

<b>Title:</b> The Rights, Equality and Citizenship Programme (Revocation) (EU Exit) Regulations 2019 <b>IA No:</b> MoJ039/2019  <b>RPC Reference No:</b> <b>Lead department or agency:</b> Ministry of Justice <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 14/10/2019			
	<b>Stage:</b> Final			
	<b>Source of intervention:</b> EU Exit			
	<b>Type of measure:</b> Secondary Legislation			
<b>Contact for enquiries:</b> David.Cutter@justice.gov.uk				
<b>Summary: Intervention and Options</b>				<b>RPC Opinion:</b> N/A

Cost of Preferred (or more likely) Option (in 2016 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
n/a	n/a	n/a	n/a

**What is the problem under consideration? Why is government intervention necessary?**

In 2016 the Chancellor of the Exchequer announced that the government would guarantee funding to organisations delivering projects awarded through EU direct bid grant funds in the event of No Deal. To ensure the UK has a workable statute book after exit, this statutory instrument (SI) corrects a deficiency in retained EU law by revoking the Regulation (Regulation (EU) No. 1381/2013 of the European Parliament and of the Council of 17 December 2013 establishing a Rights, Equality and Citizenship Programme for the period 2014 to 2020) because it will no longer have any practical effect or provide functions on the Commission which will not have an effect in the UK post exit. Correcting this deficiency will enable the government to make payments to enable the delivery of the government guarantee in relation to one EU funding programme, the Rights, Equality and Citizenship fund.

**What are the policy objectives and the intended effects?**

The correction of this deficiency will enable delivery of the government guarantee if the UK leaves the EU with no deal on exit day as it will give the government the necessary powers to implement the guarantee in relation to England, Wales, Scotland and Northern Ireland as announced by the Chancellor of the Exchequer for the Rights, Equality and Citizenship Fund.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

The following options are assessed in this Impact Assessment:

- **Option 0.1** – Static acquis: the pre-eu exit position.
- **Option 0.2** - Do nothing: this option would leave the government without the necessary powers to fully implement the guarantee for the Programme.
- **Option 1** – SI to correct a deficiency in retained EU law after exit day to enable delivery of the government guarantee from exit day: this option will give the government the necessary powers to implement the guarantee in relation to England, Wales, Scotland and Northern Ireland as announced by the Chancellor for the Programme.

The governments preferred option is Option 1 as this best meets the policy objective.

<b>Will the policy be reviewed?</b> It will not be reviewed. <b>If applicable, set review date:</b> N/A				
Does implementation go beyond minimum EU requirements?		N/A		
Is this measure likely to impact on trade and investment?		No		
Are any of these organisations in scope?	<b>Micro</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		<b>Traded:</b> n/a		<b>Non-traded:</b> n/a

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister: \_\_\_\_\_ **Chris Philp** \_\_\_\_\_ Date: \_\_\_\_\_ **14/10/2019** \_\_\_\_\_

# Summary: Analysis & Evidence

# Policy Option 1

Description: Create spending powers to enable delivery of the government guarantee if the UK leaves the EU with no deal exit day

## FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:
<b>COSTS (£m)</b>					
		<b>Total Transition</b> (Constant Price) Years	<b>Average Annual</b> (excl. Transition) (Constant Price)	<b>Total Cost</b> (Present Value)	
Low		n/a	n/a	n/a	
High		n/a	n/a	n/a	
Best Estimate		n/a	n/a	n/a	
<b>Description and scale of key monetised costs by 'main affected groups'</b>					
N/A					
<b>Other key non-monetised costs by 'main affected groups'</b>					
<u>Baseline 0.1: Static Acquis</u> None					
<u>Baseline 0.2: Do Nothing</u> None					
<b>BENEFITS (£m)</b>					
		<b>Total Transition</b> (Constant Price) Years	<b>Average Annual</b> (excl. Transition) (Constant Price)	<b>Total Benefit</b> (Present Value)	
Low		n/a	n/a	n/a	
High		n/a	n/a	n/a	
Best Estimate		n/a	n/a	n/a	
<b>Description and scale of key monetised benefits by 'main affected groups'</b>					
N/A					
<b>Other key non-monetised benefits by 'main affected groups'</b>					
<u>Baseline 0.1: Static Acquis</u> None					
<u>Baseline 0.2: Do Nothing</u> The Rights, Equality and Citizenship Fund supports activity to promote the effective implementation of the principle of non-discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and to respect the principle of non-discrimination on the grounds provided for in Article 21 of the Charter of Fundamental Rights. Failure to make payments could result in projects failing or being delayed due to an inability to pay members of staff, such as researchers, and could leave the government open to judicial review. The economic benefits associated with the projects supported by this fund would be increased equity for those who are/could be subject to discrimination on any of the grounds laid out above.					
<b>Key assumptions/sensitivities/risks</b>					<b>Discount rate (%)</b>
N/A					

