

# Consultation on mandatory ethnicity and disability pay gap reporting Acas response

10 June 2025

This is the Acas Council response to the [government's consultation on mandatory ethnicity and disability pay gap reporting](#).

## Introduction

Acas (Advisory, Conciliation and Arbitration Service) welcomes the opportunity to respond to the government's consultation on introducing mandatory ethnicity and disability pay gap reporting for large employers.

Acas is a statutory, non-departmental public body with a duty to improve employment relations in Great Britain. Between April 2024 and March 2025, Acas handled more than 598,500 calls from individuals and employers to our national helpline, of which over 45,000 (7.5%) related to disability discrimination and nearly 10,000 related to race discrimination (1.6%).

The Acas website also received 7.2 million recorded visits from individuals seeking advice and support, including 160,000 visits to advice about disability discrimination and 16,000 visits to advice about race discrimination (estimated website visits including those where cookies were rejected is around 20.5 million).

## Our policy position: executive summary

Acas supports the principle of pay gap reporting because we believe that good data can be the starting point to understand and improve workplace relations at a national and organisational level.

We don't have a strong view on whether additional pay gap reporting should be mandatory because we haven't yet seen evidence from gender pay gap data that this leads to impact. We encourage the government to improve broader social sustainability data collection and reporting throughout the public sector and corporate governance systems to ensure any additional burdens on business are streamlined. We know some businesses have called for greater standardisation.

If pay gap reporting becomes mandatory, we do recommend that companies should report trends and that action plans are also mandatory to focus on impact and build credibility of the gap reporting system. To see improvements, pay gap reporting needs to be part of a broader structure of activity by employers which ensures better access and progression to higher paid roles for ethnic minority and disabled employees. Acas encourages the government to support companies to prepare and plan for pay gap reporting.

We believe the government is right to focus specifically on race and disability as workplace issues. Acas early conciliation notifications and employment tribunal claims received on the grounds of disability discrimination outnumber the cases related to all other protected characteristics. Last year we received almost 19,000 early conciliation cases that referred to disability discrimination and almost 8,000 referencing race discrimination.

Of all cases, it is discrimination claims that most often progress to employment tribunal claims being lodged without early resolution. Tribunals bring cost for employers and the government, stress for employers and employees alike. Knowing the data and spotting trends much earlier will help everyone take quick action to prevent problems escalating.

We don't believe that one size fits all when it comes to judging pay gaps: each organisation will need a strategy to address their trends over time, specific material risks, and understanding of their local workforce, customers and community.

We do believe that inclusive workplaces are important as part of the mix that creates healthy relations at work. Healthy organisations which have well-managed workplaces offering good work with high levels of trust and engagement tend to be more resilient.

We also know companies acting on social responsibility is a win for them: it can reduce legal, regulatory or reputational risk, improve engagement and retention alongside customer satisfaction, loyalty and community cohesion and increase potential for innovation.

## Data background

Acas early conciliation notifications and employment tribunal claims (ET1s) received on the grounds of disability discrimination continue to outnumber the cases related to all other protected characteristics.

Between April 2024 and March 2025, we received 124,613 early conciliation cases, of which 18,938 (15.2%) included reference to disability discrimination, and 7,887 (6.3%) included reference to race discrimination. Over the same period, Acas received 42,836 ET1s, 11,935 of which included a claim of disability discrimination (27.9%) and 6,132 of which included a claim of race discrimination (14.3%).

Our data consistently shows that discrimination claims are the most likely to progress to employment tribunal without early resolution, increasing cost for employers and the government, and increasing stress for employers and employees alike.

Note – the jurisdictions reported against early conciliation notifications differ from those reported in cases received for conciliation from the Employment Tribunal service in that the former are assigned by Acas officers on an indicative basis only and do not necessarily represent the jurisdictions a claimant might record when submitting an ET1.

## Extending mandatory pay gap reporting to ethnicity and disability

Question 1. Do you agree or disagree that large employers should have to report their ethnicity pay gaps?

Somewhat agree.

