

IRC UK ETHNICITY PAY GAP REPORT- 5 April 2021

Introduction

Currently it is not mandatory to report on ethnicity pay gap reporting in the UK. While 63% of UK employers monitor ethnicity pay gaps, only 31% currently voluntarily publish them¹. IRC UK has introduced Ethnicity Pay Gap reporting to establish a baseline measure and support impact measurement of both global and local DEI ambitions going forward.

Definitions

The ONS defines ethnicity pay gaps as *‘the difference between the median hourly earnings of the reference group (White or White British) and other ethnic groups as a proportion of average hourly earnings of the reference group’*.

Mean hourly pay rate is the average hourly pay for a particular group.

Median hourly pay rate is the central value when salaries are organised from lowest to the highest order. It is generally seen as the more reliable average, as it reduces the impact of very high or very low salaries.

Methodology

We have followed the recommended Gender Pay Gap Reporting methodology for most part.

Measures reported

The Representation percentage:

The representation percentage is the number of staff from each ethnic category as a percentage of total staff number at the snapshot date of 24 August 2021.

The Mean and Median pay gaps:

The mean (average) and median (middle) is the recommended method for calculating pay gaps. The mean and median ethnicity pay gaps are the difference between the mean and median hourly rate of pay of all White employee grouping and that of employees from other ethnic groupings. A positive pay gap denotes that the mean or median hourly rate of pay of all white employees is

¹ Bank of England- staff working paper No.877 Understanding Pay Gaps July 2020

higher than that of the employees from the respective ethnic category. And a negative pay gap denotes that the mean or median hourly rate of pay of the employees from the respective ethnic category is higher than that of all white employees.

Quartile Pay Bands

Quartile pay bands are created by organising salaries from highest to lowest and then dividing the staff into four equal groups (25% of total staff in each quartile). There is an exploration of number of staff from each ethnic category as a percentage of the total staff numbers in each quartile. These figures enable us to better understand the distribution of staff and further enable us to understand the mean and median pay gap figures.

Reported categories of ethnicity:

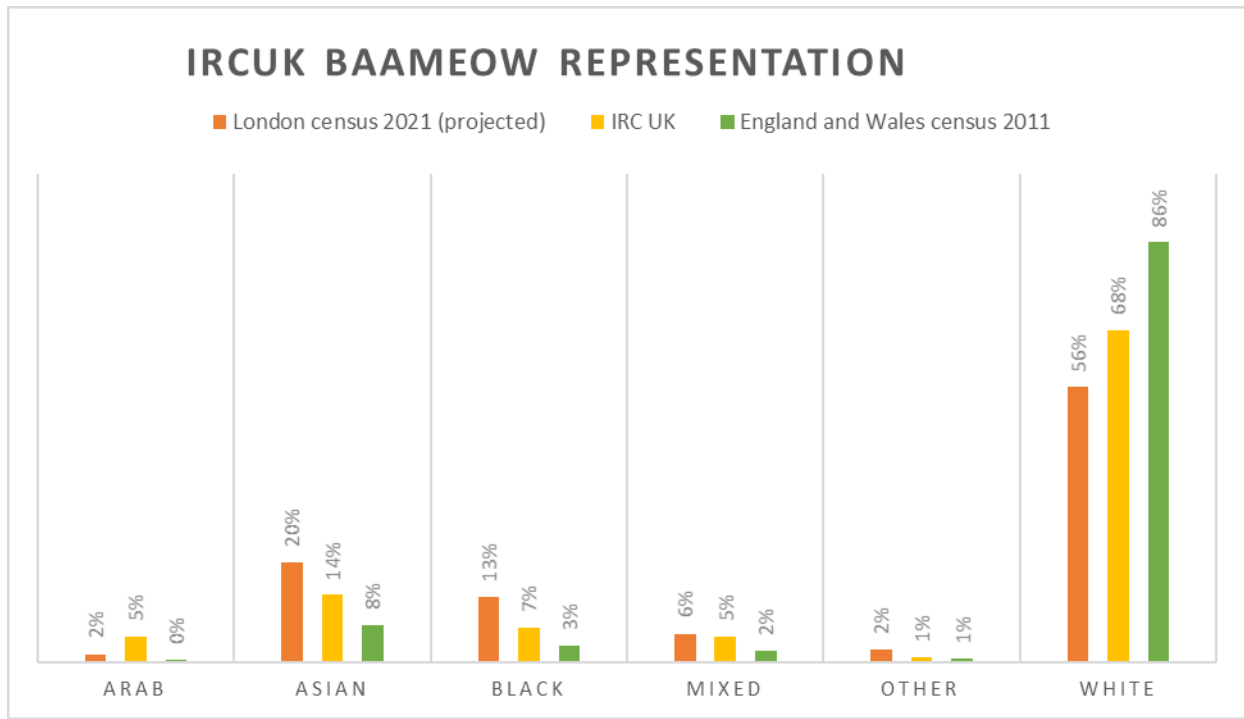
Rather than reporting as two homogenous categories (white and non-white), we will report the representation percentage, the mean and median pay gaps and quartile pay bands for the following categories referred to as BAAMEOW:

- Black
- Asian
- Arab
- Mixed
- White
- Other

Findings

Declaration Rate

Out of 153 staff, only 37 staff have not yet disclosed their ethnicity, meaning a declaration rate of 76% was achieved. Representation percentages reported are based on 116 staff who have declared their ethnicity.

Percentage Representation across ethnicity groups

While there is good representation across all ethnic groups at IRC UK when compared to the projected London 2021 census figures², there is overall under representation across all BAAMEO groups except Arab. However, the opposite is seen when comparing to the England and Wales 2011 census figures where there is an over representation across all BAAMEO groups.

