

Equality and Human Rights Commission
Research report 117

Measuring and reporting on

disability and ethnicity

pay gaps

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IFF Research

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Executive summary

Introduction

Pay gaps are a measure of the difference in average hourly pay between different groups and a good indicator of inequality in access to work, progression and rewards.

There is an equality argument for closing pay gaps: no one should be at a disadvantage because of their gender, ethnic origin or disability status. The Equality and Human Rights Commission's (EHRC) pay strategy (EHRC, 2017) identifies significant economic benefits to decreasing pay gaps. It notes that closing the gender pay gap could add £600 million to the UK's gross domestic product (GDP); improving the employment rate and workplace progression for people from ethnic minorities could contribute £24 billion per year; and raising the participation of disabled people could reduce the annual £100 billion cost of people being out of work.

The requirement¹ for employers with 250 or more employees to report on their gender pay gaps has focused attention on the existence of, and reasons for, pay gaps. Pay gaps exist where members of one group have (on average) a lower hourly wage than another group. This may reflect an uneven distribution of people from different groups within workplaces, with some more likely to be in senior, higher paid roles.

¹ This requirement was introduced in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The EHRC pay gaps strategy (EHRC, 2017) further notes that existing public sector equality duties in Wales and in Scotland set out different requirements for listed bodies. In Wales, listed bodies must 'collect information about the differences in pay between employees who have a protected characteristic and those who do not, and the causes of such differences'. In Scotland the duty is for, 'listed bodies with at least 20 employees to publish gender pay gap information, and an equal pay statement ... [including] information on occupational segregation for race, gender and disability'. See <https://www.equalityhumanrights.com/en/publication-download/fair-opportunities-all-strategy-reduce-pay-gaps-britain>

EHRC are working to extend the focus from gender pay gaps and make employers aware of the drivers of inequality in work for some ethnic minority groups and disabled people. One potential way of monitoring and measuring this inequality is by employers collecting data on ethnicity and disability, including on employment and pay gaps. The aim of measuring pay gaps is not just to assess the size of pay gaps, but also to understand their causes and identify potential solutions to addressing both the causes and the resulting pay gaps. Understanding the drivers of, and solutions for, differences in pay can help us to address pay gaps, which will be different across gender, ethnicity and disability. This understanding will support us to work towards a society in which people are not disadvantaged in terms of access to education and work opportunities.

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

This research seeks to identify the extent to which employers are currently measuring and reporting on the ethnicity and disability pay gaps, and to identify good practice in the collection and publication of relevant data. As well as looking at pay gaps, it also considers how employers are supporting in-work progression for people from different groups. The methodology included a web-based review, a telephone survey, and online research and telephone interviews with 'good practice' employers.

Key findings

The majority of employers (77%) report that ensuring workforce diversity is a priority and many are committed to supporting employees with protected characteristics. However, this is not always backed up 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 publish data on their ethnicity or disability pay gaps.

Where employers report on workforce make-up or pay by ethnicity, they tend to use binary categories (such as White, Black and ethnic minority) rather than reporting at a more detailed level. Reporting on the disability status of the workforce is less

common, but when it occurs employers also tend to use binary categories (disabled and non-disabled). This tends to be because of concerns around confidentiality and the need to avoid identifying individuals in reporting. The organisations that are most successful in encouraging staff to share information on ethnicity and disability tend to put significant effort into encouraging employees to provide information and explaining how the data they will use the data.

While relatively small proportions of employers analyse or publish pay gaps data (other than for the gender pay gap), more than half (55%) collect data around progress and pay. Just under a quarter (23%) of all employers collect pay and progress data that could be used to analyse differences by ethnic group or between disabled and non-disabled employees.

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 stating 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, for example through an online form (58%); and making it mandatory to collect the information (48%). However, 13% of employers said that nothing would help overcome barriers.

Good practice actions

While very few employers report on their disability and ethnicity pay gaps, many more are working towards ensuring disabled people and those from ethnic minorities do not face barriers in terms of progression to the highest levels of an organisation.

Examples of good practice actions (both mandatory and voluntary) by employers include:

- collecting information on, and encouraging staff to self-report, their ethnicity and disability status on a rolling basis
- running internal communications campaigns before collecting data, to highlight to staff how data will be used to support equality
- publishing details of the proportion of staff who are from an ethnic minority or disabled, and conducting a pay review

- publishing equality reports that show workforce breakdowns of employees by protected characteristics
- using frameworks to identify how protected characteristics affect issues such as recruitment and annual reviews
- monitoring recruitment bias by looking at the percentage of those with protected characteristics who applied for jobs, were shortlisted, and appointed, and
- establishing working groups or develop action plans to address the ethnicity and disability pay gaps, and take action (for example, running leadership workshops targeted at staff from ethnic minority groups).

1 | Introduction

1.1 Pay gaps in the UK

Pay gaps are a measure of the difference in average hourly pay between different groups and a good indicator of inequality in access to work, progression and rewards.

The requirement for relevant public bodies and private companies with over 250 employees to report on their gender pay gaps has focused media attention on the existence of pay gaps. Research published by EHRC (Longhi, 2017; Longhi and Brynin, 2017) has shown that ethnicity and disability pay gaps also exist across the UK. Employers are not currently under any obligation to report on ethnicity and disability pay gaps; and it is not unlawful to have a pay gap. Such pay gaps may however reflect significant disadvantages and barriers experienced by disabled people and ethnic minorities in the labour market (for example, accessing education and professional networks) and (unconscious) bias or discrimination in hiring and promotion practices.

EHRC are working to extend the focus from gender and make employers and policymakers aware of the drivers of inequality in work for some ethnic minority groups and disabled people. One way of monitoring this inequality is through measuring ethnicity and disability pay gaps. The aim of measuring pay gaps is not just to assess their size, but also to understand their causes and identify potential solutions to addressing pay gaps.

The EHRC's pay gaps strategy, 'Fair opportunities for all: A strategy to reduce pay gaps in Britain', notes that in 2016 the ethnicity pay gap was 5.7% and the disability pay gap was 13.6% (EHRC, 2017, p. 4).² However, these figures disguise vast differences between pay gaps for different ethnic minority groups or for disabled people with different mental or physical impairments. The pay gaps strategy calls on the UK Government to 'monitor the effectiveness of mandatory gender pay gap

² The methodologies used to calculate the ethnicity pay gap and disability pay gap are different, so the figures are not directly comparable.

reporting on closing gender pay gaps and consult with employers on the most effective way of extending the reporting requirement to ethnicity and disability pay gaps' (EHRC, 2017, p. 26). This research considers how employers can begin to collect data on progression and their ethnicity and disability pay gaps, and use it to tackle the causes of the pay gaps.

The Public Sector Equality Duty (PSED) includes a general duty for public bodies³ to have due regard to the need to eliminate discrimination, advance equality and foster good relations between different people⁴ when carrying out their activities (EHRC, 2014). Some examples of good practice within this research have resulted from the specific duties required by public bodies interviewed or assessed. This is made clear throughout. A full breakdown of the relevant specific duties can be found in appendix E.

1.2 Why do pay gaps matter?

There is an equality argument for closing pay gaps: no one should be at a disadvantage because of their gender, ethnic origin or disability status.

The causes of the gender, ethnicity and disability pay gaps include variation in educational attainment and choices, and the over-representation of women, people from ethnic minorities and disabled people in relatively low paid and low skilled jobs (Longhi, 2017; Longhi and Brynin, 2017). While the current levels of pay gaps in Britain are not solely due to employer action and attitudes, they reflect structural barriers both to entering work and to progressing within the workplace that affect particular groups to different extents.

EHRC's pay gaps strategy (EHRC, 2017) identifies very significant economic benefits to decreasing pay gaps. It notes that closing the gender pay gap could add £600 million to the UK's gross domestic product (GDP); improving the employment rate and workplace progression for people from ethnic minorities could contribute £24 billion per year; and raising the participation of disabled people could reduce the annual £100 billion cost of people being out of work.

EHRC's research looking at the ethnicity and disability pay gaps also found that factors such as part-time work and low pay are only partly responsible, as 'discrimination and bias may also play a significant role' (EHRC, 2017, p. 27). Wood

³ Private and voluntary sector organisations are also required to have regard to the PSED when they are carrying out a public function.

⁴ Including those who share a protected characteristic and those without

et al. (2009) found that employers were less likely to contact applicants with near-identical CVs when the name of the applicant was not (White) 'British-sounding'; and a US study found that job applicants who declared a disability were also less likely to receive a response from employers (Ameri *et al.*, 2015).

EHRC's pay gaps strategy argues that 'pay gaps are a good indicator of inequalities in access to work, progression and rewards' (EHRC, 2017, p. 4). It makes six main recommendations to address them:

1. Unlock the earning potential of education by addressing differences in subject and career choices, educational attainment and access to apprenticeships.
2. Improve work opportunities for everyone, no matter who they are or where they live.
3. Make jobs at all levels available on a flexible basis.
4. Encourage men and women to share childcare responsibilities.
5. Reduce prejudice and bias in recruitment, promotion and pay decisions.
6. Report on progress in reducing pay gaps.

This report focuses on recommendations five and six. It provides an assessment of the extent to which employers are considering equalities issues in recruitment, progression and pay decisions. It also considers the extent to which employers are aware of, and aiming to reduce, their ethnicity and disability pay gaps.

1.3 About this project

IFF Research was commissioned in December 2017 to identify the extent to which employers are measuring and reporting on the ethnicity and disability pay gaps and to identify good practice in the collection, use and publication of relevant data to tackle pay and progression inequalities in these groups. As well as pay gaps, this report also considers how employers are supporting progression⁵ (defined widely as promotion to a higher grade, a sideways move, or increased responsibilities) for people from different groups. It:

- assesses the most effective ways for employers to measure workforce pay and progress for ethnic minority and disabled people
- identifies what measures are most useful to employers in doing so

⁵ Some employers provided details of recruitment strategies, but this was not a core focus of the research.

- provides examples of how employers have measured progression and pay for different groups, and
- provides an indication of:
 - the extent to which employers collect data on the ethnicity and disability status of their workforce
 - whether or not they analyse this data to identify any differences in progression or pay gaps, and
 - whether or not they publish this data.

2| Ethnicity and disability pay gaps

2.1 Definitions

The disability pay gap is defined as ‘the difference between the average hourly pay of disabled and non-disabled people... expressed as a percentage of non-disabled people’s pay’ (Longhi, 2017, p. 4).

The ethnicity pay gap is defined as ‘the difference between the average hourly pay of ethnic minorities and White British people... expressed as a percentage difference, with White British people’s earnings representing 100%’ (Longhi and Brynin, 2017, p. 7).

In both cases, hourly pay is calculated based on usual gross weekly pay and usual hours worked (including any paid or unpaid overtime) in a person’s main job. Second jobs are not included in the calculation.

Calculating pay gaps

Differences in pay may be accounted for by individual determinants, such as age, level of education, and skills. Disabled people and those from an ethnic minority background may face additional barriers to accessing, or advancing in, the job market. It is almost impossible to identify exactly what proportion of pay gaps is accounted for by individual characteristics or additional barriers beyond and including discrimination, because it is very hard to reliably calculate the impact of each characteristic in isolation (Longhi, 2017).

