

Appreciative Inquiry Report

Welsh Government's Approach to Assessing Equality Impacts of its Budget

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The Equality and Human Rights Commission aims to protect, enforce and promote equality and promote and monitor human rights.

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Foreword

The Welsh Government was the first UK devolved administration to develop and implement specific duties and to equality impact assess its budget.

In May 2012 the EHRC commissioned this report as a contribution towards the Welsh Government achieving further improvements in carrying out equality impact assessments of the budget process.

We look forward to working with the Welsh Government, and the wider public sector in Wales, to increase understanding of equality impact assessments and the crucial role they have in building fairness into decision-making.

Ann Beynon
Wales Commissioner

November 2012

Acknowledgements

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The authors

GVA specialises in delivering professional services to a range of public and private sector clients across the UK. GVA's national Social Policy Practice operates at the forefront of emerging public policy and aims to maximise the impact of the public sector and its partners to deliver well-run public services. We are dedicated to delivering innovative solutions that enable our clients to meet, and exceed, their business goals. GVA is a fully independent consultancy offering objective advice based on thorough and robust research and evidence.

The views expressed in this report are those of the authors and do not necessarily represent the views of the Commission. The Commission is publishing the report to assist discussion and debate on this issue.

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1. Introduction

- 1.1 GVA was commissioned by the Equality and Human Rights Commission (EHRC) in collaboration with the Welsh Government to conduct an appreciative inquiry of the Welsh Government's approach to assessing the equality impacts of its budget.
- 1.2 This work is described as an “appreciative inquiry” to emphasise the constructive, facilitative nature of the research.
- 1.3 Equality impact assessment requires the Welsh Government, in common with other public bodies in Wales, to give appropriate attention to how decisions may affect a range of people in different ways and to take steps to minimise unfair outcomes.
- 1.4 In more technical terms “equality impact” refers to how a policy or practice may affect the Welsh Government's ability to have due regard to the need to meet the three aims of the public sector equality duty set out in the Equality Act 2010.
- 1.5 In broad terms aims of the duty are to eliminate unlawful discrimination, advance equality of opportunity and foster good relations in respect of people who share protected characteristics under the Equality Act 2010. These are sometimes referred to as “protected groups.” The protected characteristics for the purposes of the public sector equality duty are: age; disability; gender reassignment; pregnancy and maternity; race; religion and belief; sex; and sexual orientation.

