

IRC UK ETHNICITY PAY GAP REPORT- 5 April 2022

Introduction

IRC UK is committed to an environment where people succeed and are treated fairly whatever their ethnicity. To this end, and in line with our [UK Gender, Equality, Diversity and Inclusion \(GEDI\) strategy](#) and the global IRC GEDI vision, we collect data and publish reports on the ethnicity pay gap to guide our actions for improving diversity, equality and inclusion in our workplace.

An ethnicity pay gap shows the difference in average pay between employees who identify as of non-white ethnic background compared to employees who identify of white ethnic background. It is calculated by taking all employees who identify with ethnic backgrounds across an organisation and then comparing the average pay of employees of white ethnic backgrounds with that of employees from non-white ethnic backgrounds.

There is currently no legal requirement for UK businesses to disclose their ethnicity pay data but in the absence of legislation, some organisations have taken the lead to report their ethnicity pay data voluntarily and the number of employers publishing this increased from 11% in 2018 to 19% in 2021.¹

IRC UK published its [first ethnicity pay gap report in 2022](#). Further to advice from the Employer Network for Equality and Inclusion (ENEI) and guidance from the Chartered Institute of Personnel and Development (CIPD), the methodology and approach to calculations used in this year report will differ from that published in 2022. Going forward and to maintain consistency we will be using the same approach to calculations as in this report.

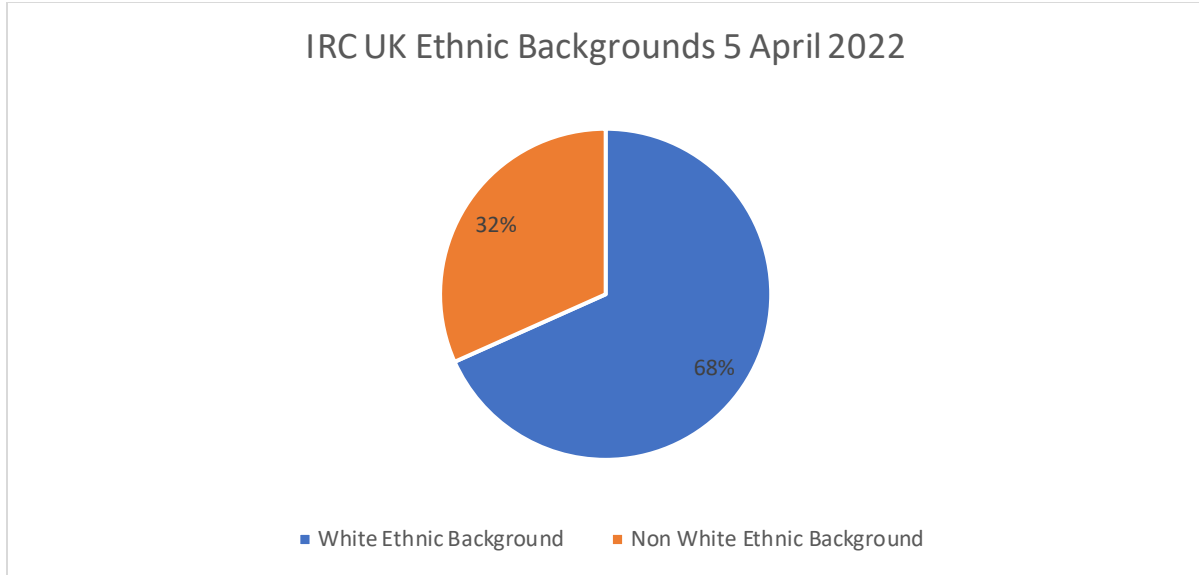
The report mirrors the 2022–23 reporting cycle for gender pay gap reporting, using a snapshot date of 5 April 2022.

Findings

Declaration Rate

Out of 176 IRC UK employees on 5th April 2022, 142 disclosed their ethnicity, meaning just over an 80% declaration rate. 97 or 68% disclosed they were of white ethnic background and 45 or 32% disclosed they were of non-white ethnic background.

