

# Equality Impact Assessment

Reward



May 2018



## Equality Impact Assessment form

<b>Date of assessment</b>
May 2018
<b>Title of policy to be created (or changed)</b>
Proposals to Review Reward Processes
<b>What is the policy intended for?</b>
<p>One of the main objectives of Audit Scotland's strategic improvement programme is "Building a Better Organisation" (BaBO). The proposed changes to reward arrangements form part of the BaBO programme, which aims to simplify corporate and organisational processes, and increase flexibility in how the organisation works.</p> <p>There are three main elements in these Proposals</p> <ol style="list-style-type: none"><li>1. Replacing the existing grading structure (which contains 11 grades) with a base pay structure consisting of four bands of career families.</li><li>2. The introduction of Career Development Gates (CDG)</li><li>3. A revised approach to job car lease scheme and business travel.</li></ol> <p>An equality impact assessment was produced in November 2016 when these proposals were at an early developmental stage. At that time, Audit Scotland was exploring the possibility of providing a flexible benefits package. Following consultation, the decision was taken not to proceed with this due to affordability as well as the fact that the consultation process did not highlight this offering as a valued priority. This decision was taken in consultation with staff.</p>
<b>In relation to the general equality duty and the protected characteristics, which issues or groups do you think would or could be affected and how? Be specific</b>
<p>Staff data has been produced from Audit Scotland's <a href="#">Equality Outcomes and Mainstreaming Report</a>, and its most recently published <a href="#">Equal Pay Review</a> (which uses pay data from February 2016). In terms of how these proposals could affect protected groups, this assessment will consider internal data and external evidence regarding potential barriers to equal pay and career progression.</p> <p>Age: The age group with the highest percentage of incumbents is between 35-49 (39%), followed by those aged over 50 (32%). There are comparatively fewer staff members from younger age groups. In general terms, there can be negative attitudes based on stereotypes of older or younger people. Older people may be perceived as being negative about change, or not confident in learning new processes. There is also a risk that older people may be perceived</p>

comparatively as not being motivated by career progression. Similarly, there can be external societal stereotypical assumptions made about younger people, for example, about "millennials".

**Disability:** 3% of staff at Audit Scotland have declared that they have a disability. It is anticipated that the actual percentage may be higher given the fact that the percentage is considerably less than the Scottish population (it is estimated that approximately 10% of people in Scotland who are economically active have a disability). Having a disability can be perceived as a barrier to career progression. For example, people with mental health issues may feel that their job prospects would be curtailed if they were to disclose a mental health condition.

**Gender Reassignment:** No staff at Audit Scotland have disclosed that they have undergone or intend to undergo gender reassignment. Issues which could affect trans people with reference to career progression include the fact that they may undergo gender transition therapy which could affect attendance at work. A report published by The Equalities Review<sup>1</sup> found that many trans people do not achieve their potential at work because of a negative climate in the workplace.

**Pregnancy or Maternity:** From February 2017 - February 2018, 5% of staff have declared that they are pregnant or/and have taken maternity leave. Research by the [EHRC](#) in 2016 showed that 77% of mothers had a negative or possibly discriminatory experience during pregnancy, maternity leave, and/or on return from maternity leave. 50% of mothers reported a negative experience with regards to career opportunities.

**Race:** 7% of staff are Black or Minority Ethnic (BME). There can be negative stereotypes about BME people in the workplace, and employers should aim to be objective and aware that unconscious bias can occur. It is also important that BME staff are adequately supported in their career development as it is known that negative assumptions can affect career progression. Ethnic minority groups can be more likely to face discrimination with reference to career progression. The Equality and Human Rights Commission's report "How Fair is Britain?"<sup>2</sup> shows that ethnic minority groups are more likely to report that they experience discrimination due to their race when seeking promotion.

**Religion or Belief:** 6% of staff have declared that they affiliate with a minority religion. There is little available external qualitative evidence which looks into career progression and religion or belief. [Research by ACAS](#) shows that discrimination over terms and conditions of employment was a major theme of religion or belief tribunal cases. Typically, the claims related to an employer not accommodating the religious needs of claimants, for example relating to annual leave, while meeting the needs of other religion or belief groups. Examples are given of pressure to put to work routines before religious needs and to conform to standard based on Christian employees. A report published by the European Network Against Racism<sup>3</sup> showed that 43 per cent of Muslim women in the UK feel they are 'treated differently or encountered discrimination at job interviews' because they are Muslim. The figure rises among women who wear a hijab, whereby 50 per cent feel they have 'missed out on progression opportunities because of religious discrimination and that the wearing of the hijab had been a factor.' The report's authors suggest that as hijabs are perceived as visibly marking out a woman's faith, wearers can be particularly targeted for their beliefs compared to other faiths with less visible attire.

