



Department
for Business
Innovation & Skills

EMPLOYER OWNERSHIP FUND

Equality Impact Assessment

JANUARY 2015

Contents

Contents	2
Introduction	3
Scope of this Equality Impact Assessment	3
Proposals with multiple strands	4
Description of the policy	4
The rationale and purpose	4
How it operates or will operate, in practice	4
The historical background, and reference to any pilots or trials	5
The evidence base	6
Quantitative.....	6
Qualitative	7
Involvement and Consultation	8
Key facts and findings	8
Developing Options	11
Future Calls.....	11
Monitoring and review – Action Plan	11
Annex A: Gender, disability and ethnicity	13
Annex B: Women’s engineering call – evidence and rationale	14

Introduction

This Equality Impact Assessment accompanies the development of the Employer Ownership Fund.

Any queries about this EQIA should be addressed to:

Employer Enquiries, BIS, Area B, Level 2, St Paul's Place, Sheffield S1 2FJ
Tel: 0207 215 5000
Email: employerownershipenquiries@bis.gsi.gov.uk

Initial Screening suggests that this proposal is most likely to affect those groups with the following “protected characteristics”

Gender
Race
Disability

However, we will ensure that guidance relating to protected groups identifies all groups covered by current legislation.

Scope of this Equality Impact Assessment

On 5 April 2011 the new public sector Equality Duty came into force. The Equality Duty replaces the three previous duties on race, disability and gender, bringing them together into a single duty, and extends it to cover age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment (as a whole these are called protected characteristics or protected groups).

The scope of this Equality Impact Assessment covers the potential impacts on protected groups of the proposed new Employer Ownership Fund, which will provide investment in employer-led projects, intended to tackle skill gaps and shortages in priority sectors of the economy.

Proposals with multiple strands

The new Employer Ownership fund will be launched in early 2014 and the announcement & soft launch will focus on our overall ambitions and how we measure them, rather than multiple policy interventions. However, the first interventions for the new Fund will be on the Auto Supply Chain and on Engineering skills, the latter following up the recommendations from the Perkins Review. These are due to be rolled out early in 2014. Initial screening of the Fund indicated that in general, we do not expect any specific impact from the Fund on protected groups, but there may be some issues in relation to engineering. The Perkins review (published October 2013) includes recommendations to increase female participation in engineering, including a high profile campaign to reach out to young girls. We will be making specific provision in the roll-out of this strand to encourage proposals which address the issue of increasing the proportion of females taking up & returning to engineering, including, for example, programme design to facilitate returners, enabling a smooth return to the working environment. Annex B sets out the rationale and the evidence to support the need for positive action to address the gender imbalance in the profession.

Description of the policy

The rationale and purpose

We are creating a new Employer Ownership Fund to focus on the big skills issues that cannot be reached by mainstream skills support for businesses and individuals. The key objectives of the Fund will be to:

- Contribute to the Government's overarching intention to make public support for skills responsive to the needs of business and to support the growth agenda;
- Fund activities that lead to skills outcomes that cannot be addressed by mainstream vocational education funding.
- Prioritise activities that will have the greatest impact on the economy and improve the UK's skills performance relative to major competitor economies.

How it operates or will operate, in practice

In practice, the Fund will operate through targeted calls for innovative projects, which tackle clearly identified skills problems in the system. The process will be managed overall by BIS, working with UKCES (on identifying skills demand) and with the Skills Funding Agency (to negotiate contract arrangements and monitor delivery. Funding will be targeted directly to employers, who will submit proposals for co-financing, which demonstrate added value in addressing key skills shortages, which can boost productivity and growth. These will be assessed by BIS and Funding Agency officials against published criteria. In general, the Fund will focus on priority sectors identified in the Industrial Strategy, which are critical for growth and productivity. Annex A, Table 1 sets out breakdown of staff by sector, by gender, disability and ethnicity