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 0	Benefits: 0	Net: 0	

# Evidence Base (for summary sheets)

## A. Background

1. In 2016 the Chancellor of the Exchequer announced that, in the event of no deal with the EU on the UK's exit, the government would guarantee funding to organisations delivering projects awarded through EU direct bid grant funds, where such projects continue beyond the UK's departure from the EU. The guarantee covers funds granted up-to and including December 2020.
2. This guarantee was extended, as notified to Parliament by Written Ministerial Statement in July 2018, to cover the payment of awards under successful competitive bids, both while the UK remained part of the EU and, in certain circumstances after the UK's departure from the EU when the UK will become a "third country". This government guarantee will only be needed if the EU and UK fail to put in place a negotiated agreement for EU exit.

### *The Rights, Equality and Citizenship Programme*

3. This Statutory Instrument (SI) makes provision for the Rights, Equality and Citizenship Programme which aims to contribute to the further development of an area where equality and the rights of persons, as enshrined in the Treaty of the Functioning of the European Union (TFEU), the Charter on Fundamental Rights and international human rights conventions, are promoted and protected. The programme's nine specific objectives are to:
  - Promote non-discrimination
  - Combat racism, xenophobia, homophobia and other forms of intolerance
  - Promote rights of persons with disabilities
  - Promote equality between women and men and gender mainstreaming
  - Prevent violence against children, young people, women and other groups at risk
  - Promote the rights of the child
  - Ensure the highest level of data protection
  - Promote the rights deriving from Union citizenship
  - Enforce consumer rights
4. On Exit Day we expect the Rights, Equality and Citizenship programme to have circa. 9 live projects that include involvement from a UK organisation. Our total liability to provide funding will be affected by the action taken by the EU in a no deal outcome. HMT have guaranteed the funds for UK based recipients who successfully apply under the scheme on, or before, 31<sup>st</sup> December 2020, but where the Commission does not pay the funds. This guarantee is designed to provide further stability for UK organisations post-Exit and maintain UK applications to competitive grant programmes in order to ensure that the UK maximises receipts.

## B. Policy Rationale and Objectives

5. The conventional economic rationales for government intervention are based on efficiency and equity arguments. The government may consider intervening if there are failures in the way markets operate (e.g., monopolies overcharging consumers) or where there are failures with existing government interventions (e.g., waste generated by misdirected rules). The proposed new interventions should avoid creating a further set of disproportionate costs and distortions. The government may also intervene for equity (fairness) and re-distributional reasons (e.g., to reallocate goods and services to the more disadvantaged groups in society).
6. In this case the rationale is to correct a deficiency in retained EU law to enable the government to administer funds that will enable the delivery of the government guarantee in relation to England,

Wales, Scotland and Northern Ireland. The government will be able to provide financial assistance to projects, which have secured funding while the UK is a member state of the EU but whose projects last beyond exit day awarded through the Programme, in the event that the EU ceases to provide funding as a result of exit.

7. If the government does not intervene some viable projects could fail and lead to a loss of economically and socially desirable outcomes. There is a legal risk, that organisations may claim against the government for failure to comply with the guarantee.

## C. Affected Stakeholder Groups, Organisations and Sectors

8. The groups most affected by the options in this Impact Assessment are individuals or entities who are currently benefiting projects, or will benefit from research based projects, that are being funded.

