

# Audit Scotland

# Gender pay gap

31 March 2019

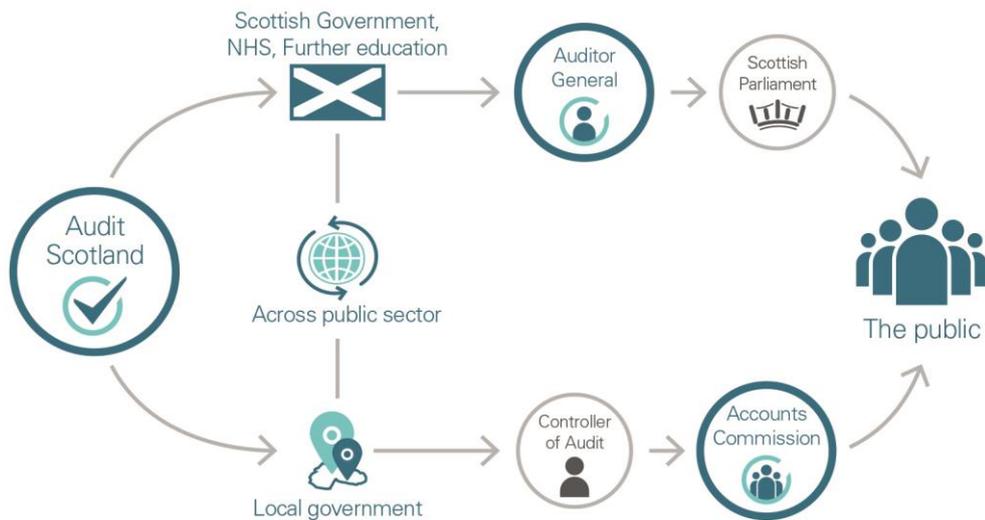


March 2020

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Introduction and background

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- 1.** At Audit Scotland we are committed to independent audit, integrity, objectivity, transparency and quality. We firmly believe in the principles of equality, inclusion and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender reassignment or disability. We have a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). Our flexible working policies and commitment to equality across recruitment, employee development and promotion enable colleagues to flourish at Audit Scotland, whatever their background and circumstances.
- 2.** Under the [Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#), Audit Scotland and the Accounts Commission for Scotland are both listed as public bodies which must adhere to these regulations. Gender pay gap reporting is a requirement intended to spur organisations into addressing inequality between men and women at work. As a listed authority, we publish information on the percentage difference among our employees between men's average hourly pay (excluding overtime) and women's average hourly pay (excluding overtime).
- 3.** Our Equality Outcomes and Mainstreaming Progress Report 2017-19 sets out how Audit Scotland and the Accounts Commission are addressing our responsibilities under the Equality Act 2010. We have also published our Annual diversity report 2018/19. These reports can be found [here](#) on our website.
- 4.** Our previous gender pay gap information was published in March 2019 and highlighted our commitment to continue reporting on our actions and progress towards addressing our gender pay gap. We also continue with our commitment to ensuring we have flexible working opportunities available (both location and hours) which allows autonomy and freedom for how our colleagues choose to work. The report can be found [here](#).
- 5.** Audit Scotland's workforce, at the snapshot date of 31 March 2019, comprises of 274 full pay employees<sup>1</sup>: 118 are males (43 per cent of the workforce) and 156 females (57 per cent of the workforce). Included in our overall headcount are 40 graduate trainees within our professional training scheme. The scheme is a key element in support of our talent development and long-term succession planning. Within the scheme, 13 trainees are male and 27 are female.

<sup>1</sup> This is a technical term used to define the cohort of employees used for the analysis of pay and is designed to ensure that all employer organisations calculate the gender pay gap on a consistent basis – more information can be found [here](#).

