EQUALITY & FAIRER SCOTLAND DUTY (EqFIA) IMPACT ASSESSMENT FORM

Name of Business Unit	BSA
Name/designation of person(s) responsible for managing/ conducting this process	Wendy Hanson
Date Complete	28/4/20

Name of Policy / Function / Service / Strategy / Action Plan / Programme / Project etc.	R&D Grant Programme	
Is it (*delete as applicable)	*New	
Is the policy contracted out? (*delete as applicable)	*No	
If yes, who delivers this policy for the organisation?		
Is responsibility for delivery shared with others? (*delete as applicable)	*No	
If yes, who are your partners?		

EQUALITY			
Could there be possible impacts or effects in respect of the following protected groups?			
Age	Yes	Disability	Yes
Gender Re-Assignment	No	Marriage & Civil Partnership	No
Pregnancy & Maternity	No	Race	Yes
Religion or Belief	No	Sex	Yes
Sexual Orientation	No	Human Rights	No

FAIRER SCOTLAND DUTY	
Could there be possible impacts or effects in respect of disadvantaged areas/places and/or groups?	
Groups, including the protected groups considered within the Equality section above (for example, young people, disabled people)	Yes
Areas/Places (for example, rural areas, communities experiencing disadvantage)	Yes

EO Champion review by	Scott Reid-Skinner	Date	29/4/20
SRO name and email approval on file	Michael Cannon	Date	29/4/20

1. **Identify ALL the Aims of the Policy/Project (consider these questions to prompt answers)**

   1. What is the purpose of the policy/project? (consider explicit and implicit aims)

   2. Who does the policy/project affect? Is it located in an area of socio-economic disadvantage?

   3. Who does the policy/project benefit directly? (e.g. employees/service users; equality groups, other stakeholders)

   4. What results/outcomes are intended?

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1. **PURPOSE**

The R&D Grant is designed to support any Scottish based company (or companies) who wish to achieve business growth through the development of new products, processes or services in Scotland. The product also supports applications for undertaking Feasibility Studies. It is one of only two SE products (R&D Grants and SMART: SCOTLAND) for use in supporting R&D activity. There are nominal variations in the eligible costs and approvals processes depending on whether the SE contribution is greater or less than £100k.

The R&D Grant product provides financial support in the form of a discretionary grant towards a defined project aimed at the creation of new products, processes or services. The project activity is undertaken by: a single Scottish based company working in isolation (**a single company project);** or multiple companies, of which at least one is Scottish, working in collaboration via sharing R&D activity, risk, resources, IP and project benefits (**a collaborative project**). The applicant(s) seeking SE support must be based in Scotland. Non-Scottish partners are allowable but will not be supported by SE. In all cases, the project activity must fit within the EU's definitions of 'industrial research', 'experimental development', 'feasibility studies' and/or 'process innovation'.

'industrial research' means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

'experimental development' means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set.
This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for

it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

'feasibility studies' means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision making by objectively and rationally uncovering its strengths, weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success'.

'process innovation' means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software). It excludes minor changes similar to those already in use or simple capital replacements.

2. WHO IS AFFECTED
Grants are provided to companies of all sizes to undertake R&D. The projects are delivered all over Scotland, there is no socio-economic focus. The projects are located where it is best for the business to be (connections to transport hubs, local suppliers, Universities etc).

3. BENEFICIARIES

Companies are encouraged to increase their R&D staff headcount, projects are intended to deliver increased turnover

4. RESULTS/OUTCOMES
The primary aim of the R&D Grant is to help increase the level of Business Expenditure in Research and Development (BERD), an indicator of R&D performance, thus helping to close the gap between Scotland's BERD and that of leading OECD nations.

In encouraging more R&D, we aim to see a greater contribution to a company's turnover through the products launched, processes implemented, or services delivered. The R&D Grant contributes to the Innovation Performance Measurement Framework.

- Delivery of tailored feasibility studies and research and development projects to the point of pre-production prototype and/or commercial exploitation

- New technological products and processes introduced to the Global market

- Commercialisation and implementation of new and innovative technological processes and practices

2. **Consider the Evidence (data and information) - (consider these questions to prompt answers)**

1. What information or data would it be useful to have? What data (quantitative and qualitative) is available? (in-house/external) How reliable/valid/up-to-date is it?

