

**RACE EQUALITY IMPACT ASSESSMENT FOR  
THE REFRESH OF A SMART, SUCCESSFUL SCOTLAND**

**FEBRUARY 2006**

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## Introduction

1. This is a Race Equality Impact Assessment (REIA) for the refresh of *A Smart, Successful Scotland* (SSS). Since April 2001, all public authorities have had a statutory general duty to promote race equality under the Race Relations Act as amended. This means that listed public authorities must have due regard for the need to:

- eliminate unlawful racial discrimination;
- promote equality of opportunity; and
- promote good relations between people of different racial groups

2. In addition to the general duty, Scottish Ministers have used their powers to make a statutory order placing more specific duties on the Scottish Executive and other public authorities. The specific duties require these bodies to publish a Race Equality Scheme describing their public functions that are relevant to the duty. Bodies must also set out their arrangements for:

- Assessing and consulting on the likely impact of the policies they are proposing to adopt
- Monitoring any adverse impact of their policies on the promotion of race equality
- Publishing the results of their assessments, consultations and monitoring
- Ensuring public access to the information and to services
- Training staff in the duties under the Act

3. In recognising our duty, we need to ensure that the implications for race equality have been thoroughly assessed as part of the process of refreshing SSS. This REIA has been performed using the guidance available from the Commission for Racial Equality (CRE) and in particular the publication *A guide for public authorities in Scotland*.

## Context

4. All Departments within the Scottish Executive play a part in determining and contributing to Scottish economic development. Our approach is set out in *The Framework for Economic Development in Scotland* (FEDS). This sets out an overarching vision – to raise the quality of life of the Scottish people through increasing the economic opportunities for all on a socially and environmentally sustainable basis – and defines the Executive's economic objectives. SSS is explicitly linked to FEDS and focuses on the drivers of productivity which are key to enterprise. In 2003, Ministers announced a refresh of FEDS and SSS to ensure that the strategies reflected progress since first publication and that the challenges identified remained relevant.

5. SSS is the mechanism by which Ministers provide strategic direction to the Enterprise Networks (Scottish Enterprise and Highlands and Islands Enterprise - economic development agencies.) Its overall objective is to set out a broad approach for creating the conditions for business growth and innovation, underpinned by a skilled, productive workforce. It is a high level strategy focusing on a number of priority areas under three broad themes – growing businesses, learning and skills and global connections. In addition there are two cross-cutting themes – closing the opportunity gap and sustainable development. Responsibility for delivery rests with the Enterprise Networks, who are tasked with developing and delivering

specific policies and programmes that have a clear economic rationale. There is also a duty on the Networks to ensure that they give due regard to race equality issues.

6. The Enterprise Networks will not always be the lead authority. The development and delivery of initiatives without a primary economic rationale will be for other partners to lead, with appropriate input from the Enterprise Networks where relevant, for example, the *Employability Framework*. SSS also contributes to other Scottish Executive wide initiatives, such as *Fresh Talent*, by seeking to develop our key industries and businesses so as to generate high quality employment and business opportunities.

7. The aim of the refresh process was not to rewrite SSS but to take stock of progress made and refine it to take account of changes in the global economy to ensure that the potential of Scotland's people, places and resources are maximised. Discussions also took place with a wide range of stakeholders including the Enterprise Networks, the business community and the STUC.

8. In addition to providing strategic guidance to the Enterprise Networks, SSS is now presented as the Scottish Executive's overall enterprise strategy for Scotland. It calls on all those with an interest in enterprise to contribute to its delivery.

### **Initial screening**

9. As part of the process of assessing the likely impact on race an initial screening is performed:

#### *Step 1- Aims of policy*

#### **What is the purpose of the proposed policy (or changes to be made to the policy)?**

- To set out the Executive's enterprise strategy (to a wider range of organisations who have a role in delivering economic development in Scotland).
- To continue to provide strategic direction to the Enterprise Networks under 3 broad themes – growing businesses, skills and learning and global connections.
- To update SSS to reflect progress made and to take account of new challenges facing the Scottish economy.
- The key changes from the previous document were:
  - increased emphasis on growing and sustaining businesses of scale;
  - increased emphasis on assisting more firms to innovate, and increase spending on R&D;
  - increased emphasis on the importance of city regions as drivers of economic growth; and
  - increased emphasis on tackling economic inactivity.

**Who is affected by it?**

- Principally the Enterprise Networks whose prime role is to take all possible and appropriate operational action to meet the agreed strategic direction set out in SSS.

