

# **Provision of business support to the third sector**

## **Equality Impact Assessment – Results**

**October 2022**

## EQUALITY IMPACT ASSESSMENT - RESULTS

<b>Title of Policy</b>	Provision of business support to the third sector
<b>Summary of aims and desired outcomes of Policy</b>	The purpose of the contract is to provide a specialised business support service tailored to the specific needs of the third sector, demand-led and free at the point of access. It provides support to third sector enterprises who would otherwise be unable to access mainstream business support services. The programme of support contributes to the priorities set out in Scotland's Social Enterprise Strategy 2016 – 26 around three strategic priorities – (i) stimulating social enterprise (ii) developing stronger organisations (iii) realising market opportunities and strategic priority 1a around working with social enterprise to ensure it plays its full part in tackling inequality and discrimination across the range of protected characteristics listed in the Equality Act. The current contract expires in May 2023 and the successor contract will run to March 2026 with the option of extending for a further year.
<b>Directorate: Division: team</b>	Directorate for Covid Recovery and Public Service Reform: Third Sector Unit: Social Enterprise

## Executive summary

The public sector equality duty requires the Scottish Government to assess the impact of applying a proposed new or revised policy or practice. It is a legislative requirement. Equality legislation covers the protected characteristics of: age, disability, gender reassignment, gender including pregnancy and maternity, race, religion and belief, and sexual orientation. An equality impact assessment (EQIA) aims to consider how a policy (a policy can cover: activities, functions, strategies, programmes, and services or processes) may impact, either positively or negatively, on different sectors of the population in different ways.

The three needs of the Public Sector Equality Duty (PSED) are (i) to eliminate unlawful discrimination, harassment and victimisation (ii) advance equality of opportunity between people who share a protected characteristic and those who do not and (iii) foster good relations between people who share a protected characteristic and those who do not. This EQIA will therefore not only consider whether there may be any negative impacts to mitigate or eliminate but also how it may be better framed to promote equality.

This EQIA has been undertaken to consider the impacts on equality of the development of the next Scottish Government-funded contract which provides tailored business support to the third sector.

The business support contract for the third sector is a demand-led service provided free of charge to service users and has been in place since 2011. It is a flag ship national service which is delivered locally on a one-to-one and one-to-many basis both in person and online. The current contract is monitored for geographic equity and records equality information about service recipients on a voluntary basis. There is also currently a strand of work supported through the contract which seeks to proactively build capacity amongst minority ethnic social entrepreneurs through delivery of specialised support.

The impact analysis has confirmed that the development of the programme for business support for the third sector is not discriminatory and is intended to support the Scottish Government's wider approach to Equality. No equality issues have been raised that will require changes to the overall framing of the specification for the next contract. However, the evidence reviewed has helped to identify some improvements for implementation.

At a sector level, improvements can be made through the contract to support organisations to better record and monitor equality data and thus better inform approaches to embedding equality, diversity and inclusion across the sector. At a programme level, evidence suggests that support for minority ethnic-led organisations is performing well and there is reasonable engagement across the range of protected characteristics. However, there is again scope for improving data capture and monitoring across the full range of protected characteristics and to build on learning from the current dedicated support for minority ethnic-led social entrepreneurs by adopting a more mainstreamed approach across all protected characteristics and across the full range of services. There is also scope for the

contract to be more responsive and proactive in raising awareness of the services available and the measures which can be put in place to ensure effective access throughout the application and support phases. Improved equality data recording and monitoring should also inform more targeted approaches to stimulate engagement from individuals with protected characteristics going forward. The EQIA we have undertaken as part of the development of the specification for the next contract has identified ways to make the service more proactive in its support for those with protected characteristics, as both service users and as beneficiaries of the service, as well as better serving the wider social enterprise sector need for enhanced support with improved equality monitoring and effective approaches to embedding equality, diversity and inclusion (EDI) across their organisations. Enhanced data collection and reporting will inform future approaches to equality, diversity and inclusion across the sector.

## **Background**

The Scottish Government has identified a need to commission a successor contract to deliver specialist business support for third sector organisations/social enterprise across Scotland. The service has been subject to procurement three times (2011, 2014 and 2019) and on each occasion a consortium of third sector organisations 'Just Enterprise' secured the contract. The current contract was extended in August 2021 and will expire on 23 May 2023 at the end of Year 4. The Scottish Government has committed up to £1.18m excluding VAT per annum to secure a successor 'Business Support for Third Sector Organisations' contract in financial years 2023-24, 2024-25 and 2025-26, with the option of a further single year extension in 2026-7, as part of delivering on the social enterprise action plan.

The Government's commitment to realising the full potential of social enterprises is set out specifically in Scotland's Social Enterprise Strategy 2016 – 26. The Strategy commits to continue to encourage and support the delivery of specialised business support to enable social enterprises start-up, growth and resilience, and ensure this is tailored, accessible, responsive to the needs of local community enterprises and delivered in a way that adds value to mainstream provision.

Through Scotland's Social Enterprise Action Plan 2021-2024, the Scottish Government has committed to: work with sector partners and national agencies to enhance the national ecosystem of support for new-start social enterprises and a pipeline of support throughout their journey; ensure that our mainstream business support services continue to recognise and appropriately support social enterprises, while at the same time enhancing specialist provision.

Each successive contract has sought to enhance provision for the sector across a range of business support services tailored to the sector's specific needs, as well as responding to broader Scottish Government policy priorities including tackling inequality, pandemic recovery, just transition to Net Zero, fair work, sustainable procurement and community benefits.

The service is demand-led which requires flexibility and an ability to respond to the changing needs of the sector and the needs of service users, including those with

protected characteristics. The next contract will essentially continue to deliver the same core services with some additions but in a way that enhances service delivery for those with protected characteristics in particular. This approach will (i) build on the success of the current strand of support for minority ethnic entrepreneurs through the contract (2) support the commitment in the Social Enterprise Action Plan 2021-24 around developing a third sector equalities baseline to ensure that all activity supported by the Third Sector Unit is calibrated to tackling the barriers faced by people with protected characteristics and (3) respond to the recent findings of the Social Enterprise Census 2021 which indicate that there are significant gaps in data collection across the social enterprise sector relating to key protected characteristics with almost one-in-three organisations (31%) not collecting any relevant workforce equalities data. More generally, the feedback provided by respondents to the Census suggests that organisations would benefit from additional training and advice to improve workforce diversity and inclusion.

The business support for the third sector contract is well-placed to model good practice for the sector across a range of equality outcomes and to provide tailored support to the sector on effective approaches to EDI and this will be reflected in the approach to delivering the next contract. The contract will continue to be national in reach with local delivery, both online and face-to-face, and will continue to monitor and respond to demand for services across the geography of Scotland to ensure those in rural and remote areas of the country are not disadvantaged and prioritising areas of SIMD where appropriate. The service will continue to be accessible to anyone with an interest in trading for the common good and will remain free at the point of access.

## **The Scope of the EQIA**

Having delivered the range of services successfully since 2011 with continuous improvements implemented along the way in response to contract evaluation and the changing demands of the sector, the service should continue to deliver successfully on business support needs for the sector including for people with protected characteristics and irrespective of location and socio-economic background. There is no age restriction, nor any other criteria for accessing the service other than wanting to trade/trading for the social good.

We assess that the development of the new contract needs an impact assessment to consider what else might be achieved through the contract to eliminate discrimination, advance equality of opportunity and foster good relations across the range of protected characteristics listed in the Equality Act 2010.

The business support contract for the third sector has a thorough process of reporting and evaluation. This consists of quarterly reports, annual reporting and a wider evaluation of each contract. The EQIA has considered these sources of evidence as part of its scope along with a full independent review carried out in 2018:

Business support to third sector organisations contract review: research summary - gov.scot ([www.gov.scot](http://www.gov.scot))

Discussions about the retender of the contract and relative priorities have taken place with: SG colleagues in key policy areas including Procurement and the Equality Unit; the Enterprise Agencies; the intermediary body for social enterprise in Scotland, Social Enterprise Scotland; and other key delivery partners. A Prior Information Notice survey, which received 21 responses, was shared widely across social enterprise networks to test the market and to seek feedback on key business support priorities and equality issues.

The key source of data for the sector more generally remains the biennial Social Enterprise Census and key statistics from the 2021 Census [enter link when available] have been scrutinised particularly for sector profile trends in terms of those with protected characteristics, social enterprise location and future business support requirements including around equality, diversity and inclusion.