Focus of Inquiry

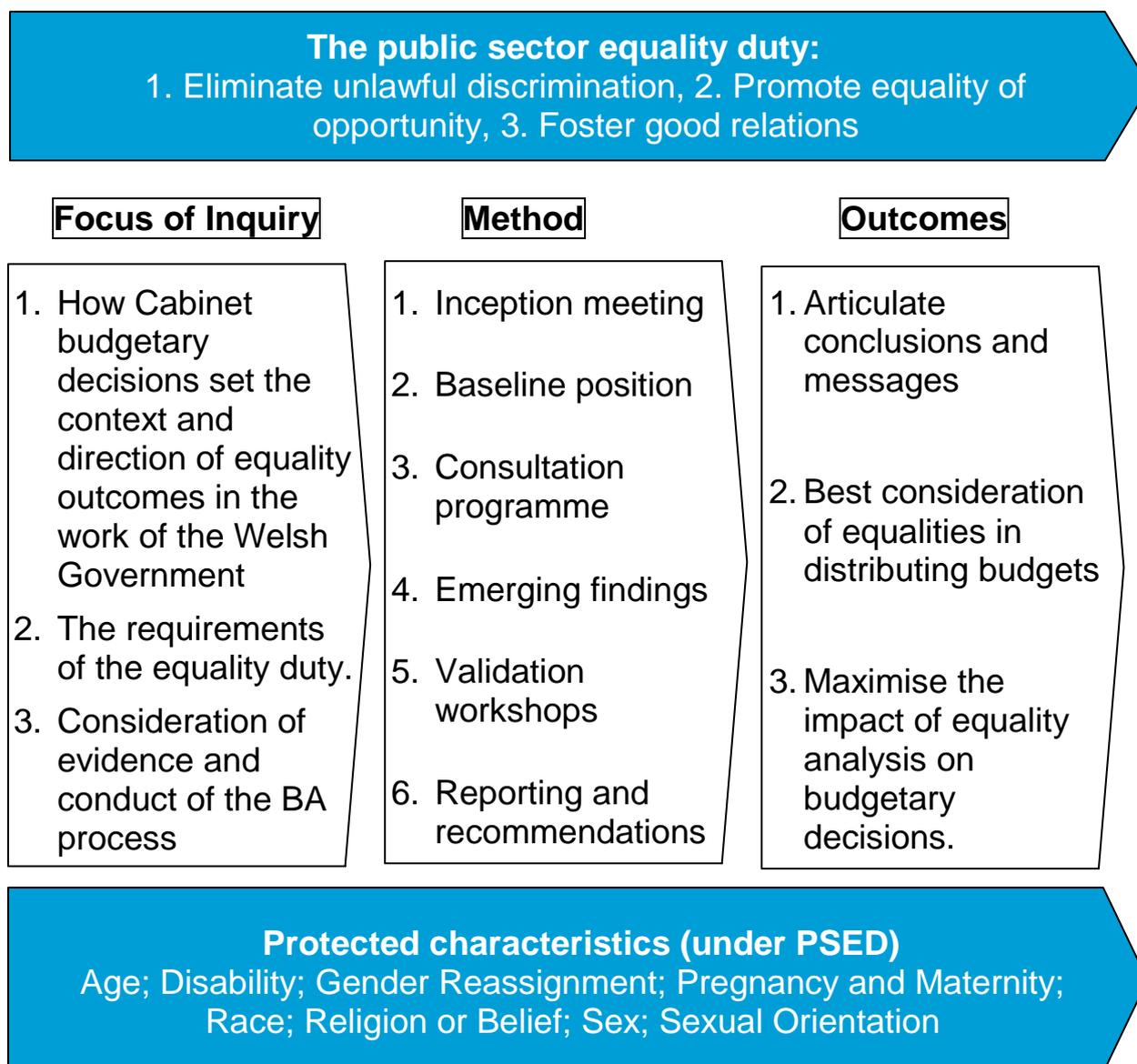
- 1.6 An important issue for the appreciative inquiry was to understand and establish how the EIA process should be conducted at Cabinet level. In particular, it was important to identify how equality issues could be appropriately identified and used to inform decision making in the future.
- 1.7 The appreciative inquiry was designed to support the Welsh Government to improve further the equality impact assessment of its budget. The inquiry focussed on the following:
- ❖ How Cabinet budgetary decisions set the context and direction of equality outcomes in the work of the Welsh Government. This included:
 - How best to ensure clarity in the Welsh Government's approach to deciding what to impact assess at Cabinet level.
 - How best to identify equality issues arising from its strategic priorities.
 - The role of the equality objectives set out in the Welsh Government's Strategic Equality Plan in informing financial decisions.
 - How equality analysis of the budget at Cabinet level may inform subsequent policy and financial decisions at service delivery level.
 - ❖ How to best fulfil the requirements of the equality duty, in particular:
 - How Cabinet, Ministers and senior key decision-makers may best consider the three aims of the equality duty when making decisions about budget allocation.
 - How evidence may best be used to determine distinct impact for protected groups.

- ❖ To consider:
 - What information and advice is provided to Cabinet and Ministers to inform decision making
 - How to achieve clarity and transparency in the conduct of equality impact assessment (EIA)

