



Scotland Office

**UK Government response to the
Independent Review on the Role and
Contribution of Women in the Scottish
Economy by Professor Lesley Sawers**

February 2016

Independent review by Professor Lesley Sawers on the role and contribution of women in the Scottish economy: UK Government response

Foreword

In 2014 the Scotland Office asked Professor Lesley Sawers in her capacity as a member of the Scottish Business Board, to undertake a review of the role that women play in the Scottish economy, the contribution they make, and how this can be maximised to promote economic growth and a fair and prosperous society for all. After six months of consultation across Scotland, Lesley's findings were published as a report '*The role and contribution of women in the Scottish economy: womenomics Scotland*' in March 2015. I welcome this report, and this document forms the formal UK Government response.

We have seen progress toward gender equality across the UK. For example there are now more women in employment than ever before, there isn't a single all-male board left in the FTSE 100, and the gender pay gap is at its lowest ever level since records began and has been virtually eradicated for women under the age of 40 who work full-time.

There are also more women-led businesses than ever before. Britain was recently ranked within the top 3 places in the world, and the best place in Europe, for female entrepreneurs¹. Around 1 million (20%) of all SMEs in the UK were majority women-led in 2014², contributing £85 billion to the UK economy³. This has been supported by schemes such as Start-up loans⁴, the Great Business Women in Enterprise pages⁵, the Enterprise Skills Assessment Toolkit⁶ and Meet a Mentor road-shows.

This progress has been supported, and will continue to be supported, by the necessary legislative change. While the review was underway we saw the introduction of Shared Parental Leave, and going forward this Government will deliver its manifesto commitment to require private sector and voluntary employers with at least 250 employees to publish the difference between average pay and also bonuses for male and female employees. The UK Government intends to put a similar duty on public authorities with the change affecting English bodies and others whose functions are not devolved. Public bodies in Scotland and Wales are covered by separate devolved arrangements. The Scotland Bill, currently being debated in the House of Lords, will also see greater equal opportunities powers devolved to the Scottish Parliament.

¹ Data from GEDI, 2015 Female Entrepreneurship Index.

² Data from the BIS Small Business Survey 2014

³ Data from the BIS Small Business Survey 2014

⁴ The Start-Up Loans company have now made over 28,000 loans worth over £150m, with 38% going to women

⁵ [Great Business: Women in Enterprise](#)

⁶ [Enterprise Nation Self Assessment Toolkit](#)

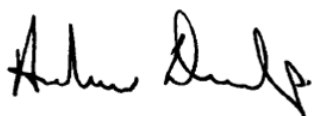
The findings in Lesley's report showed that Scotland is doing well in terms of many measures of gender equality – it highlighted that the median overall gender pay gap is lower in Scotland, that there is a higher employment rate amongst women and a slightly higher percentage of women on Scotland-based FTSE 100 boards than across the UK⁷. However, it also highlighted that there is still much that needs to be done both to address practical issues, but also deeper cultural change, in order to fully maximise potential.

It is also clear from the report that there is already a huge amount of work underway by the UK and Scottish Governments, private and public sector organisations, within companies and within specific industries.

But the overarching theme of the report is that to truly make a difference in this area we need to see a fully coordinated approach. That achieving a fairer representation of women, and maximising the economic growth this could bring⁸, is an issue for everyone and everyone needs to be part of the change.

I am therefore pleased that the UK Government has proposed a new Ministerial Group to look at this issue. The UK Minister for Women and Equalities has invited Ministers from the Scottish Government, Welsh Government and Northern Ireland Executive to join this group, providing a forum for best practice to be shared and issues to be addressed across all of the UK. The Ministerial Group will also be supported by an officials' working group, and combined I hope that these groups will consider many of the issues raised in Lesley's report.

I am extremely grateful to Lesley for all of her work on this review, and the continuing role she has played to champion this important issue within the Scottish business community. Lesley herself described the report as a starting point on a journey, and I look forward to the next stage of that journey as we look to deliver further change.



Lord Dunlop
Parliamentary Under Secretary of State for Scotland

⁷ The latest representation of women on FTSE 100 boards is 26.2% across the UK, representation of those companies based in Scotland is 29.6%. (*BoardEx figures, December 2015*).

