

Scotland's National Strategy for Economic Transformation Programme 5: A Fairer and More Equal Society Equality Impact Assessment (Record and Results)

October 2022

EQUALITY IMPACT ASSESSMENT RECORD

Title of policy/ practice/ strategy/ legislation etc.	Scotland's National Strategy for Economic Transformation (NSET) – Programme 5: A Fairer and More Equal Society
Minister	Richard Lochhead MSP, Minister for Just Transition, Employment and Fair Work
Lead official	Lewis Hedge, Interim Deputy Director, Fair Work and Labour Market Strategy
Directorate	Fair Work, Employability and Skills Directorate
Is this new policy or revision to an existing policy?	Existing policy – Implementation of policies as set out in the National Strategy for Economic Transformation - Programme 5: A Fairer and More Equal Society

Policy aim

The vision of Scotland's National Strategy for Economic Transformation (NSET), published on 1 March 2022, is for Scotland to be a wellbeing economy, thriving across economic, social and environmental dimensions. The strategy sets out an ambition that Scotland's economy will significantly outperform the last decade, both in terms of economic performance and tackling structural economic inequalities.

Analysis of the available evidence has identified six interconnected, transformational Programmes of Action to shift the economic dial and deliver our vision. Together, they tackle long term structural challenges, build on our economic strengths and position Scotland to maximise the greatest economic opportunities of the next ten years in a way that will transform the very fundamentals of how our economy works.

The policies covered in this EQIA are those detailed in NSET Programme 5: A Fairer and More Equal Society.

Specifically, this EQIA assesses any impacts of applying a proposed new or revised policy or practice against the needs relevant to a public authority's duty to meet the public sector equality duty. The needs are to:

- Eliminate discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good relations.

Programme 5 of NSET seeks to deliver a Fairer and More Equal Society. The strategy is intentionally focused on a small number of priorities; it does not seek to do everything. In ensuring we deliver Programme 5, our streamlined delivery model aims to prioritise actions based on evidence and ensure all participants are clear on their roles and accept accountability for their actions. Our programme of action is streamlined to deliver two projects, Project 14 and Project 15.

Our Programme of Action

Programme 5 will include the below listed projects and actions.

Project	Action
No. 14 Tackle poverty through fairer pay and conditions	Apply Fair Work conditionality to grants, requiring payment of real Living Wage, and channels for effective workers' voice by summer 2022, and determine how these conditions can be applied to non-departmental public bodies. Fair Work conditionality will be further extended with clear standards and minimum requirements to cover all forms of Scottish Government support within the limits of devolved competence in line with the landmark agreement with the Scottish Green Party. We will use all levers at our disposal to deliver on this commitment – including the use of grants, reliefs and licencing provisions.
	Deliver on the mandate to require payment of the real Living Wage in new Scottish Government contracts from October 2021, including the suite of new construction frameworks, starting with the £600 million Civil Engineering Framework.
	Work with employers and trade unions in sectors where low pay and precarious work can be most prevalent (including leisure and hospitality, and early learning and childcare) to promote sectoral fair work agreements and collective bargaining to achieve higher standards of pay, better security of work, and greater union representation.
	Build on the findings from the Business Purpose Commission Report in Spring 2022, to inform how businesses can deliver positive impacts on prosperity, wellbeing and environmental sustainability. This will recognise that businesses which take a long term (inter-generational) view of their stakeholder commitments fare better in times of crisis, including during the Covid pandemic. It will also promote the stakeholder capitalism model with business leaders, encouraging businesses to see employees, communities and citizens as stakeholders as well as consumers.
No. 15 Eradicate structural barriers to participating in the labour market	Set out how we will support parents to increase their incomes from employment as part of cross-government action to deliver upon the ambitious targets set through the Child Poverty (Scotland) Act 2017 within the next Tackling Child Poverty Delivery Plan to be published at the end of March 2022.
	Ensure that Every Contact Counts in delivering an aligned and integrated offer of support for those seeking to move towards, into or progressing within the labour market. In this way we will

	<p>ensure that individuals and families have access to the advice and services they need to thrive, including housing, health, affordable and flexible childcare and transport offers.</p>
	<p>Simplify the employability system by implementing No One Left Behind, combining funding streams and transferring investment from national to local governance to enable the delivery of person-centred, place-based integrated support. Fair Start Scotland contracts end in March 2023, offering significant opportunity for further investment through No One Left Behind.</p>
	<p>Build on the principles of the Young Person’s Guarantee, developing an all age guarantee of support for those most disadvantaged in the labour market, with an initial focus on parents from the six priority family groups at risk of child poverty.</p>
	<p>Systemically address Scotland's labour market inactivity challenges. Assess trends within different labour market inactive groups and understand what steps can be taken to bring more individuals into the labour market – including through the use of childcare and transport provision, part-time/flexible working, support for employees with disabilities, and business start-up and work from home opportunities. This is inextricably linked to reducing child poverty, including the approach of pathfinders to test how to ensure holistic support enables parents to enter, sustain and progress in work.</p>

Scotland has the opportunity over the next ten years to build a successful economic model that ensures equity of access to the labour market and that work pays for everyone through better wages and fair work. In this way, and in tandem with other government interventions, like the Scottish Child Payment, economic opportunities can significantly reduce levels of child poverty and in-work poverty, particularly for women, and eradicate low pay. We can improve life chances, achieve equality of opportunity for all to access and progress in work whilst at the same time mitigating the risk to employment through a just transition to net zero.

Working across the public, private and third sector, we have the opportunity to design and deliver employability services tailored for local areas and the people that live within them, using place-based and person-centred design, building on our No One Left Behind approach.

The Scottish Government published the ‘Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022-26’ on 24 March 2022 to ensure that work offers an effective and sustainable route out of poverty for families across Scotland. This will build on progress achieved in the first Tackling Child Poverty Delivery Plan.

The Plan identifies that by 2030 the following targets must be met:

- Fewer than 10% of children living in families in relative poverties;
- Fewer than 5% of children living in families in absolute poverty;
- Fewer than 5% of children living in families living in combined low income and material deprivation; and
- Fewer than 5% of children living in families in persistent poverty.

In developing this plan the Scottish Government is mindful of the three needs of the Public Sector Equality Duty (PSED) - eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between people who share a protected characteristic and those who do not, and foster good relations between people who share a protected characteristic and those who do not. Where any negative impacts have been identified, we have sought to mitigate/eliminate these. We are also mindful that the equality duty is not just about negating or mitigating negative impacts, as we also have a positive duty to promote equality.

The Plan builds on our Scottish approach to service design and delivery to transform employment support in Scotland and help deliver a system that is more flexible, aligned with other key services, and responsive to the needs of people of all ages who want help and support on their journey towards and into work.

A fully-functioning childcare sector is a pivotal part of Scotland's national economic infrastructure, and will be vital to enabling parents and carers to return to work, or increase their working hours. We have committed to building a system of wraparound school age childcare, offering care before and after school and in the holidays, which will be free to families on the lowest incomes – as well as expanding the provision of funded early learning to all one and two-year-olds, starting in the course of this Parliament with children from low-income households.

The evidence shows that while Scotland (along with Northern Ireland) has the lowest child poverty rate in the UK at 24% (compared to England 30%, Wales 31%), to meet our statutory 2030 target to have less than 10% of children living in relative poverty, around 140,000 children will have to be lifted out of poverty. 15.2% of employees still earn less than the real Living Wage, although this number has reduced by around a quarter in recent years.

Our ability to directly effect change in the labour market is limited if employment law remains reserved to Westminster. Nevertheless, we have used the powers that we do have to ensure that the economy is fair and inclusive and that people of all ages have the skills and capabilities they need to access good jobs. We have done this through our policies on Fair Work Nation, our No One Left Behind approach with Local Government and wider delivery partners in the third sector and our action plans to tackle the gender and disability pay gaps.

Through Fair Work First we are applying Fair Work criteria to public sector contracts and grants to ensure that government funding serves to tackle in-work poverty and low wages by raising the incomes of the lowest paid and improving terms and conditions for all.

The findings from the Business Purpose Commission Report in Spring 2022, informed how businesses can deliver positive impacts on prosperity, wellbeing – including tackling child poverty – and environmental sustainability. It recognised that businesses which take a long term (inter-generational) view of their stakeholder commitments fare better in times of crisis, including during the pandemic. It promotes the stakeholder capitalism model with business leaders, encouraging businesses to see employees, communities and citizens as stakeholders as well as consumers and where businesses are rooted in their communities.

We believe that a progressive approach to industrial relations and to trade unionism is at the very heart of a fairer, more successful society. Trade unions are key social partners in delivering our economic and social aspirations. Accordingly, we recognise the importance of unions and collective bargaining in raising worker wellbeing and promoting progressive and fair workplace practices. The best Fair Work outcomes will be achieved where employers, workers, unions, government, agencies and third sector work together and take ownership for delivery of Fair Work collectively. In some key sectors this will involve enhancing the capacity to take collective decisions through forums involving employers, workers, unions and other partners negotiating minimum standards on pay, conditions and other aspects of Fair Work infrastructure.

All NSET Programmes are interconnected, while our initiatives on promoting entrepreneurial culture in under-represented groups, community wealth building, and skills investment for working age people in poverty will contribute to a fairer and more equal society, this programme focuses on the opportunities from Fair Work and tackling structural barriers to participation in the labour market.

Who will it affect?

Transforming the economy is a national endeavour and government, public sector, business, trade unions, third sector, local authorities and social enterprises all have a part to play.

The economy impacts everybody, regardless of their age, race, sex and other characteristics. However, we know that people with some protected characteristics can be disproportionately affected e.g. women, disabled people and minority ethnic people. We also recognise that these protected characteristics intersect, therefore we have considered them on an intersectional basis. The actions identified in NSET are intended to drive Scotland's overall economic prosperity to the benefit of all our people, including those who face barriers to labour market participation. However, just as every person is an individual with characteristics and circumstances, their experiences of economic activity and the impact that Scotland's economy has

on their lives are different. Targeting the actions proposed in NSET towards people with protected characteristics and taking a person-centred approach to considering the outcomes of policies and actions, can help to address entrenched inequalities and cumulative impacts on people, and particularly those who experience disadvantage.

Projects under Programme 5 will have an impact on the following who access services directly and those who are affected by our policies:

- Disabled people;
- Long term unemployed people;
- Young care experienced people (aged 16 – 24);
- Low-income parents across all priority families;
- Young (aged 16 – 24) people who are accessing Education Maintenance Allowance (EMA);
- Women over 50;
- Minority Ethnic Communities; and
- Individuals facing additional barriers which prevent transition towards and into work without intensive support and investment.

