BMA response: consultation on ethnicity pay reporting by employers

Dear consultation team

The BMA is a professional association and trade union representing and negotiating on behalf of all doctors and medical students in the UK. It is a leading voice advocating for outstanding health care and a healthy population. It is an association providing members with excellent individual services and support throughout their lives.

The Association welcomes the opportunity to respond to the consultation on ethnicity pay reporting by employers. Please find enclosed our submission.

The BMA response addresses specific questions listed in the consultation document. We hope that our submission is useful – please do not hesitate to contact us for more information if required.

Yours sincerely

Raj Jethwa
Director of policy
The BMA welcomes the proposal to introduce ethnicity pay gap reporting by employers. We believe it will provide greater transparency around pay differentials by ethnicity and increase focus on ensuring equitable reward, recognition and employment opportunities for BME doctors.

As the trade union for doctors and medical students in the UK, we are committed to ensuring fair arrangements for pay, reward and career opportunities for all doctors irrespective of background and characteristics. We have been active in pushing for action to address the gender pay gap in medicine, supporting mandatory gender pay gap reporting when responding to the UK Government consultation and being actively involved in the independent review of the gender pay gap in medicine.

Given the disparities faced by BME (Black, Asian and minority ethnic) people in British working life as highlighted by the 2017 McGregor-Smith review and within medicine, we believe that there is a strong case for greater transparency about pay differences by ethnicity.

Despite the numbers of BME doctors growing in the medical profession — currently around 1 in 3 doctors currently record their ethnicity as BME — inequalities persist about how they are treated. In medical education and training, BME UK medical graduates have lower pass rates than UK white medical graduates (63.2% compared to 75.8%), while BME IMGs (international medical graduates) have a pass rate of 41.4%. This difference in outcomes is not due to difference in ability, but due to different experiences of the learning environment in medical education and training.

The Royal College of Physicians recently reported that although BME CCT (certificate of completion of training) holders apply in far greater numbers to consultant posts, white CCT holders are more likely to be shortlisted (80% versus 66% shortlisting rate for non-white ethnic groups). There are also few BME senior leaders in the NHS — only 7% of very senior managers are from BME backgrounds.

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NHS Trusts across England there are only 5 BME CEOs and less than 3% of medical directors are of BME backgrounds, despite 40% of hospital doctors being from BME backgrounds.7

With regard to pay, in September 2018, the BMJ (British Medical Journal) reported that white consultants’ median basic monthly pay was nearly £5000 more than those from BME backgrounds.8 These findings were also corroborated by a similar study of NHS basic pay by NHS Digital which found that for the month of January 2018, white men and women had the highest average monthly basic pay out of all the ethnic groups. Black women in medical roles experienced the highest ethnic pay gap, being paid 16% less than white women.9

Healthcare employers and other organisations must be encouraged to report their ethnicity pay gap and commit to action to address any disparities. This would prove a considerable step toward ensuring a diverse workforce that is afforded equitable reward and career opportunities.

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

Reporting ethnicity pay gap information will encourage employers to pay more attention to the inequalities in their workforce and consider what action is needed to address them. Transparency is essential: the publication of data on ethnicity pay gaps will increase employer accountability and encourage more effective, targeted action to improve equality of opportunity and ensure fair reward and recognition within organisations. Sharing information across sectors and on a national platform will also encourage the sharing of appropriate and workable solutions.

In reaction to the findings detailed above from the BMJ, NHS Digital, and Nuffield Trust,10 health minister Stephen Barclay committed to outlining plans to tackling inequalities at senior levels and breaking down barriers to progression.11 We need to ensure commitments made at a national level translate into local, targeted actions from employers that improve the working lives, pay and opportunities of BME doctors. The publication of ethnicity pay gaps is likely to help with holding employers to account and ensuring action by each organisation.

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2. 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?

We believe a combination of different methodologies is necessary. In line with gender pay gap reporting requirements comparisons of earnings should include:

- Both mean and median figures
- Hourly earnings figures that include basic pay plus all additional earnings (except overtime)
- Separate comparisons of bonus pay as this is where significant differences can emerge
- Pay distribution information to give insight into differences in workforce structure by ethnicity and how that influences the gap in average hourly earnings for BME staff compared to white staff.

