

Unite National and Regional Contacts

128 Theobalds Road, Holborn, London WC1X 8TN
equality@unitetheunion.org
020 611 2500

Regional Women’s & Equalities Officers

North West	0161 848 0909
North East Yorkshire & Humberside	0113 236 4830
West Midlands	0121 553 6051
East Midlands	0116 253 2020
London & Eastern	020 8800 4281
South East	01753 313 820
South West	0117 923 0555
Scotland	0141 404 5424
Ireland	Belfast 028 90 232381 Dublin 00353 (0)1 8734577
Wales	02920 394 521





www.unitetheunion.org/equalities

 @UniteEqualities  Unitetheunion1

0202 HB180924

Addressing the pay gap for BAEM workers

Unite Negotiators’ Guide





Addressing the pay gap for BAEM workers – Unite negotiators Guide

“Our commitment to equality is firmly enshrined in our Rule book and everything we do. This guide is prepared to assist all our negotiators as part of “Equal Work, Voice, Pay” to address the pay gap in the workplace for our Black and Asian Ethnic Minority members. It is part of a tool to ensure we have the evidence and solutions when negotiating with employers. I hope you find it valuable and useful.”

Harish Patel, National Officer for Equalities – BAEM, Disabled Members, LGBT+

A message from the General Secretary

As General Secretary I am dedicated to deliver results against racism and inequality faced by our Black and Asian ethnic minority (BAEM) members.

Most Black and Asian ethnic minority workers continue to earn less than their white colleagues and artificial intelligence also poses a racist threat. These are all real workplace issues that we can fight and win in the workplace.

We oppose and challenge those employers who refuse to deal with race discrimination and to eradicate barriers to race equality and fair pay.

Action to close the pay and progression gap faced by BAEM workers must be firmly on the bargaining table, and this guide, drawn up with our Unite National BAEM Committee, sets out what is needed.



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Tackling the Pay Gap for BAEM Members

Fair Pay for BAEM Members and Equality Audits

Unfair, unequal pay and lack of transparency in pay systems create a divided, demoralised and undervalued workforce.

Negotiators Checklist and Five Step Plan

Checklist

- Make sure a detailed pay audit of all BAEM workers (full time, part time, fixed term, casual and outsourced) including job segregation, fair and equal pay is conducted, published, actioned on, reviewed and monitored.
- Make certain you are fully consulted and involved throughout the process including setting action plans and targets.
- Ensure an effective method of data collection with an agreement on its use.

Five step plan

STEP 1

Find out from the employer whether or not a recent pay audit has been undertaken in the workplace, covering all areas and grades. If YES, move to STEP 2. If NO, negotiate with the employer to conduct a pay audit (please refer to Sections 6.2 and 6.3 of Race Equality - guide for Unite negotiators¹).

STEP 2

Using the pay audit information, analyse the findings to find out:

- a) If BAEM workers are concentrated in particular work areas or are being paid less
 - b) If BAEM workers are concentrated in lower grade levels
- If YES, then move to STEP 3. If NO, then move to STEP 4.

STEP 3

You will need to tackle this issue directly with the employer, either as part of the usual pay negotiations or as a separate area for negotiation.

STEP 4

In evaluating the findings of the pay audit for the current workforce, you will need to ensure that fair and equal pay policies and equal access to all grade levels are in place for the future.

STEP 5

Pay audits will need to be regularly conducted and the findings reviewed and monitored. If disparities are shown in the future, then these should be tackled with the employer at the earliest opportunity.

¹ Race Equality - guide for Unite negotiators
www.unitetheunion.org/media/1457/race-equality-guide-for-unite-negotiators.pdf

We want all employers to be required to conduct regular detailed pay audits of BAEM workers with the findings made available as has been the case for gender pay gap reporting. This should include pay and grading and other pay related details. The employers should then produce targeted action plans identifying the steps they will take to address any gaps identified which will be reviewed and monitored.