**Who is intended to benefit from the proposed policy, and how?**

- At the macro level, SSS will benefit Scotland as a whole by contributing to a strong dynamic economy.
- In terms of the end customer, disadvantaged groups are one of the specific groups who should benefit because SSS specifically directs the Enterprise Networks to take their needs into account, in the design and delivery of projects and programmes.
- As well as the three core themes, SSS outlines two cross-cutting themes which interact with each other and will be pursued in an integrated matter by the Enterprise Networks in the design and delivery of projects and programmes. For example:
  - Closing the opportunity gap – the Executive is committed to closing the opportunity gap for the most disadvantaged communities in Scotland. Economic growth and tackling poverty and all kinds of disadvantage go hand in hand. The Enterprise's Networks' contribution will be informed by the Executive's closing the opportunity gap objectives and targets and the proposed employability framework.
  - Sustainable development – The Executive's vision is for sustainability to be at the heart of enterprise and competitiveness. The objective is to achieve continuous growth for Scotland which is stable and benefits everyone now and in future generations.
- SSS also directs the Enterprise Networks to consider the spatial aspects of economic development, with the aim of reducing disparities and realising the potential of all our places. This includes focusing on the relationship between city regions and rural areas, promoting regeneration initiatives and strengthening sparsely populated or disadvantaged communities

### **How will we put policy into practice, and who will be responsible for it?**

- This is not a new policy. SSS 2001 established a more strategic relationship with the Enterprise Networks. The refresh of SSS reinforces this approach.
- The Executive's relationship with the Enterprise Networks is outlined in SSS (page 9), and allows for a good deal of operational independence and flexibility for the Enterprise Networks in terms of focus and implementation. In short, SSS sets direction and provides leadership but it leaves the specifics of delivery to the Networks.
- In practice the arrangement involves a number of linked stages:
  - *Direction* – This is provided through SSS.
  - *Corporate Planning* – The Networks have a central role to play in determining how they will take the strategy forward for their own organisation. Corporate plans are developed by the Networks but agreed with the Executive.
  - *Delivery* – It is the responsibility of the Enterprise Networks to develop and deliver projects and programmes which:
    - Reflect the strategic direction of SSS
    - Take into account the results of progress measurement and evaluation
    - Take into account the roles of, and contribution with, national delivery partners and others.
    - Take into account local circumstances through local knowledge and Community Planning process.
    - Are presented in Corporate Plans, which include budgetary allocations and key output targets
    - Achieve outputs that contribute to desired outcomes and economic growth.
  - The different stages (direction, corporate planning and delivery) all require to be assessed for their relevance to race. This REIA focuses on the Direction stage. It is for the Enterprise Networks to consider the other 2 stages and the overall impact that their activities will have on race equality.
- *Outcomes* - At the Scottish level, progress is measured against a number of whole economy indicators which are aligned to the priority areas identified in SSS.
- *Outputs* – Corporate plans contain details of the Enterprise Networks' annual operating targets and details of specific outputs including how they contribute to the SSS priorities.
- *Evaluation* – This takes place at the programme/project level.

### **How does the policy fit into our wider aims?**

- Our vision for Scotland is to encourage and stimulate economic growth, to tackle poverty and disadvantage, to improve and sustain the environment and to help our communities live in peace and safety. To achieve this we must create a Scotland where enterprise can flourish, where opportunity exists for all, and where all of our people have the confidence to face the challenges of a global society. That is why growing the economy is the top priority.
- Our strategic approach to economic development is contained in FEDS, which was updated in September 2004. It provides an over-arching statement of the Executive's primary economic objectives and of the key factors that promote economic growth. Two important themes run through FEDS: firstly, the importance of creating a productive, flexible economy that can compete with the best in the world and, secondly, the necessity to achieve this in a way that respects the environment and meets our commitment to closing the opportunity gap.
- Five key drivers of productivity are identified in FEDS:
  - **basic education and skills:** crucial to any strategy for economic growth and the bedrock for the foundation of a competitive economy;
  - **research & development and innovation:** the foundations for improvements in productivity and for sustainable global competitiveness;
  - **entrepreneurial dynamism:** the creation of new enterprise and a positive, risk-taking attitude to enterprise are central to the establishment of a dynamic economy;
  - **the electronic and physical infrastructure:** joining business to business, consumer to business, and ensuring the efficient movement of goods, people, and ideas to the right places at the right times; and
  - **managing public sector resources more effectively:** improving the efficiency and effectiveness with which resources are deployed in the provision of public services.
- FEDS is intended to focus decision-making right across the Scottish Executive and define the priorities which will drive our policies, programmes and initiatives in the longer term.
- SSS focuses on the aspects of FEDS that are key to enterprise, namely growing businesses, developing skills and building global connections. SSS is clear that economic growth is a national priority which cannot be achieved by Government alone. Businesses, business organisations, universities, colleges, trade unions and a wide range of public sector bodies can all make, and more importantly are all committed to making, a contribution to the achievement of a smart, successful Scotland.

### **Have other, similar, authorities found other ways of tackling the same problem?**

- Refresh of SSS did not come about as a result of a perceived problem, It is about addressing challenges and highlighting opportunities for the Scottish economy.
- As part of the refresh process, the Executive commissioned research to review economic development strategies in a number of comparable national and regional economies across the world. This exercise found that, although there were some variations in emphasis, the strategic priorities elsewhere were broadly similar to SSS.