⁸ The Women's Business Council highlight in their report that by equalising the labour force participation rates of men and women, the UK could further increase GDP per capita growth by 0.5 percentage point per year, with potential gains of 10% of GDP by 2030 (*Women's Business Council "Maximising women's contribution to future economic growth" 2013*). Equalising female business ownership rates to those of men in Scotland could also see a growth of 5.3% in the size of the Scottish economy (*Women's Enterprise Scotland "Women in Enterprise: A framework and action plan" Scottish Government, 2014*).

Responses to the conclusions and recommendations

Theme 1: mainstream attitudes and behaviours

1. Creating a collective culture

The review highlighted the need for a change in culture in society, in the way we do business, in the community, in the workplace and at home. It emphasised that we need to see a change in mind set, with a gender-neutral and holistic approach across all sectors, and that the first step in this process is a national gender action plan.

The UK Government is committed to full employment, with a fair and flexible labour market that draws on the talents of everyone. This is a key issue for the health and competitiveness of our economy, and we have seen real improvements in recent times. There are currently 14.7 million women in employment in the UK, an increase of more than 1 million since May 2010⁹. But to fully realise this ambition there is a need for further deep culture change to get us to the finish line. For example, while we are currently seeing the lowest gender pay gap on record, the ultimate ambition is to close the gender pay gap within a generation.

The UK Government therefore recognises that more can and should be done to further equality across the UK and we are committed to making sure our policies reflect and address the specific barriers that women face. For example, the support the Government offers entrepreneurs includes an online self-assessment tool designed to help identify gaps in knowledge and experience, and signpost the training and support to fill these gaps when starting or growing a business. While this is useful for both men and women this skills toolkit has been developed specifically with women in mind as they are more likely to report lack of skills as a barrier to starting a business.

But as the report highlights, this culture change is not a job for the Government alone. There needs to be a partnership between Government and the business community with each recognising they have a part to play in driving change. The Women's Business Council (WBC), which was set up in 2012, continues to play a key role in this. The Council advises Government on how women's contribution to growth could be optimised. Their aim is to focus on the areas with potential for the greatest economic benefit; to make recommendations for business, Government and others with a clear economic case for action; and to support the Government's strategy for business. The Government Action Plan on women and the economy, published in November 2013, set out how the Government would be taking forward the recommendations made by the WBC.

⁹ Labour Market Statistics, January 2016, Office for National Statistics

The WBC's two year on report restates the compelling business case for enabling women to fulfil their economic potential and highlights that through their business engagement activities the WBC have reached around 8 million people.

The Government and the WBC have agreed that the membership of the council going forward will be made more representative of all of the parts of the UK. It is also intended that the proposed Ministerial Group on women and the economy, outlined in the next section, will work closely with the WBC.

2. Coordinating a national approach: a need for joined-up solutions.

The review identified a localised approach by government in tackling issues of gender and equalities. It highlighted a need for greater national coordination, UK wide support programmes and access to advice and delivery mechanisms.

Equality is generally a reserved area and a responsibility of the UK Government, with the exception of Northern Ireland which has full powers in this field. But many of the policy levers relating to economic participation such as skills, childcare and business support are devolved to the Scottish Government.

A cross-UK Ministerial Group has been proposed to look nationally at the issue of women in the economy, and to make sure that we are seeing full coordination and sharing of best practice across the UK as a whole. The UK Minister for Equalities has written to Ministers of the Scottish Government, the Welsh Government and the Northern Ireland Executive, asking them to take part in this group. Focusing on helping women into work and progressing once in work we hope the group will consider as part of its remit: the sharing of best practice; identifying gaps in services, support, data and information; alongside specific themes such as availability of childcare, tackling occupational segregation, and encouraging numbers and visibility of female role-models.

The report also mentioned that it may be timely to look at the role of the Equality and Human Rights Commission in Scotland. The Equality and Human Rights Commission already has a specific focus on equalities matters in Scotland through the activities of the Scotland Commissioner and the Scotland Committee. We will keep this under review in consultation with the Commission.

