

Innovate UK

Equality Impact Assessment

Question	Response
<p>1. Name of policy/funding activity/event being assessed</p>	<p>Methodology for implementing the cut in funding to United Kingdom Research and Innovation (UKRI) by the Department for Business Energy and Industrial Strategy (BEIS) for the Official Development Assistance (ODA) for the Financial Year 1 April 2021 to 31 March 2022.</p>
<p>2. Summary of aims and objectives of the policy/funding activity/event</p>	<p>Innovate UK (Innovate) must deliver the required reduction in ODA commitments in FY 2021/22, in order to meet the revised UKRI ODA allocation.</p> <p>This Equality Impact Assessment (EIA) assesses the methodology Innovate UK will use to implement the required cuts, focusing on its processes and decisions. The aims and objectives of this methodology are:</p> <ul style="list-style-type: none"> - To ensure Innovate UK uses a fair and transparent decision-making process for achieving the required reduction in ODA expenditure; - To ensure that the methodology adheres to the spirit of the UKRI process while taking into account the different needs and structure of the Innovate UK community. <p>The need for this methodology is a direct result of the communication by BEIS on 10th February 2021 that UKRI would be receiving £125 million in ODA funding for the FY 2021/22 compared to its legal commitments of £230 million. ODA funding is capped and so non-ODA funds cannot be used to fund ODA projects.</p> <p>There are more than 800 live projects funded by UKRI affected and we are working to establish the options across this diverse portfolio.</p> <p>Innovate UK will do a before and after data check. We plan to do continuous checks through the process that will add to this live and evolving document.</p>
<p>3. What involvement and consultation has been done in relation to this policy? (e.g. with relevant groups and stakeholders)</p>	<p>Our aim now is to try to maximise the benefits from the limited funding we have available and ensure that we are making the best use of the funding we have available for 2021/22. This may involve terminating, reprofiling and reducing grants, with a view to supporting current longer-term awards to remain active during this challenging year and to continue to operate into future years. The reduction in ODA spend also means that we are unable to initiate any new awards where proposals have been submitted but have not reached the grant award stage.</p>

There has been limited opportunity to formally consult with those who may be impacted by the application of this policy. However, UKRI has undertaken informal consultation using a variety of opportunities and channels.

Actions to date:

- We are still working through what this means for the ODA projects funded by Innovate and we will shortly provide a briefing to the Strategy and Implementation Group (SIG) detailing the impact on the various grant types.
- We have written to partners to set out what options are available and ask for their input in seeing how far we can work together to manage within the budgetary limit we have been set. We will discuss their individual portfolio of ODA grants and any possible mitigating actions.
- Innovate is working with a range of stakeholders including our international networks as well as directly with grant holders and funding partners. Innovate expects to be making some very difficult decisions – including issuing grant termination notices. As far as possible we want to work with the research and innovation community to mitigate these cuts.
- We have held webinars at which partners have been able to ask questions and raise concerns.
- We have responded to questions via email
- We have published information on the UKRI website, including FAQs.
- We have communicated directly with those affected, setting out the processes and timetable for each stage.

The methodology outlined in this paper has been approved in principle by the Strategy and Implementation Group (a sub-committee of the Executive Management Team) in Innovate UK, and by the Silver Group within UKRI's crisis management structure for the ODA cuts process. The methodology has been informed by the EIA and mitigations identified.

UKRI Finance modelled the figures, concluding that there was only sufficient funding to finance existing grants and contract commitments up to end July 2021. Consequently, it appeared likely that some grants may be terminated as a result of lack of funds. The grant terms and conditions provide for a reasonable termination notice period. Taking into account the need for any termination to be effective by the end of July 2021, a reasonable termination notice period