¹ <https://committees.parliament.uk/publications/8779/documents/88923/default/>



Mean and Median Hourly pay gaps

The mean (average) and median (middle) are 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 the white ethnic background employee grouping and the non-white ethnic background employee grouping.

A positive pay gap denotes that the mean or median hourly rate of pay of all white ethnic background employees is higher than that of the non-white ethnic background employees. And a negative pay gap denotes that the mean or median hourly rate of pay of the non-white ethnic background employees is higher than that of the white ethnic background employees.

- The **Mean Ethnicity Pay Gap** for IRC UK when considering grouping of white ethnic backgrounds and non-white ethnic backgrounds was **2%** on April 5 2022.
- The **Median Ethnicity Pay Gap** for IRC UK was **0.002%** when considering grouping of white ethnic backgrounds and non-white ethnic backgrounds on April 5 2022.

Median Ethnicity Pay Gap IRC UK

In calculating our median ethnicity pay gap we ranked all IRC UK employees who identified with an ethnic background by their hourly pay. We worked out what the employee in the middle of the pay range for non-white ethnic backgrounds received and compared it with what the employee in the middle of the white ethnic backgrounds received.

IRC UK Ethnicity Pay Gap Report 2022

| Pay | White Ethnic Background | Non-White Ethnic Background | Pay Gap |
|-------------------|-------------------------|-----------------------------|---------|
| Median hourly pay | £25.94 | £25.87 | 0.002% |
| Median annual pay | £50,575 | £50,446 | |

On 5 April 2022, an employee in the middle of the group of employees who identified as of non-white ethnic background received 0.002% less than the employee in the middle of the white ethnic background population pay range per hour. This means that for every £1.00 a white ethnic background employee received, an employee in the non-white ethnic background group received 99.98p.

Mean Ethnicity Pay Gap IRC UK

In calculating our mean ethnicity pay gap we add together all the hourly pay rates that employees who identified as from non-white ethnic background received. We divided the total by the number of these employees and then repeated this calculation for the employees who identify as from white ethnic background.

| Pay | White Ethnic Background | Non-White Ethnic Background | Pay Gap |
|-----------------|-------------------------|-----------------------------|---------|
| Mean hourly pay | £28.78 | £28.16 | 2% |
| Mean annual pay | £56,118 | £54,908 | |
| | | | |

On 5 April 2022 the average pay for an employee who identified as from non-white ethnic background was 2% less per hour than the average pay for an employee who identified as from a white ethnic background. This gap means that for every £1 an employee who identified from a white ethnic background received, an employee who identified from non-white ethnic background received 98p.

The difference between IRC UK mean and median ethnicity pay gap is 2% which suggests IRC UK doesn't have concentrated groups of high or low earners when salaries of employees who identify with white ethnic backgrounds are compared with salaries of employees who identify with none-white ethnic backgrounds.

Pay gap by ethnicity

The median pay gap of 0.002% narrows, expands and enters the negative when we examine the pay gap between employees who identify as of white ethnic backgrounds and employees who identify as of specific non-white ethnic backgrounds. These differences suggest that the entry and progression challenges people face in the workplace may differ according to their specific ethnic group.