2. What does the data/information tell you about

   - Different needs?
   - Different experiences?
   - Different access to services, information or opportunities?
   - Different impacts/different outcomes?
   - Socio-economic disadvantage by group or place?

3. Are there any gaps that you should fill now/later by further evidence gathering/commissioning or by secondary analysis of existing data?

4. Are there any experts or stakeholders you should involve/consult now? Have you involved/consulted any experts already? What were their views?

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1. **Information we should have:**

Equality statistics
Access to skills
STEM based opportunities for under-represented groups
Transport/walking/cycling links to company locations
Access to facilities

2. **Information tells us:**

Data collected within the large R&D grants will help to address various employment issues by creating new opportunities for future staff, safeguarding the existing workforce. This could influence and help address the number of workless households in an area.

R&D grants by their very nature tend to cover the salaries of the R&D teams in companies. Generally, these are PhD level and above; however, it is the underlying work delivered by the R&D phase of a new product development that then supports the ongoing productivity and wages of the wider work force, who are often in roles where wages are lower (e.g. manufacturing and production).

SE R&D grants do not have a place agenda – that is, grant support does not carry a weighting on location (unlike say RSA). However, grants are appraised by their contribution to the local supply chain spend and wherever possible (it cannot be a legal obligation) are encouraged to spend more in their local community.

Equality, Gender Pay Gap & STEM

It is estimated that only 25% of the STEM sector are women. Scotland requires a thriving STEM sector to be globally competitive and relevant. To do this Scotland needs that sector to be diverse. Scotland needs more engineers, more scientists and more technologists to meet growth. From the women who move onto university and qualify in STEM subjects only 27% of them are likely to remain in the industry. From that 27%, a handful will make it to senior roles. Many of them will feel that their accomplishments are being overlooked, and many will report stress at balancing

careers and caring responsibilities in an inflexible work environment. As highlighted within the Making Manufacturing Work for Women Report manufacturing is the fourth most significant industry in Scotland after public administration, education and health; distribution, hotels and restaurants; and banking and finance. 98.8% of manufacturing employment is located in the private sector, where men are significantly more likely to work than women. Women account for just over 26% of the total workforce. Only 4.7% of women in Scotland are employed in manufacturing compared with 12.8% of men and almost all men and women (96.1%) work in permanent jobs. Women are more likely than men to be employed in manufacturing workplaces with fewer than 20 employees (21.5% with 17.4%).

The research findings show that women are considerably under-represented in manufacturing employment in Scotland, and that those women working in the sector are concentrated in occupations that are associated with the lowest pay. This contributes to significant gender pay gaps of up to 43.8% in some sub-sectors. Pathways into manufacturing are acutely gendered whether it is through Modern Apprenticeships or through STEM-related education and training. While there is greater awareness of Modern Apprenticeships amongst manufacturing employers and a greater likelihood of staff undertaking them compared with other sectors, there are patterns of severe occupational segregation within manufacturing related frameworks. Women are also under-represented in Level 3 frameworks which are associated with higher levels of pay and better labour market outcomes. Despite the shortage of female professionals in manufacturing, female STEM graduates are more likely to be economically inactive. The attrition rate for STEM graduates is also much higher for women: 73% of women (compared with 52% of men) with STEM qualifications do not work in STEM occupations (RSE 2012). The higher female attrition rate is also very likely to be influenced by the lack of flexible and quality part-time working in the sector. The patterns of occupational segregation at professional level suggest that there are a range of routes into professional occupations within the sector and that many women are entering through non-manufacturing specific graduate pathways such as business, IT and non-engineering routes. Gendered subject choices at school partially explain women's better representation in manufacturing specific non-engineering roles. The pathways into professional occupations in the industry are influenced by the STEM subjects studied, where girls tend to study biology and boys are more likely to study physics.

It has been established that the 40-49 age group has the highest pay of any age group in Scotland. The 18-21 age group has the lowest pay as they are more likely to work part-time and in occupations and sectors with lower pay. The 60 and over age group was the only age group in Scotland to have higher wages than the UK. (From Financial Scrutiny Unit Briefing Earnings in Scotland 2016).

Disabled People
In 2018, the employment rate for those classed as disabled under the Equality Act 2010 was 45.6% which is significantly lower than the employment rate for non-disabled people (81.1%). In 2018, the employment rate gap was 35.5%. The gap between the employment rate for disabled and non-disabled people has decreased by 0.4% over the year. The employment rate for disabled people increased slightly from 45.3% in 2017 to 45.6% in 2018, while the employment rate for non-disabled people decreased slightly from 81.2 to 81.1% over the same period. The gap between in the employment rate for disabled and non-disabled people was lower for women (31.1% points) than men (40%).

