

Shared Prosperity, Shared Rights: replacing EU funding for equality and human rights after Brexit

Executive Summary

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Executive summary

1. Introduction

We all want to live in a fair and decent society. As we move towards leaving the EU, it is essential that we make the most of every opportunity to strengthen the UK's ability to deliver equality, human rights and prosperity for all.

The Equality and Diversity Forum (EDF) welcomes the Prime Minister's commitment to tackling the burning injustices that cause discrimination, disadvantage and abuse for many people and groups in the UK. Such injustices prevent people from fulfilling their potential. They cause unnecessary downstream costs to health and other public services, and limit productivity and growth.

This is particularly the case in relation to women, Black, Asian and minority ethnic (BAME) people, disabled people, and people of all backgrounds in working class communities, especially where these characteristics intersect.

The combined allocation for 2014-2020 for the European Regional Development Fund (ERDF) and the European Social Fund (ESF) in the UK is almost 11 billion Euros (£9.13 billion). The spend on the three ESF objectives which have the most focus on equality issues is some 5 billion Euros (£4.15 billion) in England alone, with a further £1.4 billion in Wales, Scotland and Northern Ireland.

Other significant programmes, such as the Rights, Equality and Citizenship fund and the PEACE fund in Northern Ireland, directly support projects focusing on human rights, violence against women, hate crime and discrimination.

This summary and the accompanying recommendations set out how the Government can replace EU funding in ways that will support its commitments to reducing inequality and injustice. They are drawn from research conducted for EDF that mapped and learned from the successes and challenges of current EU funding programmes across the UK. The full research report is available at www.edf.org.uk.

2. Building on what works for people and communities

Levels and focus of funding

The research has made clear that EU funding programmes have provided, and are providing, significant investment aimed at addressing the inequality, discrimination and injustices that harm people's life chances, our communities and the economy.

This level of investment needs to be maintained after we leave the EU.

The following outline summarises, programme by programme, the extent to which EU funding has supported people dealing with abuse and those in marginalised and alienated communities. More details of the funds and their impact are given in the full report.

- The Rights, Equality and Citizenship (REC) programme 2014-20 has a budget of £343 million for the whole of the EU. It supports progress on equality and human rights through both strategic initiatives and frontline services that help people experiencing domestic violence, hate crime, discrimination, and labour exploitation. Over a third of REC-funded projects directly support people in the UK.
- From 1997-2013, the Daphne Programme was one of the predecessor funds to the REC. It aimed specifically to prevent violence against women and children. Its final 2007-2013 phase had an average annual budget of £14 million. Ninety-nine of the 660 projects (15%) funded in that phase supported women and children at risk in the UK.
- In England, the ESF and ERDF have been brought together into a single EU Structural and Investment Funds Growth Programme (ESIF), worth £500 million a year. Objectives 8, 9 and 10 of the programme relate directly to equality and human rights and are worth £4.15 billion between 2014-20. The target groups for these three objectives are young people not in education employment or training (NEETs), older people aged 50 or over, women, disabled and BAME people, people with multiple complex barriers, offenders and ex-offenders.
- ESIF distribution is so fragmented and complex in England that we could not map all of the work it has so far supported. However, the research identified that the ESIF is currently supporting many local initiatives across a wide range of equality and human rights-related issues. This includes the Building Better Opportunities fund run by the Big Lottery Fund. ESIF investment is developing the employability of NEETs, disabled people, marginalised BAME and Lesbian, Gay, Bisexual and Transgender people, ex-offenders and single parents. It also funds projects supporting women exploited in the sex industry, and others that improve the social inclusion of older people.
- In Scotland, Wales and Northern Ireland the ESF budget amounts to £1.4 billion. Some 60% of ESF-funded projects identifiably target people with one or more protected characteristic under the Equality Act 2010, other disadvantage, such as homelessness, and complex needs including addictions. For example, Agile Nation is a project run by the charity Chwarae Teg. It has been awarded £6.3 million to promote gender equality and career advancement, and to contribute to the reduction of the gender pay gap. It is helping improve the position of women in the workforce in the construction industry and other priority sectors and so far has trained 2,921 women, 349 of whom subsequently progressed to more senior roles. It has supported 504 businesses to improve their diversity and modern working practices.