3. Changing behaviours: education, family and culture

The review identified the essential roles of home, school and peer groups in changing mind-sets and culture. It considers that the Curriculum for Excellence could be a platform to tackle gender stereotyping from an early age.

The Scottish Government is responsible for education policy and ensuring inclusion and equality are promoted within Scottish schools, and has highlighted that the curriculum for excellence has opportunities within it to address gender bias. It is not

for the UK Government to comment on the make-up of the Curriculum for Excellence or any proposed changes to this, however, the UK Government does agree that combatting gender stereotyping from an early age is crucial, and recognises the importance of addressing the cultural issues that underpin gender inequality.

For example, no career should be considered off limits to anyone because of their gender, race or background. The UK Government has already made progress in encouraging girls to take up STEM subjects, there have been 12,000 more entries in maths and science A Levels in England since 2010. The UK Government is taking further action by working with companies and supporting cross-UK campaigns such as 'Your Life' and #notjustforboys which help girls to consider the widest range of job options. The Your Life campaign began with funding from the Government and is now independent, having raised almost £3 million from corporate sponsorship. It aims to significantly increase the numbers taking A Level physics and maths within three years, and double the proportion of undergraduate engineering and technology degrees taken by women to 30% by 2030. A 'call to action' was launched in May 2014 aimed at getting educators and industry to boost participation in technology and engineering - 200 signatories have pledged to date. An advertising campaign aimed at young people aged 14-16 was also launched in November 2014.

In England new statutory guidance for schools on careers guidance and inspiration states that schools should consciously work to prevent all forms of stereotyping in the advice they provide. The UK Government has set up the new independent Careers & Enterprise Company and supports the Schools' Business Partnership Project to help inspire young people and create links between businesses and schools. 'Your Daughter's Future' has been published to help parents challenge gender expectations and support their daughters through school subject, qualification and career choices.

The UK Government also instigated the STEM Diversity Programme. Jointly run by the Royal Society and Royal Academy of Engineering, this programme addresses diversity in the STEM workforce. As part of the proposed Ministerial Group we hope there will be opportunity to share best practice across the UK on girls aspirations and tackling this important issue.

Work toward improving the online treatment of women and girls is also important here, and the UK Government is working with industry to encourage better representation of women and girls in the media whilst challenging sexism and the damaging stereotypes that can hold women back.

The UK Government supports positive and diverse representations of people and wants to see all young people reaching their full potential, without being limited by negative cultural norms and gender stereotypes. The UK Government has worked with a range of bodies, including the Advertising Association, to develop materials that support good practice across industry and celebrate diversity; and with the PSHE Association and the National Citizen Service, to develop resources that support young people to become more informed and resilient consumers of media content.

Theme 2: measure for impact

4. Measuring policy impact: gender equalities index

The review highlights the importance of transparent data and measurement in driving improvement. It suggests that Scotland should develop a gender equalities index to track progress over time at a local authority or city region level.

The UK Government agrees with the importance of visibility and transparency of data on gender. The Lord Davies review on increasing the number of women on company boards showed the impact this approach can have. By working closely with Lord Davies and business to measure and monitor the number of women sitting on the boards of our top companies and taking action as a result, we have seen an unprecedented increase. Women now account for 26.2% of FTSE 100 Directors across the UK, exceeding the 25% target and up from 12.5% in February 2011.

The UK Government is also taking this approach to closing the gender pay gap, by requiring private sector and voluntary employers, with more than 250 staff, to publish the difference between average pay and bonuses for male and female employees. A consultation ran over the summer seeking views on how best to do this and the UK Government will consult again on the draft regulations in due course. The UK Government also intends to put a similar duty on public authorities with the change affecting English bodies and others whose functions are not devolved. Public bodies in Scotland and Wales are covered by separate devolved arrangements.

Availability of information and comparability of data is one of the themes we hope the Ministerial Group will consider, including the potential for a gender index. This would also provide an opportunity to examine the underlying data on gender in more detail.