The first calls will be in the areas of Car manufacturing supply chain and Engineering Skills (following up Perkins Review); These sectors have both identified pervasive skills shortages (See evidence section) More broadly, “surveys of the supply of STEM qualified people through the UK education and training systems when compared with models of demand suggest that demand for STEM skills will exceed supply into the foreseeable future.The under-representation of women, those from certain ethnic minority groups and people with disabilities in SET occupations is well known.”¹ We expect to frame the call within the context of on-going skills shortages and the need for employers to look more widely across social/ ethnic/ age groups to recruit and train staff to meet their skill needs. This would result in more effective use of the Fund.

The historical background, and reference to any pilots or trials

The Fund is being developed out of the Employer Ownership Pilots (EOP) programme. EOP was introduced in 2011 to offer employers direct access to up to £ 340 million of public investment for training and Apprenticeships over 2 bidding rounds for projects in 2012 and 2013. Thirty-six 1st round projects were approved to start from autumn 2012 and Round 2 bids are currently completing the assessment process. There will be no further Pilot rounds, as the EOP will be replaced by the Employer Ownership Fund during 2014

It is intended that the new Fund will be a more flexible pot, enabling funds to be drawn down for a variety of discrete actions which tackle skills shortages. This means that it is likely to comprise targeted packages of funding, aimed at solving specific problems. For example, the first 2 elements of the new Fund will be (i) Auto supply chain skills (ii) Engineering skills. These and subsequent calls for bids will be operated under the auspices of the Fund.

¹ RAE: Jobs and Growth : The Importance of Engineering Skills to the UK Economy: Sept 2012

The evidence base

Principal quantitative and qualitative evidence is as follows.

Quantitative

Statistical reports and first releases, which indicate setting out current numbers, statistics, percentages, statistical patterns, how many people affected by it.

Key docs are:

- Employers Skills Survey (UKCES), identifying overall sector skills trends
- Industrial Strategy reports, e.g. **Automotive Industrial Strategy**

“Overall projections suggest that, across the whole economy, between 2012 and 2020 employers may need to fill up to 820,000 jobs for professional scientists, engineers and technologists (SET jobs) – 80 per cent of which are likely to be for engineers – and 450,000 SET technician jobs.⁴⁰ Even if these projections are at the higher end of possible demand, given the value of engineers to the economy, supply – although it can come from a complex variety of sources – is likely to be insufficient.

The automotive sector's need for more skilled employees is urgent. 18 per cent of establishments in the automotive sector reported vacancies, and indications are that hard to fill vacancies in the sector are above average.⁴¹ Automotive sector establishments are also more likely to experience skills gaps than others elsewhere in manufacturing or across the economy as a whole.⁴² 43,800 (42 per cent) of the current technical workforce in automotive do not hold qualifications at levels four or five.⁴³ The workforce in automotive is slightly older, on average, than in manufacturing or across the whole economy as shown in Chart 4.A. This is more pronounced in smaller companies. So the sector has a need for a growing base of new, skilled employees to replace future retirees – UKCES forecasts replacement demand of around 48,000 jobs between 2010 and 2020.⁴⁴

At all levels of the pipeline, females are less well-represented than males. For the past 20 years or more, the proportion of girls doing physics A level has stayed constant at around 20 per cent.⁴⁸ In 2011-12, around 4,300 females gained an undergraduate degree in engineering and technology, compared to more than 26,000 males.⁴⁹ Since there is less participation, the overall supply of qualified people is reduced.”²

² **Driving success** – a strategy for growth and sustainability in the UK automotive sector

July

There is less clear evidence of under-representation of disabled people in the skills pipeline, although evidence around participation in apprenticeships (from SFA data diversity report (2008/ 09 – 2010/11, see below) indicates a fall in learners declaring a disability or learning difficulty over this period). But it should also be recognised that disabled people are a heterogeneous group, and that disability is also dynamic in its nature.