- The INTERREG fund 2014-20 is part of the ERDF and operates in each of the four UK administrations and in the Republic of Ireland. Its purpose is to address problems that relate to the existence of borders, and promote economic, social and territorial cohesion. It is worth £234.8 million in Northern Ireland and the Republic of Ireland. One investment is aimed at supporting 4,000 socially isolated disabled people, 8,000 people recovering from mental illness, and services for older people.
- The PEACE fund in Northern Ireland, also part of the ERDF, is currently worth £224.1 million. It supports the ongoing peace process – and therefore people’s human right to live free from violence. Recently, the UK government noted that PEACE funding ‘has played a significant role in advancing cohesion between communities and promoting economic and social stability’. It committed itself as part of the Brexit negotiations to seek to continue the current PEACE IV programme as well as consider how PEACE funding might be secured post-Brexit.¹

The Government has said it will honour ESF and ERDF commitments for projects agreed to 2020, as long as they represent value for money and align with ‘domestic priorities’. However, these domestic priorities have yet to be determined and, as yet, there are no guarantees that they will continue to include equality and human rights.

The Government is considering plans for replacements of some funds, such as the ESF being replaced by a Shared Prosperity Fund, but they have yet to consult on and determine the scope and focus of that Fund. And they have, to date, made no announcements on replacements for the Rights, Equality and Citizenship programme.

Ministers should work closely with the voluntary and community sector and other partners to develop plans to replace these funding programmes.

Equality drivers

EU funding programmes include a number of criteria, conditions and levers that ensure the monies address the inequality and disadvantage faced by so many people in the UK. These drivers create an essential framework that enables innovation, best practice and accountability. The Government should carry them forward and improve upon them in successor funds.

For example, regulations state that all the projects funded under these programmes must incorporate the following cross-cutting themes (CCTs):

- Equal opportunities and gender mainstreaming
- Tackling poverty and social exclusion
- Sustainable development.

The UK Government adopted a set of principles to meet the requirements of the CCTs. These are supported by the EU requirement to address the needs of those at most risk of discrimination; and by additional principles specific to the four administrations. See section 5.2 of the full report for details.

The Government also sets out expectations for how the bodies responsible for distribution and management of the funds, known as Managing Authorities, will embed the principles.

There are fund-specific thematic priorities: for example, one of the ESF's four thematic priorities is 'to promote social inclusion, and combat poverty and any discrimination'.

There are also fund-specific participation targets. For 2007-2013 in England, the top-level ESF equality targets set were 51% women, and 19% each for BAME people, disabled people, and people over the age of 50. Department for Work and Pensions (DWP) monitoring identified where targets were met and where there were shortfalls, demonstrating where real changes had been made and where additional effort was needed.

The research identified two further examples of good practice measures that helped ensure higher levels of participation by people from disadvantaged groups:

- An evaluation of the development and delivery of CCTs for the 2007-2013 Structural Funds in Wales found that having a dedicated CCT team to provide guidance and support enabled the effective use of CCTs, making Wales a leader in the EU in the field.
- The Employment and Skills Funding Agency used its procurement and contract management arrangements to ensure gender mainstreaming and equality of opportunity were integrated into services provided through its three ESF programmes 2012-15 (Skills Support for the Unemployed and Apprenticeship Grant for Employers; Skills Support for Redundancy; and Workplace Learning).

Building these levers into successor programmes will help the Government deliver on their equality priorities, and their duties under the Equality Act 2010, create more inclusive growth and communities, and make a real difference in people's lives.

3. Improving value for money, performance and delivery

The CCTs, equality principles, and use of fund-specific priorities and targets that relate to equality and human rights, provide a sound framework for designing initiatives that benefit people facing abuse, disadvantage, discrimination and barriers in the labour market.

However, the research identified that the framework could be better used to target resources, monitor actual performance and drive up delivery on outcomes. In particular, it showed that much of the data on the use of funds is complex, unhelpful and lacks transparency.

It is particularly difficult to determine the extent to which equality and human rights commitments are being delivered. Effective collection and use of equality data would improve targeting and ultimately delivery and value for money.

In addition, all stakeholders identified the overly bureaucratic processes involved in EU funding. These create barriers for both cost-effective delivery and the accessibility of funding for voluntary and community organisations who have the necessary reach into disadvantaged

target communities. Stakeholders also identified the need for longer-term funding options, and an enabling infrastructure to support local and grassroots work. Both are essential to effective interventions and change on the ground.

