



## Equality Impact Assessment Template

Before carrying out EqIA, you should familiarise yourself with the University's EqIA Policy Statement and Guidance and Checklist Notes, and undertake our online training on Equality and Diversity and EqIA. These, along with further information and resources, are available at [www.ed.ac.uk/schools-departments/equality-diversity/impact-assessment](http://www.ed.ac.uk/schools-departments/equality-diversity/impact-assessment)

EqIA covers policies, provisions, criteria, functions, practices and activities, including decisions and the delivery of services, but will be referred to as 'policy/practice' hereinafter.

### **Policy for Payment in Lieu of Pension Contributions for Individuals Breaching the Lifetime Allowance**

The University considers that this policy benefits its long serving staff, and encourages people to contribute/save towards their pension and better plan for retirement.

The University's pension schemes are a key element of the reward offering allowing us to attract and retain the most talented employees from around the world. They offer competitive advantage over employers in other sectors and over Higher Education Institutions outside the UK and help to retain its standing reputation as a world class University.

The proposals for this policy are driven by HMRC regulatory changes and not equality reasons. The arrangement is available to all current and new staff who meet the criteria, regardless of their protected characteristics.

In response to the reduction in the Lifetime Allowance from £1.8 million to £1.5 million in 2012 USS changed its rules to allow members to take "Enhanced Opt Out", ceasing accrual of service in USS while retaining death in service and incapacity cover. The reduction of the Lifetime Allowance to £1 million from April 2016 have meant that those pension scheme members with higher earnings and longer service are more likely to incur additional tax liabilities for pension savings in excess of the Lifetime Allowance when they draw their pension at retirement.

The University is responding by introducing arrangements to pay an "Additional Salary Element" as a payment in lieu of pension contribution to staff electing to withdraw from accrual in the USS scheme and taking the "Enhanced Opt Out" for tax planning reasons. The University's other Pensions providers are not offering an enhanced opt out provision.

Other Institutions in the sector are introducing a similar scheme.

**B. Reason for Equality Impact Assessment (delete as applicable):**

- **Undertaking a review of an existing policy/practice**

**C. Person responsible for the policy area or practice:**

Name: **Phil McNaul and Zoe Lewandowski**

Job title: **Director of Finance and Director HR, on behalf of University of Edinburgh Remuneration Committee**

School/service/unit: **Finance and Human Resources**

**D.** An Impact Assessment should be carried out if any of the following apply to the policy/practice, if it:

- affects primary or high level functions of the University
- is relevant to the promotion of equality (in terms of the Public Sector Equality Duty 'needs' as set out in the Policy and Guidance)?
- **It is one which interested parties could reasonably expect the University to have carried out an EqIA?**

**E.** Equality Groups

To which equality groups is the policy/practice relevant and why? (delete any that are not relevant):

- Age
- Disability
- race (including ethnicity and nationality)
- religion or belief
- sex
- sexual orientation
- gender reassignment
- pregnancy and maternity
- marriage or civil partnership<sup>1</sup>

Add notes against the following statements where applicable/relevant:

- On any available information about the needs of relevant equality groups:

**The payments in lieu of pension contributions has been driven by government regulatory change and is not directly related to equality, but does impacts positively on age. The policy is available to all staff who are members of the USS regardless of their protected characteristics, and who are likely to incur additional tax liabilities for pension savings in excess of their Lifetime Allowance when drawing their pension at retirement.**

**There is already a higher proportion of white male members of USS, therefore more white males will likely benefit from the arrangement. We are unable to determine what the future uptake of this arrangement will be. At the time of this review, there are relatively small numbers who have already opted in to this arrangement.**

- Any gaps in evidence/insufficient information to properly assess the policy, and how this be will be addressed:

**It is unlikely that the changes will have a negative/disproportionate impact on the basis of gender, race or disability but it is evident that white, men of 60+ years will initially benefit from the existing provision more than other groups due to the under-representation of female and ethnic minority staff in this category.**

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<sup>1</sup> Note: only the duty to eliminate discrimination applies to marriage and civil partnership. There is no need to have regard to advancing equality or opportunity or fostering good relations in this respect.