Pay gap calculations generally only include those who are employed, and exclude both those people who have not been able to access work, as well as those who are self-employed. In some cases, self-employment may not be a free choice, but may be a response to constraints in accessing employment (Longhi and Brynin, 2017).

2.2 The disability pay gap

Recent research for EHRC noted that the causes of the disability pay gap are complex (Longhi, 2017, p. viii); and indeed the disability pay gap does not fully reflect the full dimensions of income differences between disabled and non-disabled people, as disabled people are less likely to be employed.

The disability pay gap varies by type and degree of disability. It tends to be large for people with mental illnesses (up to 40% for men) or with learning difficulties or disabilities (up to 60% for men) (Longhi, 2017).⁶ People with physical disabilities experience slightly lower pay gaps on average (up to 28% for men and 18% for women). The extent of the pay gap tends to increase with severity of disability. Longhi (2017) found that disability tends to increase the size of the ethnicity pay gap, but that ethnicity does not appear to affect the size of the disability pay gap.

Longhi (2017, p. 10) notes that 'in general, [disability] pay gaps are reduced when we take characteristics into account'. However, characteristics explain only part of the pay gap.

2.3 The ethnicity pay gap

The ethnicity pay gap in the UK is relatively long-standing and varies by sex, by specific ethnic group, and by whether individuals are UK- or foreign-born (the latter may be a proxy to some extent for language skills, education, or whether qualifications held are recognised in the UK) (Longhi and Brynin, 2017).

The ethnicity pay gap for men in particular is large. White British, Indian, Chinese and British-born Black African men earn similar amounts, but men from other ethnic groups experience clear pay gaps. The ethnicity pay gap for men has not narrowed over recent decades, and it has increased for some groups. For women, the ethnicity pay gap has remained relatively stable over time, and it is smaller in absolute terms than for men.

Some of the ethnicity pay gap is explained by occupational segregation (where people from different ethnic groups tend to work in different occupations, which are remunerated differently). However, pay gaps exist even when occupation is excluded. Other factors that affect the ethnicity pay gap include: regional patterns of employment (people working in London tend to have higher salaries, and ethnic

⁶ In both of these cases, the pay gaps for women were not statistically significant.

minority groups are over-represented in the London workforce compared to the rest of the country); and qualification levels (these are higher than average for UK-born people from most ethnic minority groups).

Individuals may be disadvantaged by the disability, ethnicity or gender pay gaps, as well as by any combination of the three. While pay gaps therefore need to be interpreted in a nuanced way, as they are likely to vary by combinations of individual characteristics, many of the strategies that employers can use to monitor pay and progression apply across characteristics such as sex, ethnicity and disability.

3 | Methodology

This research sought to identify the extent to which employers are currently measuring and reporting on the ethnicity and disability pay gaps, and to identify good practice in the collection and publication of relevant data. As we are looking at pay gaps, it also considers how employers are supporting in-work progression for people from different groups.

The research methodology for this study included:

- a web-based review of a random sample of 150 public, private and voluntary sector employers across England, Scotland and Wales. The review covered employers with at least 100 employees
- a telephone survey of 285 private and voluntary sector employers with 10 or more employees across England, Wales and Scotland. Interviews were carried out with business owners or senior managers (including HR specialists and finance managers)
- online research and phone interviews with 'good practice' organisations – employers that have thought about progression and/or their ethnicity and disability pay gaps, and collect (or are on their way to collecting) relevant data so they can put measures in place to address any gaps or differences in progression.

3.1 Telephone survey

IFF Research runs a monthly telephone survey of 500 private and voluntary sector employers across the UK, the Business Spotlight omnibus. The January 2018 survey included a number of questions on attitudes and approaches to the disability and ethnicity pay gaps within employers.

These questions were asked of those employers based in England, Scotland and Wales with 10 or more members of staff. This resulted in a sample of 285 employers.

Employers were asked questions about:

- whether it was a business priority for them to ensure diversity in their workforce
- whether they recorded data on ethnicity and disability and, if so, how this was collected (e.g. through new starter forms, staff surveys etc.)
- barriers to the collection of data on ethnicity or disability and potential ways of overcoming these
- the extent of any investigation they had done into pay and progression across ethnic groups, or comparing disabled and non-disabled employees
- any actions taken by the employer after analysing pay and progression data
- support that would help employers that have not yet started to look at pay and progression, but would like to do so – including advice on what data to collect, how to analyse it, and potential actions.

At the analysis stage, the data was weighted to be representative of all employers with 10 or more members of staff in England, Scotland and Wales, using Office for National Statistics Inter-Departmental Business Register (IDBR) population data. The IDBR is a comprehensive database of UK employers that is widely used in research projects. It allows survey data to be weighted so that the profile of respondents matches the population profile.

3.2 Web-based review

The web-based review looked for evidence of data collection and reporting on pay gaps by employers in England, Scotland and Wales. This part of the project involved two strands:

- a systematic investigation of a random sample of organisations
- a purposive web search specifically looking for examples of good practice.

The first part involved taking a random sample of employers (including private, public and third sector employers) from the Market Location database⁷ and systematically reviewing their websites for evidence of reporting data on disability and ethnicity pay gaps, and approaches to progression or supporting employees.

The review covered 150 organisations, divided into the four broad sectors of:

- primary/manufacturing

⁷ A database of over two million UK businesses, which includes contact details and so can be used for telephone surveys.

- retail/hospitality
- finance/business services
- health/education.

To increase the likelihood of finding information about pay gaps, this element of the research was limited to organisations with at least 100 employees, as small organisations are less likely to produce formal plans and reports, or to have detailed websites.

Table 3.1 below shows the breakdown of employers included in the web-based review by size.

Table 3.2 shows the breakdown of employers by broad sector. Employers in different sectors are likely to have different approaches to workforce development and diversity, and this spread aimed to capture a broad range of approaches.

Table 3.3 shows the distribution of employers selected for the review, by region in England and by country (based on location of head office). The patterns broadly reflect the distribution of employers across Britain. In addition, there are different requirements across England, Scotland and Wales in terms of gender pay gap reporting, and this may affect the amount of information employers collect about pay gaps more generally.

Table 3.1 Breakdown of web-based review organisations by size

	Number of organisations
100–199 employees	70
200–249 employees	16
250–499 employees	33
500 employees or more	31
Total	150

Table 3.2 Breakdown of web-based review organisations by sector

	Number of organisations
Finance/business services	46
Health/education	29
Primary/manufacturing	35

Retail/hospitality	40
Total	150

Table 3.3 Breakdown of web-based review organisations by region

	Number of organisations
England	132
East of England	10
East Midlands	13
(Greater) London	20
North East	6
North West	13
South East	24
South West	13
West Midlands	16
Yorkshire and Humberside	17
Scotland	11
Wales	7
Total	150

The web-based review included a search of the organisation's website, and a review of relevant organisational reports published on the website. This included annual reports and any separate corporate social responsibility (CSR), equality/diversity or staffing/human resources reports.

The second part of the review involved web searches using combinations of key words and phrases to identify organisations that have published data about disability and ethnicity pay gaps. The searches involved searching for the term 'pay gap' with

combinations of the keywords used for the organisational website review. We also contacted a number of representative bodies for support in identifying employers that are particularly progressive in terms of collecting data on ethnicity and disability.

3.3 Good practice case studies

The third stage of the project was to identify good practice employers of different sizes across a range of sectors. These were identified through the telephone survey, website review, purposive online searching, and liaison with business representative organisations. Several of the case study organisations are subject to the PSED (and specific duties).

The case studies draw on background material available online. Interviews were also arranged with employers to discuss issues in more depth. These covered:

- how employers first started to measure differences in workplace progression and/or pay gaps, and any issues they experienced in collating the necessary data
- their motivations to take action on progression and pay (including and beyond those actions required by the PSED and specific duties in each nation)
- the decision process behind deciding which actions to take (or opting not to take action)
- any difficulties or challenges encountered, and changes in direction as a result
- the reception from employees and customers
- advice for other employers who are interested in investigating workplace progression and pay.

The findings from all three stages are presented thematically throughout the report. The full employer case studies are also presented individually in appendix D.

4| Findings

This chapter sets out findings from the research by theme. It covers:

- employer views on workforce diversity
- the extent to which employers record data on ethnicity and disability
- barriers to the collection of data on ethnicity or disability
- the extent to which employers compare progression and pay gaps across ethnic groups, and for disabled and non-disabled employees
- ways in which employers support progression for people from different ethnic groups
- any actions taken by the employer after analysing pay and progress data
- overcoming barriers, and
- support that would help employers that have not yet collected relevant data.

The findings below highlight where best practice approaches are a result of mandatory duties or of self-initiated employer practice.

4.1 Employer views on workforce diversity

At an overall level, a large proportion of employers included in the web-based review mention the importance of diversity, inclusion and equality among their workforce⁸. This tends to be covered on the recruitment or careers page of their website, or as part of their corporate social responsibility (CSR) report or annual report. Generally, most provide a relatively high-level statement regarding offering equal opportunities and encouraging diversity within their workforce. Larger public sector employers tend to publish an equality and diversity report (as required by the PSED).

⁸ The Public Sector Equality Duty (PSED) and specific duties require public sector organisations to have regard to equality issues, and for some organisations to publish details of how they meet the PSED in accordance with the specific duties relevant to the country in which they are listed.

Case study employers also mentioned a range of reasons for their commitment to equality and diversity. While some are subject to the PSED and specific duties, case study employers tend to go beyond the minimum legal requirements for collecting and publishing pay data by protected characteristics (other than gender). Case study examples are presented in boxes throughout this chapter⁹.

The employer survey¹⁰ found that a clear majority (77%) of employers report that ensuring workforce diversity is a priority for their business, and 40% state it is a high priority. The proportion reporting it as a priority ranges from 74% of large employers (250 or more employees) to 78% of small employers (10–49 employees).

The Royal Bank of Scotland (RBS) employs over 70,000 people and inclusion is a priority for the bank. Since the financial crisis, RBS has undergone significant cultural change. As part of this cultural change, the bank has acknowledged that it needs to reflect the communities it serves, and that a diverse workforce improves both employee engagement and business outcomes.

The early stages of the bank's inclusion programme focused on gender equality, but these have since expanded to five priority areas: gender; disability; lesbian, gay, bisexual, transgender (LGBT) people; ethnic diversity; and the multigenerational agenda. A dedicated team of professionals manage the bank's diversity and inclusion business objectives and each area has a senior-level sponsor to ensure objectives are met. Diversity targets are included in senior leaders' annual targets and form part of the appraisal process.

The Environment Agency is part of the Department for Environment, Food and Rural Affairs (Defra) group. The group's equality, diversity and inclusion strategy notes 'moral, legal and business reasons' for equality, diversity and inclusion. These include: employees feeling respected and being supported to 'realise their full potential'; being representative of the Defra organisations' customers and so understanding their needs better; and having an excellent reputation by 'demonstrating inclusive practices both internally and externally'.

