

Equality (Race and Disability) Bill: mandatory ethnicity and disability pay gap reporting Government consultation

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CP 1288



Equality (Race and Disability) Bill: mandatory ethnicity and disability pay gap reporting Government consultation

Presented to Parliament by the Minister for Migration and Citizenship at the Home Office and Minister for Equalities by Command of His Majesty

March 2025

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About this consultation

Enquiries to:

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How to respond:

We encourage you to respond online if possible.

Please read the consultation document.

Then submit your responses online: Equality (Race and Disability) Bill consultation survey

Please email equality bill@cabinetoffice.gov.uk if:

you would like to respond via email you have any other enquiries specifically relating to this consultation including requests for the document in an alternative format

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Purpose

The purpose for which we are processing your personal data is to obtain the opinions of members of the public, parliamentarians and representatives of organisations and companies about departmental policies, proposals, or generally to obtain public opinion data on an issue of public interest.

To do this we will:

Collect information on some personal characteristics of individual respondents including sex, race and disability (amongst other data). This information will aid and contextualise the analysis of the consultation, allowing us to identify if there are gaps in the response

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We will also collect the names of organisations, and employer and employee representative bodies or networks. This is to understand the groups participating in the consultation and who they represent.

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CONTACT DETAILS

The data controller for your personal data is the Cabinet Office. The contact details for the data controller are: Cabinet Office, 70 Whitehall, London, SW1A 2AS, or 0207 276 1234, or you can use this <u>webform</u>.

The contact details for the data controller's Data Protection Officer are: <u>dpo@cabinetoffice.gov.uk</u>.

The Data Protection Officer provides independent advice and monitoring of Cabinet Office's use of personal information.

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Ministerial foreword



This government was elected to deliver change. To improve the lives of working people and strengthen our country. Our Plan for Change sets out the ambitious – but achievable – milestones we aim to reach by the end of this Parliament.

An essential element of this Plan – and our five missions for government – is our commitment to create a more equal society in which people can thrive whatever their background. The reality is far from that goal. For example, currently most ethnic minority groups earn on average less than their White British peers. Similarly, while there has been growth in employment rates for disabled people in recent years, disabled people have, on average, lower incomes than non-disabled people. While previous Labour governments introduced the landmark Equal Pay Act 1970 and the Equality Act 2010, as well as other equality-related legislation, more still remains to be done. The manifesto and the King's Speech announced our intention to legislate to deliver mandatory ethnicity and disability pay gap reporting for larger employers. This important commitment, announced as part of the Equality (Race and Disability) Bill, seeks to create a more equal society and support a growing economy.

The responses to this consultation will help us to shape the draft legislation.

This is the beginning of the process and we will be engaging further, including issuing a call for evidence as part of our joined-up, community-driven approach to developing policy, to inform other parts of the Bill, including making the right to equal pay effective for ethnic minority and disabled people.

Rt. Hon Sir Stephen Timms MP, Minister for Social Security & Disability, and Seema Malhotra MP, Minister for Equalities

Introduction

Purpose

The government is launching this consultation to seek views on the measures it proposes to include in the upcoming Equality (Race and Disability) Bill (the 'bill') on introducing mandatory ethnicity and disability pay gap reporting for large employers.

'Large employers' and 'large public bodies' are those with 250 or more employees.

The responses to this consultation will be used to inform our next steps on developing and drafting legislation.

We are inviting responses from anyone interested in these issues. We particularly welcome views from those who may be most affected by the different measures, including:

- employers
- public sector bodies
- race and disability stakeholders
- people from ethnic minority groups
- disabled people
- disabled people's organisations

Respondents can provide feedback on all the policy areas outlined in this consultation or on specific topics.

Background

The King's Speech in July 2024 announced the government's intention to legislate to introduce mandatory ethnicity and disability pay reporting for large employers. This consultation seeks views on how these measures could be implemented. We will be launching a separate call for evidence seeking views on making the right to make equal pay effective for ethnic minority and disabled people and other areas of equality law.

The sections of this consultation on disability pay reporting have been informed by the 2021 to 2022 disability workforce reporting consultation. You can see the findings of this consultation in Annex B. The government will set out more details on our wider disability priorities after we have engaged more closely with disabled people and their representative organisations. This is in line with our manifesto commitment to ensure that their views and voices are at the heart of all we do.

Extending mandatory pay gap reporting to ethnicity and disability

Large employers across Great Britain have been required to report their gender pay gap data since 2017. This has led to greater transparency for employers and employees. It also gives employers important data to inform their actions to address inequalities.

The government is committed to introducing mandatory ethnicity and disability pay gap reporting for large employers. This will provide the same transparency and impetus for positive change for people from different ethnic groups and disabled people.

We are aiming to use a similar reporting framework for ethnicity and disability to that already in place for gender pay gap reporting. But there are also distinct considerations for ethnicity and disability, particularly in data collection and analysis. We are seeking views on these issues to ensure that the legislation gives employers a clear framework, which results in robust data, and can be adopted by employers across different sectors.

Question 1:

Do you agree or disagree that large employers should have to report their **ethnicity** pay gaps?

Question 2:

Do you agree or disagree that large employers should have to report their **disability** pay gaps?

Geographical scope

We will establish the geographical scope for these particular measures through:

- the findings of this consultation
- ongoing discussions with the Scottish and Welsh governments

For mandatory ethnicity and disability pay gap reporting, **we are proposing** to follow the same approach as gender pay gap reporting. That is, mandating reporting by:

 large private and voluntary sector employers in Great Britain (England, Wales and Scotland)

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 large public sector bodies in England certain public authorities operating across Great Britain in relation to non-devolved functions

Question 3:

Do you agree or disagree that **ethnicity** pay gap reporting should have the same geographical scope as gender pay gap reporting?

Question 4:

Do you agree or disagree that **disability** pay gap reporting should have the same geographical scope as gender pay gap reporting?

