

Camden UNISON report on the equality impact of the Camden performance related pay and appraisal process

Introduction

On 1 April 2013, as part of a new employment contract Camden Council introduced performance related pay (PRP) for the majority of its directly-employed workforce. Receipt of a percentage-based or incremental pay rise would depend on an individual's appraisal rating score: 1 for "poor", 2 for "need[ing] to improve", 3 for "good", 4 for "high" and 5 for "exceptional" performance.

Camden UNISON opposed the move, believing in practice it would be discriminatory and would be used to boost the pay of senior managers at the expense of the low-paid. One year on, our fears have been confirmed.

We requested a full breakdown of appraisal scores by 'protected equality characteristic'*, pay level and part-time status in the summer of 2013. These figures were not, however, provided until February-March 2014. What follows is an analysis of the management data received thus far.

Workers from black and minority ethnic (BME) backgrounds are significantly disadvantaged, particularly black workers, as are disabled workers, those earning less than £40,000 a year, part-time workers and workers aged 45 or over. Significantly, those earning over £50,000 appear to do very well from the appraisal scheme. There did not, however, appear to be a significant relationship between gender and appraisal.

Below we highlight the key areas of inequality in assigning appraisal scores, looking in particular at the awarding of low ratings (of 1 and 2), which prevent pay progression, and the high ratings (4 and 5), which attract either additional progression for the lower paid or faster progression plus bonuses for the higher paid.

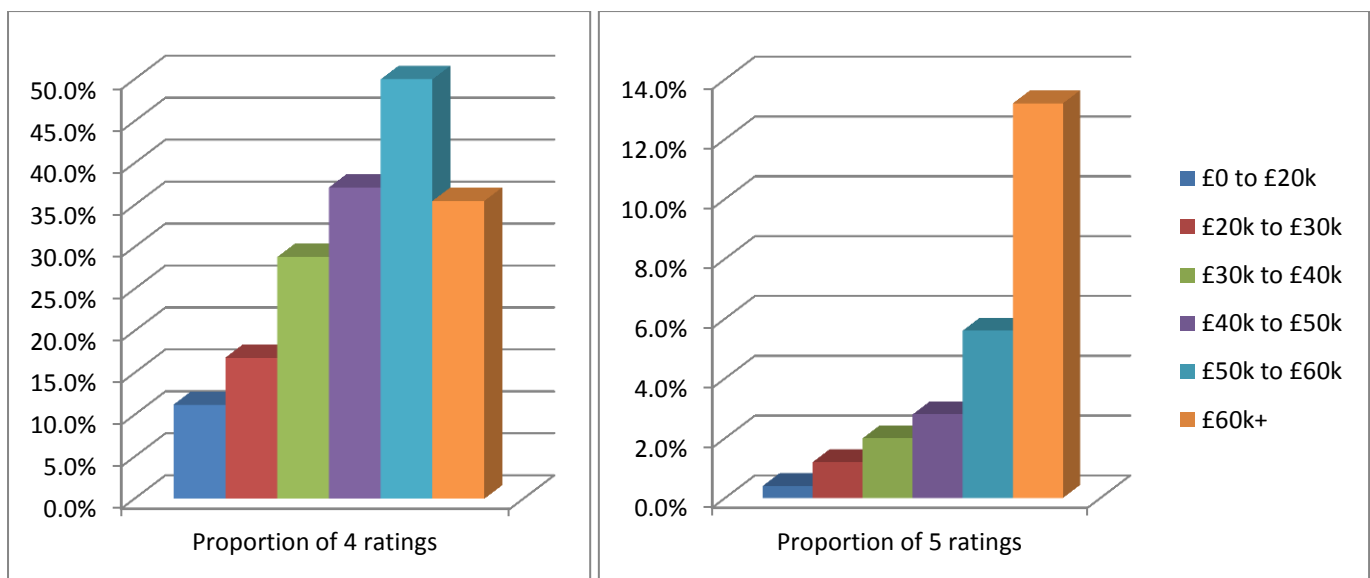
Equality impact

Pay level

High ratings

Those earning over £60,000 per year are 33 times more likely to receive an exceptional rating than those earning under £20,000 per year, and over 9 times more likely to receive an exceptional rating than those earning under £40,000 per year.