Projects under Programme 5 will also have an impact on those who plan, provide, deliver, or fund services:

- Local Authorities, Community Planning Partnerships and Local Employability Partnerships;
- Other Public Sector Bodies, including health services;
- The Third Sector;
- Employment related services, including the Employment Related Services Association (ERSA);
- Employers;
- Trade Unions;
- Training organisations; and
- Further and Higher Education institutions

What might prevent the desired outcomes being achieved?

If Scotland's economy goes into recession, in addition to the cost-of-living crisis, it is possible that some employers will be unable or unwilling to fully engage with the policies. The medium-term economic climate is difficult to predict due to shocks such as the invasion of Ukraine, and it is possible that further economic shocks could negatively impact the labour market.

If the Scottish Government vision for radical transformation is not matched or prioritised by key, strategic partners then the desired outcomes may be difficult to reach. The interventions on structural barriers influencing labour market participation such as poverty and tackling inequalities (including for women and in relation to health, race, disability and other protected characteristics) may not deliver intended outcomes. If we are unable to sufficiently engage with COSLA, SOLACE and Local Authorities in their role

as key delivery partners and with private sector employers, recognising the scale and complexity of asks across the range of policies then there may be significant impacts on delivery key aims, outcomes and objectives.

Careful monitoring and tracking of outcomes will be needed to measure success, but this is often difficult. For example, tracking the economically inactive population journey is challenging and makes attributing success of the policies difficult to measure. Gaps in knowledge and awareness, some of which are highlighted in section 12 of this document, related to supporting underrepresented groups across the protected characteristics, is a potential wider barrier to achieving the desired outcomes of the policies. Moreover, these risks and Government's ability to tailor its response accordingly are exacerbated by the lag in systemic issues becoming apparent in labour market statistics.

Stage 1: Framing and Effects of Policy

We analysed relevant responses to our semi-formal consultation, such as a joint response from Engender and Close the Gap, and responses from Equate Scotland, CRER, the Scottish Women's Budget Group and the Equality and Human Rights Commission. We also analysed our responses to Scotland Becoming a Fair Work Nation¹ and subsequently published those responses².

In addition, the following stakeholder engagement events have taken place:

- Equality and Human Rights roundtable with officials in September 2021;
- Equality and Human Rights roundtable with officials in November 2021;
- Equality and Human Rights Roundtable hosted by the Cabinet Secretary for Finance and the Economy in January 2022;
- Ministerial engagements with the Women's Leadership Centre and the Poverty and Inequality Commission in June 2021;
- Equality and Human Rights Roundtable hosted by the Cabinet Secretary for Finance and the Economy in May 2022;
- Meeting between DG Economy and the Equality and Human Rights Commission in August 2022.

While evidence has been gathered focusing primarily on groups with protected characteristics, it is vital to consider our approach through an intersectional lens. People across Scotland will often have a combination of multiple protected characteristics, different socio-economic backgrounds and household incomes, and experience inequalities in relation to health, education and other aspects of their lives.

Addressing inequalities must also recognise the regional and rural dimensions, including the high incidences of child poverty in certain regions. It is therefore key to remember both the intersectionality of protected characteristics and the wide range of circumstances that influence the opportunities and barriers people face, including their lived experience of poverty, inequality and/or discrimination. An intersectional, person-centred approach to reading, reviewing and using the evidence from this Position Statement is therefore essential.

Results of framing exercise

The Best Start, Bright Futures Tackling Child Poverty Delivery Plan (March 2022) sets out our ambition that work offers an effective and sustainable route out of poverty for families. The Plan sets out how we have responded to the advice and recommendations of the Poverty and Inequality Commission that we set in statute through the Child Poverty (Scotland) Act 2017.

¹ [Consultation on Scotland Becoming a Fair Work Nation \(www.gov.scot\)](http://www.gov.scot)

² [Becoming a fair work nation - Scottish Government - Citizen Space \(consult.gov.scot\)](http://consult.gov.scot)

The Plan was underpinned by Scottish Government economic modelling setting out the impact of measures and projecting child poverty levels in 2023 – the year of our interim targets. One of the key commitments within Tackling Child Poverty Delivery Plan is the delivery of an enhanced ‘Offer to Parents’, which is designed to bring together a range of services and support; including employability, childcare, health, support to access transport and family wellbeing, with the creating packages of support to help priority families transition towards and into work, with the aim of reducing poverty.

Following the consultation: 'Becoming a Fair Work Nation' and the analysis of the responses, the Scottish Government is in the process of developing a Refreshed, Fair Work Action Plan (RAP). This will be published in 2022 and will bring together work to support Scotland becoming a Fair Work nation by 2025, with our commitments to reduce the gender pay gap, at least halve the disability employment gap by 2038, and to progress a range of actions to deliver our new strategy that will take an anti-racism approach on to structural inequalities in the workplace.

The consultation responses and wider stakeholder engagement will inform the refreshed Fair Work Action Plan, which will in turn enable the Scottish Government to better align collective action across these agendas where there is clear synergy (e.g. real Living Wage, effective voice), addressing structural inequalities that perpetuate labour market inequalities through discrete actions.

Our new Anti-racist Employment Strategy will be an all-encompassing strategy. It will set out our approach for employers in addressing racial inequality in the workplace and will underpin our actions in the RAP. These will essentially be to improve labour market outcomes for ethnic minority people.

Design and delivery of services

In order to deliver the policy intent of person-centred services, we are embedding the Scottish Approach to Service Design³ within relevant NSET projects.

This requires us to ensure “the people of Scotland are supported and empowered to actively participate in the definition, design and delivery of their public services”, and that methods of doing so are inclusive and accessible.

The Scottish Approach to Service Design also requires us to consider whether we are designing the right thing, and to involve users in this process. This helps prevent scenarios where aspects of services may be inaccessible for the target audience, or where some users may be unintentionally excluded.

³ [The Scottish Approach to Service Design \(SAAtSD\) - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-approach-to-service-design/pages/introduction.aspx)

This is a critical part of achieving the policy's aim of delivering user-centred services that account for individual needs, rather than establishing a single pathway or approach based on characteristic.

In addition to this, the Scottish Government continues to work with partners to establish and agree Service Standards for Employability⁴ which has resulted in clear expectations that services are accessible, and that those delivering provision take steps to put appropriate support in place.

The Scottish Public Sector is committed to the delivery of high quality public services, and recognises that this is critically dependent on a workforce which is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and development, is diverse and inclusive, and can influence decision making. These factors are also important for workforce recruitment and retention, and thus continuity of service delivery.

Public bodies in Scotland are committed to applying Fair Work First⁵ in their own organisation and in publicly funded supply chains, through this approach, the Scottish Government, and its public sector partners, are committed to adopting Fair Work First including:

- Appropriate channels for effective voice, such as trade union recognition;
- Investment in workforce development;
- No inappropriate use of zero hours contracts;
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace;
- Providing fair pay for workers (for example, payment of the real Living Wage⁶; and
- Offer flexible and family friendly working practices for all workers from day one of employment oppose the use of fire and rehire practices.

Data and evidence

Given the wide reach of the policies across equalities groups, monitoring of services will be critical to ensuring the positive impacts identified are achieved.

We engaged with equality stakeholders across Scotland to strengthen our understanding of existing inequalities in the economy and how NSET should address them. This included two Equality and Human Rights roundtables in September and November 2021, which were followed by an Equality and Human Rights Roundtable hosted by the Cabinet Secretary for Finance and the Economy in January 2022. Ministerial engagements with the Women's Leadership Centre and the Poverty and Inequality Commission took place in

⁴ [Employability Service Standards published | Employability in Scotland](#)

⁵ [Fair Work First: guidance - gov.scot \(www.gov.scot\)](#)

⁶ [Information Sheet \(www.gov.scot\)](#)

June 2021 and a Fair Work Roundtable was hosted by Mr Lochhead in September 2022 with key stakeholders on the RAP. The semi-formal consultation on NSET ran in summer 2021⁷. The evidence paper⁸ that informed the development of NSET includes a range of economic data and trends, some of which might be relevant to Programme-level EQIAs as well.

Working with partners, we have developed and continue to refine our Shared Measurement Framework⁹ for Employability which ensures the data we have available in relation to equalities characteristics and progression is robust to allow for a clearer understanding of who our services are reaching and the outcomes we are supporting the to achieve. We will also undertake evaluation activity¹⁰ in relation to employability, identifying lessons to help improve future service delivery.

To support our understanding of the impact of the Young Person's Guarantee, the Scottish Government published a Measurement and Evaluation Framework¹¹, structured around Key Performance Indicators (KPIs), Interim Measures and Programme data. Each has a specific role to play in learning about the impact of the Guarantee and the framework itself will support our wider understanding via the Shared Measurement Framework for Employability.

Section 12 sets out the evidence and data analysed for this EQIA. Some gaps have been identified for some groups with protected characteristics i.e. disability, sexual orientation, gender reassignment, pregnancy and maternity and religion and belief. Mostly these are data gaps that have been filled by reviewing qualitative evidence, but in some cases, such as for gender reassignment, the qualitative evidence is also limited.

Governance structure

A dedicated Fairer and More Equal Society Programme Board has been established to oversee and provide assurance over delivery within this programme. Its membership includes external expert and delivery partners.

Project-level delivery will be overseen through existing internal governance for Fair Work, the Fair Work Steering Group, and through the established governance structure within Employability which oversees the development and delivery of our services. This structure embodies partnership at each level, with public sector including Local Government, Third Sector and Private sectors all represented.