Pay gap calculations

We are keen to minimise any additional burdens on businesses by using the same processes and systems that are already in place for gender pay gap reporting.

We propose requiring employers to report the same set of pay gap measures for ethnicity and disability. This is based on previous feedback from employers and to ensure a consistent approach.

This would mean reporting on:

- mean differences in average hourly pay
- median differences in average hourly pay

- pay quarters the percentage of employees in 4 equally-sized groups, ranked from highest to lowest hourly pay
- mean differences in bonus pay
- median differences in bonus pay
- the percentage of employees receiving bonus pay for the relevant protected characteristic

Question 5:

Do you agree or disagree that employers should report the same 6 measures for **ethnicity** pay gap reporting as for gender pay gap reporting?

Question 6:

Do you agree or disagree that employers should report the same 6 measures for **disability** pay gap reporting as for gender pay gap reporting?

We are also proposing to make it mandatory for employers to report on:

- the overall breakdown of their workforce by ethnicity and disability
- the percentage of employees who did not disclose their personal data on their ethnicity and disability

This additional data would give context to an employer's ethnicity and disability pay gap figures – for example, if they have low self declaration rates

from their employees on these characteristics. This is not an issue for gender pay gap reporting as employers already have this data for pay purposes.

Equally, some employers may have recently increased the number of ethnic minority or disabled employees, which could contribute to larger pay gaps if people from these groups are joining at entry level. Sharing information about the proportion of ethnic minority or disabled people in an employer's workforce can help to build a clearer picture about an employer's overall commitment to inclusiveness.

Question 7:

Do you agree or disagree that large employers should have to report on the **ethnic breakdown** of their workforce?

Question 8:

Do you agree or disagree that large employers should have to report on the **breakdown** of their workforce by **disability status**?

Question 9:

Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their **ethnicity**? Question 10: Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their disability status?

Action plans

We are also seeking views on whether employers should have to produce action plans for ethnicity and disability pay gap reporting. Action plans can help employers identify why they have a pay gap and how they intend to close it. Employers can use action plans to explain the reasons behind any pay gaps and set out the actions they are taking to improve equality in their workforce. Employees can use these plans to understand the actions that their employer is taking and to hold them to account. Introducing action plans would also broadly align with the findings of the 2021 to 2022 consultation on disability workforce reporting. This highlighted the need for reporting practices to be supported by initiatives to increase workplace equality.

Question 11:

Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for **ethnic minority** employees?

Question 12:

Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for **disabled** employees?

Additional reporting requirements for public bodies

We are aiming to require further information from public bodies on ethnicity, in addition to the data outlined above. This could help improve transparency and accountability.

We have included questions on whether large public bodies (those with 250 or more employees) should report:

- ethnicity pay differences by grade or salary bands
- data relating to recruitment, retention and progression by ethnicity

These additional requirements would apply to public bodies including:

- most government departments and arm's length bodies
- the armed forces
- local authorities
- NHS bodies

- universities
- most schools, including academies and multi-academy trusts

You can see a full list of public bodies.

This data could provide further evidence to help public bodies identify where racial inequalities persist – such as barriers to promotion or progression – and understand how these apply to different groups. This is particularly important given the increase in ethnic diversity seen in many public bodies' workforces in recent years.

Question 13:

Do you agree or disagree that public bodies should also have to report on pay differences between ethnic groups by grade and/or salary bands?

Question 14:

Do you agree or disagree that public bodies should also have to report on recruitment, retention and progression by ethnicity?

Question 15:

If public bodies have to report on recruitment, retention and progression by ethnicity, what data do you think they should have to report? We are also interested in whether these additional reporting requirements for public bodies should be extended to disability.

Question 16:

Do you agree or disagree that public bodies should have to report on pay differences between disabled and non disabled employees, by grade and/ or salary bands?

Question 17:

Do you agree or disagree that public bodies should have to report on recruitment, retention and progression by disability?

Question 18:

If public bodies have to report on recruitment, retention and progression by disability, what data do you think they should have to report?

Dates and deadlines

Under the gender pay gap regulations, large employers in the private and voluntary sectors across Great Britain have a 'snapshot date' of 5 April each year to collect pay data from their employees. They have to report their pay gap data within 12 months – by 4 April the following year. Public bodies in England have a different snapshot date (31 March) and a reporting deadline of 30 March the following year. These dates were agreed after extensive employer engagement and were designed to align with other important dates for reporting data (for example, the end of the tax year for private and voluntary sector employers, and the end of the financial year for public bodies).

We propose using the same 2 sets of dates when introducing mandatory pay gap reporting on ethnicity and disability, to ensure consistency and to reflect the previous feedback we received from employers. We also propose that employers report their ethnicity and disability pay gap data online, in a similar way to the gender pay gap service.

Question 19:

Do you agree or disagree that **ethnicity** pay gap reporting should have the same reporting dates as gender pay gap reporting?

Question 20:

Do you agree or disagree that **disability** pay gap reporting should have the same reporting dates as gender pay gap reporting?

Question 21:

Do you agree or disagree that **ethnicity** pay gap data should be reported online in a similar way to the gender pay gap service?

Question 22:

Do you agree or disagree that **disability** pay gap data should be reported online in a similar way to the gender pay gap service?

Enforcement

The Equality and Human Rights Commission (EHRC) currently enforces gender pay gap reporting. This is described in its <u>enforcement policy</u>. **We propose** that the same enforcement policy is used for ethnicity and disability pay gap reporting.

Question 23:

Do you agree or disagree that **ethnicity** pay gap reporting should have the same enforcement policy as gender pay gap reporting?

Question 24:

Do you agree or disagree that **disability** pay gap reporting should have the same enforcement policy as gender pay gap reporting?