Methodology

1.8 Figure 1.1 details GVA’s methodology for this work.

Figure 1.1: Methodological Framework



1.9 Key elements of GVA's approach included:

- ❖ **Baseline Position** - The Welsh Government provided information on the different equalities roles within the organisation and its approach to equality impact assessment, including a link to its published EIAs. This stage ensured that GVA had a full and up-to-date understanding of the current processes prior to beginning the research programme.
- ❖ **Consultation Programme** – GVA held face-to-face research interviews with a range of stakeholders from the Welsh Government and the Third Sector. Specifically these included:
 - The Minister for Finance and Leader of the House (whose portfolio includes equality)
 - Special Advisor to Minister for Finance
 - Director General, Education and Skills
 - Heads of Finance
 - Senior staff from Strategic Budgeting and Planning
 - Director, Strategic Planning and Equality
 - Equality Leads from each department
 - Senior staff in legal and inspectorate roles
 - Senior staff within Equality, Diversity & Inclusion Division (EDID)
 - Third Sector organisations
 - NHS Centre for Equality and Human Rights
 - Welsh Local Government Association

1.10 A thematic semi-structured questionnaire was used to guide the research interviews which were recorded and treated anonymously during analysis and write-up. GVA also facilitated two focus groups with Third Sector representatives and the Equality Leads from within the Welsh Government to validate the initial findings from those interviews.

2. Summary of recommendations

- 2.1 The findings of the appreciative inquiry confirm the Welsh Government's commitment to improving the equality assessment of its budget and confirm that improvement has taken place during recent years. These recommendations will help drive further improvement in the EIA process.
- 2.2 This report recommends some areas for improvement which will require solutions to be developed by the Welsh Government. Equality assessment of the budget is still a relatively new approach. Expertise will be needed to develop these solutions.

10 recommendations for improving equality assessment of the Welsh Government budget

Building capacity

- ❖ It is recommended that the Welsh Government identifies and maximises existing expertise and enlists any external technical expertise required to implement these recommendations. This may also help to build internal EIA capacity.

Undertaking EIA on decisions of strategic importance

- 2.3 Undertaking effective equality impact assessment of Cabinet level budgetary decisions is complex and includes multiple decisions taking place at different times by numerous departments and individuals. There is difficulty in conducting EIA on large funding allocations which are not apportioned to programmes or projects. For example, at the highest level, measuring the impact on protected groups of reducing the economic development budget or increasing the education budget is almost impossible.
- 2.4 Nevertheless, the Cabinet should satisfy itself that the strategically important aspects of the budget have been through the process of EIA.

- ❖ It is recommended that the Welsh Government examines the impact on people with protected characteristics of all decisions that have strategic importance (including where allocations reduce, increase or are unchanged). Departments should take into account the Welsh Government's strategic equality objectives when conducting equality impact assessment. This activity needs to take place before final decisions are taken and could include options and scenario testing. To achieve this, the Welsh Government will need to identify decisions of strategic importance and ensure common understanding amongst those with responsibility for EIA. The Finance Minister's statement on the Draft Budget each year may help in highlighting the strategically important decisions along with factors such as:
 - any very large items of allocation
 - areas of significant changes since the last budget
 - resources required to deliver on Welsh Government's strategic equality objectives
 - allocations that are otherwise notable for their connection to protected groups

2.5 This list is illustrative rather than exhaustive.

Improving consistency, quality and robustness

- ❖ It is recommended that in order to improve the consistency, quality and robustness of EIA across the Welsh Government, departments take responsibility for conducting EIAs and ensure they have clearly defined and appropriately resourced roles for carrying out and quality assuring EIA. Equalities considerations should become part of the day to day activity of departments and need to be embedded into day to day roles. The outcomes of budgetary decisions will need to be monitored on an ongoing basis to help feed into and inform future budget setting.

Ensuring training is provided for those involved in EIAs

- ❖ It is recommended that targeted training is provided to enable officials to carry out robust EIAs. This should include people who conduct EIAs, Departmental Equality Leads, people who quality assure EIAs e.g. Heads of Division and people who drive the process e.g. Heads of Operations and Heads of Finance. It will be important to raise awareness of the reasons, benefits and purpose of EIA as well as how to carry out and quality assure EIA.

Collaboration, engagement and co-ordination across departments

- ❖ It is recommended that as part of the EIA role, officials from departments are encouraged to collaborate. This will help improve consistency, enable data to be shared more effectively and allow for a more joined up approach to engagement.
- ❖ It is recommended that – the Welsh Government ensures a mechanism / contact database to enable co-ordination of engagement activity, improve consistency of engagement across Departments and optimise resources.

