ETHNICITY PAY REPORTING CONSULTATION: ACAS RESPONSE

Acas welcomes the opportunity of responding to the government’s consultation on ethnicity pay reporting. Although Acas is best known for its work in helping to resolve workplace disputes it also advises organisations on developing good relationships at work including how best to promote equality and diversity. When gender pay reporting was introduced in 2017 Acas worked closely with the Government Equalities Office (GEO) to provide a range of guidance and training aimed at helping organisations adapt to the new requirements. We would be happy to do something similar on ethnicity pay reporting if the government takes the proposals outlined in the consultation document forward.

As Baroness McGregor-Smith said in her 2017 review, for ethnicity pay reporting to be effective employers must have robust data which can be used to establish a baseline and measure the impact of positive action. Whilst there will be a number of organisations that currently collect data on the ethnic mix of their workforce, there will be many more that have no systems or processes in place. Consequently one of the biggest challenges any new system of ethnicity pay reporting will face will be to get the majority of employers in this country to a position where they can begin to report on pay gaps in relation to ethnicity. As the consultation document points out, collecting ethnicity pay data is not straightforward and employers will need help in surmounting this first hurdle. Acas would be very willing to work with both the government and other interested agencies to enable employers to do this. For example we could provide guidance on how employers can improve declaration rates for ethnicity.

Given the relative complexity many employers will face in adapting to new ethnicity pay reporting requirements the government will wish to consider providing an appropriate lead in time to the introduction of any new system. This is important as companies that provide computerised pay systems will need time to adjust their products to take account of whatever ethnicity classification system is chosen as the basis for the new reporting arrangements. Building a reporting mechanism into pay systems software will be far more effective than having to generate reports manually.

Turning to the questions posed in the consultation on ethnicity pay reporting (Q 1) we would say that having a system of reporting would allow individual employers to gain a better understanding of the impact of their pay system on different groups and will thus enable them to address fairness and diversity questions in an effective way. Depending on what the reports show they might also help employers when it comes to attracting potential ethnic minority employees.

On the issue of the information to be reported it will be important that any classification adopted should be consistent both inside and, as far as possible, across organisations although much will depend on the size of the organisation involved. In deciding on thresholds for reporting, individual anonymity, will of course, also need to be borne in mind.
One of the keys to encouraging self-reporting will be building an open culture in organisations in which individuals are actively encouraged to declare their ethnicity as a component of organizational knowledge and self-awareness and Acas can provide practical guidance on how this can be achieved. However, it has to be recognized that non-disclosure is an important element of self-reporting and should be reflected in all final analysis and reporting. On the question of a standardized approach to ethnicity classification Acas would support such an approach and would look to the government to work with analysts to provide advice on this. (Q 2, 3, 6, 7, 8, 9)

In question 4 you ask whether employers that identify disparities in their ethnicity pay in their workforce should be required to publish an action plan for addressing these disparities. Employers should certainly be encouraged to take action in response to any disparities in ethnicity pay and an action plan that is made publicly available is certainly a means of doing that.

You ask about support measures that employers might find useful (Q11). As mentioned earlier Acas provided a range of support measures to help employers adjust to the new gender pay reporting requirements and we learnt much from this exercise that could be helpful in introducing ethnicity pay reporting. For instance we developed an on-line guide on gender pay reporting which was well used with some 64,000 downloads between launch in February 2017 and November 2018. We also joined the GEO to run a successful national awareness campaign on gender pay which is something we would be happy to repeat on ethnicity pay reporting. Acas is well placed and has experience of facilitating round-table discussions to explore both policy option and practical solutions and we would be happy to do this on ethnicity pay reporting if the government would find that helpful.

Finally, you ask whether responding organisations currently collect data on ethnicity (Q5). As an employer Acas does collect such data and we use the standardized ONS 18 ethnicity classifications although we do not usually report on all of these classifications. This is due to low numbers within specific groups and the risk of identification. We do publish figures in relation to white & BAME staff, along with those who have not disclosed their ethnicity.

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