Ethnicity: data collection and calculations

Data collection

The best way for employers to collect ethnicity data is to ask employees to report their own ethnicity. There should be an option to opt out of answering, such as 'prefer not to say'. **We propose** that employers in England and Wales should collect ethnicity data using the detailed ethnicity classifications in the <u>Government</u> <u>Statistical Service (GSS) ethnicity harmonised</u> <u>standard</u> that was used for the 2021 Census (see Annex C).

The format of the question varies between England, Northern Ireland¹, Scotland and Wales. This is because each country has its own specific requirements in relation to ethnicity data – for example, in Wales, 'Welsh' is the first option in the 'White' category. It is therefore recommended that the harmonised country-specific approaches are used where possible.

¹ Although the pay gap reporting requirements will only apply across England, Scotland and Wales (and potentially England only for public bodies), employers in Northern Ireland may be subject to the requirements if they have 250 or more employees based in Great Britain.

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Using the harmonised standards can help:

- employers be consistent with their calculations in different time periods
- ensure comparability across different data collections produced by the government and other employers
- derive more useful statistics that give people a greater level of understanding

They also provide a ready-to-use set of tested and legally sound questions.

Question 25:

Do you agree or disagree that large employers should collect ethnicity data using the GSS harmonised standards for ethnicity?

Calculating and reporting ethnicity pay gaps

Ethnicity pay gap reporting is most powerful when it captures dynamics across different ethnic groups and we encourage employers to try to show pay gap measures for as many ethnic groups as they can. This is because some ethnic groups may be earning much more than others. Breaking down the different categories will give a much richer picture and better inform action plans. However, to protect the privacy of employees (in line with the General Data Protection Regulation – GDPR) and to help produce statistically robust data, **we propose** that there should be a minimum of 10 employees in any ethnic group that is being analysed.

To meet this threshold of 10 employees, employers might have to add some ethnic groups together. While there are many different ways of doing this, **we propose** that employers follow <u>guidance on ethnicity</u> <u>data from the Office for National Statistics</u> to ensure that groupings are as coherent and comparable as possible between employers, and for an individual employer over time. The minimum threshold of 10 should apply for each aggregated ethnic group being analysed.

If an employer has smaller numbers of employees in different ethnic groups, they can report their figures for 2 groups – for example, comparing White British employees with ethnic minority employees. We call this a 'binary classification' and options for how to create the binary classification are described below. If binary reporting is the only available comparison possible for an employer – because showing any more ethnic groups would disclose information about individuals – **we propose** that employers should keep this under review and aim towards reporting on more ethnic groups in future. This can be part of their action plan. A binary comparison can help with comparing data consistently over time so we **propose**, as a minimum, that **all** large employers report on the pay gap measures using a binary comparison. As already set out, we still encourage employers that are able to report pay gap information about more detailed ethnic groups to do so. This will help them to understand a wider range of pay gaps that might exist in their organisation.

We propose 3 options for the binary classification. These are given in order of preference:

- first, employers should report on a comparison between White British employees and all other ethnic minority groups combined
- second, if an employer is not collecting information on employees in the specific White British category (or there are fewer than 10 employees in this category), they should report on the comparison between White employees and employees in the other groups combined
- finally, if an employer has fewer than 10 White British employees or White employees, they should report on the comparison between the largest ethnic group in the organisation and all other groups combined

Question 26:

Do you agree or disagree that **all** large employers should report ethnicity pay gap measures using one of the binary classifications as a minimum?

Question 27:

Do you agree or disagree that there should be at least 10 employees in each ethnic group being reported on? This would avoid disclosing information about individual employees.

Question 28:

Do you agree or disagree that employers should use the ONS guidance on ethnicity data to aggregate ethnic groups? This would help protect their employees' confidentiality.

Question 29:

Is there anything else you want to tell us about ethnicity pay gap reporting?

Disability: data collection and calculations

Comparing pay across employee groups

Previous work on disability workforce reporting (see Annex B), together with early engagement with academics, employers and civil society organisations, has identified 2 approaches to calculating the disability pay gap:

- Measure the difference in pay between disabled employees and non-disabled employees – we call this a 'binary approach'.
- 2. Measure the difference in pay between employees with different impairment types and non-disabled employees.

Some respondents supported reporting on impairment types, for example by using the <u>GSS impairment</u> <u>harmonised standard</u>, however there are some significant risks to such an approach if applied to pay gap or workforce reporting. These include the risk of individuals becoming identifiable, and greater complexity in calculations where people have multiple impairments. These issues could significantly affect compliance and the overall effectiveness of pay gap reporting. This has to be weighed up against the advantage of using the impairment type approach, which is that, if the data issues could be overcome, it would allow for a more detailed understanding of which groups of disabled people are most impacted by pay gap issues. The benefit of a binary approach is that it lowers the risk of identifying individuals from the data. A simpler, binary approach should also be easier for employers to implement and enable greater compliance.

As such, **we propose** taking a binary approach, measuring the disability pay gap by comparing the pay of disabled employees with non-disabled employees.

The government **proposes** using the Equality Act 2010 definition of 'disability' as the basis of identifying disabled employees. This ensures a consistent definition of 'disability' is used across equality-related measures. We are interested in your views on this proposal.

Under the Equality Act 2010, a person is disabled if they have a physical or a mental condition that has a substantial and long-term impact on their ability to do normal day to day activities. Under the Equality Act, certain medical conditions are deemed automatically to be disabilities. In these cases a person may be disabled even if they are currently able to carry out normal day-to-day activities. People with a progressive condition are protected as soon as they are diagnosed. For more information, please see the <u>EHRC website</u>. Employers will be responsible for collecting data on disability according to the Equality Act 2010 definition. Employees will continue to report disability themselves, and will not be required by law to identify or disclose disability to their employers as a result of introducing disability pay gap reporting.

Question 30:

Do you agree or disagree with using the 'binary' approach (comparing the pay of disabled and non-disabled employees) to report disability pay gap data?

