



WRITTEN EVIDENCE TO THE DEPARTMENT FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY'S CONSULTATION ON ETHNIC PAY REPORTING

January 2019

Introduction

1. Muslim Women's Network UK (MWN UK) is a national Muslim women's organisation in Britain (www.mwnuk.co.uk) that has been advancing equality and connecting voices for change for the last 15 years. We are a small national charity (no. 1155092) that works to improve social justice and advance equality for Muslim women and girls. Our membership also includes women of other faiths and of no faith, as well as men who support our work. We find out about the experiences of Muslim women and girls through research and MWN Helpline enquiries. We identify policy and practice gaps and use this information to inform decision makers in government as well as informing our community campaigns at a grassroots level.
2. We also develop resources and train women so they are better aware of their rights. We have a separate website for our national, faith and culturally sensitive helpline (www.mwnhelpline.co.uk) that provides advice and support on a range of issues including: domestic abuse, forced marriage, honour based violence, sexual exploitation and abuse, female genital mutilation, divorce, discrimination, mental health etc.
3. The impact of our work is particularly felt in reducing the vulnerability of Muslim women and girls, reducing the prejudice they face, and giving them greater access to rights and services – all of which allow them to contribute to society. We are also creating a critical mass of voices to influence change with more women being confident to challenge discriminatory practices within their communities and in society and to influence policy makers.
4. We are fully aware of the barriers and hurdles faced by Muslim/BAME women, particularly when trying to enter the workplace and whilst in employment. Issues surrounding pay is one of them. We have previously highlighted how British Muslim women can be subjected to triple discrimination (due to their faith, ethnicity and gender). It goes without saying that the levels of discrimination may be compounded further where disabilities may be involved, or if they identify as LGBT. It is quite frankly a tragedy that even in 2019, women are still struggling to exercise their rights and choices and are being stopped from participating economically and socially. We believe our knowledge and experiences are therefore directly relevant to the

Department of Business, Energy and Industrial Strategy (BEIS)'s consultation on ethnic pay reporting as this is a subject of paramount importance to Muslim/BAME women.

5. Although we work predominantly with Muslim/BAME women and girls and where relevant will focus on the experiences of young Muslim/BAME girls within our Evidence, the points we raise may equally apply to men and non-Muslim/non-BAME individuals generally.

Evidence

6. We respond to the questions as follows:

What are the main benefits for employers in reporting their ethnicity pay information?

7. The benefits of reporting on ethnic pay information can be placed under two broad categories: financial and social. As noted in the consultation document itself, according to the McGregor-Smith Review, "the potential benefit to the UK economy from full representation of BME individuals across the labour market through improved participation and progression is estimated to be £24 billion a year, which represents 1.3% of GDP"¹. We strongly believe that the financial benefits to the economy will be on a large scale and this will naturally not only be advantageous to individual employers but also to the general public and the country overall.
8. If we look specifically at the benefits for employers, for one it will allow them to identify and take ownership of issues before they become a problem and thus prevents costs being accrued in the future. It will allow them to identify and remove any barriers which may be impacting upon the development and progression of their existing employees; this will allow them to harness the skills and experiences of their existing staff rather than wasting money sourcing the same from elsewhere. It will also allow them to remove any issues which may be prevalent within their recruitment processes and may be affecting their ability to recruit the most suitable candidates for the job (for example, if a lack of job-sharing or flexible working opportunities at the business is stopping Muslim/BAME women who have caring responsibilities from applying). This in turn will allow them to create a workforce that is truly diverse, inclusive and reflective of the multicultural society we live in; this will allow them to better service the needs of their clients and customers. It will also highlight any issues of discriminatory behaviour (including any prejudices and bias which may be prevalent in the workplace) which need to be addressed and by doing so they may be potentially saving on any litigation costs in the future. These actions will lead to greater employee satisfaction as employees will feel supported, rewarded and better able to realise their true potential. This is likely to lead to better productivity due to an increase in staff morale and also likely to increase retention rates amongst staff thus reducing recruitment and training costs. Finally, clients/consumers will be reassured

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594336/race-in-workplace-mcgregor-smith-review.pdf

that they are dealing with an organisation that is inclusive and committed to advancing equality which will naturally have positive marketing/PR effects.

