



Llywodraeth Cymru  
Welsh Government

IMPACT ASSESSMENT

# Impact of commencing the Socio-economic Duty: integrated impact assessment

An impact assessment on the effects of commencing the  
Socio-economic Duty.

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# Introduction

## The Socio-economic Duty: Equality Act, 2010

When the **Equality Act, 2010 Act** was enacted, the Duty lay dormant on the statute book, as the UK Government elected not to commence it. **The Wales Act 2017** legislated for a new model of Welsh devolution, which included the power for the Welsh Ministers to commence the Duty in Wales.

**Section 45 of the Wales Act 2017**, amends Part 1 of the Equality Act, 2010 to achieve this. The Welsh Ministers have used this power to commence Sections 1 to 3 of the 2010 Act in Wales, the Socio-economic Duty.

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# Section 1: What action is the Welsh Government considering and why?

Sets out the Duty itself, which requires public bodies, to whom the duty applies:

“ When making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage. ”

It lists the bodies that will be covered by the Duty, and a requirement so that when deciding how to fulfil the Duty, the public bodies in Wales captured by the duty must take into account guidance issued by the Welsh Ministers.

## Section 2

Confers a power on the Welsh Ministers to make regulations to amend **section 1(3) of the 2010 Act**. This includes the power to add Welsh public bodies to which the Duty will apply.

## Section 3

Makes clear that the Duty will not create any new justiciable rights for individuals.

In summary, the Duty places a legal responsibility on bodies when they are taking strategic decisions to have due regard to the need to reduce the inequalities of outcome resulting from socio-economic disadvantage.

This provides clarity in relation to the ability to make changes as a result of this impact assessment.

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## The Issue and rationale for the Duty

Features of socio-economic disadvantage are complex and are often interlinked, for example health outcomes get progressively poorer across the **socio-economic gradient**; no or low accumulated wealth leads to households having no or 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**.

23% of all people in Wales were living in relative income poverty between 2016 to 2017 and 2018 to 2019. This figure has remained relatively stable for the past 16 time periods. At 23%, the figure is slightly lower than last year's. Children were the age group most likely to be in relative income poverty (**at 28%**) and **this has been true for some time**.

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.

Additionally, COVID-19 is increasing the current inequalities which exist in Wales. The evidence shows there is an indisputable link between inequality and **socio-economic disadvantage** (by socio-economic disadvantage we mean living in less favourable social and economic circumstances than **others in the same society**).

The COVID-19 outbreak has brought huge challenges to our communities. It has become clear that certain groups have been affected more than others. For example, ethnic minority communities, disabled people, women, and young people. In its latest state of the nation report, Poverty in Wales 2020, the **Joseph Rowntree Foundation** cites that:

“ Before coronavirus hit, almost a quarter of people in Wales were living in poverty. After a decade of stalling progress, in which that proportion has

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barely changed, Wales now faces a rising tide of poverty as the Covid recession gathers pace. The pandemic has hit low-paid workers in Wales particularly hard: industries with a large proportion of low-paid jobs, such as the accommodation, food and beverage sector, have seen 78% of jobs furloughed. Those same sectors are most likely to see widespread job losses, and in some areas of over 40% of jobs are in these high risk, low paid industries. ”

The impact of school closures on children’s education, and the effects of the deepest recession in history on jobs and earning prospects for young people entering the labour market this year will undoubtedly be damaging, long-lasting and felt much more acutely by those who are already socio-economically disadvantaged. For example lower paid workers who are three times as likely to have lost their job or been furloughed as high earners, and are more than twice as likely to do jobs **exposing them to health risks**.

Commencing the Duty will be a key mechanism in supporting the most vulnerable in society, and something which will be extremely important in our continued response to COVID-19 enabling us to move towards the reconstruction of a fairer and more prosperous Wales.

## The action

Commencing the Duty 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
- complement and work with existing legislation that seeks to improve equality in Wales, including the Equality Act 2010 and **Well-being of Future Generations (Wales) Act 2015**

Through improving the way that decisions are taken, the overall aim of the Duty is to improve outcomes for those who suffer socio-economic disadvantage.

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Commencing the Duty will require Welsh Ministers to commence Part 1 of the Equality Act 2010 and make regulations under Section 2(4) of to list the relevant public bodies to whom the Duty will apply in Wales.