*Step 2 – Examining the data and research available*

10. The evidence base for SSS is rooted around whole economy performance indicators. The priorities in SSS, and subsequently the contribution they make to the Scottish economy, are measured against other comparator OECD nations and reported in the JPT's<sup>1</sup> annual *Measuring Progress Towards a Smart Successful Scotland* reports. Indicators used in these reports are not operating (output) targets for the Enterprise Networks but are intended to add to the strategic direction of SSS in guiding activities to promote the economic development of Scotland in the medium to longer term (3 to 10 years). The specific operating targets, employed by the Enterprise Networks to direct performance are detailed in their corporate plans. In addressing priorities set out in SSS, we expect the Enterprise Networks to maintain the data needed to inform their activities. This would include holding information on ethnic minorities in the labour market and the number of Minority Ethnic Businesses accessing support through Business Gateway.

**Measuring Progress Lead Indicators**

- Gross Domestic Product per head of population
- CO<sub>2</sub> emissions

**Growing Business**

- High growth firms (business starts)
- Percentage of businesses trading online
- Business research and development as a proportion of GDP
- Productivity levels in Scottish industry

**Skills and Learning**

- Proportion of the working age population in employment
- Proportion of 16-19 year olds who are not in education, employment or training.
- Reducing the gap in unemployment between the worst 10% and the Scottish average
- Proportion of those in employment undertaking training

<sup>1</sup> JPT – The Joint Performance Team (JPT) is comprised of representatives from both Enterprise Networks and the Executive. Its work includes ensuring that the performance of the Enterprise Networks and their influence on the economy is measured, and guiding programme evaluation work within the Enterprise Networks

### **Global Connections**

- Cost and coverage of broadband
- Proportion of employers exporting
- Graduates as a percentage of the workforce
- Net migration as a percentage of the population

Source: *Measuring Scotland's Progress Towards A Smart, Successful Scotland 2004*  
<http://www.scotland.gov.uk/library5/enterprise/MP%20Report%202004.pdf>

### *Step 3 - Assessing the likely impact on race equality*

#### **Does the qualitative or quantitative data show differences between racial groups?**

At a strategic level, SSS aims to have a positive input and is unlikely to discriminate against people from different racial groups. SSS recognises that Scotland must have an open, fair, inclusive and diverse society if the Scottish economy is to realise its full potential. SSS directs the Enterprise Networks to promote equality of opportunity and to address discrimination, both direct and indirect, when carrying out their duties. Stakeholder discussions did not reveal any variances between racial groups but the data held in this area is considered weak.

#### **Do the differences between racial groups amount to adverse impact, and for which groups?**

At the strategic level, SSS aims to promote equality of opportunity for all and the objective is to have a positive impact across all racial groups. Therefore, at the operational level, there is a need to take into account the needs of different racial groups in the design of programmes and projects where the data reveal differences. A list of information sources is provided at Annex B

#### **Could the policy be directly or indirectly discriminatory?**

Very unlikely. SSS operates at a strategic level. It seeks to grow Scotland's economy by focusing on a range of high level priorities and, within these, highlights the need to address any imbalances that exist between particular groups, including those from ethnic minorities.

#### **If the policy could be indirectly discriminatory, could it still be justifiable under the Act?**

N/A

## Conclusion from initial screening

11. The preliminary screening shows that at a strategic level, the evidence base is rightly focused on high level strategic priorities. SSS aims to have a positive impact and is unlikely to discriminate against people from different racial groups. However, there is value in examining further those priorities where difference in racial origin is likely to have greatest impact in order to consider how our strategic direction translates into practice.

## Examination of SSS priorities

12. Each priority was examined to form a view on where differences in race are likely to have greatest impact. The results are summarised below (see annex A for the details). Broadly, it shows that priorities that lead to the delivery of services to people and businesses are likely to be of greatest relevance to race equality.

SSS Priority	Relevance
A culture of enterprise and more businesses of scale	High
Increased innovation and commercialisation of research	Low
Success in key sectors	Low
Use of e:business to create business advantage	Low
Improve the operation of the Scottish labour market	High
The best start for all our young people.	High
Developing people who are in work.	Medium
Narrowing the gap in employment and reducing economic inactivity.	High
Increased involvement in global markets etc.	Low
Scotland to be globally attractive location	Low
Connecting to the rest of the world	Low
More people choosing to live, study and work in Scotland	Medium

## Assessing Individual Priorities

13. The 6 priorities identified as having high or medium relevance were assessed further through considering the extent to which:

- the strategy provides leadership on race equality including setting a clear direction for those responsible for delivery.
- the direction set is reflected in how the Enterprise Networks take forward projects and programmes including the extent to which the evidence base available/used is sufficient to allow strategic choices to be made.
- the priorities in SSS made a positive contribution and reinforced the direction outlined in the overall strategy.

14. Although this work goes beyond the strategic approach set out in SSS, we believe that, as part of this REIA, there is value in considering how the strategic direction translates in to practice.

### ***A culture of enterprise and more businesses of scale***

15. Scotland is lagging behind the UK and many other international competitors in terms of productivity. The aim of this priority is to improve our position by focusing on: (1) increasing entrepreneurial activity by supporting new business start-ups and (2) supporting the existing business base to improve its productivity levels and grow. To improve our position, the Enterprise Networks have been directed through SSS to pay attention to under represented groups (including women, young people, ethnic minorities and those in disadvantaged areas). Data shows that ethnic minorities are strongly represented in some business sectors such as retail and catering but not in others. Also the recent Minority Ethnic Enterprise in Scotland research indicated that MEBs were less likely to access advice and support than white-owned firms and MEB owners had a lower success rates than white-owned firms in accessing formal finance.