⁷ [Scotland's National Strategy for Economic Transformation: stakeholder engagement analysis - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scotland-national-strategy-economic-transformation/stakeholder-engagement-analysis/pages/1-to-4.aspx)

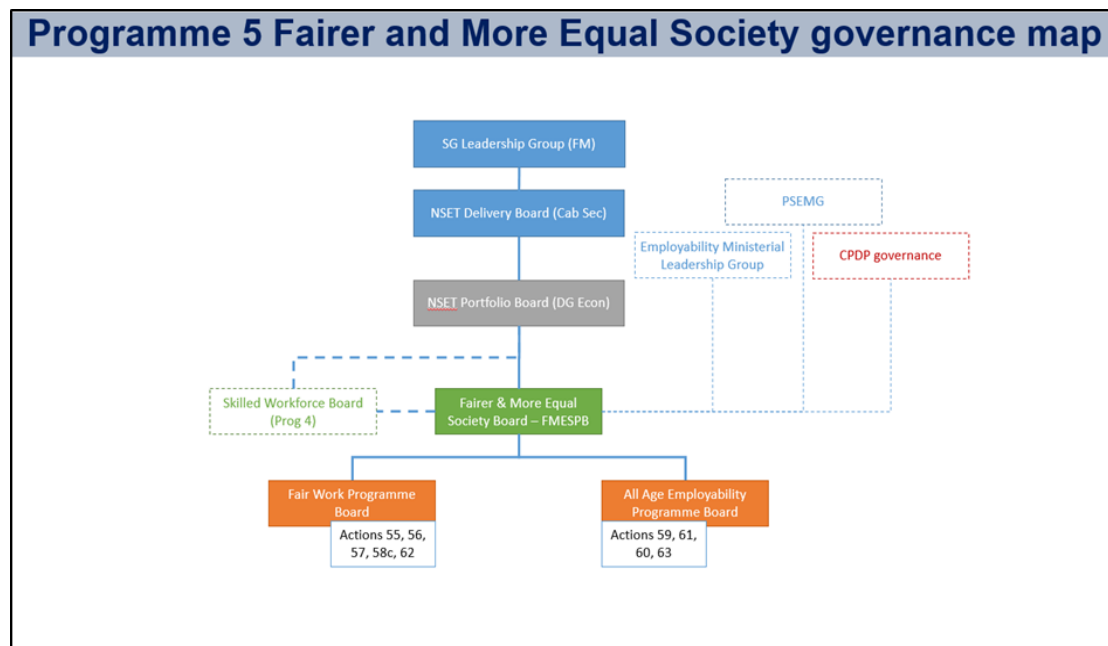
⁸ [Scotland National Strategy for Economic Transformation: evidence paper - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scotland-national-strategy-economic-transformation/evidence-paper/pages/1-to-4.aspx)

⁹ [Employability Shared Measurement Framework published | Employability in Scotland](https://www.gov.scot/publications/employability-shared-measurement-framework/pages/1-to-4.aspx)

¹⁰ [Employability Shared Measurement Framework published | Employability in Scotland](https://www.gov.scot/publications/employability-shared-measurement-framework/pages/1-to-4.aspx)

¹¹ [Young Person's Guarantee: measurement and evaluation framework - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/young-persons-guarantee-measurement-and-evaluation-framework/pages/1-to-4.aspx)

Employability specific actions in Best Start, Bright Futures: Tackling Child Poverty Delivery Plan is monitored through the Child Poverty Programme Board.



Extent/Level of EQIA required

By undertaking EQIAs as part of the process of developing policies under NSET’s Programme 5 the Scottish Government has sought to demonstrate “due regard” to the equality duty of eliminating discrimination, promoting equality of opportunity and fostering good relations.

As we progress with the development of projects under Programme 5 the EQIA will be revised in line with changes made. As the NSET projects continues to evolve, more detailed EQIAs at project level will be developed. These will also be reviewed and revised as policy is developed, implemented and evaluated.

As policy officials continue to develop the details of policies in Programme 5 there is a need for continuous consultation. Some groups where additional input would be particularly useful during the planning and delivery phases include: minority ethnic communities, mothers or people who are pregnant, people from other marginalised genders and people from different religion or belief groups.

Stage 2: Data and evidence gathering, involvement and consultation

Characteristic ¹²	Evidence gathered and Strength/quality of evidence	Source	Data gaps identified and action taken
AGE	<p>Older People (Aged 50+) The evidence tells us that:</p> <ul style="list-style-type: none"> • Scotland has an ageing population. Scotland's population is increasing and older people represent a growing share. People are also working into older ages. • There is considerable geographical variation in the age profile of the population, with lowest variation in the cities and a greater proportion of older people in rural and island areas. This uneven age structure can be attributed to falling birth rates, an increase in life expectancy, and migration. • Older people are among those who have experienced disproportionate health, social and economic impacts as a result of the COVID-19 pandemic. In the year to April 2020-March 2021, the employment rate for people aged 50-64 fell by 2.6 percentage points, the largest decrease of any age group. • During COVID-19, stereotypes about older people in relation to redundancy and caring responsibilities affected employer behaviour. • Despite general increase in internet access at home (42% in 2003; 93% in 2020), digital participation is generally lower among the older population and average internet use decreases with age. • Those aged over 50 face employment barriers in three key areas: communities, access to services and financial security. Ageism, exclusion and lack of willingness to recognise the skills and experience of the older workforce also present employment barriers for this group. • To promote ongoing employment and address employment barriers for older people there is a need for: 	<p>Annual Population Survey, 2021</p> <p>DWP, Economic Labour Market Status of Individuals Aged 50 and Over, Trends Over time: September 2021</p> <p>Scottish Science Advisory Council. Reaction to the UK Government Office for Science Foresight report "Future of an Ageing</p>	<p>No gaps identified.</p>

¹² Refer to Definitions of Protected Characteristics document for information on the characteristics

	<ul style="list-style-type: none"> • access to, and increased awareness of, flexible employment opportunities and reduced working hours; • financial security (including pension-related information); • life changes support and flexible measures addressing issues related to rising retirement age, such as caring responsibilities; and • ongoing training and education opportunities that are (financially) accessible to older people. <p>Young People The evidence tells us:</p> <ul style="list-style-type: none"> • Following the 2008 recession, there was a substantial decrease in the employment rate for people aged 16-24 and the COVID-19 pandemic has also adversely impacted this age group. The employment rate for young people had been gradually increasing since April 2013-March 2014 but decreased significantly between April 2018-March 2019 and April 2020-March 2021. • More recent employment data suggests some recovery. The employment rate of 16-24 year olds increased from 52.9% in April 2020-March 2021 to 56.4% in April 2021-March 2022. • Young people (16-24 year olds) are more likely to be unemployed than older age groups and are vulnerable to long-term employment ‘scarring’. They are more likely to earn less than the real Living Wage, and are more likely to be financially vulnerable and in unmanageable debt. • Young people are more likely to work in sectors hardest-hit by COVID-19 such as retail, leisure and entertainment, and they are less likely to be in contractually secure employment. • With the arrival of the pandemic, young people in Scotland aged 16-24 experienced the largest increase in unemployment rate across all age groups, rising by 3.6 percentage points in the year to April 2020 - March 2021, taking the rate to 12.5%. 	<p>Population". Edinburgh: Scottish Science Advisory Council</p> <p>National Records Scotland, Population Projection for Scottish Areas</p> <p>If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot (www.gov.scot)</p> <p>ONS, Annual Population Survey</p> <p>Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population</p>	
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	<ul style="list-style-type: none"> • More recent data shows that the unemployment rate of 16-24 year olds has fallen over the latest year – to 9.1% in April 2021 – March 2022. • In 2021, the employment rate for young people aged 16-24 was 54.0%, almost 20 percentage points lower than the employment rate for the overall (16-64 years) population in Scotland¹³. This is partly due to greater education participation for this group. • 12.4% of young people aged 16-24 were not in employment, education or training (NEET) during the period from April 2020 to March 2021. Whilst this is an increase of 1.9 percentage points from the previous year, it represents a decrease compared to the peak period following the 2008 recession. • 11.5% of young people aged 16-24 were not in employment, education or training (NEET) in 2021 (Jan-Dec)¹⁴. This represents a decrease of 0.9 percentage points from the previous year (2020), but is 1.3 percentage points higher than 2019. • Whilst historically decreasing across all age groups, from April 2020 to March 2021, the underemployment rate was highest for young people (double the national average). • There has been significant improvement in business start-ups in the younger age groups. Scotland’s Total Early-stage Entrepreneurial Activity (TEA) rate for the 18-29 age group has increased over time to catch-up with rates in England and Wales, standing at 9.5% in the 2019-21 period, broadly in line with England and Wales¹⁵. It remains unclear whether this is caused by young people’s interest in pursuing an entrepreneurial career or by a lack of secure, well-paid employment opportunities. • Care experienced young people and care leavers are more likely to face challenges in the labour market than young people as a whole. They are over three times more likely not to have a job by the age of 26 and earn incomes which are 27% lower on average than their non-care experienced peers. 	<p>Survey 2020/21 - gov.scot (www.gov.scot)</p> <p>Scottish household survey 2019: annual report - gov.scot (www.gov.scot)</p> <p>A Fairer Scotland for Older People: A Framework for Action (www.gov.scot)</p> <p>Annual survey of hours and earnings: 2021 - gov.scot (www.gov.scot)</p> <p>Wealth and assets: analysis 2006 to 2018 - gov.scot (www.gov.scot)</p>	
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¹³ [Supporting documents - Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

¹⁴ [Supporting documents - Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

¹⁵ [NSET Evidence Paper.Global Entrepreneurship Monitor: Scotland Report 2021/2022 \(strath.ac.uk\)](http://strath.ac.uk)

	<p>They are also over one and a half times more likely to experience financial difficulties and are nearly twice as likely to have no internet access at home.</p>	<p>UK Inequality Briefing.pdf (abiadams.com); Sector shutdowns during the coronavirus crisis: which workers are most exposed? - Institute For Fiscal Studies - IFS</p> <p>EMP17: People in employment on zero hours contracts - Office for National Statistics (ons.gov.uk); Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 -</p>	
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		gov.scot (www.gov.scot) NSET Evidence Paper Follow-the- money.pdf (carereview.sc ot) Supporting documents - Scotland's Labour Market: People, Places and Regions – Protected Characteristics . Statistics from the Annual Population Survey 2021 - gov.scot (www.gov.scot)	
DISABILITY	<p>The evidence tells us:</p> <p>Employment</p> <ul style="list-style-type: none"> It is estimated that around one fifth of Scotland's working-age population is disabled. The prevalence of disability increases with age. 	Disabled people in the labour market in Scotland - gov.scot (www.gov.scot)	<p>In Disabled people in the labour market in Scotland - gov.scot (www.gov.scot).</p>

	<ul style="list-style-type: none"> • Disabled people are less likely to be in employment than non-disabled people and earn less on average than non-disabled people. • The employment rate for disabled people was estimated at 49.6% (Jan-Dec 2021), significantly lower than the employment rate for non-disabled people (80.8%). • The disability employment gap in Scotland¹⁶ narrowed in the pre-pandemic period and over the year to Jan-Dec 2021, but remains large at an estimated 31.2 percentage points. • Disabled people are employed across all occupation types and sectors of Scotland's economy, however they are more likely to work in lower paid occupations. • Even pre-pandemic, compared to non-disabled people, disabled people were less likely to have access to fair work. They are also more likely to be underemployed than non-disabled people. • Available data also indicates that the proportion of disabled sole traders is relatively low in Scotland. In 2014, only 9% of SMEs (between 1 and 249 employees) in Scotland had an owner with a disability or long-standing illness, representing a decrease of 2% since 2012. • Employment barriers for people and disabled parents include health needs, caring responsibilities, unaffordable childcare, transport, inaccessible job adverts and application processes, workplace discrimination, lack of flexible working and adequate support and effects on benefits. • To address employment barriers for disabled people and promote ongoing employment for those able to undertake paid work, as well as enabling disabled people to work more hours and take on roles that are better paid or more suited to their skills, there is a need for a greater availability of flexible working and remote working. 	<p>A Fairer Scotland for Older People: A Framework for Action (www.gov.scot)</p> <p>Fairer Scotland for disabled people - employment action plan: progress report - year 2 - gov.scot (www.gov.scot)</p> <p>Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 - gov.scot (www.gov.scot)</p>	<p>Table (16) shows that people with mental health conditions are the most likely to be out of work compared to other long term health conditions. We need to better understand the range of experiences.</p>
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¹⁶ The disability employment gap is the difference between the employment rate of Equality Act disabled people (as defined by the Equality Act 2010) and the employment rate of non-disabled people.