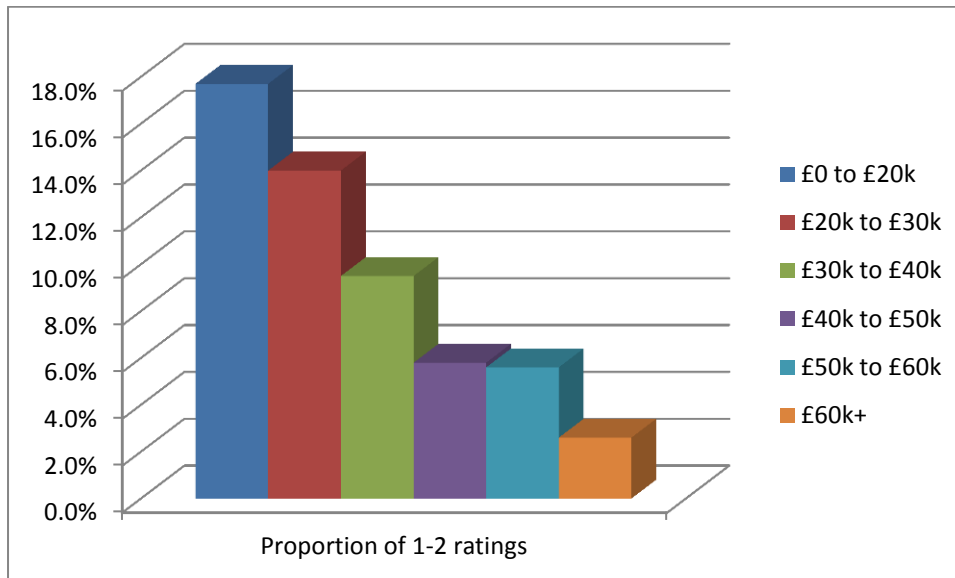
The proportion of high and exceptional ratings basically increases as salary increases.



Low ratings

Workers earning under £20k are nearly 8 times more likely to be deemed as underperforming than those earning over £60k. Those earning £20-£30,000 a year are nearly 6 times more likely to be rated as underperforming than those earning over £60k.

In general, the proportion of low ratings decreases as salaries increase.

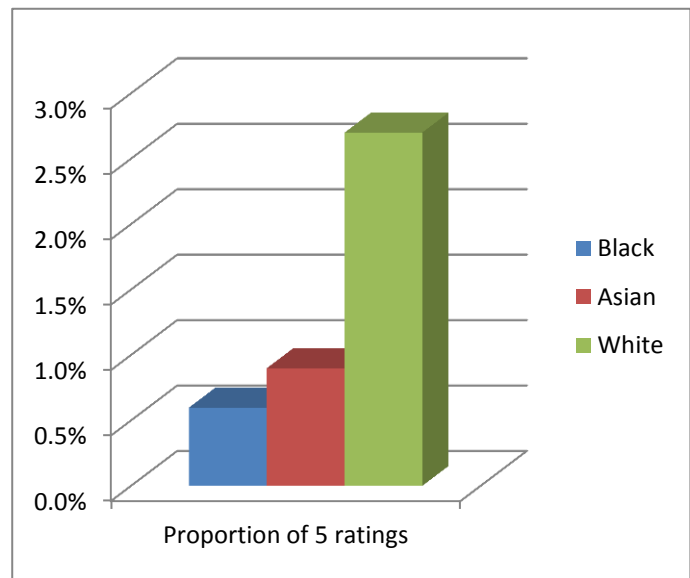
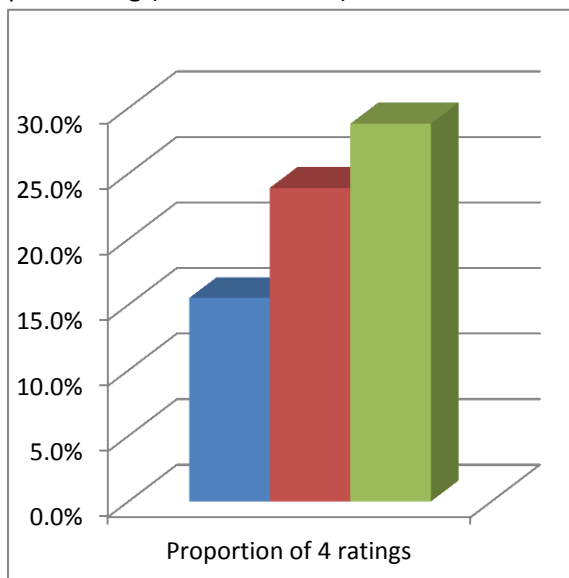


