



## **Close the Gap and Engender joint response to the Economy, Energy and Fair Work Committee's inquiry into the Scottish National Investment Bank's Draft Missions**

**September 2020**

### **1. Introduction**

Close the Gap and Engender have been engaged in the development of the Scottish National Investment Bank, and we have welcomed the establishment of the Bank as it holds enormous potential to tackle women's economic inequality. Our joint advocacy work led to the Scottish National Investment Bank Act containing a number of important provisions which require the Bank to mainstream gender equality into all of its functions, and the Act provides accountability mechanisms to ensure the Bank prioritises equality in its lending and employment policies. These provisions have the potential to positively impact women's experiences of working within the Bank, as well as Scotland's gender pay gap and women's wider social and economic inequality.

This joint response concerns the contents of the Proposal to Set Missions for the Scottish National Investment Bank and the dearth of information pertaining to gender equality and both Ministers' and the Bank's equality obligations. Based on the proposal document and consultation questions, we are unclear as to how the missions will further women's equality in Scotland nor how the need to address women's inequality was integrated into design of the proposed missions.

We therefore call on the Committee to ensure that this inquiry affords focus to addressing the Bank's responsibilities to integrate gender equality considerations into all of its work, as required by the Act.

### **2. The Scottish National Investment Bank and gender equality**

The Scottish National Investment Bank Act 2020 contains a number of key provisions with regards to gender equality including:

- An ancillary object relating to equality and non-discrimination;

- The Bank is required to publish and maintain a gender equality strategy which must be reported on every two years;
- The Bank must gather intersectional gender disaggregated data on its investments, programmes and services, and report on its progress against its gender equality strategy; and
- The Bank is required to carry out a regular equal pay review.

The mission setting process, as set out in the Act, also requires Ministers to consider how the missions will further the Bank’s ancillary objects, including the ancillary object on “advancing equality and non-discrimination”.<sup>1</sup> To set the missions, Ministers must, following a 40 day public consultation, send the Bank a document describing the challenges missions seek to address and set out “how, in the Ministers’ opinion, addressing those challenges relates to the Bank’s main object and ancillary objects as set out in its articles of association”, including that of advancing equality and non-discrimination.

This early integration of gender equality is critical as the decision-making process for determining missions has the potential to widen or narrow Scotland’s gender pay gap and therefore worsen or advance women’s equality. It is consequently vital that gender be considered at the earliest stage of development and that gender equality is mainstreamed in the missions.<sup>2</sup> This means that proposals should explicitly describe how they will address women and men’s different experiences of the mission in question but also the impact on equality between women and men of selecting a particular group of missions above other possible choices. For example, on the grand challenge relating to the climate emergency, it is important to recognise that women comprise a small proportion of the renewables workforce and that segregation in the modern apprenticeship programme and relevant university and college courses suggests that this will not change unless significant mitigating action is taken. On demographic change, it is important to understand the expected gendered implications of automation, and the pre-existing barriers that exist for women with regards to skills acquisition. More information on the gender implications of the grand challenges is detailed in section 5 of this response.

It is therefore concerning that the proposal published by the Scottish Government has afforded extremely limited focus to equality considerations. There is no mention of “women” or “gender equality” within the document so it is unclear how equality and non-discrimination has been considered nor how it will be set out in the document which ultimately sets the missions. Failure to mainstream gender equality into the missions will have long-term implications in terms of the outcomes of the Bank’s

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<sup>1</sup> Scottish National Investment Bank Act 2020 available at <https://www.legislation.gov.uk/asp/2020/3/enacted>

<sup>2</sup> Close the Gap (2020) ‘New legislation puts gender equality at the heart of the Scottish National Investment Bank’ available at <https://www.closesthegap.org.uk/news/blog/new-legislation-puts-gender-equality-at-the-heart-of-the-scottish-national-investment-bank/>

lending, and very likely exacerbate women's socio-economic inequality. As this has not been included in the consultation document, there is a concerning lack of transparency regarding the content of this statement. In sum, we are not convinced based on the present consultation paper that the missions and the missions setting process has adequately considered equality.