	<p>Disabled parents</p> <ul style="list-style-type: none"> • Disabled parents are less likely to be employed compared to non-disabled parents, with those in employment tending to work fewer hours. Disabled mothers are particularly unlikely to work full-time. • Children in households with a disabled person are more likely to live in poverty, and being in work sometimes does not prevent poverty. <p>Education and training</p> <ul style="list-style-type: none"> • Disabled people are more likely to have no or low qualifications compared to non-disabled people and are less likely than non-disabled people to have qualifications at degree level or above. Even with a degree or higher qualification, disabled people are still less likely to be employed than non-disabled people without one. • Disabled pupils have lower attendance levels at school and are more likely to be excluded. Disabled young people are twice as likely not to be in a positive destination (education, employment or training) six months after leaving school, and three times as likely not to be in a positive destination by the age of 19. <p>COVID-19 impact</p> <ul style="list-style-type: none"> • The COVID-19 pandemic has posed additional barriers on disabled people's employment and exacerbated pre-existing barriers for some, partly due to disabled people being more likely to work in industries hardest hit by the pandemic such as hospitality and distribution. • At UK level, there is evidence to suggest that disabled employees were more likely to be made redundant during the pandemic than non-disabled employees. Disabled employees were also more likely to have experienced a 	<p>Labour market monthly briefing: January 2022 - gov.scot (www.gov.scot)</p> <p>Work-and-Wellbeing-Discussion-Paper-1.pdf (d1ssu070pg2v9i.cloudfront.net); Coronavirus (COVID-19): impact on equality (research) - gov.scot (www.gov.scot)</p> <p>Small Business Survey reports - GOV.UK (www.gov.uk)</p> <p>How flexible hiring could improve business performance and living standards </p>	
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	<p>decrease in hours worked, and were more likely to report being asked to take leave - which includes unpaid leave.</p> <ul style="list-style-type: none"> • Analysis by the Joseph Rowntree Foundation found that around 56% of disabled people in the UK who were employed at the start of 2020 had reported a loss of earnings by the middle of the year (2 percentage points more than non-disabled people). The analysis also found that disabled people were also more likely to report they had zero earnings by mid-year. • Research published by Leonard Cheshire suggests that the economic impacts of the pandemic are expected to continue to have an adverse effect on access to employment and financial security of disabled people. 	<p>JRF; <u>If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot (www.gov.scot)</u></p> <p>Tackling Child Poverty Delivery Plan: Third Year Progress Report (2020-21): Annex B: Child Poverty in Families with a Disabled Adult or Child (www.gov.scot)</p> <p>not-now-social-renewal-advisory-board-report.pdf (scotland.gov.uk); <u>Economic Impact of Coronavirus Led Labour Market Effects on Individuals</u></p>	
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		<p>and Households; Tackling child poverty: third year progress report 2020-2021 - gov.scot (www.gov.scot)</p> <p>Summary Statistics for Attainment and Initial Leaver Destinations, No. 3: 2021 Edition - gov.scot (www.gov.scot); If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot (www.gov.scot)</p> <p>Locked out of the labour market (leonardcheshire.org); An unequal crisis - Citizens Advice;</p>	
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		<u>Equality Advisory and Support Service (equalityadvisoryservice.com);</u> <u>Poverty and Covid-19 - Social Metrics Commission;</u> <u>The COVID Decade: understanding the long-term societal impacts of COVID-19 The British Academy;</u> <u>Disabled mothers three times more likely to have lost work during the pandemic - Womens Budget Group (wbg.org.uk);</u> <u>Poverty in Scotland 2020 JRF; Fairer Scotland for disabled</u>	
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		<p>people - employment action plan: progress report - year 2 - gov.scot (www.gov.scot) ; Which jobs are most likely to have seen a drop in pay during the pandemic? - Office for National Statistics (ons.gov.uk); Disability+Infographic+16-64+Final+Version+-+PDF.pdf (www.gov.scot)</p> <p>Covid+and+Inequalities+Final+Report+For+Publication+-+PDF.pdf (scotland.gov.uk)</p> <p>Coronavirus and redundancies</p>	
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		<p>in the UK labour market - Office for National Statistics (ons.gov.uk)</p> <p>Coronavirus and the social impacts on disabled people in Great Britain: September 2020 (ons.gov.uk)</p> <p>UK Poverty 2020/21 JRF</p> <p>Locked out of the labour market (leonardcheshire.org)</p>	
SEX	<p>The evidence tells us:</p> <ul style="list-style-type: none"> • Whilst substantial progress has been made over the past 20 years in Scotland in reducing both the employment rate gap and pay gap between men and women, outcomes for women still lag behind men. • Women experience a range of barriers in the labour market that lead them to 	<p>Covid+and+Inequalities+Final+Report+For+Publication+-+PDF.pdf (www.gov.scot)</p>	No gaps identified.

	<p>be paid less on average than men, drive aspects of the gender pay gap and contribute to the existence of poverty. These relate to the type of job they are more likely to do (job selection), how much these jobs pay (job valuation) and whether they can move into higher-paid jobs (job progression). Age also presents a barrier to women's employment – for example, women transitioning through the menopause while in work can require additional support.</p> <ul style="list-style-type: none"> • Women (and particularly minority ethnic women)¹⁷ are more likely to be in insecure work¹⁸ and are overrepresented in sectors referred to as 5 C's of cashiering (retail), care, catering, cleaning and clerical. These sectors have historically low pay, low progression and low status but can often provide more flexibility to allow women to undertake unpaid caring responsibilities. • While the gender gaps in participation in the paid labour market has narrowed over time, women are still less likely to participate, and when they do participate, it is more likely to be on a part-time basis and at lower management levels. The reasons for this include, but are not limited to, education (and expectations of traditionally male and female subjects), limited career options, and availability of suitable jobs with part-time and flexible working only available in certain occupations or sectors. • Women tend to do jobs that are low-paid compared to those jobs undertaken by men. Gender segregation exists in many sectors in Scotland, and the undervaluation of 'women's work' such as care, cleaning and retail is a key cause of women's low pay. Women also tend to be less likely than men to reach senior positions due to factors such as childcare responsibilities and unequal division of resources and work at home. • Disabled women, minority ethnic women, and lone parents (the vast majority of whom are young women), are at an even higher risk of poverty, disruption to employment chances and good labour market outcomes. The Analytical 	<p>Gender Pay Gap Action Plan: Analytical Annex (www.gov.scot) ; A fairer Scotland for women: gender pay gap action plan - gov.scot (www.gov.scot)</p> <p>Gender Pay Gap Action Plan: Analytical Annex (www.gov.scot)</p> <p>A Fairer Scotland for Older People: framework for action - gov.scot (www.gov.scot)</p> <p>If not now, when? - Social Renewal Advisory Board</p>	
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¹⁷ [If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

¹⁸ [If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot \(www.gov.scot\)](http://www.gov.scot); [Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 - gov.scot \(www.gov.scot\)](http://www.gov.scot); [NSET Evidence Paper.](http://www.gov.scot)

	<p>Annex to the 'Gender Pay Gap Action Plan' and the 'Gender Pay Action Plan' published by the Scottish Government sets out the drivers for gender disparities in the labour market in more detail.</p> <ul style="list-style-type: none"> • The Gender Pay Gap for full-time employees in Scotland has decreased significantly from over 18% in 2000 to 3.6% in 2021, however earnings from employment between men and women continue to vary with women earning less on average than men. • Between April 2011-March 2012 and April 2014-March 2015, the employment rate had increased at a faster rate for women compared with men in Scotland. However, since then, the rate of change had been similar for women and men up until April 2019-March 2020, after which both have decreased during the pandemic. In April 2020-March 2021, the employment rate for women was estimated at 70.5% (down from 71.4% in the previous year) and for men 75.2% (down from 77.7% in the previous year). • More recent data (April 2021 – March 2022) shows increases in employment rates, with the employment rate for women 71.3% and for men 76.4%. • Despite an increasing share of self-employment, women are still less likely to be self-employed than men. In 2020, only 17% of SMEs in Scotland with employees and 20% of sole traders were women-led. In terms of start-ups, as measured by the TEA rate, female entrepreneurship in Scotland has risen over time but remains lower than that amongst males, at 7.8% for women and 11.4% for men in 2021 . Women that are in self-employment earn much less through self-employment resulting in a large self-employment gender pay gap. Women tend to be self-employed in low-income sectors, reinforcing occupational segregation seen in the labour market. Lastly, women who are self-employed are less likely to have a private pension than men who are self-employed, resulting in lower incomes in later life. • As a result of COVID-19, women are expected to face larger long-term negative labour market outcomes due to their over-representation in part-time and insecure work. Women were around three times more likely to work in a sector shut down during the pandemic than men, with single mothers 	<p>report: January 2021 - gov.scot (www.gov.scot)</p> <p>Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 - gov.scot (www.gov.scot)</p> <p>NSET Evidence Paper</p> <p>Tackling child poverty delivery plan 2018-2022: annex 3 - gov.scot (www.gov.scot)</p> <p>A fairer Scotland for women: gender pay gap action plan</p>	
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	<p>with low qualifications being particularly overrepresented in these sectors. The pandemic has emphasised the need to address the issue of women's low incomes from social security and employment.</p> <ul style="list-style-type: none"> Over the course of the pandemic, women's unpaid housework, childcare, and unpaid care increased. Women may also find it more difficult to secure alternative employment and income streams following lay-off. 	<p>- gov.scot (www.gov.scot)</p> <p>Annual survey of hours and earnings: 2021 - gov.scot (www.gov.scot)</p> <p>NSET Evidence Paper</p> <p>Coronavirus (COVID-19): impact on equality (research) - gov.scot (www.gov.scot)</p> <p>Women-and-self-employment.pdf (wbg.org.uk)</p>	
<p>PREGNANCY AND MATERNITY</p>	<p>The evidence tells us:</p> <ul style="list-style-type: none"> The relationship between lack of material resources and poor health, including during pregnancy, is well established, and the birth of a new baby can result in those close to the poverty line falling below it. Pregnancy brings a period of sudden increased financial pressure and sustained money worries 	<p>Project Title (gcph.co.uk)</p> <p>Every Child, Every Chance: The Tackling Child Poverty Delivery Plan</p>	<p>There are no statistics for employment outcomes or poverty for pregnant woman. Qualitative evidence has</p>