Question 31:

Do you have any feedback on our proposal to use the Equality Act 2010 definition of 'disability' for pay gap reporting?

To protect the privacy of employees (in line with GDPR) and to ensure data is statistically robust, **we propose** that there should be a minimum of 10 employees in each group being compared in terms of pay.

Question 32:

Do you agree or disagree that there should be at least 10 employees in each group being compared (for example, disabled and nondisabled employees)? This would avoid disclosing information about individual employees.

Question 33:

Is there anything else you want to tell us about disability pay gap reporting?

Annex A: Full list of consultation questions

Extending mandatory pay gap reporting to ethnicity and disability

- **1.** Do you agree or disagree that large employers should have to report their **ethnicity** pay gaps?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure
- **2.** Do you agree or disagree that large employers should have to report their **disability** pay gaps?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure

Comments on this section:

Geographical scope

3. Do you agree or disagree that **ethnicity** pay gap reporting should have the same geographical scope as gender pay gap reporting?

□ Strongly agree	Э
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□ Somewhat	agree
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Neither	agree	nor	disagree
	<u> </u>		U

- Strongly disagree
- Don't know or unsure

4. Do you agree or disagree that **disability** pay gap reporting should have the same geographical scope as gender pay gap reporting?

	Strongly	agree
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□ Somewhat agree

□ Neither agree nor disagree

Somewhat disagree

□ Strongly disagree

Don't know or unsure

Comments on this section:

Pay Gap Calculations

- 5. Do you agree or disagree that employers should report the same 6 measures for **ethnicity** pay gap reporting as for gender pay gap reporting?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - ☐ Strongly disagree
 - Don't know or unsure
- 6. Do you agree or disagree that employers should report the same 6 measures for **disability** pay gap reporting as for gender pay gap reporting?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - Strongly disagree
 - Don't know or unsure

7. Do you agree or disagree that large employers should have to report on the **ethnic breakdown** of their workforce?

□ Somewhat agree

□ Neither agree nor disagree

□ Somewhat disagree

□ Strongly disagree

Don't know or unsure

8. Do you agree or disagree that large employers should have to report on the **breakdown** of their workforce by **disability status**?

Somewhat agree

□ Neither agree nor disagree

□ Somewhat disagree

□ Strongly disagree

Don't know or unsure

9. Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their **ethnicity**?

□ Strongly a	agree
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□ Somewhat agree

□ Neither agree nor disagree

□ Somewhat disagree

□ Strongly disagree

Don't know or unsure

10. Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their disability status?

	trongly	agree
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Somewhat agree

\square	Neither	agree	nor	disagree
				0

Somewhat	disagree
----------	----------

Strongly disagree

Don't know or unsure

Comments on this section:

Action Plans

11. Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for **ethnic minority** employees?

□ Strongly agree	Ś
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□ Somewhat agree

 $\hfill\square$ Neither agree nor disagree

□ Somewhat disagree

□ Strongly disagree

Don't know or unsure

Comment:

12. Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for disabled employees?

□ Strongly agree	
------------------	--

Somewhat	agree
----------	-------

□ Neither agree nor disagree

	\square	Somewhat	disagree
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Comment:



Additional reporting requirements for public bodies

13. Do you agree or disagree that public bodies should also have to report on pay differences between ethnic groups by grade and/ or salary bands?

Somewhat	disagree
----------	----------

Strongly disagree

- Don't know or unsure
- **14.** Do you agree or disagree that public bodies should also have to report on recruitment, retention and progression by ethnicity?

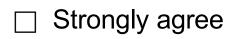
□ Strongly	agree
------------	-------

\square	Somewhat	agree
		.g. e e

- □ Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know or unsure

15. If public bodies have to report on recruitment, retention and progression by ethnicity, what data do you think they should have to report?

16. Do you agree or disagree that public bodies should have to report on pay differences between disabled and non disabled employees, by grade and/or salary bands?



- ☐ Somewhat agree
- □ Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don't know or unsure

- **17.** Do you agree or disagree that public bodies should have to report on recruitment, retention and progression by disability?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure
- 18. If public bodies have to report on recruitment, retention and progression by disability, what data do you think they should have to report?

Comments on this section:

Dates and deadlines

19. Do you agree or disagree that **ethnicity** pay gap reporting should have the same reporting dates as gender pay gap reporting?

		Somewhat agree
--	--	----------------

Neither	agree	nor	disagree
	<u> </u>		U

- □ Somewhat disagree
- □ Strongly disagree
- Don't know or unsure

20. Do you agree or disagree that **disability** pay gap reporting should have the same reporting dates as gender pay gap reporting?

□ Strongly agree

□ Somewhat agree

□ Neither agree nor disagree

□ Somewhat disagree

□ Strongly disagree

Don't know or unsure

21. Do you agree or disagree that **ethnicity** pay gap data should be reported online in a similar way to the gender pay gap service?

□ Strongly	agree
------------	-------

Somewhat agree

□ Neither agree nor disagree

□ Somewhat disagree

☐ Strongly disagree

Don't know or unsure

22. Do you agree or disagree that **disability** pay gap data should be reported online in a similar way to the gender pay gap service?

□ Strongly	agree
------------	-------

□ Somewhat agree

□ Neither agree nor disagree

☐ Somewhat disagree

□ Strongly disagree

Don't know or unsure

Comments on this section:

Enforcement

- **23.** Do you agree or disagree that **ethnicity** pay gap reporting should have the same enforcement policy as gender pay gap reporting?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure
- **24.** Do you agree or disagree that **disability** pay gap reporting should have the same enforcement policy as gender pay gap reporting?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - □ Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure

Comments on this section:

Ethnicity: data collection and calculations

25. Do you agree or disagree that large employers should collect ethnicity data using the GSS harmonised standards for ethnicity?