16. The Enterprise Networks currently collect and analyse data on the take up of service by MEBs and people from ethnic minority backgrounds and along with the other available national data take this into account when developing programmes and initiatives. Examples of specific initiatives targeted at the minority ethnic business community include the Minority Ethnic Business Start-up Conference. Information, such as that contained in the Minority Ethnic Enterprise in Scotland research, has helped identify issues that need to be addressed - encouraging start-ups and improving support for ethnic minority businesses. The Enterprise Networks were fully involved in the research and have reiterated their commitment, along with the Scottish Executive, to take forward the issues identified.

17. The direction set through this priority and information on how it is being translated into delivery indicates that leadership is being provided, that this is reflected in delivery activities and that the priority should make a positive contribution to race equality. However, the issues identified in the Minority Ethnic Enterprise in Scotland research, and the variation in ethnic minority business presence by sector, suggests that work is needed to address barriers that prevent minority ethnic businesses from making a full contribution to the Scottish economy.

### ***Improve the operation of the Scottish labour market***

18. In order to remain competitive, Scotland has to be able to respond to the changing demands of the labour market. To do this we must have a workforce that is highly qualified, highly skilled and able to adapt to the changing nature of the working environment. The close correlation between productivity and workforce skills requires a sound understanding of employer demands and where any gaps or shortages occur. The aim of this priority is to ensure that high quality labour market information is available to allow informed choices to be made on future skill needs.

19. In delivering activities under this priority, the Enterprise Networks work with key stakeholders to help individuals, employers, policy makers and education and training providers to better understand the labour market and to allow them to make appropriate

investment in skills development. Futureskills Scotland is the main agency in Scotland for gathering such information. It is part of the Enterprise Networks and provides a wide range of information and analysis on the Scottish labour market. Part of that analysis includes information on ethnicity. This information allows the Enterprise Networks to assess and review what effect their policies may have on people from different ethnic backgrounds and to take appropriate action. Careers Scotland also has a role to play in providing labour market information and using that to provide the right training for its client base. It has a particular role in helping disadvantaged groups to access good quality learning and training thereby helping to close the opportunity gap.

20. Successful delivery of this priority should make a positive contribution to race equality, by generating information on ethnic minorities in the labour market.

### ***The best start for all our young people***

21. For young people to play an active part in the workforce, they need to be equipped with the right skills to ensure that their transition to the world of work or continuing education is successful. Special attention is needed for those at greatest risk of being classified as not in employment, education or training (NEET). Many young people enter higher and further education but vocational training is also a route for young people. Careers Scotland plays a crucial role in helping all young people, and in particular those most at risk, to make the transition from school into training or work. Part of that includes accessing vocational training of sufficient quality, for example, Modern Apprenticeships and industry-standard training. There is very little information available that gives a detailed picture of minority ethnic young people. However Scottish Enterprise Skills Development Team recently commissioned research on equal opportunities in the promotion, support and delivery of national training programmes delivered by Scottish Enterprise. The findings show that participation rates for ethnic minorities are very low, in absolute terms and relative to the proportion of ethnic minority young people, across Skillseekers, Modern Apprenticeships and Get Ready for Work. More encouragingly, the research found that participation rates in further education are high amongst ethnic minority groups and that this exceeds the proportion of ethnic minority young people in the overall population.

22. SSS gives clear direction to the Enterprise Networks to consider the needs of every individual in delivering specific programmes and projects under this priority, including those in ethnic minority groups. The recent research commissioned by the Skills Development Team within Scottish Enterprise National will help to inform programme development in this area. However, there are still gaps in information which need to be addressed to ensure that the strategic aims flow through to delivery activities. This is something that the Networks are aware of and are working on.

### ***Developing people who are in work***

23. In order to compete with the best in the world, businesses must make sufficient investment in their workforce. Economies with high levels of training are likely to be those which are better placed to take advantage of change. Currently in Scotland, the level of investment in training by businesses varies considerably. Businesses must therefore be encouraged to adopt a more strategic approach to developing their workforce. In particular, more and better training is needed to build the confidence and skills of leaders and managers. It is important for Scotland's economic prosperity to encourage higher levels of investment

by employers in their workers. The Enterprise Networks support businesses to take a strategic approach to developing their people through programmes such as Investors in People and National Training Awards.

24. There is some evidence from the Minority Ethnic Enterprise in Scotland research to suggest that Scottish MEB owners show a low take up of formal sources of management training. It is important to understand why this is the case. As for ongoing development of the workforce, there is no data on this. However, information is available on the skills level of minority ethnic groups which shows that they are at least as or more likely to have degrees than white Scottish people. However, at the other end of the scale, minority ethnic groups have a higher percentage of individual with no or low qualifications compared with their white counterparts.

25. SSS is clear on the value of training for those in work and on the important role that the Networks play in encouraging this through helping businesses to assess training needs and benefits. There is no obvious reason why ethnic minority workers or businesses should have different needs from the general population but the extent to which activities deliver against the strategic direction for ethnic minorities cannot be quantified without more robust data.