Building the evidence base

- 2.6 The Welsh Government's Knowledge and Analytical Service (KAS) provides a mechanism for collating knowledge of relevant information for protected characteristics held by the Welsh Government, universities, statutory sector, voluntary sector and others to inform those carrying out EIA and ensure EIAs are based on available and up to date evidence covering all protected characteristics.
- ❖ It is recommended that – the Welsh Government ensures that departments and KAS give increased priority to the analysis of data on protected characteristics to help inform EIA, and to the filling of identified gaps of strategic importance.

Assessing the cumulative impacts of budgetary decisions

- ❖ It is recommended that the Welsh Government develops and sets in place mechanisms for assessing the cumulative effects of budgetary decisions. Cumulative effects should include the impacts of UK Government decisions and how they affect decisions subsequently made by the Welsh Govt as well as decisions made by the Welsh Government in its own right.

Achieving clarity on the links and differences between socio-economic considerations and protected characteristics

- 2.7 The Welsh Government budget equality assessment makes frequent reference to how its decisions impact on groups facing socio-economic disadvantage.
- ❖ It is recommended that the Welsh Government more clearly sets out how strategically significant decisions impact on people with protected characteristics as well as, but distinct from, setting out how decisions impact on groups facing socio economic disadvantage.

Better presentation of information to aid transparency, monitoring of impact and scrutiny

- ❖ It is recommended that the Welsh Government makes clearer the evidence and engagement activity used to inform strategically important decisions and how this information was used. This information should be presented in a clear way to enable effective decision making and scrutiny.
- 2.8 These recommendations should be read in conjunction with the statutory regulations set out in the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.

3. Research findings

3.1 This section summarises the research findings under various themes that emerged during the research:

- ❖ Commitment to equalities
- ❖ Undertaking EIA on decisions of strategic importance
- ❖ Improving consistency, quality and rigour of EIA
- ❖ Ensuring training is provided for those involved in EIAs
- ❖ Collaboration, engagement and co-ordination across departments
- ❖ Building the evidence base
- ❖ Assessing the cumulative impact of budgetary decisions
- ❖ Achieving clarity on the links and differences between socio economic considerations and protected characteristics
- ❖ Better presentation of information to aid transparency, monitoring of impact and scrutiny

3.2 Whilst the research was focused on equality impacts of the Welsh Government's budget, more general equality considerations and processes were also discussed. Where relevant, these findings have been included in order to provide additional feedback.

Commitment to Equalities

3.3 The public sector equality duty (the "general duty") under the Equality Act 2010 requires those who carry out public functions to do so with *due regard* to the need to eliminate unlawful discrimination, promote equality of opportunity, and foster good relations. As the duty applies to all public functions, the Welsh Government - including Cabinet, Ministers and senior decision-makers - must ensure they consider the aims of the duty during the budgetary decision-making process.

- 3.4 The Welsh Government introduced distinctive additional specific duties to help listed Welsh public bodies in the better performance of the general duty. The specific duties in Wales make particular provision in relation to assessing impact of proposed policies and practices, which includes a requirement to use relevant information and to engage with people who represent protected groups.
- 3.5 The Welsh Government has a demonstrable commitment to recognising the importance of equalities and considering the issue as part of its decision-making processes. It was the first UK devolved government to develop and implement specific duties and to carry out an EIA of its budget.
- 3.6 This commitment to equalities comes from the most senior levels of the administration. The Minister for Finance (and Leader of the House) also has portfolio responsibility for equality and is personally committed to the issue. The research suggested that this leadership role has had a positive influence on the profile and consideration given to equalities within the Welsh Government. This commitment goes beyond a statutory obligation and is recognised as helping to inform decision-making and promote equality of opportunity. It was widely acknowledged that there is considerable benefit in this linkage of finance and equality within portfolio responsibility.