⁹ Public sector case study organisations (subject to PSED) include Wokingham Borough Council, the University of Edinburgh, the Environment Agency, and the Greater London Authority (GLA). The University of Edinburgh is also subject to the Scottish Specific Duties Regulations.

¹⁰ The survey covered private and voluntary sector employers.

Leonard Cheshire Disability supports disabled people in the UK and around the world to fulfil their potential and live the lives they choose.

While equal opportunities for people with disabilities is the 'raison d'être' of the organisation, equality and diversity among the workforce is also considered a top priority. As a Disability Confident Leader (the top level of the government's Disability Confident employer scheme), Leonard Cheshire Disability is keen to be a leader in equal opportunities for disabled people in the workplace. 19% of the UK working population have a disability and Leonard Cheshire Disability's ambition is to reflect this proportionality within their workforce. Diversity is also a standing item on the agenda for meetings of the executive committee of the organisation's staff association.

Employers in the 'other services' sector (which includes health and education) are most likely to say that ensuring workforce diversity is a priority (84%). Employers in transport, retail and distribution are also more likely than average to do so (79%). Employers in Scotland are most likely to agree that ensuring workforce diversity is a priority (79%), followed by 77% in England and 70% in Wales.

The Greater London Authority (GLA) consists of the Mayor of London and the elected London Assembly. It employs over 800 members of staff.

Ensuring that the workforce reflects London's population at all levels and that employees are not discriminated against (including unconsciously) on the basis of ethnicity or any other protected characteristic are key priorities for the GLA.

The Mayor of London's 2016 election manifesto included a commitment to addressing inequality with a specific focus on addressing gender pay inequality. The GLA has also been working on an 'economic fairness' agenda – including what happens in workplaces to ensure equality and fairness.

Publishing information on equality and diversity

Reports on equality and diversity are published by 22 of the 150 web-based review organisations (including by public sector organisations subject to the PSED). These reports vary in level of detail and focus: some are largely focused on equality and diversity policies and others on business strategy. However, more widely, employers' stated commitment to diversity is not always reflected in the publication of easily

accessible information about the organisation's approach to equality and diversity. A relatively small proportion of organisations publish details regarding their equal opportunities policies online, although in some of these cases, the policy is not necessarily tailored towards their workforce or employees. For example, one academy's statement focuses more on equality among the student body rather than staff. Generally, it is difficult to find detailed information or data regarding equality and diversity on employer websites, but equality and diversity is almost always acknowledged in some way.

Some organisations promote relevant awards and accreditations they hold, though generally they provide relatively little background information about awards and how or why they were recognised.

Overall, there are a variety of employer approaches to publishing information on equality and diversity. Some employers are legally required under the PSED and specific duties to collect and publish some relevant information. While the PSED and specific duties do not require bodies to publish ethnicity and disability pay gap figures, they require employers to collect data from employees on protected characteristics, which could be used to help them produce pay gap figures; and in Scotland, organisations are required to publish an equal pay statement (specifying occupational segregation among their employees) that covers race and disability. In addition, some employers subject to the PSED go beyond these legal requirements, for example by publishing ethnicity pay gap figures. For employers to whom the PSED does not apply, voluntary approaches range from statements that employers do not discriminate in recruiting, to demonstrating a more active approach of taking action or monitoring progression. Different types of approach include:

Approach	Description
Statements of values	The employer publishes statements about its approach to equal opportunities and diversity. Few details are given about how these principles are implemented in practice, or how they inform their approach to recruitment, progression and pay.
Strategy/policy	The employer includes discussion of equal opportunities and diversity within a wider corporate social responsibility/sustainability strategy; or the employer has a standalone strategy/policy for equal opportunities and diversity.

	<p>These tend not to provide much detail on workforce make-up, although some include workforce breakdowns by ethnicity and disability. Detail tends to be limited.</p> <p>(Publishing relevant information is a requirement under the PSED and specific duties, and public sector bodies generally produce more detailed strategies).</p>
Diversity initiatives	The employer runs or supports a range of initiatives to support employees with particular protected characteristics (for example, mentoring programmes, awareness days, or networks for employees from an ethnic minority background). In some cases, these initiatives are developed following an assessment of workforce progression and pay for different groups. (This may be as a voluntary response after collecting employee data as part of the PSED requirements).
Collecting and publishing workforce data	The employer includes a breakdown of workforce by ethnicity/disability status (and/or further analysis by staff grade) in annual reports. (For some employers, this is required by the PSED and specific duties).
Diversity targets	The employer sets clear targets around workforce diversity (for example, increasing the proportion of managers who are from an ethnic minority, or increasing the proportion of employees who are disabled) and reports on progress towards them. (This may be as a voluntary response from organisations subject to PSED requirements).
Publishes data on the ethnicity and/or disability pay gaps	The employer publishes data or reports showing their ethnicity and/or disability pay gap information. (This goes beyond the PSED and specific duties).
Takes action on ethnicity and/or disability pay gaps	The employer takes action as a result of identifying pay gaps. Actions might include: developing mentoring programmes; training managers and recruiters for unconscious bias; running leadership workshops or programmes; or setting targets for representation of different groups at senior management level, which is permitted under the positive action provisions in the Equality Act 2010.

Source: IFF Research web-based review

In general, large organisations tend to provide more information on their websites around diversity, including the existence of support networks. This is likely to reflect both the increased likelihood of having such networks, as well as an increased capacity to update websites with a wide range of content. In the public sector, it also reflects the requirements of the PSED and specific duties.

4.2 Data and barriers

Collecting data

Overall, 36% of employers record or collect data on employee ethnicity (this ranges from 35% of those with 10–49 employees, through 38% of those with 50–249 employees, to 60% among those with 250+ employees). Almost all employers (96%) collect or record the data through new starter forms; 64% through other HR records; and 27% through staff surveys. Large employers are more likely to collect data through other HR records (70% do so, compared to 52% of medium-sized employers); and are most likely to use staff surveys to collect the data (41% do so, compared to 39% of medium-sized employers and 2% of small employers).

A slightly higher proportion of employers (44%) record or collect data on employees' disabilities. This ranges from 43% of those with 10–49 employees, through 46% of those with 50–249 employees, to 54% of large employers. Employers in England are least likely to report collecting data on employees' disabilities (42%, compared to 57% in Scotland and 63% in Wales). Again, almost all of these (92%) record or collect the data through new starter forms; 64% through other HR records; and 27% through staff surveys. A small proportion (3%) of employers also reported collecting the data through risk assessments.

Several of the case study organisations collect data on the ethnicity and disability status of their employees (some are required to do so by the PSED). Most collect the information when a new employee joins the organisation, and several use online HR portals to do so.

At RBS, information on ethnicity and disability is collected through a centralised HR system that employees can update at any time. Employees use drop-down boxes to voluntarily provide details of their ethnic group, sexual orientation, any faith they follow, their work pattern and any adjustments they require to perform their role. RBS uses the Office for National Statistics (ONS) categories for ethnicity, as these are widely recognised. For disability, employees select from a pre-populated list of conditions. In both cases, completion is optional, and there is a 'prefer not to say' option. The information on the portal can be updated at any time (for example, if an employee develops a disability).

Aside from gender, the data is treated as confidential and is not visible to line managers. The data is used to analyse progress towards targets, especially ethnic diversity at different levels.

At Wokingham Borough Council, employees are given the opportunity to disclose information regarding their ethnicity, disability and other protected characteristics when they join the organisation. Standard census categories are used. Employees are encouraged to keep their details up to date on a 'self-serve' HR system. A reminder is sent to staff annually to encourage disclosure of information on ethnicity, disability and other protected characteristics.

Disclosure rates vary significantly by type of characteristic. For example, while almost every employee has disclosed their ethnicity, around a third of employees have not yet declared whether or not they have a disability.

One case study organisation holds data on employee characteristics for 70% of their 10,000 employees, and aims to collect data on the characteristics of the whole workforce. Another case study organisation notes that nearly 80% of employees share data on ethnicity, and is aiming to increase this percentage. However, a third of organisations surveyed reported that they hold the data for 30% of the workforce, and are working to increase this proportion.

There is very little evidence from the web-based review that organisations more widely collect data on the ethnicity and disability status of their workforce, although they may be collecting but not publishing the information. Very few organisations publish ethnicity and disability information so that it is easily accessible on their website. Gender is more often monitored and discussed than other protected characteristics.

We identified a handful of organisations that report on ethnicity and/or disability. (These included local authorities, a further education college, an arm's length body and higher education institutions, as well as two private sector organisations).

In terms of disability, 12 of the 150 organisations reviewed publish data on the disability status of employees. Eleven of these are public sector organisations; 10 are based in England and one each in Scotland and Wales. This information is generally included within other reports, such as the equality and diversity reports mentioned above, or within annual/CSR reports, rather than standalone reports relating to disability. All of these organisations give details of the proportion of their workforce that have a disability, with a minority giving a more detailed breakdown of disability by type of contract (full-time or part-time), or by staff grade.

Generally, the definition of disability used is unclear or simply described as the employee 'declaring a disability', with no details provided of the questions asked to collect this information.

For the case study organisations, more detailed data is sometimes collected: for example, one uses the census categories for ethnicity, as well as a relatively detailed list of types of disability. The data is not published at this level of detail, but it is used to inform campaigns and actions within the organisation.

The picture is relatively similar with regards to publishing ethnicity data. Within the web review sample, 12¹¹ of the 150 organisations publish data on ethnicity. Eleven of these are public sector organisations. Nine of the 12 are based in England, two in Wales and one in Scotland. There is no consistent definition or breakdown of ethnic group used, although in most cases all non-White employees are grouped together and compared with White employees. As with disability, this information tends to be published within other reports.

Employers are slightly more likely to provide details of workforce ethnicity by salary band rather than disability status by salary band.

Public sector organisations, often in health/education, and large organisations are more likely to publish data on the ethnicity and diversity of their workforce. To some extent this reflects legal requirements under the PSED and specific duties; but some organisations go beyond the requirements to publish more detailed information. However, even where workforce data is collected and published, there is usually little or no detail provided on data collection and analysis methodology. For example, it is often unclear: how the data was collected and when; what questions were asked and answer categories provided; and what is done where employees do not provide data.

Some organisations indicate that they ask employees to check and update their declared details periodically (most often annually) to reflect any changes in status, or that they have a 'live' system where employees can log in at any time to make changes.

¹¹ There is significant overlap between the employers publishing ethnicity data and those publishing disability data, but the groups are not identical.

At RBS, the inclusion team feels that it is important for people to understand why data is being collected, how it will be used, why it is important and how it will be protected. Collecting information on ethnicity, sexual orientation, disability and faith can be less straightforward than gender. A multichannel communications campaign, which will feature email and video and make use of the bank's internal social networking site, is planned to educate employees on how this data is being used to avoid any reluctance from staff in participating.

Barriers to collecting data

Just over half of employers (51%)¹² report barriers to collecting data on employees' ethnicity, and 52% to collecting data on employees' disability. Employers in England are more likely to report barriers to collection on employees' ethnicity (53%, compared to 41% in Scotland and 32% in Wales).

