

EQUALITY IMPACT ASSESSMENT

Part 1: SCREENING

1 Name of Programme (activity), Project (activity), or Policy	This is: <input type="checkbox"/> New policy/activity <input checked="" type="checkbox"/> A change to existing policy/activity <input type="checkbox"/> Existing policy/activity <input type="checkbox"/> A pilot programme or project
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2 Screening undertaken by:	
Director or Deputy Director	Roger Wilshaw
Policy Developer/Lead	Roslyn Lynch
Other people involved in the screening	Paul Kirk, Alice Bradley Mainstreaming Equalities Team, CLG

<p>3 Brief description of programme, project , or policy: including main purpose, aims, objectives, and projected outcomes, and how these fit in with the wider aims of the organisation</p> <p>The aim of the Working Neighbourhoods Fund (WNF) is to provide additional support for a number of local authorities in England which have high levels of worklessness, and low levels of skills and enterprise. WNF replaces the Neighbourhood Renewal Fund (NRF) and incorporates the DWP's Deprived Areas Fund to create a single fund at the local level to tackle worklessness and the causal drivers of worklessness.</p> <p>WNF is worth £1.5 billion over the CSR07 period and following a change to the third eligibility criterion will be allocated to 65 authorities.</p> <p>WNF is allocated according to three criteria (the eligibility criteria), designed to target the money towards those local authority areas with significant deprivation at the neighbourhood level. It is not allocated on the needs of any one particular group, but on the basis of levels of worklessness and multiple deprivation in an <u>area</u>.</p> <p>Following the change to the third eligibility criterion, the eligibility criteria for WNF are-</p> <ul style="list-style-type: none"> • Firstly, 20% or more of their Lower Super Output Areas (LSOAs) in the most deprived 10% of LSOAs nationally on the employment domain of the Index of Multiple Deprivation 2007 (IMD 2007); • Secondly, 20% or more of their LSOAs in the most deprived 10% of LSOAs nationally on the overall IMD 2007. (An authority qualifies for WNF if it is not
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otherwise eligible under the first criterion);

- Thirdly, the authority is ranked among the top 50 areas with the highest combined benefit/non-employment rate. (An authority is eligible for WNF under the third criterion if it is not otherwise eligible under one of the other two criteria).

The fund is paid as part of Area Based Grant (ABG). This means no conditions are attached to the grant, giving eligible authorities the freedom and flexibility to decide how to use the additional funding alongside mainstream funding to address local priorities.

All WNF eligible authorities have included at least one worklessness target in their Local Area Agreement (LAA) and have therefore agreed to reduce the level of worklessness, and in particular, to focus on addressing worklessness in the most deprived areas within their boundaries. The WNF therefore supports Departmental Strategic Objective 3 which is aimed at driving CLG's work in economic development and regeneration, extending opportunity to all those living in the most deprived communities and so improving the quality of life for millions of people. This also contributes to the PSA 8 ambitions.

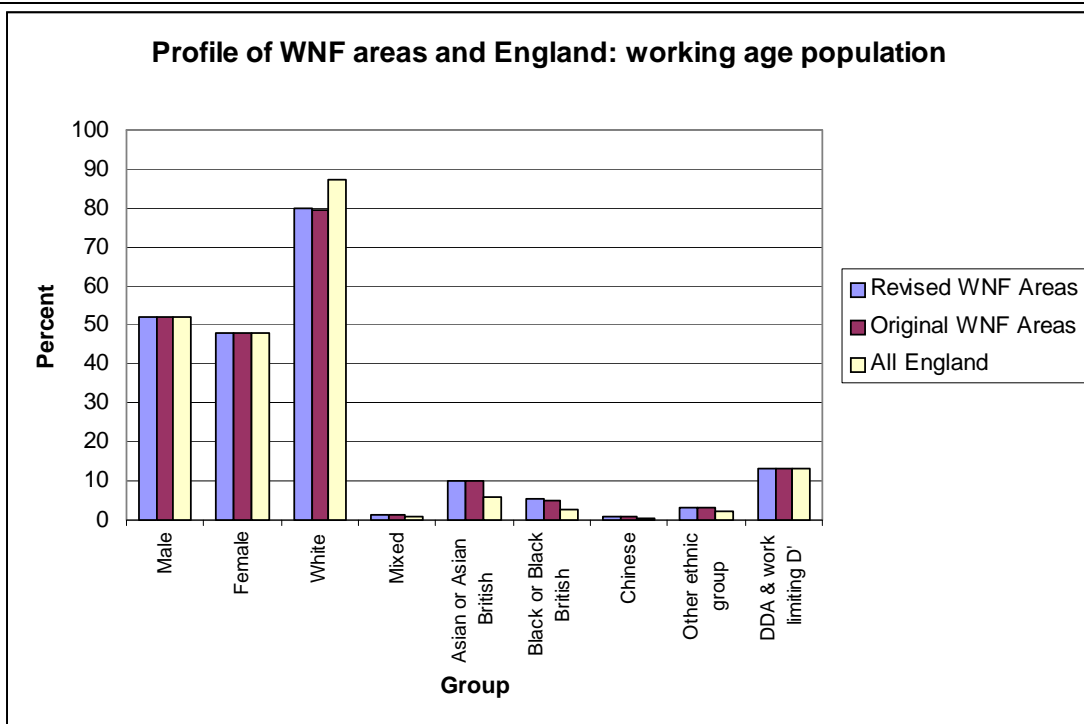
4 Relevance to Equality and Diversity Duties

Does the policy have relevance to the department's:

- Race Equality Scheme?
- Disability Equality Scheme?
- Gender Equality Action Plan?
- Other (departmental or national) equality priorities?

Please explain:

Evidence shows that race equality target groups tend to be concentrated in WNF areas and therefore any effort to improve employment rates and skills in these areas should have a positive impact on this group (see graphs below). The 65 local authorities currently receiving WNF cover areas of the country which include over 50% of workless ethnic minorities. Given that the current WNF authorities constitute only 18% of all local authorities in England, it is expected that ethnic minorities will benefit particularly from the Fund and will not be disadvantaged by the allocation of funding. We also know that there is a close link between gender and race in relation to worklessness, and therefore we would expect that WNF should also be a positive impact on gender equality. Both gender and disability equality target groups are represented in WNF areas in line with the national average.



While the delivery will be managed by the Local Authority through the ABG system (explored in more depth shortly) the allocation process is managed by CLG and DWP. We do not judge that this process (or the previous process announced in Dec 07) will negatively impact these groups, and while we can not prescribe how WNF is spent we explicitly state the important links between worklessness, deprivation and race in the documentation that supported the original WNF announcements.

(<http://www.communities.gov.uk/publications/communities/workingneighbourhoods>).

We feel it reasonable to expect that WNF will contribute to the Departments Race, Disability and Gender equality Schemes. We will keep the position under review during the life of WNF and take appropriate action if we consider this is necessary in order to meet the Department's statutory obligations in respect of equality issues.

We explore equality impacts in more detail below.

How will these aims affect our duty to:

- Promote equality of opportunity?
- Eliminate discrimination?
- Eliminate harassment?
- Promote good community relations?
- Promote positive attitudes towards disabled people?
- Encourage participation of disabled people?
- Consider more favourable treatment of disabled people?
- Protect and promote Human Rights?

For example, think about the policy from the perspectives of different groups in

society. Will the policy affect, positively or negatively, any group(s) differently to others? Will it differentially affect:

- Black, Asian or other ethnic minority and/or cultural groups?
- Disabled People?
- Women or men transgender people?
- Transgender people?
- Lesbians, gay men and/or bisexual people?
- Different religious communities/groups?
- Older people or children & young people?
- Any other groups?
- For policies affecting staff, those with flexible or agreed working patterns?