What Should be Included in the Data?

1. Similar to gender pay gap data we would want to see both mean and median figures.
2. It is vital that hourly earnings of black and Asian ethnic minority employees are compared with white employees.
3. Employers should report on the pay gap between full-time BAEM and white employees, BAEM women and white male employees, by pay band and or job role.
4. The pay gap between BAEM women and white male employees.
5. A BAEM breakdown of part-time and full-time permanent, fixed term or casual employees as well as outsourced staff.
6. Part-time BAEM employees should be compared to full-time white male employees.
7. Employers should publish the overall pay gap as well as the full-time and part-time figures.
8. The difference between basic pay and overall pay, pay scales, bonuses, target performance relate pay or over-time.
9. Publish data on BAEM women, disabled, LGBT+, younger and older workers.
10. All pay nuances mentioned here should come with a clear and detailed commentary.

Agreeing Action Plans and Targets with the Employer

Collecting data without action plans to address inequalities would be just a data collection exercise. It is vital that after problems are identified plans are put in place to be acted on and monitored.

The action plan needs to address a range of areas, not just on pay. This is because the pay gap for BAEM members is a result of race discrimination at all levels, not just in the pay structure itself.

The public sector has been required to collect and publish their pay gap data for BAEM workers but this is not the case for the private and voluntary sectors.

Mandatory reporting of pay gap for BAEM workers can encourage the private sector organisations to start collecting data and find remedial action when inequalities are evident.

This is said, but, the public sector is not required to put in any action plans however, many progressive organisations have been using their data to tackle race inequality in their workplace but others, in the absence of any form of enforcement, only collected the data without any remedial actions.

To establish race equality monitoring it is important that the employer works and communicates with Unite and staff on how data is kept highlighting the confidentiality aspect of the process, and most crucially what is going to be used for. This is the best way of encouraging staff to provide the requested information as they know it will be put to good use and will make a difference to the situation in which they find themselves.

Negotiators Checklist

- Reassure members on the benefits of monitoring.
- Ensure the employer not only gives an explanation about the figures but also what actions they are taking to eliminate the inequalities identified.
- Ask the employer to regularly publicise an analysis of the monitoring information and actions taken when inequality issues were highlighted.

Mandatory reporting of BAEM workers’ pay gap will not solve all the issues but it is the first step in identifying if a problem exists which with effective action plans and monitoring can address disparities.

Unite reps can conduct an equality audit on job segregation and fair pay by gender and racial groups, for example.

They also need to encourage employers to initiate and co-operate with the equality audit as they will then be in a position to advance race equality as well as to know whether or not they are in breach of the law.

Negotiators Checklist

- Reassure members that the union is involved in the process and that this will be beneficial to them.
- Emphasise the important role of union equality reps and negotiate for their facilities and paid time-off.
- Negotiate for an equalities review of all policies and procedures.

It is not enough to look at pay alone. Alongside pay bargaining Unite reps need to ensure that all equality issues are fully addressed and check that there are no unfair practices such as redundancy and/or length of service agreements that discriminate against BAEM workers.

Conducting an equality audit which is a comprehensive review of the workplace should highlight inequalities between workers in the one department, section or the whole workplace. It can show differences between BAEM men, women, disabled, young and older workers and their white counterparts.

Negotiators Checklist

- Ensure the progression of BAEM members in the workplace by making certain:
 - a. Equal Opportunities procedures are followed
 - b. under-represented workers are encouraged to apply for promotion
 - c. there is access to training including English language
- Challenge stereotyping of BAEM women.
- Negotiate for family policies that reflect BAEM women's lives.

For more information please refer to:

Unite Race Forward Action Pack - five point action plans that help Unite reps tackle and prevent race discrimination in regards to pay, progression, recruitment, selection and redundancy.

Unite Race Equality - guide for Unite negotiators will assist Unite reps to raise awareness and tackle race discrimination at work.

