

# Equality Impact Assessments published with the 2020 Budget

*Background briefing from the UK Women's Budget Group*

## Summary

- The Treasury has yet again failed to publish a comprehensive Equality Impact Assessment of the 2020 Budget. The only impact assessment relating to protected characteristics in the Budget documents are the [Tax Information and Impact Notes \(TIINS\)](#) produced by HMRC. Only a few measures were recognised to have any equalities impact at all and even here the analysis is cursory, based on limited evidence and with a poor understanding of equality impact.
- In the absence of a meaningful cumulative equality impact assessment of the budget as a whole it is impossible to judge whether the Treasury has met its obligation under the Public Sector Equality Duty to have 'due regard' to equality.
- The Equality and Human Rights Commission, Treasury Select Committee and Women and Equalities Select Committee have all called on the Treasury to do more to demonstrate that it has met its obligations under the PSED.

## Measures assessed as having an equalities impact

### **The reduction in the [lifetime limit for Capital Gains Tax Entrepreneurs' Relief](#).**

The assessment recognises that "claimants tend to be older, men, of above-average means, and include individuals who are selling their business or their company's shares on retirement".

However, it was "not anticipated that there will be impacts on any other groups sharing protected characteristics". This may show a lack of understanding of the Equality Act and the protected characteristics it covers, since this measure is likely to have both a race and disability equality impact.

### **[The Pensions Tax income thresholds for calculating the tapered annual allowance](#).**

This measure affects very high earners and HMRC's "analysis from the Family Resources Survey show that 2% of the overall male population and 1% of the overall female population are earning more than £150,000. This measure will therefore impact men more than women." But it is again "not anticipated that there will be any particular impact on other groups sharing protected characteristics". However, that same Family Resources Survey could have been used to assess impact by age, ethnicity, disability and various other characteristics.

[The increase in tobacco duty](#) is recognised as disproportionately impacting men and young people since they are more likely to smoke. However the assessment does not acknowledge that the increase is also more likely to impact [white people as they are more likely to smoke](#).

**Changes to the [disguised remuneration loan charge](#).** This will benefit about 30,000 people who took part in tax avoidance schemes. The analysis states that 'broadly the measure is expected to affect more males than females' but that 'It is not anticipated that this measure will have a significant, or disproportionate, impact on groups with protected characteristics'. There is no explanation for why this is even though it will benefit more men than women. There is no analysis by any other protected characteristic.

## Measures where no equalities impact is identified

None of the remaining measures are anticipated to have any impact on groups of people sharing protected characteristics. This is even though they include changes to the [van benefit charge and fuel benefit charges for cars and vans](#), and to the [taxable benefits and regime for measuring CO2 emissions](#) all of which primarily impact on "individuals who use a company van or car which is

available for their private use and/or who are provided with fuel for their private use by their employer". Such individuals are well known to be far more likely to be men. Even if data is not readily available on the gender distribution of those driving company cars or vans, it is unreasonable to assume that there is no gender difference in impact.

Similarly the [uprating of Vehicle Excise Duty for cars, vans and motorcycles](#) is described as impacting 'those in groups sharing protected characteristics which are representative of all registered keepers of cars' with no analysis of which groups are more likely to own cars, vans or motorbikes

The analysis of changes [to air passenger rates states](#): 'This measure will impact on those who travel more by air. Some people with protected characteristics are likely to be over represented in the class of people who travel by this means'. However, there is no analysis of who these people are.

The analysis of measure to clarify that [three Scottish Social Security Benefits, Job Start, Disability Assistance](#) for Children and Young People and the Scottish Child Benefit are exempt from income tax states: 'This measure will affect those in receipt of the social security benefits detailed, which include a broad range of demographics. It does not discriminate on those with protected characteristics. The policy applies equally to those affected by its provisions and in receipt of the relevant benefits'. There is no recognition that this measure would be more likely to impact disabled people or women, who are more likely to rely on social security benefits.

A measure to introduce Income [Tax, Inheritance Tax and Capital Gains Tax exemptions for payments made under the Troubles Permanent Disablement Payment Scheme](#) (for people disabled in the Northern Ireland Troubles) is described as having 'a positive impact on those in groups sharing protected characteristics who receive payments under the Troubles Permanent Disablement Payment Scheme'. There is no specific acknowledgement that these people will be disabled, and are likely to be older.

Similarly, various changes to corporation tax are said to have no equality impact because they have "no impact on individuals as [they] only affects businesses". But who owns those businesses? Neither business nor share ownership is evenly spread over men and women, nor over groups with other protected characteristics.

