

UNISON

**ETHNICITY
PAY GAP
TOOLKIT**



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Foreword

UNISON's campaign to close the ethnicity pay gap is fundamental to achieving equality for Black workers. This toolkit is designed for branches to use to encourage employers to conduct transparent pay audits, identify disparities and to implement diversity and inclusion programmes that foster career advancement for Black employees.

We were delighted that UNISON designated 2023 the Year of Black Workers. The Year of Black Workers was an important opportunity to celebrate the progress that has been made towards race equality, but also to identify the change that is still needed.

UNISON has developed this toolkit to empower members and activists to influence employers to commit to ethnicity pay gap reporting as a standard practice in the workplace. It ranges from small local changes in workplace policies and procedures, to national level campaigns.

There is still so much for us to do together. The Equality and Human Rights Commission reports that the ethnicity pay gap is a longstanding phenomenon and that people from ethnic minorities tend to earn less, overall, than white people. Black workers are overrepresented in low wage jobs and often with limited career progression.

We believe that by shining a light on any disparity in pay, it acknowledges there is an issue and makes it impossible for employers to shy away from this. Then we can begin to talk about how to fix it.

No challenge is too big for UNISON. And we hope this toolkit will help us all work collectively, to eradicate ethnicity pay gaps and bring lasting, positive change to Black workers' lives.

Thank you,

Adejare Oyewole

Chair National Black Members Committee (NBMC)



Christina McAnea

General Secretary



1. Who this toolkit is for and how it will help you

This toolkit helps branches and activists understand what the ethnicity pay gap is and what can be done to level up pay between Black and white employees.

It suggests the data to collect to help develop a fuller understanding of the issues causing an ethnicity pay gap in a workforce and the relationship with other pay inequality – the gender and disability pay gaps.

It sets out policy changes that can help to close the gap.

It provides advice about how to put pressure on employers to review their current policies, not only on pay, but also recruitment, training, carers' policies and many other areas that could help to close the gap.



2. What is the ethnicity pay gap?

The Office for National Statistics (ONS) defines ethnicity pay gaps as ‘the difference between the median hourly earnings of the reference group (white or white British) and other ethnic groups as a proportion of average hourly earnings of the reference group’.

Put more simply, the ethnicity pay gap shows the difference in the average pay between all “Black, Asian and minority ethnic” staff in a workforce and all White staff. For example, where there is a gap of 15%, this means that the pay of staff from “Black, Asian and minority ethnic” backgrounds is on average 15% lower than the pay of their White counterparts.

In UNISON, Black is used to indicate people with a shared history. Black with a capital ‘B’ is used in its broad political and inclusive sense to describe people in Britain that have suffered colonialism and enslavement in the past and continue to experience racism and diminished opportunities in today’s society.

In discussing the ethnicity pay gap and how to narrow it however, as there are different gaps between different ethnic groups and the situation is complex, it is helpful to talk about “Black, Asian and minority ethnic staff.

This toolkit tries to keep explanations as simple as possible and references sources where branches and activists can find more detailed explanations.



In their guidance on ethnicity pay reporting, the Chartered Institute of Personnel and Development (CIPD)¹ follows the government's Race Disparity Audit recommendations² rather than using BME/BAME as these acronyms highlight some groups and omit others. This toolkit follows the same approach.

ONS reports that between 2012 and 2022, Black, African, Caribbean or Black British employees were the only ethnicity group to be consistently earning less than white employees.³

ONS also reports that Asian or Asian British employees earned more than white employees in 2022, with a pay gap of negative 3.3%. However, based on the more detailed ethnicity classification of Asian or Asian British employees in England and Wales, Chinese and Indian employees had higher earnings compared with "white British" employees, while Bangladeshi and Pakistani employees earned less compared with "white British" employees.

Major variations are also evident by group and gender, location and birthplace.

The ethnicity pay gap is larger for men than women (though for most ethnic groups, men continue to earn more than women, and the gaps vary massively). In 2022 men earned a higher hourly median wage than women in all but two ethnic groups, Black and Caribbean.

The size of the ethnicity pay gap for those aged 30 years and over is larger than for those aged 16 to 29 years, and for foreign-born versus UK-born people.

The ethnicity pay gap differs by region, with the largest gap in London, probably reflecting higher overall pay in London.

It is important to keep in mind that an employee's earnings can vary because of differences in their personal and work characteristics, such as their occupation or where their job is. Isolating the effect that an ethnic group has from the effect that other factors have on pay requires the application of complex statistical analysis.