Relevant public bodies captured by the Duty include:

- Welsh Ministers
- Local Health Boards
- NHS Trusts
- Special Health Authorities (which operate on a Wales only basis)
- a county council or county borough council
- the Welsh Revenue Authority
- Fire and Rescue Authorities
- National Park Authorities

## Application of the five ways of working

Commencing the Duty will not compete with or override other duties such as the Equality Act, 2010 **Public Sector Equality Duty (PSED)** the **Children and Families (Wales) Measure 2010** and the Well-being Duty under the Well-being of Future Generations Act 2015. It is our intention that commencing the Duty will complement these duties by further contributing towards Wales' long term well-being goals, in particular "A more equal Wales" and "A Wales of cohesive communities". **Further strengthening social partnership arrangements** and advancing fair work ambitions.

Therefore, the aim is for the Duty to become another key mechanism in supporting the most vulnerable in our society. By requiring public bodies to make better decisions, ones which place consideration of inequality of outcome which arises from socio-economic disadvantage at their heart.

The seven well-being goals and five ways of working provided by the Future Generations (Wales) Act 2015 are designed to support and deliver a public service that meets the needs of the present without compromising the ability of;future generations. It makes the 44 public bodies listed in the Act think more about the long-term, preventing problems occurring or getting worse through

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involving people and taking a more joined up approach. The principles of the Socio-economic Duty further supports this through placing a requirement on those bodies captured by the Duty to give 'due regard' when taking strategic decisions, to the need to reduce inequalities of outcome that result from socio-economic disadvantage.

## **Aligning the Duty to the sustainable development principle**

### **Prevention**

The Duty will prevent inequality of outcome as a result of socio-economic disadvantage increasing. Those public bodies captured by the Duty are required to give due regard to the need to reduce inequalities of outcome when taking strategic decisions. Inequalities such as, poorer health, educational attainment levels, earning potential, housing quality, and access to services.

### **Long Term**

The guidance recommends that public bodies fully consider evidence to understand the impact of their decisions, including future trends information. The effects of the Duty in reducing inequalities of outcome will be achieved over the long term, contributing to a more equal Wales for future generations.

### **Involvement**

Formal consultation was undertaken early in 2020 and was accompanied by interactive engagement events with stakeholders. A guidance group with representatives from those bodies captured by the duty, the Equality and Human Rights Commission (EHRC) and the Third Sector has been convened. The group actively informs guidance documents and support materials.

The guidance recommends that public bodies understand the impact of their decisions, taking steps to ensure that inequalities are reduced. This should

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involve engaging with those communities and people affected by the decision.

## Collaboration

Through collaborative working with the EHRC and the Office of Future Generations, a mapping guide has been prepared to help public bodies to consider opportunities to apply the Socio-economic Duty, the Public Sector Equality Duty (PSED) and the Well-being of Future Generation's duties in an aligned way, reducing burden and taking opportunities to consider socio-economic disadvantage within existing processes. Taking forward a more integrated approach will ultimately improve organisational consideration of equality. By acting in this way, relevant public bodies will gain a greater understanding of the impact of their decisions, maximising their contribution to addressing wider inequalities and, as such, the aims of the PSED, thus helping to further meet their obligations under the [Human Rights Act 1998](#) and international human rights law.

## Integration

The Duty will not compete with or override other duties such as the PSED, child poverty legislation and the Well-being Duty under the Well-being of Future Generations Act. It is intended to complement these duties by further contributing towards Wales' long-term well-being goals. The aim is therefore for the Duty to become a further mechanism in supporting the most vulnerable in our society. By requiring relevant public bodies to make better decisions, ones which place consideration of inequalities of outcomes arising from socio-economic disadvantage at their heart.

The guidance recommends that to meet the requirements of the Socio-economic Duty, public bodies use existing processes established for other duties, such as, impact assessment, application of the five ways of working, engagement progresses and insight gathering.

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## Section 3.1 Cultural Well-being

With reference to The Well-being of Future Generations (Wales) Act 2015's goal for culture 'A society that promotes and protects culture, heritage and the Welsh language and which encourages people to participate in the arts and sports and recreation.' Culture includes museums, archives, libraries and the arts. Heritage includes the built historic environment as well as intangible heritage such as traditions; arts encompasses performance and creative sectors including music, literature, theatre and art, whilst sports and recreation include both elite and community sports as well as opportunities to participate in wider outdoor recreation.