	<p>was considered to be a minimum of three months. Given the funding constraint outlined above, this meant that termination letters for those grants/contracts being terminated completely, must be issued by 30 April 2021.</p> <p>The methodology for making the cuts subject of this EIA was devised and approved by Innovate UK’s Strategy and Implementation Group on 10/03/2021. The Accounting Officer advice was to the CEO of UKRI on 19/03/2021. The advice recommended that the options offered to projects were:</p> <ol style="list-style-type: none"> 1. Reduce budgets for FY 21/22 and reprofile grants across the remaining financial year. 2. Immediate termination for projects that are no longer viable on reduced funding 3. Special considerations for those with an exceptional reason for funding additional to what is in the forecast until 31st July? <p>A letter was sent on 11/03/2021 to all ODA grant holders, informing them that there would be a cut to ODA funded grants and contracts. Given that the proposed methodology had not yet been considered by the CEO of UKRI at this point, it was still not possible to consult grant and contract holders on its potential EDI impacts. The grantholders were notified that Innovate would write again when the processes had been finalised.</p> <p>A further letter was sent to Global Challenge Research Fund (GCRF) grant holders on 26th March 2021 asking them to respond to the anticipated cut in value of their grant by 11th April . In particular, the grant holders were requested to identify to Innovate UK the impact the reduction in funding, or termination of the grant would have on equality inclusion and diversity. Given the time constraints as outlined above, this was considered to be the most effective manner to consult with grant holders that was viable under the circumstances.</p> <p>Innovate is mindful of its public sector equality duty (PSED) and will maintain dynamic oversight of the assessment process</p>
<p>4. Who is affected by the policy/funding activity/event?</p>	<p>Innovate has given consideration as to how its application of the government’s decision on funding cuts will impact on its ability to comply with the PSED.</p> <p>The cuts in ODA funding will affect all Innovate UK projects funded through the Newton Fund and the Global Challenges Research Fund (GCRF). This will impact the SMEs and academics as grantholders, as well as partners and</p>

	<p>anticipated beneficiaries of the products/services that may be developed as a consequence of the grant funding.</p> <p>Further details of the programmes affected, and their intended impacts are outlined below:</p> <p>Newton Fund:</p> <p>India Industrial Waste programme (joint with the Biotechnology and Biological Research Council); a three-year programme constituting £3.54 million in total, made up of 5 projects which use biotechnology to reduce waste and pollution and improve the recovery of value from waste.</p> <p>China AgriTech Challenge (joint with the Biotechnology and Biological Research Council); a three-year programme with a total value of £4.2 million, consisting of nine projects which address challenges related to agricultural technologies in one or more of the following sectors: precision agriculture, agriculture digitisation and decision management tools; improving the efficiency of sustainable agricultural production; and agricultural products processing.</p> <p>Global Challenges Research Fund</p> <p>The Energy Catalyst: an established programme made up of several different competitions: from which 35 projects will be affected by the ODA cuts. The programme supports UK and overseas businesses and organisations to develop highly innovative, market-focused energy technologies that primarily look to enable energy access in Sub-Saharan Africa and South/South East Asia. Projects must address the following challenges: the energy trilemma based on 3 pillars – cost, emissions and security; energy access; and gender equality and social inclusion.</p> <p>The AgriTech Catalyst: an established programme made up of several competitions, from which 53 projects will be affected by the ODA funding cuts. The aim of the programme is to increase the pace of innovation in the development of agricultural and food systems in Africa. Projects must result in more use of innovations by farmers and food systems organisations such as manufacturers, processors, retailers, distributors and wholesalers.</p> <p>Global Young Innovators: a one-year programme totalling £700,000, running from October 2020 – September 2021, seeking to establish partnerships between young innovators in the UK and South Africa to solve key global challenges. The key beneficiaries are therefore not only the young people taking part but also the end users of</p>
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	<p>the products/services that they develop as a result of their participation in the programme.</p> <p>KTN Global Alliance Africa: a six-year programme (2019 – 2025) totalling £4.94 million (funded through the GCRF, contribution, plus another £5 million from the Foreign Commonwealth and Development Office) through which the Knowledge Transfer Network will set up a presence in Nigeria, Kenya and South Africa to build a network to transfer business innovation knowledge, ideas and expertise both within these African countries and between them and the UK. The beneficiaries of this project therefore include not only the businesses and academics taking part in the knowledge sharing generated by the project, but also the end users of the products and services in developing countries generated as a result of this knowledge sharing.</p> <p>Given that all of these projects are funded through ODA, this means that they are ‘administered with the promotion of the economic development and welfare of developing countries as the main objective’. Necessarily therefore, they must benefit disadvantaged communities. Moreover, in accordance with section 1(1A) International Development Act 2002 due regard must be given to reducing gender inequality.</p> <p>To further inform this analysis, Innovate UK has carried out an EDI review of the portfolio of projects which are subject to these funding cuts. In addition to improving economic and welfare development, it shows that 73 per cent of these projects have a specific focus on targeting a group with protected characteristics. The majority (53% of projects) are targeting gender whilst 28% are targeting age, 4% are targeting disability and 2% are targeting race¹.</p> <p>Special consideration</p> <p>In order to minimise and mitigate harm, all cases for special consideration will be assessed on the basis of their fit against the key categories which UKRI has prioritised for the small amount of exceptional funding available. Cases will then be evaluated on the basis of the evidence provided and ranked according to the strength of the case for funding.</p> <p>The categories which have been prioritised for exceptional funding are:</p> <ul style="list-style-type: none"> • Clinical trials or animal research currently underway - where there is a need to comply with specific ethical or legal frameworks or obligations which would not be possible in the event of termination/reprofiling;
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¹ It should be noted that projects may target more than one protected characteristic.