This toolkit tries not to overcomplicate things and sets out how and what basic data to collect to start a conversation about the ethnicity pay gap.



¹ <https://www.cipd.org/uk/knowledge/guides/ethnicity-pay-reporting-guide/#definitions-and-terminology>

² Race Disparity Audit - GOV.UK (www.gov.uk)

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2012to2022>

3. The difference between a pay gap and unequal pay

A pay gap is not the same as unequal pay. Unequal pay means that employees performing equal work, or work of equal value, are not receiving equal pay. It is unlawful to discriminate both directly and indirectly against employees and people seeking work because of their race, including ethnicity. This includes paying an employee less or providing terms and conditions which put them at a disadvantage because of their race.

An ethnicity pay gap is a measure of the difference between the average earnings of all “Black, Asian and minority ethnic” staff in a workforce and all White staff across an organisation or the labour market and regardless of role or seniority. It is not a like-for-like comparison of employees of different ethnicities. Even if an employer has a fair pay and reward policy, and even if it has equal pay, it could still have a pay gap.



4. The case for ethnicity pay gap reporting

a. The moral case

There is a strong moral argument for closing ethnicity pay gaps. No one should be disadvantaged by their ethnic origin in the workplace. Unlike the gender pay gap however, there is currently no legal requirement for employers to report ethnicity pay gap data. UNISON argues strongly that there should be a legal requirement to report on ethnicity pay gap data.

Ethnic differences interact with other diversity strands. It is not possible to fully address gender pay gaps or disability discrimination without also considering ethnicity. In UNISON's view, any organisation that wants to improve inclusion and diversity must therefore consider how voluntary reporting of ethnicity pay gap data will contribute to these aims.

b. The business case

There is growing evidence that reporting on and addressing ethnicity pay gaps has major economic and financial benefits for the UK economy as well as for individual employers and their employees.

In 2017, the independent MacGregor-Smith Review⁴ 'into black, Asian and minority ethnic (BAME) participation and progression in the workplace' found "that the economy could benefit from a £24 billion-a-year boost if BAME people had the same opportunities as their white colleagues."

c. The political imperative

Social movements such as Black Lives Matter and the spotlight shone on the unequal impact of the pandemic have increased the pressure on employers to address the employment and pay disadvantages and unequal treatment of non-white ethnic groups.

d. 'Organising to win' – a bargaining and organising opportunity

The outcome of any negotiation is in large part determined by the relative bargaining power of the parties involved. The most skilled, experienced, and informed UNISON officer, representative or organiser will only get so far without the backing of an organised and engaged membership and a readiness to deploy tactics designed to influence and persuade the employer.

Ultimately bargaining power is the ability to get an employer to do something they would not otherwise do – in this case, reach collective agreement with terms more favourable to UNISON members than would otherwise have been the case.

Bargaining on its own is not organising, until there is active engagement with members as a collective. Every bargaining aim must be seen as an organising opportunity, to build the union and achieve better bargaining outcomes.

Closing the ethnicity pay gap presents a bargaining and organising opportunity to improve pay terms and conditions for UNISON's Black members. Addressing the gap was a key objective in UNISON's 2023 Year of Black workers campaign and it will continue to be important as branches seek to ensure the legacy of the campaign is improved conditions at work for Black members.

⁴ Race in the workplace: The MacGregor-Smith Review - GOV.UK (www.gov.uk)

UNISON's 'Organising to Win' plan sets out 5 phases of successful strategic organising campaigns to support a bargaining aim:

1. Research and development
2. Union base building
3. Launch issue-based campaign
4. Resolve the issue (and go to 5) or escalate and create a crisis (for the employer or ultimate decision maker).
5. Win, celebrate, review and sustain

A resourced and credible plan to win shifts the balance of power in negotiations in favour of UNISON. It enables the bargaining team to negotiate with confidence and win for members.

Where the plan requires member participation and supports the identification and development of activists, significant organising outcomes can be achieved to build the long-term strength of the Branch.

Ideally, bargaining goals can be achieved without the need to escalate campaigns to dispute. Where there is member support for escalation to deal with employer intransigence, further advice must be sought from the [regional centre](#).

Further detail is outlined in the 5 Phase Plan to Win guide and template, which is available as one of the resources of the Organising to Win series.