#### ***Narrowing the gap in employment and reducing economic inactivity***

26. If Scotland's economy is to realise its full potential, action must be taken to bring more people into the labour market. Addressing the gaps in unemployment that exist between different locations and groups is one aspect of this, as is reducing the high level of economic inactivity. Underrepresented groups broadly cover ethnic minorities, over 50s, lone parents and people with a disability. For example, *Measuring Progress towards a Smart, Successful Scotland* shows that, in 2004, the employment rates of ethnic minorities were 18% below the Scottish average.

27. The refresh of SSS recognised that ethnic minority groups are relatively disadvantaged when it comes to the labour market and that steps are needed to address this. One outcome of this is the development of an Employability Framework that will consider the evidence base in much more detail, set objectives and form a basis for local agreements between different parts of the public sector as to their roles in supporting people into the labour market. The Enterprise Networks already help people with a clear employment objective into the labour market through schemes such as Training for Work. This approach will be developed through the Employability Framework with its focus on greater partnership working to ensure that individuals receive the necessary support from the right agencies at the right time. Part of this will be to ensure a smooth transition from one agency to another.

28. SSS provides clear direction on the need to address economic inactivity and identifies ethnic minority communities as being a particular disadvantaged group. This direction will be further developed through the Employability Framework to ensure that delivery activities support the direction set in SSS.

### ***More people choosing to live, study and work in Scotland***

29. Demographic projections for Scotland show an ageing and falling population. It is important for the future prosperity of Scotland to be able to retain and attract more people live, study and work here. Diversity of ideas, experiences and cultures is increasingly important in stimulating the creativity and innovation that drives economic growth. Those regions or nations which attract migrants tend to be the most competitive. A positive balance on migration is linked closely to economic performance, reflecting the attractiveness of a place to live and work. At the strategic level a number of indicators can be used as a proxy to measure the attractiveness of Scotland. For example, in-migration (working-age) and net-migration as a percentage of the population. The Enterprise Networks have a role to play, predominantly marketing and selling Scotland, attracting specific skills and improving Scotland's position as a good place to live, work and do business. The need to take account of ethnic origin in developing value propositions for different countries or groups is recognised, as is the benefit of Scotland becoming a more open and integrated society

30. SSS makes clear that the Enterprise Networks have a role under this priority, although for Scottish Enterprise it accounts for less than 1% of total spend. A number of the programmes put in place by the Enterprise Networks, while having an impact of this priority, are directly linked to other priorities. In any event, it is highly unlikely that activities carried out would be discriminatory. A wide range of other policies, most notably Fresh Talent, which are beyond the scope of SSS and this impact assessment, are of greater significance.

### **Review of Practice**

31. We were keen to ensure that our approach to this impact assessment was informed by best practice from elsewhere – especially since most of the guidance and practical experience in performing impact assessments relates to projects rather than strategies. Part of that included learning lessons from others who had undertaken a similar process, as well as sharing our work plan with the CRE. We reviewed information published on the internet (see Annex B). This was very helpful in informing our approach. Two particularly helpful lessons from elsewhere were:

- The Cabinet Office in its Race Equality Scheme concludes that while the majority of its functions and policies do not directly impact on the public, policies formulated within the Cabinet Office can ultimately affect how services are delivered to the public. Therefore, it is important to look at policies to assess whether they are relevant to the general duty.
- The relationship between DTI and Regional Development Agencies (RDAs) has some similarities to the relationship the Scottish Executive has with the Enterprise Networks. RDAs are directed by DTI to assess how their work is likely to affect different groups and to act to ensure that they are taken into account from the beginning of the policy development process and during implementation and evaluation. DTI issue guidance outlining their expectation on what the RDAs should do in promoting equal opportunities. In particular: a need to gain a comprehensive understanding of population profile, analyse equality monitoring data, consult and involve all sections of the community, set clear priorities and plan for contributing to

the equality agenda and publish progress against targets and objectives for equality in annual reports

32. While the Enterprise Networks Management Statement (the framework document which outlines how the Networks will operate) includes general guidance on equality, there may be merit in discussing with the Enterprise Networks whether lessons can be learned from the practice of DTI.

### **Analysis of impact**

33. The aim of this REIA was to ensure that the implications for race equality were considered thoroughly as part of the SSS refresh process. At the strategic level the basis of our assessment centred on 3 broad headings:

- Leadership
- Evidence base
- Positive contribution

### **Leadership**

34. The purpose of refreshing SSS was to provide updated strategic direction to the Enterprise Networks. Part of that includes providing leadership through effective communications on our requirements with regard to race equality and the promotion of equal opportunities. Leadership also requires sharing experience and joint working to develop common understanding and approaches to removing barriers that prevent everyone in Scotland from contributing to the economy.