**This process is likely to have no impact on USS members or non USS members who are currently in lower grades, as it is anticipated at this stage that they do not have the earning capacity to exceed the Lifetime Allowance. However, the University does have in place a flexible retirement scheme which has a positive impact on all pensions' members, and particularly for those who are carers.**

**It should be noted whilst the institution is aware of gaps in data on ethnicity and disability and sexual orientation due to staff not disclosing, it continues to encourage and improve disclosure rates, but this current lack of information may impact on any future data and the ability to undertake meaningful analysis.**

- **If application of this policy/practice leads to discrimination (direct or indirect), harassment, victimisation, less favourable treatment for particular equality groups:**

**It may be considered that this arrangement is less favourable to women who may not have had the opportunity to breach, or expect to breach the Lifetime Allowance due to e.g. career breaks to have a family, and the already existing gender pay gap.**

**Indirectly, it may be less favourable for those who have a disability/impairment which is impacted by ageing. The University is unable to make a firm judgement on this due to the low disclosure rates, and also its inability to forecast future uptake.**

- **If the policy/practice contributes to advancing equality of opportunity<sup>2</sup>**

**Not directly through this arrangement but via other processes, the University has strategic initiatives already in place to reduce the gender pay gap for women, and encourage and support women to put themselves forward for career progression/promotion. This in turn should increase the earnings capacity for this group.**

**Payments in lieu of pension contributions may have the effect of advancing the opportunity for the "ageing workforce" by encouraging them to continue in the workplace, and enable the University to value and retain their knowledge and experience. It also encourages them to better plan and save for retirement.**

**The policy does advantage all protected characteristics, but in particular Age for those who are higher earners/long serving staff, who are members of USS.**

- **If there is an opportunity in applying this policy/practice to foster good relations:**

**Yes - in relation to age, this policy will help foster good relations between the University and its staff by acknowledging and valuing and retaining experience of long serving staff**

**Not directly, but the University has recently implemented an enhanced Shared Parental leave scheme which will allow women, following childbirth, if they wish, to curtail their maternity leave and return to work early to share their parental leave with their partners. It is noted for same sex female partner this will allow both hopefully to contribute to child care and their careers and increased earning potential for both.**

- **If the policy/practice create any barriers for any other groups?**

**Not directly**

- **How the communication of the policy/practice is made accessible to all groups, if**

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<sup>2</sup> This question does not apply to the protected characteristic of marriage or civil partnership

relevant?

**All staff email communication**

- How equality groups or communities are involved in the development, review and/or monitoring of the policy or practice?

**Not relevant**

- Any potential or actual impact of applying the policy or practice, with regard to the need to eliminate discrimination, advance equality and promote good relations:

**As noted previously initiatives are already in place to in relation to gender.**

**F. Equality Impact Assessment Outcome**

Select one of the four options below to indicate how the development/review of the policy/practice will be progressed and state the rationale for the decision. (Delete the options that do not apply):

**Option 1: No change required – the assessment is that the policy/practice is/will be robust.**

**G. Action and Monitoring**

1. Specify the actions required for implementing findings of this EqIA and how the policy or practice will be monitored in relation to its equality impact (or note where this is specified above).

**Uptake will continue to be monitored ongoing, but it is anticipated that uptake will remain low.**

2. When will the policy/practice next be reviewed?

**The policy will continue to be reviewed and monitored ongoing, to assess any positive or negative equality impacts or trends, by workforce population and for all equality groups.**

**H. Publication of EqIA**

Can this EqIA be published in full, now? **Yes**

**I. Sign-off**

EqIA undertaken by:

**Zoe Lewandowski, Director of HR**

**Ann Fraser, Pensions**

**Denise Boyle, HR Partner, Equality, Diversity & Inclusion.**

Accepted by: **Phil McNaul and Zoe Lewandowski**

Date: **12 May 2016**

Retain a copy of this form for your own records and send a copy to [equalitydiversity@ed.ac.uk](mailto:equalitydiversity@ed.ac.uk)