Future funding should therefore take the opportunity to remedy these shortcomings, and improve targeting, outcomes and value for money.

4. Avoiding missed opportunities

The Government's proposed Shared Prosperity Fund to replace the ESIF gives the UK a fantastic opportunity to invest in a comprehensive programme to tackle the injustices and discrimination that hold people back and hinder inclusive growth and productivity. However, there is a risk this opportunity will be missed.

If for example the Shared Prosperity Fund focuses on economic inequalities based on geography alone, or on business development alone, many of the people and communities who are currently targeted by EU programmes (and many of whom face multiple or complex barriers including discrimination) would be likely to lose out.

Similarly, if it does not set high-level equality priorities and support delivery of those priorities through the kinds of key equality drivers currently used in EU programmes (described above) there is a significant risk that progress if any will be patchy and unsustainable.

The people section of the Government's Industrial Strategy, published in November 2017, makes a strong case for an inclusive workforce that is good for people, business and productivity. It references several initiatives already underway. These include targets for BAME and disabled apprentices, the introduction of gender pay gap reporting, the Race Disparity Audit, promoting flexible working, and their strategy for moving one million disabled people into work in ten years.

But, the funding commitments required to deliver any significant change in these areas are largely missing from the Industrial Strategy. The only investments specified are £5 million for the return to work programme, and the £60 million apprenticeship programme, only part of which is relevant in this context to the extent that it will increase apprenticeships for BAME and disabled people. Yet the Industrial Strategy commits over £54 billion of investment in other areas.

Likewise, the subsequently published disability strategy, Improving Lives: the Future of Work, Health and Disability (also published in November 2017), seems to contain no significant investment plans to achieve the goal of getting one million disabled people into work.

Finally, the 2016 National Infrastructure Delivery Plan for 2016-21, which has over 600 projects totalling some £483 billion of investment of public funding², is silent on equality.

There is a risk that the Shared Prosperity Fund will follow a similar pattern. Instead, the Shared Prosperity Fund should seize the opportunity to invest in a comprehensive programme to

tackle injustice and inequality. It should set bold equality priorities, and apply the equality framework of CCTs and principles used by the Government in ESIF funding.

The Government should ensure that the DWP and civil society organisations (especially those that are able to share learning on gender and equality mainstreaming) are fully engaged in developing the Shared Prosperity Fund. This will help the Department for Business, Energy and Industrial Strategy and the Ministry for Communities, Housing and Local Government, who are currently leading on it, to make it fit for purpose.

And applying the equality framework of CCTs and principles across delivery of all Industrial Strategy initiatives (and any outstanding or future National Infrastructure Delivery Plan projects) would drive more consistent and coherent progress. That would be strengthened if backed up by practical support for, and improved monitoring of, implementation, along with equality and human rights procurement requirements.

5. Devolution

It will be important that the setting of national priorities (which will be used to determine both whether funding for projects agreed to 2020 is honoured and future funding arrangements) does not undermine the devolution agreements in Northern Ireland, Scotland and Wales.

The research identified key questions that the Government needs to address around the purpose and status of the proposed Shared Prosperity Fund in particular and how this, and whatever domestic priorities are identified, align to the priorities and expectations of the three devolved nations and the English regions. What will the position be if there is no such alignment? How might this impact on the devolution agreements? What will be the mechanics of funding transfers for monies held in a national fund for projects that under the ESF programme were paid to and managed by the devolved nations?

6. Impact on the voluntary and community sector

There is significant concern across the voluntary and community sector (VCS) about the potential loss of the structural funds and other funds, such as the REC Programme.

This is partly about the loss of EU funding to VCS organisations and the resulting loss of capacity to provide much-needed services, which would threaten the sustainability of some organisations involved.

NCVO has calculated that VCS organisations in the UK receive a minimum of £300 million³ from the EU. It is a minimum figure because it does not include all funds, match-funding or subcontracting arrangements.

While this is a relatively small proportion of VCS funding overall, it is nonetheless significant to the organisations that rely on it to provide vital services:

- The Agile Nation project in Wales run by the charity Chwarae Teg, described above, has a budget of £6.3 million.