35. Our analysis at the strategic level found no adverse impact on racial equality at the strategic level. SSS seeks to grow Scotland's economy by promoting equality of opportunity for all and works towards reducing any gap that exists between particular groups, including those from ethnic minorities. In addition, for those priorities assessed as having greatest potential to affect minority ethnic groups, the detailed analysis shows that there is no reason to believe that direction is not being followed through into delivery. For example:

- *A culture of enterprise and more businesses of scale* – SSS gives clear direction to the Enterprise Networks that in delivering specific programmes and projects under this priority they should focus on growing entrepreneurial base through working with groups that are under-presented, including those from ethnic minorities.
- *Narrowing the gap in employment and reducing economic inactivity* – SSS gives a clear steer that any barriers facing individuals must be addressed, as must the special circumstances faced by disabled, ethnic minority, older, disaffected and disadvantaged members of the community.

36. However, there is always scope for improvement, particularly through ensuring that there is **common understanding on the barriers that limit the contribution of some ethnic minorities groups to Scotland's economic growth**. An illustration of this in practice, is the close working between the Executive and Scottish Enterprise on the business

benefits of diversity and ethnic minorities in the labour market strategic group. Also, **information in the Enterprise Networks' management statements and operating plans could be more explicit in reinforcing the important link between race equality and economic development.** This is something that we will address.

### *Evidence base*

37. The evidence base in the refresh process looks at macro level data covering the twelve priorities in SSS. This allowed strategic choices to be made on how the public sector, and especially the Enterprise Networks, can best contribute to increased growth and productivity in the Scottish economy. The more detailed analysis of the six priorities identified in this impact assessment considered amongst other things the extent to which data on ethnic origin is available to inform programmes and projects delivered by the Enterprise Networks. This detailed analysis showed that the Enterprise Networks collect and use data on ethnic origin to inform their programmes but that the data on ethnic minorities is generally weak. For example:

- The picture on what data exists/should be collected is unclear.
- The small sample size for some statistical data can make detailed analysis difficult.
- A number of good pieces of work are being undertaken but there is limited alignment across agencies.

38. More robust data would help ensure projects and programmes take account of the needs of ethnic minorities by providing a good basis for the Enterprise Networks and others to make decisions on how their activities are likely to impact individuals from ethnic minority backgrounds. Recent studies by the Scottish Executive into minority ethnic businesses in Scotland and by Scottish Enterprise into equal opportunities in relation to National Training Programmes are important contributions to the evidence base. **More needs to be done to align the various sources of information. However, this is a wider issue than SSS and it needs to be addressed at an Executive level.** The recent revision to the Executive's Race Equality Scheme makes a clear commitment to addressing this weakness.

### *Positive contribution*

39. Based on our analysis, the refresh process made a positive contribution to race equality. It is part of the overall approach that the Scottish Executive has of promoting race equality throughout its functions and policies. The wider approaches to race equality are contained in our Race Equality Scheme – *Working Together for Race Equality*. Specific mention is made of SSS in the revised scheme, published in November 2005, to correct its omission from the previous version.

40. Discrimination, both direct and indirect and occupational segregation based on gender, race, age and other factors, inhibit Scotland's ability to capitalise on its talent pool and create a flexible and responsive workforce. It is vital that the programmes and projects delivered by the Enterprise Networks help to ensure that no group is prevented from maximising its contribution to economic growth. This is a key message underpinning SSS.

## Monitoring and Review

41. The Enterprise Networks set out in their corporate plans how they will pursue the strategic direction contained in SSS. At a strategic level there are outcomes measures which show what is happening in the economy. This information is used by the JPT to assess how well the Scottish economy as a whole is performing and is published in Measuring Scotland's progress towards a Smart, Successful Scotland.

42. The Enterprise Networks evaluate individual programmes to understand what difference they make. These programmes, depending on their scope, can impact ethnic groups differently. Where this is the case, **it is necessary to understand how information on race will be captured at the start of a project and ensure that variation by ethnic group is captured in evaluation.** The Enterprise Networks' operating plans include guidance on project appraisal, but there needs to be more explicit mention of what is required from a race equality perspective. Issues associated with evaluations are being considered by the JPT.

## Publishing

43. The arrangements for publishing are:

- on our website at <http://www.scotland.gov.uk/Topics/Business-Industry/Enterprise>

## Next Steps

44. The following specific actions will be taken forward following this REIA:

- We will inform the Enterprise Networks of the REIA and its findings:
  - Include more detailed guidance on race equality in the Enterprise Networks management statement and operating plans
  - Discuss the REIA with senior management of Enterprise Networks to ensure that lessons learned are taken forward
  - **Timescale: by end March 2006**
- Seek to influence the evidence base available on ethnic minority data.
  - The REIA raises wider questions about the evidence base on ethnic minorities being used in policy development across the Scottish Executive and the Enterprise Networks. There is a need to review this whole issue with a view to creating a common evidence base that would ensure a more coordinated approach. The matter will be raised with the Scottish Executive Equality Unit and others. Indeed, one of the findings of the recent Race Equality Review was that data research gaps needed to be identified and addressed.
  - **Timescale: ongoing**
- Work with the Enterprise Networks, through the JPT, on how best to include race equality into evaluations, where appropriate
  - **Timescale: by December 2006**

- Incorporate SSS into the revised version of the Scottish's Executive's Race Equality Scheme. This has since been included in the version that was published in November 2005.

