



Equality and public sector investment: a practical approach

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Key takeaways

1. Public sector-funded investment projects should conduct an assessment of their impact on equality to ensure plans focus on advancing equality of opportunity for all.
2. Data on unemployment and participation in the specific industry or sector being invested in will help to identify barriers and opportunities.
3. Using social value principles and community benefits can help to increase the number of apprenticeships and training opportunities for underrepresented groups.
4. Where an investment project aims to reduce poverty, a protected characteristic analysis conducted alongside a place based analysis of poverty can help direct resources to those most in need.
5. Providing affordable, accessible and flexible transport, housing and childcare will increase the chances of diversifying the local workforce.

1. Introduction

Across Great Britain employers are facing a recruitment crisis as workers leave the labour market. However, at the same time we see that unemployment rates for ethnic minority communities and disabled people remain stubbornly high. Worse still, many of our new industries are monocultures, drawing their new entrants from a very restricted pool. For example only 14% of our [wind power industry workforce](#) are women and only 5% are from ethnic minorities, just 19% of employees in our [digital industries](#) are women, and only 2% of the [on-site construction workforce](#) are women.

This lack of opportunity can hit hard. For most ethnic minority communities in Great Britain, employment is often concentrated in the [poorest-paying service industry sectors](#). For disabled people there remains a 29% employment gap and those who are employed tend to be [concentrated in lower grades](#). Lone parents struggle to access well paid work that works for them, their families and their employers. The result of this exclusion

can be seen in higher poverty rates for all three groups.

However, these are all areas which are the subject of huge public investment. City Region Deals have levered over £60bn in local economies in the past ten years, and the Levelling Up Fund promises to use investment as a tool to promote greater geographical equality. Something clearly is not working if our newest industries like green tech and digital – those attracting the bulk of current investment – have employee profiles redolent of our industrial heritage.

This policy briefing looks at what public bodies in Scotland have been doing to square these circles: the need to increase productivity and also to ensure that the opportunities presented by new technology and new industries are open to all. It also discusses the need to balance place-based approaches with people-based approaches, and reduce poverty to make lasting improvements in people's lives.

2. The Scottish Approach

The Scottish Government adopted inclusive growth as the theoretical underpinning of its economic policy in the mid-2010s. Inclusive growth – championed by Professor Joseph Stiglitz – looks to balance the need for economic growth with the need to share its benefits more equitably across the population and to protect and nurture the environment. Proponents of inclusive growth argue that unfettered growth in its traditional sense can lead to significant negative outcomes for workers and the environment. The early focus in Scotland’s inclusive growth approach (similar to what is currently being implemented in England and Wales, and seen for example in the work of Cambridge and Peterborough Combined Authority, amongst others) was on promoting ‘good work’: a reduced reliance on zero hour contracts, the payment of the real living wage, and workers having a greater voice.

This approach gained traction in the Scottish Government’s Regional Economic Development strategy, and its principles were applied to investments under Scotland’s £5bn City Region Deals programme. In 2018, the Scottish Government amended the programme to include a focus on Public Sector Equality and Socio Economic Duties. This had the effect of placing a real emphasis on advancing equality of opportunity for people sharing [protected characteristics](#) and reducing the negative outcomes caused by deprivation as a fundamental condition of grant aid. In practice this means that every business case submitted for funding now needs to show how projects will benefit women, ethnic minorities, disabled people and those living in the most deprived communities in Scotland. Benefits Realisation Plans – the documents which set out what will be achieved annually by the investment – must include the key metrics by which the advancement of equality will be measured

and success judged. Working on the basis that if it is not measured then it is unlikely to be considered important, if the City Region Deal cannot demonstrate how inclusive growth will be delivered by the grant or investment, the bid is sent back for further work.

3. The Legal Imperative

The Equality and Human Rights Commission (EHRC) is the regulator for the Equality Act in Great Britain. The Act has been in place since 2010 and can provide redress for people who have experienced discrimination. It also introduced the Public Sector Equality Duty (PSED). This places additional equality responsibilities on public bodies, in recognition of the fact they are major recipients of public money and providers of public services. The PSED requires public bodies to eliminate discrimination, advance equality of opportunity and foster good community relations.

In 2018, Section 1 of the Equality Act – the Socio Economic Duty – was introduced in Scotland. This duty requires public bodies to consider how their policies can help to reduce gaps in outcomes between the most and least deprived communities in Scotland.

Taken together these two positive duties on public bodies can make a real difference. Given that many of Scotland’s most deprived people are also lone parents, disabled or come from an ethnic minority community, the requirement to advance equality of opportunity for them at the same time as narrowing the gaps in outcomes they experience is a potentially powerful tool.