Strongly	y agree
----------	---------

Somewhat agree

\square	Neither	agree	nor	disagree

- □ Somewhat disagree
- □ Strongly disagree
- Don't know or unsure

Comment:

Calculating and reporting ethnicity pay gaps

26. Do you agree or disagree that **all** large employers should report ethnicity pay gap measures using one of the binary classifications as a minimum?

	Strongly	agree
--	----------	-------

Neither	agree	nor	disagree
			0

- □ Somewhat disagree
- □ Strongly disagree
- Don't know or unsure

27. Do you agree or disagree that there should be at least 10 employees in each ethnic group being reported on? This would avoid disclosing information about individual employees.

- □ Somewhat agree
- □ Neither agree nor disagree
- □ Somewhat disagree
- □ Strongly disagree
- Don't know or unsure
- 28. Do you agree or disagree that employers should use the ONS guidance on ethnicity data to aggregate ethnic groups? This would help protect their employees' confidentiality.

- □ Somewhat agree
- □ Neither agree nor disagree
- □ Somewhat disagree
- □ Strongly disagree
- Don't know or unsure

Comments on this section:

29. Is there anything else you want to tell us about ethnicity pay gap reporting?



Disability: data collection and calculations

Comparing pay across employee groups

- **30.** Do you agree or disagree with using the 'binary' approach (comparing the pay of disabled and non-disabled employees) to report disability pay gap data?
 - □ Strongly agree
 - □ Somewhat agree
 - □ Neither agree nor disagree
 - Somewhat disagree
 - □ Strongly disagree
 - Don't know or unsure
- **31.** Do you have any feedback on our proposal to use the Equality Act 2010 definition of 'disability' for pay gap reporting?

32. Do you agree or disagree that there should be at least 10 employees in each group being compared (for example, disabled and nondisabled employees)? This would avoid disclosing information about individual employees.

Somewhat ag	ree
-------------	-----

\square	Neither	agree	nor	disagree

Somewhat disagree

- Strongly disagree
- Don't know or unsure

Comments on this section:

33. Is there anything else you want to tell us about disability pay gap reporting?

Demographics

Please complete Part 1. Depending on your response to Demographic question 1, we will ask you to complete either Section A, B, C or D of part 1. You do not need to respond to all sections. Guidance is provided below.

Please see Part 2 if you would like to know about updates on this consultation.

Part 1. Information about you or your organisation

In this part, we ask about you or your organisation. We are interested in responses from different organisations and individuals. For example, we would like responses from employers, and employer and employee representative organisations or networks. We are also interested in responses from other individuals or other organisations with an interest in the proposals in the consultation.

This demographic information will allow us to better understand trends across respondents, and to consider equality impacts in any future policy decisions.

Demographic question 1 gives four options to record in what capacity you are responding:

Option 1: responding as an employer or business

This option relates to employers who would usually be responding with views because the proposals might impact them. For example, the organisation might be in a position where they need to implement ethnicity and disability pay gap reporting either now or in the future.

Option 2: responding as an organisation or network that represents either employers, employees or both

This option covers responses by representative organisations or networks, for example trades unions. If these organisations want to provide an additional view as an employer they should complete a second response.

Option 3: responding as another organisation

This option covers responses by organisations such as charities or Disabled People's Organisations who, despite being employers in some cases, may wish to respond in a different capacity. Research organisations with an academic interest in pay gap reporting may also wish to respond under this option.

Option 4: responding as an individual

This option covers responses by individuals. This might be people who are employees in organisations that might implement the proposals, or other people who have general views about the proposals. You may be responding on behalf of an employer or organisation, but also want to submit a second response reflecting your personal views.

Providing more than one response

You can provide more than one response to the consultation. For example, if you are a trade union organisation, you might provide two separate responses – one response as a representative organisation and one response as an employer. Alternatively, if you are an individual representing an organisation or network, you may want to complete one response on behalf of your organisation and another response reflecting your own personal views.

Demographic question 1:

Which of the following are you responding as?

- An employer or business (Please refer to section A)
- An organisation or network which represents employers or employees (Please refer to Section B)

 Other organisation (for example a research organisation, or organisation representing disabled people) (Please refer to Section C)

☐ An individual (Please refer to Section D)

Section A. About your organisation [employer or business]

Demographic question 2:

Please provide your organisation's name:

Demographic question 3:

Please tell us about your interest in this consultation:

Demographic question 4:

How many employees does your organisation have?

□ 1 to 24

□ 25 to 249

□ 250 to 999

1,000 or more

Demographic question 5:

Where does your organisation operate?

- □ England
- Northern Ireland
- Scotland
- Wales
- England and Wales
- □ Britain (England, Wales and Scotland)
- UK (England, Wales, Scotland and Northern Ireland)
- ☐ International (UK and other countries)
- ☐ Other (please specify):

Demographic question 6:

Which sector is your organisation based in?

(Tick all that apply)

Other (please specify):
Voluntary sector (e.g. charity or a not-for- profit organisation)
Private sector
Public sector

Demographic question 7:

Which industry is your organisation based in?

(Tick all that apply)

- □ Agriculture and forestry
- □ Construction
- □ Education and research
- □ Energy and mining
- Entertainment
- □ Finance and banking
- $\hfill\square$ Health and social care
- □ Hospitality and retail
- □ Information technology
- 🗌 Legal
- Leisure and tourism
- Manufacturing
- Public sector
- Recruitment and human resources
- ☐ Transportation and logistics
- ☐ Other (please specify):

Demographic question 8:

What is your role in the organisation?

🗌 Head	of empl	loyer	network
--------	---------	-------	---------

Diversity and Inclusion professional

Other	[.] (please	specify):
-------	----------------------	-----------

Section B. About your organisation or network [employee or employer representative organisation or network]

Demographic question 9:

Please provide your organisation or network's name:

Demographic question 10:

Please tell us about your interest in this consultation:

Demographic question 11:

What type of organisation or network do you represent?