Ethnicity

Perhaps the most disturbing inequality is the apparent disadvantage faced by workers from black and minority ethnic (BME) backgrounds.

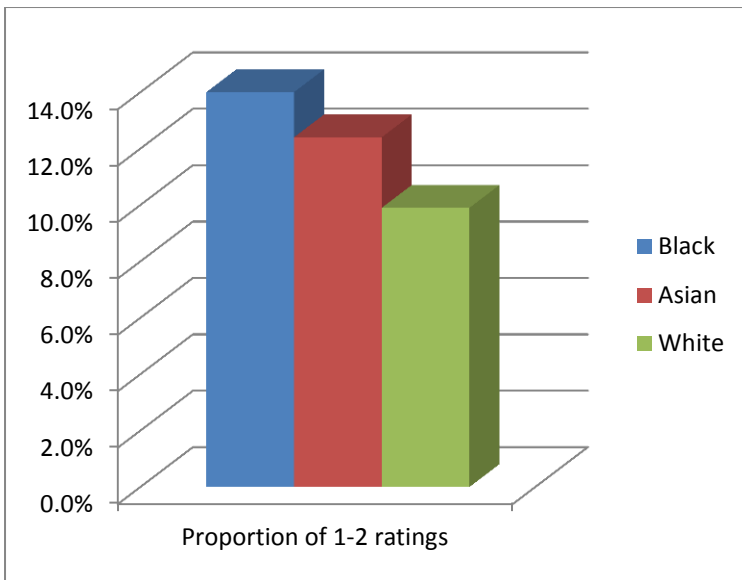
High ratings

White workers are 4.5 times more likely to be rated exceptional as black workers. Black workers are almost as half as likely to be rated as highly performing than white workers. Asian workers are 21% less likely to be rated as highly performing (i.e. rated 4 or 5) than white workers.



Low ratings

Black workers are 41% more likely to be rated as underperforming (i.e. rated 1 or 2) than white workers. Asian workers are 25% more likely to be rated as underperforming than white workers.