### **3. General comments on Scottish National Investment Bank missions consultation**

Close the Gap and Engender share the following overriding concerns about the proposal document:

- There is no evidence that the ancillary object relating to equality and non-discrimination has been considered throughout the mission-setting process, or the missions themselves.
- There are no references to “gender equality” or “women” within the proposal consultation, and there is no reference to the importance of tackling socio-economic inequality experienced by women in the context of the Bank's non-financial returns.
- While the section on equality and wellbeing highlights the importance of pursuing “growth in a way which addresses inequality and increases wellbeing in an inclusive way”, it contains very few concrete commitments to furthering equality, pointing instead to the place-based mission.
- The section on equality and wellbeing also stipulates that investment will be measured with reference to the National Performance Framework (NPF) and the United Nations Principles for Responsible Investment (UN-PRI). Close the Gap and Engender have previously highlighted that aligning the work of the SNIB to the NPF will be insufficient to realise gender equality, as the NPF contains no metric which specifically relates to gender equality<sup>3</sup> and only two of the 81 indicators in the NPF relate specifically to women.<sup>4</sup> In addition, the UN-PRI contain no references to equality considerations and alignment with these principles is unlikely to promote gender mainstreaming approaches or further gender equality. The consultation further notes that relevant NPF indicators will be selected to measure the Bank's activity without clarity as to whether this will include the limited NPF indicators that relate to women.
- The frameworks set out for measuring the non-financial returns of the Bank, including the NPF, UN-PRI, and the SDGs, are not well-gendered and there is a need to adopt gender indicators as part of the measurement of non-financial returns. The section on measuring performance against the Bank's missions also contains no reference to gender-disaggregated data and the establishment of data gathering mechanisms.

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<sup>3</sup> Long G (2019) *The SDGs and Scotland: a discussion paper and initial analysis*

<sup>4</sup> These are the gender pay gap and the difference between women's and men's labour market participation rates (called 'organisational gender balance').

- The proposal document states that “other impact assessments already undertaken throughout the public sector, such as those relating to equalities or island communities, are further expected to be used. These could be used at the point of decision making to assess the wide-ranging potential impacts of investments.” This implies that equality impact assessment (EqIA) is an optional aspect of policymaking, rather than a legal obligation and a vital methodology for the integration of equalities considerations. Furthermore, EqIA which should be done at the earliest stage of policy development, rather than at the “point of decision making” only.

We therefore ask that the Economy, Energy and Fair Work Committee consider these questions within the context of this inquiry:

- How does Scottish Government believe that the proposed missions relate to the Bank’s main object and ancillary object relating to equality and non-discrimination as set out in its articles of association?
- How will the proposed missions enable the Bank to advance the ancillary object on equality and non-discrimination?
- How has equality and non-discrimination informed preparatory work on the Bank’s lending and investment criteria relating to the anticipated missions?
- What data gathering mechanisms have been established to enable the Bank to fulfil the obligations established in the Act relating to intersectional gender-disaggregated data on the Bank’s activities?
- What progress has been made towards the development of the Bank’s gender equality strategy, as required by the Act?

The mission document as outlined in the consultation document does not provide sufficient direction to the Bank with regards to equality. This means that a focus on equality is likely to be lost in implementation and delivery, as evidence shows that unless equality is explicit, it is often omitted or ignored.<sup>5</sup> Improving the visibility of gender equality considerations in the proposal, as highlighted in the section above, will help to ensure that equality is a key focus for the Bank as it operationalises these missions. At present, the lack of focus afforded to gender equality in the mission document could lead to the deprioritisation of equality by the Bank, leading to the missions being implemented in a way which cements, rather than challenges, gender inequality.

Based on all of these observations, Close the Gap and Engender are concerned that the intention to integrate the Bank’s ancillary objects, including equality, into the missions setting process has not been given sufficient weight. Given the importance of the statement that will accompany the missions setting document, we believe that more

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<sup>5</sup> Close the Gap and Engender (2020) *Joint briefing: Proposed stage 2 amendments to the Scottish National Investment Bank Bill*

information should have been provided in this consultation phase so as to ensure meaningful comment before it is finalised.