	<ul style="list-style-type: none"> • Interventions where curtailment/termination of funding could result in risk of serious harm to vulnerable individuals or groups. <p>Not all grants which can demonstrate any of the above will necessarily receive exceptional funding. The submissions which fall within one or both of the above key categories will be ranked according to the strength of their case based on evidence provided and the funds allocated to them until exhausted. That means that some grant submissions which arguably meet the above requirements may nonetheless not receive funding.</p> <p>Where a case for special consideration is supported, this should result in a small amount of additional funding to allow a specific activity or intervention which is underway to conclude. No new activity can be funded via an exception unless its primary purpose is to draw the existing treatment / intervention to an ethical or safe closure.</p>
<p>5. What are the arrangements for monitoring and reviewing the actual impact of the policy/funding activity/event?</p>	<p>As part of the process for making cuts to our ODA funding, Innovate UK will submit a report to its Strategy and Implementation Group (SIG) for review by April 19th. This will outline the anticipated impact on grants and contracts, including those to be terminated and those to be reprofiled. This report will outline the overall assessed EDI impacts of these terminations/reductions, identified as a result of this EIA, given the analysis outlined above. Once approved, by SIG this report will inform the Accounting Officer advice for UKRI with respect to how to make the funding cuts.</p> <p>In order to analyse the extent to which the impact on groups with protected characteristics are proportionate, given the overall shape of the portfolio, the analysis outlined in these papers will include a comparison of the impact of terminations/reductions on protected groups compared to the benchmark outlined above. That is, it will compare the EDI characteristics of the portfolio to be terminated/cut with that of the portfolio as a whole. This will be conducted to check that the projects to be terminated do not disproportionately impact groups with protected characteristics compared to the entire portfolio. This will be conducted before 30th April when final decisions are made.</p> <p>In addition to the previously submitted responses about the impact of termination on EDI from the grant holders, as part of its project closure process, Innovate UK requires grant holders to complete a standard project completion survey at the end of their project. We will analyse the surveys of those projects that are affected by the ODA funding cuts in order to identify any unexpected impacts on EDI which have not been captured through the process outlined above. If such impacts</p>

	<p>are found, Innovate UK will endeavour to mitigate against them by following up with the grant holders to understand if other forms of support can be useful, including, but not limited to, the services provided by Innovate EDGE.</p>
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All these grants are ODA funded and therefore it should be expected that *all* of the projects will not negatively impact on the following groups with protected characteristics: gender, race and ethnicity (given that they must have their primary impact in a developing country). Therefore, the reduction or cessation of funding to *any* of these projects will have an EDI impact. This is unavoidable given the level of funding cuts. Below we have shown further analysis of projects that have an additional specific focus on targeting groups with protected characteristics.

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
Disability	Negative.	<p>Analysis of the portfolio suggests that 4 projects are directly targeting groups with this characteristic.</p> <p>Moreover, even if projects are not directly targeting disability, given the nature of all of these projects, which are being delivered to disadvantaged communities in developing countries, it is likely that other beneficiaries may fall within this group.</p>	<p>Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. Two projects (2 per cent of all projects) identified a disability related impact. This is slightly less than the total proportion of all projects stating that they are seeking to have a positive impact on disability at the outset (5%).</p> <p>Given the very considerable savings that need to be made, and the large proportion of all projects stating that there is likely to be a specific EDI impact over and above that noted in their initial EDI statement (19 per cent) it is not possible to protect these projects from funding cuts. Therefore, the best possible option is to offer the projects the opportunity to reprofile their expenditure over the</p>