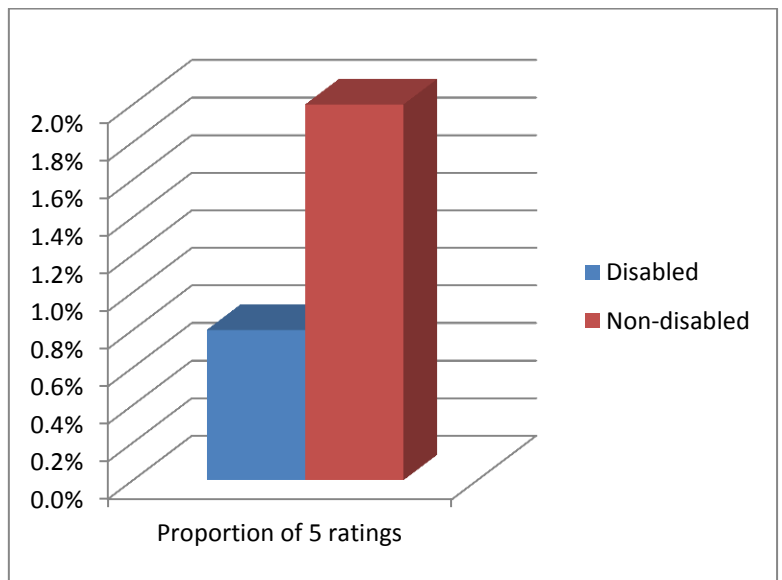
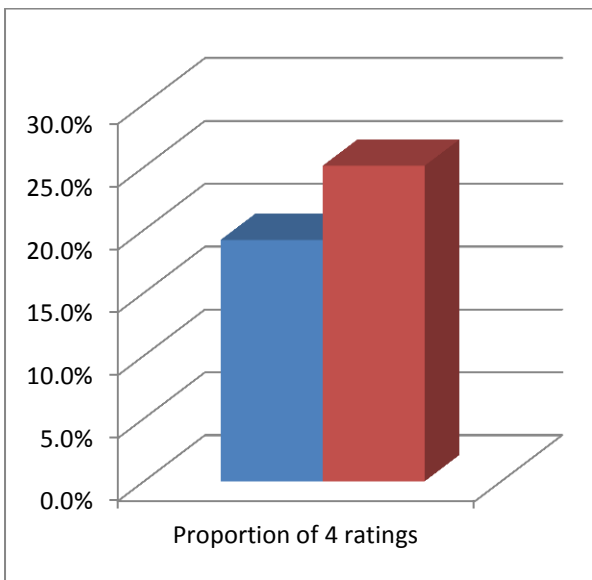


Disability

Before analysing these scores, a quick note on the disability data: unlike the other equality categories, the disability data is deficient and is unlikely to be statistically significant as the number of staff recorded as disabled is likely to be considerably lower than the actual number of disabled staff. (Management don't necessarily disagree with this assessment). This could have the impact of making the effect on disabled staff seem less significant, as if the appraisal scores of disabled workers who were not recorded as such were the same as those who were known, then the former would bring down the average appraisal scores for staff actually recorded as “non-disabled”, though it is not possible to draw any conclusions at this stage. Despite this, the difference in treatment is clear.

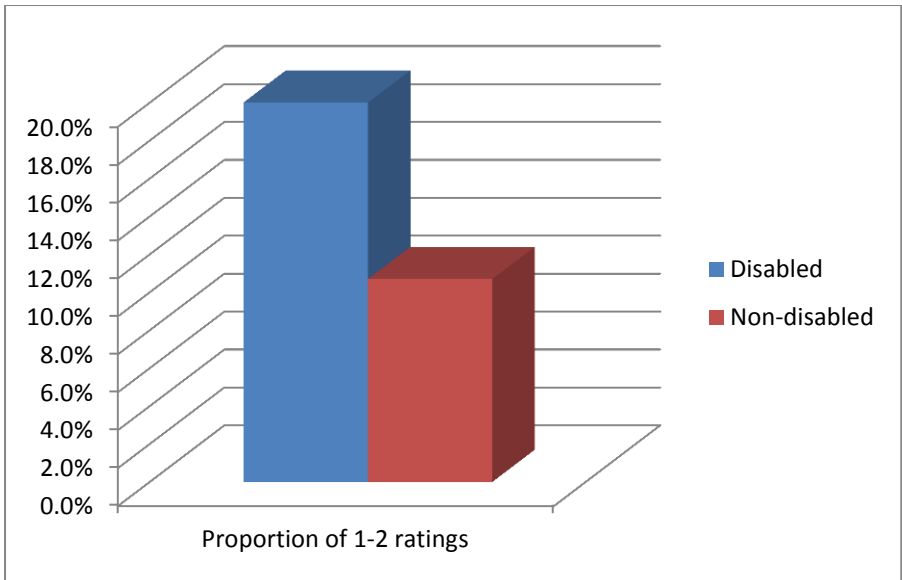
High ratings

Disabled workers are 28% less likely to be rated as high performing (4 and 5) than nondisabled colleagues. This is even starker at the top where non-disabled staff are 2.5 times as likely to be rated 5 as disabled workers.



