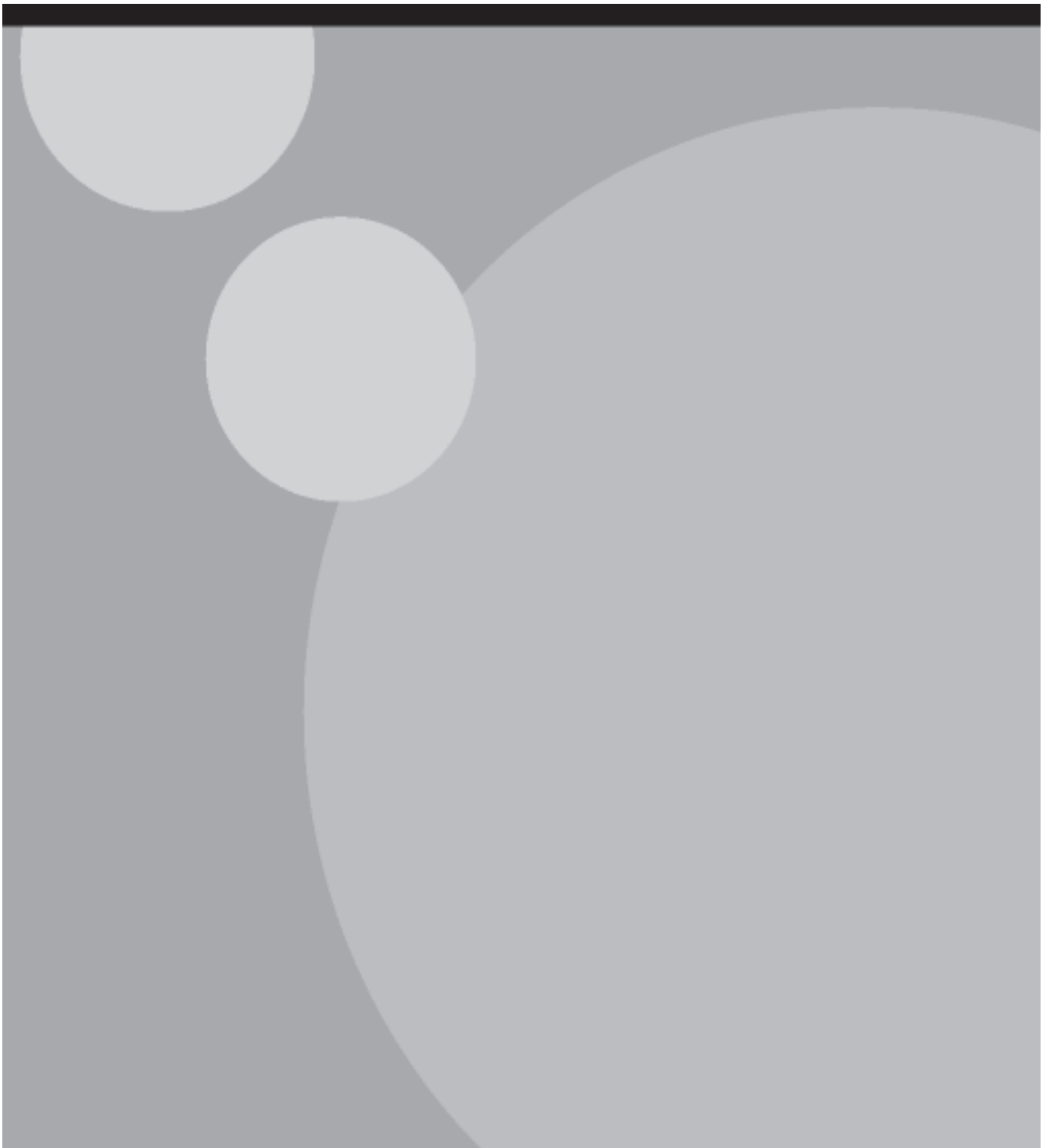


Spending Review 2010: Equality Impact Assessment

Closure of the Local Enterprise Growth Initiative



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DCLG Equality Impact Assessment - Initial Screening Form

1. Name of the current or proposed new or changed, policy, strategy, procedure, project or service being assessed:

Closure of the Local Enterprise Growth Initiative

2. Person and team responsible for completing the Equality Impact Assessment:

Roger Wilshaw, on behalf of the Local Government and Economic Growth Directorate

3. What is the main aim or purpose of the current or proposed new or changed, policy, strategy, procedure, project or service and what are the intended outcomes?