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
			course of the financial year (so that a reduced amount of funding can be spread over a longer period) as this may assist the project to mitigate the impacts for the rest of the financial year.
Gender reassignment	None known.	<p>Analysis of the equality statements for all projects in the portfolio reveals that none is directly targeting people within this characteristic group. Therefore, it can be assumed that the removal of funding will not negatively affect anyone in this group.</p> <p>Moreover, analysis of responses from grant holders shows that there are no grant holders identifying impacts on this group as a result of reducing or terminating funding.</p> <p>Although it cannot be entirely ruled out that there are negative impacts on this group, our analysis of the best available evidence in the short time span open to us suggests that this is the case.</p>	Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. No projects identified impacts on this particular group.
Pregnancy and maternity	Potential negative. UKRI has no relationship with the grantholder under which a claim for statutory maternity of paternity pay may be claimed, but the grant terms permit a project to be	The methodology choses between projects according to the amount of funding that has already been invested in them. The higher the proportion of a projects' total grant that has already been claimed, the more likely it is that that project will NOT be terminated, in order to protect the embedded	Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about

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	<p>extended in order to accommodate maternity or paternity leave for the grantholder. The methodology being assessed here, could disproportionately impact on this group, as it is more likely to terminate projects with end dates further into the future.</p>	<p>value. Therefore, if for reasons of pregnancy or maternity a project has been slow in implementation, the methodology could discriminate against this group.</p>	<p>through their initial equality statements.</p> <p>No projects identified impacts on this particular group.</p>
Race	<p>Negative</p> <p>All of the projects that are subject to these funding cuts are implemented in developing countries. Therefore, the end beneficiaries will necessarily be of a race that is different from the majority of the UK population.</p>	<p>Our initial analysis of the portfolio of affected projects shows that only 2 per cent directly target beneficiaries with this protected characteristic. However, this is likely an underestimate given that all projects have end beneficiaries in developing countries.</p>	<p>Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. From the project responses received, three projects (4 per cent of all projects) identified a race-related impact. This is slightly more than the total proportion of all projects stating that they are seeking to have a positive impact on race at the outset (2%), although it is still not significant as a proportion of the total portfolio of projects.</p> <p>Given the very considerable savings that need to be made, and the large proportion of all projects stating that there</p>

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
			<p>is likely to be a specific EDI impact over and above that noted in their initial EDI statement (19 per cent) it is not possible to protect these projects from funding cuts. Therefore, the best possible option is to offer the projects the opportunity to reprofile their expenditure over the course of the financial year (so that a reduced amount of funding can be spread over a longer period) as this may assist the project to mitigate the impacts for the rest of the financial year.</p>
Religion or belief	None known.	<p>Analysis of the equality statements for all projects in the portfolio reveals that none is directly targeting people within this characteristic group. Therefore, it is reasonable to assume that the removal of funding will not negatively affect anyone in this group.</p> <p>Moreover, analysis of responses from grant holders shows that there are no grant holders identifying impacts on this group as a result of reducing or terminating funding.</p> <p>Although it cannot be entirely ruled out that there are negative impacts on this group, our analysis of the best available evidence in the short time span open to us suggests that this is the case.</p>	<p>Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. No projects identified impacts on this particular group.</p>

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
Sexual orientation	None known.	<p>Analysis of the equality statements for all projects in the portfolio reveals that none is directly targeting people within this characteristic group. Therefore, it is reasonable to assume that the removal of funding will not negatively affect anyone in this group.</p> <p>Moreover, analysis of responses from grant holders shows that there are no grant holders identifying impacts on this group as a result of reducing or terminating funding.</p> <p>Although it cannot be entirely ruled out that there are negative impacts on this group, our analysis of the best available evidence in the short time span open to us suggests that this is the case.</p>	Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. No projects identified impacts on this particular group.
Sex (gender)	Negative	<p>The International Development Act 2002 (as amended) requires that all ODA spend has regard to gender equality.</p> <p>Competition applicants are required to take this into account when applying to Innovate UK competitions funded through ODA. Therefore, we would expect the all projects to be sensitive and inclusive to gender throughout the project lifecycle. The implication is therefore that reducing or terminating funding will have an impact on this group.</p>	Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements. All of those projects identifying such an issue (15 projects, 19% of the portfolio) noted something related to this protected characteristic. This is considerably lower than