	<p>have been reported following a birth of a baby, increasing a risk of child poverty.</p> <ul style="list-style-type: none"> • Households with children aged 0-4 are at high risk of poverty. The risk, however, is much higher when the youngest child is aged less than one year old. Families with a new child are more likely to enter poverty. • Motherhood has a significant impact on the number of hours that some mothers can work which then affects their pay and income relative to non-mothers and men. Mothers suffer a big long-term pay penalty from part-time working, on average earning about 30% less per hour than similarly educated fathers. Some of this wage gap can be attributed to mothers being more likely to work part-time, or taking time out of the labour market altogether. • Young mothers tend to have lower educational levels compared to older mothers when their first child is born, which impacts on subsequent career prospects. They are less likely to be in work when their first child is 10 months old, with education being found to be a key predictor of later employment. When in work, they are more likely to earn a low income and more likely to receive social security entitlements. • Even before the pandemic, lone parents, the majority of whom are women, were more likely to be in unmanageable debt and/or financially vulnerable and more likely to live in deprived areas. • Single mothers with low qualifications are particularly concentrated in sectors most impacted by the pandemic. Households with only one earner are more vulnerable to the impacts of earnings reductions or job losses and lone parents may be less likely to have someone to share childcare with, making participation in paid work challenging. • Compared with fathers, mothers spend less time in paid work and more time on household responsibilities, and the differences in work patterns between mothers and fathers have grown since before the pandemic. • Since the start of the pandemic, mothers are more likely than fathers to have left or lost their job, or to have been furloughed, and spent on average two hours longer per day caring for children during lockdown compared to 	<p>2018-22: Annex 3 – Equality Impact Assessment (www.gov.scot)</p> <p>Tackling child poverty delivery plan 2018-2022: annex 3 - gov.scot (www.gov.scot)</p> <p>Microsoft Word - The Motherhood Pay Penalty key findings in new template RS SH SB.docx (tuc.org.uk)</p> <p>Mothers suffer big long-term pay penalty from part-time working - Institute For Fiscal Studies - IFS</p>	<p>been considered instead.</p>
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	<p>fathers.</p> <ul style="list-style-type: none"> • In 2018 the EHRC asked YouGov to conduct a survey to understand managers' attitudes around pregnancy and maternity discrimination. It was found that: <ul style="list-style-type: none"> ○ A third (36%) of private sector employers agree that it is reasonable to ask women about their plans to have children in the future during recruitment. ○ Six in 10 employers (59%) agree that a woman should have to disclose whether she is pregnant during the recruitment process. ○ Almost half (46%) of employers agree it is reasonable to ask women if they have young children during the recruitment process. ○ 44% of employers agree that women should work for an organisation for at least a year before deciding to have children. ○ 40% of employers claim to have seen at least one pregnant woman in their workplace 'take advantage' of their pregnancy. ○ A third believe that women who become pregnant and new mothers in work are 'generally less interested in career progression' when compared to other employees in their company. ○ Four in 10 (41%) employers agreed that pregnancy in the workplace puts 'an unnecessary cost burden' on the workplace. ○ Half (51%) of employers agree that there is sometimes resentment amongst employees towards women who are pregnant or on maternity leave. ○ Around a third (36%) of employers disagree that it is easy to protect expectant or new mothers from discrimination in the workplace. • The EHRC (2016) note that young mothers are significantly more likely to experience pregnancy and maternity discrimination, with six times as many under 25 year olds than average reporting being dismissed from their jobs after they tell their employer they are pregnant. 	<p>wcms_371804.pdf (europa.eu).</p> <p>BN223.pdf (ifs.org.uk)</p> <p>Every Child, Every Chance: The Tackling Child Poverty Delivery Plan 2018-22: Annex 3 – Equality Impact Assessment (www.gov.scot)</p> <p>Covid+and+Inequalities+Final+Report+For+Publication+-+PDF.pdf (scotland.gov.uk)</p> <p>Scottish household survey 2018: annual report - gov.scot (www.gov.scot)</p>	
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		<p><u>not-now-social-renewal-advisory-board-report(1).pdf</u> <u>(scotland.gov.uk)</u></p> <p><u>Coronavirus(COVID-19): impact on equality (research) - gov.scot</u> <u>(www.gov.scot)</u></p> <p><u>Microsoft Word - BN290-Mothers-and-fathers-balancing-work-and-life-under-lockdown.docx</u> <u>(ifs.org.uk)</u></p> <p><u>Women doing more childcare under lockdown but men more likely to feel their jobs are</u></p>	
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		suffering (kcl.ac.uk) Pregnancy and maternity discrimination research findings Equality and Human Rights Commission (equalityhumanrights.com) EHRC (2016) #PowertotheBump unites young mothers in fight against pregnancy and maternity discrimination at work	
GENDER REASSIGNMENT	<p>The evidence tells us:</p> <ul style="list-style-type: none"> • Trans people face a range of disadvantages and vulnerabilities in their everyday life and in employment. • The lives of many trans people at work remain difficult, and they face discrimination, bullying and harassment at every stage of employment, including during recruitment processes. • Some trans people find getting into work difficult or challenging, with 	Stonewall LGBT in Britain - Trans Report (2017) (stonewallscotland.org.uk) Trans People and Work in	<p>No labour market or poverty statistics are available for this group.</p> <p>Qualitative evidence has been considered</p>

	<p>prejudice and stereotyping having negative impacts on their employment prospects.</p> <ul style="list-style-type: none"> • More than half of trans people (51%) have deliberately hidden or disguised their identity at work for fear of discrimination and one in eight trans employees (12%) has been physically attacked by a colleague or customer in the last 12 months. • LGBT+ employees experience more job dissatisfaction and less psychological safety and are more likely to report that work has a negative impact on their (mental) health. Trans people are less likely to have had a paid job in the last 12 months (65% of trans women and 57% of trans men had one). • Trans and non-binary workers are particularly under-represented in the workforce overall. • Barriers and challenges to the inclusion of trans and intersex employees include lack of knowledge by employers and fellow employees, insufficient line manager confidence, stigma, practical considerations (e.g. toilet facilities, uniforms), lack of support and flexible policies. Barriers to accessing employment include fear of prejudice, application forms excluding non-binary identities, difficulties obtaining references and proof of qualification matching gender and new name, lack of awareness and transphobia from interview panels and feeling unable to be open about trans identity when applying for jobs. • Trans students experience harassment and discrimination at HE institutions and for some this has a significant negative impact on their studies, future plans and skills. 	<p>Scotland (lgbthealth.org.uk)</p> <p>Inclusion at work: Perspectives on LGBT+ working lives (cipd.co.uk)</p> <p>National LGBT Survey: Summary report - GOV.UK (www.gov.uk); Stonewall LGBT in Britain - Trans Report (2017) (stonewallscotland.org.uk)</p> <p>trans_mh_study.pdf (scottishtrans.org)</p> <p>Trans-People-and-Work-Executive-Summary-LGBT-Health-</p>	<p>instead but is limited.</p>
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		<p>Aug-2021-FINAL.pdf (lgbthealth.org.uk).</p> <p>Inclusion at work: executive summary (cipd.co.uk)</p> <p>National LGBT Survey: Summary report - GOV.UK (www.gov.uk)</p> <p>(PDF) Listen carefully: transgender voices in the workplace (researchgate.net)</p> <p>Supporting trans employees in the workplace Acas; Trans People and Work in Scotland</p>	
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		lgbthealth.org.uk	
SEXUAL ORIENTATION	<p>The evidence tells us:</p> <ul style="list-style-type: none"> • Whilst attitudes towards lesbian, gay and bisexual people have become more positive over the past decade in Scotland, they continue to face a range of inequalities and disadvantage across a number of areas and settings including employment, healthcare and education. • Compared to heterosexual adults, lesbian, gay, bisexual or other adults were more likely to be younger, live in deprived areas, report bad general health, be unemployed and have a degree. • Despite studies showing equal or better pay for LGB people, they continue to experience discrimination, harassment and abuse in the workplace and in education. LGB employees are more than twice as likely to experience bullying at work than heterosexual employees, but many do not report this. • Four in ten LGB+ employees have experienced a form of workplace conflict in the past year, a rate significantly higher than for heterosexual workers. When conflicts, such as undermining, humiliation, shouting or verbal abuse occurred, the issue had only been partially resolved or not resolved at all. • LGB+ employees report poorer working relationships and job satisfaction compared to their heterosexual colleagues, a lack of psychological safety, and they were more likely to report that work has a negative impact on their health. More subtle discrimination, such as derogatory jokes, misgendering and stereotyping also occur. • SSCQ data shows that, in 2019, people who identified as 'LGB and other' were three times as likely to be unemployed compared to those who identified as 'heterosexual' (6.7% vs 2.2%). It is important to note that a higher proportion of those identifying as 'LGB and other' were in the 16-24 age group which is also the age groups where unemployment is higher. • At the same time, people who identified as 'LGB and other' were more likely to be in employment than those who identified as heterosexual (63.5% vs 	<p>Sexual orientation in Scotland 2017: summary of evidence base - gov.scot (www.gov.scot)</p> <p>Inclusion at work: Perspectives on LGBT+ working lives (cipd.co.uk)</p> <p>Lesbian, Gay and Bisexual employees' experience of discrimination, bullying and harassment at work - ReShare (ukdataservice.ac.uk)</p> <p>Inclusion at work: Perspectives on LGBT+</p>	<p>No poverty statistics or official labour market statistics are available for LGB people. However, data from SSCQ can be used to inform our understanding of labour market outcomes. We have also used other evidence sources, including qualitative evidence, to develop our evidence base.</p>

	<p>58.0%).</p> <ul style="list-style-type: none"> Stonewall's LGBT in Scotland Work report (2018) found that 14% of LGB people have been the target of negative comments or conduct from work colleagues in the last year because they are LGBT and 11% of LGB employees wouldn't feel confident reporting homophobic bullying to their employer. The report also found that 6% of LGB people did not get a promotion at work in the past year because they are LGB. 	<p>working lives (cipd.co.uk)</p> <p>LGBT workplace discrimination: Learning from lived experiences McKinsey</p> <p>Scottish Surveys Core Questions 2019 - gov.scot (www.gov.scot)</p> <p>LGBT in Scotland Work Report (2018)</p>	
RACE	<p>The evidence tells us:</p> <ul style="list-style-type: none"> Compared with the UK as a whole, Scotland's population is less ethnically diverse and its minority ethnic population is less likely to be born in the UK. Compared with the white population, minority ethnic groups are more likely to work in accommodation and food services, be more likely to earn low income and less likely to have savings. Poverty rates for people in minority ethnic households are higher than for the general population in Scotland and minority ethnic people are more likely to be in relative poverty after housing costs. Minority ethnic families are also most at risk of child poverty (38% of children in minority ethnic families were in relative poverty in 2017-20 compared to 24% of all children in Scotland) 	<p>Annual Population Survey, ONS</p> <p>Scotland's Labour Market: People, Places and Regions – background tables and charts - gov.scot (www.gov.scot)</p>	<p>No gaps identified.</p>