It is also known that there can be issues of religious segregation in Scotland, and that there can be negative societal attitudes towards minority religions.

**Sex:** 48% of staff are male and 52% are female. There is evidence that women are more likely than men to experience sexual discrimination in the workplace. In considering issues related to sex and career progression, there can be an overlap with pregnancy or maternity. One of the reasons for the national UK pay gap is purported to be the fact that more women than men are primarily responsible for childcare or for arranging childcare. This can limit women's choices in terms of location and hours of work. It is noted that in general, women and men have a higher element of pay parity up to age 30, which is commonly the age when women begin to have a family.

**Sexual Orientation:** 2% of staff have declared that they are lesbian, gay or bisexual (LGB). An [LGB Survey](#) published by the European Agency for Fundamental Rights in 2014 found that 19% of employed LGB people in the UK experienced discrimination while at work, including having experienced detrimental prospects with regards to developmental opportunities.

**Did you need to obtain further information? If yes, how did you do that?**

<sup>1</sup> Engendered Penalties: Transgender and Transsexual People's Experience of Inequality and Discrimination (2007), Whittle, Turner and Al-Alami

<sup>2</sup> "How Fair is Britain? Equality, Human Rights and Good Relations in 2010", (2010), EHRC

<sup>3</sup> "Forgotten Women: The impact of Islamophobia on Muslim Women", (2016), European Network Against Racism

The development of these Proposals was an iterative process. The first assessment reviewed the broad principles of the Proposals and made recommendations to ensure that Audit Scotland were conscious of the General Equality Duty in the deciding on how (or whether) to implement the Proposals. Further information about how Audit Scotland developed the process and progress on the implementation of the recommendations was provided to the assessor in January 2018.

### What do you conclude is the potential impact on these areas?

1. Replacing the existing grading structure (which contains 11 grades) with a base pay structure consisting of four bands of career families: Audit Scotland propose to implement a new base pay structure with four bands of career families, namely:

Band 1 – Team Associate (current Grades B, C and D)

Band 2 – Professional (current Grades E and F)

Band 3 - Lead Professional (current Senior Audit Managers and Department Heads)

Band 4 - Leader (current Assistant Directors, Directors, Chief Operating Officer and Auditor General)

Staff will be placed within the new band system on the basis of their existing salaries. The matching across process will not result in any change to salaries.

The table below shows the gender composition of Bands 1-3 with the corresponding gender pay gap. The gaps are shown as negative when the mean female pay is lower than the mean male pay, and positive when it is higher. The calculations have been approximated by two decimal points.

#### Band 1-3: Gender Composition and Mean Pay Gap

Band	% Female	% Male	Mean Pay Gap
1A	64.86%	35.14%	0%
1B	63.89%	36.11%	- 0.02%
1C	53.49%	46.51%	0%
2A	49.40%	50.60%	0%
2B	56.67%	43.33%	+ 0.03%
3	38.89%	61.11%	0%

The table shows that the proposed Bands do not result in any significant gender pay gaps (that is, greater than 5%). Four pay bands have no gender pay gap, and of the two bands which have a gap, one favours men, and one favours women. Notably, there is no pay gap in Band 2A which has the highest number of incumbents and is the most gender balanced. Accordingly, there is no evidence that the proposed Bands indicate gender bias or could result in a negative equality impact.

Career families will continue to be underpinned by an analytical, factor based job evaluation system. Such systems objectively value roles on the basis of factors such as knowledge, planning and managing others. Such an objective approach should have a positive impact on all protected groups as the system focuses on the job, as opposed to the person, and can therefore mitigate the risk that subjectivity arises. Audit Scotland has confirmed its intention to quality assure the alignment of the underlying job evaluation scores. Independent job evaluation specialists will be involved in this alignment which will be done in consultation with PCS.