Low ratings

Disabled workers are nearly twice as likely to be rated as underperforming compared to non-disabled workers.

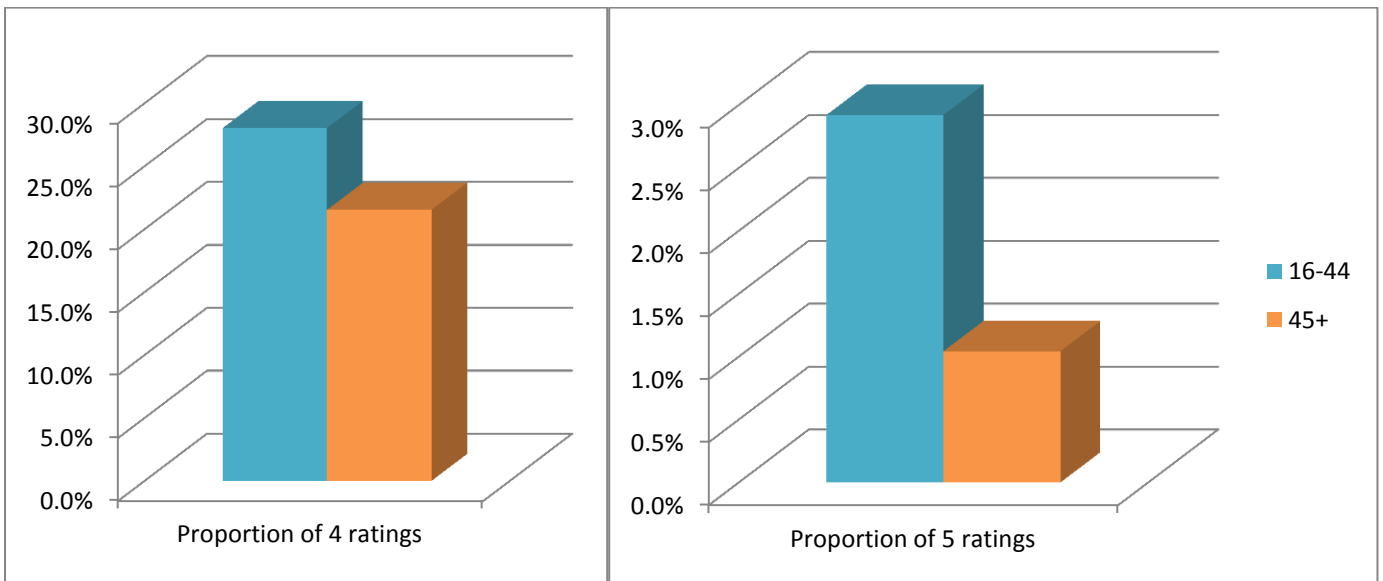


Age

When we looked appraisal ratings by age, we can see a pattern emerging when we compare younger and older workers. So we have divided staff into two groups, under and over 45 to see the differences.

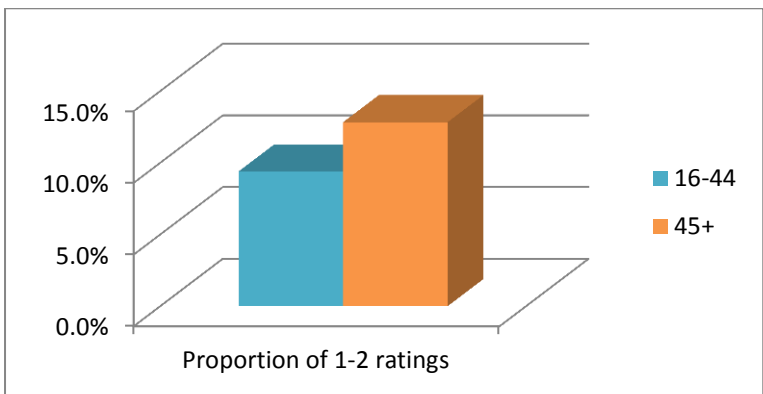
High ratings

Workers under 45 were nearly three times as likely to receive a 5 rating than those 45 and over. Workers under 45 were over 30% more likely to receive a 4 rating than those 45 and over.