5. Driving investment: the concept of a 'gender dividend'

The review suggests that the concept of a gender dividend could be developed to allow more effective monitoring and targeting of investment on those issues that will deliver the greatest impact for the Scottish economy, families and women themselves.

The UK Government agrees with the concept of improving the understanding of the impact investment decisions have on women and equalities. The idea of a gender dividend is of interest, and we would like see the business case and potential for this explored as part of the conversations on data and information held by the Ministerial Group.

The UK Government has also already committed to keep the key policies in this space, such as Shared Parental Leave and Pay and the Right to Request Flexible Working, under review. The Department for Business, Innovation and Skills will review the impact of Shared Parental Leave and Pay for working parents by 2018, and this will include examining the take up of leave and pay by fathers and partners across the UK. The UK Government will review the statutory Right to Request Flexible Working by 2019.

The evaluation of both policies will make use of survey evidence on who is making use of these new entitlements, and information provided by stakeholders, including those representing business and employers.

The introduction of the Family Test is also a key step forward in this area, where all new government policies are assessed in relation to their impact on families, in recognition of the major impact they have on the life chances of individuals. Strong family relationships are an important component of individual, community and national wellbeing.

6. Implementing a coordinated approach: a virtual gender resource network

The review identified that there were many data sources, reports and research being published but that data sets were not always comparable and research was not always circulated to business and policymakers. It looked at the example of Norway in allowing open access to gender-specific econometric data and information, suggesting a similar approach could be replicated in Scotland. The review also suggested that this could be combined with a virtual centre that held wider academic evidence and research. This could improve knowledge exchange and could have responsibility for impact measures and effectiveness monitoring. The review also highlighted the value that could be gained by potentially linking regulation or assessment to practical resources and support services.

The UK Government agrees that a more coordinated approach to the sharing of this kind of information has merit. At a UK level we already see the impact of sharing data with the work we do with Cranfield University on the female FTSE report. Sharing information on board appointments has helped drive a significant increase in the number of women leading UK companies. The Women's Business Council also published the evidence papers that lead to their recommendations, providing a useful source of information for policy makers, academics and businesses. The Scottish Government has highlighted that their Equality Evidence Finder performs this function in Scotland. Again, we hope the availability of data and information more widely will be considered as a proposed theme for the Ministerial Group, including discussion on the feasibility of this recommendation.

7. Driving innovation: workplace policy innovation

The review highlights the importance of childcare and a desire for greater flexibility and innovation within the workplace to allow women (and men) to balance childcare and work commitments, with a specific proposal for a workplace innovation group to be established in Scotland. It also asks that more consideration be given to issues like access to public transport and the geographical concentration of female labour.

The UK Government agrees that cultural change to promote flexibility in the workplace is a priority. That is why we have seen the introduction of legislation that lays the groundwork to enable families to have more choice over their working patterns. For example, the extension of the Right to Request Flexible Working means that over 20 million employees are now entitled to this; and the introduction of

Shared Parental Leave and Pay gives parents real choice over how they organise their child care arrangements after the birth of a child or an adoption. An informal survey by Opinion Matters for the Department for Business, Innovation and Skills showed that 83.7% per cent of those questioned in Scotland thought that they would consider taking Shared Parental Leave in the future¹⁰, and as set out above this Government will continue to monitor this policy. The UK Government also recently announced that it will extend Shared Parental Leave and Pay to working grandparents. It will consult on the detail of the policy in the first half of this year and will aim to implement the policy by 2018.

The Government will also introduce a new tax free childcare scheme from early 2017 to help with the cost of childcare and support working families, with self-employed parents also able to get support from the scheme.

The specific recommendation for a workplace innovation group in Scotland is in the remit of the Scottish Government.

Theme 3: mentoring and leading for change

8. Investing in leaders

The consultation undertaken as part of the review indicated support for the idea of board quotas for public bodies in Scotland, and suggested that these should be accompanied by sunset clauses so that quotas would be phased out as behaviours change. The review also highlights the importance of a talent development programme to underpin this.