Unite Pay Up! guide, Equal Pay for women - an action plan to tackle gender pay gap and unfair pay.

Unite guide to workplace equality impact assessments - to make sure your workplace is fair for all.



Why is there a pay gap for BAEM workers?

The pay gap for Black and Asian ethnic minority (BAEM) workers is a direct result of discrimination which places barriers for BAEM workers to enter the labour market and progress in the workplace. Main barriers are unfair pay, job segregation, unfair recruitment and selection, lack of progression and location.

TUC research² shows the unemployment rate among BAEM people is significantly higher than it is among white people (6.3 per cent compared to 3.6 per cent). When it comes to the pay gap even the skewed ONS, Office of National Statistics, data shows that on average BAEM employees earn 3.8 per cent (median 2.3 per cent) less than white employees with Pakistani and Bangladeshi workers having the highest gap. Regional variations show that London has the highest average pay gap of 21.7 per cent (median 23.8 per cent).

Even those with university degrees are not exempt where young black and Asian ethnic minority graduates earn 23.1 per cent less on average than white graduates. There is also an added disadvantage for black and Asian women, disabled, young and older workers.

In 2018³ it was estimated that the cost of race pay penalty amounts to £3.2 billion per year, a staggering amount of lost pay across the economy.

One of the factors affecting the pay gap is gender. A TUC report⁴ highlighted that BAEM women are around twice as likely as white workers to be employed in insecure jobs with many of these roles being in vital front-line services like health and social care and one in eight BAEM women are under-employed compared to one in thirteen white men.

Looking at sectors different groups of BAEM workers are employed we can see, according to the ONS, that Pakistani, Bangladeshi and Asian Other ethnic groups form the majority of workers in the distribution, hotels and restaurants sector; more black workers are in public administration, education and health than any ethnic group. Indian workers form the majority of workers in the banking and finance sector.⁵

COVID-19 crisis clearly exposed decades of race discrimination and its devastating effects on BAEM workers and their families. The unemployment rate for BAEM workers has risen at more than twice the speed of the unemployment rate for white workers. The unemployment rate for Black African and Caribbean workers has risen to 13.8 per cent – more than three times the rate for white unemployment and 1 in 10 BAEM women are now unemployed⁶. Looking at the facts we believe the ONS pay gap figures could be higher as a result of the pandemic as many BAEM workers' jobs, pay and livelihood were threatened. This is particularly evident due to sectors they work in as well as their insecure contracts.

Unite has been challenging this inequality and has ensured employers fulfil their responsibilities. We have been calling for mandatory reporting of BAEM workers' pay gap, for all employers with more than 50 employees to prevent and tackle this. It is important to ensure small employers publish their data and take action as they employ the biggest part of the workforce. Small and medium-sized businesses account for 99.9% of the private sector.⁷

² <https://www.tuc.org.uk/research-analysis/reports/dying-job-racism-and-risk-work>

³ <https://www.resolutionfoundation.org/comment/the-3-2bn-pay-penalty-facing-black-and-ethnic-minority-workers/>

⁴ BME women and work www.tuc.org.uk/research-analysis/reports/bme-women-and-work

⁵ www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment-by-sector/latest

⁶ www.tuc.org.uk/news/tuc-bme-unemployment-rising-twice-fast-white-workers-during-pandemic

⁷ Business population estimates for the UK and regions <https://www.gov.uk/government/statistics/business-population-estimates-2022>

Casualisation and Insecure Work

Precarious employment has become a sad reality in the UK. Currently there are 3.6 million people, about 11 per cent of the employed UK workforce, working under insecure contracts. In 2018⁸, 3.3 million were employed through outsourced companies and 615,000 were employed by franchise businesses. At least 1 million were employed by recruitment agencies, umbrella companies and personal service companies.

The insecure employment, like 'agency work' and 'bogus self-employment', leaves workers with little or no guaranteed work, no way of planning their finances and at the mercy of unscrupulous employers. A Unite research showed that 87% of workers with zero-hours contracts want to be employed on different contracts.

