



Regulator of
Social Housing

Ethnicity Pay Gap Report

As at 31 March 2023

Published: March 2024



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Introduction

From March 2020 to March 2023, the Mean Pay Gap has demonstrated fluctuations. It started at 20.28% in March 2020 but gradually reduced to 19.91% by March 2023. This signifies that, on average, BAME employees earned approximately 19.91% less per hour than their White colleagues by March 2023. While this reduction is encouraging, it is vital to recognize that disparities persist.

In contrast, the Median Pay Gap showcases an intriguing pattern. The median, representing the midpoint of pay values, initially increased from 16.80% in March 2020 to a peak of 20.17% in March 2021. However, it has since displayed a consistent downward trend, reaching 15.11% by March 2023. This indicates that, while the median hourly pay gap for BAME employees was higher in 2021, it has progressively improved over the subsequent two years, reflecting positive progress in increasing ethnic diversity in the upper tiers of the organisation.

Our action plans are designed to create an inclusive, welcoming, and equitable environment for all members of our team. These plans encompass various aspects of our operations, from recruitment and promotions to training and mentorship, all aimed at eliminating barriers and promoting equal opportunities. The ultimate goal is to ensure that every member of our organization, regardless of their ethnicity, is provided with a fair and equal path to success.

While the journey is far from complete, these trends encourage us to persevere, fuelled by our dedication to creating an environment where every employee is valued, respected, and fairly compensated for their contributions.

What do we mean by ethnicity?

The Office for National Statistics ¹ observes that defining what constitutes an ethnic group lacks consensus, as it is a self-defined and subjectively significant concept for individuals. Given the dynamic and multifaceted nature of ethnicity, there are several approaches for measuring ethnic groups, which have evolved over time. These approaches encompass factors such as shared ancestry, cultural elements, identity, religious beliefs, language, and physical characteristics. What is widely acknowledged, however, is that ethnicity encompasses a combination of all these elements and more.

¹ [Ethnic group, national identity and religion](#)

The ethnicity pay gap reflects the contrast in average earnings between employees from minority ethnic backgrounds and those categorised as 'White' (non-BAME) within a workforce.

When the percentage is positive, it signifies that the average pay of a White employee is higher than that of an employee from a minority ethnic group. The greater the positive percentage, the wider the ethnicity pay gap. Conversely, a negative percentage indicates that the average pay of the minority ethnic group surpasses that of the White group.

It's essential to distinguish the ethnicity pay gap from equal pay. Ethnic pay disparities primarily do not concern individuals from non-BAME and other ethnic backgrounds receiving distinct compensation for the same job. The Equality Act of 2010 prohibits racial discrimination, both direct and indirect, against employees. Therefore, unless there is a violation of existing legal provisions, discrepancies in pay between ethnic groups are typically attributable to factors other than explicit discrimination that impose disadvantages on individuals from ethnic minorities.

How the Ethnicity Pay Gap is worked out

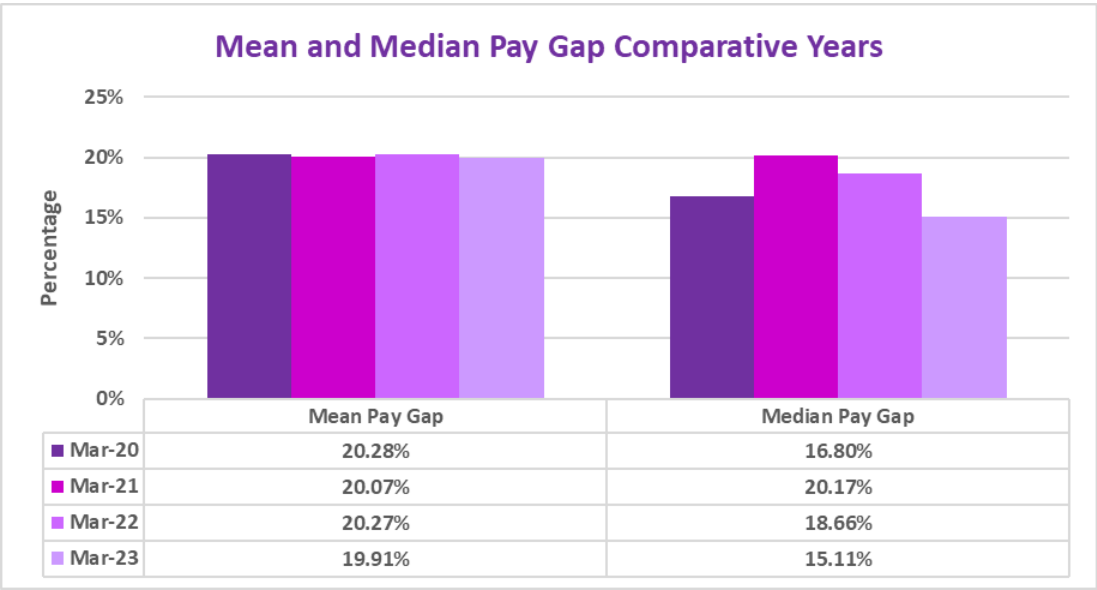
There is currently no guidance on the pay measures that need to be reported as part of Ethnicity Pay Gap reporting nor any guidance on the methodology for calculation. Therefore, RSH continues to take the approach to mirror the legislated pay measures used for Gender Pay Gap reporting, and the methods of calculation, but applied through a lens of ethnicity (where outcomes for ethnic minority groups (BAME) are compared against non-BAME groups). Therefore, the pay measures contained in this report are:

