Race Equality Week to kickstart long term racial equality at work

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Race Equality Week to kickstart long term racial equality at work

In this article, Melvyna Mumunie explains the continuing pressure on the Government to introduce mandatory ethnicity pay reporting and outlines the key considerations for its

implementation.

What is Race Equality Week and what is the key theme this year?

The UK's first Race Equality Week runs from 1 to 7 February 2021. The initiative is designed to promote and effect change in the workplace – its stated aim being to unite "…hundreds of organisations and individuals in activity to address the barriers facing race equality in the workplace". The central theme for 2021 is "Transparency and Accountability".

Although employer engagement will be key in a movement towards greater racial equality in the workplace, the Government holds the key to one of the most important mechanisms for promoting transparency and accountability – ethnicity pay reporting.

Where does the Government stand on ethnicity pay reporting?

It has been unlawful to discriminate in employment on the grounds of race since the implementation of the 1968 Race Relations Act. Yet in 2018 the Government acknowledged that workers from ethnic minority backgrounds are still more likely to be in low paid and low skilled employment. In an effort to address the continuing issue of race inequality, the Government consulted on proposals to introduce mandatory ethnicity pay reporting for large employers (i.e. those with 250+ employees). That consultation closed in January 2019 but the Government is yet to publish its response. However, there are reasons to think that there is broad support for the consultation proposals.

In December 2020 the BBC reported that it had obtained an unpublished document in connection with the consultation, which revealed that 73% of the 321 respondents to the consultation supported compulsory ethnicity pay reporting for large employers. Moreover, some organisations such as the Employment Lawyers Association and the Black Solicitors Network published their own responses to the consultation. In

response to the key question, “What are the main benefits for employers in reporting their ethnicity pay information?”, they highlighted several positives including the promotion of integrity and accountability, establishing and improving employee relations, marketing and profile-raising and societal benefit in the context of equal pay.

Is there an appetite for ethnicity pay reporting?

Despite the radio silence from the Government, calls for the introduction of the regime gathered momentum throughout 2020 amongst businesses, politicians and wider society. For example:

- In 2020, a Parliamentary petition to introduce mandatory ethnicity pay reporting received over 130,000 signatures by the time it closed. The Government’s lukewarm response was to refer back to the consultation stating that: “The Government is continuing to analyse this data and is committed to responding to the consultation by the end of the year at the latest.” No response was published in 2020.
- In February 2020, the Confederation of British Industry renewed pressure on large employers by calling for companies with more than 250 employees to publish their ethnicity pay data voluntarily, mirroring the format used for gender pay reporting. And employers have not baulked at this. Many high profile organisations including the BBC, Deloitte, Network Rail and Lloyds Banking Group have led the way on voluntarily reporting their figures. Furthermore, a PricewaterhouseCoopers’ poll of over 100 companies (that collectively employ more than one million UK employees) found an increase from 8% in 2018 to 23% in 2020 in voluntary ethnicity pay reporting amongst employers.
- More recently, Labour MP Stella Creasy’s Equal Pay (Information and Claims) Private Member’s Bill began its passage through Parliament in October 2020. Amongst

other things, the Bill seeks to introduce ethnicity pay reporting to organisations with 100+ employees. While Private Member's Bills don't often make it onto the statute books, this Bill has cross-party support and might just make it. At the very least, it has the capacity to keep up the pressure on the Government in this area.

What are the keys to success?

For a reporting regime to effectively facilitate equality in the workplace, lessons should be learnt from the gender pay gap reporting regime introduced in 2017.

While most employers were comfortable with the idea of gender pay reporting, many found the process to be difficult and required external legal advice on navigating the process. The complexity of the process led to the reporting of some highly improbable, inaccurate or questionable data in the early days of the regime. A clear and accessible framework for reporting will be key to enabling businesses to report their figures accurately and inform their strategy for change.

Raw data and numbers alone do not help employees or the public understand an employer's pay gap information. Mandatory narratives and reporting of contextual data (e.g. a breakdown of ethnicities across the workforce, a breakdown of employees by region/geographical location and pay bands where relevant), would help address this issue.

Reporting poor figures can lead to public embarrassment, but embarrassment does not necessarily result in change.

Employers should also be encouraged to publish action plans and report on how pay gaps will be closed. Employers should also be encouraged to report on, and take into account, various overlapping characteristics for example, ethnicity and gender. This will help employers develop meaningful strategies to address complex pay disparity issues affecting

employees.

Closing thoughts

Clearly, there is an appetite for an ethnicity pay reporting regime and it may be within grasp. The Government would do well to approach the implementation of the regime with great care to ensure that it is more than just a tick box compliance exercise. Of course, the approach may need to be developed and refined over time, but there are many clear lessons that can be learnt from the events of the past year, historical data collection and the gender pay gap reporting regime.

If you would like to know more, or your business needs advice, please contact Melvyna Mumunie (melvynamumunie@bdbf.co.uk), Amanda Steadman (amandasteadman@bdbf.co.uk) or your usual BDBF contact.



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