

Equality and Human Rights Commission

# Measuring and reporting on

disability and ethnicity

pay gaps

## Our recommendations

August 2018

# Measuring and reporting on ethnicity and disability pay gaps: recommendations

## Introduction

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Pay gaps are a measure of the difference in average hourly pay between different groups and a good indicator of inequalities in access to work, progression and rewards. Significant pay gaps exist for disabled people, those from ethnic minority groups and women.

Recent debates on inequality at work has focused on the gender pay gap, with 100% compliance with the new reporting requirements achieved within two months of their introduction. Employers have told us that collecting and transparently reporting this data has brought about a new urgency in identifying and addressing key areas of disadvantage in the workplace.

Our previous research shows that pay gaps experienced by women, people from ethnic minorities and disabled people arise largely from the multiple and complex barriers they face accessing and progressing in work.

For example, people who have a disability or are from an ethnic minority background are more likely to experience discrimination in recruitment, promotion and pay reward decisions. They are also more likely to be in part-time, lower-skilled, and/or lower-paid work, and in jobs with shorter contracts. Disabled people also face barriers staying in and re-entering employment (Brown, Rickard and Broughton, 2017).

Our pay gaps strategy '[Fair opportunities for all: A strategy to reduce pay gaps in Britain](#)' calls for employers to voluntarily publish ethnicity and disability pay gap data. It also calls for the UK Government to 'monitor the effectiveness of mandatory gender pay gap reporting on closing gender pay gaps and [to] consult with employers on the most effective way of extending the reporting requirement to ethnicity and disability pay gaps' (EHRC, 2017, p. 26).

To understand how these recommendations might be implemented, we commissioned further research to identify the extent to which employers are currently measuring and reporting on the ethnicity and disability pay gaps and to highlight good practice. The research included a web-based review from a random sample of 150 public, private and voluntary sector employers across England, Scotland and Wales with at least 100 employees. It also included a telephone survey of business owners or senior managers at 285 private and voluntary sector organisations with 10 or more employees across England, Wales and Scotland. Online research and phone interviews with organisations demonstrating good practice was another important aspect of the research.

We have developed recommendations for action based on this research. Our insight as the enforcement body for gender pay gap reporting and our expertise on disadvantage in the workplace has also informed the recommendations.

**We are calling on the UK government to introduce mandatory monitoring and reporting on the recruitment, retention and progression of disabled people and ethnic minority groups for employers with over 250 staff by April 2020.**

To prepare for this, we will work with Government to provide practical support and guidance for employers by April 2019 on how to collect, report on and use employee data on ethnicity and disability.

Nobody should be disadvantaged by their gender, ethnicity or disability. Collecting and reporting accurate and consistent data on recruitment, retention and progression for different groups will help employers to identify barriers and make informed decisions on how to address them. This is a critical first step to using the power of transparency to begin closing ethnicity and disability pay gaps.

## Key research findings

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### Diversity as a priority

The majority of employers (77%) report that ensuring workforce diversity is a priority and many are committed to supporting employees with protected characteristics. However, most of this work tends to mainly be covered on recruitment or careers pages of employer websites, or through high-level statements regarding the provision of equal opportunities and encouraging diversity.

## **Current data collection and analysis**

This ambition is not always supported by collecting and analysing data to identify if there are differences in pay and progression for employees from different ethnic groups (only 36% of employers do this), or for disabled and non-disabled employees (44% of employers do so). Very few employers (just 3%) publish data on their ethnicity or disability pay gaps.

However, more than half (55%) of employers do collect data around progress and pay, and just under a quarter (23%) collect pay and progress data that could be used to analyse differences by ethnic group or between disabled and non-disabled employees.

## **Barriers and incentives to data collection**

Just over half of employers (51%) report barriers to collecting data on the ethnicity of employees, and 52% to collecting data on disability. These barriers include that data collection is too intrusive, that employees do not want to share the information and that data collection is too onerous. Employers suggested that ways to overcome these barriers could include explaining to employees how the data will be used (70% agreed); developing a way of collecting the information easily through, for example, an online form (58%); and making it mandatory to collect the information (48%).

## **Learning from gender pay gap reporting**

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Mandatory gender pay gap reporting for employers with over 250 staff was successfully implemented in 2018, with all employers believed to be compliant with the regulations within two months of introducing them. This has demonstrated how collection and reporting can help employers identify root causes of inequality in the workplace. However, the figures alone might not lead to action.

The aim of measuring pay gaps is not just to assess their size but also to help employers understand their causes and identify potential solutions. Publishing data is the first step; many employers produce narratives explaining the barriers and actions alongside their data, and have a plan to address them. The data will become more meaningful every year as employers compare progress against their action plans and any targets within them.

## Our recommendations

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Insight from mandatory gender pay gap reporting has shown the power of transparency in driving focused action.

Our research has shown that some of the most significant workplace barriers that women, ethnic minorities and disabled people face relate to recruitment, promotion and the ability to stay within the workforce. Employers have told us that they are already collecting a range of employment data on pay and progression, but that they need extra support in areas such as increasing the rates of employees sharing information about ethnicity or disability and in analysing data in terms of these characteristics.

Therefore, we recommend that by April 2019 UK, Scottish and Welsh Governments should:

1. Provide clear and country-appropriate guidance on the classification system to be used for ethnic minority and disability monitoring by all types of organisations, in partnership with the Equality and Human Rights Commission and with the Office for National Statistics, and practical guidance for different types and sizes of employers on how to collect, report on and use the data.

Once consistent classification, collection and reporting systems are in place to support employers to use employment data effectively, the UK Government should:

2. Require private, voluntary and listed public sector employers with 250+ employees to monitor and report on ethnicity and disability in recruitment, retention and progression within the workplace by April 2020.
3. Require private, voluntary and listed public employers to publish a narrative and action plan with time-bound targets, informed by analysis of their ethnicity and disability data. This analysis should help explain the factors underlying the data and focus on how to make substantive improvements to the workplace.

We are aware that the Scottish government are undertaking a review of the specific duties relating to the Public Sector Equality Duty. We look forward to the outcomes of this review and would recommend that the government gives consideration to how best to address the issues raised in the Commission's 'Measuring Up'<sup>1</sup> suite of

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<sup>1</sup> <https://www.equalityhumanrights.com/en/public-sector-equality-duty-scotland/scotland-public-sector-equality-duty-projects/measuring>

reports, with a view to improving the effectiveness of ethnicity and disability employment data monitoring and use.

## References

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