An employee representative organisation or network
An employer representative organisation or network
Both an employee and employer representative organisation or network
Other (please specify):

Demographic question 12:

How many members does your organisation or network represent?

1 to 24
25 to 249
250 to 999
1,000 or more

Demographic question 13:

Where does your organisation or network operate?

- England
- Northern Ireland
- Scotland
- Wales
- England and Wales
- Great Britain (England, Wales and Scotland)
- UK (England, Wales, Scotland and Northern Ireland)
- □ International (UK and other countries)
- □ Other (please specify):

Demographic question 14:

Which sector is your organisation based in?

(Tick all that apply)

- Private sector
- Voluntary sector (e.g. charity or a not-forprofit organisation)
- ☐ Other (please specify):

Demographic question 15:

What type of organisation are you?

(Tick all boxes that apply)

- □ Disabled people led organisation
- Disability charity or organisation
- Disabled staff network
- Ethnic minority organisation
- Ethnicity staff network
- Trade union
- ☐ Other (please specify):

Demographic question 16:

Which industry is your organisation based in?

(Tick all that apply)

- □ Agriculture and forestry
- □ Construction
- □ Education and research
- □ Energy and mining
- Entertainment
- Finance and banking
- □ Health and social care
- Hospitality and retail
- □ Information technology
- 🗌 Legal
- □ Leisure and tourism
- □ Manufacturing
- Public sector
- □ Recruitment and human resources
- ☐ Transportation and logistics
- ☐ Other (please specify):

Demographic question 17:

What is your role in the organisation?

Diversity and Inclusion professional

)ther	(please	specify):
--	-------	---------	-----------

Section C. About your organisation (other)

Demographic question 18:

Please provide your organisation's name:

Demographic question 19:

Please tell us about your interest in this consultation:

Demographic question 20:

How many people does your response represent?

□ 1 to 24

□ 25 to 249

□ 250 to 999

□ 1,000 or more

Demographic question 21:

Where does your organisation operate?

- □ England
- Northern Ireland
- Scotland
- Wales
- England and Wales
- Great Britain (England, Wales and Scotland)
- UK (England, Wales, Scotland and Northern Ireland)
- ☐ International (UK and other countries)
- ☐ Other (please specify):

Demographic question 22:

Which sector is your organisation based in?

(T	īck	all	that	apply)
----	-----	-----	------	--------

☐ Private sector

- Voluntary sector (e.g. charity or a not-forprofit organisation)
- ☐ Other (please specify):

Demographic question 23:

What type of organisation are you?

(Tick all that apply)

- □ Disabled people led organisation
- Disability charity or organisation
- □ Disabled staff network
- Ethnic minority organisation
- □ Ethnicity staff network
- ☐ Trade union
 - Other (please specify):

Demographic question 24:

Which industry is your organisation based in?

(Tick all that apply)

- □ Agriculture and forestry
- □ Construction
- □ Education and research
- □ Energy and mining
- Entertainment
- Finance and banking
- □ Health and social care
- Hospitality and retail
- □ Information technology
- 🗌 Legal
- □ Leisure and tourism
- □ Manufacturing
- Public sector
- □ Recruitment and human resources
- ☐ Transportation and logistics
- ☐ Other (please specify):

Demographic question 25:

What is your role in the organisation?

☐ Head of staff network

Diversity and Inclusion professional

Section D. About you (individual)

Demographic question 26:

Please tell us about your interest in this consultation:

Demographic question 27:

Which of the following descriptions do you identify with?

(Tick all that apply)

Neurodivergent

Having one or more physical or mental health conditions or illnesses lasting or expected to last for 12 months or more

 \square None of the above



or



Prefer not to say

Demographic question 28:

Do you identify as having conditions or illnesses that affect you in any of the following areas?

(Tick all that apply)

- Vision (for example blindness or partial sight)
- Hearing (for example deafness or partial hearing)
- Mobility (for example walking short distances or climbing stairs)
- Dexterity (for example lifting and carrying objects, using a keyboard)
- □ Learning or understanding or concentrating
- □ Memory
- Mental health (for example depression, anxiety, post-traumatic stress disorder)
- □ Stamina or breathing or fatigue
- Socially or behaviourally (for example autism spectrum disorder (ASD) which includes Asperger's, or attention deficit hyperactivity disorder (ADHD))

|--|

☐ None of the above

or

] Prefer not to say

Demographic question 29:

Where do you mostly work? If you are currently not in work, please indicate where you live most of the time.

England
Northern Ireland
Scotland
Wales
Other (please specify):

Demographic question 30:

What is your ethnicity? Please choose the option that best describes your ethnic group or background.

White

English, Welsh, Scottish, Northern Irish, British

🗌 Irish

Gypsy or	Irish	Traveller
----------	-------	-----------

🗌 Roma

□ Any other White background

Mixed or Multiple ethnic groups

□ White and Black Caribbean

□ White and Black African

☐ White and Asian

Any other Mixed or Multiple ethnic background

Asian or Asian British

☐ Bangladeshi

□ Chinese

🗌 Indian

Pakistani

Any other Asian background

Black, Black British, Caribbean or African

🗌 Caribbean

African

Any other Black, Black British, Caribbean or African background

Other Ethnic Groups

🗌 Arab

Other Ethnic Group

or

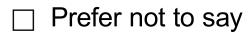
Prefer not to say

Demographic question 31:

How old are you?

- 25 to 34 years
- \Box 35 to 44 years
- □ 45 to 54 years
- 55 to 65 years
- □ Over 65 years

or



Demographic question 32:

What is your sex?



] Male

or

Prefer not to say

Part 2: Updates

Demographic question 33:

If you would like to receive updates on this consultation, please <u>visit https://www.gov.uk/</u> government/consultations/equality-race-and-disabilitybill-mandatory-ethnicity-and-disability-pay-gapreporting and select 'Get emails about this page'

Annex B: Findings of the 2021 to 2022 Disability Workforce Reporting consultation

Introduction

The Disability Unit in the Cabinet Office ran a consultation on disability workforce reporting (DWR). It was open to respondents for 16 weeks between 16 December 2021 and 8 April 2022.