However, when conducting reviews of how the law is applied, the EHRC has noted how often public bodies focus on the first aim of the duty – eliminating discrimination – and, satisfied that their approach does not directly discriminate, move on.

This is one of the key challenges of the Scottish Government's work and is, in part, a conceptual one. The Equality Act is not simply a long list of prohibitions – things we need to avoid doing to stay on the right side of the law. Rather, it is actually a set of permissions. The Act is a call for the public sector to go further than simply not discriminating, and to instead consider the reasons why some sections of our communities flourish, while for some progress is impeded.

The focus on eliminating discrimination is based on an assumption that simply providing a level playing field, or having an open door policy, is sufficient to make progress on equalities and that simply doing no harm is in itself enough.

Advancing equality means taking action which deals with the root causes of the problems that some sections of the community face. It is about analysing why women may fail to progress within a sector or profession, why disabled people live in greater poverty than their neighbours, or why people from ethnic minorities may experience the greatest health inequalities.

4. The EHRC's role

Since 2017, the EHRC has worked closely with the Scottish Government and Scotland's 12 City Region Deal Partnerships, providing practical support and advice on how to advance equality and narrow socio economic gaps. This includes a strong focus on integrating equality considerations into the business planning cycle: impact assessment; measurement; and procurement. A number of the guides we produced with the Scottish Government be found on the [Scotland Centre for Regional Inclusive Growth \(SCRIG\) website](#).

The EHRC has now adapted the approach it took in Scotland and is currently working with three Combined Authorities in England – Greater Manchester, Liverpool

City Region and North of Tyne – to help improve their performance on equality issues. All three are also using the principles of the Socio Economic Duty (currently only in force in Scotland and Wales) to provide a greater strategic focus on reducing deprivation. Taken together, the twin objectives of advancing equality and reducing the gaps in outcomes between the most and least deprived provide a strong overarching mission for their investments and projects.

The Greater Glasgow City Region Deal, signed in August 2014, was the first of the new Scottish Deals which now cover every part of the country. The Deal is funded by £1.13bn of investment from the UK Government, the Scottish Government and the eight local authorities in the area. The Deal has four primary aims: to improve transport and connectivity in the region; to develop and commercialise world class R&D facilities for the Life Sciences industry; to enable the development of strong SMEs; and to tackle unemployment and low skills by creating 39,000 new jobs and 15,000 additional training places aimed particularly at “vulnerable” communities and 16-24 year olds.

Examples of Deal projects include the regeneration of derelict land for business use on the Clyde Waterfront and Canal, and North Gateway areas of Glasgow, the expansion of the cruise ship terminal at Greenock, and the development of new Community Growth Areas in Newton, Hamilton, Larkhall and East Kilbride.

Taken together the eight partner authorities have an annual procurement budget of over £2bn and the aim of the sustainable procurement strategy was to maximise the impact of this spend, and £1.3bn of City Region Deal money, on the region's most deprived communities. The strategy embraces the “*principles of Community Wealth Building, Fair Work First, promotes the living wage, maximises*

opportunities for social enterprises and support(s) the creation of a resilient skills and training pipeline across education and training providers” (Glasgow City Region 2021: 3) whilst promoting and supporting low carbon developments.

Every procurement exercise conducted by the partnership aims to promote employment and training for people in the most deprived parts of the region. Additionally the strategy commits the partners to target community benefits on young people (16-24 years), women with primary care roles, disabled people, Black and Minority Ethnic groups, and people experiencing poverty and deprivation.

These are groups who are known to “*disproportionately experience disadvantage and inequality within our region to gain skills, employment and career progression*” (ibid: 13). Looking ahead, the partners are aiming to address key issues such as low pay and the gender pay gap by promoting fair employment practices amongst the businesses they support.

5. Taking the work to scale

During 2022, the EHRC has developed links with and provided support to Combined Authorities across England as part of our strategy to build back better. We are currently working with North of Tyne on inequality analysis, with Liverpool City Region on a cross-authority strategy to increase employment opportunities in its most deprived communities, and with Greater Manchester on a refreshed response to the recent Inequalities Commission.

The UK is estimated to have lost something in the region of half a million workers since the start of the COVID-19 pandemic. Many of these are older workers whose participation has dropped due to a combination of poorer health and a desire for a better work-life balance. To reengage these workers, employers will need to offer more attractive packages

which include part-time and flexible working, and probably a greater emphasis on home working. But this may not be enough to tempt them all back to work. If the government wants to expand the UK workforce without committing to higher levels of immigration, we need to focus on engaging the large untapped pools of talent amongst disabled people, ethnic minorities and women.

The offer needs to be attractive and some workplace cultures will need to change. This is the task the EHRC is now focused on – to ensure that the benefits of investment reach those communities who have not benefitted sufficiently from regeneration and innovation.

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