Also relevant are Industrial Strategy documents, including:

- Aero
- Nuclear
- Power
- Life Sciences
- Food & Drink
- Information Economy
- Construction

Qualitative

Evidence sources include recent BIS sponsored reports such as:

- Rigour and Responsiveness (BIS policy statement - April 2013)
- Richard Review of Apprenticeships and Government response (Oct 2013)
- Whitehead Review of Qualifications (Oct 2013)

Key relevant docs for 1st stages of the Fund:

- Perkins Review of Engineering.
- Auto Industrial Strategy document
- RAE: “Jobs and Growth- The Importance of Engineering Skills” (2012)

Also - other Individual Sector Industrial Strategies, identifying skill needs across priority sectors (e.g. Aero, Science, Nuclear, Power)

In terms of equality impact, *there is no indication that the Fund will impact negatively on any protected groups*. There is an opportunity for the Fund to tackle existing diversity issues in selected areas; for example, some of the gender inequality in STEM subjects. This could include encouraging employers to recruit and train more females in STEM occupations (referenced in Perkins Review, and in e.g. Auto Industrial strategy); on the basis of persistent skills shortages in engineering occupations and under-representation of females in the sector. The evaluation of the Fund will identify any progress in addressing such under-representation.

Involvement and Consultation

The law places a clear requirement on institutions to involve potentially affected groups in the process of equality impact assessments. Gathering qualitative information assists in demonstrating that assessments have involved people and considered a range of issues beyond statistics. Where possible you should use staff network groups as well as external representative groups. What involvement and consultation has been undertaken in this (or a similar) policy and what will be needed and how? Report the results.

Consultation on this assessment and on developing the Fund has taken place with staff network groups, but also with key stakeholders, including

- UK Commission for Employment and Skills
- Skills Funding Agency (including National Apprenticeship Service)
- Royal Academy of Engineering
- Institute of Mechanical Engineers
- Institute of Civil Engineering
- Institute of Engineering and Technology
- CBI
- Engineering Employers' Federation
- SEMTA – Sector Skills Council for Engineering
- Disability Rights UK

Key facts and findings

Taken in the round, there is no compelling evidence that the Fund will have a significant impact (either positive or negative) in terms of equality of access to training or employment.

Protected Groups which may most likely be impacted are

- Gender
- Race
- Disability

A benchmark for overall participation in “employer-led” programmes is provided by the SFA Equality and Diversity data report (2008/9 – 10/11). This indicates that:

Ethnicity

- **8.7% of apprentices were from BAME background in 10/11**, lower than in the general population, but an increase over 08/09. In 2010/11, compared to the population at large, there was a lower proportion of apprentices from Asian or Asian British, Black or Black British, and Chinese/other ethnic groups; and higher proportion from Mixed or White backgrounds

Gender

- **50.4% of apprentices were female, slightly higher than the proportion in the general population; and an increase on 2008/09 (45.8%);** but there are significant variations across occupations: female participation as follows 10/11)
 - 65% of starts in Business, Admin and Law
 - 81.7% starts in Health, public services & Care
 - 6.1% starts in Engineering & Manufacturing
 - 1.6% starts in Construction

Disability

- **8.4% declared learning difficulties and or disabilities, lower than the proportion in 2008/09 (10.1%)**

Sexual Orientation

The Department does not collect information on its administrative system on the sexual orientation of trainees. We do not envisage an adverse impact on these grounds.

Religion or Belief

The Department does not collect information on its administrative systems on religion or belief as part of the Fund.

No participation data is available for the **Employer Ownership Pilots** by protected group. This is because no detailed evaluation evidence has been collected; although we expect to draw on evidence as it comes in to help shape the new Fund. The flexible approach to the new Fund means that we can tweak the conditions for each Call, depending on the sector being targeted. However, there is no reason to suppose that ratios of protected groups selected for EOF will differ significantly from those of other employer-led programmes above; or that the Fund will have a significant impact on equality.