9. In our opinion, the above-mentioned financial benefits also have tangible, social benefits. If employees feel safe and secure in their working environment and feel they are valued and rewarded, this will have a positive impact on their health and wellbeing as well as that of their colleagues and family members. We believe better staff morale will lead to increased productivity and better quality of work, which means users of their product/service will also be satisfied. This is especially important where any form of care-related service is involved. This will ultimately allow us to achieve a society that is happier and healthier - and this in itself will have various benefits for the UK economy (including employers).
10. Furthermore, the most important social benefit is that it will allow us all to address the causes of poverty and inequalities in the UK. We know that low pay (or more specifically pay which does not meet living costs) has serious repercussions not just for individuals and their families but also wider society. For example, with poverty come health issues and housing issues, which ultimately place a burden on the tax payer. Moreover, we know that women (and in particular women who are single parents) can be especially affected and may be facing exceptional hurdles in trying to make ends meet. And if these issues are exacerbated because someone is not receiving the level of pay they should be due to their ethnicity, then this makes the situation that much more reprehensible. Addressing disparities in pay is therefore a must not just for financial reasons but for social and ethical reasons too. We wholeheartedly agree with BEIS when you state in your consultation that tackling inequality in the workplace is about social justice as much as about economy. We take it further and add that challenging inequalities in the workplace is also about the empowerment of women and their human rights. We believe all these issues are linked to one another and whilst addressing disparities in pay will not on its own resolve all the inequalities faced by Muslim/BAME women (and women generally), it will certainly go towards alleviating some of the burdens. That in itself is a very important reason why ethnic pay reporting needs to be introduced as a mandatory obligation.

What type of ethnicity pay information should be reported that would not place undue burdens on business but allow for meaningful action to be taken?

11. We note that debates are being had about the type of ethnic pay information which should be reported. Some are concerned by the divisive nature of reporting a single pay gap (white versus BAME) as well as the fact that it does not allow substantive analysis of for example the difference between Black and Asian employees; whilst others are concerned with the possibility of needing to report based on 18 different ethnic classifications and the burdens involved therein. We also note that the consultation has put forward further options, initially suggested in the McGregor-Smith Review, of information being presented by pay band or quartile. This latter option is of course a method that has been utilised by employers in respect of their gender pay reporting requirements. It of course makes sense to consider what is already being done in respect of gender pay reporting but it is also important to remember that gender and ethnicity are still very different characteristics and it will be naïve to assume that one approach will work all the time and for all purposes.

12. To this effect, we feel that rather than seeing these options as alternatives to one another, we should be looking at attempting to utilise all these methods (whether immediately or gradually in the future). We feel the single pay gap figure does have a degree of usefulness and can provide an overall idea of the extent of the ethnicity pay gap within an organisation. It could also mean that in instances where the more specific classifications cannot be publicly shared due to dangers of identifying individuals and breaking confidentiality and/or data protection legislation (perhaps due to the low number of BAME employees in existence in the firm), employees and the wider public are still able to obtain more general information. We do not want to be in a situation where employers are able to simply cite data protection legislation as a reason for not providing any information at all. However, it is also important to be able to look at the specific variations involved and publishing pay gap figures based on the five broad classifications (at the very least) is vital in order to be able to do so. We note that the NHS did precisely this and published both sets of data; we cannot see why following both options would therefore be onerous or controversial.
13. We also think it is necessary to give real thought to reporting information based on the 18 specific classifications. The consultation itself recognises that the five broad categories of ethnic groups are still combining ethnic minority groups which mean that the variations in outcomes within those groupings will not be highlighted. This could be very problematic as it could mask very important information relating to disparities in pay and can effectively mean those affected become hidden and silenced. After all, we must remember that we are not discussing statistics but talking about real people who are being affected by disparities in pay. We know from our own knowledge and experiences, as well as research conducted by various reputable organisations, that variations between individuals who classify themselves within the same broad categories do exist. Indians, Pakistanis and Bangladeshis are all classified as 'Asian' and yet the Resolution Foundation found for example that non-graduate Pakistani and Bangladeshi women were facing pay penalties of 5% whilst non-graduate Indian women were facing pay penalties of 4%². Although the difference in this statistic is one percentage (or 11 pence to be more precise), it is important that variations such as these are identified as it is only with accurate information that practical changes can be made. More importantly, this is just one factual piece of information that we have chosen to mention – there is much more research and evidence available which highlights the difference in income between people of different ethnicities who would otherwise fall within the same broad ethnic classification, as well as the disparities amongst those of the same specific ethnic classification. A Bangladeshi woman could for example be earning less than a Bangladeshi man; it is these type of facts that we need to find out about if meaningful steps are to be taken to address the inequalities.
14. In order to be able to effect changes for all individuals, we need to be able to see the disparities between the ethnic classifications too. We feel a combination of all the different options will ensure that we are able to obtain an accurate set of data that takes into account all the different factors and highlights the realities of individual