Ethnicity
The employment rate for the minority ethnic population in Scotland aged 16-64 was 55.4% which is lower than the white population with an employment rate of 75.1% giving a gap in employment rates between minority ethnic and white aged 16 to 64

years of 19.7%. Over time, the white population has consistently had an employment rate which exceeds the minority ethnic population. The minority ethnic employment gap was much higher for women than men in 2018; for women the minority ethnic employment gap was 26.8% and for men was 11.2%. (Source: Annual Population Survey)

Accessibility
Councils work together to deliver improved bus infrastructure, bus priority and routes to public transport hubs for improved safety, quality, access, journey reliability and comfort for passengers. The key indicator for this outcome is adult residents' level of satisfaction with local public transport services.

The key indicator for this outcome is the main mode of travel (by distance) used for all journeys.

3. Gaps
Gaps exist but national data will be sufficient.

4. Stakeholders/consultations

At a project level, SE account teams currently engage with the following:
• Scottish Enterprise - work with SE workplace innovation team to investigate how site may look to attract young people to assist regions address high young claimant count.
• Councils – for community engagement (i.e. communities of interest) and assistance/support to address any issues which may impact the site & staff
• EQUATE – encouraging links with colleges/universities and companies – looking at ways of addressing STEM.
• SDS – Universities, colleges, schools.

3. Assess the likely impact on different groups - (consider these questions to prompt answers)

1. Does your analysis of the evidence indicate any possible adverse impact on a particular group (age, disability, gender reassignment, marriage & civil partnership, pregnancy & maternity, race, religion or belief, sex and sexual orientation) or does it breach human rights legislation. Mandatory human rights due diligence is required for some projects. Please see guidance.
2. If it is adverse,
   - Does this amount to unlawful discrimination? (See guidance)

3. In what areas does it have an impact? E.g. access to information, experience of services?

4. Even if there is no evidence of adverse impact, is there an opportunity to actively promote equality or foster good relations between different groups**?**

5. Is socio-economic disadvantage evident from any particular group or area?

It is unlikely that the programme will have an adverse impact on any group. The R&D programme is designed to address issues such the prevention of site closures, increase workforce headcount and help companies to invest for the future so that opportunities result for all. If there are any activities that can be undertaken to ensure that any individual project funded by the programme is as inclusive as possible, the Appraisal and Account team welcome these and would appreciate support to implement these. It is our understanding that this programme isn't classified as adverse and so does not amount to unlawful discrimination. As mentioned previously the Appraisal team welcome guidance on any activities that can be undertaken to actively promote equality over and above what is already in place. From the data, any project which is aiming to safeguard and potentially create employment opportunities for all should be viewed as a positive intervention within its particular local authority area.

In particular, target groups of women, ethnicity and disability would be evaluated during grant appraisals and companies supported to address disparities. The following section provides more detail on how disadvantage will be addressed.

4. Consider alternatives - (use these questions to prompt answers)

1. How can you change your proposal in a way that is proportionate, and will

   - Remove unlawful discrimination or comply with human rights?
   - Reduce any adverse impact?
   - Advance/promote equality?
   - Foster good relations between different groups?
   - Help us achieve our published equality outcomes (See guidance)?
   - Support the reduction in socio-economic disadvantage by groups or areas.

2. Can the aims be met in some other way? What can you do now/later?

3. If the project involves procuring a service or product is there any scope to encourage suppliers to have a greater focus on equality for example signing up to the Business Pledge? Are there any positive action activities you could consider which might address disadvantage experienced by protected groups/areas, like targeting women owned businesses, applying reserved contracts or Community Benefit Clauses? Are there any other project specific actions you could state to help with our equality duties e.g. monitoring of uptake of the service to identify under-representation or encouraging certain groups to participate in the project (see guidance)?

