

28 June 2023

What is the ethnicity pay gap?

Learn how the ethnicity pay gap discriminates in the workplace against Black workers and why members and reps must fight and campaign for mandatory ethnicity pay reporting.

The 'ethnicity pay gap' is the difference in average earnings between various ethnic groups. Although reporting on ethnicity pay gap is not a legal requirement, evidence has shown us there is systemic pay bias in the UK workforce.

The Office for National Statistics' latest figures show that "many ethnic groups including Bangladeshi, Black Caribbean, Black African, Pakistani and Arab consistently earned less than those of White British ethnicity during the period of 2012 to 2019".

The Resolution Foundation has also estimated that the ethnicity pay gap cost Black workers over £3.2 billion in lost wages in 2018.

Gender can also interact with the ethnicity pay gap to heighten the problem for Black women. Research from the #EthnicityPayGap Campaign reveals that "Black (of African and/or Caribbean heritage) and Brown (Black and mixed heritage) women could consequently miss out on £105,000 to £350,000 of earnings across a working lifetime spanning an average of 35 years."

Key trade union demand

Ethnicity pay gap reporting is not mandatory. We believe it should be mandatory and this is a key trade union demand for addressing pay inequality and a cost-of-living crisis that is hitting Black workers particularly hard.

We are actively gathering data from employers across government departments so that we can challenge ethnicity pay gaps and discriminatory performance management systems.

The problem may be worse than it seems at first glance because national averages mask the true scale of many of the gaps. Black workers in London, for example, can experience a higher ethnicity pay gap because of higher average

wages in the capital.

In July 2023, the Department for Business and Trade said that now is the right time to take forward a mandatory approach to ethnicity pay reporting.

In its response to a public consultation on the possibility of making this kind of pay reporting mandatory, the Government claimed that “while ethnicity pay gap reporting can be a valuable tool to assist employers, it may not always be the most appropriate mechanism for every type of employer”.

Ethnicity pay reporting

However, the trade union movement remains strongly in favour of ethnicity pay reporting, which would begin to tackle racial disparities in pay. As pointed out by the TUC General Secretary Paul Nowak, three in four employers who replied to this consultation agreed that mandatory ethnicity pay gap reporting should be put in place.

“It seems the only ones who don’t want to make employers accountable for paying BME workers fairly are this Tory government,” he said.

Reps and members can [read more information about the ethnicity pay gap issue](#) in PCS Knowledge.