² <https://www.resolutionfoundation.org/media/press-releases/black-and-ethnic-minority-workers-face-a-3-2bn-annual-pay-penalty/>

situations. It would be wholly unfair if actions are not taken to make lives better for individuals simply because of the type of data presented in ethnic report findings.

15. Whilst we do appreciate that there are various cost and resource implications involved which may create a burden for employees, we must admit that our sympathies are limited because of the fact that we have managed to successfully create and implement our MWN Helpline Dashboard with limited finances and resources. This Dashboard not only includes all our MWN Helpline data from the last 3 years (and the data for year 4 will be inputted in due course) but it also allows cross-analysis of the data and customised reports can also be obtained. For example, you are able to select options so as to be able to establish how many individuals between the ages of 19 – 21 contacted the MWN Helpline from London about domestic abuse. The reports can be customised using any variation of gender, ethnicity, Helpline year, issue, help received, age, location, faith etc. It is also notable that our MWN Helpline deals with 42 different issues and all of these categories are included in our Dashboard. Please see the following link if you wish to access and review our Dashboard: <http://www.mwnuk.co.uk/muslim-women-helpline-dashboard.php>
16. The reason we felt it was necessary to mention our Helpline Dashboard is because this Dashboard was created on a shoestring budget over (in our opinion) a short space of time, and although we are of course continuously reviewing the categories involved and making updates as required, our Dashboard works. We appreciate that it is not fair to compare a system which looks at a charity's helpline data with the data which needs to be processed by an employer for ethnic pay reporting as the needs are very different. However, our point is that if we can create such a system with barely any funds then employers can create a system that also allows multiple forms of ethnic pay reporting. It may in fact be useful for BEIS and/or any other government body to develop the reporting system themselves for use by employers for reporting purposes; employers will still have the task of inputting data but the procedure will be simplified as the system has been specifically designed for the purpose of allowing various methods of ethnic pay reporting in a quick and cost-effective manner. If everyone is using the same system then this will also allow consistency in the information being provided. MWNUK are happy to assist and share our expertise in this respect.
17. In any event, it would be unacceptable to railroad the implementation of ethnic pay reporting simply because there are disagreements over what information should be reported and how. If necessary and at the very least, a staggered approach could be followed so that employers are first required to report on the single pay gap (and as this is the process for gender pay gap this should be relatively easy) and then proceed to being required to provide several (specific) pay gaps etc. This will provide employers time to adapt their systems and processes gradually rather than in one go, whilst also ensuring that information needed to make a real difference is still being provided.

What supporting or contextual data (if any) should be disclosed to help ensure ethnicity reporting provides a true and fair picture?

18. We do agree that it is necessary to obtain an understanding of other factors involved as it may help employers (as well as employees, the government and the wider public) to understand more about the drivers of disparities and the context involved. This in

turn would allow actions to be taken which help address the issues and lead to meaningful change. This would be especially useful where Muslim women are concerned - who may be facing triple discrimination not just because of their ethnicity but also because of their gender and faith. We know that disparities in pay can arise due to a range of reasons, including the type of occupation, the level of skill involved and the number of hours worked. Women (including BAME women) may find that they are having to accept jobs with low pay and/or involving low level skills in order to be able to have a degree of flexibility in respect of their working hours and so that they are able to achieve a work/life balance. We know that many women, particularly Muslim/BAME women, can struggle to return to work after having children because of a lack of flexible working options, the costs of child care and overall living costs in the area/region in which they live/work. Many can feel the need to make compromises as to the type of role they accept when returning to the workplace (or may decide not to return at all), and progression opportunities can be limited. Gender and ethnic bias' may also be contributory factors. It would therefore be useful to also be provided with additional data which looks at gender, age, working hours (full time versus part time), geographical location and also faith and disabilities to allow detailed assessment and a robust action plan to be put in place to address the various issues.