4. What are you recommending?

1. Proposal
• There is nothing being proposed which will lead to unlawful discrimination
• The projects funded by R&D grant look to safeguard employment opportunities to help tackle the challenges faced in the local economy. Should investments not proceed the closure of any facility would have a significant impact on the local economy and surrounding areas. This could be measured on an annual basis to then assess if anything can be done to address any regional disparity.
• Assistance will be provided by SE Appraisals and Account Team to allow any site seeking grant support to focus on relevant youth employment
• SE Appraisals and Account Team will support all companies to investigate any potential opportunities which may assist existing and future supply chain companies, along with the future workforce.
• SE Appraisals and Account Team will assist sites to introduce an intern and graduate recruitment through re-engagement with Scottish universities
• Companies will be required to work alongside SE's Workplace Innovation Specialist team to look at ways to tackle the gender pay gap, such as introducing them to initiatives like Women in Tech Scotland, Changing the Chemistry and Equate Scotland; as well as looking more widely at any additional inclusive and progressive people practices to ensure the site attracts a diverse mix of staff.
• SDS will be assisting companies to undertake suitable apprenticeship programmes at all levels within the business.
• Companies will be requested to look to promote STEM opportunities therefore SE account team will work in partnership with organisations such as: EQUATE – encouraging links with colleges/universities and companies – looking at ways of addressing STEM; SDS – enhance engagement and links with universities, colleges, schools.

• Councils – Companies will be asked to engage with their local authority to ensure positive community engagement (i.e. communities of interest) and address any issues which may impact the site & staff.

2 & 3. Now and Later

The SE account team will be closely aligned to support businesses as they pursue their aims through account team engagement. The account team will continue to work closely with businesses at a strategic level in order to maximise the benefits and outputs from any R&D project. Workplace Innovation and SDS will assist companies with apprenticeship programmes at all levels within the business and enhance the skills of existing workforce to ensure they have the optimum blend of experience and knowledge for future years. Companies will be encouraged to form strong and productive relationships with Scottish Universities.

Signing of the Scottish Business Pledge is always discussed with the business and companies must meet the fundamental principles of the pledge, including paying the real living wage to all staff in Scotland, committing to developing a diverse workforce and that they will not use zero hours contracts. Support will be provided for leadership and management; business improvement and project management will provide transferable skills for a number of the employees. Large companies (over 250 employees) will be required to publish their Gender Pay Gap. All grants are provided on the basis that companies meet Fair Work First criteria, specifically:

1. Only jobs that pay the Real Living Wage will be eligible for grant support
2. Project jobs with zero-hour-contracts will continue to be ineligible for grant support; and we will review a company's wider use of zero-hour contracts as part of the appraisal process.
3. We will ensure that applicants with more than 250 employees meet the legal requirement to report on their gender pay gap; support smaller applicants to calculate their gender pay gap; and encourage all applicants to take steps to narrow the gap.

Further to this, the Appraisals team intends to track how many companies are female owned/led to establish how diverse this statistic is.

Companies will be requested to support STEM activities as well as exploring the possibility of hiring more females in any relevant engineering and management positions, also to introduce an intern and graduate recruitment programme through universities. SE's Workplace Innovation Specialist team will help companies to look at other ways to reduce the gap, such as introducing them to initiatives like Women in Tech Scotland, Changing the Chemistry and Equate Scotland; as well as looking more widely at adopting inclusive and progressive people practices.

Grant applicants will be encouraged to provide positive opportunities for people from their local community working closely in a partnership approach with local employability and skills providers through Skills Development Scotland. Companies will be encouraged to use Modern Apprenticeships e.g. to develop Equipment Maintenance and Facilities Technicians - as an important part of their talent pipeline.

If and when appropriate our Workforce Innovation Colleagues could investigate opportunities to access support via our disadvantaged workers support mechanism. SE are seeking companies which strive for environmental sustainability, compliance, responsible sourcing, and employee volunteerism among other programmes to have a positive impact on their employees, suppliers, customers, and communities. Companies should be committed to the protection and preservation of the environment including safe and healthy workplace for all employees. SE will look to companies to commit to upholding the rights of workers, as they are generally

understood in the employee handbook; to strive to treat workers with dignity and respect and to commit to the continual improvement in environmental protection, health and safety performance as well as compliance with all applicable laws, regulations, and permits.

4. Recommendations

The SE Account Team responsible for each project brought forward will be looking to address all of the areas detailed within this review.

5.   Involve/Consult relevant stakeholders if appropriate - (consider these questions to prompt answers)

1. What are the views of the people who are likely to be affected or who have an interest about
    - Whether you have identified the right issues?
    - Whether you have proposed suitable modifications?
    - Whether your proposals will meet their needs?