Tackling Britain's record deficit is the Coalition Government's top priority – the consequences of not acting could be serious. The scale of the deficit has required tough choices to be made about how taxpayer's money is allocated.

As part of the Spending Review the decision has been taken to end the Local Enterprise Growth Initiative from March 2011. The previous administration had indicated that it would find savings from a range of regeneration funds, including the Local Enterprise Growth Initiative.¹ Local Enterprise Growth Initiative was announced in 2005 as a joint 10 year programme between DCLG, Treasury and the then DTI. Its aim was to boost local incomes and employment opportunities in the most deprived areas through enterprise and investment.

Although the challenges facing our nation are significant, the Government is committed to regeneration and economic growth. Our priorities are growing the economy, reducing the public deficit and building a bigger society. In doing so, we want to promote local economic growth, fairness, and get Britain working again.

The Government recognises that the needs and priorities of local communities are extremely space-specific and are best understood and addressed locally, and are therefore providing local authorities with increased flexibility and freedom so that they can prioritise and allocate funding in ways which best meet the needs of local communities. Local authorities may wish to continue with LEGI-type activities through this increased flexibility.

4. What existing sources of evidence will you use to help you identify the likely impacts on different groups of people?

We have looked at a range of existing sources of evidence to identify likely impact of closing down LEGI funding. These include:

¹ Economic and Fiscal Strategy Report, Chapter 6, HM Treasury, March 2010

An independent National Evaluation of Local Enterprise Growth Initiative (Amion)²

Local Enterprise Growth Initiative National Baseline Report (Regeneris: Feb 2008)

The Annual Population Survey and demographic profiles of Local Enterprise Growth Initiative areas

Nomis Official Labour Market Statistics

Enterprise and Economic Opportunity in deprived areas: A consultation for a local enterprise growth initiative

Local case study evidence from LEGI partnerships where available, provides an indication of the types of interventions that have been delivered to various equality target groups. For example:

- a. Specialist advice, financial support, premises, and coaching / mentoring have been used to assist women in starting up their own businesses.
- b. Enterprise education projects have been delivered through schools to target young people and raise their awareness of enterprise.

5. Are there gaps in evidence that make it difficult or impossible to form an opinion on how the existing or proposed policy, strategy, procedure, project or service does or might affect different groups of people? If so what are the gaps in the information and how and when do you plan to collect additional information?

As part of a non-ring fenced funding stream, the Government does not require monitoring data from local authorities on the use of the fund. There has therefore been no direct evidence from local authorities on the impact that the fund may have had on any of the equality target groups.

The sources investigated do not go as far as providing information on older people, sexual orientation, disabilities or BAME groups. We will consider the need for further research into the possible differential impact on these remaining groups in line with development in other policy areas e.g. Regional Growth Fund and Local Enterprise Partnerships.

6. Having analysed the initial and additional sources of information including feedback from any consultation, is there any evidence that the policy, strategy, procedure, project or service has or is likely to have an adverse equality impact on, and/or that there are known or anticipated different needs or requirements, for any of these different groups of people?

² An independent National Evaluation of Local Enterprise Growth Initiative (Amion, 2010), www.communities.gov.uk/publications/regeneration/lqipfinalreport

Research suggests that across the LEGI local authority areas for which we have data, the percentage of 16-18 year olds who are not in education, employment or training is significantly higher than the England average.³

Evidence also indicates that the percentage of female self employment in these areas is significantly below the national average.⁴

Due to the considerable variation across the Local Enterprise Growth Initiative areas in terms of size, demographic characteristics and geography, there is insufficient data to be able to provide a clear picture of the levels of BAME and disabled people.

However an independent two-year national evaluation, available on the DCLG website,⁵ has been carried out which provides an overall indication of its effectiveness and impact within the Local Enterprise Growth Initiative areas.

The evidence suggests that where targeting has taken place, it was most commonly focused on young people, the workless and women, and areas reported that hard to reach groups were benefiting from receiving services from specialist providers.

The vast majority of Local Enterprise Growth Initiative programme areas have undertaken some form of enterprise education activity aimed at school pupils, most of which were new activities which would not have gone ahead – at least initially - without these interventions, and have developed and delivered projects aimed specifically at women.