- the mean and median ethnicity pay gaps for each ethnic minority group, compared against non-BAME groups;
- the mean and median ethnicity bonus gaps for ethnic minorities, compared against White ethnic groups.
- the proportion of White and ethnic minority employees who received bonuses; and
- the proportion of employees in each pay quartile for White and ethnic minority employees.

This approach allows us to assess and report on the ethnic pay gap with a consistent and structured framework, despite the absence of specific guidance. We remain committed to transparency and the pursuit of equity, utilising these measures to gauge and address pay disparities based on ethnicity within RSH.

Our ethnicity pay gap at 31 March 2023

Our figures at 31 March 2023,



Ethnicity pay gaps, where present at The Regulator of Social Housing, tend to favour non-BAME.

Ethnicity Pay Gap Analysis

In essence, the ethnicity pay gaps at The Regulator of Social Housing primarily stem from the organisation's demographic makeup, particularly the larger presence of employees from minority ethnic backgrounds in lower-paid roles. Addressing these gaps involves not only equalizing pay but also addressing structural inequalities and providing opportunities for career development and advancement within the organisation.

Bonus Pay Gap

RSH operates a modest annual bonus pay scheme on a fixed scale, with awards based on individual staff performance in their role. During the year, bonuses were paid at set values of:

- £0 where individual performance does not meet expectations
- £285 where performance meets expectations, and
- £585 where performance exceeds expectations.

Bonuses are awarded irrespective of gender or any other protected characteristic. To be considered for a bonus, staff must first have successfully completed their six-month probationary period following joining the organisation.

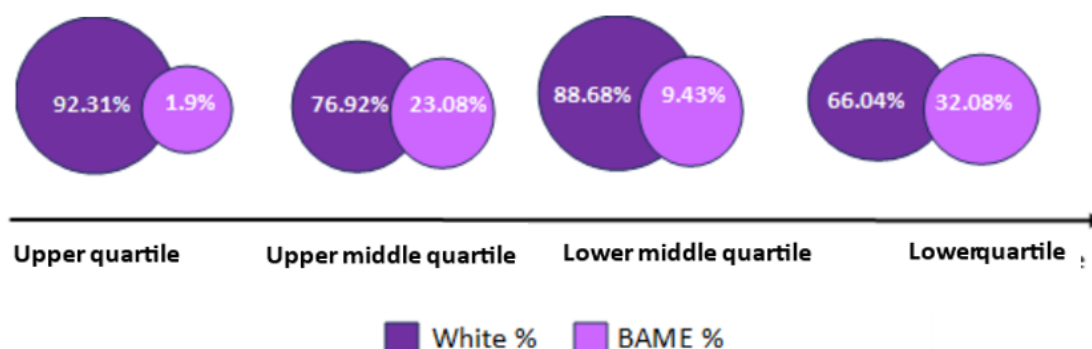
| Ethnicity Bonus Values 2023 | | | |
|-----------------------------|---------|------------------|---------|
| Mean Bonus Pay | | Median Bonus Pay | |
| Non-BAME | £350.37 | Non-BAME | £285.00 |
| BAME | £317.42 | BAME | £285.00 |
| Difference (£) | £32.95 | Difference (£) | £0.00 |
| Difference (%) | 9.40% | Difference (%) | 0.00% |

| Bonus Pay Gap | | | | |
|------------------|--------|--------|--------|--------|
| | Mar-20 | Mar-21 | Mar-22 | Mar-23 |
| Mean bonus gap | 21.18% | 3.81% | -1.35% | 9.4% |
| Median bonus gap | 0 | 0 | 0 | 0 |

It is a prevalent practice in organisations to proportionally adjust non-consolidated bonus payments based on the number of hours worked by individual employees. Consequently, part-time employees typically receive a lower bonus compared to their full-time counterparts.

