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Equality Impact Assessment: government grants minimum standards

Introduction

The [Equality Act 2010](#) has clarified and simplified the law and the Public Sector Equality Duties has set out what is expected of departments when making policy decisions. The Cabinet Office's inclusion approach supports best practice.

This approach along with the guidance from the Equality Commission has been used to consider the Introduction of Minimum Grants Standards in light of the Equality Act (EA) 2010.

The EIA

1) Name of the strategy, policy, programme or project being assessed.

The introduction of minimum standards for government grants.

2) Summarise the purpose of the proposal, and its desired outcomes.

Following the publication of the reports from the PAC/ PACAC inquiries into the Kids Company grant, John Manzoni, Chief Executive of the Civil Service, commissioned a cross-government grant review of direct award grants. The review was run in parallel with reviews undertaken by the Department for Education and the Office for Civil Society and Innovation in the Cabinet Office. Findings from the review have drawn from the recommendations from the PAC and PACAC reports, research undertaken by the Grants Efficiency Programme since October 2012, departmental reviews, and evidence gathered through deep dives with departments.

Areas of concern raised by the PAC in reference to the Kids Company covered the following:

- there was insufficient scrutiny of what Kids Company was delivering for taxpayers' money;
- departments ignored serious cash flow problems and lack of financial sustainability;
- Accounting Officers across the departments involved failed to stand up to ministers;
- funding decisions were not based on evidence nor did they follow due process; and
- the Government failed to learn lessons for failure and implement improvements.

The evidence highlights the potential for **significant strategic and operational risks** at every stage of the grant making process and very clearly demonstrates the need for improved and more accountable governance and for the introduction of clear minimum standards, to be applied across government.

The standards relate to general grants and not formula grants or grants-in-aid.

3) Who should benefit from the proposal and in what way?

The standards are intended to make the process of grant making more robust, effective and efficient and to help to prevent fraud. The introduction of the standards will benefit all grant making government departments and Arm's Length Bodies.

4) Is there any evidence or reason to believe that this proposal will be incompatible with The Compact?

The standards align with and support the Compact and we do not believe there is any evidence or reason to believe there is any conflict between the two.

The standards echo commitments in the Compact for a clear rationale for all funding decisions, and for agreed outcomes with clear and proportionate monitoring and reporting requirements. They support the Compact's commitment to ensuring that the widest possible

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range of organisations can be involved in the provision of services by requiring that grants are competed by default.

There may be a concern over the compatibility of the requirement in the standards for eligible expenditure clauses with the commitment in the Compact to “Respect and uphold the independence of Civil Society Organisations, to deliver their mission, including their right to campaign, regardless of any relationship, financial or otherwise, which may exist”. However, the standards do not interfere with organisations’ rights to campaign they merely prevent organisations from using government grant funding for purposes other than those set out in the grant agreement. The standards in no way interfere with the independence of civil society organisations and do not prevent a funded organisation from discussing the grant funded project with officials, Ministers or Parliament. Civil Society organisations can use other funds if they want to go further and actively lobby government.

We therefore consider that there are no conflicts between the Compact and the standards.

5) Is there any evidence or reason to believe that in relation to this proposal, there may be a difference in levels of uptake or participation by different groups or differences in the impact of the proposal on different groups:

The standards will be universally applied to all government grants, however, the specifics of compliance will differ, in line with diversity of the grant landscape.

6) Does evidence indicate that there will be a negative impact on some groups?:

The minimum grant standards are intended to ensure a more robust and consistent grant-making process across government. The grants standards do not offer any guidance on who should receive grants. We have shared the grants standards with stakeholders - both government departments and other interested parties and no concerns have been raised about any possible negative impacts.

We do not expect the minimum grants standards to have a negative impact on any groups as these are baseline standards which are being introduced to tighten up processes rather than guide decision making on who should receive grants.

We have considered whether these standards would have a negative impact on civil society organisations many of whom work with and for groups with protected characteristics. We understand that any adverse impact on the capacity of these organisations to communicate with political figures and the public on behalf of their beneficiaries will evidently have direct consequences for the beneficiaries themselves. We do not believe that the standards will impact the capacity of civil society organisations to communicate on behalf of their beneficiaries. The intent of the policy is to increase consistency and ensure compliance with HMT guidance on Managing Public Money, rather than directly influencing the distribution of grants in particular sectors. The grant standard relating to robust grant agreements includes a requirement for an eligible expenditure clause, which should include a restriction on lobbying but this would not prevent any other form of communication with government. It would also not preclude any civil society organisation from lobbying, merely from using government grants to fund that activity. We therefore do not consider that the standards will have any negative impacts but we will continue to engage with stakeholders on the impact of the standards and will monitor any evidence of adverse impacts, which arises.

7) Are there opportunities for positive impact or to promote equality of opportunity?

We have not been able to identify any such opportunities given the nature of this proposal.

8) Considering your answers to questions 1 - 5, do you believe a Full Equality Impact Assessment is needed?

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We do not believe that a full equality impact assessment is necessary at this time, however we will continue to monitor the impact of the minimum standards and if any unexpected impacts on groups with protected characteristics are reported we will reconsider whether a full equality impact assessment should be carried out.

9) Using the evidence listed above, fill in the table below to highlight the groups you think this proposal has the potential to impact upon:

	Is there a potential for negative impact?	Is there a potential for a positive impact?	If yes please provide details of the impact
Age	No	No	
People with caring responsibilities	No	No	
People with disabilities	No	No	
Women or men (including expectant or new parents i.e. pregnancy and maternity and people who are married)	No	No	
Members of black or BME (minority ethnic background)	No	No	
People with a religion or belief (or who choose not to have a religion or belief)	No	No	
People who are lesbian, gay or bisexual (LGB) or in a Civil Partnership	No	No	
People who are transitioning from one gender to another	No	No	

Conclusion

An EIA is a systematic process to identify the impact, or likely impact, a project or programme proposal will have on different groups of people (listed above). An impact is defined as 'an intentional or unintentional lasting consequence or significant change to people's lives brought about by an action or series of actions'. The impact can potentially be:

- positive – a positive impact will actively promote equality of opportunity for one or more groups, or improve equal opportunities/relations between groups; or
- adverse or negative – an adverse or negative impact causes disadvantage or exclusion. If such an impact is identified, the EIA process will ensure that it is as far as possible, either justified, eliminated, minimised or counter balanced by other measures; or
- neutral – a neutral impact is where there are no notable consequences for any diversity group.

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The Cabinet Office assessment is that the impact is neutral - the introduction of minimum standards is intended as a baseline for grant making. Moreover as the standards are being introduced on a 'comply or explain' basis, it is open to grant-makers to adapt processes where necessary and appropriate, to avoid any adverse impacts on particular groups, or to ensure a positive impact on particular groups, where appropriate, as long as they can show that the alternative approach fully delivers the same intent.