### **3.1a How can the proposal actively contribute to the goal to promote and protect culture and heritage and encourage people to participate in the arts sports and recreation?**

Commencing the Socio-economic Duty is likely to positively impact on participation in cultural well-being activities. Evidence suggests that those living in socially deprived areas are unlikely to take part in cultural activities or participate in arts, sports or recreation. By actively ensuring that the relevant public bodies consider how they can reduce social deprivation, a positive impact is likely on participation in sports and physical activities along with an increase in cultural well-being. Although, on the whole, bodies that represent culture are not listed in the Socio-economic Duty as relevant bodies they will be encouraged to act within the spirit of the Duty. National Park Authorities will however have a Duty to apply the Socio economic Duty, building on their duty to encourage social well-being, currently covered under section 11A of the 1949 Act, inserted by the Environment Act 1995 s.62. This requires National Park authorities to "seek to foster the economic and social well-being of local communities within the National Park, but without incurring significant expenditure in doing so, and to co-operate with local authorities and public bodies whose functions include the promotion of economic or social development within the area of the National Park". Local Authorities are captured under the Duty, and although culture may not be considered a statutory function, many local authorities do provide such functions. Strategic decisions of this nature will therefore be subject to the Duty.

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### **3.1b Is it possible that the proposal might have a negative effect on the promotion and protection of culture and heritage, or the ability of people to participate in arts, sport and recreation? If so, what action can you take to avoid or reduce that effect (for example by providing alternative opportunities)?**

Commencing the Socio-economic Duty is not likely to have a negative effect on the promotion or protection of culture and heritage, or the ability to participate in the arts, sport and recreation.

## **Section 7 Conclusion**

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

A consultation on the commencement of the Socio-economic Duty was launched on 22 November 2019 and closed on 17 January 2020. The consultation sought to gain views from key stakeholders on which public bodies should be captured by the Duty and how the Duty is delivered.

Six consultation events were held across Wales between 12 December and 14 January 2020, with 140 people attending.

A total of 98 consultation responses were received to the consultation:

- 63 organisations responded by completing the response form
- 35 responses came via the online portal, of which 14 were completed and 21 partially completed
- in addition, notes taken at each of the stakeholder consultation events across Wales, attended by 140 individuals, have also been fed into the analysis

Other than Local Authorities, fourteen third sector organisations, representing the voice of people responded via email, three of which specifically representing children, two represented gender, five represented specific age demographics

and three represented poverty. In addition, responses were provided by the Equality and Human Rights Commission, the Welsh Language Commissioner and the Children's Commissioner for Wales.

The consultation was 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 that it was not just aimed at the public bodies captured by the Duty but also members of society who have experienced socio-economic disadvantage.

The proposal received positive support, with over 70% of respondents agreeing to the content. It was agreed that the Socio-economic Duty would add value to existing duties. Co-production was an evident theme, with respondents suggesting that it should be at the heart of the Duty. Organisations called for more collaborative working between Welsh Government, public bodies and third sector organisations.

A guidance group was convened and has been active throughout the life of the project. Representatives from those bodies capture by the Duty, the third sector, the EHRC and WLGA have worked together to inform guidance and support materials.

## **7.2 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 has been carried out.

Commencing the Duty 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
- complement and work with existing legislation that seeks to improve equality in Wales, including the Equality Act 2010 and Well-being of Future

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## Generations (Wales) Act 2015

Through improving the way that decisions are taken, the overall aim of the Duty is to improve outcomes for those who suffer socio-economic disadvantage.

Therefore, commencing the Socio-economic Duty will have a significant, positive impact on people and communities. Through improved decision making, the overall outcome of those who suffer socio-economic disadvantage will be improved, raising attainment and skills in education for all, reducing the chances of being a victim of a crime and increasing health life expectancy for those from deprived communities, improving access to services and improving the ability to participate. Ultimately, driving resilience and prosperity throughout Wales.

The Socio-economic Duty is designed to reduce inequalities of outcome as a result of socio-economic disadvantage, therefore the Duty has the greatest impact on those groups who suffer socio-economic disadvantage. The guidance will not specify priority inequalities. However, it is clear that certain groups are more likely to suffer inequality of outcome as result of socio-economic disadvantage. Poverty in Wales is leading to an even starker gap in the experiences and opportunities of people born into different socio-economic backgrounds. Our findings show that this gap has widened particularly for **women, disabled people, and some ethnic minority groups**.