In terms of collecting data on employees' ethnicity, just under a third (32%) of employers state that collecting the data is too intrusive; 27% report that employees do not want to share the information; 20% state that collecting it is too onerous; 4% report that there is no need to collect the data or it is irrelevant; and 3% state that it is too expensive. Small employers are most likely to state that collecting the data is too intrusive (34%) or too onerous (21%). Employers in England are most likely to report that collecting the data is too intrusive (32%, compared to 29% in Scotland and 16% in Wales). They are also much more likely to state that collecting it is too onerous (21%, compared to 7% in Scotland and 16% in Wales).

When it comes to collecting data on employees' disabilities, medium-sized employers (50–249 employees) are least likely to report barriers (43% do so, whereas 53% of small and 54% of large employers do so).

Employers in England are more likely to report barriers to collecting data on employees' disability (54%, compared to 44% in Scotland). Nearly two-fifths (37%) of employers report that employees do not want to disclose the information; 30% state that collecting data on employees' disabilities is too intrusive; 17% report that collecting it is too onerous; 5% state that it is too expensive; and 3% report that there is no need to collect the data or it is irrelevant. Small employers are most likely to

¹² These figures are based on the employer survey, which covered private and voluntary sector employers only.

state that collecting the data is too intrusive (31%) or too onerous (18%). Employers in England were most likely to report that employees do not want to disclose the information (38%, compared to 36% in Scotland and 16% in Wales). Concerns around intrusion may account for the fact that employers appear less likely to publish information on workforce disability.

At Leonard Cheshire Disability, data regarding protected characteristics is collected for all new employees through mandatory forms during the recruitment process.

For existing employees, however, there are a number of barriers to collecting complete workforce data, such as:

- a workforce with a diverse geographic spread across the country
- a higher than average proportion of the workforce with internet accessibility needs
- reluctance among staff to disclose personal information with their employer.

Case study organisations noted that it tends to be easier to collect data from new starters as part of an induction process (although new starters are not required to share details of disability or ethnicity). In some cases, longer-serving members of staff could be concerned about why the organisation was looking for the data. One case study organisation noted that some employees may not be aware that they can provide details of their ethnicity or disability status to HR; and that other employees may feel it is not relevant to their work. However, this organisation also noted that some employees were concerned that disability data in particular could be used to 'point them out'.

This suggests that employers will need to address fears about the potential impact of disclosure. For example, by ensuring that data is anonymised and not reported at a level that might allow individuals to be identified. Other case study organisations noted a range of reasons for not sharing disability status (and ethnicity to a lesser extent) including:

- concerns about how the data will be used
- concerns about who will have access to the data and if it will be stored securely
- feeling that disability status is not relevant to their work
- not realising that a health condition is a protected characteristic.

Some of the barriers to data collection noted by employers could be overcome relatively easily. For example, the government or local authorities could produce simple templates for data collection and example questionnaires that employers could distribute to staff quickly and easily, which could overcome the barrier of employers not knowing what data to collect. Data could be collected through online forms that employees complete in confidence. However, online approaches may not be appropriate in all cases. One case study employer has a very geographically dispersed workforce; many employees work in clients' homes, and some may not have access to the internet or be able to use computers easily. Collecting data via online methods is therefore not always appropriate.

4.3 Using data to assess progression and pay gaps

Just over half (55%) of employers collect data on workforce progression and pay. Small employers are least likely to do so (53%, compared to 64% of medium-sized and 65% of large employers). Employers in England are most likely to report that they collect relevant data (57%).

There is very little evidence of data collection on progression and pay from the web-based review. The most commonly published pay gap information is gender pay gap information, reflecting the legal requirement for public sector organisations and private companies with 250 or more employees to publish details of their gender pay gap, and the requirements of the Welsh and Scottish specific duties.

While 12 of the employer websites reviewed contain data on employee ethnicity and/or disability status, only three of these include information on their disability pay gaps. The same three organisations publish pay gap data on ethnicity. All three organisations are in the public sector (more specifically, in the health/education sector); one is in Scotland and two are in England.

All three organisations are subject to the PSED, and in one case to the Scottish specific duties, but go beyond the requirements to publish ethnicity and disability pay gap data; one in its equal pay audit, one in an equality duty report and another in its workforce equality report.

All three organisations provide pay gap details for gender, ethnicity and disability status. The ethnicity data is split by White/non-ethnic minority and ethnic minority, and disability data by disabled and non-disabled status. For both ethnicity and disability, the published data includes a 'not stated or declared' category as well.

However, details of the data collection methods and the definitions of disability used are not provided.

We found little evidence of structured monitoring of progression by ethnic group or disability status. The websites of many large organisations state that they do not discriminate in terms of providing training or support to progress, but most provide no information to support this statement. Given that the ethnicity and disability pay gaps are to some extent explained by educational and occupational segregation, reaching a situation of equality will require significant efforts to ensure that people from ethnic minorities and disabled people are not impeded in progressing by structural or cultural barriers. These might include a propensity to apply for particular types of jobs, or for promotion, so may require activity around recruitment as well as in-work progression.

Case study organisations report a range of motivations for their work around progression and pay. Several noted a commitment from senior levels of the organisation to ensuring the workforce represented the people that they serve. Others noted how previous work looking at gender equality and the gender pay gap has resulted in significant changes within their organisation in terms of gender representation, and that they realised they could have a similar impact on other issues.

Of those employers who collect data on pay and progression of employees, 42% report they could use it to compare across different ethnic groups; 45% that they could not; and 14% 'don't know'. Small employers are most likely to report that they could use the data to compare pay and progression across different ethnic groups (44%, compared to 30% of medium-sized and 33% of large employers). Just under a quarter (23%) of all employers therefore collect pay and progression data that could be used to analyse differences by ethnic group.¹³

Employers who collect data on pay and progression of ethnic minorities report using the data to: monitor diversity in recruitment (37%); look at representation at management levels (35%); monitor diversity in promotion (34%); and measure pay gaps for different groups (24%); and using it during appraisals or performance reviews (17%).

The majority (85%) of these employers do not, however, analyse pay data to explore any differences between ethnic groups; just 10% do so regularly and 5% do so

¹³ Note that the employer survey did not cover public sector organisations; the proportion of public sector employers analysing progress and pay data by ethnicity and disability status may be higher.

occasionally. This equates to just 3% of all employers analysing pay data to explore any differences by ethnic group.

Of all employers who collect data on pay and progression of employees, 42% report they could use the data to compare differences between disabled and non-disabled employees; 48% could not; and 10% 'don't know'. Small employers are most likely to be able to do so (45%, compared to 37% of large employers and 25% of medium-sized employers). Just under a quarter (23%) of all employers collect pay and progression data that could be used to analyse differences between disabled and non-disabled employees.

Of those who collect data on pay and progression of disabled employees, 48% monitor diversity of recruitment; 36% monitor diversity in promotion; 27% look at representation at management levels; 27% measure pay gaps for different groups; 9% monitor performance reviews; and 17% measure progression and pay in other ways.

Again, the majority (85%) of these employers do not analyse pay data to explore any differences between disabled and non-disabled employees: just 5% do so regularly and 10% do so occasionally. As with differences by ethnic group, just 3% of all employers analyse pay data to explore any differences between disabled and non-disabled employees.

Some employers do analyse pay data and use it to drive action. A couple of case study organisations provided examples of setting targets around gender representation and reducing pay gaps, which they then met. This approach could be used to focus attention on the ethnicity and disability pay gaps.

RBS realised ethnic diversity was under-represented at higher levels within the bank; 11% of staff are from an ethnic minority group, but this falls to 8% across the top four levels of the organisation. Examining the data has created greater insight about the challenges colleagues face as well as highlighting the scale of under-representation. RBS has now set a target to reach 14% ethnic minority leaders by 2025.

The data the bank collects is not only used to monitor recruitment but also to identify talent and ensure that progression and promotion practices in the bank are not (unconsciously or consciously) favouring certain groups. The bank actively encourages interviewers to challenge themselves and to identify any unconscious bias in the shortlisting process – over 80% of RBS staff have undertaken unconscious bias training.

Case study organisations generally feel that explaining why the data is collected, how it will be used, and its potential benefits is the best way to approach the issue and to try to increase the proportion of staff sharing their ethnicity and disability status. One organisation commented that, while it had learned a significant amount from its work on calculating the gender pay gap, collecting information on ethnicity and disability was less straightforward. In addition, this organisation noted that it is not obvious which categories to use for ethnicity and disability; reporting at a binary level (White/non-White and disabled/not disabled) is simplest and reduces the risk of individuals being identified, but it may mask significant differences within groups.

The GLA's ethnicity pay report notes that reporting on ethnicity at a binary level means that relatively large differences in median and mean pay between ethnic minority groups might not be recognised, and argues that 'to give the data real meaning more granular analysis is required than simply calculating the ethnicity pay gap as a comparison between White staff and BAME staff' (GLA 2017, p. 2).

Wokingham Borough Council aims to ensure that its workforce is representative of the population it serves. As it is funded mainly by council tax, it sees itself as having strong accountability to residents. Ensuring diversity and equality is an important element of this. It monitors the make-up of applicants, new appointees and the overall workforce to ensure that it has no issues in terms of under-representation. At the time the research was carried out, both the workforce and applicants reflected the make-up of the local population.

Calculating ethnicity and disability pay gaps could be challenging for some employers, particularly if they wish to examine them at a detailed rather than binary level. However, one case study organisation suggested that the main challenge was in working out average pay, rather than in cutting the data by ethnicity and disability status. Overall, even when data is collected that could be used to assess progression and pay by ethnicity or disability status, relatively few employers do so. This is an area where additional support, include good practice guides, would be useful in enabling more employers to analyse the information that they are already collecting. Larger employers will have experience of collecting the data required for calculating gender pay gaps, and this also provides a good basis for encouraging them to assess their ethnicity and disability pay gaps.

The HR manager at GLA researched and developed a methodology for calculating the ethnicity pay gap. This was based on the gender pay gap methodology, but had to be adapted as binary reporting was insufficient (ethnicity is more complex and multifaceted).

The methodology was set out in a discussion paper and further developed following internal discussions with input from statisticians. The GLA reports an overall ethnic minority/White pay gap figure, but feels that reporting ethnicity pay gap data at this level risks masking differences between ethnic groups. Reporting has to strike a balance between providing meaningful data and ensuring that individuals cannot be identified.

One challenge identified at Wokingham Borough Council to reporting on progression and pay gaps is existing administrative systems. The council's HR system does not allow reporting on progression. Each time a member of staff is promoted, a new record is created. As records relate to jobs rather than individuals, tracking career paths would require very time-consuming manual checks.

Calculating average hourly pay requires going through the payroll rather than just running a report off the HR system, as the calculations need to take account of changes in pay (for example, maternity pay).

4.4 Publishing data

Information on ethnicity and disability

It is relatively difficult to find information on workforce ethnicity and disability on organisational websites. Where it exists, it tends to be published: as part of CSR or sustainability information; within HR strategies and policies; or within organisational annual reports. A number of employer websites include statements about approaches to equality and diversity, but often no concrete details of policies or action are provided.

