

Linking equality and diversity with public policy performance

1. **Context.** This is perfect timing to consider equality and diversity. We are in a period of extraordinary financial and economic turmoil. The roles of public sector organisations could not be more important. Many have roles that will directly contribute to economic recovery – especially those concerned with entrepreneurship and business growth plus up skilling the workforce. But, at the same time, there is increasing pressure on the public sector: performance and productivity will be scrutinised by politicians, the public and the media – and, of course, the National Audit Office. Consequently, the theme of this paper is the part that equality and diversity can play in the development of high performance policies and activities.

2. **Relating equality and diversity to performance.** Equality and diversity activities can tend to gain a bureaucratic and “box-ticking” reputation. Equality Impact Assessments have been particularly prone. Instead, I suggest that such assessments are considered more as super-sophisticated customer segmentation exercises. This better links the segmentation/assessment with performance when the former provides:

- Clarity about the target market: its size, location and diversity profile. The potential market represents optimum performance – whether engagement, take-up, active participation or other by end-users (such as businesses, business owners, entrepreneurs, innovators etc).
- Clarity about actual market: its size, location and diversity profile. Comparing actual and target markets reveals any shortfalls in current performance.
- Causes of any performance shortfalls. These may represent risks to future policy performance
- Solutions. Steps to improve performance and/or mitigate shortfalls that need to be embedded in the design of a successful policy.

3. **Customer segmentation in action.** HMRC identified that some 40% of its customers (tax payers and working tax credit recipients) would comply with the Department’s requirements but had difficulty doing so.

- Foreign workers had particular problems understanding the use of National Insurance numbers. A simple, cheap solution was to issue them with straightforward explanation cards with their NI numbers.
- Others had problems understanding complex correspondence and instructions. The Department commenced work on more straightforward information.

4. **Disabled business support customers example.**

4.1 Publicly-funded business support policy offers an example of how equality and diversity has performance potential. This is an area where progress has already been made, with particular focus on women. The Business Support Simplification Programme introduced a new policy development in 2008 and made special provision for under-represented groups (women, ethnic minorities and disabled people) with targeted products (Intensive Start Up Support and Enterprise Coaching). Additionally, in recent months, Regional development Agencies, Business Links and their providers have been active in undertaking research, Equality Impact Assessments, capacity building training for staff, re-designing customer information etc. National standards for the accreditation of front-line Business Advisers are being revised to include equality and diversity. However, while such progress is positive, other areas such as provision for disabled people remain patchy.

4.2 **Customer segmentation/impact assessment.** Taking the example of disabled people and business support:

- **Potential target market.** Information indicates that:
 - Disabled people represent about 20% of the population;
 - About half a million businesses are already run by disabled people and around a further 175,000 who want to work would be willing to start a business;
 - Disabled people wanting to work are proportionately more likely to start businesses than non-disabled people.
- **Actual market.** In contrast, the numbers of disabled people receiving publicly-funded business support is very low. Business Link in one Region has reported that 0.1% of their customers are disabled people. This suggests that this diversity group are not under-represented in enterprise but are under-represented in publicly funded business support. Hence current provision may be considered to have disproportionately negative impact on this group.
- **Causes of performance shortfall.** The following are some of the causes that are increasingly recognised for disabled people:
 - **Data.** Current information gathering tends to ask the wrong questions and ignore some key questions resulting in inadequate and inaccurate data.
 - **Marketing.** Promotion that focuses on “business, enterprise and entrepreneurship” and primarily uses business outlets can be less effective in engaging disabled people who have limited confidence and modest aspirations for self-employment through a home-based micro-venture. Business language and outlets can be alien to them
 - **Information.** Disabled people tend to have lower qualifications and skills than others and some have limited IT capacity. Hence, information that is complex and garnished with business jargon delivered primarily through IT and the web may not reach them.
 - **Funding.** Many disabled people may have very limited business capital and may be wary of taking on debt.

On the positive side, disabled people who have encountered disadvantage and discrimination in finding employment can be highly motivated towards self-employment as the only viable route to work.

5. **Solutions.** The necessary mitigating actions need not be difficult or costly, especially if addressed during policy design. Equally significant is that many of the causes, and their solutions, are common to other diversity groups. Hence, actions to engage and support disabled people have wider benefit across other diversity groups. For example: **Data.** Improved data collection and recording by trained staff applies to all diversity groups, especially those where no data is currently available (on religion/fair, sexual orientation etc).

- **Marketing.** Women, ethnic minorities and older people have all been under-represented/resistant to Business Link support alongside disabled people. They all need promotion that is targeted effectively in branding, language, content and outlets.
- **Information.** Older people, like disabled people, can tend to have lower IT skills so multi-channel communications are needed. With some 50% of the population having a reading age of 14 and English being a second language for others, simple straightforward and relevant business information is necessary for more than just disabled people.

- **Funding.** Other diversity groups such as women can have little business capital. Although Jobcentre Plus enterprise credits, ISUS micro-grants and working tax credits can all help. Other business grant/loan policies still remain too remote for many micro-businesses.

But again, the benefits of making such changes can be significant as many of these other diversity groups also face difficulty in getting jobs (women with dependant children, some ethnic minorities, older people) so their motivation towards starting a business can be higher.

6. This example has concentrated on business support. However, other public policy areas are equally likely to benefit from such customer segmentation: revealing commonality of causes and solutions with resultant potential performance improvement.

Risks. The above covers some of the positive benefits of embedding equality and diversity in policy development. Failing to do so also results in some specific risks:

- **Performance.** Again, using a business support example. One Business Link reported that their current offer was predominantly aimed at the traditional market of white, middle-aged, non-disabled men. However, this group represent only 23% of the respective Regional population – and this group is shrinking further with the demographic trend and the increase of disability with age. Expecting high performance from an organisation with such a limited market represents considerable risk.
- **Leadership and influence.** Policies that have gaps and flaws are open to re-interpretation by those undertaking delivery. Inconsistency in policy implementation can then place overall performance at risk. Additionally, maintaining control and consistency avoids end-users receiving conflicting messages about Government policy which can occur if equality and diversity is advocated via some channels but ignored in others.
- **Non-compliance.** Although some may consider that the risk of judicial review or investigation by the Equalities and Human Rights Commission is unlikely, the consequences of being subject to either, or legal action through the courts or tribunals, can be considerable. The experiences of the Ministry of Defence and Metropolitan Police demonstrate how long-lasting and far-reaching the damage to reputation and operation can be.

7. **Conclusion.** While the above has focussed on one aspect of Government policy, the principles are equally applicable more widely. There are three key messages:

- Don't think of equality and diversity as tedious, bureaucratic box-ticking but as a potent tool to enhance performance.
- Don't leave Equality Impact Assessments until the end of policy development but embed it throughout the design and development.
- Don't abdicate from your position of control, leadership and influence but exert the power of your area of public policy to deliver impact that succeeds due to its inclusivity.

A policy that excludes sections of the population from the outset is never likely to achieve the optimum success desired.

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