Undertaking EIA on decisions of strategic importance

- 3.7 The research indicated that undertaking effective equality impact assessment of Cabinet level budgetary decisions is complex and includes multiple decisions taking place at different times by numerous departments and individuals. The research highlighted the difficulty in conducting EIA on large funding allocations which are not apportioned to programmes or projects. For example, at the highest level, measuring the impact on protected groups of reducing the economic development budget or increasing the education budget is almost impossible.

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- 3.8 Main Expenditure Group (MEG) level allocations are influenced by government priorities. Priorities are translated into policies, which because of the general duty and the Wales specific duties, are required to be equality impact assessed.
- 3.9 It was suggested that the EIA process for budgetary decisions should therefore focus on examining the policy or policies that determine the funding allocation. This should help ensure that the budgetary decision-making process pays due regard to the three aims of the Public Sector Equality Duty.
- 3.10 Once MEG allocations are made, departments allocate their budgets to specific policies and programmes. These programmes should be equality impact assessed through the policy making process. However, there is variation between departments and the process is dependent on the level of engagement and commitment.
- 3.11 The Welsh Government's Strategic Equality Plan published in April 2012 includes a set of strategic equality objectives.
- 3.12 These equality objectives are the priority objectives that the Welsh Government has formulated for itself and published following consideration of relevant information and having engaged widely with protected groups. Welsh Government has stated publicly that its equality objectives will play an important role in future deliberations around the budget setting process. It will be important that these objectives are translated from strategic budgetary decision making to the actual delivery of projects and programmes.
- 3.13 The EIA process should be ongoing and not a one off intervention. Individual departments should not necessarily be starting from the beginning when budgetary equalities assessment commences but should be building on ongoing and continuous equalities analysis. This should also mean that EIAs are developed throughout the policy making process. Cabinet and ministerial level decisions need to be informed by EIA as part of this iterative process.

- 3.14 It is understood that decisions are currently screened for significance, identifying if they are likely to have negative impacts on any protected characteristics. Those that do are then subject to further impact assessment including how negative effects can be mitigated. However, this process is not as clearly communicated as it could be and as such there is uncertainty regarding how budgetary decisions are equality impact assessed. The research identified that in the case of significant decisions it would be helpful to have an options and scenario testing process which should include equalities considerations. The process of identifying decisions deemed significant was not always clear.
- 3.15 In the current context of expenditure reductions, the Welsh Government has tended to focus on assessing equality impacts only in relation to budget reductions. It is recognised, that an EIA should also be undertaken on cost-neutral and budgetary increases.
- 3.16 Whilst the Welsh Government is subject to some decisions made by the UK Government, this does not prevent it from conducting its own EIAs to investigate how the impact of decisions may be mitigated within their own decision-making processes.
- 3.17 The research identified the intention to equality impact assess capital expenditure. It was reported that this was partly underway and some equality representatives have been invited on to the Capital Investment Group, which is considering the Wales Infrastructure Investment Plan.

Improving consistency, quality and rigour of EIA

- 3.18 Whilst there is a clear strategic commitment to equalities, there is a need to improve consistency in the quality and rigour of EIAs undertaken across Welsh Government departments.

- 3.19 A number of reasons were suggested for this, including resourcing levels; variation in approach; levels of training take-up; cultures within Departments; varying levels of perceived relevance of equality issues within different policy areas; different levels of research available and understanding of equality; and the personal attitude of individuals involved.
- 3.20 The Welsh Government has created a statutory duty to conduct an EIA on every policy and practice that is being either proposed or reviewed.
- 3.21 Welsh Government advocates using the *Delivering Results* framework for policy makers within Welsh Government to test the appropriateness of policies. This framework requires the presentation of a brief business case and is supported by a number of areas for consideration, including equality and socio-economic disadvantage. Socio-economic disadvantage has strong correspondence to the disadvantage experienced by certain protected groups, but the two concepts are not conterminous. It is suggested that the *Delivering Results* principles should explicitly reference and explain what is meant by equality and how a policy decision may have a differential impact for people sharing different protected characteristics. The research identified that the framework is not followed consistently for every new policy.
- 3.22 The Welsh Government has until recently used the Inclusive Policy Making (IPM) process to undertake EIAs. The process has been generally effective but its implementation has been inconsistent on new policies and changes to existing policies and service delivery.
- 3.23 The Welsh Government is currently piloting a new Equality Impact Assessment process to replace IPM. The new EIA process is intended to be more streamlined and to take account of the requirements of the general and specific equality duties.