Question 2. Do you agree or disagree that large employers should have to report their disability pay gaps?

Somewhat agree.

Please add any comments you have about the proposal to extend pay gap reporting:

Acas supports the principle of pay gap reporting because we believe that good data can be the starting point to understand and improve workplace relations at a national and organisational level.

We don't have a strong view on whether additional pay gap reporting should be mandatory because we haven't yet seen evidence from gender pay gap data that this leads to impact. Gender pay gap reporting requirements may have increased general awareness of gender pay gaps, but they have had only a modest impact on the pay gaps of companies required to report so far. There has been a reduction of only 0.5 percentage points in average median pay gap and 2.3 percentage points in mean pay gap between the introduction of mandatory reporting in 2017 to 2018 and 2024 to 2025 (source: averaged [gender pay gap reporting data on GOV.UK](#)).

We would welcome the government improving social responsibility throughout the public sector and corporate governance system.

We don't believe that one size fits all when it comes to judging pay gaps: each organisation will need a strategy to address their trends over time, specific material risks, and understanding of their local workforce, customers and community.

We believe the government is right to focus specifically on race and disability. Acas early conciliation notifications and employment tribunal claims received on the grounds of disability discrimination outnumber the cases related to all other protected characteristics. Last year we received almost 19,000 early conciliation cases that referred to disability discrimination and almost 8,000 referencing race discrimination.

Of all cases, it is discrimination claims that most often progress to employment tribunal claims being lodged without early resolution. Tribunals bring cost for employers and government, stress for employers and employees alike. Knowing the data and spotting trends much earlier will help everyone take quick action to prevent problems escalating.

Disclosure should continue to be an employee choice, and we suggest the government highlight to employers and employees the importance of disclosure confidentiality. We advise against employees being or feeling forced to disclose impairments or disabilities so employers can report on pay gaps.

If mandating reporting is or is not pursued we recommend that the government uses wider corporate governance and sustainability reporting frameworks to promote social responsibility. For example, we recommend that the Financial Reporting Council Stewardship Code guidance be amended to cover the organisation's own workforce, which is currently missing ([consultation on the Financial Reporting Council's Stewardship Code – Acas response](#)).

We also recommend that the government strengthens the evidence and understanding that inclusive workplaces are important. Healthy organisations which have well-managed workplaces offering good work with high levels of trust and engagement tend to be more resilient. Companies acting on social responsibility is a win for them: it can reduce legal, regulatory or reputational risk, improve engagement and retention alongside customer satisfaction, loyalty and community cohesion and increase potential for innovation. For example, reporting publicly on pay gaps and subsequent action plans can increase transparency and promote employers' commitment to inclusion, which [research from the British Psychological Society](#) indicates job applicants consider a key priority when seeking new roles. The government has a key role in building understanding of these benefits.

Our broader evidence on the value of social responsibility is collected in an earlier submission to the Department for Business and Trade (DBT) ([call for evidence on the non-financial reporting review – Acas response](#)).

## Geographical scope and pay gap calculations

Question 3. Do you agree or disagree that ethnicity pay gap reporting should have the same geographical scope as gender pay gap reporting?

Strongly agree.

Question 4. Do you agree or disagree that disability pay gap reporting should have the same geographical scope as gender pay gap reporting?

Strongly agree.

Please add any comments you have about the proposed geographical scope:

Where possible and appropriate, Acas agrees with aligning geographical scope with existing gender pay gap reporting requirements, in the interest of not creating undue additional administrative burden for employers and ensuring consistency in measurement for comparison purposes.

Question 5. Do you agree or disagree that employers should report the same 6 measures for ethnicity pay gap reporting as for gender pay gap reporting?

Strongly agree.

Question 6. Do you agree or disagree that employers should report the same 6 measures for disability pay gap reporting as for gender pay gap reporting?

Strongly agree.

Question 7. Do you agree or disagree that large employers should have to report on the ethnic breakdown of their workforce?

Strongly agree.

Question 8. Do you agree or disagree that large employers should have to report on the breakdown of their workforce by disability status?

