

# Government gears up to launch mandatory ethnicity and disability pay gap reporting

A consultation on mandatory ethnicity and disability pay gap reporting for employers with 250 or more employees has been launched. The plan is to use a similar reporting framework for ethnicity and disability pay reporting to the one that is already in use for gender pay gap reporting. The consultation closes on 10 June 2025.

The Government's [Next Steps to Make Work Pay](#), issued alongside the Employment Rights Bill last October, set out plans to take forward its remaining Manifesto commitments on workplace law reform. A new Equality (Race and Disability) Bill was promised which would, amongst other things introduce ethnicity and disability pay gap reporting for employers with 250 or more staff.

In advance of publishing the Bill, the Government has launched a consultation seeking views on the following proposals:

- **Geographical scope:** the proposal is to follow the same approach as gender pay gap reporting, namely, mandating reporting by large private and voluntary sector employers in Great Britain, large public sector bodies in England and certain public authorities across Great Britain.

- **Pay gap calculations:** the proposal is to require in-scope employers to report the same set of pay gap measures for ethnicity and disability as for gender, namely, mean and median hourly pay gaps and bonus gaps, the percentage of employees receiving bonus pay and the percentage of employees in four pay quartiles, ranked from highest to lowest hourly pay. In addition, the proposal is to make it mandatory for employers to report on the overall breakdown of the workforce by ethnicity and disability and the percentage of employees who declined to disclose their personal data on their ethnicity and disability. The aim here is to give context to the employer's disability and ethnicity pay gap figures and help build a clearer picture about an employer's overall commitment to inclusiveness.

- **Action plans:** the Employment Rights Bill contains provisions which will require employers to produce annual "equality action plans" setting out the measures being taken to close their gender pay gap. This consultation seeks views on whether employers should have to produce action plans for ethnicity and disability pay reporting – the intention is that reporting practices should be supported by initiatives to increase workplace equality. It is also said that employees will be able to use the plans to understand the actions the employer is taking and to hold them to account.

- **Additional reporting requirements for public bodies:** the Government intends to set higher threshold for public bodies (such as NHS bodies and schools) for reporting ethnicity information to drive transparency and accountability. The additional information required would be ethnicity pay difference by grade or salary band and data relating to recruitment, retention and progression. It is said this data will help public bodies identify where racial inequalities persist. Views are also sought on whether this additional information should capture disability.
- **Dates, deadlines and reporting:** again, the proposal is to mirror the gender pay gap reporting regime and ask private sector employers to use a pay snapshot date of 5 April each year to collect their pay data, with results to be reported within 12 months (and by no later than 4 April the following year). Different snapshot and reporting dates will be used for public sector employers. It is also proposed that the data is reported online in the same way as gender pay information is reported on the Government's gender pay gap service.
- **Enforcement:** the proposal is that ethnicity and disability pay reporting is enforced by the Equality and Human Rights Commission, in the same way as gender pay gap reporting.

- **Ethnicity and data collection:** it is proposed that employers collect ethnicity data using the [detailed ethnicity classifications used by the Government Statistical Service for the 2021 Census](#). In England and Wales, this presents 19 different categories, plus an option of “prefer not to say”. Using a harmonised standard will ensure employers are consistent with their calculations across different time periods and assists comparisons between employers.
- **Ethnicity and data reporting:** in terms of how ethnicity data is reported, all employers will be required to report on a binary basis comparing White British (or, alternatively, White employees or those in whichever is the largest ethnic group) with all other ethnic minority groups combined. Added to which, the Government says it will “encourage” employers to show pay gap measures for as many ethnic groups as they can since this will provide a much richer picture and better inform action plans. However, to protect employee privacy, it is proposed that data should only be reported for an ethnic group where there is a minimum of 10 employees in that group. Employers will be permitted to aggregate some ethnic groups to meet this threshold of 10. Alternatively, if an employer has small numbers of employees in different ethnic groups, they can report on a binary basis only, but this should be kept under review, with the aim of reporting on more ethnic groups in future.

- **Disability and comparing pay across employee groups:** the proposal is to require employers to report on the disability pay gap on a binary basis by comparing the pay of disabled employees with non-disabled employees (as opposed to reporting the gaps between employees with different types of disabilities and non-disabled employees). For these purposes, the definition of “disability” used in the Equality Act 2010 will apply to ensure a consistent definition of disability across equality-related measures. Employees will not be required to disclose their disability if they do not wish to do so. Again, to protect employee privacy, it is proposed that data should only be reported where there is a minimum of 10 employees in each group (i.e. disabled and non-disabled).

## **Next steps?**

Employers with 250 or more employees (or those close to that threshold) should consider submitting their views on the consultation proposals. Responses may be submitted online, by email or by post by 10 June 2025.

Separately, the Government has issued a Call for Evidence seeking views on a wide range of additional equality law proposals. You can read our briefing on the Call for Evidence [here](#).

The responses to the Consultation and the Call for Evidence will shape the forthcoming Equality (Race and Disability)

Bill. However, it seems unlikely that these reforms would come into force before late 2026 or early 2027 at the earliest, given that employers have the immediate (and significant) challenge of complying with the Employment Rights Bill and given that the new Bill will need to complete its passage through Parliament.

In the meantime, in scope employers should begin to consider the following questions:

- Who will have ownership of the data collection and reporting processes within the business? Is additional resource needed? Will relevant staff need training?
- Are systems in place to collect and hold the relevant data securely? It should be remembered that ethnicity and disability data will constitute “special category data” for the purposes of data protection laws.
- How and when will you inform staff about the exercises and who will do this?
- Would a “dry run” of collecting and analysing the data

be desirable to test the robustness of the process and to understand the likely results?

[Equality \(Race and Disability\) Bill: mandatory ethnicity and disability pay gap reporting – Government Consultation](#)

**BDBF is a leading employment law firm based at Bank in the City of London. If you would like to discuss any issues relating to the content of this article, please contact Amanda Steadman ([AmandaSteadman@bdbf.co.uk](mailto:AmandaSteadman@bdbf.co.uk)) or your usual BDBF contact.**