19. However whilst we feel this information would be useful, we also understand that there is already much work to be done in terms of perfecting the means by which to report on ethnic pay gaps in the first place (as discussed in paras 11 – 17 above). Rather than cause resentment with employers who may already be unhappy about the types of ethnic pay information to be provided and also to avoid unnecessarily convoluting the data, it may be prudent to concentrate on obtaining the correct ethnic pay information first and then gradually progress to identifying and including additional, supporting information. Employers could still of course provide this information from the outset but it may be more useful if this requirement is kept under review until the first set of ethnic pay data is released by employers, and then decisions can be taken as to what further information is necessary and how it should be obtained/presented. We are worried that trying to obtain all the information in one go may simply mean that pertinent information somehow becomes lost (or overlooked) in the process and it may be better to take disclosures one step at a time, regardless of whether a system can be created to provide all this information in one go or not (as discussed in para 16).

20. This is of course with the exception of gender related information given that there is already an obligation to report on gender pay and it should in principle therefore be easiest to provide right from the outset. Moreover given that we already know that there are disparities in pay based on gender and the obvious intersectionality involved between gender and ethnicity (please see para.13 above), we feel this information needs to be included in order to allow an accurate analysis of the impact of disparities on BAME women who are likely to be penalised on both fronts.

Should an employer that identifies disparities in their ethnicity pay in their workforce be required to publish an action plan for addressing these disparities?

21. We feel that it is absolutely essential that employers be required to provide explanations for any disparities that are identified and also publish an action plan for addressing these, including providing estimated timescales for achieving the steps

outlined in their action plans. If the aim of introducing ethnic pay reporting is to ultimately tackle inequalities in the workplace then it should go hand in hand that employers are not only required to divulge the information but also take steps to make changes so that the pay gaps can be reduced – and eventually eliminated altogether. Leaving it at the discretion of employers as to whether they put forward proposals for change seems to suggest that it is also at the discretion of employers as to whether they take any steps at all to address the disparities. If that is to be the case then there is no point in even introducing a requirement to report pay gaps in the first place.

22. Quite frankly, we were surprised that this was not included as a requirement of the gender pay gap reporting provisions and also ask that an obligation is placed on employers to also do the same in respect of any disparities identified in gender pay. We are aware of course that many employers did in fact put forward actions to be taken to address issues highlighted when reporting on the gender pay gap even though there was no obligation upon them to do so. We commend them for taking steps beyond the requirements. However, the key point to note is that many other employers chose not to put forward any proposals as to how they will make changes. In our opinion it is quite likely that it is those same employers who need to make changes to the workplace the most (and not just in terms of pay) but will not do so unless compelled to make a commitment to do so. We feel that not including such a requirement in the gender pay reporting provisions was a serious oversight which needs to be corrected, and should certainly not be repeated in respect of the ethnic pay reporting provisions.
23. Additionally, we feel that such an obligation will have positive benefits for employers, employees and wider public alike. Putting in place an action plan allows the employer to take ownership and ‘manage’ the disparities themselves, in that they would be able to assess what steps need to be taken and/or changes to be made and can put together a plan that addresses the issues but also works for them (e.g. in terms of timescales, costs involved etc). They can also highlight any factors which will prevent them from achieving any steps, or changes, so that they can show that they have given this real thought and not because they are not committed to addressing the inequalities. It would also reassure employees that their employer is taking matters seriously and intending to make changes, whilst the government will be able to see what factors may be hindering businesses (as detailed in action plans) and therefore what actions the government needs to take to assist businesses. Consumers can also be reassured that they are dealing with an ethical organisation. Additionally, we would all be able to refer to a document to ensure that employers are held to account and asked for explanations if action plans are not followed without justification. The action plans will in our opinion pave the way for open and honest dialogues to take place – and that is the first step to making positive changes in a bid to advance equality.

Do you currently collect data on ethnicity at your workplace? If yes, do you use standard ethnicity classifications for reporting? If so, which ones?

24. We collect data on ethnicity using the five main broad categories but also include more specific sub-categories. For example, under the 'Asian' category an individual will be able to specify if they are Indian, Bangladeshi, Pakistani etc. Individuals do not need to specify their ethnicity if they do not need to.