Strongly agree.

Question 9. Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their ethnicity?

Strongly agree.

Question 10. Do you agree or disagree that large employers should have to submit data on the percentage of employees who did not state their disability status?

Strongly agree.

Please add any comments you have about the proposals for calculating pay gaps:

Where possible and appropriate, Acas agrees with aligning calculation of pay gaps with existing gender pay gap reporting requirements, in the interest of not creating undue additional administrative burden for employers and ensuring consistency in measurement for comparison purposes.

We also agree that employers should submit data on the percentage of employees who did not state their ethnicity or disability status (either because they didn't disclose or because they selected 'prefer not to say'), in order to provide further context.

## Action plans

Question 11. Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for ethnic minority employees?

Strongly agree.

Question 12. Do you agree or disagree that employers should have to produce an action plan about what they are doing to improve workplace equality for disabled employees?

Strongly agree.

Please add any comments you have on this proposal:

If pay gap reporting becomes mandatory, Acas strongly agrees that employers should have to produce an action plan about what they are doing to improve workplace equality for ethnic minority and disabled employees. This should include reporting of trends over time.

To see improvements, pay gap reporting needs to be part of a broader structure of activity by employers which ensures better access and progression to higher paid roles for ethnic minority and disabled employees.

Action plans are crucial to increase fairness in the workplace. Data collection should be the first step of a process, not the end point.

Mandatory action plans encourage employers to plan and enact inclusion initiatives that are specific to them, based on the data they have established through the pay gap report. They also provide the opportunity to set out a narrative to give context to any pay gap identified.

For example, if an employer has a large pay gap as a result of taking part in a work programme that provides work for disabled people who would otherwise be out of work, an action plan would allow that employer to provide relevant context. The resulting pay gap should not be seen as an incentive for the employer to stop taking part in the work programme in order to improve the pay gap.

Narratives that give clarity on employers' intentions and plans can also improve declaration rates and reduce backlash against inclusion initiatives.

To accompany legislative changes, the government should give employers clear guidance on what a good action plan should include. Acas would be happy to support the Office for Equality and Opportunity (OEO) in creating advice in this area and formulating examples to assist employers in creating their own.

The government should also give employers sufficient lead-in time to create these plans.

## Additional reporting requirements for public bodies

Question 13. Do you agree or disagree that public bodies should also have to report on pay differences between ethnic groups by grade or salary bands?

Neither agree or disagree.

Question 14. Do you agree or disagree that public bodies should also have to report on recruitment, retention and progression by ethnicity?

Neither agree or disagree.

Question 15. If public bodies have to report on recruitment, retention and progression by ethnicity, what data do you think they should have to report?

Nil response.

Question 16. Do you agree or disagree that public bodies should have to report on pay differences between disabled and non disabled employees, by grade or salary bands?

Neither agree or disagree.

Question 17. Do you agree or disagree that public bodies should have to report on recruitment, retention and progression by disability?

Neither agree or disagree.

Question 18. If public bodies have to report on recruitment, retention and progression by disability, what data do you think they should have to report?

Nil response.

Please add any comments you have about additional requirements for public bodies:

In order for Acas to formulate a specific response to these questions, we would like to understand the rationale for the proposed additional reporting requirements for public bodies, whether it is intended to give further clarity on existing requirements under the Public Sector Equality Duty and why the additional requirements are limited to public bodies.

We see the value in not looking at pay gaps as the only indicator of fairness and inclusion – employee experience in the workplace is not necessarily reflected solely in pay data, and information on recruitment, retention and progression add to the wider picture.

When looking at recruitment, retention and progression information, Acas recommends focussing not just on the data, but the resulting action. Government guidance should provide clarity on what is expected from public bodies if issues in this area are identified.

## Dates and deadlines

Question 19. Do you agree or disagree that ethnicity pay gap reporting should have the same reporting dates as gender pay gap reporting?

Strongly agree.

Question 20. Do you agree or disagree that disability pay gap reporting should have the same reporting dates as gender pay gap reporting?

Strongly agree.