There is also an issue around outsourcing where employers outsource lower-paid workers so that they are not included in the pay gap reporting which usually applies to directly employed workers. For this reason employers should be required to include sub-contracted workers in their calculation.

The TUC analysis⁹ highlighted that BAEM workers continue to experience high levels of unemployment. They have also been disproportionately affected by the growth in part-time, insecure and low-paid employment. BAEM workers are not only disadvantaged in terms of the quantity of work they have access to, but also the quality of jobs. The experience of insecure work differs between different ethnic groups, but the overall pattern is one in which BAEM workers are significantly disadvantaged resulting in many living on the margins of the labour market. The analysis found that nearly one in six (15.7 per cent) of BAEM men are likely to be in insecure work. Some 12.4 per cent of BAEM women are in the same position, and among employees (excluding the self-employed) BAEM women are the most likely group to be subjected to insecure work.

These analysis also show that during the pandemic, the unemployment rate for BAEM young workers increased more than twice as fast as the rate for young white workers. Black workers are over twice as likely to be in temporary work than the average. Not only are BAEM workers more likely to be in temporary work, they have also experienced the largest increase in the number of people in temporary jobs. 42 per cent of Black workers are in all temporary work because they cannot find a permanent job, compared to 31 per cent of the total temporary workforce. One in three BAEM workers in insecure work had asked for a fixed-hours contract but only one in three of those was successful.

Unite has been calling on the government to put an end to the current two tier workforce and reform the rules on employment status to define all those on zero-hours contracts as 'employees'. Also, to make zero-hours contracts illegal and tackle the exploitation faced by all workers and particularly BAEM workers in non-permanent work by taking action to create decent jobs and stop the growth of insecure working that is consigning millions to in-work poverty and exploitation.

Unite reps need to make sure their employer takes steps to eliminate the use of zero-hours contracts for their own employees and for public sector employers to additionally implement this through procurement.

⁸ 2018 - <https://www.tuc.org.uk/news/tuc-calls-employers-be-made-liaible-abuses-uk-supply-chains>

⁹ Insecure work and Ethnicity
www.tuc.org.uk/sites/default/files/Insecure%20work%20and%20ethnicity_0.pdf
Living on the Edge
www.tuc.org.uk/research-analysis/reports/living-edge-0
Jobs and recovery monitor - Insecure work
www.tuc.org.uk/research-analysis/reports/jobs-and-recovery-monitor-insecure-work

Unite Will Continue to Call for:

1. Mandatory reporting of the pay gap for BAEM workers including pay audits which are regularly conducted and the findings made available, with a requirement that they are reviewed and monitored to address any disparities. Also, a standard method of calculating the data including employers in the supply chain.

Trade unions to be fully consulted and involved throughout the process of reporting the pay gap for BAEM workers.
2. Mandatory equality audits and equality impact assessments to ensure that discrimination and barriers that contribute to the pay gaps can be identified and agreed action implemented and monitored.
3. Private and public sector employers to establish BAEM monitoring systems.
4. An authority to enforce reporting of BAEM workers' pay gap and action plans as well as monitoring. There should be effective and meaningful sanctions for employers who have practices that encourage or lead to race discrimination and those who do not comply. EHRC should be given powers to issue fines to those who fail to comply with a notice and it should be provided with adequate funding to carry out these duties.
5. A real living wage and an end to casualisation, zero-hours contracts, precarious work, and long hours' culture which impact on the BAEM pay gap.
6. Strong collective bargaining. Evidence has shown that workplaces with a recognised trade union and collective bargaining have lower pay gaps, more pay transparency and fairer practices regarding pay, terms and conditions. Government and employers should recognise that collective bargaining is an effective route to narrowing the pay gap for BAEM workers in all workplaces.
7. Statutory rights for union equality reps, including specific requirements on race equality and action to support the progression of black and Asian ethnic minority people at work.