25. However we must point out that although we operate nationally, MWNUK is actually a very small charity; people are generally surprised when they find out that we only have a very small team of employees assisting our trustees. At the time of writing this response, we have only 10 members of staff, two of whom are or will shortly be on maternity leave. Only our Executive Director works on a full time basis whilst the rest of our employees work on a part time basis. Naturally because of the small number of employees we have, collecting and processing this data is not in any way onerous for us. Therefore the usefulness of our data collection processes may be limited for the purposes of this consultation.
26. We only collect this data as part of the recruitment process and again due to the sheer small number of staff we have, we have not needed annual 'refreshers' of such data (although of course as part of data protection requirements, our employees are reminded to inform us if any there are any changes to the personal data we hold about them so that we can update our records).
27. We do wish to point out however that as of date, we have not had any issues collecting such data from our employees even though they are entitled to refuse to do so. We make this point because we are aware that one of the key concerns being raised against the introduction of ethnic pay reporting is that not every employee will want to provide ethnicity information and they should not be compelled to do so either. We acknowledge of course that we have a very small team and therefore cannot compare ourselves to businesses with 50 plus employees, let alone those with 250 plus employees, but it does make us wonder whether the fact that we are a BAME led organisation (which very clearly works on issues affecting Muslim/BAME individuals) is a factor; are employees simply more comfortable providing such information when they know it will not have any adverse effects?

What do you think are the most effective approaches for employers to improve employee self-reporting or declaration rates?

28. We think it is important to understand first of all that there are very real reasons why some Muslim/BAME individuals may not wish to disclose personal information relating to their ethnicity. This reluctance forms a part of the wider picture that involves discrimination and inequalities. That is, they are concerned about the adverse effects of potentially doing so. We are aware of examples of individuals, including Muslim/BAME women, who have 'Anglo-cized' their names in a bid to secure employment. For example, Suraiya has been changed to Sara or Dilruba shortened to Dee (not real examples) and some have completely changed their names in a bid to hide their ethnic roots. There are Muslim, BAME women who have also felt it necessary to stop wearing a hijab (headscarf) so that their chances of promotion/progression in the workplace is not diminished, due to prejudicial attitudes at play about Muslim women who wear such attire. It is absolutely a person's prerogative what they wish to call themselves or have others call them or what they wear and it is very sad that in 2019 there are women whose name or choice of clothing is being dictated by their need to secure employment or their wish to progress up the career ladder.

29. For individuals who are worried that reporting their ethnicity (or in fact, their religion) could affect their ability to secure employment in the first place, they are naturally going to be unwilling to provide this information even after they have secured employment if they feel it may still affect them in terms of career progression, or even pay rises. Perhaps the greatest irony is that ethnicity data needs to be reported in order to allow an assessment of disparities in pay based on ethnicity but it is not being reported precisely because of concerns that it will lead to disparities in pay (due to a lack of progression for example) based on ethnicity. This is precisely why we feel it is vital that employers are required to provide explanations and put forward an action plan to address the inequalities in pay within their business, so that employees can see that action will be taken and that they no longer have to worry about these issues.
30. The first step to improving employee self-reporting is of course to explain to employees why the information is being requested, that it will remain confidential and most importantly reassure employees that there will be no adverse effects in this respect – and that in fact, by reporting their ethnicity they will be assisting the employer to make relevant changes and achieve a fair and equal working environment. We note that this was the approach taken by Nationwide in 2015 which led to positive results and we feel that it is clear that the key is to be open and transparent and encourage employees to provide the information, but allowing them to retain the choice not to do so. Various opportunities should also be given to provide this information; employers should not limit themselves to asking this question only at the recruitment stage but should provide further opportunities for existing staff (such as through annual reminders) so that they can provide this information at a later date. It may also be useful to remind employees of their legal rights as a further means of assuring them that they are protected in cases of discrimination. Ultimately however, we feel that reassurance will come from seeing actions being taken and the most effective approach is to see employers making changes to improve equality and diversity in the workplace.
31. We understand that employees not declaring their ethnicities can have an impact upon the final results but we do believe that this choice must remain. As stated, there are very real reasons why some individuals feel unable to provide such information and to force them to do so would have the effect of disempowering them rather than empowering. Moreover, if forced, employees may simply select incorrect classifications which will also affect the results and it is therefore better to allow them to not declare their ethnicity information and include such statistics in the ethnic pay report than to demand this information and have a report that is wholly unreliable.