UNISON activists can access the resources via the [Organising Space](#) – UNISON's online space for activists. Visit the Organising to Win tile at [OrganisingSpace.unison.co.uk](#) or contact your [Regional Organiser](#) for guidance and support.

UNISON staff can access the resources via the Organising to Win page on Pearl and can contact the National Strategic Organising Unit for guidance and support.

Had an organising win? Let's learn the lessons and celebrate! Send a summary to WIN@unison.org.uk and we'll be in touch.

5. The law

There is no law currently requiring ethnicity pay gap monitoring and reporting. In 2018, the Department for Business, Energy and Industrial Strategy (BEIS) launched a consultation in which it recognised that "it is time to move to mandatory ethnicity pay reporting." However, by April 2023, the government had shifted its position and instead published the first ever [voluntary guidance](#) to help employers measure ethnicity pay gaps in the workforce.

6. The data – challenges

a. Complexity

The biggest challenge to reporting ethnicity pay gaps is the complexity of ethnicity pay data. By comparison gender pay data is much more straight forward. A single category like ‘BAME’ (as well as often being an inappropriate term) masks the variations in labour and pay market outcomes between ethnicity groups. However, as CIPD point out, using the ONS Census’s⁵ five ethnicity categories, or their more detailed 18-category breakdown risks skewed results because of low numbers.

b. Intersectionality

Intersectionality of ethnicity with other aspects of diversity – such as gender – adds to complexity, making unpicking any pay gap difficult.

For example, *Fawcett Research on ethnicity pay gap and motherhood penalty* supported by the #EthnicityPayGap Campaign, shows how the ‘Motherhood Pay Penalty’—that mothers with two children take home 26% less income than women without children—impacts on a woman’s income and earning power throughout her working life, and compounds the effects of the ethnicity pay gap

According to the report, the biggest driver of the motherhood pay penalty is reduction in hours worked, which is often associated with poor-quality part-time work. This report shows that the options for picking up more hours after having children are limited for Black and minoritised women because of the dual impacts of sexism and racism, with many dropping out of the workforce entirely. The research shows that:

While mothers of all ethnicities move into part-time work at similar rates, there are stark differences by ethnicity in the number of mothers who leave the workforce completely.

The employment rate of white mothers is 5 percentage points lower than that of white women without children, whilst women of Indian, Black African, and Chinese heritage see penalties of up to 11 percentage points compared with women without children of their own ethnicities.

38% of mothers of Pakistani and Bangladeshi heritage are employed vs 55% of all women in the same ethnic group – this 17-percentage point employment gap is the highest of all ethnicities.

c. Geography

The challenge of reflecting the local community’s ethnic mix in a workforce will be very different for, say, an employer based in Cornwall compared with one in London. Differences will also apply within the devolved nations in the UK.

d. Language

Uncertainty and discomfort around language can stop people from having conversations about race. UNISON’s Year of Black Worker’s Toolkit⁶, produced as part of the 2023 campaign, suggests ways and provides tools to stimulate discussion, both practical and sometimes uncomfortable debate, to stimulate change.

⁵ List of ethnic groups - GOV.UK (ethnicity-facts-figures.service.gov.uk)

⁶ <https://www.unison.org.uk/content/uploads/2023/06/2023-Year-of-Black-Workers-Toolkit.pdf>

The obstacles to collecting, analysing and reporting ethnicity pay data are undoubtedly greater than for gender pay reporting. But there is evidence of progress, particularly post-COVID-19. In 2020, a [survey](#) of more than 100 employers carried out by PwC⁷ found that 67% collect ethnicity data (up from 53% in 2018), 23% calculate their ethnicity pay gap, and 40% of these have published it voluntarily.



⁷ Increasing number of employers calculating ethnicity pay gap, PwC study finds

7. The data – what to ask for?

Given the challenges described in section 6, it is best to keep a request for data on the ethnicity pay gap as simple as possible. UNISON recommends that employers are asked to provide the six statistics set out below as recommended by the CIPD in their guide for employers on ethnicity pay reporting⁸. These are similar to the reporting categories for gender pay gap data.