2. Should you involve people in the re-design of the policy?

3. How will you consult once changes have been made?

4. Whom do you need to get views from? (internally/externally/different geographical locations)

5. What methods will you use? (consider "hard to reach" groups)

6. What formats will you use for communicating with different groups?

Consult:
• Local Authority – for community engagement (i.e. communities of interest) and further information on transport etc. Local Authority to advise further with representatives of community group(s).
• EQUATE – encouraging links with colleges/universities and companies – looking at ways of addressing STEM.
• SDS – Universities, colleges, schools.
• SE Equality Champions are being consulted.

Engagement with the above will be undertaken as required on a case by case basis and the account team will review activity on an on-going basis to ensure we are addressing all of the areas detailed within this review in a timely fashion.

6. Decide whether to adopt this policy/project - (consider these questions to prompt answers)

1. What were your findings from the consultation/involvement?

2. Taking into account all of the data, information, potential impact issues and consultation feedback, what will you recommend? (Choose & state one option)
   Reject the policy – there is evidence of actual/potential unlawful discrimination, breach of human rights or no support for socio economic disadvantage identified.
   Accept the policy – The EIA demonstrates the policy is robust with no adverse impacts and all opportunities to promote equality/foster good relations and address disadvantage have been taken.
   Modify the policy – Adjust the policy to remove barriers or better promote equality and fairness
   Continue with the policy – Issues with the policy have been identified but you wish to continue with the policy. Clearly set out justification for doing this. Compelling reasons will be needed.

If the Assessment is on a high level policy/strategy state here if further assessments need to be carried out on projects emanating from the policy/strategy and inform project managers.

Accept the policy – the above represents a strong strategy for large scale R&D projects seeking SE support. This assessment will cover all approvals made under the scheme.

7. **Make Monitoring (and review) Arrangements - (consider these questions to prompt answers)**

1. How will you know what the actual effect of the policy/project is at policy level and how does it contribute to national progression with minimising socio-economic disadvantage?

2. In what ways will you monitor? e.g. continuously or irregularly, quantitative methods such as surveys, qualitative methods such as interviews

3. How often will monitoring information be analysed?

4. When will you review the policy/project taking into account any monitoring information?

1. There will be a full monitoring and evaluation framework established for any R&D project. Metrics on job creation and any actions agreed within this document can be recorded as part of this.

2. Companies offered R&D grant support will submit progress reports to SE detailing progress against milestones and highlighting any significant changes to the scope of the project. There will be regular reviews during the project to determine progress.

3. Quarterly reviews will be scheduled

4. Further actions addressing inclusive growth may become evident during the lifespan of a project and will be addressed by the account team as and when.

8. Equality Impact Assessment review

Please forward the completed document to your equality champion for review. This should then be approved by the SRO and returned to your champion for publication on the Scottish Enterprise external website.

9. Summary of Actions

List any actions agreed and indicate dates for review.

As previously stated, the SE Appraisal and Account Team are closely aligned to support any business as it pursues its aims through account team engagement and a specific project. The account team will work closely with businesses at a strategic level in order to maximise the benefits and outputs from any R&D project. Workplace Innovation and SDS will assist sites as they endeavour to commence an apprenticeship programme within the business and enhance the skills of the existing workforce to ensure they have the optimum blend of experience and knowledge for future years. Links to Scottish Universities will be encouraged. Quarterly reviews will be undertaken throughout any project which will provide SE with the opportunity to review success of actions or modify, if required.

Data Sources
https://www.gov.scot/publications/regional-employment-patterns-scotland-statistics-annual-population-survey-2018/pages/0/
https://www.closethegap.org.uk/content/resources/Making-Manufacturing-Work-for-Women---Summary-of-research-findings-Close-the-Gap-June-2015.pdf
https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/Publications
https://www.skillsdevelopmentscotland.co.uk/media/44868/0711_guide-to-engaging-with-bme-communities.pdf
https://www.gov.scot/policies/science-and-research/women-stem/
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https://www.nomisweb.co.uk/reports/lmp/la/1946157422/report.aspx
https://simd.scot/2016/#/simd2016/BTTTFTT/9/-4.0000/55.9000/
https://www2.gov.scot/Topics/Statistics/SIMDhttps://scotland.shinyapps.io/sg-equality-evidence-finder/#equality-npf-top