# Mean and median gender pay gap

6. Our gender pay gap information is based on a snapshot date of 31 March 2019 and the data is shown below:

Mean<sup>2</sup> Gap: 12.79%

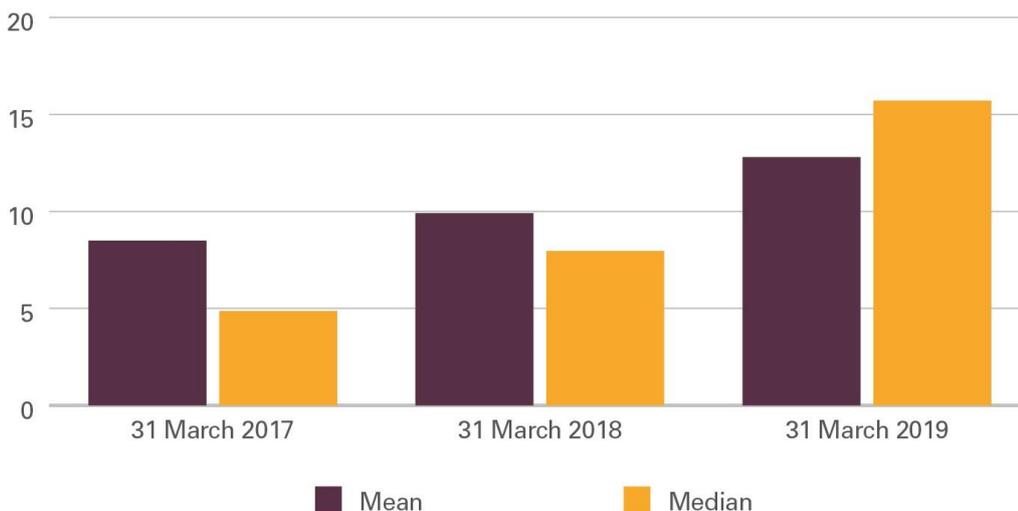
Median<sup>3</sup> Gap: 15.71%

This data shows that, across the whole of our workforce, males are earning more than females. The rest of this report provides more information about our gender pay gap, the reasons why the gender pay gap exists and gives an overview of the steps we are taking to reduce the gap.

7. Our year on year trend in our mean and median gender pay gap data can be seen below:

	31 March 2017	31 March 2018	<b>31 March 2019</b>
Mean	8.49%	9.91%	<b>12.79%</b>
Median	4.86%	7.96%	<b>15.71%</b>

Year on year trend – Mean and Median Gender Pay Gap



<sup>2</sup> Mean: The "mean", sometimes referred to as the "average" is where we add up all the numbers and then divide by the number of numbers.

<sup>3</sup> Median: The "median" is the "middle" value in the list of numbers. To find the median, we list our data in numerical order from smallest to largest, so we can identify the middle entry from the list and find the median.

## Bonus

8. The only bonuses paid at Audit Scotland are for members of our professional trainee auditor scheme. When a trainee auditor successfully completes all examinations in each syllabus at the first attempt, a bonus of £300 is paid. A final bonus of £300 is also paid to trainee auditors when they successfully gain membership to ICAS if all examinations across the syllabus are passed first time throughout. No other roles are eligible for bonus payments.

Proportion of males and females at Audit Scotland receiving a bonus:

Males: 8.47%

Females: 8.97%

Bonus Mean gender pay gap: -5.9%

Bonus Median gender pay gap: 0%

This data shows that, across our professional training scheme, more females have received a bonus than males. The bonus gender pay gap has reduced from the last report. This will vary each year depending on the composition of our current trainee group and will also depend on where in the syllabus each trainee has reached.

## Proportion of males and females in each quartile

9. The following information gives the percentage of male and female staff in each pay quartile. This is based on the hourly pay rate of all our organisation's full-pay relevant employees in the pay period that covers the snapshot date.

