



Llywodraeth Cymru  
Welsh Government

# Welsh Government Integrated Impact Assessment Summary

**Title of proposal:**

Commencement of the Socio-economic Duty in Wales

**Department:**

Education and Public Services

**Cabinet Secretary/Deputy Minister Responsible:**

Jane Hutt, Deputy Minister and Chief Whip

**Start date:**

1 April 2020

**Contact email address:**

[Socio-economicDuty@gov.wales](mailto:Socio-economicDuty@gov.wales)

## What action is the Welsh Government considering and why?

The UK's exit from the European Union continues to bring immense uncertainty, not least in relation to equality and human rights. Decades of EU membership have produced a legacy of benefits covering many aspects of daily life in Wales, for example employment and environmental rights and health and safety regulations.

A priority for Welsh Government is to take action to safeguard equality and human rights, particularly in the context of EU withdrawal, and as such several strands of work are being taken forward, of which commencing the socio-economic duty is one aspect. The First Minister reinforced the importance of commencing the duty in Wales by including it within his election manifesto. Subsequently, the Deputy Minister and Chief Whip gave an oral statement to Plenary on 11 June 2019 regarding Advancing Equality and Human Rights in Wales during which she pledged to commence the duty "at rapid pace".

Commencing the duty will require Welsh Ministers to provide regulations under Section 2(4) of the Equality Act 2010<sup>1</sup> as to list the relevant public bodies to whom the duty will apply, and will introduce changes that will:

- require relevant public bodies, when they take strategic decisions, to consider the need to reduce the inequalities that result from socio-economic disadvantage;
- support wider action on safeguarding equality and human rights; and
- complement and work with existing legislation that seeks to improve equality in Wales, including the Equality Act 2010<sup>1</sup> and Well-being of Future Generations (Wales) Act 2015<sup>2</sup>.

Features of socio-economic disadvantage are complex and are often interlinked, for example health outcomes get progressively poorer across the socio-economic gradient<sup>3</sup>; no/ low accumulated wealth leads to households having no/ limited access to basic goods and services such as transport, education and health care services; a lack of social mobility in terms of higher education and career prospects; and discrimination faced by some individuals who have protected characteristics<sup>4</sup>.

Commencing the duty gives us an opportunity to do things differently, putting tackling inequality at the heart of strategic decision-making for relevant public bodies. This work will ultimately build on the good work that public bodies are already doing to tackle inequality, which links to plans to strengthen our social partnership arrangements as both the socio-economic duty and the potential Social Partnership Bill will help to address inequality from different perspectives.

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2010/15/contents>

<sup>2</sup> <http://www.legislation.gov.uk/anaw/2015/2/contents/enacted>

<sup>3</sup> <http://www.publichealthwalesobservatory.wales.nhs.uk/inequalities-and-inequities>

<sup>4</sup> <https://www.gov.uk/government/publications/social-mobility-in-great-britain-state-of-the-nation-2018-to-2019>

## **1. How have people most likely to be affected by the proposal been involved in developing it?**

The consultation seeks to gain views from key stakeholders on which public bodies should be captured by the duty and how the duty is delivered. The draft regulatory impact assessment and consultation can be viewed via this link: <https://gov.wales/equality-act-2010-commencing-socio-economic-duty>

The consultation will be widely publicised through Welsh Government policy leads, our equalities networks, the Equality and Human Rights Commission (EHRC), third sector partners and grassroots organisations to ensure the consultation is not just aimed at the public bodies captured by the duty but also members of society who have experienced socio-economic disadvantage.

Welsh Government began engagement on the duty in October when it presented at three Equality Exchange events arranged by the EHRC across Wales. These have coincided with discussions held with the EHRC on the proposals. The Welsh Government will run workshops during the consultation to help raise awareness and to inform the development of the supporting guidance.

In order to support relevant public bodies, 'interim' guidance will be issued on the 1 April 2020 for a period of two years and be kept under regular review before being issued as 'final' statutory guidance on the 1 April 2022. This guidance will be co-produced between Welsh Government, relevant public body representatives, and other key stakeholders through a series of events.

Although the duty will apply as a statutory duty from the 1 April 2020, the proposed implementation period is intended to convey that a 'softer' approach will be applied to the duty during the first two years, to allow the Welsh Government time to work with relevant public bodies to refine the guidance and for relevant public bodies to fully understand the requirements and embed it within existing working practices. This approach will also enable the capture and sharing of good practice case studies with a focus on positive outcomes in the application of the socio-economic duty.

This approach to producing the interim guidance will provide an opportunity for continuous review and on-going engagement as to ensure the duty works as intended in its efforts towards reducing inequalities of outcome linked to socio-economic disadvantage. It will also be used to help re-assess the assumptions made in the regulatory impact assessment and wider impact assessments.

## **2. What are the most significant impacts, positive and negative?**

Alongside the costs and benefits presented in the draft regulatory impact assessment, a number of other potential impacts have been considered and an integrated impact assessment carried out. A summary of the findings of this process is provided below.

A Children's Rights Impact Assessment has concluded commencing the duty does not directly impact the UN Articles, nor does it impact negatively on the rights of children. Cycles of poverty and opportunity/ aspiration are best addressed earlier on in life<sup>5 6</sup>, and therefore by ensuring that relevant public

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<sup>5</sup> <https://heckmanequation.org/resource/invest-in-early-childhood-development-reduce-deficits-strengthen-the-economy/>

<sup>6</sup> <http://www.dwp.gov.uk/docs/early-intervention-next-steps.pdf>

bodies take account of the socio-economic duty when making strategic decisions, children's rights and life chances are expected to be improved.