Mean and Median Hourly pay gaps

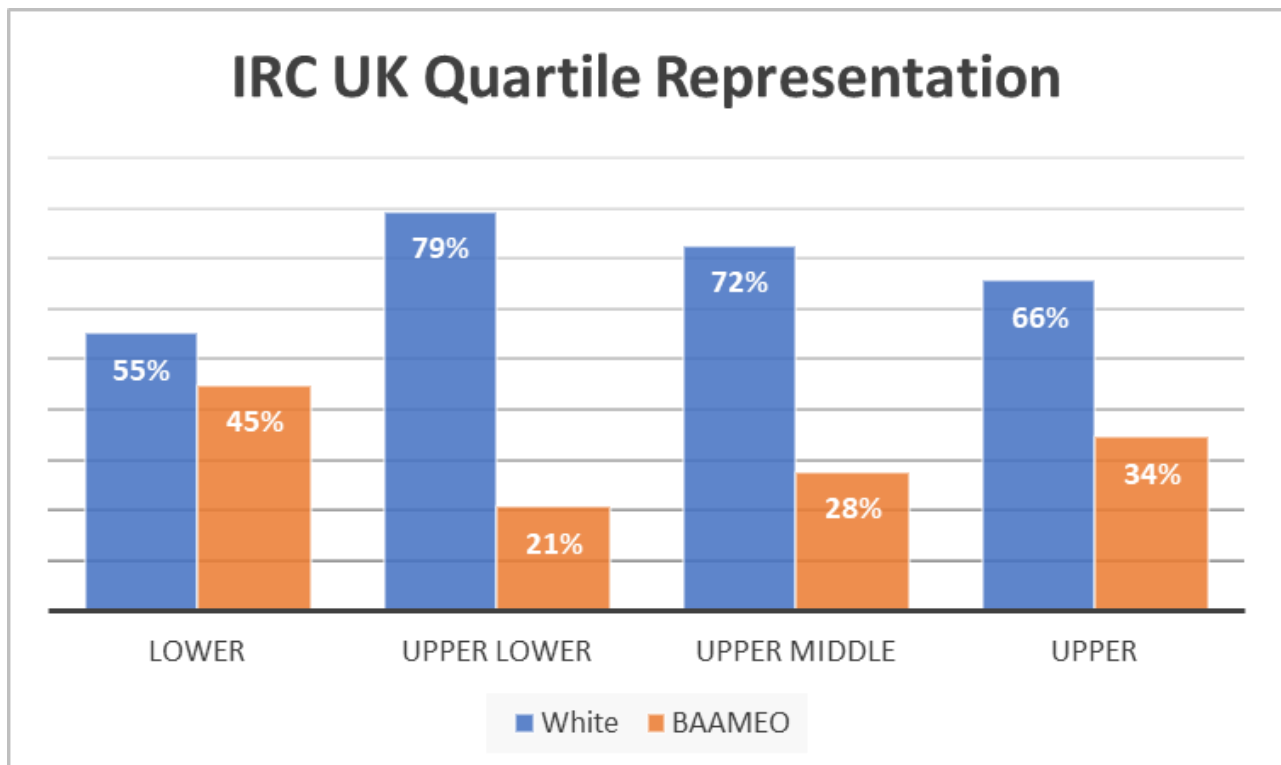
- The **Mean Ethnicity Pay Gap** for IRC UK when considering homogenous grouping of White and BAAMEO is 4% (mean hourly pay: £29.65 for White grouping and £28.58 for BAAMEO grouping) while
- The **Median Ethnicity Pay Gap** for IRC UK is 2% (median hourly pay: £26.15 for White grouping and £25.64 for BAAMEO grouping)

²<https://data.london.gov.uk/dataset/ethnic-group-population-projections>
<https://www.populationu.com/cities/london-population>

When considering, IRC UK median ethnicity pay gap is same as the ONS UK Median pay gap at 2%. The difference in the mean and median pay gaps can be further understood by looking at the Quartile Pay Band distribution.

Quartile Pay Bands

As seen on the graph below, the White grouping have a similar distribution of staff in all four quartiles. The higher percentage of BAAMEO staff in the lower quartile possibly accounts for the 4% mean pay gap while the sizeable percentage in the upper quartile possibly accounts for the lower 2% median pay gap percentage (albeit a positive one). Around 50% of staff who have not yet declared their ethnicity (Not Known) fall in the lower quartiles so once these are declared may change the ethnicity pay gap figures.



What are the underlying causes of IRC UK's ethnicity pay gap?

Under the law, all individuals must receive equal pay for:

- the same or broadly similar work.
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

IRC UK is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability or trade union membership. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their ethnicity (or any other characteristic set out above). As such, it:

- carries out pay and benefits audits at regular intervals; and
- evaluates job roles and pay grades as necessary to ensure a fair structure.

IRC UK is confident that its ethnicity pay gap does not stem from paying each ethnic group differently for the same or equivalent work. Rather its ethnic pay gap is the result of what roles are on offer and the salary grade that they are allocated and so the salaries that these roles attracts and who fills the roles.

What does IRC UK plan to do to address its ethnicity pay gap?

IRC UK is committed to establishing and presenting a full view of ethnicity pay differences within our organisation and will continue to report on ethnicity pay gap and share data publicly even when not mandated to do so.

IRC UK is in the process of creating its first Gender, Equality, Diversity and Inclusion (GEDI) longer-term strategy. Dedicated actions will be formulated and confirmed as part of this strategy.

Next Ethnicity Pay Gap Reporting Date

The next comprehensive report will be based on the snapshot date of 5 April 2022 and published in March 2023.