#### **4. Gender and Economic Recovery**

The Committee specifically asks about the role the missions can play in the economic recovery in the context of coronavirus. In the current context of COVID-19, the Scottish National Investment Bank can play an important and central role in economic recovery. However, one of the impacts of COVID-19 has been to highlight in particularly stark terms women's continued socio-economic inequality in Scotland, with the pandemic having a disproportionate negative impact on women's employment, the amount of unpaid work women do, and their economic wellbeing. It is therefore particularly important that the potential of the Bank to further gender equality is realised.

*Gender and Economic Recovery*, jointly published by Close the Gap and Engender details a number of principles that we think Scotland should adopt in order to bring about a gender-sensitive economic recovery.<sup>6</sup> The principles set out features of an economy that works for women as well as men, and develops Scotland's existing commitment to inclusive growth so that women will not be left behind. These principles provide a framework for the Scottish National Investment Bank's work on economic recovery, ensuring that the recovery promoted through the Bank's activities will be gender-sensitive and further women's socio-economic equality. The nine principles are a set of ideas, challenges, and calls that are rooted in evidence. For example, one of the principles relates to economic success not being measured by GVA or GDP, but rather by an increase in the wellbeing of the people of Scotland. This aligns with the balanced scorecard and should involve the creation of gendered wellbeing indicators that take a human rights approach. Another principle highlights that inclusive growth should mean investing in a care economy, with investment in childcare and care for disabled people and older people should be considered as necessary infrastructure for a sustainable wellbeing economy and a good society.

The remaining principles range from specifying that gender-sensitive inclusive growth is about the pattern of growth and not its rate, to stipulating that while equality is good for growth, the converse is not necessarily true. The principles, if adopted, would create better jobs, better decision-making, and a more adequate standard of living for us all. The report of the Advisory Group on Economic Recovery does not integrate these gendered issues and nor is there any evidence of gender considerations in the recommendations it has produced.<sup>7</sup> There is a similar lack of gender analysis and a lack of gender-sensitive actions in the Scottish Government's Economic Recovery

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<sup>6</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*

<sup>7</sup> Engender and Close the Gap (2020) *Response to the Advisory Group on Economic Recovery report* available at <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-and-Engender-response-to-the-AGER.pdf>

Implementation Plan. The Implementation Plan acknowledges women's disproportionately negative experience of Covid-19 and then largely ignores it. The majority of the Scottish Government's proposals for spending and action do not mention women or gender, and do not take account of the profoundly different experiences women have of care, skills, work, and the economy.<sup>8</sup> Scottish Government needs to take purposeful action to ensure that economic recovery also advances women's socio-economic and labour market equality.

## **5. Comments on the grand challenges and proposed missions**

There are clear gendered dynamics to the three proposed grand challenges, with the missions having potentially far-reaching implications for women's lives and economic wellbeing. These considerations are not afforded sufficient focus within the proposal. Some of the key gaps with regards to gender equality are highlighted under each of the grand challenges below. We include some specific evidence on gender we believe should be integrated into the missions and the grand challenges in order to reflect the impact of women's inequality.

### Grand challenge one: Climate Emergency

Climate change is also a gendered emergency. Women's social and economic inequality, including greater likelihood of living in poverty, means that they are both more vulnerable to the adverse effects of climate risks and more likely to bear the negative impacts of measures introduced to respond.<sup>9</sup> Globally, climate change has severe consequences for women's reliance on natural resources, health and hunger and increases risks of displacement, violence and human trafficking.<sup>10</sup> Women's lesser access to resources and greater provision of care results in difference capabilities to mitigate climate change at the individual level, including the cost of adaptive measures, limited time to invest in adaptive behaviours and health consequences, including physical and mental health, for their capacity to respond to climate change and natural emergencies.<sup>11</sup>

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<sup>8</sup> Engender (2020) *Engender Parliamentary Briefing: An implementation Plan for Economic Recovery*

<sup>9</sup> European Parliament Committee on Women's Rights and Gender Equality (2017) Report on women, gender equality and climate justice. Available at: [https://www.europarl.europa.eu/doceo/document/A-8-2017-0403\\_EN.html#title3](https://www.europarl.europa.eu/doceo/document/A-8-2017-0403_EN.html#title3)