The consultation asked people for their views on data collection, transparency and the benefits and risks of reporting practices on disability in the workforce. It also asked for alternative suggestions to voluntary or mandatory workforce reporting to increase workplace inclusion and employment of disabled people.

The consultation was hosted on GOV.UK and available as an online survey via the Citizen Space portal. It was also available in a range of alternative formats, including: PDF, British Sign Language (BSL), Easy Read, large print, Braille and Welsh. Responses to the survey were also accepted via email and post. This report shares the analysis of the findings from the consultation survey on Citizen Space and in alternative formats.

A series of 7 roundtables involving a mix of people representing employer and employee perspectives were also held. The discussions at these roundtables have been analysed separately and considered alongside the findings of this report.

Methodology

Descriptive quantitative analysis was conducted on closed questions using the statistical software package R. Responses to all open questions were read in full by the research team. Responses were fully coded into an Excel-based codebook, which was used to develop the themes per question, and the overarching themes. The major themes are discussed in this report.

All responses were considered equally regardless of the mode of response. Responses from the Citizen Space survey all followed the same structure. Those responding by email often did not follow this structure, though covered many of the same topics. Email responses were considered under the questions that their comments pertained to, even if they did not follow this structure themselves. They have also contributed to the overarching themes.

Respondent characteristics

The consultation received 447 responses:

- 90% (404 responses) were submitted via online survey
- 10% (43 responses) were received by email or post

Out of the 447 responses:

- 26% (115 responses) were from an employer or employer representative organisation or network
- 72% (323 responses) were from an employee, or employee representative organisation or network, or other individual
- 2% (9 responses) were from a respondent representing both groups

Summary of findings

This section first sets out overarching themes found across questions. It then sets out the high-level findings across the 4 parts of the consultation itself.

Overarching themes

Whilst there was a wide mix of views represented across the responses received to all questions, some clear themes emerged.

Some of the overarching themes suggested potential positive impacts of DWR:

representation: monitoring and making public the representation of disabled people in workplaces **reasonable adjustments:** assisting in identifying support needs and improving the provision of reasonable adjustments **awareness:** increasing the awareness and understanding of disability and disabled people in the workplace **accountability:** holding employers to account,

and incentivising or pushing them to improve comparability: making it possible to compare employers and to benchmark

Some of the overarching themes sounded a note of caution, or suggested potential negative impacts of DWR:

disclosure of disability: creating issues for disabled employees around the disclosure of their disability status, or amplifying existing issues of this kind. Issues included fears of (or actual) discrimination following disclosure, or lower quality data if fear of discrimination leads to non-disclosure

lack of real impact: becoming a tick-box exercise, or not leading to the further action that is required from employers – responses also highlighted this reporting measure being insufficient on its own to determine whether or not an employer is inclusive, with narrative or context also being needed

data protection: needing to have strong data security and protection measures in place, including suggestions that disability data should be captured anonymously

Headline findings related specifically to information gathered under the 4 headings in the consultation document can be found below.

Understanding the current landscape

Where an organisation collected disability data, the proportion of disabled people in the workforce was the most commonly collected information reported (96% of employer respondents and 73% of employee respondents said that their organisation collected this). 59% of employer respondents said that their organisation collects data on the proportion of disabled staff working at different levels in the organisation.

Nearly 90% of employer respondents used existing HR processes to collect information on disability in their workforce. The majority of employer respondents (54%) reported that this information had been collected for more than 5 years, with 34% collecting it for between 1 and 5 years. Over three-quarters of employer respondents (77%) said their organisations didn't use the <u>voluntary reporting framework</u>.

The majority of employer respondents (61%) said that the cost to the organisation of collecting disability workforce data was 'none or negligible'. A quarter of respondents said there was 'some cost, but not a lot'.

The 3 most common uses of workforce data were to inform diversity and inclusion initiatives, to inform recruitment practices and to track progress on diversity and inclusion initiatives.

31% of respondents said that their employer or organisation published their disability workforce data externally.

The majority of employees (90%) stated that they strongly agreed or agreed that employers should collect workforce data.

Benefits and barriers to disability workforce reporting

When asked whether they thought that greater transparency on disability in the workplace led to more inclusive practices, 85% of employer respondents and 74% of employee respondents thought that it did. When asked to explain their answer, the most common theme amongst both employer and employee responses was that transparency leads to increased awareness and understanding of disability and the needs of disabled people, as well as to increased awareness and availability of support.

The majority of respondents felt that disability workforce reporting by large employers (250+ employees) should be mandatory (70% of employer respondents and 74% of employee respondents).

When asked about the benefits of voluntary reporting, the most common theme amongst employer responses was that because it's a choice, voluntary reporting demonstrates a stronger commitment and is less likely to be a tick-box exercise. The most common response from employee respondents was that there were none.

When asked about the risks of voluntary reporting, the most common theme from both groups was that some or most organisations will not do it if it is voluntary, and that only organisations who have good numbers to report will do it.

On increasing the uptake of the voluntary reporting framework, employer respondents most commonly suggested that there is a need to increase employers' awareness. The most common theme amongst employee responses was to say that it should be made mandatory. The benefits to mandatory reporting most commonly identified by both types of respondent were that it:

allows for complete, accurate and standardised data, allowing comparison and benchmarking could lead to increased support and opportunities for disabled employees and an increased awareness of disability

The most common risks identified were:

it could be a tick-box exercise with no tangible impacts on improving inclusion concerns about employees not wanting to, or feeling forced to, disclose their disability status

The most common benefits of publishing the data identified by both employer and employee respondents were that it provides helpful information for disabled people when deciding where to work, and that it encourages employers to take action to support disabled employees. The risks most commonly identified by employer respondents were that low disclosure rates could distort the picture and the potential for reputational damage. Employees most commonly reported that there are no risks, or that it could be a tick-box exercise that doesn't bring about the necessary changes.