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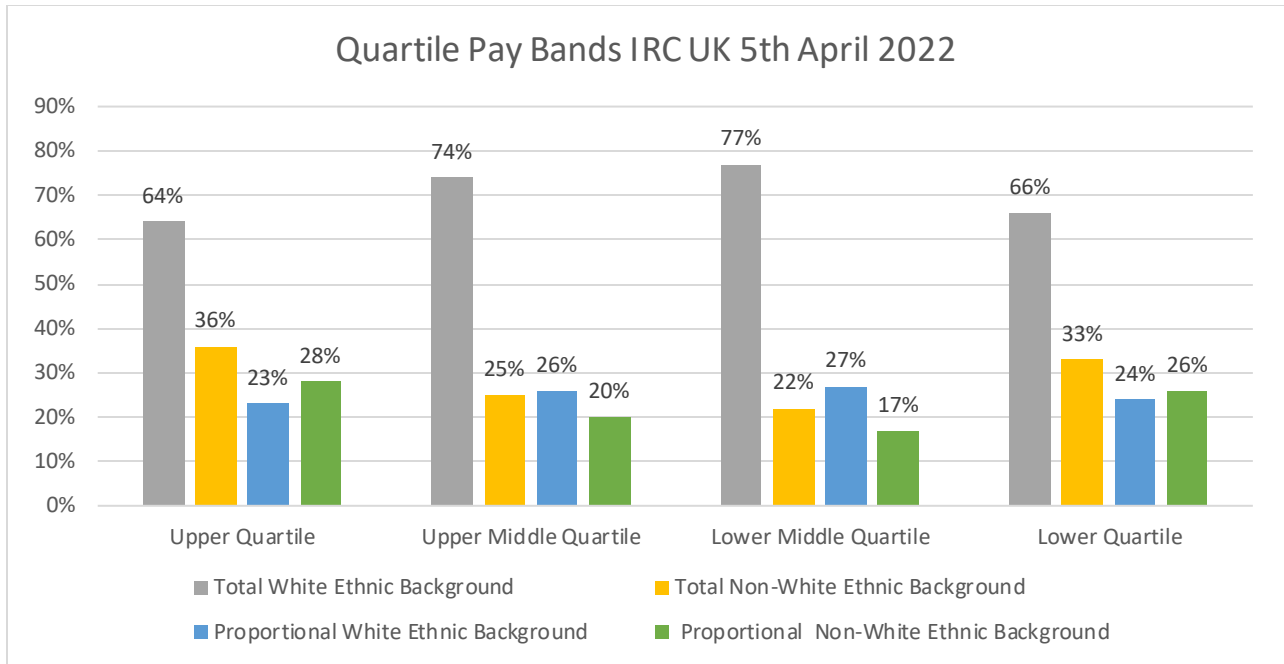
| Ethnic* Background | Number of employees disclosing background | Median Pay Gap | Mean Pay Gap |
|---|--|---------------------------|-------------------------|
| Asian: Other, Pakistani, Indian, Bangladeshi, Chinese | 19 | -6% | -9% |
| Black: British, African, Caribbean | 9 | 11% | 5% |
| Mixed background | 9 | 14% | -3% |
| Arab | 8 | 10% | 9% |

*Category was only published if it contained more than 5 employees

Representation by 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). The findings show that although employees of white ethnic backgrounds have a total higher representation in all quartiles – employees of non-white ethnic backgrounds are more unevenly spread between quartiles with the highest representation in the upper quartile and lowest in the lower middle quartile.

| | Numbers | | Representation | | | |
|-----------------------------|-------------------------------|-----------------------------------|--|--|---|---|
| | White Ethnic Background | Non-White Ethnic Background | Total White Ethnic Background | Total Non- White Ethnic Background | White Ethnic Background proportional representation | Non-White Ethnic Background proportional representation |
| Upper Quartile | 23 | 13 | 64% | 36% | 23% | 28% |
| Upper Middle Quartile | 26 | 9 | 74% | 25% | 26% | 20% |
| Lower Middle Quartile | 27 | 8 | 77% | 22% | 27% | 17% |
| Lower Quartile | 24 | 12 | 66% | 33% | 24% | 26% |



Intersectionality

Intersectionality focuses on how various identities are interconnected. There are differences in the median and mean rate of pay when looking at the intersectionality between the ethnic background which employees identify with and their gender. The data shows that on 5 April 2022 white ethnic background males were paid the highest median and mean hourly pay. This is caused by concentration of white ethnic background males in the upper middle and middle quartiles of the pay scales.