How should self-reporting or non-disclosure rates be reflected in the information reported by employers?

32. As stated above, we strongly feel that employees should be given a choice as to whether they declare such personal information or not and as such feel that the ‘Prefer not to say’ option should be included at all times. At the very least, it accounts for all individuals and employers will be able to report how many of their employees decided not to provide this information. We feel however, that in addition to reporting on how many employees chose not to provide this information, employers should endeavour to seek information to explain why this may be the case. This can be achieved by sending an anonymous survey to all members of staff working for the

business (and therefore not breaking any forms of confidentiality or only targeting those who have not provided a response) which includes various questions relevant to ethnic pay reporting and can ask those who did not provide the information, why they did not do so. There could be a range of reasons why (they may for example feel that none of the existing classifications apply to them or they may have socio-political reasons for doing so). By asking the questions and allowing anonymous answers to be provided, the employer will be able to see what changes need to be made to improve self-reporting – and what changes need to be made to advance equality and inclusivity.

For a consistent approach to ethnicity pay reporting across companies, should a standardised approach to classifications of ethnicity be used? What would be the costs to your organisation?

33. We feel that a standardised approach to classifications of ethnicity is necessary to ensure consistency in reporting, and also to ensure that relevant actions can be taken. A standardised approach will allow a thorough analysis to be carried out which may for example highlight patterns in a particular sector or region. It would also ensure that employers are not given some form of an excuse whereby they can argue they do not have certain information to hand simply because their classifications are different to others.
34. The costs will naturally vary depending on the organisation, their existing data collection and reporting mechanisms/procedures and the resources available to them. However, we feel that the costs would only be accrued at the beginning stages (i.e. when they first start to report) and once the new processes are in place (and generally with the passage of time), it should not continue to be onerous. Further, as suggested as a possibility in para. 24 above, if BEIS developed the system itself that could be used by employers, this would naturally save time and costs across all businesses and at the same time ensure consistency in information being collected and reported. In turn this would allow better analysis which would in turn allow us to identify any specific measures which need to be taken by individual employers, or even employers within a certain sector.
35. As MWNUK is a small charity with only 10 employees, we understand the reporting provisions would not apply to us and therefore details of what it would cost us is unlikely to be helpful. However we still wish to point out that whilst our costs would be minimal in comparison to larger companies with 250 plus employees, it is important to note that the true burden of costs can only be assessed in proportion to the size, structure and general workings of each business. It would therefore be useful to keep a flexible approach in terms of implementing a standardised approach and where businesses are able to highlight particular burdens, to provide them with the requisite support and resources in this respect (as opposed to simply exempting them). It is important that we remember that the purposes of introducing ethnic pay reporting is to ultimately achieve workplace environments which are healthy, positive and free from discrimination and any inequalities. Employers should be supported to do so.

Please outline steps that should be taken to preserve confidentiality of individuals.

36. We do not have any particular suggestions in this respect as this is outside our area of expertise. However, we would hope that employers are able to exercise a degree of common sense in respect of their reporting restrictions. We note the example provided of the Civil Service workforce and we hope that other employers are able to make a similarly sensible decision on a case by case basis and it may be useful for a helpline to be made available that employers can call for free advice and guidance if they are in any doubt as to whether their proposed approach is acceptable or not.
37. To this effect, we feel it may also be useful to consider ‘exemptions’ to public publishing in circumstances where it would be impossible to preserve confidentiality of individuals. For example, if the number of BAME individuals in an organisation is so low that it is virtually impossible to publish information that maintains confidentiality then perhaps an official report can still be submitted to a relevant government body but the employer could be exempt from publicly publishing the report; we are envisaging a similar scenario to Companies House who can provide exemptions in respect of account reports. This way the relevant information is still made available but the rights of individual employees are still protected. Of course if the number of BAME employees is so low in an organisation that this measure becomes necessary, then this may raise other equality and diversity questions and the employer should be required to explain the reasons why this may be, but at least this ensures that the employees cannot be identified and are protected from any adverse effects.

What size of employer (or employee threshold) should be within scope for mandatory ethnic pay reporting?

38. We are aware of, and understand, the concerns being raised about not wanting to unfairly burden businesses by placing a mandatory ethnic pay reporting requirement and that a balance needs to be achieved between the competing interests. However, it seems to us that perhaps this concern has gone so far in favour of businesses, to the point that some have lost sight of the reasons for wanting to introduce ethnic pay reporting in the first place. Changes need to be made to tackle disparities in a bid to empower individuals economically and socially, and achieve a society that is equal and inclusive. Given that a very large majority of businesses tend to fall between the 50 – 249 bracket of the number of employees they have, how precisely will these aims be achieved if such businesses are excluded from the reporting requirements? We do not agree that mandatory reporting should only be applied to those employers with employees of 250 or more. Instead we feel that the threshold of 50 employees, as suggested in the McGregor-Smith Review, should be applied. We also feel that gender pay reporting should be a requirement upon businesses with 50 employees or more too.
39. We understand that the burdens may be greater for businesses within the 50 – 249 employee threshold but these burdens can also be minimised with appropriate support and resources being made available. We do not believe that the costs involved would be so high that they would outweigh the benefits of mandatory reporting and we urge BEIS to require all employers with 50 or more employees to report on both gender pay and ethnic pay. At the very least we suggest that a staggered timeframe is implemented so that whilst mandatory reporting obligations are placed upon those employers with 250 or more employees, this is followed by gradually extending the

requirement to those employers with 150 or more employees and then eventually those with 50 or more employees. This will allow the systems and processes involved to be perfected before the burdens are placed upon the smaller businesses and at the same time will allow them time to start implementing changes in readiness. A staggered approach is certainly better than excusing all such organisations altogether.

What support measures do you think would be useful for employers?

40. In the first instance, employers are likely to require advice on the information to be provided (particularly if data protection issues are a concern) and a dedicated point of contact, such as a helpline, should be made available for employers who may require guidance on how best to present the data.
41. We have already suggested that perhaps it would be useful for BEIS or some other governmental body to create (or commission the creation of) the relevant data processing system themselves which can then be used by employers to provide the necessary ethnic pay information; this will reduce the costs to the employer and the amount of resources which need to be expended. In doing so, this will allow employers to worry less about the financial costs or any other burdens, and concentrate on the benefits of providing this information. If this suggestion is not possible however, at the very least templates, report examples and other written guidance should be issued to assist employers. It is also useful to remember that whilst gender pay reporting has been implemented, focusing on gender is simpler than when looking at ethnicity. Moreover it is currently only applicable to employers who meet threshold of 250 or more employees who will have better resources to begin with. The introduction of ethnic pay reporting is going to be a learning curve and it is therefore important to retain a flexible approach and keep the reporting provisions under review so as to ensure that they are achieving the aims that they are supposed to.
42. Finally, we feel that support measures should not only be made available to help employers meet the requirements of ethnic pay reporting but to also assist them to make changes so as to address the causes of disparities once identified. Thus for example, if employers identify that one of the issues affecting pay is a lack of progression of BAME employees and the employer wants to address this by providing training opportunities or even to implement role-modelling initiatives, they should be provided with the support and resources to do so if they are unable to carry out such actions themselves. After all, the overall purpose of implementing ethnic pay reporting in our opinion is to improve diversity, inclusivity, equality and social justice. It would make sense to therefore support employers who want to take the steps to achieve this.

Final Comments

43. As a point of clarification, we must explain that where our comments and examples have been limited to Muslim and BAME girls, this is due to the nature of our organisation and its work. As a national Muslim women's charity our work predominantly deals with Muslim and BAME women and girls albeit we also work with individuals of other faiths and are therefore also aware of issues of relevance to other faith and non-faith communities. We are also aware that some of the issues

experienced by Muslim and BAME women and girls can also be experienced by non-Muslim, non-BAME women and girls, as well as men and boys. In turn we wish to clarify that where we make any recommendations, we do so on behalf of all those within wider society who may be affected and who may benefit from such recommendations.

44. MWNUK would like to express its willingness to assist through research, training, support, information or advice or any other means on the issues discussed.
45. We would like to thank BEIS for holding this Consultation and thank you for providing us with the opportunity to give Evidence. We hope it proves to be useful in your considerations.

**On behalf of Muslim Women's Network UK,
Nazmin Akthar
Chair**

11 January 2019

**54-57 Allison Street
Digbeth
Birmingham
B5 5TH
board@mw nuk.co.uk**