While we do not consider that the allocation of the WNF gives rise to any negative implications for gender, race or disability equality, the allocation process is likely to favour those groups as they are particularly well represented in WNF areas.

Allocation of the WNF

Allocation based on the Index of Multiple deprivation

As mentioned above, the three eligibility criteria for WNF are designed to identify local authority areas with significant deprivation and worklessness at the neighbourhood level.

The first two eligibility criteria for WNF are based on the Indices of Multiple Deprivation (IMD) 2007. The IMD is the Government's official measure of small area deprivation and is made up of 38 indicators covering social, economic and housing issues. It includes indicators where ethnic minority populations are disproportionately affected, including lower than average educational attainment, overcrowding in housing, high unemployment and low income, together with indicators on disability and ill-health. The IMD is a measure of area deprivation and as such does not identify people or their ethnic or racial group.

However, we learned from the 2001 Census that over 50% of ethnic minority people live in the most deprived areas in the country. We are therefore confident that by focusing money on the most deprived areas we are reaching significant numbers of ethnic minority people. The evidence also shows that people with disabilities are well represented in WNF areas and we therefore expect the funding to positively impact upon this group. This understanding is reinforced by the evidence showing that some WNF areas have chosen to specifically target people claiming Incapacity Benefits and those with mental health difficulties in an effort to help them find work.

The third criterion (measures to ensure that we mitigate any unintended bias against BME groups)

The employment domain of the IMD captures only those people in an area claiming out of work means tested benefits. We are aware that the benefits take-up rate amongst certain groups (including ethnic minority groups) is lower than the national

average. In other words, we know that certain groups are less likely to claim benefit when they are out of work.

If the first two eligibility criteria alone were used to determine WNF eligibility, it follows that there could be a bias against those local authority areas where benefits take-up rates are lower than the national average and consequently a bias against certain ethnic minority groups (particularly women within these groups).

A third criterion was, therefore, introduced which consisted of a 50-50 weighted index based on benefit receipt and employment rates, at local authority level. This ensured that local authorities with large numbers of people who were workless, but were not in receipt of benefits, were also captured.

We consider that this approach adequately addresses the main potential implication for equality arising from WNF. This judgement is explored further in section 6.

It is also worth noting that, given the demographic profile of the deprived areas eligible for WNF, it will not be possible to achieve the overall aims of WNF without positively impacting on ethnic minority communities.

Are there any aspects of the policy, including how it is delivered, or accessed, that could contribute to inequalities? This should relate to all areas including Human Rights.

- Yes**
 No

Please explain:

As explored above, we do not judge that the allocation criteria for WNF give rise to inequality issues.

Delivery

As set out earlier ABG (of which WNF is a part) is allocated to authorities on an unconditioned basis.

Government has a well-established general policy of not conditioning the grants which it allocates to local authorities. In theory at least, by not imposing conditions on ABG it is possible that WNF grant money will be allocated by local authorities in ways which give rise to material race equality issues. However, for the following reasons we do not consider that there is a significant risk of this occurring:

- Local authorities are mature democratic bodies. They (rather than central government) are best placed to understand the needs of their areas and so best placed to determine the spending priorities within those areas.
- There is a comprehensive legislative framework governing the way in which local authorities manage their financial expenditure.
- Local authorities themselves are subject to equality duties and to the

obligation to act compatibly with the European Convention on Human Rights.

Assessment and monitoring

- The interim report from the Tackling Worklessness Review led by Cllr Stephen Houghton gave an early indication of how WNF was being used to tackle worklessness (<http://www.communities.gov.uk/documents/communities/pdf/1078229.pdf>). The interim report also found that while some areas place a high priority on closing the employment gap for black and minority ethnic communities, this was not evident in other areas. The review recommended that Government should evaluate the benefit that black and minority ethnic communities receive from all employment and skills funds, including WNF. CLG is taking this forward in an evaluative study of WNF being undertaken by a team from Cambridge University, and depending on the findings stands ready to take any necessary action to meet its legislative obligations and to undertake more detailed research on this issue to inform future allocations of the WNF.
- Government has already placed upon local authorities a duty not to discriminate and a duty to promote equality, and in devolving spending decisions to local authorities through ABG Ministers fully expect local authorities to be compliant with their human rights obligations.
- Local authorities are responsible and accountable for the legal use of funds. Under Section 151 of the Local Government Act 1972, every local authority has a responsibility to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. The certification of local authorities' annual accounts by the Audit Commission appointed auditor will provide general assurance that the totality of their expenditure is within their legal powers.