- A recent Fawcett Society briefing⁴ highlighted the example of two women's organisations providing health and social care and domestic violence services that are set to lose 14% and 40% of their funding respectively.
- The Law Centres Network has relied on EU funding to enable law centres to use their expertise to tackle systemic problems in local communities. The EU awarded them £367,000 in the last three years, including a two-year project to enable the successful inclusion and participation of EU citizens living in the UK, and tackle labour market exploitation of vulnerable migrant workers.
- A project run by Age UK Walsall, awarded £221,876, is offering support to older people over 50 to build confidence, increase social inclusion, develop transferable skills, address health issues and encourage volunteering.

And the situation is all the more acute because, as VCS organisations told us, EU funds often enable work on difficult issues and with groups for which there are insufficient alternative sources of funding. This includes hate crime, discrimination, workers at risk of exploitation, and women with complex needs including addiction, homelessness, contact with the criminal justice system, and mental ill health. For example, Summit House Support was awarded £239,038 to provide support to extremely marginalised individuals, including those living with HIV and LGBTQI people, to improve their health, wellbeing and social skills, and to develop their employability skills.

There are even greater concerns in the sector about the impact of funding losses on the people and communities that face disadvantage, abuse, and discrimination. Unless money from the EU to tackle these issues is replaced, the situation for these people is likely to worsen.

This in turn will increase the pressure on the VCS and, without replacement resources, the sector will be unable to play its part.

Finally, it is not at all clear where replacement funding could come from if not from Government. Government funding is already the second largest source of income to charities (32%) after individual donations (45 %)⁵. Trusts and foundations' grant-making makes up only part of the remaining 21%, along with the private sector and investments. The Association of Charitable Foundations (ACF) estimate that, at £6.5 billion, foundation grant-making is equal to less than half (43%) of total government spending of £15 billion in the voluntary sector⁶. As ACF note, 'Despite [foundations'] enormous contribution, foundation spending is a drop in the ocean when compared to total government spending of £762 billion.'⁷

This means foundations will be highly unlikely to be able to increase their grant-making to cover the loss of the billions of pounds of EU funds currently going to help disadvantaged communities, nor the hundreds of millions going to the VCS to provide essential support to those communities.

Recommendations to the UK Government

Provide successor funding

The Shared Prosperity Fund

1. We welcome the proposal to replace the European Social Fund. The proposed Shared Prosperity Fund (SPF) must have a people and equality focus to make sure it reaches those experiencing discrimination and disadvantage, and helps drive prosperity for all.
2. The framework of equality drivers built into the design and delivery of EU funding programmes should be applied to the SPF. In particular, if the SPF is to be grounded in the Government's Industrial Strategy, this Strategy must be strengthened so that it is consistently underpinned by the principles of equality, human rights and gender mainstreaming. It must include support for monitoring effectiveness and measuring impact.
3. The EDF supports the overarching design principles put forward by the National Council for Voluntary Organisations/Employment Related Services Association (ERSA) Working Group on a successor programme to the European Social Fund (to which we contributed)⁸. We call on the Government to continue active and positive engagement with this group and its recommendations.

Other funds critical for equality and human rights

(eg Rights, Equality and Citizenship Programme, PEACE programme)

4. The Government should commit to replacing the Rights, Equality and Citizenship (REC) and INTERREG programmes that support the delivery of domestic equality and human rights work at both national and local levels. Proposals should be developed and consulted on, including consideration of appropriate distributors, such as the Big Lottery Fund or other suitable body.
5. The Government should consider using some of the Unclaimed Assets Fund to replace programmes such as the REC which (rightly) do not fall within the scope of the SPF.
6. The Government's commitment to the continuation of the PEACE programme in Northern Ireland is welcome. It should continue to work toward sustaining this programme beyond 2020 in order to support future peace and reconciliation work.
7. To avoid gaps in service provision, the design of new funding arrangements should take account of 2014-20 projects that are currently underway, along with their wind-up dates and the lead-in time organisations will need to apply for future funding.

8. The Government should conduct an analysis of European Regional Development Fund databases and those of other funding programmes, such as INTERREG, to identify projects that include a focus on equality and human rights and inform the assessment of need and the design of future funding arrangements.