<sup>10</sup> Care UK (2020) Why Climate Justice is a Gender Justice issue – and what action is needed. Available at [https://insights.careinternational.org.uk/media/k2/attachments/CARE-International-UK\\_Why-climate-justice-is-a-gender-justice-issue\\_March-2020.pdf](https://insights.careinternational.org.uk/media/k2/attachments/CARE-International-UK_Why-climate-justice-is-a-gender-justice-issue_March-2020.pdf)

<sup>11</sup> European Institute for Gender Equality (EIGE) (2012) Review of the Implementation in the EU of area K of the Beijing Platform for Action: Women and the Environment Gender Equality and Climate Change. Available at <https://eige.europa.eu/sites/default/files/documents/Gender-Equality-and-Climate-Change-Report.pdf>

Climate change campaigners have highlighted the gendered nature of environmentally damaging activities, industries' and responses.<sup>12</sup> At the same time, gender equality measures and climate measures can be mutually reinforcing and contribute to a more equitable division of labour and expertise.<sup>13</sup> However, women remain a largely untapped resource in responding to climate change because of existing biases, lack of resource, lesser access to training, technology and finance, and limited underrepresentation in decision-making.

The Scottish Government note in describing this challenge the importance of reducing net emissions in a way which creates decent, fair and high-value employment opportunities. However, the illustrative examples for investment outlined in the proposal promotes investment in male-dominated sectors including transport, power generation and carbon neutral industry. It is important that, in implementing this grand challenge, the Bank does not invest in men's jobs and male-dominated industries, at the expense of women's jobs. This is particularly important in the context of the drive for 'green jobs', as highlighted in the Programme for Government. While there is no specific definition currently available, we are concerned that this is likely to prioritise investment in male-dominated sectors, especially as the sectors identified as targets for the Green Jobs Fund include energy, transport, construction, agriculture, and manufacturing which are characterised by acute and chronic occupational segregation.<sup>14</sup> Increased focus and investment in male-dominated sectors will disbenefit women, worsen women's unemployment, widen the gender pay gap, and risks exacerbating women's poverty. These considerations and the importance of tackling occupational segregation in these sectors should be core to the balanced scorecard approach.

### Grand challenge two: Place-based Opportunity

Regional and place-based models can exclude women and other protected groups. There is evidence that place-based programmes can redistribute spending away from women, Black and racialised groups, and disabled people.<sup>15</sup> Mechanisms like the public sector equality duty (PSED) are not currently sufficient to ensure that local decision-

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<sup>12</sup> Sherilyn MacGregor and Nicole Seymour (eds.) (2017) Men and Nature Hegemonic Masculinities and Environmental Change. Available at

[http://www.environmentandsociety.org/sites/default/files/2017\\_i4\\_layout\\_final\\_2.pdf](http://www.environmentandsociety.org/sites/default/files/2017_i4_layout_final_2.pdf)

<sup>13</sup> Claire Duncanson (2020) GUEST POST: A recovery plan which works for women also works for the planet. Available at <https://www.engender.org.uk/news/blog/guest-post-a-recovery-plan-which-works-for-women-also-works-for-the-planet---/>

<sup>14</sup> Close the Gap (2020) *Parliamentary briefing for the Scottish Government's debate – Programme for Government*

<sup>15</sup> O'Hagan A, Hill-O'Connor C, McRae C, Teedon P (2019) Evaluation of participatory budgeting activity in Scotland 2016-2018: research findings Scottish Government. Available at: <https://www.gov.scot/publications/evaluation-participatory-budgeting-activity-scotland-2016-2018/>

making is gender-sensitive.<sup>16</sup> For example, spending at local level that is not subject to a gender budget analysis may result in proportional overspending on community facilities typically used by men and boys such as football pitches over those more likely to be used by women and girls, such as hockey pitches. However, if gendered in design, place-based initiatives could also have positive outcomes for particular groups of women. Lone parent families, nine in ten of which are headed by women, are significantly more likely to live in the most deprived SIMD areas in Scotland.<sup>17</sup> Place-based opportunity may also overlap with planning policy and local regeneration schemes. For instance, employment opportunities, especially those that are well-paid, tend to be distant from residential areas and the services and amenities that women need for caring and household management roles. This limits women's access to the labour market and creates time poverty for those juggling paid and unpaid work. Women's travel to work areas tend to be smaller than men's as a result, and they are overrepresented in sectors of the economy with more geographically dispersed patterns of employment, such as retail and health and care,<sup>18</sup> sectors which, particularly at local level, have been at the forefront of negative economic trends over the past few decades.