Staff progression through incremental points in the Bands will be predetermined on the basis of service related pay progression. (It is noted that if an employee has received a formal disciplinary warning in the 12 months prior to pay award their pay progression is suspended for that year). Progression through Zones within Bands 1 and 2 will be subject to submission to pass through a CDG (this process is considered separately below). Progression within Bands 3 and 4 will be automatic provided service is continuous (maternity leave/long term leave as a result of a disability will not break service)

In terms of impact with regard to the General Equality Duty, there is no indication that introducing the Bands will result in less favourable treatment for protected groups, or that this approach will give rise to indirect discrimination. The existing structure has a greater degree of hierarchical rigidity which can be at odds with career development whereas, in principle, the proposed broad banding should enable a higher amount of career progression which should benefit all protected groups.

### 2. The introduction of Career Development Gates (CDG)

Staff in Bands 1 and 2 can apply to progress through Career Development Gates (CDGs). Passing through a Gate includes access to a higher pay zone. The overall aim of the CDG process is to encourage career development and improve how individuals can directly influence and control career planning.

The preliminary assessment in 2016 noted that discretion would be involved in deciding who could proceed through the Gates, and recommended that steps were taken to ensure that the process avoided bias, and that the criteria was fair and objective. An separate equality impact assessment focused on the CDG process has been produced and notes that there is good evidence that Audit Scotland has consciously paid due regard to the General Equality Duty in the design and development of the CDG process, and that measures to ensure objectivity, mitigate the risk of discrimination and avoid bias are incorporated throughout.

Measures include:

- supporting staff through the process: This support will be tailored to the needs of an individual, and it is anticipated that this will advance equality of opportunity by meeting the needs of different groups.
- the production of clearly expressed, accessible and comprehensive resources, which should promote collaboration and information sharing.
- the use of an evidence-based approach, which should reduce the risk of discrimination occurring as decisions will be informed by objective evidence. Objectivity in decision making processes is essential to ensure fairness and avoid the risk of unconscious bias.
- a clear focus on neutral, non-biased decision making, where panellists must demonstrate specified skills, many of which are relevant in the prevention of discrimination. All panellists have received training which emphasised that an objective, evidence-based approach is crucial, and that panellists should acknowledge the risk of unconscious bias and take meaningful steps to avoid it impacting the decision-making process.
- a systematic approach to quality assurance, which should assist with minimising the risk that the process could result in less favourable treatment for protected groups, including the scheduling of an After Action Review, and using equality data to monitor the equality impact.

### 3. A revised approach to job car lease scheme and business travel.

Audit Scotland plan to phase out the current car lease scheme. Staff who currently use this scheme will be entitled to continue to do so unless and until they move to an alternative post. The car lease scheme will no longer be available for newly appointed external staff. It is noted that those who use the current company car scheme are entitled to reimbursement at 9p a mile, while those who use their own transport receive 45p per mile.

In the context of this assessment, the focus is not on whether phasing out the car lease scheme has a negative impact on staff – it is about considering whether the phasing out of the car lease scheme disproportionately affects protected groups. Potentially, four protected characteristics are relevant for further consideration in connection with this proposal, namely age, disability, pregnancy and maternity, and sex. These protected groups may have a comparatively higher need for a car. For example, the loss of a company car may mean that an employee without his or her own personal car would need to make greater use of public transport. Public transport can be cumbersome for people with mobility issues, and there can be a lack of accessibility with reference to certain transport hubs.

The currently available staff data does not indicate disproportionality with reference to these protected characteristics. Steps have been taken to minimise the disadvantage faced by anyone who is no longer entitled to a company car, including a reasonable notice period to allow staff to make alternative arrangements, and implementation of the Time, Travel and Place Principles, whereby staff are encouraged to use their professional judgment to decide where work should be done, which should reduce unnecessary journey time for staff who do not have a personal car.

### **What will you do now?**

Audit Scotland is obliged to consider what it could do to better meet the General Equality Duty. Many of these monitoring and review processes are already in place; however, for ease of reference, these have been included in the suggested activities below.

- monitor the composition and distribution of protected groups within Bands and Zones
- quality assure the alignment of the job evaluation scores which underpin the Bands
- produce Equal Pay reviews
- ensuring that each CDG feedback session explores whether the applicant feels that he or she has been treated fairly/objectively
- ensuring that reminders of the importance of CDG Panellist Skills are issued regularly
- specifying equality, diversity and the avoidance of unconscious bias as success criteria in the formal review process of the CDG

- ensuring that the equality data is used to monitor equality impact of progression through the CDGs, and that further consideration of how to better meet the General Equality Duty takes place following analysis of the data.
- promote effective use of the Time, Travel and Place Principles
- ensure that staff are given reasonable notice to make alternative arrangements to a company car

**Date 1 May 2018**

**Signature**

C Tracey Bray