Key principles

9. A framework of equality drivers, including the cross-cutting themes of equality of opportunity and gender mainstreaming should be carried forward to, and actively supported in, all successor funding arrangements. The Government's set of equality principles should continue to be applied. Equality impact assessments should continue to be carried out.
10. Those responsible for distributing future funding should use their procurement and contracting arrangements to ensure that equality, gender mainstreaming and human rights considerations are integrated into the services provided.
11. The Government must consult fully, and work in partnership with, the equality and human rights sector and broader VCS in the development of future funding mechanisms, including the SPF, and replacement for the REC.
12. Future funding arrangements must be designed in such a way that application, monitoring and reporting requirements are proportionate and minimise the risk that VCS organisations are prevented from applying.
13. The Government must ensure that all future funding arrangements place explicit requirements on, and hold Managing Authorities to account for, collecting and analysing equality data so that the impact of funding programmes on people and communities can be assessed.

Ensure that equality and human rights remain part of domestic priorities in practice

14. UK domestic priorities that shape funding decisions should be underpinned by equality and human rights principles. They should include equality and human rights targets and robust, transparent mechanisms for monitoring effectiveness and measuring impact.
15. The views of the devolved nations and the English regions must be integral to governments' consultation on, and the development of, UK domestic priorities in order that nation-specific and region-specific priorities can be identified and incorporated as appropriate.

16. A comprehensive Equality Impact Assessment should be carried out in parallel with the development of the UK domestic priorities and informed by stakeholder consultation with active involvement of the VCS.

Improve use of equality data

17. In the short term, it would help the Government to have a clear understanding of the reach of current structural funds to inform the design and operation of future funding arrangements and the development of domestic priorities. Managing Authorities should therefore be asked to collect and analyse equality data and monitor programme delivery for the current and any final funding rounds, as it impacts across the protected characteristics, human rights and in relation to other disadvantaged groups.
18. In the longer term, improvements should be made to how equality data is collected and used in all successor funding arrangements. This will improve targeting and value for money. To facilitate this, the VCS should work with the Government and the devolved administrations to agree an approach, and help ensure consistency and robustness of data collection.

Facilitate networks and transnational working

19. The Government should fund a mapping exercise to determine what networks and transnational working UK organisations are currently engaged in across all equality and human rights issues. Such a mapping was outside the scope of this research, but stakeholders frequently raised the importance of these networks and of transnational partnerships.
20. The Government should use the findings from this exercise to inform its negotiations with the EU around options and opportunities for UK organisations working on equality and human rights issues to continue transnational working and participation in networks, and ring-fence the necessary funding to enable this to happen.

List of acronyms

BBO	Building Better Opportunities fund
BEIS	Department for Business, Energy and Industrial Strategy
BIS	Department for Business, Innovation and Skills (subsequently BEIS)
BLF	Big Lottery Fund
BAME	Black, Asian and minority ethnic
CCT	Cross-cutting themes
CST	Community Security Trust
DCLG	Department for Communities and Local Government
DEFRA	Department for Environment, Food and Rural Affairs
DExEU	Department for Exiting the European Union
DWP	Department for Work and Pensions
EDF	Equality and Diversity Forum
EIA	Equality Impact Assessment
ERDF	European Regional Development Fund
ERI	Employment Recruitment Incentives
ERSA	Employment Related Services Association
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ESRA	Education and Skills Funding Agency
EU	European Union
GEO	Government Equalities Office
ICT	Information and communication technologies
LEP	Local Enterprise Partnership
MCHLG	Ministry for Communities, Housing and Local Government (formerly DCLG)
NEET	Not in Education, Employment or Training
NOMS	National Offenders Management Service
PA	Partnership Agreements
PROGRESS	European Commission Anti-Discrimination Progress Action Grant
REC	Rights, Equality and Citizenship Programme
RNIB	Royal National Institute for the Blind
SCVO	Scottish Council for Voluntary Organisations
SDS	Skills Development Scotland
SME	Small and Medium Sized Enterprise
SPF	Shared Prosperity Fund
STEM	Science, Technology, Engineering and Mathematics
VCS	Voluntary and Community Sector
WCVA	Wales Council for Voluntary Associations
WEFO	Welsh European Funding Office

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The Equality and Diversity Forum (EDF) is the national network of organisations working for equality and human rights across the UK.

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