Question 21. Do you agree or disagree that ethnicity pay gap data should be reported online in a similar way to the gender pay gap service?

Strongly agree.

Question 22. Do you agree or disagree that disability pay gap data should be reported online in a similar way to the gender pay gap service?

Strongly agree.

Please add any comments you have about the proposals for dates and deadlines and online reporting:

Acas agrees with aligning reporting dates and reporting online with existing gender pay gap reporting requirements, in the interest of not creating undue additional administrative burden for employers.

## Enforcement

Question 23. Do you agree or disagree that ethnicity pay gap reporting should have the same enforcement policy as gender pay gap reporting?

Neither agree or disagree.

Question 24. Do you agree or disagree that disability pay gap reporting should have the same enforcement policy as gender pay gap reporting?

Neither agree or disagree.

Please add any comments you have about the proposals for enforcement:

We recommend that the government focuses on making the case for pay gap reporting and action planning by understanding and explaining the benefits to business.

At this stage, Acas has no strong views on enforcement. We encourage the government to establish further evidence on the effectiveness of existing enforcement for gender pay gap reporting prior to deciding whether ethnicity and disability pay gap reporting should take the same approach. We would warmly welcome consultation with employers and employer representative bodies

regarding what effective enforcement would look like.

## **Ethnicity: data collection and calculations**

Question 25. Do you agree or disagree that large employers should collect ethnicity data using the Government Statistical Service (GSS) harmonised standards for ethnicity?

Strongly agree.

Please add any comments you have about the proposals for ethnicity data collection.

We agree with using the Government Statistical Service harmonised standards for ethnicity. We are aware that the Government Statistical Service is in the process of updating the harmonised standards for ethnicity, with updated standards due later this year. We suggest the government plan how this and any future updates and changes will be effectively communicated to employers and HR or payroll system providers.

Question 26. Do you agree or disagree that all large employers should report ethnicity pay gap measures using one of the binary classifications as a minimum?

Strongly agree.

Question 27. Do you agree or disagree that there should be at least 10 employees in each ethnic group being reported on? This would avoid disclosing information about individual employees.

Strongly agree.

Question 28. Do you agree or disagree that employers should use the Office for National Statistics' (ONS) guidance on ethnicity data to aggregate ethnic groups? This would help protect their employees' confidentiality.

Strongly agree.

Please add any comments you have about the proposals for calculating and reporting ethnicity pay gaps:

We agree that there should be at least 10 employees in each ethnic group being reported on to avoid disclosing information about individual employees.

We feel there are risks with taking a binary approach to data reporting, and agree that this approach should only be taken where employers are not able to reach the threshold of 10 employees for more specific ethnic groups. Where groups are required to be grouped together, we agree with following the Office for National Statistics' guidance on ethnicity data to aggregate ethnic groups.

We would welcome companies being encouraged to report trends over time to understand if strategies are working to close the gap.

## **Disability: data collection and calculations**

Question 31. Do you have any feedback on our proposal to use the Equality Act 2010 definition of 'disability' for pay gap reporting?

Acas supports the proposal to use the Equality Act 2010 definition of 'disability' as the basis of identifying disabled employees. This maintains consistency with other employment legislation, and helps offer consistency for employers and employees. We also think introducing a new or different definition could prove confusing for employers and employees, and increase complexity of cases.

It is important to ensure that the definition is not just stated but clearly explained, with examples if possible, to ensure common understanding. It may be useful to clarify that the definition does not require someone to be 'registered disabled' or diagnosed by a GP or other healthcare professional, which are misperceptions we regularly hear from employers and employees.

We recommend ensuring clarity in any accompanying guidance on how neurodiversity fits within the definition – while the effects of neurodevelopmental conditions can mean they meet the definition of disability under the Equality Act, we find that neurodivergent people commonly do not consider themselves to have 'a disability' in the colloquial sense, which could impact on how people self-disclose.

We urge the government to consider liaising with and working alongside HR or payroll system providers to ensure terminology can be modified to be appropriate and consistent, and to ensure systems are accessible. Inaccessible systems act as a barrier to disclosure, and harm employee trust.