Low ratings

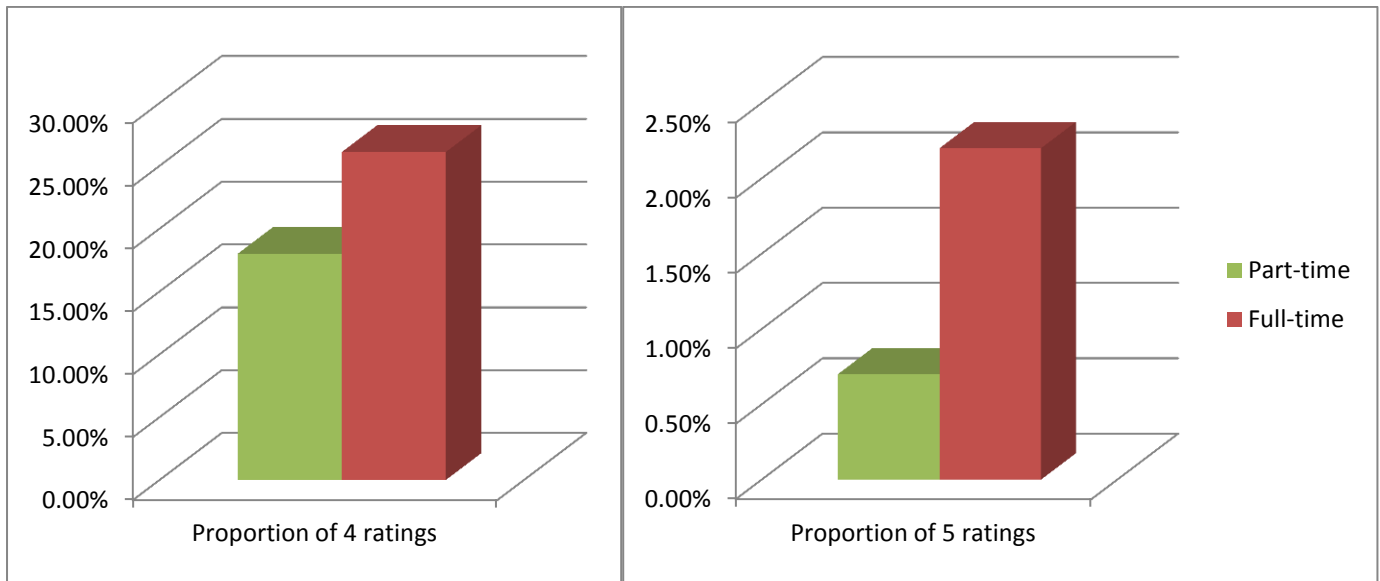
Workers aged 45 and over were over 36% more likely to be rated as underperforming than younger workers.