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
		<p>Analysis of the portfolio reveals that 53 projects (65% of the portfolio) are specifically targeting individuals experiencing gender inequality</p>	<p>the proportion of the portfolio which is targeted at individuals experiencing gender inequality (65%).</p> <p>Given the very considerable savings that need to be made, and the large proportion of all projects stating that there is likely to be a specific EDI impact over and above that noted in their initial EDI statement (19 per cent) it is not possible to protect these projects from funding cuts. Therefore, the best possible option is to offer the projects the opportunity to reprofile their expenditure over the course of the financial year (so that a reduced amount of funding can be spread over a longer period) as this may assist the project to anticipate, address and mitigate the impact of termination on gender inequalities for the rest of the financial year.</p>
Age	Negative	<p>A number of the projects in the portfolio directly target those with particular age characteristics.</p> <p>Initial portfolio analysis shows that 28 projects (35% of the portfolio) directly target beneficiaries on the basis of this characteristic. This therefore suggests that if the funding to these projects is reduced or terminated, this group will be negatively impacted.</p>	<p>Given the limited timeline in which the decisions must be made and for the reasons set out above, consultation was limited to requesting that grant holders identify any specific EDI issues related to reducing or terminating their grant that we did not already know about through their initial equality statements.</p> <p>In the project responses, two projects (2% of the</p>

Protected Characteristic Group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence/data used	Action to address negative impact (e.g. adjustment to the policy)
			<p>portfolio) identified a focus on this protected characteristic. In addition, one further project states that termination will trigger early retirement of the 65 year-old project lead. This is considerably lower than the proportion of the portfolio which is targeted at individuals with this characteristic (35%).</p> <p>Given the very considerable savings that need to be made, and the large proportion of all projects stating that there is likely to be a specific EDI impact over and above that noted in their initial EDI statement (19 per cent) it is not possible to protect these projects from funding cuts. Therefore, the best possible option is to offer the projects the opportunity to reprofile their expenditure over the course of the financial year (so that a reduced amount of funding can be spread over a longer period) as this may assist the project to mitigate the impacts for the rest of the financial year.</p>

Evaluation:

Question	Explanation / justification
Is it possible the proposed policy or activity or change in policy or activity could	As outlined above, it is possible that the proposed methodology for cutting ODA funding will have a considerable impact on those with a number of

<p>discriminate or unfairly disadvantage people?</p>	<p>protected characteristics: most notably gender, race disability and age.</p> <p>The best way to mitigate against this would be to identify the projects affected, and to monitor the impact of the policy on those with a protected characteristic to minimise any disproportionate impact on a particular group. As outlined above, baseline analysis shows that 73% of the projects in the portfolio are targeting beneficiaries with at least one of the protected characteristics. Moreover, 19% of projects identified an additional impact on protected groups as a result of reduction or termination in funding.</p> <p>It is likely that the overall reduction in funding for the FY21/22 for Innovate UK projects will be approximately 24% for Newton funded projects and approximately 50% for GCRF funded projects due to the proportionate allocation of money across the Funds. Therefore, it is clearly not viable to protect 73 per cent of projects from cuts on EDI grounds.</p> <p>Moreover, the methodology assessed in this paper prioritises projects which are closest to achieving impact, in order to protect embedded value. That is, it recognises that in order to get the most out of the limited funding available, it is necessary to prioritise funding for those projects which are closest to achieving their intended impact. Given that, for the vast majority of projects, this impact will be on groups of beneficiaries with at least one of the protected characteristics, the methodology itself protects the delivery of benefits to those with protected characteristics.</p>	
<p>Final Decision:</p>	<p>Tick the relevant box</p>	<p>Include any explanation / justification required</p>
<p>1. No barriers identified, therefore activity will proceed.</p>		
<p>2. You can decide to stop the policy or practice at some point because the data shows bias towards one or more groups</p>		
<p>3. You can adapt or change the policy in a way which you think will eliminate the bias</p>		
<p>4. Barriers and impact identified, however having considered all available options carefully, there appear to be no other proportionate</p>	<p>X</p>	<p>As outlined above, it is likely that the cuts to ODA funding will have significant negative impacts of groups of people with protected characteristics.</p>

<p>ways to achieve the aim of the policy or practice (e.g. in extreme cases or where positive action is taken). Therefore you are going to proceed with caution with this policy or practice knowing that it may favour some people less than others, providing justification for this decision.</p>		<p>However, given: the significant number of projects which are delivering benefits to groups with protected characteristics; the very short timeline in which to make decisions (as dictated by the overall level of funding and necessary notice periods); and the very significant size of the total savings that must be found; there appear to be no other proportionate ways to make the required level of cuts.</p> <p>As such, we will proceed to use the proposed methodology with caution.</p>
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<p>Will this EIA be published* Yes/Not required (*EIA's should be published alongside relevant funding activities e.g. calls and events:</p>	<p>Not required</p>
<p>Date completed:</p>	<p>13th April 2021.</p>
<p>Review date (if applicable):</p>	

Change log

Name	Date	Version	Change
	When published	1	