



## Close the Gap briefing for Stage 1 Debate - Scottish National Investment Bank Bill

26<sup>th</sup> September 2019

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.

### 1. Introduction

Close the Gap has welcomed the establishment of the Scottish National Investment Bank, as it holds enormous potential to tackle women's economic inequality. However, how the Bank is developed will be the determinant as to whether the Bank will have a positive impact on women's equality. The detail of the Bill is therefore essential to ensuring that the Bank fulfils its potential with regards to gender equality.

### 2. The Bank's Vision

The vision for the Bank which had been developed through two consultations, and is articulated in the implementation plan is that *"the Scottish National Investment Bank will provide finance and act to catalyse private investment to achieve a step change in growth for the Scottish economy by powering innovation and accelerating the move to a low carbon, high-tech, connected, globally competitive and inclusive economy."* In spite of the strong focus on the vision in preceding documents, it does not come through strongly in the Bill. The absence of the vision on the face of the bill could create an environment where the Bank deviates from its intended transformative role during implementation. **We therefore feel that the vision should be added verbatim to Chapter 1 of the Bill, ensuring that the Bank's strategic direction remains focused on these key aims.**

### 3. Equality and Non-discrimination on the face of the bill

The objects currently set out in the Bill focus on the economic aspects of the Bank rather than its wider social, wellbeing or environmental impacts. Equality is not mentioned in the Bill. This omission runs the risk of the focus on equality being lost in implementation and delivery, as evidence shows that unless equality is explicit, it is often omitted or ignored.

As investment affects men and women differently, and that the Bank should be actively considering socio-environmental impacts, **we strongly believe that equality and non-discrimination should be included on the face on the Bill in the form of an additional ancillary object in Chapter 2(2) of the Bill.** This would ensure that the Bank prioritises

equality and meaningfully takes account of the ways in which its work can advance women's equality in the labour market and the wider economy. An equality object should not only relate to equality in the context of lending, but also ensure equality is a priority within recruitment, operational processes, internal employment processes and the setting of and implementation of missions.

We recognise that there is an existing object relating to inclusive growth, which has the potential to advance women's labour market and economic equality. However, while gender equality is good for economic growth, growth itself does not always result in increased equality between men and women. The implications of taking an inclusive growth approach also require to be theorised more substantively. At the moment, there is shared commitment to the broad principle of inclusive growth, but there is currently no clarity on what type of policy this would necessitate and how this might be operationalised into delivery. There is also a need to ensure that it is clear what gendered inclusive growth means in practice. Inclusive growth should mean meeting the different needs of disabled, LB & T, Black and minority ethnic, and older and younger women. A focus on inclusive growth, without any separate objective relating to equality, will thus be insufficient to further women's equality.

A further object of the Bank is *'promoting and developing the activities of enterprises, where lack of financial investment is holding back economically viable commercial activity'* which could be interpreted as focusing on the under-capitalisation of women's businesses. Women-led businesses contribute more than £5 billion towards the Scottish economy, and if rates of women-led businesses equalled that of men, the contribution to Scotland's GVA would increase to £13 billion.<sup>1</sup> Therefore, if the focus of the Bank is to be on investment that is not currently being provided by the market, this include a specific focus on women-owned businesses. However, this objective is not explicit about a focus on inequality and gender equality which means that a strategic focus on women-owned businesses could be lost in implementation.

As the pre-existing objects relating to inclusive growth and undercapitalisation are open to interpretation, there is a genuine risk that the Bank will not view gender equality as a key priority. It is **therefore essential that an additional ancillary object be added to the bill, explicitly focused on equality and non-discrimination. Without such an objective, there is a risk that the Bank will not develop the gender-sensitive approach that is required.**

#### **4. Mission-setting process**

The decision-making process for determining missions has the potential to widen or narrow Scotland's gender pay gap and therefore impact women's equality. It is concerning that there is very little information in the Bill as to how missions will be developed. 11(2) provides for Scottish Ministers setting strategic missions by sending the Bank a document "describing the socio-economic challenges" that the Bank is to seek to address. Equality is

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<sup>1</sup> Scottish Government (2017) *Scottish Framework and Action Plan for Women in Enterprise* available at <https://www.gov.scot/Publications/2017/08/5504>

not mentioned and the role of the third sector in contributing to the development of missions is extremely unclear.