	<p>and families from some minority ethnic groups are more likely to have three or more children, putting them at higher risk of child poverty.</p> <ul style="list-style-type: none"> • Some minority ethnic households are also more likely to live in the most deprived areas in Scotland compared to white Scottish/British households. • People with multiple protected characteristics (e.g. someone from a minority ethnic group who also has a disability) can face heightened barriers to employment. For example, 2019 data shows that a non-disabled white person is more than twice as likely to be in employment than a person with a disability from a minority ethnic group. • While the UK's minority ethnic employment gap has been narrowing consistently over time, there is less evidence of that same progress in Scotland. However, this may also be partly due to small survey samples in Scotland leading to greater data volatility in Scotland than in the UK. • The employment rate for people from minority ethnic groups in Scotland is consistently lower than the employment rate for white people¹⁹. The employment rate for the minority ethnic²⁰ population aged 16 to 64 was estimated at 62.1% in 2021 (Jan-Dec)²¹, significantly lower than the rate for the white population (73.9%) – an employment rate gap of 11.7 percentage points. • The minority ethnic employment gap is much larger for women than men. In Scotland, the minority ethnic employment gap was estimated at approximately 23.1 percentage points for women and at -1.5 percentage points for men (Jan-Dec 2021) . A negative ethnicity employment rate gap is where the rate for the minority ethnic population is higher than the rate for the white population. The much larger gap for women than men may be partly attributed to cultural factors for particular ethnic groups. • Analysis by ethnicity shows a TEA rate of 15.5% amongst Scotland's non-white population, which is higher than for the general population at 9.2% in 	<p>If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot (www.gov.scot)</p> <p>Poverty and Income Inequality in Scotland 2017-20 (data.gov.scot)</p> <p>Housing needs of minority ethnic groups: Evidence review</p> <p>Fairer Scotland for disabled people - employment action plan: progress report - year 2 - gov.scot (www.gov.scot)</p>	
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¹⁹ 'White' includes 'White Polish' and 'White Gypsy' who also experience disadvantage.

²⁰ 'Minority ethnic' includes all categories outside the white population.

²¹ [Scotland's Labour Market: People, Places and Regions – Protected Characteristics: Statistics from the Annual Population Survey 2021 \(www.gov.scot\)](#)

	<p>2021. For some, however, entrepreneurial activity may be partly undertaken as a result of discrimination in the labour market.</p> <ul style="list-style-type: none"> • Minority ethnic workers are more likely to work in some of the sectors most impacted by the pandemic and may be at greater risk of the 'scarring' effects of unemployment. Over a fifth of UK minority ethnic workers who were furloughed during the first lockdown in 2020 were no longer working by September 2020, more than double the overall rate. • The employment of minority ethnic people was disproportionately impacted by previous economic recessions, with profound implications for living standards and overall income and wealth equality. 	<p>Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 - gov.scot (www.gov.scot)</p> <p>Coronavirus (COVID-19): impact on equality (research) - gov.scot (www.gov.scot)</p>	
<p>RELIGION OR BELIEF</p>	<p>The evidence tells us:</p> <ul style="list-style-type: none"> • Relatively limited evidence is available for this group. • In 2015-20, relative poverty rates were considerably higher for Muslim adults (52%) compared to adults overall (18%). • There is variation in employment rates by religion. Since 2004, the employment rate of Muslims in Scotland has been consistently lower than the employment rate for the population at large (58.1% vs 73.4% in 2020). • In 2020, the employment rate estimate for Muslim's was 58.1% compared to rates of 72.5% for Christian's and 74.8% for those with no religion. Estimates are also available for other religions i.e. Hindu's, Buddhist's and Sikh's, however there is a higher degree of volatility in these estimates, and less 	<p>Poverty and Income Inequality in Scotland 2017-20 (data.gov.scot)</p> <p>Scotland's Labour Market: People, Places and Regions – background tables and figures</p>	<p>No unemployment statistics by religion. Limited coverage of all religions in the available labour market and poverty statistics</p>

	<p>discernible trends, given sample sizes.</p> <ul style="list-style-type: none"> • Muslim adults are far more likely to be in poverty than adults from other religions. Estimates for 2015-20 show that 52% of Muslim adults are in relative poverty compared to 18% of adults overall. 	<p>charts - gov.scot (www.gov.scot)</p>	
<p>MARRIAGE AND CIVIL PARTNERSHIP²²</p>	<p>The evidence tells us:</p> <ul style="list-style-type: none"> • Relevant evidence available for this group is relatively limited, however the available evidence demonstrates links between poverty and income inequality in Scotland based on marital status. • Relative poverty rates are highest for single, divorced and separated adults, and lowest for married adults. In 2017-20, the relative poverty rate after housing costs was highest for single adults (27%) and divorced (or separated) adults (27%). Married adults were the least likely to be in poverty (13%), and widowed and cohabiting adults were in the middle (19% and 19%). • Poverty rates among widowed and divorced/separated adults largely decreased over the long term, whereas the trend for singles, cohabiting and married adults was broadly flat over time. • There are clear gender impacts associated with housing wealth following divorce and household dissolution. Divorced men are more likely to re-enter home ownership and less likely to suffer prolonged financial hardship in the long term than women. In the event of separation or the loss of a partner, women can be especially vulnerable to entering poverty. • Lone parents, the majority of whom are women, are more likely to be in poverty (38% of children in lone parent families were in relative poverty in 2017-20 vs 24% of all children). In addition, 40% of children in lone parent households in relative poverty also have a disabled person at home – amplifying barriers to overcome poverty. Lone parents also struggle to 	<p>Poverty and Income Inequality in Scotland 2017-20 (data.gov.scot)</p> <p>Poverty and Income Inequality in Scotland 2016-19 - gov.scot (www.gov.scot)</p> <p>Scottish household survey 2018: annual report - gov.scot (www.gov.scot)</p> <p>Tackling child poverty priority families overview -</p>	<p>No gaps identified.</p>

²² The Scottish Government does not require assessment against this protected characteristic unless the policy or practice relates to work, for example HR policies and practices - refer to Definitions of Protected Characteristics document for details

	receive the Child Maintenance that they are entitled to from the non-resident parent.	gov.scot (www.gov.scot) Coronavirus (COVID-19): impact on equality (research) - gov.scot (www.gov.scot)	
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Stage 3: Assessing the impacts and identifying opportunities to promote equality

Do you think that the policy impacts on people because of their age?

Age	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination, harassment and victimisation	x			NSET, Programme 5 projects ('NSET projects' from now on) do not discriminate based on age. Support will be available to those who meet the eligibility criteria. The funding will contribute to tackling this challenge by engaging all, including young people with opportunities suited to individuals' needs, within the local area.
Advancing equality of opportunity	x			All those who meet the eligibility criteria will be able to participate in NSET projects. However, the policy intent of all projects has a specific focus on actively advancing equality of opportunity and removing barriers to obtaining sustainable employment given young people face worse outcomes in the labour market and older workers (50+) make up a larger share of long-term unemployment.
Promoting good relations among and between different age groups	x			NSET projects will support people of all ages into work, education and training, helping to integrate people with colleagues of different ages. Furthermore, the Scottish Approach to Service Design, will support positive and ongoing engagement with service users.

Do you think that the policy impacts disabled people?

Disability	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination, harassment and victimisation	x			We acknowledge that there are inequalities and issues facing disabled people, including young disabled people, when entering employment that the 'A Fairer Scotland for Disabled People: employment action plan' considers. Supporting disabled people into places of work could help promote the value of employing disabled persons, contributing to the elimination of discrimination/harassment/victimisation. We will continue to work with delivery partners to better promote and

				communicate available employability support through their activity targeting those with protected equality characteristics, including disabled people.
Advancing equality of opportunity	x			Evidence shows that disabled people have worse outcomes in the labour market than non-disabled people. By supporting disabled people into work, the policy could contribute to the narrowing of the disability employment gap and disability pay gap.
Promoting good relations among and between disabled and non-disabled people	x			Increasing numbers of disabled people in the workforce should have a positive effect on the collective understanding of the challenges some disabled people face, as well as demonstrate what they have to contribute to the workplace. Increasing the number of disabled parents who are successful in progressing in work could promote better relations within the work environment.

Do you think that the policy impacts on men and women in different ways?

Sex	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination	x			Evidence shows that women are more likely to take on the caring responsibilities of children/family and as such are more likely than men to face any discrimination associated with this. It is also women who have to physically experience the pregnancy and the related maternity absence. In some cases this comes with unlawful treatment at work or discriminatory practice when trying to obtain work.
Advancing equality of opportunity	x			NSET projects will support both males and females into employment and could help contribute to the narrowing of the gender employment gap.
Promoting good relations between men and women	x			NSET projects have the potential to promote good relations between men and women given it will not encourage gender specific roles.

				Increasing the number of parents (especially mothers) in the workforce could promote better relations within the work environment.
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Do you think that the policy impacts on women because of pregnancy and maternity?

Pregnancy and Maternity	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination	x			Mothers, who are also likely to be of child-bearing age and therefore could become pregnant again, will be targeted by the programme. There is evidence that pregnant women are often discriminated against and can experience a loss in pay or status as a result of being pregnant. Supporting mothers into places of work could therefore help promote the value of employing individuals from these groups and contribute to the elimination of any discrimination/harassment/victimisation.
Advancing equality of opportunity	x			There is evidence which shows that mothers/pregnant women face barriers and challenges in work. Supporting individuals from this group could therefore help to reduce this inequality faced.
Promoting good relations	x			Through projects we will provide support to help integrate young mothers into a work setting promoting the value individuals from this group can bring in a work environment.

Do you think your policy impacts on transsexual people?

Gender reassignment	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination			x	NSET projects do not discriminate based on gender reassignment. All referrals for support will be those who meet the eligibility criteria.
Advancing equality of opportunity			x	NSET projects do not discriminate based on gender reassignment. All referrals for support will be those who meet the eligibility criteria.

Promoting good relations			x	NSET projects do not discriminate based on gender reassignment. All referrals for support will be those who meet the eligibility criteria.
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Do you think that the policy impacts on people because of their sexual orientation?

Sexual orientation	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination			x	NSET projects do not discriminate based on sexual orientation. All referrals to the programmes will be clients who meet the eligible criteria.
Advancing equality of opportunity			x	NSET projects do not discriminate based on sexual orientation. All referrals to the programmes will be clients who meet the eligible criteria.
Promoting good relations			x	NSET projects not discriminate based on sexual orientation but individuals of a particular sexual orientation are not a target group for the service.