Large organisations appear more likely to mention board diversity than workforce diversity in their annual reports¹⁴. Where workforce diversity is discussed, it is often in the context of support networks for employees from particular groups. However, it is often unclear: how formal these are; what role or influence they have; and whether progression and pay gaps fall within their remit.

Nonetheless, we identified a number of examples of good practice in publishing information, including employers:

- publishing details of the proportion of staff who are from an ethnic minority or disabled, and conducting a pay review
- publishing equality reports that show breakdowns of employees by protected characteristic (this is sometimes as part of PSED-related specific duties, but the approach could be extended to private and voluntary sector employers)
- considering how protected characteristics affect a range of employment 'touchpoints' (for example, recruitment, annual review and promotion). This is required by specific duties in some cases, but could also occur voluntarily
- monitoring recruitment bias by looking at the percentage of those people with protected characteristics who applied for jobs, were shortlisted, and appointed (as enforced through specific duties of the PSED; but again, employers could do so voluntarily). Case study employers tended to highlight their commitment to equality as 'good' employers; several provided details of the actions they are taking to support people from ethnic minorities and disabled people to access work and to progress.

This suggests that consideration of equality issues in the workforce should not just focus on pay gaps; identifying initiatives that employers can put in place to support employees with protected characteristics to progress is also important.

¹⁴ In Scotland, listed bodies are subject to regulations on board diversity.

At Wokingham Borough Council, equality and diversity initiatives include:

- the staff Employment Equality Steering Group (set up in 2015), which ensures equitable access to training and promotion opportunities, and promotes and monitors inclusion
- biennial equal opportunity training for all staff, rather than just for new starters (with a target for all staff to have refresher training)
- recruitment training, including on unconscious bias
- carrying out full equality impact assessments for any major change, including restructuring
- using the principles underlying the government's former 'Two Ticks' scheme, including interview guarantees for any disabled candidate who meets the essential requirements of the job role (the council is now a Disability Confident employer).

In December 2017, the Mayor of London decided to publish ethnicity pay gap data for the GLA 'family' to encourage employers in London to consider their own ethnicity pay gaps. The GLA felt that leading by example was important (building on the experience of being an early publisher of gender pay gap data); and that being open and transparent would make people more likely to think about GLA as an employer of choice.

While case study organisations generally feel that the impetus for collecting data on ethnicity, disability, progression and pay is internal (and often driven by senior management), most are also subject to the PSED and/or specific duties. More widely, some (non-case study) employers shared (ethnicity) pay gap data after a competitor had published theirs. This suggests that the desire to be seen as a good or progressive employer could be a driver for encouraging publication of pay gap data.

Progression and pay

The vast majority of employers do not collect or publish data on workforce progression by group, or on their ethnicity and disability pay gaps. This reflects the findings of previous EHRC work on reporting ethnicity and disability pay gaps (Longhi, 2017; Longhi and Brynin, 2017). For example, our web review of 150

organisations found that 12 publish data on workforce disability status, and three on the disability pay gap. Twelve organisations publish workforce ethnicity data, and three publish data on the ethnicity pay gap. The majority (but not all) of organisations publishing workforce ethnicity and disability data are subject to the PSED and specific duties. All those reporting on the disability and ethnicity pay gaps were public sector organisations; one in Scotland and two in England.

Some employers may be collecting relevant data, or using it in-house; but a low proportion of employers publishing the data means that it remains relatively low profile, and that other employers who would like to do so have few examples to follow. Some employers (in Scotland) also publish data on the gender pay gap split by ethnicity or disability status (which goes beyond the requirement of PSED-related specific duties). A small number of organisations in the web review report conducting equal pay audits, which report pay gaps (but do not monitor them annually). These tend to be conducted by external companies, perhaps reflecting a lack of confidence in undertaking the analysis.

There is a variety of approaches among the case study organisations. Several collect detailed information on ethnicity and disability status, and use this to monitor progression and identify pay gaps. Case study organisations also define progression in different ways. For several, it is promotion to the next job level or band. Some take a wider view, and see sideways moves as progression since they enable staff to gain wider experience.

The University of Edinburgh conducts an equal pay audit every two years. It publishes pay gaps for gender, ethnicity, disability status, and full-time versus part-time working. It also collects data on other characteristics (sexual orientation, religion or belief, marital status, and gender identity) but does not publish this, as the data is not robust enough to report on pay gaps.

The GLA has published a detailed analysis of its ethnicity pay gap and is developing an action plan to address it. The GLA's ethnicity pay gap report provides details of mean and median pay (and mean and median pay gaps) for the following groups: ethnic minority; Asian or Asian British; Black or Black British; dual heritage; Other ethnic group; and White.

The GLA is debating whether or not further disaggregation is needed (for example, splitting the 'White' category into White British, White Irish and White Other to reflect that these groups may have quite different experiences). It is also considering the findings and what the most appropriate next steps are. For example, the age profile of dual heritage employees is relatively young (reflecting the population profile), so lower average pay for this group may be a reflection of seniority rather than limited progression. The GLA is keen to ensure it understands the reasons behind particular patterns in the pay gaps data, so that it can address any systematic issues effectively.

The Environment Agency published pay gap data for the first time in 2017. The published data was split by:

- gender
- disability (any disability versus no disability)
- ethnicity (ethnic minority versus White)
- sexual orientation (LGBT versus heterosexual)
- religion (religious versus non-religious).

The agency's pay gap action plan adds drive and support to the work it is already doing on using data to ensure equality.

However, very few organisations publish information at this level of detail; even where very detailed information about ethnicity and disability status is collected, it is more common to report on differences at a binary level.

4.5 Taking action

Overcoming barriers to data collection

Employers who identify barriers to collecting data on employee ethnicity and disability note a number of approaches that would be helpful in overcoming them.

These include:

- explaining to employees how the data will be used (70% of employers overall say this would be helpful, rising to 90% in Wales)
- developing a way of collecting the information easily (for example, through an online form) (58%, rising to 89% in Wales)
- making it mandatory to collect the information (48%).

Medium-sized employers are most likely to agree that each of the suggested approaches would be helpful:

- 82% agree explaining to employees how the data will be used would help
- 74% agree about developing a way of collecting the information easily
- 53% agree on making it mandatory to collect the information.

The findings from the case studies bear these points out. The organisations that are most successful in encouraging staff to share information on ethnicity and disability tend to put significant effort into encouraging employees to provide information, and explaining how the data will be used. Leonard Cheshire Disability notes that trust is an essential element in overcoming reluctance to share information – it is essential to be seen to be doing something valuable with the data, such as publishing pay gap information, rather than collecting data for its own sake.

Several case study organisations have added mechanisms for collecting data on ethnicity and disability to existing HR processes and forms. This helps to ‘mainstream’ the process, and also minimises burden on HR and employees.

Encouraging analysis by ethnicity/disability status

Of those employers who collect data on pay and progression, but have not analysed it by ethnic group, 68% state that they could be encouraged to do so. Three-fifths (62%) would do so if mandatory regulations were in place to collect pay data on ethnicity; 37% if there was guidance on how to analyse the data; 34% if financial support was made available; and 27% if other businesses in their sector collected or

analysed the data. However, 30% of employers who collect relevant data but do not analyse it for ethnicity pay gaps state that nothing would encourage them to do so.

Of those employers who collect data on pay and progression but have not analysed it by disability status of employees, 77% say they could be encouraged to do so: 64% if mandatory regulations were in place to collect pay data on disability; 36% with guidance on how to analyse the data; 35% with financial support; and 24% if other businesses in their sector collected or analysed the data. However, this means that 23% of employers who collect relevant data, but do not analyse it for disability pay gaps, say that nothing would encourage them to do so.

These findings suggest that, while actions to encourage employers to analyse data for disability and ethnicity pay gaps may be successful to a certain extent, there is a relatively significant group of employers for whom voluntary encouragement is unlikely to be enough.

However, there is still a large pool of employers who would be willing to analyse the progression and pay information they collect by ethnicity and disability, including through voluntary mechanisms. These could provide an initial group to target with advice and support. Employers with 50–249 employees are particularly likely to welcome guidance on how to analyse the data (45% of those collecting but not analysing pay and progression data by ethnicity say this would encourage them to do so); and financial support (which would encourage 54%).

The Environment Agency collects data on the characteristics of its employees during the application process, and then once the individual becomes an employee. Annual campaigns are run to encourage disclosure of this information and what the benefits of this would be. Methods used include pop-up messages on computer systems, and blogs encouraging disclosure. The aim of these activities is to embed equality, inclusion and diversity into the organisational culture.

The data the Environment Agency collects allows analysis of progression and pay gaps by all protected characteristics. The agency monitors promotion by ethnicity, and has set out a corporate scorecard target of 14% of the workforce being from an ethnic minority background. Promotion data is not yet analysed across all protected characteristics, but there are plans to do so in the future.

Two other (public sector) organisations included in the web review have very structured approaches to monitoring of recruitment and progression. One uses a framework to consider how characteristics affect a range of employment issues, including: number of grievances raised; 'disciplinary' issued; numbers of starters and leavers; promotions; and average length of employment. Similarly, a second organisation monitors potential recruitment bias by looking at the percentage of those people with protected characteristics who applied, were shortlisted and then appointed.

Taking action

All of the surveyed employers who report using the data to analyse either ethnicity pay gaps or disability pay gaps had taken action as a result. The most common action is to offer flexible working arrangements (this may be because employers already offer flexible working arrangements to those with caring responsibilities, and so can reasonably easily extend this to other groups of employees). Other actions include: training staff on diversity/inclusion; using positive action to promote under-represented groups; changing recruitment practices; drawing up an action plan; developing a mentoring scheme; or developing talent management networks.

The case study research suggests that organisations tend to adopt more than one of these approaches. The majority identify key areas of concern, and then identify appropriate actions for targeting issues in an action plan. In this way, they adopt a holistic approach to analysing data, identifying solutions, and addressing some of the causes of their ethnicity and disability pay gaps.

5| Summary of findings

A clear majority of employers say that ensuring workforce diversity is a priority for their business is important.

However, our research shows that the majority of employers do not collect the data on ethnicity and disability that would enable them to measure workforce diversity; only 36% of private and voluntary sector employers record or collect data on employee ethnicity, and 44% on employee disability status. Where employers report on workforce make-up or pay by ethnicity, they tend to use binary categories (White and BAME). Public reporting on the disability status of the workforce is less common, but where it occurs employers also tend to use binary categories (disabled and non-disabled).

Even fewer collect data on progression and pay that they analyse by ethnicity and disability status (in both cases, under a quarter of private and voluntary sector employers collect the required data, and just 3% of private and voluntary sector employers actually analyse pay and progression data by ethnicity or disability). This means that most employers are not yet in a position to report on their ethnicity and disability pay gaps.