## **Key Findings**

Our assessment has informed the development of the specification for the new contract which will provide tailored business support to the third sector. The 2021 Census results suggest that social enterprises are not always able to report fully on particular protected workforce characteristics. The research shows that around half of social enterprises collect data on the age of employees (50% of all) and sex (47%), and to a lesser extent on disability and ethnicity. However, there are significant gaps in data collection relating to key protected characteristics, and almost one-in-three organisations (31%) do not appear to collect any relevant workforce equalities data. Such data is critical to identifying key equality issues, including areas of under-representation and potential pay gaps, and to progressing equality, diversity and inclusion goals. More generally, the feedback provided by survey respondents suggests that organisations would benefit from additional training and advice to improve workforce diversity and inclusion including, collecting and using appropriate equalities data. Data on the protected characteristics of service users accessing the business support service is currently focused on reporting numbers of service users from minority ethnic-led and disability-led organisations and the range of intended beneficiaries. Self-reported data is collected from service users which indicates that for the first 3 years of the current programme (2019-22), 15.43%-16.41% per annum of applicants and 14.42%-15.27% of recipients identified their organisation as being disabled-led. In the same period, 11.09%-12.08% per annum of applicants and 10.78%-11.60% of recipients identified their organisation as being minority ethnic-led. These figures suggest that engagement in the service is ahead of population for ethnic-minority led (5% of 18+ population) but behind population for disability-led (26% of 18+ population). These figures provide only a partial picture and point to the need for improved recording and monitoring across the full range of protected characteristics to build up a more complete picture of the impact of the service and to help with targeting support towards those who may be underrepresented at present.

The revised specification is intended to provide a sharper focus on tackling inequalities, advancing equality of opportunity and fostering good relations across the range of protected characteristics. Our assessment has concluded that the focus

of the new contract is not discriminatory and it is intended to fit with the Scottish Government's wider approach regarding Equality, Diversity and Inclusion. The assessment process has also allowed us to identify some improvements for the next contract.

One of the key enhancements is the broadening out of pipeline support and capacity building across the range of protected characteristics mainstreamed across all areas of service delivery, rather than as a standalone offering solely focused on minority ethnic people. Initial focus will be on minority ethnic and disability groups but will target other protected characteristics going forward based on evidence being collected through the programme. This will advance equality of opportunity and foster good relations between those with a protected characteristics and those without by mainstreaming specialised support across all services.

Other enhancements included in the revised specification to the service include: evidencing EDI policy and practice and providing relevant training support for service staff; enhanced training for the sector on equality monitoring and reporting and tailored approaches to EDI which will foster good relations by raising awareness; targeted awareness raising of the service across groups with protected characteristics and those from socially and geographically marginalised communities, communicating upfront what reasonable adjustments can be made at application stage and throughout in terms of support provision to advance equality of opportunity (for example, by making the application process more accessible to those with visual impairments); and the mandatory data collection and monitoring across all protected characteristics across all service users and their client groups with future targeting focused accordingly.

Summary: Provision of business support to the third sector is expected to positively affect disabled people and minority ethnic people and individuals across the full range of protected characteristics, helping to advance equality of opportunity by proactively raising awareness of the service across equality networks, providing specialised support across the mainstream of service provision and improved recording, monitoring and responses to equality data.

It may also have a positive effect in fostering good relations between people through enhanced training which will give service staff an opportunity to understand more about the difficulties faced by disabled people and minority ethnic people. Dedicated support and training for the third sector will also improve understanding and support for tackling inequality across the sector.

## **Recommendations and Conclusion**

We have used available programme data and the views of the social enterprise sector collected through the biennial Social Enterprise Census to shape the development of enhancements for the next business support for the third sector contract. This has strengthened our understanding of the relative impact of the Programme and has allowed us to enhance what it can do to deliver better Equality outcomes as well as social enterprise and wider Scottish Government priority outcomes. The enhanced business support services will continue to be delivered through the contract via the service provider and, as described above, we seek to further embed equality monitoring as part of the ongoing programme of reporting and evaluation. This will support the delivery of the programme and also will inform future policy development.





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The Scottish Government  
St Andrew's House  
Edinburgh  
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ISBN: 978-1-80525-036-4 (web only)

Published by The Scottish Government, October 2022

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS1169962 (10/22)

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