- 3.24 The Equality, Diversity and Inclusion Division (EDID) provides strategic support to the EIA process. This includes the provision of guidance and templates. Whilst EDID offers support and is able to review draft EIAs at the request of departments, EDID does not have the capacity and policy-specific expertise to review every EIA produced. Departments are best placed to take ownership of assessing the impact of proposals relating to their functions.
- 3.25 Under the new Equality Impact Assessment Guidance, the Heads of Division will be responsible for sign-off of each EIA within their Division. The robustness of the quality assurance will depend on the extent to which the Head of Division understands the benefits and purpose of conducting an equality impact assessment.
- 3.26 In addition, each department has an Equality Lead responsible for co-ordinating the production of EIAs. They do not sign-off the EIAs, but some do support colleagues in their department to complete them. This resource is inconsistent and varies across departments. Some Equality Leads are full-time whilst others deliver this function alongside their primary job roles. These inconsistencies appear to be due to historical issues and structural changes. The Welsh Government may wish to develop a role profile for those with lead responsibilities for EIA whilst acknowledging that equalities considerations are the responsibility of all.

Ensuring training is provided for those involved in EIAs

- 3.27 A structured training programme for staff would help improve the consistency and rigour of EIAs to ensure EIAs produced are of sufficient quality. This would also enhance individuals' understanding of why EIAs are conducted. Consultees commented that whilst there is familiarity with the EIA process the reasons for the processes are not always understood. Currently, Welsh Government includes training on equality and equality impact assessment as part of the induction package for new staff. It also provides written guidance on inclusive policy making / equality impact assessment and offers "hotshot" sessions, although these are not mandatory. The Wales specific duties also prompt "appropriate arrangements" for promoting amongst its employees knowledge and understanding of the general and specific equality duties and for using performance assessment procedures to identify and address related training needs.
- 3.28 Individuals included in the research stated that they would welcome further training to support their understanding of equalities and the EIA process.

Collaboration, engagement and co-ordination across departments

- 3.29 Although a number of examples of cross-departmental working were identified - including the Communities First, Children First and Families First programmes and the Tackling Poverty Action Plan - it was generally acknowledged that both the level and quality of collaborative working could be improved. A greater focus on cross-departmental working and use of existing expertise should help improve consistency, enable data to be shared more effectively and allow for a more joined up approach to engagement.

- 3.30 Better information sharing between departments should increase the quality of EIAs and make them easier to complete. This may also help in identifying cumulative impacts of the Welsh Government's decisions on different protected groups.
- 3.31 The research established that engagement by the Welsh Government is generally good. The Third Sector Organisations consulted were very positive about the levels of engagement. For example, they reported that the Ministers and Welsh Government Officials were very accessible. In particular, the sector felt that the Ministerial meetings with the Third Sector Partnership Council provided an effective communication link. Ministerial meetings are facilitated by Wales Council for Voluntary Action (WCVA) and their purpose is to provide an opportunity for dialogue, cooperation and action between Ministers and the sector.
- 3.32 However, engagement levels varied between departments. For example, some departments have existing external stakeholder groups that support decision-making, whilst others have weaker links to outside organisations. A lack of co-ordination between departments with regard to accessing different groups was identified. Participants in the research also suggested that engagement must be an ongoing process and must be continually "*worked at*". The danger of simply talking to the same individuals and organisations repeatedly was consistently highlighted. This issue provides an opportunity to improve coordination of stakeholders to optimise resources and maximise engagement. A central contact database of organisations and individuals would enable the Welsh Government to undertake a more robust approach to engaging those with protected characteristics.
- 3.33 It was reported that prior to publication, budget details cannot be shared externally and therefore there is a limit to the public engagement that is possible. The publication of the Draft Budget and associated EIA in October every year has facilitated consultation occurring at this point in the budget cycle.