Do you think the policy impacts on people on the grounds of their race?

Race	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination			x	NSET projects do not discriminate based on race. All referrals to the programmes will be clients who meet the eligible criteria.
Advancing equality of opportunity	x			As the minority ethnic population are overrepresented in terms of unemployment and long-term unemployment, the policy could help to reduce this disparity in outcomes. It is requirement of the Single Grant Offer letter for 2022/23 for Local Employability Partnerships to demonstrate how the investment is promoting Fair Work First. Service delivery partners are expected to apply their equality policies to eliminate any barriers users may encounter in accessing to support and services.

Promoting good race relations	x			NSET projects should support those from minority ethnic groups into places of work, helping to promote diverse workforces.
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Do you think the policy impacts on people because of their religion or belief?

Religion or belief	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination			x	NSET projects do not discriminate based on religion. All referrals to the programmes will be those who meet the eligibility criteria.
Advancing equality of opportunity	x			<p>Evidence shows that there is disparity in employment rates by religion with some religious groups facing inequality in the labour market. If the policy is successful in reaching these disadvantaged groups it could advance equality of opportunity.</p> <p>Service delivery partners are expected to apply their equality policies to eliminate any barriers users may encounter in accessing to support and services.</p> <p>Delivery partners will also be encouraged to undertake their own Equality Impact Assessments to identify gaps and opportunities to further advance equity and equality across the employability landscape.</p>
Promoting good relations	x			Given the disparity in labour market outcomes described above, the policy could support those from diverse religious groups into places of work, helping to promote diverse workforces.

Do you think the policy impacts on people because of their marriage or civil partnership?

Marriage and Civil Partnership²³	Positive	Negative	None	Reasons for your decision
Eliminating unlawful discrimination			x	NSET projects do not discriminate based on marriage or civil partnership. All referrals for support will be those who meet the eligibility criteria.

²³ In respect of this protected characteristic, a body subject to the Public Sector Equality Duty (which includes Scottish Government) only needs to comply with the first need of the duty (to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010) and only in relation to work. This is because the parts of the Act covering services and public functions, premises, education etc. do not apply to that protected characteristic. Equality impact assessment within the Scottish Government does not require assessment against the protected characteristic of Marriage and Civil Partnership unless the policy or practice relates to work, for example HR policies and practices.

Stage 4: Decision making and monitoring

Identifying and establishing any required mitigating action

Have positive or negative impacts been identified for any of the equality groups?	Projects under Programme 5 could have positive impacts for many including to the protected characteristics. Only positive or neutral impacts have been identified.
Is the policy directly or indirectly discriminatory under the Equality Act 2010²⁴?	All projects within Programme 5 have been deemed non-discriminatory with impacts being seen as largely neutral or positive.
If the policy is indirectly discriminatory, how is it justified under the relevant legislation?	N/A
If not justified, what mitigating action will be undertaken?	N/A

Describing how Equality Impact analysis has shaped the policy making process

The equality impact analysis has shaped and informed the Scottish Government's policy development by:

- Adapting the EQIAs on an ongoing basis, which has allowed colleagues to structure and develop the policy intent for the development/implementation and continuous improvement of projects under Programme 5;
- Providing a baseline on the negative impact benefit sanctions can have on vulnerable people in society allowing Scottish Ministers to agree that all customers participating in Scotland's employability service should do so on a voluntary basis;
- Presenting a significant opportunity to design and deliver effective and targeted employment support in Scotland that better meets the needs of unemployed people, those of the employing community, and services that reflect national and local labour markets, building on existing service delivery in Scotland; and
- Providing an opportunity to better align not just mainstream employability support in Scotland, but also disability employment services with other Scottish Government and public sector support for unemployed Scots, such

²⁴ See EQIA – Setting the Scene for further information on the legislation.

as Welfare, Health and Social Care, creating the opportunity to deliver more effective, targeted and joined up public services and seek broader progress and potential shared outcomes (and investment) in devolved services.

Recommended actions:

- Engage with a variety of individuals, with a focus on those with protected characteristics, during the design stages including deciding how to allocate funding based on local need.
- Target eligibility criteria for funding to support those the greatest barriers to employment to enable them to obtain, sustain and progress in employment.
- Ensure that all communications are accessible (including use of British Sign Language).
- Engage with Scottish Government colleagues to ensure activity aligns with the refreshed Fair Work Action plan and forthcoming actions (including disability employment, gender pay gap, and new ethnicity pay gap strategy) and The Promise delivery plan.
- Support employers to adopt and embed fair and inclusive workplace practices.
- Continue to support the adoption of the Fair Work Framework to address gender inequality across all dimensions of work – opportunity, security, fulfilment (including skills acquisition and deployment), respect and voice.
- Help to support delivery partners' knowledge and skills around intersectional gender analysis and gender sensitive service development.
- Support employers to provide flexible working, which is particularly crucial for young people with caring responsibilities (which is more prevalent for women).
- Local employability partnership support should be person-centred and consider the issues faced by all equalities groups, including women, people of colour, lone parents, LGBTQI+ in the labour market with support tailored to meet the individual needs.
- Provide particular support for young pregnant women and mothers at a local partnership level.
- Support employers to in turn support their employees, with opportunities to make use of resources from expert organisations including those representing disabled people, women, people of colour, lone parent families, care experienced and LGBTQI+.

Monitoring and Review

It is anticipated that NSET projects will develop in an iterative manner year on year, in response to learning and experience and the delivery of key performance indicators including the compliance of the minimum service standards.

Stage 5: Authorisation of EQIA

Please confirm that:

- ◆ This Equality Impact Assessment has informed the development of this policy:

Yes No

- ◆ Opportunities to promote equality in respect of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation have been considered, i.e.:
 - Eliminating unlawful discrimination, harassment, victimisation;
 - Removing or minimising any barriers and/or disadvantages;
 - Taking steps which assist with promoting equality and meeting people's different needs;
 - Encouraging participation (e.g. in public life)
 - Fostering good relations, tackling prejudice and promoting understanding.

Yes No

- ◆ If the Marriage and Civil Partnership protected characteristic applies to this policy, the Equality Impact Assessment has also assessed against the duty to eliminate unlawful discrimination, harassment and victimisation in respect of this protected characteristic:

Yes No Not applicable

Declaration

I am satisfied with the equality impact assessment that has been undertaken for the Scotland's National Strategy for Economic Transformation - Programme 5: A Fairer and More Equal Society and give my authorisation for the results of this assessment to be published on the Scottish Government's website.

Name: Helena Gray

Position: Interim Director Fair Work, Employability and Skills

Authorisation date: 17 October 2022

EQUALITY IMPACT ASSESSMENT – RESULTS

<p>Title of Policy</p>	<p>Scotland’s National Strategy for Economic Transformation (NSET) – Programme 5: A Fairer and More Equal Society</p>
<p>Summary of aims and desired outcomes of policy</p>	<p>The Scottish Government aims to support the delivery of a fairer Scotland through addressing existing social and economic inequalities and preventing those who are most vulnerable from being further disadvantaged by facilitating and funding effective transitions into the labour market.</p> <p>Scotland’s Labour Market plays a vital role in helping to create a wellbeing economy that thrives across economic, social and environmental dimensions. Published in Spring 2022, NSET²⁵ sets out our vision for an economy that is more productive and suffers from fewer structural inequalities.</p> <p>Scotland’s labour market is a key component in driving economic growth, inclusivity and equality. Through the actions we are taking we will deliver a labour market that:</p> <ul style="list-style-type: none"> • is inclusive and offers equality of opportunity for all to access and to progress in work, ensuring everyone can reach their full potential; and • has high economic participation, including from those furthest from the labour market, to improve outcomes for individuals and drive national economic performance through higher rates of employment. <p>Supporting people into fair, sustainable jobs, and ensuring that work pays for everyone through better wages and fair work is central to delivering many of our ambitions around inclusive growth,</p>

²⁵ [5. Skilled Workforce - Scotland's National Strategy for Economic Transformation - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/nset-2022-2025/pages/5-skilled-workforce.aspx)

	<p>tackling child poverty, tackling severe and multiple disadvantage and public health reform among others.</p> <p>All projects delivered under NSET Programme 5 will offer an all age, flexible, joined up and user centred model to deliver employability support across Scotland. This support will be straightforward to navigate and integrated and aligned with other services, particularly health, justice and housing provision. This approach has already changed the way Scottish Government funds employability support delivery and, in the longer term, is intended to result in efficiencies and service improvements being achieved to maximise outcomes and impact.</p>
Directorate	Directorate for Fair Work, Employability and Skills

Executive Summary

Scottish Ministers remain committed to addressing social and economic inequalities, supporting people towards, and within into fair and sustainable work following the unprecedented impacts of the COVID-19 pandemic. Whilst Scotland’s economy has continued to recover from the pandemic the situation in Ukraine, together with the cost of living crisis, means that the economic outlook is increasingly uncertain and economies need to build resilience.

NSET seeks to ensure our economy is more resilient to shocks, and commits to establishing a new measure of resilience, monitoring, assessing and identifying actions to future-proof Scotland’s economy over the long term.

The Scottish Government aims to support the delivery of a fairer Scotland through addressing existing social and economic inequalities and preventing those who are most vulnerable from being further disadvantaged by facilitating and funding effective transitions into the labour market.

We recognise the importance of ensuring that our economic transformation helps to tackle inequality, advances equality, and improves the quality of life for people experiencing the most disadvantage.

Headline Findings and Learning

Background

Scottish Ministers remain committed to addressing social and economic inequalities, supporting people towards and into fair and sustainable work following the unprecedented impacts of the COVID-19 pandemic. The situation in Ukraine

together with the cost-of-living crisis means that the economic outlook is increasingly uncertain, and economies need to build resilience.

NSET seeks to ensure Scotland is on route to a strong economy with good, secure and well paid jobs and growing businesses, maximising Scotland's strengths and natural assets to increase prosperity, productivity and international competitiveness. It is based on rigorous analysis of evidence, designed to tackle long term structural challenges, build on our economic strengths and position Scotland to maximise the greatest economic opportunities of the next ten years

To mitigate the worst effects of turbulence in the economy we have made significant and targeted investments to ensure that we not only 'build back better' but also more fairly.

In developing this strategy the Scottish Government is mindful of the three needs of the Public Sector Equality Duty (PSED) - eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between people who share a protected characteristic and those who do not, and foster good relations between people who share a protected characteristic and those who do not. Where any negative impacts have been identified, we have sought to mitigate/eliminate these. We are also mindful that the equality duty is not just about negating or mitigating negative impacts, as we also have a positive duty to promote equality.