However, while relatively small proportions of employers analyse or publish pay gaps data (other than for the gender pay gap), a significant proportion have put in place measures around equality in recruitment, retention and progression. In addition, there is a reasonably large pool of employers who would be willing to analyse progression and pay information by ethnicity and disability, but may require some guidance and support on how best to do so. Where employers are subject to the Public Sector Equality Duty and related specific duties, some go beyond the legal minimum requirements and publish pay gap data by ethnicity and disability status. This suggests there is appetite to explore equalities issues around progression and pay.

Where employers collect information on ethnicity and disability, this is generally done at recruitment stage, and thereafter in staff surveys (in both cases, disclosure is optional). Employers who have improved disclosure rates have done so by

developing communication materials for staff, and demonstrating that data will be used to ensure an inclusive culture at work.

Employers who have analysed their ethnicity and disability pay gaps tend to use a similar approach to that used for calculating their gender pay gaps. Some employers raised issues around needing to maintain confidentiality (for example, where there are relatively few staff from a particular ethnic group at a certain level of seniority), and so may need guidance on the most appropriate way to collect and analyse data while maintaining confidentiality in reporting.

Employers who have analysed their ethnicity and disability pay gaps and found gaps have taken action to address these, often within a wider package of measures to promote inclusion and ensure that employees with protected characteristics are treated fairly and supported at work. This suggests that promoting the collection of progression and pay data that can be analysed by ethnicity or disability can help to drive practical change in the workplace.

Therefore, employers should be given support and guidance for collecting and analysing recruitment, retention and progression employment data, so that they understand and address inequalities that people with disabilities and those from ethnic minority backgrounds are facing in the workplace.

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Appendix A: Employer survey questionnaire

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

A1 **How much of a business priority is it to ensure diversity in your workforce? Is it...?**
READ OUT. SINGLE CODE.

A high priority	1
A medium priority	2
A low priority	3
Not a priority at all	4
DO NOT READ OUT: Don't know	5

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

A2 **Do you record or collect data on the ethnicity of your employees?**
SINGLE CODE.

Yes	1
No	2
Don't know	3

ALL WHO RECORD ETHNICITY (A2=1)

A2A **How do you collect or record data on the ethnicity of your employees? Do you use...?**
READ OUT. MULTICODE.

New starter forms	1
Other HR records	2
Staff surveys	3
Anything else? (SPECIFY)	4
DO NOT READ OUT: Don't know	5

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

A3 **Do you record or collect data on employees' disabilities?**

SINGLE CODE.

Yes	1
No	2
Don't know	3

ALL WHO RECORD DISABILITY (A3=1)

A3A **How do you collect or record data on employees' disabilities? Do you use...?**

READ OUT. MULTICODE.

New starter forms	1
Other HR records	2
Staff surveys	3
Anything else? (SPECIFY)	4
Don't know	5

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

A4 **What are the barriers (if any) to collection of data on employees' ethnicity?**

READ OUT. MULTICODE.

It's too intrusive	1
It's too onerous	2
It's too expensive	3
Employees don't want to disclose this information	4
Anything else? (SPECIFY)	5
DO NOT READ OUT: There are no barriers	6
DO NOT READ OUT: Don't know	7

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

A5 **What are the barriers (if any) to collection of data on employees' disability?**

READ OUT. MULTICODE.

It's too intrusive	1
It's too onerous	2
It's too expensive	3
Employees don't want to disclose this information	4
Anything else? (SPECIFY)	5
DO NOT READ OUT: There are no barriers	6
DO NOT READ OUT: Don't know	7

IF ANY BARRIERS AC4=1-5 OR A5=1-5)

- A6 **Which of the following approaches, if any, would help you overcome these barriers to collecting data on your employees' ethnicities and disabilities?**

READ OUT. MULTICODE.

Developing a way of collecting the information easily (eg through an online form)	1
Making it mandatory to collect this information	2
Explaining to employees how the data will be used	3
Other (PLEASE SPECIFY)	4
DO NOT READ OUT: Nothing would help	5
DO NOT READ OUT: Don't know	6

ALL WITH 10+ EMPLOYEES AND EXCLUDING NI

- A7 **Do you currently collect data on progress and pay for employees in your workforce?**

SINGLE CODE.

Yes	1
No	2
Don't know	3

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF EMPLOYEES (C7=1)

- A8 **And would you be able to use this data to compare progress and pay across different ethnic groups? By this, I mean the data could be analysed by ethnic group.**

SINGLE CODE.

Yes	1
No	2
Don't know	3

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF ETHNIC MINORITIES (C8=1)

A8A **In which of the following ways do you measure progress and pay for people from ethnic minorities? Do you...?**

READ OUT. MULTICODE.

Look at representation at management levels	1
Monitor diversity of recruitment	2
Measure pay gaps for different groups	3
Monitor diversity in promotion	4
Measure progress and pay in other ways (SPECIFY)	5
DO NOT READ OUT: Don't know	6

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF EMPLOYEES (A8=1)

A9 **Do you analyse pay data to explore any differences in pay between ethnic groups?**

SINGLE CODE.

Yes, occasionally	1
Yes, regularly	2
No	3

ALL WHO USE DATA TO EXPLORE DIFFERENCES (C9=1-2)

A9A **Which of the following actions has your organisation taken after analysing this pay data? Have you...?**

READ OUT. MULTICODE.

Drawn up an Action Plan	1
Developed a mentoring scheme	2
Used positive action to promote under-represented groups	3
Developed talent management networks	4
Changed your recruitment practices	5
Trained your staff on diversity/inclusion	6
Offered workplace adjustments (e.g. assistive technology)	7
Offered flexible working options	8
Anything else? (SPECIFY)	9
DO NOT READ OUT: No action taken as yet	10
DO NOT READ OUT: Don't know	11

IF HAVE NOT ANALYSED PAY DATA FOR ETHNIC MINORITIES (A9=3)

A9C **Which of the following would encourage you to do so?**

READ OUT. MULTICODE.

If other businesses in your sector collected/analysed data	1	
Financial support	2	
Guidance on how to analyse the data	3	
Mandatory regulations were in place to collect pay data on ethnicity	4	
Anything else? (SPECIFY)	5	
DO NOT READ OUT: Nothing would encourage us	6	
DO NOT READ OUT: Don't know	7	

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF EMPLOYEES (C7=1)

- A10 **Would you be able to use the data you collect to compare progress and pay between disabled and non-disabled employees?**

SINGLE CODE.

Yes	1
No	2
Don't know	3

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF DISABLED EMPLOYEES (C10=1)

- A10A **In which of the following ways do you measure progress and pay for disabled people in your workforce? Do you...?**

READ OUT. MULTICODE.

Look at representation at management levels	1
Monitor diversity of recruitment	2
Measure pay gaps for different groups	3
Monitor diversity in promotion	4
Measure progress and pay in other ways (SPECIFY)	5
DO NOT READ OUT: Don't know	6

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF EMPLOYEES (C10=1)

- A11 **Do you analyse pay data to explore differences in pay between disabled and non-disabled employees?**

SINGLE CODE.

Yes, occasionally	1
Yes, regularly	2
No	3

ALL WHO USE DATA TO EXPLORE DIFFERENCES (C11=1-2)

A11A Which of the following actions has your organisation taken after analysing this pay data? Have you...?

READ OUT. MULTICODE.

Drawn up an Action Plan	1
Developed a mentoring scheme	2
Used positive action to promote under-represented groups	3
Developed talent management networks	4
Changed your recruitment practices	5
Trained your staff on diversity/inclusion	6
Offered workplace adjustments (e.g. assistive technology)	7
Offered flexible working options	8
Anything else? (SPECIFY)	9
DO NOT READ OUT: No action taken as yet	10
DO NOT READ OUT: Don't know	11

IF HAVE NOT ANALYSED PAY DATA FOR DISABLED EMPLOYEES (A11=3)

A11C Which of the following would encourage you to do so?

READ OUT. MULTICODE.

If other businesses in your sector collected/analysed data	1	
Financial support	2	
Guidance on how to analyse the data	3	
Mandatory regulations were in place to collect pay data on disability	4	
Anything else? (SPECIFY)	5	
DO NOT READ OUT: Nothing would encourage us	6	
DO NOT READ OUT: Don't know	7	

ALL WHO COLLECT DATA ON PROGRESS AND PAY OF EMPLOYEES (A7=1)

- C12 **Would you be interested in participating further in research for EHRC as a good practice case study? This would involve a telephone interview with an IFF researcher to discuss your approach to progress and pay. If you agree, we will contact you again in February to arrange the interview.**

SINGLE CODE.

Yes	1
No	2

Appendix B: Web review methodology

The web review involved taking a random sample of organisations with 100 or more employees (including private, public and third sector organisations) from the Market Location database,¹⁵ and systematically reviewing their websites for evidence of reporting data on disability and ethnicity pay gaps, and approaches to progression or supporting employees.

The review covered 150 organisations, divided into the four broad sectors of:

- Primary/manufacturing
- Retail/hospitality
- Finance/business services
- Health/education.

The following keywords were used for the search:

- disability
- disabled
- ethnicity
- ethnic
- pay
- pay gap
- diversity
- inclusion
- progression
- discrimination
- positive action
- talent pipeline
- mentoring
- internships.

¹⁵ A database of over two million UK businesses, which includes contact details and so can be used for telephone surveys.

Where we found relevant information or evidence, we then searched for the following keywords to gain a more granular view:

- diversity monitoring
- targets
- people survey
- workplace adjustments
- flexible working
- talent action plan
- barriers
- mental health
- disability confident
- BAME
- Pakistani
- Bangladeshi
- White British.

Each review was written up in a standard template to facilitate cross-comparison, shown in Table B.1.

Table B.1 Web review template

Theme	Questions
Company details	Name of company Website(s) reviewed Region/country Ownership (from website) Sector Number of employees Single-site or multi-site
Corporate plans/ webpages	Does Annual Report (or similar) mention equality / diversity / inclusion in terms of recruitment or pay / progression? Does Annual Report (or similar) mention pay gaps? Does CSR report mention equality / diversion / inclusion in terms of recruitment or pay / progression? Does CSR report (or similar) mention pay gaps? Do staff / HR / recruitment information / reports mention equality / diversion / inclusion in terms of recruitment or pay / progression? Do staff / HR pages / reports mention pay gaps? Is a future equality / diversity report planned?

	<p>Details of any other equality / diversity / inclusion information / strategies / policies / action plans?</p> <p>Does company publish any sustainability reports / strategies / policies / information?</p>
Gender pay gap	Does company collect data on the gender pay gap?
Disability	<p>Is disability data published?</p> <p>If yes, definition of disability used</p> <p>If yes, where information is recorded</p> <p>Proportion of the workforce with a disability</p> <p>If no, any future plans to collect</p> <p>If no, any future plans to publish</p> <p>Is data on the disability pay gap provided?</p> <p>If yes, where information is recorded</p> <p>If yes, size of gap reported</p> <p>If yes, methodology for establishing pay gap</p> <p>If yes, rationale provided for the gap</p> <p>If yes, detail on steps taken to address pay gap</p> <p>If no, any future plans to collect</p> <p>If no, any future plans to publish</p>
Ethnicity	<p>Is ethnicity data published?</p> <p>If yes, definition of ethnic minority groups used</p> <p>If yes, where information is recorded</p> <p>Proportion of the workforce from an ethnic minority</p> <p>If no, any future plans to collect</p> <p>If no, any future plans to publish</p> <p>Is data on the ethnicity pay gap provided?</p> <p>If yes, where information is recorded</p> <p>If yes, size of gap reported</p> <p>If yes, methodology for establishing pay gap</p> <p>If yes, rationale provided for the gap</p> <p>If yes, detail on steps taken to address pay gap</p> <p>If no, any future plans to collect</p> <p>If no, any future plans to publish</p>

Appendix C: Topic guide for case study interviews

About you and your organisation

1. Name of interviewee
2. Role/job title
3. Years in role
4. Name of organisation
5. Main location
6. What does your organisation do?
7. Roughly how many people do you employ?