If you have indicated there is a negative impact on any group, is that impact:

Legal?

- Yes
 No

Please explain:

N/A

Intended?

- Yes
 No

Please explain:

List the evidence sources used to make the screening assessment (i.e. the *known evidence*)

- The Index of Multiple Deprivation
- DWP benefits data
- Employment rate data
- Population statistics
- Tackling Worklessness Interim Report, Stephen Houghton, November 2008
- The Working Neighbourhood Fund – Summary, November 2007
- The Working Neighbourhoods Fund 2009-2011: Revising the Third Criterion – Consultation, November 2008

Consider whether there are any significant gaps in the known evidence base and list here your recommendations for how those gaps will be filled.

The WNF is allocated as part of the ABG and the monitoring process is deliberately light touch. However, as set out above, the Department has commissioned an evaluative study to provide detailed and up-to-date descriptions of WNF funded activity from a team at Cambridge University. Depending on the findings we stand ready to take any necessary action to meet our equality obligations.

6 Remembering the requirements of the equality duties:

- Have 'due regard' to the 'elimination' of discrimination and harassment;
- Promoting good community relations?
- Promoting positive attitudes towards disabled people
- Encourage participation of disabled people?
- Consider more favourable treatment of disabled people?
- Protect and promote Human Rights?

Will there be/has there been consultation with all interested parties?

- Yes**
 No

Please explain:

We have consulted local authorities on the proposal to revise the third eligibility criterion for allocating WNF to local authorities. There was a generally supportive response to the proposals, with 51 per cent of respondents favouring all elements of the revision of the third criteria.

This revision will only very slightly reduce the coverage of WNF (from 66 to 65 local authority areas) and the impact in terms of coverage of equality groups is negligible (see graphs above).

Some local authorities expressed concern about the 50:50 weighting assigned to the benefit and employment rates in the third criterion and in one case suggested an alternative weighting. As mentioned above we introduced the employment rate into this

criterion to address possible biases against groups with low benefit take-up rates. One particular group of people who are known to be less likely to claim benefit are ethnic minority females. However, we are also aware that employment rates on their own are not a perfect measure and hence it was necessary and appropriate to balance this with the inclusion of benefit take-up within this criterion.

The third criterion uses both benefit and employment data. Both of these data sources have limitations – benefits take-up rates miss those individuals who are workless but do not claim benefit, whilst employment data does not include people living in communal establishments and this is estimated to exclude 1.5% of the GB population.

We are therefore aware that neither measure is perfect. However we do not know the level of imperfection within each measure precisely and using differential weighting would imply we can measure this difference accurately. A 50:50 weighting is the orthodox solution of statisticians in such situations, and whilst imperfect it is the fairest and most rational means of handling the problem of including two quite different indicators within one measure. Our judgement therefore is that by applying a 50:50 weighting in the third criterion we are adopting a fair and statistically robust approach, achieving the policy goals of WNF and addressing appropriately any unintentional bias against ethnic minority groups. If future work allows us to make a more exact effect of the underestimation of each measure we will ensure our work reflects this as accurately as possible.

- Are proposed actions necessary and proportionate to the desired outcomes?

Yes
No

Please explain:

We judge that the measures taken to mitigate these impacts are proportionate to the risks posed by unintentional bias.