A Children's Rights Impact Assessment has concluded that 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, and therefore by ensuring that relevant public bodies take account of the Socio-economic Duty when making strategic decisions, children's rights and life chances are expected to be improved.

Equality and discrimination are inextricably linked to human rights. Socio-economic disadvantage has the potential to blight a person's ability to access and enjoy the human rights available to them in the UK, through a mixture of domestic law (the Human Rights Act 1998, retained EU law and international human rights law. Such disadvantage can result in long-term inequalities in education, health, life satisfaction, prosperity and participation in public life. Approaching implementation of the Socio-economic Duty in the correct way will

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help public bodies to maximise their contribution to addressing such inequalities, and also to meet their obligations under the Human Rights Act 1998<sup>42</sup> and international human rights law.

The guidance puts forward a 5 stage approach as an example of how a body might meet the duty in practice. Stage one asks if the body has engaged with those affected by the decisions and in addition has considered protected characteristics, together with, places and communities of interest. The guidance highlights the importance of ensuring this new commitment operates alongside and complements other statutory duties such as the duty to tackle child poverty as required by the Children and Families (Wales) Measure 2010.

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 that the benefits would impact on individuals and groups who are experiencing socio-economic disadvantage. There are varying degrees of evidence that identify a correlation between protected characteristics and poverty (in gender, race, disability, faith and belief and sexual orientation), and the Duty will tackle this.

The Rural Proofing Impact Assessment considered the impact of the Duty on rural communities and individuals living within those communities. It found, overall, that 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 suggests that rural areas are more likely to experience 'opportunity deprivation' (for example lack of employment and services) and 'mobility deprivation' (for example access to employment and services).

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 that the Duty will have any negative impact on the use of the Welsh Language or on Welsh Language communities. The Duty could have a positive impact through the Duty guidance suggesting

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consideration of inequality of outcome experienced with respect to places of interest, which may consider rurality and communities of interest, which may consider those communities who share a common first language. The consultation asked for views on the effects that commencing the Duty would have on the Welsh language, many respondents felt that they were unable to comment accurately due to lack of evidence linking socio-economic disadvantage and access to services in Welsh.

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 alternatives 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 or low accumulated wealth leads to households which have no or 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.

7.3 In light of the impacts identified, how will the proposal:

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

Commencing the Duty will not compete with or override other duties such as the

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Equality Act, 2010 Public Sector Equality Duty (PSED), the Children and Families (Wales) Measure 2010 and the Well-being Duty under the Well-being of Future Generations Act 2015. It is our intention that commencing the Duty will complement these duties by further contributing towards Wales' long term well-being goals, in particular "A more equal Wales" and "A Wales of cohesive communities". Further strengthening social partnership arrangements and advancing fair work ambitions.

Therefore, the aim is for the Duty to become another key mechanism in supporting the most vulnerable in our society. By requiring public bodies to make better decisions, ones which place consideration of inequality of outcome which arises from socio-economic disadvantage at their heart.

The seven well-being goals and five ways of working provided by the Future Generations (Wales) Act 2015 are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations. It makes the 44 public bodies listed in the Act think more about the long-term, preventing problems occurring or getting worse through involving people and taking a more joined up approach. The principles of the Socio-economic Duty further supports this through placing a requirement on those bodies captured by the Duty to give 'due regard' when taking strategic decisions, to the need to reduce inequalities of outcome that result from socio-economic disadvantage.

## **How will the impact of the proposal be monitored and evaluated?**

The Duty will improve decision making within public bodies, which will bring about improved outcomes for those who suffer social and economic disadvantage. Performance in relation to the extent to which bodies are meeting the requirements of the Duty, and performance in relation to improvement in inequalities of outcome as a result of socio-economic disadvantage will be incorporated within the work of bodies who contribute to understanding how public bodies are delivering a more equal Wales. This will be kept under review. There is no reporting duty attached to the Duty. In its role as the regulator of the Equality Act 2010, the EHRC has powers to promote and provide advice and guidance, and publish research on implementing the Duty. It does not have use

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of its full enforcement powers in relation to the Duty as the 2010 Act does not establish 'socio-economic discrimination', nor does it identify socio-economic disadvantage as a protected characteristic in the 2010 Act, and therefore the EHRC will not undertake enforcement of the Duty on the basis of an 'unlawful act'.

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