About diversity and inclusion

8. How much of a business priority is it to ensure diversity and inclusion in your workforce?
9. Do you think individual employers have a responsibility to monitor and measure progression for different groups (including people from different ethnic minority groups, and people with disabilities)? (Why/why not?)
10. Do you think individual employers have a responsibility to monitor and measure pay for different groups? (Why/why not?)
11. And how important is it for **your organisation** to monitor pay and progression for different groups? (If so, why? If not, why?)
 - How do you do this?

Collecting data about your workforce

12. What data do you collect about your workforce? Specifically, what data do you collect on ethnicity and disability?
13. If data collected:
 - a. And how is this data collected?

- b. Have you encountered any challenges in collecting this data? If so, how have you overcome these?
 - c. Are employees reluctant to disclose this information? If so, how have you overcome this?)
14. If you don't collect this information, why not? Is there anything that would help or encourage you to do so?

Monitoring diversity

15. Do you currently collect data on progress and pay for employees in your workforce?
16. Would you be able to use this data to compare progress and pay across different ethnic groups? By this, I mean the data could be analysed by ethnic group.
17. Would you be able to use this data to compare progress and pay between people with disabilities and those without disabilities?

Progression

18. When did you start to measure progression for different groups? And for which groups?
19. Why did you start to do so?
20. How do you measure and monitor progression for different groups (specifically, people from different ethnic minority groups and people with disabilities)?
21. (If relevant): When did you start to measure pay gaps for different groups?
22. Why did you start to do so?
23. How do you measure your ethnicity and/or disability pay gaps?
24. Did you face any issues in getting the data you needed?
25. What were the results?

Actions taken

26. Have you taken any action as a result of identifying issues around progression and or/an ethnicity or disability pay gap? If so, which action(s)?
27. If yes: Did you encounter any difficulties or challenges? Were there any changes in direction/actions taken as a result?

28. If no: What was the decision process behind (not) taking action? Who was involved?
29. What have been the benefits in you collecting/reporting on progression and pay for different groups? Have you seen any positive changes as a result?
30. What might encourage you to take action in future?

Publication/sharing of information

31. Have you published details of your work on monitoring progression or (ethnicity or disability) pay gaps (internally or externally)? If so:
 - a) Where?
 - b) Have you received any feedback from staff or customers? If so, what kind of feedback?
 - c) If not, what are the reasons? What (if anything) might encourage you to publish data/share information more widely?

Next steps

32. What are your planned next steps?
33. As a result of your experience, what would you do differently?
34. What advice would you give to organisations:
 - a) Planning to collect data on the disability status/ethnicity of their workforce
 - b) Planning to monitor pay and progress of people with disabilities/from ethnic minorities in their workforce
 - c) Planning to calculate ethnicity/disability pay gaps
 - d) Planning to publish the data
35. What support would you have found useful at each stage:
 - a) Collecting data on the disability status/ethnicity of your workforce
 - b) Ways of monitoring pay and progress of people with disabilities/from ethnic minorities in their workforce
 - c) Calculating ethnicity/disability pay gaps
 - d) Publishing the data.

Appendix D: Case studies

Case study: The University of Edinburgh (subject to PSED; Scotland)

The University of Edinburgh is the largest university in Scotland and employs around 14,000 academic and non-academic staff. Equality and diversity is considered a top priority within the institution and has been since before the Equality Act 2010 mandated much of the monitoring and publication of data that is now done routinely.

The importance of equality and diversity to the institution is demonstrated by the fact that oversight of strategy and performance in the area of equality and diversity is held at a senior level by one of eight vice principals. A team of three staff have responsibility for monitoring equality and diversity among staff, while student issues are handled separately.

An equal pay audit is conducted and published every two years, most recently in 2017. Pay gaps are published for gender, ethnicity, disability status, and full-time versus part-time working. Data is also collected for other characteristics (sexual orientation, religion or belief, marital status, and gender identity) though the data held for these characteristics is not currently robust enough to report on pay gaps.

Following the publication of the 2015 equal pay audit, a taskforce was set up, including heads of colleges, heads of schools, and trade union leaders, to tackle the gender pay gap. The work of this team helped to bring the gender pay gap among top pay point staff down from 11% to 7% within two years. Having a vice principal with responsibility for equality and diversity is a significant help in launching initiatives like these.

An ongoing challenge for the university is collecting comprehensive and robust data from staff on ethnicity and disability status. Data is collected when staff join the university (should they choose to share this information) and a staff survey is conducted every two years. Between surveys, staff would need to proactively contact someone to update their information, though this is not widely known.

85% of staff shared their ethnicity as of the 2017 equal pay audit. 4% of staff declared a disability, though it is not known how many of those who did not declare a disability do, nevertheless, meet the definition of disability according to the Equality Act 2010. It is thought that there are a range of reasons for not sharing disability status including: concerns about how the data will be used; data security concerns; apathy for data collection because support is not needed; or not realising that a health condition is a protected characteristic.

It is here where wider support would be valuable. Additional materials from EHRC explaining why data collection is important, even for staff without protected characteristics, could help to increase response rates for staff surveys. There are also plans in place to launch a self-service portal making it easier for staff to update their own information.

Case study: The Environment Agency (subject to PSED; HQ based in England)

The Environment Agency is a large public sector organisation with around 10,000 employees, as well as agency workers and contractors. It has an equality, diversity and inclusion team that sits in HR and plays a key role in monitoring workforce diversity.

The Environment Agency is part of the Department for Environment, Food and Rural Affairs (Defra) group. The group identified seven key priorities before developing its equality, diversity and inclusion (EDI) strategy (and later added an eighth) (Defra, 2017). Priorities include:

- improving declaration/self-disclosure rates and equality, diversity and inclusion data
- tackling unconscious bias in people decisions (with a focus on recruitment, progression and performance management)
- improving career support for people from under-represented groups
- improving the methods, policies and processes supporting recruitment, selection and attraction to ensure they are effective in recruiting a diverse workforce.

The strategy notes 'moral, legal and business reasons' for equality, diversity and inclusion. These include: employees feeling respected and being supported to

‘realise their full potential’; being representative of the Defra group organisations’ customers and so understanding their needs better; and having an excellent reputation by ‘demonstrating inclusive practices both internally and externally’.

The strategy sets out clear measures of success, actions needed, and how progress will be measured. Methods to measure progress include: reviewing employee surveys and HR data; analysing employee feedback (including that from EDI employee networks); and evaluating HR policies in terms of their impact on different groups.

The Environment Agency has identified equality objectives for 2017 to 2020, including the aim that its workforce better reflects the UK workforce as a whole in terms of diversity. In support of this, it aims to: increase disclosure rates for protected characteristics (as of March 2018 the agency holds this data for around 70% of its workforce); address any differences in take-up of career development and talent management programmes by group; analyse progression for different groups; and, where needed, put in place coaching and mentoring programmes for employees.

Data on the characteristics of its employees is collected during the application process, and then once the individual becomes an employee. Annual campaigns are run to encourage disclosure of this information and what the benefits of this would be. Methods used include pop-up messages on computer systems, and blogs encouraging disclosure. The aim of these activities is to embed equality, diversity and inclusion into the organisational culture.

The data the Environment Agency collects allows analysis of progression and pay gaps by all protected characteristics. Progression is seen as moving up to the next grade. For this to happen, candidates have to apply for promotion, and so cultural issues such as confidence may come into play. The Environment Agency monitors promotion by ethnicity, and has set out a corporate scorecard target of 14% of the workforce being from an ethnic minority background. Promotion data is not yet analysed across all protected characteristics, but there are plans to do so in the future.

Pay gap data was published by the Environment Agency for the first time in 2017. The Environment Agency uses the method for calculating pay gaps set out in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Rather than just reporting on the gender pay gap (as required by the regulations), the Environment Agency reported on mean and median hourly pay gaps split by:

- gender

- disability (any disability versus no disability)
- ethnicity (ethnic minority versus White)
- sexual orientation (LGBT versus heterosexual)
- religion (religious versus non-religious).

The main challenges the Environment Agency faced was working out average pay levels and taking account of working pattern-related allowances employees receive (something that employers are now required to do for gender pay gap reporting); the 'easy bit' was cutting the data by the characteristics.

The Environment Agency has implemented a range of actions to support equality, including: running positive action development programmes targeted at particular groups (including ethnic minority employees and employees with disabilities); supporting the development of employee networks; 'name blind' application forms; reviews of exit interviews; and piloting summer placements aimed at ethnic minority students. The agency's pay gap action plan adds drive and support to the work it is already doing on using data to ensure equality.

Case study: The Royal Bank of Scotland (RBS)

RBS employs over 70,000 people and inclusion is a priority for the bank. Since the financial crisis, RBS has undergone significant cultural change. As part of this cultural change the bank has acknowledged that it needs to reflect the communities it serves, and that a diverse workforce improves both employee engagement and business outcomes.

The early stages of the bank's inclusion programme focused on gender equality, but these have since expanded to five priority areas: gender, disability, LGBT, ethnic diversity, and the multigenerational agenda. A dedicated team of professionals manage the bank's diversity and inclusion business objectives and each area has a senior-level sponsor to ensure objectives are met. Diversity targets are included in senior leaders' annual targets and form part of the appraisal process.

As a result of setting demanding targets and following through on business deliverables, RBS has made significant progress in this area. At the start of 2014, the bank set a target to have 30% senior women in around the top 5,000 roles by 2020. That target was exceeded three years ahead of schedule, with the population

of senior female leaders at this level reaching 44% by the end of 2017. At the end of 2014, the bank also set a target of having at least 30% women in the top three leadership layers of the organisation (about 700 roles) by 2020. This target is by business area and not an aggregate across the bank, recognising that every part of the organisation needs to change. At an aggregate level, the bank had reached 37% female representation at these layers of leadership by the end of 2017.

RBS is now using its learning from collecting data on gender, setting targets, and putting support mechanisms in place, and applying this learning to other equalities areas, including ethnicity.

Data collection

Information on ethnicity and disability is collected through a centralised HR system that RBS employees can update at any time. Employees use drop-down boxes to voluntarily provide their ethnic group, sexual orientation, any faith they follow, their work pattern and any adjustments they require to perform their role. RBS uses the Office for National Statistics categories for ethnicity, as these are widely recognised. For disability, employees select from a pre-populated list of conditions. In both cases, completion is optional, and there is a 'prefer not to say' option. The information on the portal can be updated at any time (for example, if an employee develops a disability).