Employability has a pivotal role in addressing existing social and economic inequalities, preventing those who are most vulnerable from being further disadvantaged by the economic shocks. We recognise the vital role of organisations across the employability landscape, and are committed to protecting a diverse range of provision to ensure the right support is available for those who need it most, creating advantage for those who are experiencing disadvantage.

Through Fair Work First we are applying Fair Work criteria to public sector contracts and grants to ensure that government funding serves to tackle in-work poverty and low wages by raising the incomes of the lowest paid and improving terms and conditions for all.

The findings from the Business Purpose Commission Report in Spring 2022, will inform how businesses can deliver positive impacts on prosperity, wellbeing – including tackling child poverty – and environmental sustainability. This will recognise that businesses which take a long term (inter-generational) view of their stakeholder commitments fare better in times of crisis, including during the pandemic. It will also promote the stakeholder capitalism model with business leaders, encouraging businesses to see employees, communities and citizens as stakeholders as well as consumers and where businesses are rooted in their communities.

A progressive approach to industrial relations and to trade unionism is at the very heart of a fairer, more successful society. Trade unions are key social partners in delivering our economic and social aspirations. Accordingly, we recognise the importance of unions and collective bargaining in raising worker wellbeing and promoting progressive and fair workplace practices. The best Fair Work outcomes will be achieved where employers, workers, unions, government, agencies and third sector work together and take collective ownership for delivery of Fair Work. In some

key sectors this will involve enhancing the capacity to take collective decisions through forums involving employers, workers, unions and other partners negotiating minimum standards on pay, conditions and other aspects of Fair Work infrastructure.

The Scope of the EQIA

The EQIA has been informed by detailed analysis of existing evidence and data (both qualitative and quantitative) in order to draw out the potential impacts on the following people with protected characteristics who access services directly and those who are affected by our policies:

- Disabled people;
- Long term unemployed people;
- Young care experienced people (aged 16 – 24);
- Low-income parents across all the Best Start, Bright Future priority family groups;
- Young people (aged 16 – 24) who are accessing Education Maintenance Allowance (EMA);
- Women over 50;
- Ethnic Minority Communities; and
- Individuals facing additional barriers which prevent transition towards and into work without intensive support and investment.

Specifically, the EQIA assesses any impacts of applying a proposed new or revised policy or practice against the needs relevant to a public authority's duty to meet the public sector equality duty. The needs are to:

- Eliminate discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good relations.

Key Findings

Age

Labour market data shows that the unemployment rate of 16-24 year olds is much higher than other age groups and that the COVID-19 pandemic has disproportionately impacted young people in our labour market. Young adults are also more likely to be in poverty than older adults, and are vulnerable to long-term employment 'scarring'. Additionally, children living in households with a young mother (<25) are much more likely to be in poverty than those living with a mother aged 25+.

Scotland has an ageing population, with people working into older ages. There is also considerable geographical variation in the age profile of the population. Long-term unemployment (12 months plus) is a particular challenge for older workers (50+), with that age group estimated to make up almost half of all long-term unemployed people in 2021. The number of unemployed people aged 50+ who were long-term unemployed increased over the latest year whereas it fell for other age groups.

The evidence tells us that the measures in NSET are expected to positively affect people in different age groups by effectively targeting employment support which will be designed and delivered to better meet the needs of unemployed people. It will not discriminate based on age and it will tackle the challenge by engaging all, including young people with opportunities suited to individual needs, within the local area.

The NSET measures may help advance equality of opportunity by removing barriers to obtain sustainable employment given to young people and older workers (50+) whom make up a larger share of long-term unemployment. Further, they may also have a positive effect in fostering good relations between people by supporting people of all ages into work, education and training and creating opportunities to integrate with colleagues of different ages.

Disabled People

It is estimated that around one fifth of Scotland's working age population is disabled, and the prevalence of disability increases with age. Despite some progress in recent years, Scotland has a persistent disability employment rate gap (the difference in the employment rates of disabled and non-disabled people) with the employment rate of disabled people (including young disabled people) consistently lower than the employment rate of non-disabled people. Disabled people also earn less on average than non-disabled people.

Prior to the COVID-19 pandemic, the disability employment gap (DEG) was narrowing – falling from 37.4 percentage points in 2016 to 32.6 percentage points in 2019. However, in 2020, the gap widened slightly increasing to 33.4 percentage points - suggesting that disabled people had been disproportionately impacted in the labour market as a result of COVID-19. Between 2020 and 2021, the gap returned to narrowing, reducing by 2.2 percentage points from 33.4 percentage points in 2020 to 31.2 percentage points in 2021.

The evidence tells us that the measures in NSET are expected to positively affect disabled people by working with delivery partners to better promote and communicate available employability support through their activity, targeting those with protected equality characteristics, including disabled people and by considering A Fairer Scotland for Disabled People: employment action plan²⁶.

They may help to advance equality of opportunity by supporting disabled people into work contributing to the narrowing of the disability employment gap and disability pay gap. They may also have a positive impact on fostering good relations between people, by increasing the number of disabled people who are successful in progressing in work. This should have a positive impact on the collective understanding of the challenges some disabled people face, as well as demonstrate their contribution to the workplace.

Race

Scotland has a persistent minority ethnic employment rate gap with the employment rate of Scotland's minority ethnic population consistently lower than the employment

²⁶ [A Fairer Scotland for Disabled People: employment action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/a-fairer-scotland-for-disabled-people-employment-action-plan/pages/11.aspx)

rate of the white population. Compared with the white population, minority ethnic groups are also more likely to work in accommodation and food services, be more likely to earn low income and less likely to have savings.

In 2021, the employment rate of the minority ethnic population was estimated to be 62.1% compared to 73.8% for the white population – a gap of 11.7 percentage points. There has been no sustained progress in reducing the ethnicity employment rate gap over recent years.

Employment outcomes are particularly poor for minority ethnic women with an employment rate of just 49.0% in 2021 compared to 76.9% for minority ethnic men.

The evidence tells us that the measures in NSET are expected to positively affect minority ethnic population by not discriminating based on race. All referrals to employability programmes will consist of clients who meet the eligible criteria. The measures may help advance equality of opportunity by working with service delivery partners to promote Fair Work First, reducing the disparity in outcomes in terms of unemployment and long-term unemployment and may also have a positive impact on fostering good race relations between people supporting those from minority ethnic groups into places of work, helping to promote diverse workforces.

Sex

Women have worse employment outcomes in the labour market than men and are paid less on average. Women are also more likely than men to be economically inactive. However, men are more likely than women to be unemployed or long-term unemployed.

The employment rate of women has consistently been lower than the employment rate of men, but the gap in these rates has narrowed over time as female labour market participation has risen. In 2021, the employment rate of women was estimated to be 70.7% compared to a rate of 75.7% for men.

The Gender Pay Gap for full-time employees in Scotland has decreased significantly from over 18% in 2020 to 3.6% in 2021, however earnings from employment between men and women continue to vary with women earning less on average than men.

The evidence tells us that the NSET measures are expected to positively affect women by recognising that women are more likely to take on caring responsibilities of children/family and as such are more likely than men to face discrimination associated with this. The measures may help advance equality of opportunity by supporting both males and females into employment and could help contribute to the narrowing of the gender employment gap. Increasing the number of parents (especially mothers) in the workforce could promote better relations within the work environment and further advance equality of opportunity. It will also not encourage gender specific roles.

This equality impact analysis has shaped and informed the Scottish Government's policy development by:

- Feeding into the development of a Policy Statement for all future programmes allowing colleagues to structure and adapt the EQIA on an ongoing basis;
- Helping to address the negative impact benefit sanctions can have on vulnerable people in society. Scottish Ministers have agreed that all customers participating in Scotland's employability support should do so on a voluntary basis;
- Presenting an opportunity to design and deliver effective and targeted employment support services in Scotland that better meet the needs of unemployed people and businesses and services that reflect national and local labour markets and which helps to build on existing service delivery in Scotland; and
- Creating an opportunity to better align, not just mainstream, employability support, creating the opportunity to deliver more effective, targeted and joined up public services and seek broader progress and potential shared outcomes (and investment) in devolved services.

Recommendation and Conclusion

Our vision for 2032 is for Scotland to be a wellbeing economy, thriving across economic, social and environmental dimensions. To be truly transformational and ensure that Scotland's economy benefits all of Scotland's people, achieving this vision will require to be done in a way that tackles inequality and advances equality for people with protected characteristics, as well as other disadvantaged groups, in our society.

The evidence and stakeholder feedback presented in this EQIA have informed the development of NSET Programmes of Actions, and Projects that underpin them. We will continue to use, build and understand the evidence on equalities to support policy development as we finalise the detailed NSET delivery plans and implement the strategy over the next 10 years. EQIAs will be progressed for the individual policies put in place to deliver the NSET as they are developed by policy teams.

Recommended actions:

- Build on lived experience, by engaging with a variety of individuals, with a focus on those with protected characteristics, during the design stages of deciding how to allocate funding based on local need.
- Target eligibility criteria for funding to support those who experience the greatest barriers to employment to enable them to obtain, sustain and progress in employment.
- Ensure that all communications are accessible (including use of British Sign Language).

- Review labour market action plans and publish them as a single Refreshed Fair Work Action Plan (RAP) in Autumn 2022.
- Publish our new Anti-racist Employment Strategy alongside the RAP. This will be an all-encompassing strategy, setting out our approach for employers in addressing racial inequality in the workplace to improve labour market outcomes for racialized minorities.
- Engage with Scottish Government colleagues to ensure activity aligns with the refreshed Fair Work Action Plan and forthcoming actions (including disability employment, gender pay gap, and new ethnicity pay gap strategy) and The Promise delivery plan.
- Support employers to adopt and embed fair and inclusive workplace practices.
- Continue to support the adoption of the Fair Work Framework to address gender inequality across all dimensions of work – opportunity, security, fulfilment (including skills acquisition and deployment), respect and voice.
- Help to support delivery partners’ knowledge and skills around intersectional gender analysis and gender sensitive service development.
- Support employers to provide flexible working, which is particularly crucial for young people with caring responsibilities (which is more prevalent for women).
- Local Employability Partnership support should be person-centred and consider the issues faced by all equalities groups in the labour market including women, people of colour, lone parents, LGBTQI+, with support tailored to meet the individual needs.
- Provide particular support for young pregnant women and mothers at a local partnership level.
- Support employers to in turn support employees, with opportunities to make use of resources from expert organisations including those representing disabled people, women, people of colour, lone parent families, care experienced and LGBTQI+.
- Apply Fair Work criteria to public sector contracts and grants to ensure that government funding serves to tackle in-work poverty and low wages by raising the incomes of the lowest paid and improving terms and conditions for all.



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The Scottish Government
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