Considerations if mandatory disability workforce reporting were to be implemented

87% of employers and 83% of employees strongly agreed or agreed that the proportion of employees identifying as disabled is a useful statistic to report. The most common theme from both types of respondent was that the data can be used to determine the representation of disabled people in the workforce. A further major theme was that it raises the profile of disability issues.

When asked what other statistics should be reported instead of or alongside the proportion of employees identifying as disabled, the most common suggestions were: impairment, reasonable adjustments, pay, job level, other protected characteristics and/or intersectionality, progression, and the proportion of disabled people in senior positions.

There was strong support for the use of standardised approaches to collecting disability workforce data if reporting becomes mandatory for large employers, with 95% of employers or employer representative organisations and 83% of employee or employee representative organisations strongly agreeing or agreeing. However, there was an almost equal split (40% to 50%) from employer and employee respondents on which of the 2 types of wording² should be used when asking employees if they identify as being disabled.

Employers were asked what would help them to implement disability workforce reporting in consistent and effective ways. Responses included the need for toolkits and guidance, a free and simple reporting facility, a standard questionnaire and template and tools for communicating across the organisation.

Employees were asked what could help people feel comfortable to disclose. The most common theme was that the data should be anonymised, should be untraceable back to individuals or should be collected by a third party.

In terms of reporting and publishing workforce data, just over 60% of employers felt that central government should be the organisation that employers report to if disability workforce information were to be collected. The most common choice amongst employee respondents was a regulatory body (64% of respondents).

² The question asked respondents for their preference on 2 suggested forms of wording. These were: 1) 'Do you consider yourself to have a disability or a long-term health condition (mental health and/or physical health)?' 2) 'a. Do you have any physical or mental health conditions or illnesses lasting or expected to last 12 months or more? and b. Does your condition or illness\do any of your conditions or illnesses reduce your ability to carry out day-to-day activities?'

The majority of employers (88%) and employees (82%) said that large employers should publish organisation-level disability workforce statistics. 76% of employers felt that the employer should publish their workforce statistics themselves, with 44% feeling that it should be central government that publishes this data. Employees however had a greater split in their responses, with 55% saying a regulatory body and 54% saying the employer.³

Alternative approaches

Employers and employees were asked a final question, on what alternative to workforce reporting could increase the inclusion and employment of disabled people. The suggestions received in this section were very varied, but some broad themes did emerge.

The main theme in responses from both employees and employers was improving the support and reasonable adjustments available to disabled employees. Responses from both employees and employers also included a significant theme around improving the accessibility and inclusiveness of recruitment practices. Some employer and employee respondents also highlighted the importance of disabled staff networks, disability champions and sharing success and best practice.

³ Respondents could select multiple options to this question.

Some employer respondents said that there was a need to improve and promote the Disability Confident scheme, and to make improvements to data and reporting. Some employer respondents also highlighted the need to listen to and engage with disabled people, including collecting feedback and giving disabled employees opportunities to have their voices heard.

The need to improve awareness and attitudes around disability was a common theme among employee responses. This included focusing on strengths not weaknesses and using the social model of disability⁴, normalising disability and reducing stigma, and better understanding of specific impairments. Employee responses also included themes on education and training for employers and incentivising (for example, subsidies), monitoring (for example, audits or an ombudsman) and enforcement (for example, sanctions and tougher laws). None of these themes were significant themes in employer responses.

⁴ For an explanation of the social model of disability, see: <u>https://www.scope.org.uk/social-model-of-disability</u>

Next steps

The findings of this consultation will now be considered by the government alongside its commitment to introduce mandatory disability pay gap reporting for large employers. All of the feedback and information gathered through this consultation, as well as via the roundtables, will feed into the government's thinking on how best to improve employment opportunities and workplace inclusion for disabled people.

Annex C: Government Statistical Service harmonised categories for ethnicity

England and Wales

For England and Wales, the question and categories are:

What is your ethnic group?

(Choose one option that best describes your ethnic group or background)

White

- English, Welsh, Scottish, Northern Irish or British
- Irish
- Gypsy or Irish Traveller
- Roma
- Any other White background

Mixed or Multiple ethnic groups

- White and Black Caribbean
- White and Black African
- White and Asian
- Any other Mixed or Multiple ethnic background

Asian or Asian British

- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background

Black, Black British, Caribbean or African

- Caribbean
- African
- Any other Black, Black British, or Caribbean background

Other ethnic group

- Arab
- Any other ethnic group

Prefer not to say

(for employees who do not wish to disclose their ethnicity).

Northern Ireland

The ethnicity question in the 2021 Census in Northern Ireland asked people to choose from the following ethnic groups:

- Black African
- Black Other
- Chinese
- Filipino
- Indian
- Irish Traveller
- Mixed ethnic group
- Roma
- White
- Any other ethnic group

Scotland

The following groups were used in Scotland in the 2022 Census:

Asian, Scottish Asian or British Asian

- Pakistani, Scottish Pakistani or British Pakistani
- Indian, Scottish Indian or British Indian
- Bangladeshi, Scottish Bangladeshi or
- British Bangladeshi
- Chinese, Scottish Chinese or British Chinese
- Other

African, Scottish African or British African

• Respondents write in their ethnic group

Caribbean or Black

• Respondents write in their ethnic group

Mixed or Multiple ethnic group

• Respondents write in their ethnic group

White

- Scottish
- Other British
- Irish
- Polish
- Gypsy or Traveller
- Roma
- Showman or Showwoman
- Other

Other ethnic group

- Arab, Scottish Arab or British Arab
- Other (for example, Sikh, Jewish)

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