Acas has faced some difficulty in making changes to the terminology used in our own HR system. The system currently uses the descriptor 'self-certified disabled' which we believe could be interpreted by some to mean 'registered disabled', terminology which ceased to exist in December 1996. As the wording is hardcoded, our external software provider is currently unable to make any modifications. We anticipate that other employers may face similar challenges, and recommend that when planning implementation, the government takes this into consideration in relation to allowing a sufficient lead-in time for employers to put processes in place.

Question 30. Do you agree or disagree with using the 'binary' approach (comparing the pay of disabled and non-disabled employees) to report disability pay gap data?

Strongly disagree.

Question 32. Do you agree or disagree that there should be at least 10 employees in each group being compared (for example, disabled and non-disabled employees)? This would avoid disclosing information about individual employees.

Strongly agree.

Please add any comments you have about the proposals for disability data collection and calculations:

Acas believe there are risks in taking a binary approach to disability pay gap reporting. Solely comparing non-disabled with disabled employees risks treating non-disabled employees as the default, treats disabilities as directly comparable, and will not enable analysis and understanding of how pay gaps may vary among different disabilities and different impairment types. We appreciate there are challenges associated with reporting on different impairment types, and to overcome them we recommend taking a similar approach to that taken for ethnicity when reporting on smaller groups. We recommend that binary reporting may need to be the minimum requirement, but that where the data allows, more detailed and disaggregated data should be the aim.

We recommend the support given to employers on the topic of encouraging employees to disclose highlights the importance of balance between encouragement and pressure, and stresses how crucial anonymity is. We anticipate that, in order to report data that is sufficiently robust, employers will want to encourage their staff to disclose. While well-intentioned, this could mean employees feel undue pressure to disclose when they do not wish to, or do not trust that their disability status will remain confidential and anonymous.

## Final thoughts

Question 29. Is there anything else you want to tell us about ethnicity pay gap reporting?

Question 33. Is there anything else you want to tell us about disability pay gap reporting?

While we are in favour of data collection on which to base plans to create fairer workplaces, we believe that data should be the starting point, not the end point, and that what happens next as a result is crucial to the intention of promoting inclusion.

We encourage the government to be mindful of the importance of thorough and effective communication, bringing both employers and employees along with the spirit and intention of the legislative requirement. It is also important to work alongside the third parties who will be impacted, particularly organisations providing HR or payroll systems.

We recommend that prior to requirements around pay gap reporting commencing, the government issue communications and support employers to increase declaration rates. This would put employers in a better position to report on more meaningful data. Advice and guidance in this area could include working with trade unions and staff networks, clear communications campaigns to get staff buy-in, and where necessary investigating specific barriers to disclosure, such as lack of trust regarding confidentiality, or inaccessible HR systems.

The government should also provide guidance around the practicalities of data collection itself. Not all staff are office-based or have access to a computer, and some companies' HR systems are not accessible on all devices. Security of systems is likely to be a concern for employees and employers, we suggest government guidance includes practical steps on ensuring security, and communicating security assurances to staff.

We would advise caution around potential unintended consequences in both the requirement to report (see previous points around employers taking part in work programmes who may feel disincentivised to do so if it results in a poor-looking pay gap) and the method of doing so (see previous points around risks of taking a binary approach to reporting).

We recognise the risks of creating additional burdens on business. While we do not have a strong view on what the threshold should be, we have heard some stakeholders make a case that the threshold should be set at 1,000 employees rather than the current proposal of 250 employees for pay gap reporting. This could overcome issues with low declaration rates. Whatever the government decides, the key is consistency throughout the corporate governance regime.

In order to create meaningful and consistent change, appropriate support needs to be provided. Given our experience and expertise in this area, Acas gives a full offer of support to work with the government and other interested bodies.

In particular, using our expert knowledge of employment relations and learnings from gender pay gap reporting, Acas guidance could focus on how employers can create open cultures where staff feel safe and confident to share information and understand the collective aim of doing so.