



Response to the Scottish Government consultation on the introduction of diversity succession planning for boards, and the lowering of the threshold for publishing gender pay gap information and equal pay statements

November 2015

1. Introduction

Close the Gap is a partnership initiative working in Scotland on women's participation in the labour market. Close the Gap works with employers, employees and policymakers to encourage and enable action to address the causes of gender pay gap.

Partners include Scottish Government, Equality and Human Rights Commission, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, and Scottish Trades Union Congress. The breadth of the partnership recognises that women's inequality in the labour market is not only an equalities issue but also an economic issue, and that narrowing the gender pay gap would bring aggregate returns to Scotland's economy. This response does not represent the views of individual partners, but rather is based on Close the Gap 15 years' experience of working with employers in the public sector.

We have worked with public sector employers, at the sectoral level, and on an individual basis, to support compliance of the public sector equality duty, and its predecessor, the gender equality duty, with a specific focus on gender and employment, gender pay gap reporting, equal pay and occupational segregation. We therefore welcome the opportunity to respond to this consultation on extending the requirement for public authorities to take action on gender equality.

2. Diversity succession planning for board appointments

Q1. Do you think that making a requirement for listed public authorities to use their board diversity information for success planning purposes will have a positive impact on the board appointments process?

Yes. Progress to improve board diversity has been very slow, with women comprising only 36% of public board members, and only 21% of public board chairs¹. As set out in the consultation paper, more than 90% of public bodies have signed up to Partnership for Change and pledged to achieve 50:50 gender balance by 2020. This commitment is welcome, however the evidence shows that voluntary measures have proven ineffective in delivering increased gender diversity on public boards. Research by Close the Gap shows that even when organisations have a commitment to gender equality, this very often does not translate into actions to advance change².

A requirement on public authorities to consider how their board appointments process can attract a greater diversity of applicants has the potential to build knowledge of equalities and gender competence at the organisational level. It is therefore critical that public bodies have a clear understanding of the barriers to women's representation on public boards, and set out how they will address these to achieve gender balance.

Q2. Do you agree that the data collected covering individual boards should be aggregated up into sectoral and Scotland-wide statistics?

Yes. Collecting data from individual organisations, and aggregating to sectoral and Scotland-wide statistics will ensure confidentiality is maintained. It will also provide an indication of Scotland's progress on improving gender balance on public boards.

Other reporting requirements under the public sector equality duty require public bodies to provide information on their website. Assessment work on compliance with the duty by Close the Gap³ and Equality and Human Rights

¹ <http://www.women5050.org/>

² Close the Gap (2013) *Missing out on the benefits? Summary of research on reporting of the gender pay gap in Scotland*

³ Close the Gap (2015) *Making Progress? An assessment of employers' performance of the public sector equality duty*

Commission⁴ found that it was not uncommon for public bodies to have failed published any information on their website by the deadline. Having to report data directly to Scottish Government may provide an additional motivation to report fully, and in a timely manner.

Q4. Do you think that formalising the process of diversity succession planning will support those involved in the board recruitment and selection process to achieve greater diversity on their board?

Yes. In order to address the under-representation of protected groups on boards, public bodies must have an understanding of the specific barriers that each protected group experiences. To develop a meaningful and effective succession plan, public bodies must demonstrate that knowledge in order to develop actions that will address under-representation.

It is particularly important that succession plans contain measurable, achievable, relevant, and time-bound actions, and not vague aspirations around compliance with existing law. Weak actions, and generalised commitment statements to equality were identified as common themes in Close the Gap's assessment work of public authorities' compliance with the duty⁵.

Q5. Where and when do you think is the most appropriate place and timing of the publication of diversity succession plans?

Of the options suggested in the consultation paper, public authorities should public their diversity succession plans by no later than 30 April 2017, and subsequently each second year after that in their annual report. However, information on diversity succession plans should also be included in mainstreaming reports, as evidence of how public authorities are meeting the duty to mainstream gender, and addressing gender inequalities. It would also be helpful to have information on diversity succession plans incorporated in their corporate plans. Again, this would enable them to demonstrate one of the ways in which they have mainstreamed gender, and it would also give strategic prominence to achieving gender balance at board level.

⁴ Equality and Human Rights Commission (2015) *Measuring Up? Report 4: Performance, A report of public authorities performance in meeting the Scottish Specific Duties*

⁵ Close the Gap (2015) *Making Progress? An assessment of employers' performance of the public sector equality duty*

3. Amending the threshold for publishing gender pay gap information and equal pay statements

Q7. Do you agree with the proposal to amend the threshold for gender pay gap and equal pay statement publication from 150 to 20 employees?

Yes. Extending the requirement to report on the gender pay gap and publish an equal pay statement will increase transparency and accountability in the public sector, and is more likely to lead to greater equality for women working in the public sector in Scotland.

Our experience of working with public sector employers, and our assessment work of public bodies' compliance with the gender equality duty, and the public sector equality duty, has revealed that it is sometimes smaller organisations which are more likely to develop positive and creative actions to address the causes of the gender pay gap.

4. Business and regulatory impact

Q9. What resource issues, if any, will there be for public bodies to gather information on their board's diversity and then produce a succession plan for future appointments?

Under the existing regulations, public bodies are already obliged to consider gender balance and a wide range of other issues relating to gender equality. Policies to advance gender equality, for example, in relation to recruitment should be mainstreamed throughout each public body, as set out in the duty. Costs would therefore be limited to those associated with participation in equalities capacity building for staff members delivering the diversity succession plan.

5. Equality impact assessment

Q12. Do you think there are currently barriers that especially impact on certain groups that would stop them from applying for board positions?

Women experience a range of gendered barriers to entering and progressing to senior positions, including those at board level. This includes assumptions about a gendered skills gap, and a cultural perception that board memberships are for

men. The timing of meetings can also adversely affect women's ability to participate because of their disproportionate responsibility for unpaid care work. The ways in which vacancies are advertised can also be a gendered barrier to women applying. Organisations which advertise vacant position in a broad range of positions, including in ways which are targeted specifically at women, are more likely to attract a more diverse range of applicants.

Q13. Do you think there is additional supporting action that could be taken to help certain groups overcome or mitigate these barriers? If yes, what action and who should take it?

Public authorities must ensure that women receive adequate capacity building and encouragement to apply for board positions. Recruitment work targeted at women will help to redress the gender imbalance which will benefit not only individual women but also the board, the organisation, and the wider public sector.

There may also be a role for other bodies, including those in the women's sector, to partner with public bodies in advertising roles and being involved in the selection process.

Close the Gap also supports calls for gender quotas on public boards. The under-representation of women in board positions has shown that voluntary measures have proven insufficient to enable change. Research by Close the Gap⁶ and Government Equalities Office⁷ has shown that employers are very unlikely to action on gender equality unless it is legal requirement.

⁶ Close the Gap (2013) *Missing out on the benefits? Summary of research on reporting of the gender pay gap in Scotland*

⁷ Government Equalities Office (2015) *Company reporting: Gender pay data*, IFF Research