The potential impact of commencing the duty on people in protected groups and those living in low income households has been considered through an Equalities Impact Assessment. Whilst the proposals will benefit the well-being of the population of Wales as a whole, the assessment concluded the benefits will impact on individuals and groups who are experiencing socio-economic disadvantage. There are varying degrees of evidence<sup>7 8</sup> of a correlation between protected characteristics and poverty (in gender, race, disability, faith and belief and sexual orientation).

The Rural Proofing Impact Assessment considered the impact of the duty on rural communities and individuals living within those communities. It found, overall, the proposals are expected to have a minor net positive impact on people who live in rural areas. People in poverty in both urban and rural areas are likely to experience a lack of financial resources, however, some evidence<sup>9 10</sup> suggests that rural areas are more likely to experience 'opportunity deprivation' (e.g. lack of employment and services) and 'mobility deprivation' (e.g. access to employment and services).

A Privacy Impact Assessment has been conducted in relation to the duty. The duty will not require any new personal data to be held or processed by the relevant public bodies to whom the duty will apply.

Impact on the Welsh Language has been explored through a Welsh Language Impact Assessment. It is not expected the duty will have any negative impact on the use of Welsh Language or on Welsh Language communities.

Consideration of the impact of the duty on biodiversity, climate change and natural resources concluded that there would be limited impact on these areas. A Strategic Environmental Assessment and an Impact Assessment on Carbon Budgets were considered not to be required. There is a possible net positive impact on the environment when applying socio-economic considerations to decisions of a strategic nature e.g. addressing local transport issues which are a barrier to work can also help the environment by providing alternative to private transport and associated greenhouse gas emissions.

A Health Impact Assessment has evaluated the anticipated impacts of the duty and concluded that placing socio-economic inequality at the heart of decision making for relevant public bodies will be expected to result in improved health outcomes for the people of Wales and will make an overall positive contribution to reducing health inequalities in Wales. Although features of socio-economic disadvantage are complex and are often interlinked, health outcomes and life expectancy get progressively poorer across the socio-economic gradient, and no/ low accumulated wealth which leads to households have no/ limited access to basic goods and services such as health care.

A Justice Impact Assessment concluded that the proposals are likely to have no or minimal impact on the justice system.

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<sup>7</sup> <https://www.equalityhumanrights.com/en/publication-download/wales-fairer-2018>

<sup>8</sup> <https://gov.wales/relative-income-poverty-april-2017-march-2018>

<sup>9</sup> <https://www.wcpp.org.uk/wp-content/uploads/2018/04/An-introduction-to-Rural-Poverty.pdf>

<sup>10</sup> [WIMD article on rural deprivation](#)

### 3. In light of the impacts identified, how will the proposal:

- maximise contribution to our well-being objectives and the seven well-being goals; and/or,
- avoid, reduce or mitigate any negative impacts?

In line with the five ways of working identified within the Well-being of Future Generations (Wales) Act 2015<sup>2</sup>, the duty will support **long-term improvements** by considering how strategic decisions may prevent/ mitigate socio-economic disadvantage, and how they aim to **prevent** socio-economic disadvantage occurring in both the short and long term. It will do this by shifting the focus of strategic decisions towards one that considers the impact of strategic decisions on socio-economic disadvantage, maximising the current equality expertise that exists within relevant public bodies to help inform socio-economic assessments.

The duty could maximise the contribution of relevant public bodies to achieving the well-being objectives and the seven well-being goals through public bodies giving regard to the National Well-being Indicators, laid by Welsh Ministers under the Well-being of Future Generations (Wales) Act 2015<sup>2</sup>, which are relevant to inequalities and contribute most significantly to the **more equal Wales** well-being goal - to create a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

There is an indisputable link between inequality and socio-economic disadvantage. In Wales, action to enable people to fulfil their potential no matter what their socio-economic background and circumstances has been strengthened through the Well-being of Future Generations (Wales) Act 2015<sup>2</sup>. This brings the challenge of intergenerational socio-economic disadvantage into a comprehensive framework for decision making in 44 public bodies in Wales. It provides for a single principle ('the sustainable development principle') to guide the exercise of functions of public bodies to consider how they are meeting the needs of current generations without compromising future generations, to better address long term challenges such as inequalities of outcome. The Well-being of Future Generations (Wales) Act 2015<sup>2</sup> therefore supports existing legislation that seeks to improve equality in Wales, including the Equality Act 2010<sup>1</sup> (and Welsh specific equality duties) and the commencement of the socio-economic duty.

### 4. How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

We believe it is not desirable to try to create another measurement framework to monitor the impact of the socio-economic duty. By aligning the duty to existing frameworks (such as reporting requirements under the Well-being of Future Generations (Wales) Act 2015<sup>2</sup>), it allows relevant public bodies to consider the impact of their decisions against existing indicators.

During the period up to the 1 April 2022, when the 'final' statutory guidance will be issued, officials will undertake a programme of review and on-going engagement to ensure that the duty works as intended in its efforts towards reducing inequalities of outcome linked to socio-economic disadvantage. This will include reviewing how the duty is aligned to existing frameworks and indicators.

During this period the regulatory impact assessment and general impact assessments will be kept under review.