Some of this is simply not making use of data to which HMRC must have access. For example, "it is not anticipated that" changes to the [annual exempt amount for Capital Gains Tax](#) "will impact on groups sharing protected characteristics". But the HMRC itself must have administrative data on who claims their CGT allowance and/or such effects could be easily simulated from any tax-benefit model.

Perhaps most surprising is that the increase in the [Employment Allowance for National Insurance](#) which is expected to "allow small, growing enterprises to take on staff without incurring additional National Insurance Contributions liabilities" is nevertheless not "expected to impact on individuals as it affects businesses, charities and community amateur sports clubs" and so is also "not anticipated that there will be impacts on groups sharing protected characteristics". There is no analysis of the characteristics of people who might be employed by SMEs. This case of internal inconsistency within a single TIIN suggests that not much effort goes into carrying out these equality impact assessments.

## The Public Sector Equality Duty

Under the Public Sector Equality Duty, (PSED), contained in the 2010 Equality Act, all public authorities, including government departments, are obliged to have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity, and foster good relations between those who have a characteristic protected under the Act and those who do not. These protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Although there is no specific obligation in England to carry out an Equality Impact Assessment, they are widely relied upon by public bodies to demonstrate that they have met their legal obligations under the PSED.

A number of court cases have established [a series of principles](#) about what 'due regard' means in practice.

These include:

- the duty must be exercised in substance, with rigor and with an open mind in such a way that it influences the final decision. It is not enough to 'tick boxes'.

- public bodies must gather and consider sufficient evidence to enable them to assess the impact of a proposed policy on equality.
- The duty cannot be delegated. A public body is responsible for making sure that any organisation that carries out work on its behalf has due regard to equality in carrying out that work.

Unfortunately, the impact assessments included in the TIINs appear to be cursory, based on limited evidence and with a poor understanding of equality impact. Furthermore, the failure of the Treasury to publish impact assessments of other aspects of the Budget make it impossible to judge whether they have met their obligations under the PSED. Since the duty cannot be delegated it is not only the Department responsible for spending in a particular area (such as the Department of Health and Social Care, or Work and Pensions) that is responsible for considering equality impact in that area.

The Treasury also has a responsibility to consider the equality impact of the Budget as a whole. This will only be achieved by carrying out a Cumulative Equality Impact assessment. [The Equality and Human Rights Commission](#) has shown such analysis can be carried out for both [tax and benefit reforms](#) and [changes in public services](#) using the same data and methodology used by HM Treasury for the distributional analysis that already accompanies each Budget.

Equality and Human Rights Commission Chief Executive, Rebecca Hilsenrath, [commented](#) in 2016: *‘It is vital that government makes fair financial decisions with a clear understanding of their cumulative impact. This will assist in effective planning and ensuring that support for individuals, particularly the elderly, children and the disabled, are not disproportionately cut. It is disappointing the Treasury has not followed our lead and developed a cumulative impact assessment. We urge the government to adopt a methodology that enables them to understand the cumulative impact of financial decision-making.’*

### Response by select committees

Both the [Women and Equalities Select Committee](#) and, more recently, the [Treasury Select Committee](#), have recommended that the Government do more to

demonstrate it has fulfilled its obligations to assess the equalities impacts of the Budget and financial statements.

The Women and Equalities Committee described the limited impact assessment of the 2015 spending review as [‘insubstantial and lacking in detail.’](#) It called for *‘more transparency in the process so that our Select Committee can look at how departments ensure the impact of policy change on equalities is understood. Without the information we have asked for or ministerial evidence it’s not been possible to form a view of the Government’s work under the public sector equality duty’.*

The Treasury Select Committee raised the issue of impact assessments in 2017 and again in 2018. [Its report on the 2018 Budget](#) states that while there has been *‘some improvement in the provision of equalities and gender impact assessments in this Budget, but they fall well short of the “robust [ ... ] assessments of future Budgets, including the individual tax and welfare measures contained within them” that the Committee recommended at the last Budget’.*

### Conclusions and Recommendations

The Women’s Budget Group recommends that all public bodies, including government departments should carry out and publish equality impact assessments based on the principles set out above.

The Treasury should carry out and publish a cumulative impact assessment of the Budget every year and of periodic spending reviews.

Staff responsible for these impact assessments should be trained in equality impact to ensure that assessments are meaningful.

For more information on Equality Impact Assessments see our briefing <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-equality-impact-assessments/>

### Women’s Budget Group, March 2020.

WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See [www.wbg.org.uk](http://www.wbg.org.uk)

**Contact:** Mary-Ann Stephenson (WBG Director):

[maryann.stephenson@wbg.org.uk](mailto:maryann.stephenson@wbg.org.uk)