The six pay statistics

Median ethnicity pay gap	The difference between the median hourly rate of pay of all white full pay relevant employees and the median of full-pay relevant employees from other ethnic minority/BAME backgrounds.
Mean ethnicity pay gap	The difference between the mean hourly rate of pay of all white full pay relevant employees and that of full-pay relevant employees from other ethnic minority/BAME backgrounds.
Median bonus gap	The difference between the median bonus pay paid to all white relevant employees and that paid to relevant employees from other ethnic minority backgrounds.
Mean bonus gap	The difference between the mean bonus pay paid to white relevant employees and that paid to relevant employees from other ethnic backgrounds.
Bonus proportions	The proportions of relevant employees from white and other ethnic backgrounds who were paid bonus pay during the relevant period.
Quartile pay bands	The proportions of full-pay relevant employees from white and other ethnic backgrounds in the lower, lower-middle, upper-middle and upper quartile pay bands. As well as the proportion of staff in each quartile who are from white compared with the proportion of those from other ethnic minority backgrounds, which is the same measure as required under the gender pay reporting regulations, we recommend that employers also publish their median ethnicity pay gaps for the staff in each quartile, as many employers chose to do voluntarily for gender.

Simplicity and clarity are important. The two most important statistics for employers to report are:

- **Median ethnicity pay gap:** The difference between the median hourly rate of pay of all white full-pay relevant employees and the median of full-pay relevant employees from other ethnic minority backgrounds.
- **Mean ethnicity pay gap:** The difference between the mean hourly rate of pay of all white full-pay relevant employees and that of full-pay relevant employees from other ethnic minority backgrounds. This will highlight any difference between the median and mean average pay of their white and ethnic minority employees.

Once the median and mean ethnicity pay gap figures have been provided seek a more detailed breakdown of the topline figure on the pay gap to help identify causes and also suggest action to address the gap.

The following may be helpful.

- a. The ethnicity pay gap by occupation.
- b. The ethnicity pay gap by pay band.
- c. The ethnicity pay gap by age.
- d. Look at the proportion of staff from ethnic minority staff by contract type (e.g. full time, part time, temporary, zero hours).
- e. Data on job applicants and successful applicants.
- f. Data on who is participating in training.
- g. Reports of bullying or harassment.
- h. Exit interview data on the reasons why staff leave the organisation broken down by ethnic background.

For all of these areas look for differences that need explanation, e.g. is there a bigger pay gap in particular occupations or pay bands? Is the pay gap worse in particular age groups or contract types. What is the ethnic background of job applicants and is there any trend on which applicants are more likely to be successful in their job application?



8. What to do once the data has been provided

Propose a joint employer / union working group to take forward identification of gender pay gap causes and actions, with senior management involvement to ensure the group's conclusions carry sufficient weight in the organisation.

All of the differences that need explanation set out in section 7 also suggest possible actions and solutions.

Questions that a joint working group should consider asking:

1. If there is a higher pay gap within an occupation, this may be because staff from a particular ethnic background are concentrated in less senior roles. This could be something to do with an approach to how senior staff are recruited or whether progression is encouraged or not. Is there a strategy to achieve the representation of Black staff at all levels of the organisation? Are training and development opportunities open to all staff?
2. Are Black workers mainly employed in low paid jobs? Why?
3. Do Black workers have the same access as white staff to overtime opportunities, bonuses or other forms of performance related pay? How are overtime opportunities advertised? Are there procedures or agreements to ensure that overtime or bonuses are distributed fairly?
4. How are promotions, secondments or acting up and career progression opportunities advertised?
5. Are exit interviews held with departing staff?
6. How is any of the information in 1) – 5) analysed? How should it be analysed and used to support an action plan on the ethnicity pay gap.

See UNISON's [Negotiating on the ethnicity pay gap guide](#) for a handy checklist.

Developing an action plan

UNISON published a range of bargaining guides to coincide with the Year of Black Workers Campaign in 2023, all of which can be drawn on in developing an action plan to address the ethnicity pay gap.

- [Challenging Racism in the Workplace](#)
- [Negotiating for Race Equality Bullying & Harassment](#)
- [Negotiating for Race Equality - disciplinary procedures](#)
- [Negotiating for Race Equality - insecure work](#)
- [Negotiating for Race Equality performance management](#)
- [Negotiating for Race Equality - recruitment and selection](#)
- [Negotiating for Race Equality - redundancy](#)

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9. TELL US ABOUT YOUR SUCCESS

Please tell us about your action plan on the ethnicity pay gap at equality@unison.co.uk

How did you go about it and what worked well? Other branches/activists can learn from your success.

This helps us deliver continuing change and ensure there is a lasting legacy from the Year of the Black Worker Campaign.