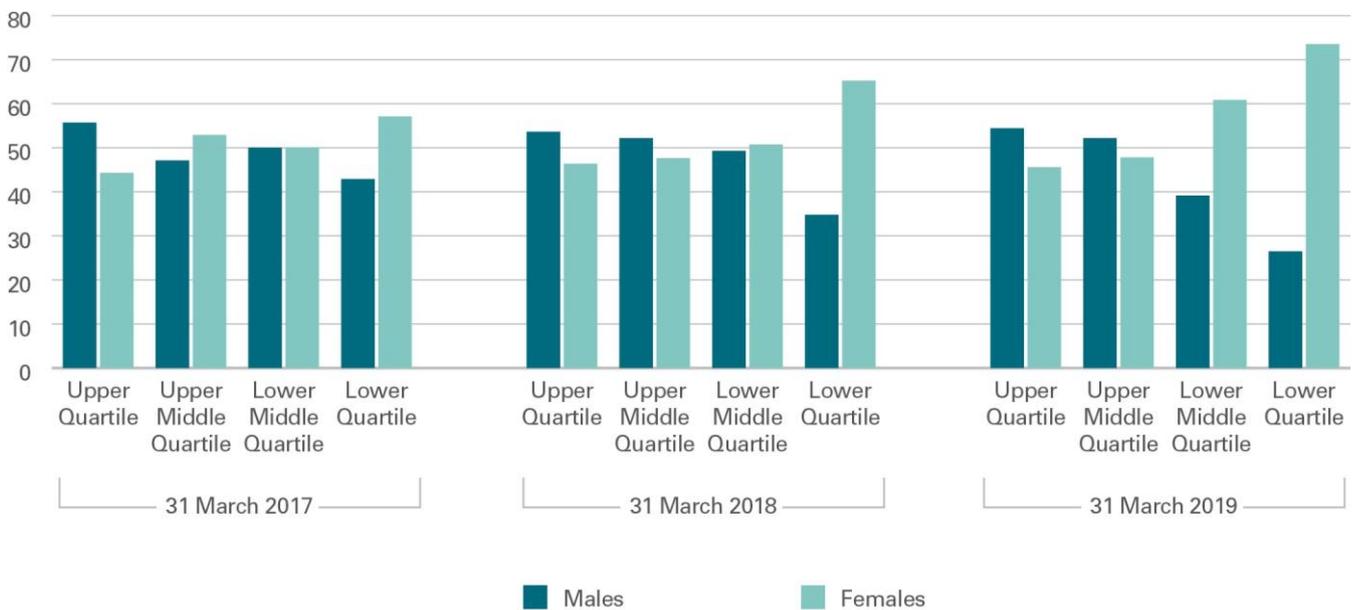
This is divided into four quartiles, with an equal number of employees in each section. From the highest paid to the lowest paid, these quartiles are:

	<b>Males</b>	<b>Females</b>
Upper Quartile	54.41%	45.59%
Upper Middle Quartile	52.17%	47.83%
Lower Middle Quartile	39.13%	60.87%
Lower Quartile	26.47%	73.53%

10. Our year on year trend in the distribution of gender across the quartiles can be seen below:

	31 March 2017		31 March 2018		31 March 2019	
	Males	Females	Males	Females	Males	Females
Upper Quartile	55.7%	44.3%	53.62%	46.38%	<b>54.41%</b>	<b>45.59%</b>
Upper Middle Quartile	47.1%	52.9%	52.17%	47.63%	<b>52.17%</b>	<b>47.83%</b>
Lower Middle Quartile	50.0%	50.0%	49.28%	50.72%	<b>39.13%</b>	<b>60.87%</b>
Lower Quartile	42.9%	57.1%	34.78%	65.22%	<b>26.47%</b>	<b>73.53%</b>

Year on year trend – Proportion of males and females in each quartile



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# Findings and conclusion

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**11.** Compared with our 2018 report, our gender pay gap has increased. While equal pay for work of equal value is still achieved through the continued use of our job evaluation process, our gender pay gap fluctuates with the changing composition of our workforce from year to year. The percentage of female employees within the lower middle and lower quartiles has continued to increase. This is mostly due to higher numbers of women than men in our recent graduate trainee intakes. This has created a significant pool of potential talented employees from which we will be able to promote into more senior posts over time. It is noteworthy that 75 per cent of our current executive management team are female.