| Ethnic Background and Gender | Median hourly pay | Median pay gap versus White Ethnic Background Male |
|---|-------------------|--|
| White Ethnic Background Male | £28.6 | N/A |
| White Ethnic Background Female | £25.3 | 12% |
| Non-White Ethnic Background Male | £24.86 | 13% |
| Non-White Ethnic Background Female | £25.87 | 10% |

| Ethnic Background and Gender | Mean hourly pay | Mean pay gap versus White Ethnic Background Male |
|------------------------------------|-----------------|--|
| White Ethnic Background Male | £30.16 | N/A |
| White Ethnic Background Female | £28.1 | 7% |
| Non-White Ethnic Background Male | £26.87 | 11% |
| Non-White Ethnic Background Female | £28.74 | 5% |

Addressing the Ethnicity Pay Gap

IRC UK is committed to inclusion and fairness for its workforce. We are a London Living Wage employer and externally benchmark salary ranges for all job roles, as well as regularly review our pay grades to provide equality for all employees in similar roles at the same levels. We are confident that our ethnicity pay gap does not extend from differences in pay between equivalent roles. Instead, the IRC UK ethnicity pay gap reflects a distribution of salaries where employees of non-white ethnic backgrounds are underrepresented in the middle quartiles. These are the bands where we find junior and senior professionals – talent which IRC UK has traditionally recruited into the organisation rather than built through talent development and career progression.

The methodology of this report differs from that of IRC UK's 2022 report, which makes meaningful comparison difficult, but we are encouraged by the apparent indication of lower median and mean pay gaps since then, while recognising the need to continue to increase the number of employees from certain ethnic backgrounds (particularly Black and Arab) in middle quartiles.

Since the data in this report was collected, we have begun implementing a number of actions through our FY22-24 UK GEDI Strategy to improve representation, which we are confident will contribute to further progress:

- We continue to review our approach to recruitment to ensure fairness and inclusivity. We have developed guidelines for hiring managers to drive up the number of candidates hired from non-white ethnic backgrounds including guidance on shortlisting, unbiased language in JDs, blinding CVs, make up of interview panels, and collecting ethnicity data from candidates.
- To build our internal talent pool and to aid career progression for colleagues from non-white ethnic backgrounds we are planning a mentoring/leadership programme with the aim to have staff enrolled by the end of FY23. We also want to invest in leadership development opportunities for staff of non-white ethnic backgrounds and will be looking at approaches to adapt in this regard over the next months.

IRC UK Ethnicity Pay Gap Report 2022

- We are investing in a work placement for people with lived experience and ensuring that job postings reach our refugee clients in the UK.
- When working with recruitment agencies, we request they reach a diverse pool of candidates and we only work with learning and development providers who are fully committed to inclusion and diversity and demonstrate that commitment through their materials and approach.
- Careful and consistent data monitoring allows us to continue to analyse pay trends and build a more comprehensive understanding of the factors that may drive differences in pay between ethnicities. To aid this effort we encourage all employees to share with us the ethnic background they identify with and although our disclosure rate is high at 80%, we are encouraging staff to self declare across a number of characteristics with the aim of reaching a disclosure rate of 90%.
- The UK Senior Management team now regularly reviews representation in ethnicity and gender (as well as disability status and age) of both existing staff and shortlisted candidates.
- IRC UK has committed to having its Board of Trustees and Senior Management Team made up of one-third people of colour by 2024; currently, these ambitions have already been met and so need to be maintained.
- Globally, the IRC has set diversity leadership ambitions of 50% of senior managers as people who identify as of non-white ethnic background and aspire to reach or maintain 50% who identify as women from these backgrounds by September 2026.

Narrowing and closing the ethnicity gap requires a long-term commitment to a sustained and consistent shift in workforce approach. IRC UK continues to make investments in initiatives that address these differences and remove barriers to opportunity and progression for all our colleagues.