



Ethnicity pay gap reporting still fraught with complications as calls for new law grow

International Employment Lawyer

As pressure mounts on the UK government to introduce mandatory pay gap reporting, employers have been warned that the process could be fraught with complications.

An analysis of Office of National Statistics (ONS) data by the UK Labour Party found that Black African women earn 26% less than men. Bangladeshi and Pakistani women are paid 28% and 31% less, respectively. And Black Caribbean women earn 18% less on average.

Labour's analysis was released to coincide with Black History Month, which this year aims to focus on the real, lasting action to tackle racism and improve inclusion.

Challenges in collecting data

While the reasons for analysing gender pay gap data are compelling, compiling such data is far from straightforward. The most obvious issue is that, unlike gender pay data, employers may simply not hold data linking pay with ethnicity.

"Some employers might ask for this information when onboarding but even for those that do, response rates can be low, and employees can be reticent about disclosing this information. This could be due to mistrust about what the employer might do with that information," says Natasha Adom, a senior employment lawyer at GQ|Littler.

Although employers typically anonymise gender pay data, there can be additional complexities when dealing with ethnicity pay data, adds Adom.

"Employers will want to be mindful that they do not inadvertently identify individuals by virtue of small groups. For example, if there were only a small number of people from ethnic minorities in a business it may be possible that the individual may be identifiable which would lead to data protection implications."

Furthermore, many employers will have a relatively small number of employees from ethnic minorities, which can make it difficult to meaningfully make any equal pay comparisons.

Advice to employers

Despite the lack of legal requirement, several large employers, including Deloitte, PwC, KPMG, and EY, have begun reporting on their ethnicity pay gaps. For those wanting to follow their lead, Adom highlights the importance of complying with data protection obligations.

This includes seeking explicit consent to gather and use the data for reporting purposes and then anonymising the data. Carrying out a risk assessment in advance to identify any particular areas of danger is also advisable.

When sharing any results, it is important for employers to give them valuable context, adds Adom. "This will include providing details of the business' demographics so the data can be properly understood."

Wider contextual information can be helpful to explain current and planned actions to reduce any pay gap, what they see as the reasons for it, whether they see any obstacles, and the timescales over which they expect to see improvements.

This will help to not only drive change but to show the efforts being undertaken by the business to make the workplace be more equitable, Adom explains.

Read the full article [here](#).