**12.** As seen from data in the [Financial Reporting Council \(FRC\) 2019 key facts and trends in the accountancy profession report](#), the number of females choosing to enter the accountancy profession is increasing, “the average percentage of female members has increased from 35 per cent in 2014 to 37 per cent in 2018”. According to the FRC report, the audit profession when taken as a whole, continues to employ significantly more men than women. Audit Scotland’s success in attracting women into the profession, investing in their development with a view to promotion into senior posts will significantly reduce our gender pay gap over time. However, in the short term, the way in which the gender pay gap is calculated inevitably means that our gender pay gap has increased.

**13.** A key element of our resource and succession planning is the operation of our professional training scheme for auditors. Over time, most professional trainees progress into more senior roles, including positions across management and leadership. Achieving a good representation of males and females across our professional training scheme is an important part of closing the gender pay gap in future years.

**14.** 68 per cent of our professional trainees were female as at 31 March 2019. This is an increase from our 30 March 2018 report, when 57 per cent of our professional trainees were female.

**15.** A typical trainee will take four years at Audit Scotland to become qualified, at which point our newly qualified trainees progress further through our pay structure into more senior roles.

**16.** The turnover rate at Audit Scotland is significantly lower than the average for the UK. While this helps ensure the retention of knowledge and experience within Audit Scotland, it also means that career progression into more senior roles for newer employees takes time. Our Career Development Gateway policy is an example of how employees can make a greater contribution to Audit Scotland even when employee turnover remains relatively low.

**17.** Where recruitment for any replacement roles takes place, we currently deploy recruitment and selection techniques which are designed to eliminate bias and support decisions which are based upon objective criteria. All panel members for recruitment receive training which includes an awareness of unconscious bias and protected characteristics. During 2018/19 we filled 34 vacancies, 24 with females and 10 with males.

**18.** We are confident that many women currently beginning their professional careers with Audit Scotland will develop and progress into senior roles in future years. This is because our pay structure, pay progression and development policies are free of gender bias and have been Equality Impact Assessed (EQIA).

**19.** Supporting all employees with carer responsibilities through effective family friendly policies is important. Doing so enables employees to continue in employment, develop their long-term careers and supports improved gender pay equality over time. Our commitment to flexible working, both working patterns and work location, coupled with a strong, positive culture in support of maternity and paternity leave will enable many of our newer employees, just beginning their careers, to progress into better paid roles.

**“The flexible working arrangements available to support people with children and other caring commitments are excellent”**

### **Employee comment from our 2019 Best Companies survey**

**20.** Our core Employee Value Proposition (EVP) is aligned with our culture and values. Our EVP supports equality and diversity in everything we do as an employer. This includes our approach to recruitment, development, promotions and flexible working.

**21.** We will continue to monitor our equalities duties and seek feedback from our colleagues within Audit Scotland, along with our Equalities & Human Rights Steering Group so that we can continue to improve. We will also benchmark and share good practice with other similar organisations, including the other UK audit agencies.

**22.** We acknowledge that it may be several years before the gender pay gap is reduced or removed completely due, in part, to our relatively low employee turnover and pace of societal change across the UK. In the meantime, Audit Scotland will continue to report each year about our commitment to reduce the gender pay gap and the progress that we are making.

**23.** Looking ahead, we have begun using the diagnostic tool from the Scottish charity, Close the Gap, to help us further strengthen our integrated people strategy in relation to the gender pay gap and career opportunities for women. We will continue working closely with our employees and the Public & Commercial Services (PCS) union.

### **Written statement**

I can confirm the gender pay gap calculations are accurate and have been carried out in line with the guidance provided by the Advisory, Conciliation and Arbitration Service (ACAS) and Government Equalities Office.

Signed:



**Caroline Gardner**  
Accountable Officer

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31 March 2019

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)