Close the Gap is therefore strongly of the view that there should be positive duty on Ministers to consider equality when setting the strategic missions. Without an explicit provision for gender equality on the face of the Bill, there is a high risk that delivery of the missions will be gender blind. For instance, there is no indication that gender has been considered in the example missions set out in the 2018 Scottish Government consultation and the initial EqIA does not include any evidence or analysis that would suggest a gendered lens has been used to consider the missions even though there are well-evidenced gendered dimensions to each.

In order to meet the specific needs of women, it is vital that gender be considered at the earliest and highest stage of mission design. **We believe that the Bill should clearly set out the process for designing and setting missions**, and that there be a positive duty on Ministers to consider equality and non-discrimination when setting the strategic missions. If an equality and non-discrimination object is added to Chapter 2, this could be achieved via a requirement on the face of the Bill for Ministers to set out how the mission relates to the Bank's objects. This would help to ensure that gender has been mainstreamed through all missions. The Bank must recognise that no decision can be gender neutral, as women and men will be impacted differently by the determined sectoral priorities, priorities for investment and projects. The differences will not just be with regards to who is successful in terms of securing funding from the Bank, but also in terms of the bank's socio-environmental roles and returns.

## 5. Equalities Strategy

While we agree that the proposed ethical investment policy is necessary, it is concerning that gender equality considerations continue to be dealt with as an aspect of the investment policy, rather than mainstreaming its responsibilities through the range of roles open to the Bank. A potential method of ensuring that the Bank prioritises equality throughout its operations would be for Ministers to require the Bank to publish a comprehensive equalities strategy which embeds the steps and principles vital for gender competence across the full range of its activities and structures. Such an equalities strategy should be a proactive in focus, in recognition of its legal obligation under the public sector equality duty to proactively advance women's equality, setting out key equality outcomes and how the bank will mainstream equality throughout its work.

This strategy may follow a similar model to the European Investment Bank's Strategy on *Gender Equality and Women's Economic Empowerment*.<sup>2</sup> This strategy aims to 'embed gender equality' and to 'support the protection of women's and girls' rights, enable the EIB to increase its positive impact on gender equality, and help focus support on projects that

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<sup>2</sup> EIB (2017) *Protect, Impact, Invest: The EIB Group Strategy on Gender Equality and Women's Economic Empowerment* <https://www.eib.org/en/publications/eib-group-strategy-on-gender-equality.htm>

increase the participation of women in the labour market and economy'. Implementation of the strategy is guided by a Gender Action Plan.

## **6. Reporting and monitoring**

There is no detail in the Bill on the indicators that will be used to report on progress to achieve missions. We believe that the success of the Bank should not be measured purely in terms of commercial success and economic returns. Rather, the Bank should use wellbeing indicators which reflect its approach to investment. However, proposals to link evaluation frameworks to the National Performance Framework (NPF) is insufficient in the context of gender equality, as the NPF is not sufficiently gendered. We suggest that the Bank utilise the forthcoming Scottish Gender Index, to measure progress against women's equality.

In order to report on missions, and in particular, whether the Bank's work is advancing equality for diverse groups of women, it is critical that the Bank gathers intersectional gender disaggregated data on its investments, programmes and services to measure success. To date, public bodies have had limited success in gathering and utilising intersectional gender disaggregated data relating to employees, service design and service delivery.<sup>3</sup> The gathering and use of data, and the use of gender indices as part of monitoring requirements should be added to Section 14 (reporting on performance) of the Bill.

## **7. Conclusion**

Overall, the Scottish National Investment Bank holds enormous potential to tackle women's economic inequality. However, the Bill requires changes in a number of key areas, if this potential is to be realised. Close the Gap therefore advocates for five key changes to the Bill:

1. The Bank's vision, as currently articulated in the implementation plan, should be stated on the face of the Bill;
2. An additional object on equality and non-discrimination should be added to the Bill;
3. A clear mission-setting process should be detailed on the face of the Bill;
4. The Bank should be required to produce an Equalities Strategy; and
5. Clearer reporting and monitoring requirements for the Bank – including the gathering and use of intersectional gender-disaggregated data across investments, programmes, services and recruitment.

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<sup>3</sup> Close the Gap (2015) *Making Progress? An assessment of public sector employers' compliance with the public sector equality duty*