Part-time status

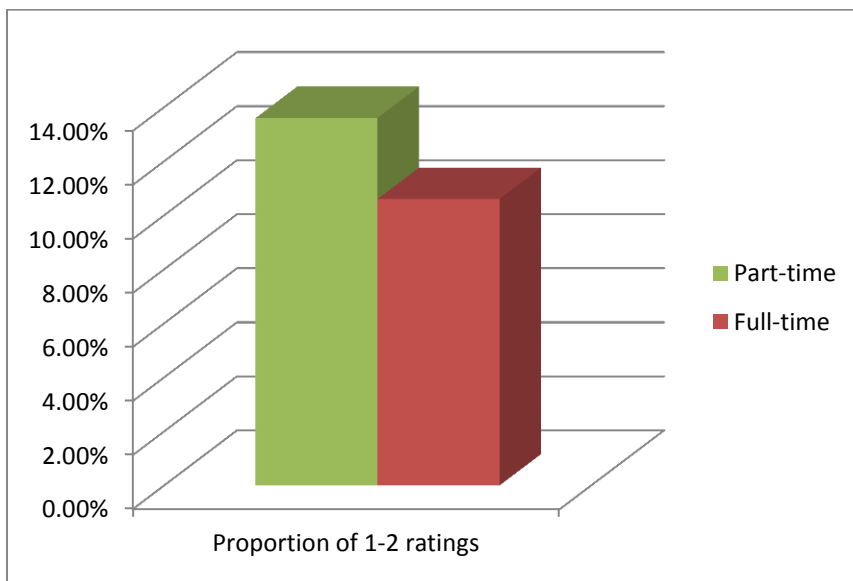
High ratings

Full-time workers were over three times as likely to receive 5 ratings as part-time workers. Full-time workers were 45% more likely to receive 4 ratings than part-time workers.



Low ratings

Conversely, part-time workers were 28% more likely to be rated as underperforming than full-time workers.



Additional information

In the commentary that accompanied data given to UNISON by management, there appears to be a deliberate attempt to downplay the substantial differences the data reveals. For example, management chose to highlight a percentage point difference of 6.3 between BME and white staff in terms of high ratings. UNISON would point to a more valid basis for comparison: for example, 28.8% of white employees were appraised at 4 compared with 15.5% of black workers, a percentage point difference of 13.3, yet in real terms white staff were almost twice as likely to receive high ratings as black employees. Discrepancies in the awarding of 5 ratings were completely ignored by the Council who declared this entire group "rather insignificant".

It is worth noting that nearly a third (1,223) of Camden staff covered by the appraisal data for 2013 had declined the offer of the £1,000 'incentive' to sign up to the new contract and so for now, at least, are not directly impacted by PRP, but there is still the real possibility of management seeking to impose the contract across the workforce as a

whole. Meanwhile, appraisal ratings even if they do not influence an individual's salary can damage prospects for promotion or put an individual employee at greater risk in the context of future restructures, which are likely to come thick and fast over the coming period.

Conclusion

We believe it is clear that the appraisal process is effectively perpetuating racial discrimination, and also appears to be discriminatory against disabled and part-time staff, and those aged 45 and over.

The figures strongly suggest that the appraisal process is also biased against those who are relatively low paid, regardless of ethnicity and works far more to the advantage of those who are already well paid, particularly those on salaries over £50,000 a year.

The Commission for Racial Equality (CRE, a forerunner to the current Equality and Human Rights Commission) defines institutional racism as follows:

"If racist consequences accrue to institutional laws, customs or practices, that institution is racist whether or not the individuals maintaining those practices have racial intentions."

From the data we have seen, we are unable to tell if the race and disability discrimination is direct, or more indirect. For example, if the bias is purely around pay level, then the discrepancy in ratings by race and disability may stem from the fact that BME and disabled staff are disproportionately concentrated in lower paid roles, while there is significant under-representation of BME and disabled staff in the better paid roles. We certainly know this to be the case with BME staff. So to assess the cause we will need to see the appraisal scores 'cross tabulated', broken down by both ethnicity and pay level.

We have requested this information from management, however in response to the media reporting some of our findings about PRP, management have now refused to provide us with any information. Therefore, we will be seeking this via a Freedom of Information request. In our view the publication of the data by the Council would be entirely consistent with the guidance provided by the Equality and Human Rights Commission (Volume 5, *Equality Information and the equality duty: A guide for public authorities*, pp 20-21).

In any event the data strongly suggest that PRP and the associated appraisal process have had the effect of widening the pay gap between BME and white staff, which meets the CRE definition of "institutional racism".

In addition, taking into account that the pay awards given disproportionately benefit the higher paid (they are worth around £400 per year for the lowest paid up, but up to £3,400 per year for the highest-paid) PRP and the appraisal process are contributing to increasing inequality between the lowest and highest paid, in direct contravention to the stated aims of the Camden Plan of which it is a part.

** Camden Council currently compiles monitoring data for its own workforce by age, disability, race/ethnicity and sex/gender. 'Protected characteristics' under the Equality Act 2010 are more extensive and in addition to the above include gender reassignment, marital/civil partnership status, pregnancy and maternity, religion/belief and sexual orientation.*