The Fund will be targeting activities that will improve the UK's skills performance relative to major competitor economies and will have a strong focus on priority sectors in the UK. Therefore it is important to note the variations in **gender participation** across different occupations and design the new Fund to ensure that there are opportunities to tackle gender inequalities. We have already noted above that we note the references in Perkins review to under-representation of females in engineering and will be designing the Fund to encourage proposals which tackle this in their operation. UKCES has funded projects through the Employer Investment Fund to address gender differences in on-going occupation shortages.

We have noted too that the proportion of **disabled people** in apprenticeships has slipped over the past 3 years (see above). There are however some excellent examples of employers with best practice in supporting disabled learners in apprenticeship programmes, including:

- Barclays Banks, whose system is extremely effective at recruiting disabled learners into apprenticeships

- Leicester City Council, who have hired more disabled apprentices than the proportion of disabled adults within the Leicester City population
- Luton and Dunstable University NHS Hospital Trust through their Apprentice Steps programme
- John Lewis, with a number of case studies on supporting disabled learners

We can also draw on Skills Funding Agency expertise in supporting equality and diversity in skills provision.

- In 2013, the Agency published [research](#) and [guidance for providers](#) by the Institute for Employment Studies, on engaging disabled people in work-based learning.
- The Agency is currently funding 41 [Equality and Diversity Innovation Fund](#) projects, led by individual colleges and training organisations.
- The Agency also funded unionlearn/IES [research on under-representation by gender and race in Apprenticeships](#), which was published in December 2013, with a TUC led employer event due to take place on 7 April.

We have noted advice from DRC about the importance of social impact being captured through tendering processes to properly impact on supply chains. In programmes such as the Auto supply chain initiative, BIS has the opportunity to influence training through the tiers of the automotive supply chain and will remind employers of their responsibilities with regard to equality.

It is important to note that the rights of adult learners with Learning difficulties or disabilities are protected within the Apprenticeships, Skills, Children and Learning Act 2009, as well as the Equality Act; and that learners aged 19-24, starting an FE course/ apprenticeship, who are subject to a Learning Difficulty assessment from their local authority, will be funded to the same level as 16-18 year olds. Learning support also provides funding for training providers to meet the costs of reasonable adjustments, as set out in the Equality Act 2010. Guidance documentation being prepared for employers will underline the support that is available and their duties under the Equality Act.

Developing Options

We are currently developing options for the Fund, starting with:

- Auto supply chain
- Engineering Skills (implementation of Perkins Review)

As we develop options, BIS officials will be consulting key stakeholders on priorities for the Fund and as part of that process, will be consulting them on how the Fund can help to improve the position in relation to protected groups; and if necessary, build in a stronger approach to tackling potential inequalities. These could include direct reference in the call documentation to preference for proposals which improved the position of protected groups; and a reminder to employers of their own responsibilities to ensure that they will take account of equality issues in the promotion and implementation of projects to be approved under the Fund. This is particularly apt, as recent skills reports have pointed to the importance of increasing diversity in recruitment of engineers as the best way of tackling skills shortages. This will be part of the message to employers, that drawing on a pool of potential talent of people which includes more women, people from diverse ethnic backgrounds and with disabilities will improve their chances of filling skills gaps in their workforce. BIS will also explore weighting value for money indicators to boost applications where protected groups are engaged in training.

Future Calls

The Fund is flexible and responsive: BIS will also consider whether future calls, or constituent parts, could focus on particular protected groups across gender, disability or ethnicity.

