



House of Commons  
Women and Equalities  
Committee

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**Ethnicity pay gap  
reporting: Government  
response to the  
Committee's fourth  
report of  
session 2021-22**

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**First Special Report of Session 2022–  
23**

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## Women and Equalities Committee

The Women and Equalities Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Government Equalities Office (GEO).

### Current membership

[Caroline Nokes MP](#) (*Conservative, Romsey and Southampton North*) (Chair)

[Theo Clarke MP](#) (*Conservative, Stafford*)

[Elliot Colburn MP](#) (*Conservative, Carshalton and Wallington*)

[Philip Davies MP](#) (*Conservative, Shipley*)

[Dame Caroline Dinenage MP](#) (*Conservative, Gosport, Stubbington, Lee on the Solent and Hill Head*)

[Jackie Doyle-Price MP](#) (*Conservative, Thurrock*)

[Carolyn Harris](#) (*Labour, Swansea East*)

[Kim Johnson MP](#) (*Labour, Liverpool, Riverside*)

[Kate Osborne MP](#) (*Labour, Jarrow*)

[Ms Anum Quaisar MP](#) (*Scottish National Party, Airdrie and Shotts*)

[Bell Ribeiro-Addy MP](#) (*Labour, Streatham*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

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Committee reports are published on the Committee's website at [www.parliament.uk/womenandequalities](http://www.parliament.uk/womenandequalities) and in print by Order of the House.

### Committee staff

The current staff of the Committee are Hannah Barlow (Committee Operations Manager), James Clarke (Committee Specialist), Chloë Cockett (Senior Committee Specialist), Mark Earl (Safeguarding and Witness Support Officer), Matthew Eaton (Committee Specialist), Radhika Handa (Second Clerk), Michelle Garratty (Committee Operations Officer), Mariam Keating (Committee Specialist), and Margaret McKinnon (Clerk).

### Contacts

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You can follow the Committee on Twitter using [@Commonswomequ](https://twitter.com/Commonswomequ).

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## First Special Report

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The Committee published its Fourth Report of Session 2021–22, [Ethnicity pay gap reporting](#) (HC 998), on 8 February 2022. The Government response was received on 07 April 2022 and is appended below.

## Appendix: Government Response

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### Introduction

The Government welcomes for the Women and Equalities Committee report on ethnicity pay gap reporting which was published on 2 February 2022. We are grateful to the Committee and those who attended the oral evidence session on 12 January 2022.

The Committee's report recommended that:-

- The Government should introduce mandatory ethnicity pay gap reporting by April 2023 for all organisations that currently report for gender. Legislation should include the requirement for employers to publish a supporting narrative and action plan. The Government should produce guidance, with clear explanations on:
  - (a) data protection to reassure employers how they can legally capture, retain and report ethnicity pay gap data;
  - (b) methods for capturing, analysing and reporting ethnicity pay data; and
  - (c) the body responsible for enforcement and what powers that body will have.

### The Commission on Race and Ethnic Disparities

The Commission's March 2021 independent report<sup>1</sup> concluded that "ethnicity pay gaps should continue to be reported on a voluntary basis and that the government should provide guidance to employers who choose to do so".

The Commission was clear that pay gap reporting as it is currently devised for gender cannot be applied to ethnicity. There are significant statistical and data issues that would arise as a result of substituting a binary protected characteristic (male or female) with a characteristic that has multiple categories.

The Commission further said that voluntary reporting should be accompanied by the publication of a diagnosis and action. These should set out the reasons why any disparities exist and what will be done to address them.

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1 <https://www.gov.uk/government/publications/the-report-of-the-commission-on-race-and-ethnic-disparities>

## Inclusive Britain

Since the Committee published its report, the Government has responded to the Commission on Race and Ethnic Disparities recommendations. “Inclusive Britain” was published on 17 March.<sup>2</sup> Alongside 74 other actions to ensure that everyone – no matter their background, gender, sexuality, creed or colour – has the opportunity to go as far in life as their ambition will take them, “Inclusive Britain” sets out how the Government plans to address ethnicity pay reporting.

### The Government's approach to ethnicity pay reporting

The Government has accepted the Commission on Race and Ethnic Disparities' recommendation that ethnicity pay gaps should continue to be reported on a voluntary basis.

As the Government noted when accepting that recommendation, ethnicity pay gap reporting is just one type of tool to assist employers in creating a fairer workplace. It may not be the most appropriate tool for every type of employer seeking to ensure fairness in the workplace. The Government does not want to impose new reporting burdens on businesses and will not be legislating for mandatory reporting.

The Government will therefore support companies and organisations who want to publish data by providing guidance. The guidance will support employers to navigate the challenges associated with reporting as set out in the Commission's report and subsequently by this Committee.

BEIS has consulted with employers to identify issues and is currently working with experts to develop guidance which will enable employers to identify the causes of pay disparities and take relevant steps to mitigate them.

The guidance will seek to address other challenges identified in reporting. For example, it will help employers to use, where appropriate, specific ethnic groups rather than broader categories when publishing their data. Different ethnic groups that share the same race can have very different outcomes. This means that a meaningful pay gap reporting standard for ethnicity will need to be different to one for gender reporting, which uses just 2 categories.

The guidance will also help employers with reporting across demographically different areas. This will assist those organisations in parts of the country with very small ethnic minority populations who cannot reasonably be expected to produce meaningful pay reporting because the numbers are too low, to give a statistically reliable account of how they are performing.

The guidance will cover data protection issues and methods for capturing, analysing and reporting ethnicity pay data as set out by the Committee in its recommendations.

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2 <https://www.gov.uk/government/publications/inclusive-britain-action-plan-government-response-to-the-commission-on-race-and-ethnic-disparities/inclusive-britain-government-response-to-the-commission-on-race-and-ethnic-disparities>

A key recommendation of the Commission's report and of the Committee was that employers should produce a diagnosis and action plan, setting out the reasons for and steps to address the disparities. The guidance will support employers to achieve this.

Government committed in "Inclusive Britain" to publish the guidance in Summer 2022.

### **The Government response to the 2018 consultation on mandatory ethnicity pay reporting**

The Government undertook a consultation on mandatory ethnicity pay reporting which closed on 11 January 2019.<sup>3</sup> The consultation received 321 responses. We will publish our analysis of consultation responses in due course.

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3 <https://www.gov.uk/government/consultations/ethnicity-pay-reporting>