## D. Description of Options Considered

9. In order to meet the policy objectives, the following options are assessed in this IA:
  - **Option 0.1 – Static Acquis.** The Pre-EU exit position.
  - **Option 0.2 – Do nothing.** This option would leave the government without the necessary powers to fully implement the Guarantee for the Programme.
  - **Option 1 – SI to create spending powers to enable delivery of the government guarantee from exit day.** This option gives the government the necessary powers to implement the guarantee in relation to England, Scotland and Northern Ireland as announced by the Chancellor of the Exchequer for the Programme.
10. The government's preferred option is Option 1 as this best meets the policy objectives.

### Option 0.1 – Static Acquis: The pre EU exit position

11. The EU would continue to fund these projects and there would be no need for government intervention. The EU has indicated that it will not support projects from non-Member States following exit in the event of a no deal.

### Option 0.2 - Do nothing: this option would leave the Government without the necessary powers to fully implement the Guarantee for the Programme across the UK.

12. If the government does not intervene some viable projects could fail and lead to a loss of economically and socially desirable outcomes. It would leave the government open to legal challenge.

### Option 1 - Introduce a Statutory Instrument that makes transitional provision to create a spending power, effective on exit day, that will enable the delivery of the HMG Guarantee.

13. This option would grant the government the powers needed to deliver the government guarantee in relation to England, Wales, Scotland and Northern Ireland in cases where UK organisations successfully bid directly to the European Commission on a competitive basis while we remain in the EU, and in respect of successful bids where UK organisations are able to participate as a third country in competitive grant programmes from Exit day until the end of 2020.

## E. Cost and Benefit Analysis

14. This IA follows the procedures and criteria set out in the IA Guidance and is consistent with the HM Treasury Green Book.

15. Where possible, this IA identifies both monetised and non-monetised impacts on individuals, groups and businesses in the United Kingdom with the aim of understanding what the overall impact on society might be from the options under consideration. These impacts are compared to those of the 'do nothing' option.
16. IAs place a strong focus on the monetisation of costs and benefits. There are often, however, important impacts that cannot sensibly be monetised. Impacts in this IA are therefore interpreted broadly, to include both monetizable and non-monetizable costs and benefits, with due weight given to those that are non-monetizable.
17. Under current DExEU guidelines, the consequences of 'do nothing' under a 'no deal' scenario are considered to be caused by the UK exiting the European Union, rather than the consequences of inaction. As such, IAs are baselined against the static acquis and do nothing baselines.

**Cost and benefit analysis of Options 1 against Option 0.1: Static Acquis:**

**Benefits of Option 1**

18. None

**Costs of Option 1**

19. None

**Cost and benefit analysis of Options 1 against Option 0.2: Do nothing:**

**Benefits of Option 1**

20. The Rights, Equality and Citizenship Programme is a relatively small fund which is currently supporting circa. 27 UK-based projects and organisations. It should be noted that the grants issued to Rights, Equality and Citizenship are awarded to a range of organisations set out in the regulation establishing the fund, including public institutions and universities.
21. 18 of the 27 projects funded by the Rights, Equality and Citizenship Programme at the point the UK expects to exit the EU should have concluded by the 31<sup>st</sup> October 2019. Therefore, we assume that these projects will need no further funding.
22. The nine remaining projects are being run by UK-based universities and public bodies.
23. The Rights, Equality and Citizenship Fund supports activity to promote the effective implementation of the principle of non-discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and to respect the principle of non-discrimination on the grounds provided for in Article 21 of the Charter of Fundamental Rights.
24. The economic benefits associated with the projects supported by this fund would be increased equity for those who are/could be subject to discrimination on any of the grounds laid out above.

**Costs of Option 1**

25. None

**F. Wider Impacts**

26. This SI does not amend, repeal or revoke any part of the Equality Acts 2006 or 2010 or subordinate legislation made under those Acts.

27. Due regard has been taken on the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010. Equivalent regard has been taken on the need to eliminate discrimination, harassment and victimisation in relation to Northern Ireland & Scotland.

## **G. Implementation**

28. The fund will be implemented directly by the Home Office

## **H. Monitoring and Evaluation**

29. No Review is required.

## **I. Business Target Impact**

30. This measure is out of scope of the business impact target.