Monitoring and review – Action Plan

Monitoring and Review process will draw on experience of EOP. This includes regular reviews with approved projects by the Skills Funding Agency. The Plan will encompass:

- Ensuring programme design builds in measures to encourage fair participation by protected groups: in particular, strong messages to employers about the business benefits of a more diverse workforce and drawing on the widest possible pool of skills. Identifying any additional support available to business in training staff from protected groups, e.g. learners with disabilities.
- Establishing management information records which enable BIS/ Agency staff to monitor impact across relevant protected groups.
- Establishing an evaluation programme, which includes an assessment of the impact of the Fund across different groups. The EOP Pilot evaluation currently considers the impact of groups such as unemployed people, age, gender and other socio-economic characteristics. We will want to ensure that the Fund will be able to

identify the impact of relevant priority groups.

- Specifically, DRC have suggested that BIS should ensure that programmes which seek to influence supply chain training should evaluate equality impact at different tiers.
- Including relevant agencies/ representative bodies in discussions covering review of programme performance.
- Commitment to act on any issues identified by interim monitoring and review.

The data collected as part of the monitoring will be designed to provide us with better quality information about diversity information in the sectors concerned; and will feed into BIS/ Data Service statistical recording.

Annex A: Gender, disability and ethnicity

Table 1: breakdown by industry sector, England, 2012 (Based on the Annual Population Survey, APS 2012, age 16-59/64)

Industry	% women	% disabled	% ethnic minority
Automotive	12%	15%	7%
Aerospace	14%	11%	6%
Power	26%	12%	7%
Life Sciences	44%	16%	13%
Food and Drink	33%	12%	13%
Information Economy	21%	11%	16%
Construction	10%	13%	6%
All industries	48%	20%	14%

Table 2: Industry Sic (2007)

Industry	SIC 2007
Automotive	29 – Manufacture of motor vehicles, trailers and semi-trailers
Aerospace	303 – Manufacture of air and spacecraft and related machinery
Power	35 – Electricity, gas, steam and air conditioning supply
Life Sciences	721 – Natural Sciences and Engineering
Food and Drink	10 – Manufacture of food 11 – Manufacture of beverages
Information Economy	60 – Programming and broadcasting activities 61 – Telecommunications 62 – Computer programming, consultancy and related activities 63 – Information service activities
Construction	6 - Construction

Annex B: Women’s engineering call – evidence and rationale

The Government believes that it is necessary to take positive action under Section 158 of the Equality Act 2010 to help to improve the gender balance in the engineering profession. Such action is considered proportionate and necessary given that participation in engineering by females is disproportionately low.

The challenge is best illustrated through a consideration of some of the available evidence. For example it is startling that only 7% of the engineering workforce is female³. The table below shows the position with technicians and engineers since 2008.

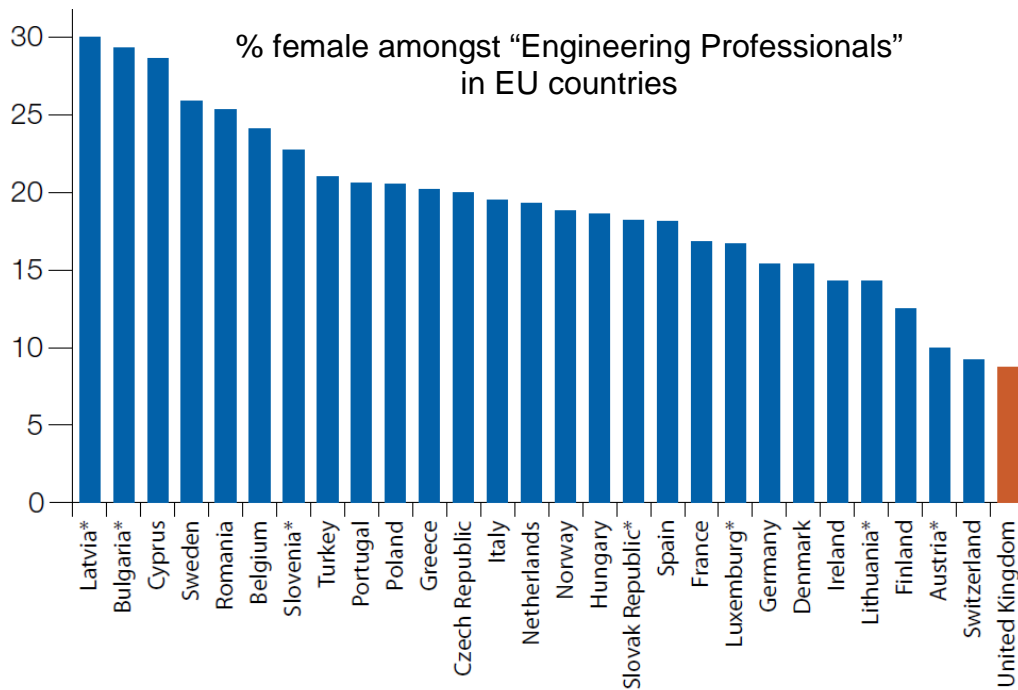
		2008	2009	2010	2011	2012	2013
The current workforce							
Gender	Proportion of technicians who are women	5%	6%	4%	3%	4%	5%
	Proportion of engineers who are women	5%	5%	5%	6%	6%	7%

