Highlands and Islands Enterprise (HIE) is the Scottish Government's economic and community development agency for a diverse region which covers more than half of Scotland and is home to around 450,000 people. HIE's role is to develop sustainable economic growth across the region. To achieve this it creates infrastructure for future investment, assists large and small businesses with growth aspirations and has a unique role in strengthening communities, particularly in fragile areas. HIE also invests in transformational projects across the region to make the Highlands and Islands a more competitive and attractive place to live, work, study and invest.

HIE is pleased to provide the following in response to the specific questions as outlined in the Committee’s survey.

**Equalities in the budgeting process**

- *How were equalities issues taken into consideration in allocating budgets in 2012-13?*
- *Was the approach taken for the 2012-13 budget any different from that taken in 2011-12?*
- *Can you provide any examples of how equalities considerations influenced agreed budgets?*

HIE’s budget falls into two categories:

- **Project spend** to support our four strategic priorities:
  - supporting businesses and social enterprises to shape and realise their growth aspirations
  - strengthening communities and fragile areas
  - developing key sectors, particularly distinctive regional opportunities
  - creating the conditions for a competitive and low carbon region

  Project spend is allocated in two ways – a proportion is allocated to regionally significant investments and a proportion to discretionary local projects.

- **Operating costs** to cover staff salaries and benefits, training and subsistence, as well as premises and ICT costs.

The primary mechanism by which equality is taken into account in budget allocation for both categories is assessing equality impact, positive and negative, at the stage of policy and project development. By taking this approach the implications for equality are taken into account at the same time as financial and other resources are allocated. The approach taken for 2012-13 budget allocation is the same as that applied in 2011-12.

Equality impact related to project spend typically involves job creation which can be of significant benefit to a range of people, with differential impact for equality groups according to the growth sector and skill sets required. Identifying positive equality impact strengthens the case for HIE’s financial support for private sector projects, with equality impact often indirect rather than at HIE’s own hand.
For example, HIE’s support for Nigg Skills Academy identified a positive impact on equalities; the potential to support the private sector in strengthening employment diversity in the energy sector, while at the same time addressing a sectoral skills shortage. Although HIE’s direct intervention will only account for a small proportion of the job creation, the initiative overall involves the creation of 1,600 – 1,700 full time equivalent jobs in the private sector, the majority located in the Seaboard area of Easter Ross. Nigg Skills Academy intends to train and recruit people from a wide variety of sources, presenting an opportunity to recruit more young people, women and ethnic minorities into the oil and gas and renewable energy sectors where these groups are under-represented, as well as retraining older workers. In particular this offers the scope to attract well qualified young women into the renewable energy sector.

Impact assessment can also highlight areas which require intervention to mitigate negative impact. HIE’s Talent Scotland Graduate Placement Programme identified that the residential element may disadvantage carers, who are predominantly women, and rural graduates who face additional travel costs. To avoid placing potential barriers in the way of these groups of graduates it was agreed that support with carer costs for graduates who have dependents and travel costs for those disadvantaged by location would be explored. An element of project budget has been set aside to accommodate these costs.

**Equalities in mainstream services**

- **For your three most significant mainstream services (in terms of cost), please provide details of—**
  
  a) The total budget for this service in 2011-12 and 2012-13
  
  b) The impact (positive or negative) that this service has on equality groups
  
  c) The impact (if any) that any budget changes have had on equality groups

Around 50% of HIE’s project spend in 2011/12 (around £20m) and around 60% of project spend for 2012-13 (around £30m) is allocated to regionally significant investments, transformational infrastructure projects which will deliver long-term economic benefits. Equality impact related to regionally significant investment varies from increasing employment opportunities which can have a differential impact on equality groups, depending on the sector, to improving access to health care through HIE’s support of Digital Highlands and Islands. It is likely that this will have a significant, positive impact on older people, families and disabled people, particularly those in rural locations where specialist services have not traditionally been accessible.

Discretionary spend (around £21m in 2011-12 and around £18 in 2012-13) is allocated on a local basis to projects which are not categorised as regionally significant. Equality impact for these projects is assessed and typically identifies similar positive and negative impact to those identified for regionally significant investments, although generally on a smaller scale.

Around £15m was allocated to operating costs in both 2011-12 and 2012-13. Equality impact of internal employment matters identifies positive and negative
impact on equality groups at the point of project or policy approval. Typical assessments involving budget allocation are carried out on activity such as HIE’s voluntary severance scheme, ensuring that impact is not disproportionate for specific staff groups.

Service provision for equalities groups

- For up to THREE services with a specific focus or provision for equalities groups, please provide details of—
  a) The total budget for this service in 2011-12 and 2012-13
  b) The impact that this service has on equality groups
  c) The impact (if any) that any budget changes have had on equality groups

HIE does not provide services specifically designed for equality groups. Our influence is focussed on working with businesses and communities, supporting sectoral growth and creating the conditions for a competitive and low carbon region.

However we recognise that some of our functions have a more significant effect on equality groups, for example our involvement with social enterprises whose social purpose may include providing employment or training for disabled or young unemployed people. We also play a significant role in the promotion of science, technology, engineering and maths (STEM) subjects to increase the number of people with qualifications in these subject areas who can contribute towards a sustainable economic future for the Highlands and Islands. This supports the promotion of non-traditional gendered roles, particularly in sectors such as renewable energy. A budget of £35k is allocated to this function.

Mainstreaming equalities

- What specialist services or programmes have been, or are being altered, in the interests of mainstreaming?
- What monitoring is in place to ensure that the relevant equality groups continue to access an appropriate service?

HIE’s account managers play a significant role in assessing equality impact prior to submitting project proposals to HIE’s Leadership Team for approval. Equality impact assessment has been embedded in HIE’s project appraisal process.

The equality impact assessment model is being revised in light of the requirements of the Public Sector Equality Duty. This will include a renewed focus on policies, projects or other proposals which determine how HIE’s budgets are set or reviewed. A roadshow and workshops are being delivered for all staff to outline the revised impact assessment arrangements as well as the implications for HIE of the new public sector equality duties.
Monitoring enables HIE to assess the actual equality impact of our interventions. It is increasingly being included in projects such as the Graduate Placement Programme and STEM Ambassadors Programme mentioned above. We will also be focussing monitoring activity around participation, particularly by gender, in our leadership initiatives.

External and internal equality advisory panels are also being established to assist with the development of HIE’s equality outcomes and also as a specialist resource to improve our equality evidence base and support our impact assessment process.

Alex Paterson
Chief Executive
Highlands and Islands Enterprise
7 August 2012