**The Scottish Executive  
February 2006**

### Analysis of SSS priorities

Each of the SSS priorities are considered to determine their likely relevance to race equality. Those assessed as having **medium** or **high** relevance will be considered further as part of the REIA for SSS. In performing this priority level assessment, the need to focus on the strategic level and avoid detailed delivery issues that are beyond the scope of SSS remains.

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Growing businesses</i></p> <ul style="list-style-type: none"> <li>A culture of enterprise and more businesses of scale</li> </ul>	<ul style="list-style-type: none"> <li>To increase productivity and competitiveness by: (1) increasing entrepreneurial activity by supporting new business start-ups and (2) growing and sustaining businesses of scale.</li> </ul>	<ul style="list-style-type: none"> <li>To improve our position Enterprise Networks need to focus their activity on growing our entrepreneurial base through working with groups that are under-presented and in developing businesses of scale. Should consider extent to which ethnic minorities are under-represented in growth sectors.</li> </ul>	High

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Growing businesses</i></p> <ul style="list-style-type: none"> <li>Increased innovation and commercialisation of research</li> </ul>	<ul style="list-style-type: none"> <li>To make businesses aware of and adopt new products and processes to increase their competitive advantage.</li> <li>Need to ensure better collaboration between universities and businesses to increase commercialisation opportunities and raise the awareness of business on what the research base has to offer.</li> <li>Beneficiaries are businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Focus is on providing a range of support to help business to exploit fully the benefits of R&amp;D. Access to the support will be open to all businesses, no evidence to suggest people from racial groups will be discriminated against.</li> </ul>	Low
<p><i>Growing businesses</i></p> <ul style="list-style-type: none"> <li>Success in key sectors</li> </ul>	<ul style="list-style-type: none"> <li>For Scotland to maximise impact from sectors where it has competitive advantage; to focus on creating the right conditions for high growth sectors; ensure sectors important to local economies remain sustainable.</li> <li>Intended to benefit businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Aim is to work with specific business sectors/clusters to build on success and encourage growth. Work will be at the sector level.</li> <li>The Enterprise Networks role is to better understand industry level needs and opportunities and provide relevant support.</li> </ul>	Low

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Growing businesses</i></p> <ul style="list-style-type: none"> <li>• Use of e:business to create business advantage</li> </ul>	<ul style="list-style-type: none"> <li>• To encourage businesses to adapt new technologies to improve their business performances.</li> <li>• Beneficiaries will be businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus is on supporting business to use technology to improve their businesses processes and drive efficiency.</li> <li>• Enterprise Networks role is to work with businesses to ensure this happens</li> <li>• This support will depend on the opportunities and needs in individual businesses and there is no reason to believe that ethnic origin will impact this.</li> </ul>	<p>Low</p>

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Skills and Learning</i></p> <ul style="list-style-type: none"> <li>• Improve the operation of the Scottish labour market</li> </ul>	<ul style="list-style-type: none"> <li>• To make available high quality labour market information to allow stakeholders to better understand and plan for future skills needs.</li> <li>• Intended to benefit individuals and employers.</li> </ul>	<ul style="list-style-type: none"> <li>• Activities taken forward by Enterprise Networks will be to understand the labour market and to encourage skills development in line with market requirements.</li> <li>• Focus is on ensuring that there is accurate labour market information to allow decisions on the skills needed to take advantage of market opportunities to be made. Ethnic origin is unlikely to impact an individual's requirement for labour market intelligence but it could potentially affect how skills development is encouraged and careers choices are influenced.</li> </ul>	High
<p><i>Skills and Learning</i></p> <ul style="list-style-type: none"> <li>• The best start for all our young people.</li> </ul>	<ul style="list-style-type: none"> <li>• To equip young people with the skills, advice and support needed to allow them to make a positive contribution to and benefit from economic growth.</li> <li>• Intended to benefit young people.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims to define Enterprise Networks role in supporting vulnerable young people who face a range of barriers to entering the labour market.</li> <li>• The activity undertaken under this priority may</li> </ul>	High.

		impact on young people from ethnic minorities.	
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Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Skills and Learning</i></p> <ul style="list-style-type: none"> <li>Developing people who are in work.</li> </ul>	<ul style="list-style-type: none"> <li>To encourage businesses to take a strategic approach to developing their people.</li> <li>To support people development through various schemes including Modern Apprenticeships and leadership development.</li> <li>To support effective career planning.</li> </ul>	<ul style="list-style-type: none"> <li>Focus will be on helping businesses improve productivity through making best use of people.</li> <li>Individuals will also benefit from access to development schemes.</li> <li>The way training schemes are delivered has the potential to impact people from ethnic minorities differently.</li> </ul>	<p>Medium.</p>
<p><i>Skills and Learning</i></p> <ul style="list-style-type: none"> <li>Narrowing the gap in employment and reducing economic inactivity.</li> </ul>	<ul style="list-style-type: none"> <li>To increase economic activity by removing barriers faced by individuals. Focus on social groups, including ethnic minorities, who remain under-represented in the labour market.</li> <li>Intended to benefit individuals who are unemployed or economic inactive.</li> </ul>	<ul style="list-style-type: none"> <li>Within Scotland large gaps between employment rate of disadvantage groups and the average. In 2003, compared to the Scottish average, employment rates for ethnic minorities were 21% below.</li> </ul>	<p>High</p>