We believe there should be a single ethnicity pay gap figure comparing all BME staff with all white staff. Additional pay gap figures for specific ethnic groups should be required where there are large enough samples to prevent individuals being identified. In the medical profession, there is a relatively large BME group and there are significant differences by ethnicity within that group, as highlighted by the recently published ethnic pay gap data for the NHS: white consultants earn an average £278 a month more than Black/Black British consultants, £387 more than Asian/Asian British consultants and £487 more than mixed or dual heritage consultants. These gaps in average pay are likely to partly reflect different barriers and routes into medicine/the NHS for these groups and different age profiles (see our response to question 3 below too).

It is important to require employers to produce information on the distribution of pay by ethnicity to give more insight into the kinds of jobs that people do and their position in organisations. However, we believe that the pay distribution information required should be more granular than the pay quartiles required under the current gender pay gap reporting regulations. Pay quartiles are too broad and fail to provide insights into the composition of the workforce at the very top – i.e. the management and leadership of an organisation which has a significant influence on the culture and opportunities of others. For this reason, we believe pay distribution information should be by decile.

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

We believe that the proportion of BME staff in different jobs and grades should also be reported, for example, comparing the proportion of BME staff in consultant and SAS (staff and associate specialist) grades; and, where possible, pay differences by ethnicity within jobs or grades, for example, comparing the pay of BME consultants to white consultants. This would give an indication of the extent to which there is job segregation by ethnicity in the workforce and to what extent people are being paid differently for similar work.

For the medical profession, it would also be beneficial to understand whether doctors are UK or IMGs as it has been shown that BME IMG doctors face additional barriers to attainment in the UK. This will be important to understand when seeking to narrow ethnicity pay gaps and improve pay and employment opportunities.
The age profile of the BME workforce compared to white staff may also shed more light on what lies behind the pay gap, especially in careers where pay progression depends on years of experience in post.

Finally, we believe it is important to consider the intersection between race and gender especially as evidence from NHS Digital on ethnicity pay gaps suggests that BME women may face a double disadvantage.

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

Yes. The BMA considers the objective of increasing transparency is to prompt action by employers to address pay disparities and ensure more equitable employment practices and opportunities. Employer action plans should be based on evidence, with a clear narrative explaining what the published pay gap data is showing. Plans should also be developed in consultation with the workforce to ensure employers understand the needs and experiences of BME staff relative to white staff and are proposing solutions that are likely to be effective.

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

Employers should make clear to employees the reasons why they are collecting ethnicity data i.e. to monitor and address inequalities within the organisation. They should also provide assurance about the use of personal data and the fact that it will be collated and published in a form that prevents identification of any individual. Reporting forms must offer a ‘prefer not to say’ option for those who might still be uncomfortable reporting their information.

8. 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?

The BMA supports a standardised classification for analysing ethnicity pay gaps as this will enable comparison across employers and sectors. We support the ONS 2011 five standard classifications as these are mirrored in the five ethnicity classifications used by the GMC (General Medical Council) for the medical workforce:

- Asian or Asian British
- Black or Black British
- Mixed
- White
- Other ethnic group
10. What size of employer (or employee threshold) should be within scope for mandatory ethnicity pay reporting?

The BMA advocates that as a minimum standard, the threshold of organisations covered by mandatory ethnicity pay gap regulations should be employers with at least 250+ employees to mirror the gender pay gap reporting regulations. However, given that in England, public sector organisations with 150 or more employees are required to gather and publish equality information on their workforce under the Public Sector Equality Duty, we believe that these organisations should be encouraged to publish ethnicity pay gap information too. Wales and Scotland place similar statutory duties on employers and other authorities to use employee information to advance equality objectives. A threshold of 50+ employees as recommended by the McGregor-Smith review may not have enough staff to provide accurate reporting by ethnicity and may lead to some employees being identifiable.

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

Employers should receive guidance developed by Government or a relevant body such as the Equality and Human Rights Commission or Acas on how to calculate the pay gaps and how they should develop action plans. This could also cover:

- What are the likely factors behind why ethnicity pay gaps exist?
- What actions are likely to work in improving race equality in the workplace?
- What good practice examples exist of employer responses to the ethnicity pay gap in their organisation?

The BMA recommends that a website for sharing this guidance and publicly reporting data and other evidence, mirroring the gender pay gap reporting website, should be developed by Government, to ensure consistency between the two issues.