The Institution of Engineering and Technology, Skills and Demand in Industry Annual Survey 2013

Moreover, at 10% the UK has the lowest percentage of female engineering professionals in Europe; while Latvia, Bulgaria and Cyprus lead with nearly 30%⁴.

³ The Institution of Engineering and Technology, Skills and Demand in Industry Annual Survey 2013

⁴ UKRC analysis of the European Labour Force Survey, 2007.



The position is not improved when we consider Apprenticeships. Gender stereotyping is dissuading women from pursuing careers in traditionally male industries as apprentices, resulting women ending up in low-paid jobs. The table below illustrates this showing that only 3.4% of engineering and manufacturing apprentices are female⁵ with similar large degrees of disparity when considering vehicle maintenance and repair and electrotechnical Apprenticeships.

⁵ Under-representation by gender and race in apprenticeships, Unionlearn and the National Apprenticeship Service, December 2013 and IES analysis of IES data 2012

Gender composition of apprenticeship starts by subject area, 2011/12 (%)

	Male	Female
Health and social care	17	83
Customer service	37.5	62.5
Business and administration	24.9	75.1
Management	41.9	58.1
Hospitality and catering	47.2	52.8
Retail	43.3	56.7
Children and young people's workforce	6.9	93.1
Improving operational performance	88.4	11.6
IT, software, web & telecoms	78.9	21.1
Hairdressing	8.8	91.2
Construction	98.1	1.9
Engineering manufacture craft & technician	96.6	3.4
Vehicle maintenance and repair	98.4	1.6
Exercise and fitness	68.1	31.9
Driving goods vehicles	96.1	3.9
Warehousing and storage	89.7	10.3
Supporting teaching and learning in schools	10.3	89.7
Accounting	38.2	61.8
Electrotechnical	98.6	1.4

The problem extends to income and wages received. In 2013, the median basic income for male registered engineers and technicians (£55,000) is 19.7% higher than that of females (£45,941)⁶.

So the gender imbalance in the engineering profession is stark and well evidenced. Given this position, and as supported by the conclusions of Professor Perkins in his review,⁷ we need to increase the number of engineers in the economy and ensure that this is from a diverse talent pool including through increased opportunities for women.

⁶ The Engineering Council 2013 survey of professionally registered engineers and technicians, 3 December 2013

⁷ Professor John Perkins' Review of Engineering Skills November 2013

The Female Engineer's Call within the Employer Ownership Fund will provide a unique way in which employers can receive funding to deliver specific projects that aim to increase the number of female engineers in the profession. While the Government has made other efforts in this area through support and sponsorship of various promotional campaigns, we believe it is necessary to provide specific funding to increase participation by women in training that will either enable them to join the profession or take a step towards returning to be an engineer.



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication available from www.gov.uk/bis

Contact us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

BIS/15/80