



2 October 2013

To: David Rees, Chair of HSC

Dear David

Scrutiny of the Welsh Government's Draft Budget – Equality Scrutiny Toolkit for Committees

In advance of the Welsh Government publishing its draft budget next week, I am writing to draw your attention to an equality scrutiny toolkit that has been developed for Members, to help build equality considerations into their budget scrutiny.

The two-page 'Fairness in Finance' toolkit has been designed by the Research Service in consultation with the Equality and Human Rights Commission. The Chair of the Communities, Equality and Local Government Committee, which conducted an inquiry into equality considerations in the Welsh Government's budget in 2012, has also been consulted.

Committee Members will be able to use this toolkit alongside their committee-specific budget briefing, and the training delivered to Members and their support staff by the head of CIPFA.

I hope that your Committee finds the toolkit useful in support of its financial scrutiny work.

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Yours sincerely

A handwritten signature in black ink that reads "Jocelyn Davies". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

Jocelyn Davies AM

Enc: Fairness in Finance toolkit

Fairness in Finance

A toolkit for scrutinising equality considerations in budgets

This toolkit aims to help Members build equality considerations into their financial scrutiny work to ensure financial decisions are fair. It complements briefing on general principles of financial scrutiny that is being delivered to Members and AMSS by the Head of CIPFA, Angela Scott and the Research Service.

Why is fairness in finance important?

The Welsh Government has a statutory equality duty under Section 77 of the *Government of Wales Act 2006*, and along with all public authorities in Wales, is also subject to the general equality duty in the *Equality Act 2010*.

The law requires public authorities to demonstrate that they have had 'due regard' to the aims of the equality duty in their decision making. For the budget process, this means the Welsh Government should have:

- assessed the equality impacts of its financial decisions during the **formative stage**, and if necessary considered different options and scenario testing;
- made financial decisions based on the best available **evidence**;
- been open and transparent by **engaging** beforehand with those who would be affected by its decisions.

Suggested considerations

When scrutinising financial decisions in terms of equality, Members may find it useful to consider the following questions:

How do decisions about budget allocations relate to the Welsh Government's Strategic Equality Plan (SEP) and objectives?

Scrutiny of the budgets should include holding the Welsh Government to account on how the proposed allocations will meet the objectives of its statutory **Strategic Equality Plan**, and championing the citizens' voice and public concerns about impacts on particular protected groups.

Is the purpose of the financial proposal clearly set out, and have the potential impacts been identified?

A robust **equality impact assessment** (EIA) will illuminate the impact of an increase or decrease in funding on different groups of people. It helps to **target resources where they are most needed**.

EIAs also offer a way of identifying potential problems, and for making small, **preventative** interventions at an early stage which remove the need for expensive remedies further down the line.

Where the Government is proposing changes to allocations, an equality impact assessment should set out the reasons for the change, the expected impact on protected groups, and the intended outcome.

It is also important to think about how individual financial proposals might relate to one another - a series of changes to different policies or services could have a cumulative impact on particular protected groups.



Has the impact assessment considered all available evidence? Are there any gaps in the data available, and if so how is this being addressed?

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to impact on.

A lack of information is not a sufficient reason to conclude that there is no impact.

Have potential positive and negative impacts been identified?

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected groups are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

Have those likely to be affected by the proposal been effectively engaged?

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help to improve the equality information that is used to understand the possible impact of policy on different protected groups. No-one can give a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

What has changed as a result of the impact assessment? Are there plans to alleviate any negative impacts?

Where the assessment indicates a potential negative impact, consideration should have been given to reducing or mitigating this impact, supported by an action plan that identifies responsibilities for delivery and timescales for implementation. This is crucial to reduce the likelihood that difficult decisions that need to be taken do not create or perpetuate inequality.

What plans are there to monitor the *actual* impact and outcomes from the proposal? What are the timeframes, and what mechanisms are in place to respond to any concerns? Can improved outcomes be demonstrated?

Although impact assessments can help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known after it is introduced. It is therefore important to have robust arrangements for reviewing the actual impact of the proposals, and to be able to demonstrate improved outcomes through a reporting process.

This paper was produced by the Research and Committee Services, with assistance from the Equality and Human Rights Commission (EHRC).

