findings**

In terms of the evidence within the Plan itself Section 1.7 (*Scotland: a good global citizen*) of the Plan outlines our commitment to ensuring Scotland is a modern, inclusive nation that protects and recognises human rights and embeds equality across all of our policies. The Plan sets an expectation that Scottish based businesses will adopt ethical business practices, conduct appropriate due diligence on business partners and will be aware of local business conditions in export markets.

In addition Section 6 of the Plan sets out how many of the Plan's actions will rely on Scottish Development International (SDI) as the primary delivery arm of our enterprise agencies. SDI is the operational arm of Scottish Enterprise (SE) and supports delivery of the aims of their business plan.

The Plan states quite clearly that in delivery of the actions of A Trading Nation we will work in collaboration with all of our partners, specifically Scottish Enterprise (SE) and Scottish Development International (SDI). In doing so we would align with the aims and outcomes of their specific business plan, which sets out commitments to ensure that all parts of Scotland can access more opportunities to generate and benefit from growth by taking account of:

- Who and where benefits - to help tackle inequality and increase the capacity of the economy
- Job Quality - to increase employee wellbeing and increase productivity levels .

This inclusive approach to growth will ensure that support and resources are appropriately targeted to fit with these aims.

SE's business plan will also be tracking aspects of their activities to help measure and understand how inclusive and sustainable those activities and what impacts there are across all parts of Scotland. In areas such as female-led businesses and number of social enterprises SE have established baseline data to allow the introduction of outcome measures for inclusive growth in future plans. SE will work collaboratively with the Scottish Government and partner agencies to use data and evidence around any impacts to help shape future policies and actions. Some of the tracking measures include:

- Outcomes achieved in areas of disadvantage i.e. tracking and monitoring of outcomes that are achieved in local authorities with low employment rates (or high unemployment rates) as a proxy for areas of disadvantage.
- Number of companies engaged and supported to develop approaches to fair and progressive workplace practices
- Number of social enterprises, employee owned companies and cooperatives supported
- Number of account managed companies adopting key inclusive and responsible business practices, e.g. adopting the living wage to all employees over 18 years old; avoiding zero hours contracts; better workforce engagement; investing in youth; gender balance boards, and a diverse workforce; playing an active role in the community
- Number of account managed companies that are women-led
- Number of jobs created by account managed companies

Considering the detail at Section 7.1 of the Plan which provides evidence of the economic impacts of exporting and the significant gains that can be achieved - higher exports boost economic growth by contributing directly to GDP and trade improves productivity over time through the diffusion of new technology, increased competition, investment and exploitation of economies of scale.

These economy wide benefits can also deliver benefits to individuals through job creation and wage growth –(research shows exporters typically pay higher wages than non-exporters).

The Plan recognises that deepening our understanding of the economic impacts of exporting is an ongoing process which will be developed with partners over time to better inform resource allocation and strategic choices.

A comprehensive analysis of available data from the Annual Population Survey (APS) compared equality characteristics of the employees in the priority sectors identified in A Trading Nation with the overall average for all employees in Scotland.

This analysis covered sex, age, disability and ethnicity (race) and shows that of all the protected groups, there are statistically significant differences when it comes to sex, age (50+ group only) and disability. This does not mean others with protected characteristics have been excluded from the analysis but simply highlights that these specific groups are statistically more prone to potential impacts:-

- **Sex** - In consideration of the protected characteristic of sex, the analysis showed that combined the priority sectors identified for specific focus in delivery of A Trading Nation, have a lower proportion of female employees than Scotland overall (43.4% v 48.3%). These priority sectors include Engineering and Advanced Manufacturing and Energy (16.5% and 15.7% respectively). However the Scottish Government has a priority to address women’s labour market inequality and to close those pay gaps. This is reflected in Scotland’s labour market strategy which commits to “continue to tackle inequalities around pay gaps and occupational segregation in the labour market”.
- **Age** - The priority sectors combined have a lower proportion of employees aged 50+ than Scotland overall (30.6% v 32.6%). Sectors where the proportion is particularly low include Sustainable Tourism (18.6%) and Technology, Digital and Media (25.0%). The other age groups (16-24, 24-34 and 35-49) are broadly comparable i.e. the proportion of employees in these other age groups for the priority sectors is similar to the proportion in Scotland overall.