While women are often at the heart of community or regeneration initiatives to improve their built environments, gender equality concerns are all but absent from planning frameworks in Scotland.<sup>19</sup> A coherent approach to improving places presents opportunities to improve women's economic and social position through gendered investments in housing, local infrastructure and commercial activities and safe community spaces.

Despite commitments to inclusive growth, economic growth has not been regionally equitable. Earlier this year, Engender and Close the Gap published research which found inclusive growth as operationalised in Scotland has failed to deliver meaningful outcomes for women's equality because it remains focussed on paid employment as indicators of success over reproductive work.<sup>20</sup> A focus on economic growth itself

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<sup>16</sup> Coalition for Racial Equality and Rights (2018) Effectiveness of the PSED Specific Duties in Scotland. Equality and Human Rights Commission. Available at: <https://www.equalityhumanrights.com/en/publication-download/effectiveness-psed-specific-duties-scotland>

<sup>17</sup> National Records of Scotland (2015) Household composition for specific groups of people in Scotland Scotland's Census 2011. Available at [https://www.scotlandscensus.gov.uk/documents/analytical\\_reports/HH%20report.pdf](https://www.scotlandscensus.gov.uk/documents/analytical_reports/HH%20report.pdf)

<sup>18</sup> Women's Budget Group (2020) Why the local economy is important for gender equality CLES paper for the Commission on a Gender-Equal Economy. Available at <https://wbg.org.uk/wp-content/uploads/2019/11/Why-the-local-economy-is-important-for-gender-equality.pdf>

<sup>19</sup> Engender (2018) Local Government and Communities Committee, Planning (Scotland) Bill <https://www.engender.org.uk/content/publications/Engender-Parliamentary-Briefing---Planning-Scotland-Bill-March-2018.pdf>

<sup>20</sup> Emily Thomson (2020) *Gender and Inclusive Growth* available at <https://www.closesthegap.org.uk/content/resources/Gender-and-Inclusive-Growth---Making-inclusive-growth-work-for-women-in-Scotland.pdf>



distorts investment away from sectors dominated by women such as health, hospitality and care, and ensures the maintenance of gendered economic outcomes. There does therefore appear to be ample opportunity for local and gendered approaches to be mutually beneficial.

In order to do so however, place-based approaches such as community wealth building need to pay better attention to women's specific needs in order to meet them. The Bank's approach to place-based opportunity must therefore include focus on patterns of growth, fully participatory systems of decision-making and gendered investment decisions and criteria.

### Grand challenge three: Demographic change

This mission document highlights that this challenge relates to the potential impacts of automation and technological change on the workforce and future skills demand. The proposal notes that technological innovation has the potential to provide workers with new skills, but also highlights that these changes could "leave behind those who are unable to adapt". The framing of the labour market impacts of automation in this way ignores the gendered implications of this technological change.

This mission has a clear gendered dynamic with women workers concentrated at the extreme ends of the automation spectrum. Women are over-represented in jobs that are at the highest risk of automation, such as retail or secretarial roles, and under-represented in the sectors where job growth is likely as a result of automation, such as STEM.<sup>21</sup> Occupations most at risk of automation for men have the lowest earnings, whereas there is considerable risk to 'women's jobs' in better paid occupations, which has the potential to reverse gender equality gains. The ONS found that women account for 70.2% of employees in jobs at high risk of automation, and only 42.6% of employees in jobs at low risk of automation. Furthermore, part-time workers, of whom women comprise the majority, make up 69.9% of all employees in jobs at high risk. This compares with only 11% of jobs at low risk of automation being held by part-time positions.<sup>22</sup> In addition, a number of barriers prevent women from reskilling and moving into higher paid jobs which are less susceptible to automation including less access to training overall; under-representation in STEM industries; and caring responsibilities coupled with inflexible workplaces. Low paid, part-time women workers are the least likely to receive any type of training,<sup>23</sup> which is particularly concerning as forecasts predict that automation is more likely to disrupt low-paid, part-time jobs. The gendered