- 3.34 Research participants were asked for their opinions on the usefulness and feasibility of establishing a Welsh Government Budget Advisory Group for Equalities (BAGE). The BAGE would support the Minister for Finance and Leader of the House and Cabinet to strengthen processes for equality analysis and assessment of its budget setting process. and improve equality considerations for future budgets.
- 3.35 There was broad support for the creation of a BAGE. The primary reservations of establishing BAGE centred on operational decisions and how it would operate in practice. Overall, there was support for the creation of a BAGE, provided that it did not overshadow other considerations such as sustainable development, rights of the child, Welsh Language and rural issues.

Building the evidence base

- 3.36 The research found significant variation in the quality and quantity of evidence available for the different protected characteristics. For example, more intelligence is available for the protected characteristics of age, gender and ethnicity than for sexual orientation and gender re-assignment. Inconsistent data availability makes completing EIAs more difficult. This can be countered by further engagement and use of qualitative evidence along with consistent and shared knowledge of sources of information available.
- 3.37 The Welsh Government's Knowledge and Analytical Service (KAS) is able to collate research on different protected characteristics. However, it was suggested that KAS may lack the time and resources to consistently collect and present all relevant evidence.

- 3.38 The Welsh Government is also provided with data by external organisations, for example schools and local authorities, but this is under-used in terms of analysis and adding value to equalities inputs to budgetary decision-making. The Third Sector participants in this research reported that their sector has qualitative and anecdotal evidence which may be used to provide relevant information for impact assessment purposes.
- 3.39 Departments and the KAS should give increased priority to analysing data on the basis of protected groups. Increased knowledge for those carrying out EIA, of relevant information for protected characteristics held by the Welsh Government, universities, statutory sector, voluntary sector and others will also help ensure that EIAs are based on available and up to date evidence covering all protected characteristics.
- 3.40 The Budget Round for Budget 2011-12 provided an evidence base to establish the potential equality impacts for different protected characteristics and established links between socio-economic indicators and the protected characteristics. However this assessment and review of evidence was not fully explained or referred to in the Budget EIA documentation.

Assessing the cumulative impacts of budgetary decisions

- 3.41 The research identified a need to better test the cumulative equalities impacts of UK Government decisions and how these affect the decisions subsequently made by the Welsh Government. The Welsh Government should also seek to improve its understanding of how its own decisions may have cumulative impacts on different protected characteristics.

Achieving clarity on the links and differences between socio-economic considerations and protected characteristics

- 3.42 The Welsh Government has a strategic commitment to addressing socio-economic disadvantage and it is the case that many people who share certain protected characteristics - such as disability, older age, younger people, certain minority ethnic groups - also face social and / or economic disadvantage. There has been a tendency in presenting information in relation to its equality impact considerations for the Welsh Government to rely on this association, so that a proposed decision to benefit “vulnerable” or “disadvantaged” people is seen also to benefit people with particular protected characteristics.
- 3.43 Addressing socio-economic disadvantage does go some way to showing due regard to the general equality duty, but there will be other distinct areas that are not driven by socio-economic factors, but which relate directly to protected characteristics. This information should emerge from the EIA activity within departments and feed into the budgetary allocation process. The Welsh Government should present clearly and consistently the linkages between policy decisions and anticipated impacts on people with different protected characteristics. This should be reflected not only in EIAs of individual policies, but also in any published narrative account of the Welsh Government’s due regard to equality in setting the budget.

Better presentation of information to aid transparency, monitoring and scrutiny

- 3.44 The Welsh Government budget EIA document doesn't illustrate the full extent of activities undertaken by the Welsh Government in considering equalities in the budgetary process. A clear narrative of the activity undertaken by the Welsh Government should be provided which includes a description of the evidence and engagement used to support decision making.
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