The Scotland Bill will devolve greater equal opportunities powers to the Scottish Parliament for devolved public bodies and cross-border public bodies in Scotland that are exercising devolved functions. The new legislative competence will allow the Scottish Parliament to introduce additional equality protections and requirements for these bodies if they so wish, including setting gender quotas for their boards and legislating for socio-economic rights. These wide ranging new powers will empower the Scottish Parliament to take forward its own equal opportunities policy for public sector bodies.

9. Developing the talent pipeline: voluntary equalities disclosure

The review puts forward a proposal for a voluntary code for employers in all sectors that would provide information on gender performance linked to job levels and pay

¹⁰ Based on 92 respondents in Scotland, 37% said that they would definitely consider it, 46.7% that they would possibly consider it, if they had a child in the future. *Opinion Matters Research for Department for Business, Innovation and Skills January 2015.* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394623/bis-15-32-shared-parenting-leave-public-attitudes.pdf

bands. It also recommended that more businesses in Scotland should be encouraged to follow Think, Act, Report.

The UK Government is committed to closing the gender pay gap within a generation. Visibility of performance is key to this, and this Government will therefore deliver a statutory requirement for private sector and voluntary employers with more than 250 employees to publish the difference between average pay and bonuses for male and female employees. Quoted companies are also required to disclose the number of persons who are directors, senior managers and number of employees (of each sex) of the whole company under the narrative reporting regulations. A voluntary, business led approach has seen a steady rise of women on FTSE 100 Boards since Lord Davies reported in 2011 and we have now exceeded the 25% target of women on boards. This demonstrates the voluntary approach works. We want to see the number of women on FTSE boards rise further and will support and promote the business-led 33% target for FTSE 350 boards by 2020 and, as recommended by Lord Davies, we will establish a new review focusing on the executive layer in FTSE 350 companies.

The UK Government also looks to improve gender equality in the workplace through [Think, Act, Report \(TAR\)](#). This programme encourages businesses to *Think* about gender equality in the work place by analysing their data on recruitment, retention, promotion and pay; *Act* on any issues identified; and *Report* / publicly share the progress they are making. Over 290 businesses across the UK representing well over 2.5 million employees are signed up and leading the way on gender equality in the work place. This is a powerful community of best practice which includes almost 50 companies with offices in Scotland.

To further promote this policy in Scotland, the Scotland Office and the UK Government Equalities Office held an engagement event with businesses in Scotland in November 2015 to feed into the broader discussions following the [open consultation on closing the gender pay](#) gap which took place July to September 2015. This was also aimed at educating more companies about voluntary reporting through TAR and considering the benefits of diversity at all levels of a company.

10. Building confidence and skills: a national joined-up approach to mentoring programmes and improved access to networks

The review emphasises the importance of effective mentoring for women. It recognises that there are already a lot of initiatives in this space and suggests a more joined-up and visible approach, for example through a national mentor and networking databank. The review also puts forward the idea of a 'career mentor' for young people in Scotland.

The UK Government agrees that successful mentoring is a real way to harness and maximise the potential of those setting up and running their own business, supporting and encouraging entrepreneurs through the different stages of business growth. That is why it has invested £1.9m in the Get Mentoring project, which recruited and trained over 15,000 volunteer business mentors, 42% of whom are women. More specifically aimed at women was a road-show of 12 Meet a Mentor

events in partnership with the Small Firms Enterprise Development Initiative which took place throughout 2014, including in Scotland. This Government is committed to continuing to promote mentoring through an additional programme of Meet a Mentor events through last year and this year, with an increased number of events in Scotland.

Mentoring is not only useful for those in enterprise of course and the intention is that the proposed Ministerial Group will also look at how mentoring and role models can be used to broaden girl's aspirations and support women returners. For example, the UK Government supports the Inspiring the Future project which has over 20,000 volunteers signed up to talk to young people about their job and career route, providing role models in a huge range of jobs and at different career stages. The UK Government also supports STEM ambassador activities in schools - there are over 3,000 approved STEM Ambassadors in Scotland, of whom 43% are female, who volunteer from academia and industry.

A career mentor, as described in the report, would fall within the competence of the Scottish Government, in particular the national skills agency Skills Development Scotland. It is therefore not for the UK Government to comment on this proposal.