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<sup>21</sup> Close the Gap (2020) *Response to the Scottish Government's Consultation on developing Scotland's AI Strategy*

<sup>22</sup> ONS (2019) 'Which occupations are at high risk of being automated' available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/article/s/whichoccupationsareathighestriskofbeingautomated/2019-03-25>

<sup>23</sup> House of Commons Women and Equalities Committee (2016) *Inquiry into the gender pay gap*

implications of automation, AI and technological change should thus be a key consideration for the Bank in operationalising this mission. It should be clear how this mission relates to the equality and non-discrimination ancillary object.

The proposal also highlights the opportunity to invest in technology enabled care as part of this mission. This could be framed as benefiting women as they do the majority of unpaid care in the home, however, women also comprise the majority of the paid carer workforce and so would potentially be disproportionately affected the automation of tasks undertaken as part of their job.<sup>24</sup>

At present, from the proposal, it is unclear how these gendered considerations have been incorporated into the framing of this mission and how the mitigation of any potential negative impacts on women will be considered as part of the balanced scorecard approach.

## **5. The Balanced Scorecard**

The information on measuring performance does not provide sufficient detail on the gathering of intersectional gender-sensitive sex-disaggregated data, as required by the monitoring and evaluation criteria established in the Act. Moreover, as highlighted above, the framework for measuring the non-financial returns of the Bank does not include gender indicators and has insufficient focus on equality. Equality should be core to the non-financial returns of the Bank, and it is therefore important that gender equality indicators are established to sit alongside the NPF indicators to ensure that the social impact of the Bank can be appropriately measured and evaluated. This should align with the Bank's gender equality strategy.

As highlighted in this submission, there are a number of key considerations relating to women's socio-economic equality that should form core aspects of the balanced scorecard approach that are not detailed in the proposal. For example, it is important that consideration is given to who benefits from job creation as a result of investment under the climate emergency grand challenge. It would be possible to give weight to applications which include measures to tackle occupational segregation in male-dominated sectors. Women's representation and capacity to engage with the projects the Bank funds should be central considerations in the Banks' work. Beneficiaries of investments, both immediate and end users of products and services, should be included in both the Bank's decision-making and reporting processes.

## **6. Conclusion**

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<sup>24</sup> Close the Gap (2019) *Close the Gap response to the Economy, Energy and Fair Work Committee's Call for evidence on the Scottish National Investment Bank Bill*

The ongoing COVID-19 crisis has highlighted women's continued socio-economic inequality in Scotland. The Act to create the Scottish National Investment Bank has the potential to tackle this inequality and, in the current context, it is more important than ever that this potential be realised. The proposal document for the Bank's missions provides early insight into the operational priorities of the Bank and Close the gap and Engender are very concerned about the lack of focus on gender equality. As we have highlighted in this submission, it is clear that the place-based mission alone will be insufficient to promote gender equality. It is vitally important that equality considerations are mainstreamed in the Bank's missions. However, this proposal document suggests that a mainstreaming approach has not been prioritised.

It is particularly important in the current of Covid-19 that the Bank does not deprioritise equality and instead ensures that the development of an ambitious and robust gender equality strategy is developed as a priority. In the context of the Bank's work, equality must be integrated into its work on economic recovery, or that recovery will not just leave women behind but push women behind. The work of gender equality should not be viewed as an add-on to the core work of the Bank, but should be seen as integral to all of the Bank's activities. Developing the gender equality strategy should be the key priority for the Bank, particularly as this approach is even more pivotal in the context of the economic and labour market impacts of COVID-19 on women.

### **About us**

Close the Gap is Scotland's policy and advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees since 2001 to influence and enable action that will address the causes of women's labour market inequality.

Engender is a membership organisation working on feminist agendas in Scotland and Europe, to increase women's power and influence and to make visible the impact of sexism on women, men and society. We provide support to individuals, organisations and institutions who seek to achieve gender equality and justice.