In 2022, there was a mean bonus pay gap of 1.35%, favouring BAME employees, which contrasts with 2021 when there was a mean bonus gap of 3.81% favouring non-BAME employees. In 2023, there was a mean bonus pay gap of 9.4%, favouring non-BAME.

Ethnicity pay split in quartiles



Quartile ethnicity pay gap comparison

| Quartile | Mar-20 | | Mar-21 | | Mar-22 | | Mar-23 | |
|-----------------------|---------|--------|---------|--------|---------|--------|---------|--------|
| Pay quartile | White % | BAME % | White % | BAME % | White % | BAME % | White % | BAME % |
| Top quartile | 97.50% | 2.50% | 97.70% | 2.30% | 97.83% | 2.17% | 92.31% | 1.92% |
| Upper middle quartile | 82.10% | 17.90% | 84.10% | 15.90% | 78.26% | 21.74% | 76.92% | 23.08% |
| Lower middle quartile | 80.00% | 20.00% | 79.50% | 20.50% | 89.36% | 10.64% | 88.68% | 9.43% |
| Bottom quartile | 77.50% | 22.50% | 74.40% | 25.60% | 65.96% | 34.04% | 66.04% | 32.08% |
| Total | 84.30% | 15.70% | 84.00% | 16.00% | 82.80% | 17.20% | 80.95% | 16.67% |

Overall Ethnic Diversity (March 2023)

BAME employees constitute 16.67% of the total workforce, indicating a level of ethnic diversity within RSH.

BAME Representation Across Pay Quartiles (Changes Since 2020)

- Top Quartile: The percentage of BAME employees in the top quartile decreased by 0.58%, suggesting a slight reduction in their representation in higher-paying roles.
- Upper Middle Quartile: BAME representation increased by 1.34%, indicating a rise in diversity within this pay quartile.
- Lower Middle Quartile: BAME representation experienced a significant decline of 10.57%, suggesting a substantial decrease in middle-tier positions.
- Bottom Quartile: There was a noteworthy increase of 9.58% in the percentage of BAME employees, signalling a rise in their representation in lower-paying roles.

Changes in BAME Representation in Pay Quartiles Since 2022

- Top Quartile: BAME representation decreased by 0.25%.
- Upper Middle Quartile: BAME representation increased by 1.34%.
- Lower Middle Quartile: BAME representation decreased by 1.21%.
- Bottom Quartile: BAME representation decreased by 1.96%.

Interpretation

RSH has an overall ethnic diversity of 16.67%, but there are variations in BAME representation across different pay quartiles.

There is a slight reduction in BAME representation in the top quartile, a notable increase in the bottom quartile, and significant declines in the lower and upper middle quartiles.

The changes since 2022 indicate fluctuations in BAME representation across pay quartiles, with some quartiles experiencing increases and others facing decreases.

Efforts for Diversity and Inclusion

The shifts in BAME representation across pay quartiles suggest that RSH is making efforts to foster diversity and inclusion at various levels within the workforce.

RSH's commitment to diversity is reflected in the changes over time, as evidenced by the increases and decreases in BAME representation across different pay quartiles.

Our ethnicity pay gap journey

Comparing the results of the ethnicity pay gap at regulator for the last four years, we continue to strive to close our pay gap. Progress has been modest overall as whilst we have increased diversity in the Upper Middle and Bottom quartiles the net impact has been limited. In particular, we have not seen an increase in diversity in the Top quartile which will be critical to reducing the pay gap.

What are we doing about the gap?

Our commitment to fostering a more inclusive organisation is detailed in our recently updated diversity and inclusion strategy. Our overarching diversity and inclusion goals are strategically designed to have a positive influence on closing the ethnicity pay gap. With regards to specific actions, we will direct our efforts toward areas where we anticipate the most significant impact.

Additionally, we will collaborate with our Trade Union partners, staff networks, and other stakeholders to establish a continuous improvement framework that will rigorously evaluate our progress in narrowing the ethnicity pay gap.

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The Regulator of Social Housing regulates registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs.