

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY L.M.C. DOUBLET OF ST. SAVIOUR
QUESTION SUBMITTED ON MONDAY 26th APRIL 2021
ANSWER TO BE TABLED ON TUESDAY 4th MAY 2021**

Question

Will the Chief Minister advise whether or not the Government intends to instigate an investigation into whether there exists an ethnicity pay gap in Jersey; and if not, will he explain why not?

Answer

There are no current plans to undertake an investigation into ethnicity pay gap statistics.

The complexity of reporting in this area was identified in the recent UK government report; [“Commission on Race and Ethnic Disparities: The Report”](#) which included the following section:

“Ethnicity Pay Gap Reporting

An ethnicity pay gap is calculated as the difference between the median hourly earnings of the reference group (White or White British) and other ethnic groups as a proportion of median hourly earnings of the reference group. For this reason, pay gaps, on whatever grounds, do not necessarily represent unequal pay for equal work, but can describe the structure of an organisation and how different ethnic groups are distributed across its pay bands. Ethnicity pay gap reporting is a potentially useful tool but needs to be approached with care. Reported ethnicity pay data should be disaggregated by different ethnicities to provide the best information possible.

The pay gaps, once identified, should be reviewed to gain an understanding of why they exist in different organisations. Discussions with businesses have revealed that, like the Commission, they are aware of the pitfalls around the execution of ethnicity pay reporting, but feel that this work needs to start somewhere. We specifically consider the NHS as a case study later in this section, reviewing disparities in pay among ethnic minority healthcare staff as well as disparities in recruitment and progression. We recognise the appetite that some employers have to act and publish their ethnicity pay gaps. A number of private and public sector employers (such as the NHS) have already voluntarily published their ethnicity pay gaps. We believe 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.

It is 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 main statistical problem that arises with ethnicity pay reporting is the unreliability of sample sizes. If an employer with 250 employees (the threshold suggested in the 2018 BEIS consultation on ethnic pay gap reporting) reports a gender pay gap, on average they will be comparing 125 men with 125 women. If they report an ethnicity pay gap as well, on average they will be comparing 225 White employees with 25 ethnic minority employees. Any findings from such a comparison will be unreliable and make it impossible to look at the workforce stratified by the 18 ONS ethnicity classifications. If an employer is in an area with a low ethnic minority population there may not be a diverse local candidate pool for firms to employ from.

The 2011 Census data shows that of the 650 constituencies in the UK, 437 are over 90% White, so many employers around the country simply do not have enough ethnic minorities for the recording sample to be valid. For example, any employer in the Lake District can expect 98% of its candidate pool to be White.

An employer there with 300 staff could then expect to have on average just six ethnic minority employees. Any comparison between the median of 294 employees with the median of 6 employees will be meaningless and is likely to change considerably just from adding or subtracting one ethnic minority employee. Additionally, the age distribution of ethnic minority groups can influence the ethnicity pay gap. Those from ethnic minority groups are more likely to be younger, meaning they have not yet had the opportunity to reach the peak of their careers. In order to account for this, firms would have to control for age, which makes sample sizes smaller and the reported data subject to fluctuations year on year”.

The ethnic groups used by the UK are:

- Arab
- Bangladeshi
- Black Caribbean
- Black African
- Chinese
- Indian
- Other Asian background
- Other Black / African / Caribbean background
- Other ethnic group
- Other Mixed / multiple ethnic background
- Other White (incl gypsy/traveller)
- Pakistani
- White and Asian
- White and Black African
- White and Black Caribbean
- White British
- White Irish

Pay gap reporting is in its early stages in Jersey. The benefits of extending reporting to criteria such as ethnicity or disability will be considered in light of the ongoing collation and use of gender pay gap reporting.