LEGI has through targeted interventions tried to address the factors that hold back enterprise and prevent people from starting up their own businesses. The National Evaluation states that “LEGI has had a positive impact on enterprise activity in the targeted deprived areas and has served to promote “enterprise” as a priority with a range of organisations”. This assessment is supported by the anecdotal case study evidence indicating that individual programmes are being developed and targeted at particular equality groups such as young people and children, and women, where a need has been identified.

Given these findings, it is reasonable to conclude that equality groups within these areas would have benefited from LEGI funding, and although evidence is limited, the closure of the fund is likely to have differential impacts on the levels of targeted support that these communities, in particular, young people and women, currently receive.

**7. Is a full Equality Impact Assessment Required?
(If no, please explain why not)**

³ LEGI National Baseline: A Final Report (Regeneris Feb 2008)

⁴ LEGI National Baseline: A Final Report (Regeneris Feb 2008)

⁵ An independent National Evaluation of Local Enterprise Growth Initiative (Amion, 2010), www.communities.gov.uk/publications/regeneration/lqipfinalreport

As the evidence suggests that the cessation of funding is likely to have differential impacts on specific groups within communities, it is recommended that a full Equality Impact Assessment is carried out.

DCLG Full Equality Impact Assessment

The Department for Communities and Local Government has not been able to conclude a final Equality Impact Assessment for the Local Enterprise Growth Initiative at this stage. This document reflects our current assessment but more work will be needed to finalise the detail, particularly around the action plan for mitigation, as wider policy is further developed between government departments (such as the Department of Work and Pensions) following the publication of the Comprehensive Spending Review.

The Department aims to complete this further work as soon as reasonably possible and will publish its conclusions in due course.

1. Which group(s) of people has been identified as being disadvantaged by your proposals? What are the equality impacts?

The screening of the Local Enterprise Growth Initiative (LEGI) and the evidence gathered suggests that the closure of the programme in March 2011 could have the following differential impacts upon the target groups in some Local Enterprise Growth Initiatives areas:

- Young people – a reduction in the work that has been carried out to stimulate enterprise awareness within schools through education.
- Women – reduced access to specialised enterprise support.

It is possible that targeted support to these two groups could be affected by a change in funding.

2. In brief, what changes are you planning to make to your current or proposed new or changed policy, strategy, procedure, project or service to minimise or eliminate the adverse equality impacts?

It may not always be possible to mitigate the impacts within a single policy while delivering savings. However, savings in one area allow for higher spending elsewhere, potentially on the same groups of people. It is important therefore to consider the overall set of choices made in the Spending Review, rather than simply each individual decision, when considering mitigations.

The Department for Work and Pensions has introduced the 'New Enterprise Allowance'. This will initially be available in those areas which face the greatest unemployment challenge.

The total package of support, which could be worth up to £2000 to each unemployed person who wants to start their own business, includes:

- access to a business mentor to provide guidance and support from the development of the business idea through to the early stages of trading
- a weekly allowance; and
- access to loans to help with start-up costs.

The Local Enterprise Growth Initiative was funded up until March 2011 and like any other funding stream is subject to spending review processes.

The Government remains committed to putting neighbourhoods and local communities back at the heart of policy. The drivers of deprivation, economic decline and social exclusion are place-specific. The circumstances and challenges faced by deprived neighbourhoods in Lancashire are very different to those of the poorest London boroughs. **The challenges are therefore best understood and addressed locally.** In addition, **communities are strongest when everyone has a free and fair say** in the decisions that affect them.

We are providing communities and councils with a powerful ‘toolkit’ they can use to drive their area forward. We are:

- giving local areas greater control over what happens locally – local enterprise partnerships, neighbourhood planning, community rights, the power of competence, and changes to the Sustainable Communities Act

- giving local authorities greater ability to secure and channel resources – de-ringfencing of local budgets, Tax Increment Financing, New Homes Bonus, community budgets, modifications to the Community Infrastructure Levy, and considering local business rate retention through the Local Government Resource Review

- giving local areas greater ability to attract private and social investment and growth – Changes to Planning, for example the use of Local Development Orders, and Discretionary Business Rate Discounts

The majority of this ‘toolkit’ of policies and programmes will be available for use anywhere in the country. Alongside this, the Government may at times be able to offer additional **transitional support to areas facing particular challenges**, for example to help them make use of the available tools. For example, the **Regional Growth Fund** will encourage private sector enterprise, create sustainable private sector jobs and help places currently reliant upon the public sector make the transition to sustainable private sector led growth. We will also encourage alignment of the Regional Growth Fund with the **European Regional Development Fund**.