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Global connections</i></p> <ul style="list-style-type: none"> <li>Increased involvement in global markets: taking Scottish knowledge to the world and bringing the world's knowledge to Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>To increase the number of Scottish companies that compete on a global scale.</li> <li>To attract more collaboration with multinational companies and Scottish companies to exploit our knowledge base and bring higher value jobs to Scotland.</li> <li>Activities will include working with business to develop global strategies.</li> <li>Intended to benefit Scottish businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Focus of priority will be to help Scottish companies compete globally and to attract high value jobs to Scotland.</li> <li>No reason to believe ethnic minorities will be adversely affected.</li> </ul>	<p>Low</p>
<p><i>Global connections</i></p> <ul style="list-style-type: none"> <li>Scotland to be globally attractive location</li> </ul>	<ul style="list-style-type: none"> <li>To regenerate parts of Scotland to ensure that they can play their part in contributing to economic growth.</li> <li>To work with the private sector to ensure an effective supply of industrial and commercial property with the aim of presenting Scotland as a place where people want to live and work.</li> </ul>	<ul style="list-style-type: none"> <li>Focus of the priority is the physical environment therefore no reason to believe ethnic minorities will be adversely affected.</li> <li>No reason to believe ethnic minorities will be adversely affected.</li> </ul>	<p>Low</p>

Priority Area	Main aims of priority	Decide relevance of Priority	Relevance of variation in ethnic minority in delivering priority
<p><i>Global connections</i></p> <ul style="list-style-type: none"> <li>Connecting to the rest of the world</li> </ul>	<ul style="list-style-type: none"> <li>To increase the use of broadband connections across Scotland, especially in more remote communities.</li> <li>To further develop Scotland's air and sea routes.</li> <li>Key aim is to secure greatest economic return for Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>Focus of this priority is on physical infrastructure therefore no reason to believe ethnic minorities will be adversely affected.</li> </ul>	<p>Low</p>
<p><i>Global connections</i></p> <ul style="list-style-type: none"> <li>More people choosing to live, study and work in Scotland</li> </ul>	<ul style="list-style-type: none"> <li>The focus of this priority is on supporting other initiatives aimed at retaining and attracting people to live and work in Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>The activities undertaken under this priority are about how Scotland is marketed abroad.</li> <li>The Enterprise Networks role is to help market Scotland's potential throughout the world using established networks.</li> <li>Ethnic origin will impact the value proposition presented in different countries but there is no reason to believe that the Networks activity in this area could be discriminatory.</li> </ul>	<p>Medium.</p>

## Information Sources

### Information Sources

Commission for Racial Equality, (2002) – ‘A Guide for Public Authorities in Scotland’

Scottish Enterprise, (2005) – ‘Equal Opportunities Research in Relation to National Training Programmes – Executive Summary. Technical Report 1: Research Tools and Methods. Technical Report 2: LEC Data. Technical Report 3: National Level Summary Data. Technical Report 4: Good Practice.’

Scottish Executive, (2002) – ‘Working Together for Race Equality. The Scottish Executive’s Race Equality Scheme’

Scottish Executive, (2003) – ‘Focus Groups with Minority Ethnic Communities’

Scottish Executive, (2004) – ‘Analysis of Ethnicity in the 2001 Census. Summary Report’

Scottish Executive, (2004) – ‘The Framework for Economic Development in Scotland’

Scottish Executive, (2005) – ‘A Smart, Successful Scotland. Measuring Progress Towards a Smart, Successful Scotland: 2005’

Scottish Executive, (2005) – ‘Minority Ethnic Enterprise in Scotland’

Scottish Executive, (2005) – ‘Draft Employability Report’

### Review of Practice

The documents listed below were the most useful:

ORGANISATION	DOCUMENT
Cabinet Office	The Race Equality Scheme for the Cabinet Office
City of Salford	Equality Impact Assessment – Valuing Diversity in Communication Assessment
City of Salford	Equality Impact Assessment – Access Strategy Initial Assessment
Department for Trade and Industry (dti)	Race Equality Impact Assessment on the Proposals for a Community Equality and Human Rights
Department for Trade and Industry (dti)	Supplementary Guidance for the Regional Development Agency the Regional Economic Strategies – Chapter 7 Equal Opportunities
Department for Trade and Industry (dti)	Supplementary Guidance for the Regional Development Agency the Regional Economic Strategies – Racial equality guidance for regional economic strategies
Department for Transport	Crossrail – Race Equality Impact Assessment, First Report of the Assessment
Gloucestershire Council	Race Equality Scheme

Greater London Authority	Equalities Toolkit
Home Office	Identity Cards Bill – Race Equality Impact Assessment
Scottish Executive	Equality and Diversity Impact Assessment Toolkit
Scottish Executive – NHS Scotland	Equality and Diversity Impact Assessment Toolkit
The Department for Education and Skills	Race Equality Scheme (revised July 2004)
Yorkshire Forward	Race Equality Scheme 2002-2005