- **Disability** - The priority sectors combined are less likely to have employees with a disability than Scotland overall (10.5% v 12.3%). The priority sectors with the lowest proportion are Energy (7.0%) and Food and Drink (10.8%).
- **Race** - In consideration of the protected characteristic of Race the analysis looked at impacts on ethnic minority groups but found that statistically there are no significant differences with regards to the proportion of minority ethnic employees.

Whilst the analysis highlights some differences for these protected groups the differences are likely to be linked to a number of factors, including skill levels and not solely related to equalities aspects.

Engagement with internal policy colleagues with responsibility for Fair Work policy helped to raise awareness of the Plan actions and consider areas where both policies were aligned or could be align to support potential mitigation measures. Evidence of the Fair Work First policy confirms that they are and will continue to work with employers and businesses using conditionality as a lever for any funding to help them move towards embedding fair work practices and principles. This will include commitments for:

- investment in skills and training.
- no inappropriate use of zero hours contracts.
- action to tackle the gender pay gap.
- genuine workforce engagement.
- paying the real Living Wage.

Over the course of this year (2019) engagement with enterprise and skills agencies, public sector partners, industry, the third sector and trade unions will help to support wider implementation of Fair Work First by 2021.

A Trading Nation will link to this through delivery of actions by our enterprise agencies - SE and SDI - and the financial support for exporting businesses they work with.

Additionally the development phase of A Trading Nation captured external stakeholder evidence in the form of relevant feedback from a range of engagement meetings primarily with representatives from the priority sectors identified within the Plan. This included discussions with specific

business and industry sectors, sector leadership groups and internal policy representatives. The evidence from these discussions did not highlight or raise any concerns that either the policy focus or the resulting actions of the Plan could potentially have disproportionate or discriminatory equality impacts for people with protected characteristics.

The Scottish Government has a range of wider equalities policies that we will work with should delivery of the Plan result in any impacts that would fall with their scope - the disability employment strategy - <https://www.gov.scot/publications/fairer-scotland-disabled-people-employment-action-plan/> and the race equality action plan part of which seeks to address employment issues.

Taking all of this into account it should be made clear that A Trading Nation is a live and evolving Plan, which will be further developed as evidence is gathered on its impacts, including any inequalities impacts. As part of this we are working with OCEA to develop and integrate a monitoring and evaluation analysis framework. This will measure delivery outcomes. The framework will also seek to analyse and measure any impacts on low income groups/ deprived areas for example through recruitment/ expansion that could result in inequalities or socio economic disadvantage. This will provide us with the relevant evidence needed to consider what if any action or changes to the next iteration of the Plan are needed and what wider policy alignment is needed to ensure we can mitigate the impacts.

Overall the Plan sets out a range of actions that are primarily designed to increase Scotland's exports and also that this will have subsequent positive impacts in terms of inclusive economic growth. Inclusive growth brings resilience to the economy and will have positive economic benefits for all of the people of Scotland including those with protected characteristics and regardless of socio economic background.

## Recommendations and Conclusion

In considering EQIA aspects policy development of the Plan and resulting actions were designed to increase Scotland's exporting potential and sets out how we will work with all of our partners including our enterprise agencies and internal policy colleagues to deliver on those aims.

There is no intention in development or in potential delivery of the Plan that this would have any direct or indirect discrimination against those with protected characteristics of; Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion or belief, Sex, Sexual orientation.

However we recognise that whilst the plan is not discriminatory, evidence gathering has identified areas where there is potential for people with one or more of the protected characteristics to be at risk of being underrepresented. To mitigate this we are working with OCEA to develop and integrate a monitoring and evaluation framework to collate evidence of the Plan delivery and any resulting impacts. This will measure a range of impacts in delivering the overall objective but will also include work to analyse and measure of impacts on low income groups/ deprived areas for example through recruitment/ expansion that could potentially result in inequalities.

As the Plan evolves it will be further developed in line with the evidence of gathered by the monitoring and evaluation framework. We are committed to taking appropriate action to mitigate where the evidence supports the need to do so in order that further iterations can include any relevant actions necessary to meet our equalities obligations.

Any potential upscaling and refocusing of the Plan will be regularly reviewed as the actions are delivered and will be subject to further EQIA analysis as required.