Aside from gender, the data is treated as confidential and is not visible to line managers. The data is used to analyse progress towards targets, especially ethnic diversity at different levels.

Around four out of every five employees provide details of their ethnicity. Where they do not, it may be because they are not aware that they can do so; or it may be that they do not feel it is relevant to their work. This is respected.

The RBS inclusion team feel that it is important for people to understand why data is being collected, how it will be used, why it is important and how it will be protected. Collecting information on ethnicity, sexual orientation, disability and faith can be less straightforward than gender. A multichannel communications campaign, which will feature email and video and make use of the bank's internal social networking site, is planned to educate employees on how this data is being used to avoid any reluctance from staff in participating.

Findings

RBS realised ethnic minorities were under-represented at higher levels within the bank; 11% of staff are from an ethnic minority group, but this falls to 8% across the top four levels of the organisation. Examining the data has created greater insight about the challenges colleagues face as well as highlighting the scale of under-representation. RBS has now set a target to reach 14% ethnic minority leaders by 2025.

The data the bank collects is not only used to monitor recruitment, but also to identify talent and ensure that progression and promotion practices in the bank are not (unconsciously or consciously) favouring certain groups. The bank actively encourages interviewers to challenge themselves and to identify any unconscious bias in the shortlisting process – over 80% of RBS staff have undertaken unconscious bias training.

Case study: Leonard Cheshire Disability

Leonard Cheshire Disability supports disabled people in the UK and around the world to fulfil their potential and live the lives they choose. Employing around 6,000 people with an annual income of £161 million, it is among the 40 largest charities in the UK.

While equal opportunities for people with disabilities is the 'raison d'être' of the organisation, equality and diversity among the workforce is also considered a top priority. As a Disability Confident¹⁶ Leader, Leonard Cheshire Disability is keen to be a leader in equal opportunities for disabled people in the workplace. 19% of the UK working population have a disability and Leonard Cheshire Disability's ambition is to reflect this proportionality within its workforce. Diversity is also a standing item on the agenda for meetings of the executive committee of its staff association.

The charity has recently published its gender pay gap data and has the data necessary to analyse pay gaps by other protected characteristics, including ethnicity and disability status. However, a key challenge facing the organisation is that this demographic data is not held for approximately 50% of the workforce.

¹⁶ The Disability Confident scheme is run by the Department for Work and Pensions to support employers to recruit and retain disabled people

Data regarding protected characteristics is collected for all new employees through mandatory forms during the recruitment process. For existing employees, however, there are a number of barriers to collecting complete workforce data, such as:

- a workforce with a diverse geographic spread across the country
- a higher than average proportion of the workforce with internet accessibility needs
- a reluctance among staff to share personal information with their employer.

Reluctance to share data can arise from a lack of understanding about why the information is being collected and what it will be used for. For some employees, there is a particular hesitation to share information regarding their nationality or place of birth following the UK's decision to leave the EU. Trust is an essential element in overcoming this sort of reluctance to share information – it is considered essential to be seen to be doing something valuable with the data, such as publishing pay gap information, rather than collecting data for its own sake.

Case study: Wokingham Borough Council (subject to PSED; England)

Wokingham Borough Council is a unitary authority in South East England with around 1,000 employees. It provides a range of services, including housing and social care, to its 163,000 residents.

The council aims to ensure that its workforce is representative of the population it serves. As it is funded mainly by council tax, it sees itself as having strong accountability to residents. Ensuring diversity and equality is an important element of this. It monitors the make-up of applicants, new appointees and the overall workforce to ensure that it has no issues in terms of under-representation. In March 2018 both the workforce and applicants reflected the make-up of the local population. If this situation were to change, the council would target recruitment towards particular communities.

Employees are given the opportunity to share information regarding their ethnicity, disability and other protected characteristics when they join the organisation. Standard census categories are used. Employees are encouraged to keep their details up to date on a 'self-serve' HR system. A reminder is sent to staff annually to encourage disclosure of information on ethnicity, disability and other protected characteristics.

Disclosure rates vary significantly by type of characteristic. For example, while almost every employee has shared their ethnicity, around a third of employees have not yet declared whether or not they have a disability. The council would also like to ensure the workforce is representative of the local area in terms of sexual orientation and religious beliefs, however only 12% of employees share this information. The council has undertaken some research with staff into the reasons for this relatively low rate of disclosure. Staff reported that they were not concerned they would be discriminated against, but they felt this information was not relevant to their work.

The council sees itself as having a responsibility to ensure that pay and progression are fair, and that people from different backgrounds are not discriminated against. The council monitors a range of protected characteristics, both in terms of overall representation and also by pay band. Measuring pay helps to identify areas where indirect discrimination or bias might come into play.

Details of workforce composition are published annually in the council's equality report. This covers a range of protected characteristics, including disability, ethnicity, age and gender. Data is reported: for the workforce as a whole; for the local population; and for leavers and new starters. While more detailed data is collected, published data on ethnicity and disability uses the following groupings:

- White (non-ethnic minority) /ethnic minority/not declared
- disabled /not disabled /not declared.

One challenge to reporting on progression and pay gaps is existing administrative systems. The council's HR system does not allow reporting on progression. Each time a member of staff is promoted, a new record is created. As records relate to jobs rather than individuals, tracking career paths would require very time-consuming manual checks. Calculating average hourly pay requires going through payroll rather than just running a report off the HR system, as the calculations need to take account of changes in pay (for example, maternity pay).

However, the biggest challenge identified by the council is sparking interest from employees in the internal equality and diversity agenda. This may reflect satisfaction with the existing approach to workforce equality, but the council is keen to ensure that any newly arising issues are identified and addressed as early as possible.

Existing initiatives include:

- the staff Employment Equality Steering Group (set up in 2015), which ensures equitable access to training and promotion opportunities, and promotes and monitors inclusion

- biennial equal opportunity training for all staff, rather than just for new starters (with a target for all staff to have refresher training)
- recruitment training, including on unconscious bias
- carrying out full equality impact assessments for any major change, including restructuring
- using the principles underlying the former 'Two Ticks' scheme, including interview guarantees for any disabled candidate who meets the essential requirements of the job role (the council is now a Disability Confident employer).

Case study: Greater London Authority (subject to PSED; England)

The Greater London Authority (GLA) consists of the Mayor of London and the elected London Assembly. It employs over 800 members of staff and has responsibility for transport, policing, development and fire and rescue services. Services are delivered by a number of functional bodies, including Transport for London and the police and fire services.

Ensuring that the workforce reflects London's population at all levels and that employees are not discriminated against (including unconsciously) on the basis of ethnicity or any other protected characteristic are key priorities for the GLA. Data is collected at the recruitment stage and can be updated by staff via the GLA's HR system through employee self-service. Almost all (97%) staff have declared their ethnicity. In addition to the Mayor's annual report, a workforce report with detailed employment statistics is produced twice a year, covering all protected characteristics. The HR manager notes that 'if you don't know what the issues are, based on evidence, tackling them can only be superficial'.

The Mayor of London's 2016 election manifesto included a commitment to addressing inequality, with a specific focus on addressing gender pay inequality. The GLA has also been working on an 'economic fairness' agenda – including what happens in workplaces to ensure equality and fairness. In December 2017, the Mayor decided to publish ethnicity pay gap data for the GLA 'family' to encourage employers in London to consider their own ethnicity pay gaps. The GLA felt that leading by example was important (building on the experience of being an early publisher of gender pay gap data); and that being open and transparent makes people more likely to think about GLA as an employer of choice.

The HR manager at GLA researched and developed a methodology for calculating the ethnicity pay gap. This was based on the gender pay gap methodology, but had to be adapted as binary reporting was insufficient (ethnicity is more complex and multifaceted).

The methodology was set out in a discussion paper and further developed following internal discussions with input from statisticians. The GLA reports an overall ethnic minority/White pay gap figure, but feels that reporting ethnicity pay gap data at this level risks masking differences between ethnic groups. Reporting has to strike a balance between providing meaningful data and ensuring that individuals cannot be identified.

The ethnicity pay gap report provides details of pay for the following groups:

- BAME
- Black/Black British
- Asian/Asian British
- dual heritage
- Other
- White.

The GLA is debating whether or not further disaggregation is needed (for example, splitting the 'White' category into White British, White Irish and White Other to reflect that these groups may have quite different experiences). It is also considering the findings and what the most appropriate next steps are. For example, the age profile of dual heritage employees is relatively young (reflecting the population profile), so lower average pay for this group may be a reflection of seniority rather than limited progression. The GLA is keen to ensure it understands the reasons behind particular patterns in the pay gaps data, so that it can address any systemic issues effectively.

Initiatives aimed at addressing the ethnicity pay gap include: launching an ethnic minority staff network; use of external recruitment for senior appointments; using executive search to ensure a more diverse candidate pool; and using ethnically diverse selection panels.

The GLA noted that there was relatively little advice and support available for organisations that wished to calculate their ethnicity pay gaps. While a small number of organisations had published ethnicity pay gap data, the definitions and calculations used were generally opaque. It therefore decided to provide details for its own pay gap calculations, making them easily replicable. In addition, the GLA's

functional bodies also reported on their ethnicity pay gaps, using the same methodology.

The Mayor of London has made clear his determination to lead by example on workforce diversity. As part of this, the GLA will work with and support other organisations to develop their capacity and processes for the calculation of pay gaps and to address pay inequality in all its forms.

Appendix E: Selected Public Sector Equality Duty specific duties by country

Country	Selected specific duties, including those relevant to ethnicity and disability
England	<ul style="list-style-type: none"> • Public authorities with more than 150 members of staff must publish information on how they complied with the general equality duty. • Publish at least one objective to further an aim of the general equality duty.
Scotland ¹⁷	<ul style="list-style-type: none"> • Report on progress in mainstreaming the general equality duty and in meeting equality outcomes (every two years). • Publish a fresh set of equality outcomes every four years. • Gather and use employee data by protected characteristic on workforce composition, and recruitment, development and retention of employees (annually). • Publish equal pay statements (listed authorities with 20 or more employees). From the second report onwards, this includes an equal pay statement and details of occupational segregation by race and disability. • Assess and review policies and practice.
Wales ¹⁸	<ul style="list-style-type: none"> • Publish objectives to meet the general duty and a statement that sets out how it has/will meet these. • Collect and publish employment data on job, grade, pay, contract type, working pattern, job applications, job position changes, training, grievance procedures, disciplinary procedures and those leaving employment for each separate protected characteristic. Data on job, pay, contract type and working pattern only needs to be broken down by gender.

¹⁷ EHRC Scotland (2014)

¹⁸ EHRC (2014a)

	<ul style="list-style-type: none">• Have due regard to having an objective to address any differences in pay that are 'reasonably likely' to be as a result of a protected characteristic.• Collect and publish (where appropriate) data on differences in pay between groups with protected characteristics and those without.
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Contacts

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