It was necessary to revise the allocation criteria following discovery of an error in the calculation of the third criterion. The proposed revision will result in some changes to the list of eligible authorities but it does not significantly reduce the overall coverage of the fund. By changing the data used in the third criterion we will be able to target WNF more accurately at areas of deprivation that suffer from persistent worklessness. We consulted on the proposed changes and we are offering specific transitional payments to the four local authorities that have seen their 2009/10 and 2010/11 indicative allocations changed by the amendment to the third criteria (West Somerset, Brent, Westminster and Camden). This should ensure that tackling deprivation and worklessness remain priorities for these local authorities. As discussed above – this should also impact positively on the equality target groups.

- Where appropriate, will there be scope for prompt, independent reviews and appeals against decisions arising from the proposed policy?



Yes



No

Please explain:

All local authorities in England were invited to submit responses to the consultation on the proposed change to the eligibility criteria. We judge that the level of consultation has been sufficient, and are therefore not planning a formal appeal process for the revised allocations. In any event, given the need to act fairly to all authorities and the finite amount of money available for WNF grant it is difficult to see how an appeal process could be operated without causing significant disruption for WNF eligible authorities as a whole and undermining the aims of WNF.

- Does the proposed policy have the ability to be tailored to fit different individual circumstances?



Yes



No

Please explain:

We grant WNF through the ABG without conditions so that local authorities will have the freedom to introduce innovative ways to address worklessness and the causal drivers of worklessness within their specific locality. In many cases, this will mean tailoring their responses to suit the individual needs of the unemployed within their areas. As set out above, the documentation published alongside the WNF allocations encourages local authorities to consider how worklessness effects the different minority groups in there area.

- Where appropriate, can the policy exceed the minimum legal equality and human rights requirements, rather than merely complying with them?



Yes



No

Please explain:

This is certainly possible, but will depend upon how local authorities comply with their equality and human rights duties in exercising their discretion in spending WNF grant.

WNF is a fund rather than a policy or programme, and hence it lacks the level of prescription and detailed guidance a programme typically possesses. WNF is paid to local authorities as part of the non-ringfenced ABG. Being non-ringfenced, local authorities themselves can determine how best to spend WNF in light of local needs and priorities. Government retains a light-touch accountability regime through the LAA process and the Comprehensive Area Assessment process, but does not itself require monitoring data from local authorities on their use of the fund.

From the known evidence and strategic thinking, what are the **key risks** (adverse impacts) **and opportunities** (positive impacts & opportunities to promote equality) this policy might present?

	Risks (Negative)	Opportunities (Positive)
Race	The economic downturn could have a disproportionate effect on worklessness in ethnic minority communities.	Through targeting the funding at deprived areas with persistent worklessness we have the potential to give ethnic minority communities in those areas a path into work.
Disability	The economic downturn could have a disproportionate effect on worklessness for people with disabilities.	By providing local authorities with more funds to tackle worklessness, there will be more money available to help people with disabilities that can work to get back into work.
Gender or Gender identity	The economic downturn could have a disproportionate effect on worklessness for people either gender group.	By providing local authorities with more funds to tackle worklessness there will be more money available to fir them to consider these risks and mitigate against them.
Sexual Orientation		
Age		
Religion/Belief		
Human Rights		
For policies affecting staff, those with flexible or agreed working patterns		

7 Proportionality

Describe the scale and likelihood of these risks and opportunities:

The current economic downturn poses risks to the overall aims of the WNF, however, there is little evidence to suggest that equality target groups will be effected differently.

CLG is looking at other ways of supporting local authorities to ensure that people living in the most deprived area do not suffer disproportionately from this downturn.

Overall we judge that the opportunities presented by the WNF outweigh the risks.

8

Decision

Set out the rationale for deciding whether or not to proceed to full impact assessment (refer to guidance notes)

We judge that a full impact assessment is not necessary since:

- the allocation process will not cause significant unintended bias against any of the equality target groups;
- delivery will to be decided by the local authority in line with the wider CLG Area Based Grant Initiative;
- We judge the local authorities to be responsible delivery agents – also bound by equality legislation;
- We will keep WNF delivery under review and reassess our position should any equality issues be brought to light by this process.