Local communities and neighbourhoods are back in the lead in defining how they want their area to improve and grow, and what regeneration means for them. Local authorities, central government and its agencies will facilitate this, removing barriers and working collaboratively to support local priorities, encouraging local economic growth and improving the lives of the people in deprived neighbourhoods.

3. Please provide details of whom you will consult on the proposed changes and if you do not plan to consult, please provide the rationale behind that decision.

We will consider the need for further engagement with young people and women as soon as is reasonably possible, in line with the development of further specific policy, e.g. Regional Growth Fund / Local Enterprise Partnerships, as part of further development of this Equalities Impact Assessment.

4. Can the adverse impacts you identified during the initial screening be justified without making any adjustments to the existing or new policy, strategy, procedure, project or service? Please set out the basis on which you justify making no adjustments.

As set out in the initial screening, tackling Britain's record deficit is the Coalition Government's top priority – the consequences of not acting could be serious. The scale of the deficit has required tough choices to be made about how taxpayer's money is allocated.

The Spending Review sets out how the Coalition Government will carry out Britain's unavoidable deficit reduction plan. This is an urgent priority to secure economic stability, at a time of continuing uncertainty in the global economy, and put Britain's public services and welfare system on a sustainable long term footing. The Coalition Government inherited one of the most challenging fiscal positions in the world. Last year, Britain's deficit was the largest in its peacetime history – the state borrowed one pound for every four it spent. The UK currently spends £43bn on debt interest, which is more than it spends on schools in England. As international bodies such as the International Monetary Fund and Organisation for Economic Cooperation and Development have noted, reducing the deficit is a necessary precondition for sustained economic growth. Failure to take action now would put recovery at risk and place an unfair burden on future generations.

In order to tackle the budget deficit all Government departments are being required to work within a very tight fiscal settlement. Within this context the Government believes that local civic and business leaders should be freed up to tackle their own priorities and this will be achieved by simplifying grant regimes to allow place-based budgeting to address areas with multiple needs more effectively.

As part of the Spending Review, local authorities will have greater freedom and flexibility to make local spending decisions according to local priorities – if a local authority wishes to continue with the type of activities previously funded through LEGL then they can do so. Furthermore, in making funding decisions, local authorities will need to carry out their own equality impact assessment. There is already a legal requirement for local authorities, as "public bodies" within the meaning of equality legislation, to carry out equality impact assessments on the effect their policies and practices will have on equality in relation to race, disability, gender, sexual orientation, religion or belief and age. The Equality Act 2010 will, when the relevant provisions are in force (expected to be in April 2011), extend this requirement to the additional "protected characteristics" of gender reassignment and marriage and civil partnership.

5. You are legally required to monitor and review the proposed changes after implementation to check they work as planned and to screen for unexpected equality impacts.

Please provide details of how you will monitor/evaluate or review your proposals and when the review will take place.

Policy proposals for any future support have been developed as part of the Spending Review. Monitoring arrangements will be taken into consideration as part of any future development of specific policies e.g. Regional Growth Fund / Local Enterprise Partnerships.

6. Sign off

Name of Person Signing Off the Full Equality Impact Assessment: Andrew Campbell

Role: Director

Date: 06 November 2010

Full Equality Impact Assessment - Action Plan

| Actions taken or proposed | Rationale for the Action | Beneficiaries of the Action | Timing | Responsibility |
|---|--------------------------|-----------------------------|--------|----------------|
| Changes made: Changes that have been made to policy as a result of the Equality Impact Assessment. | | | | |
| | | | | |
| Mitigation: For areas where a policy may have a differential impact on certain groups, what arrangements are in place or proposed to mitigate these effects? | | | | |
| | | | | |
| Justification: For areas where a policy may impact negatively (but not illegally) on certain groups but mitigation is not possible (e.g. an overriding societal driver) there needs to be a strategy for handling issues of unfairness. | | | | |
| | | | | |
| Opportunities: Please state actions designed to maximise positive effects, i.e. opportunities identified for: promoting equality, good relations or knowledge about groups; increasing civic & democratic participation; or addressing inequalities. | | | | |
| | | | | |
| Monitor: how will you monitor the impact and effectiveness of the new policy? | | | | |
| | | | | |
| Publish: give details of how the results of the EqIA will be published. | | | | |
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