



The Rt Hon Stuart Andrew MP
Minister for Equalities
House of Commons
London
SW1A 0AA

23 February 2024

Dear Stuart Andrew,

We are writing to you in your role as Minister for Equalities, from the All-Party Parliamentary Group on Corporate Responsibility (APCRG). On Tuesday 14th November, the APCRG met to discuss what both business and government can do to address inequalities in the workplace that many Black, Asian, Mixed Race and other ethnically diverse people face. With Census 2021 data showing that one in five working-age adults are from ethnically diverse backgrounds, this work is essential to break down barriers to work and progression.

At the meeting, we were joined by speakers from across the public and private sectors, including Baroness Ruby McGregor-Smith CBE, Albertha Charles, Partner at PwC, Marcus Bell OBE, Director of the Equality Hub and Sandra Kerr CBE, Race Director at Business in the Community (BITC). We are writing to you with the findings from this meeting and our recommendations on steps that could be taken to close the inequalities gap that many Black, Asian, Mixed Race and other ethnically diverse people face in the workplace.

Mobilising businesses and diversifying their supply chains

With the UK having over 30 million employees, mobilising businesses to take collective action to address race disparities is essential. In 2018, with the support of the then Prime Minister Theresa May MP, alongside over 50 businesses, the Business in the Community Race at Work Charter was launched. The Charter now has over 1,000 signatories, representing businesses with six million employees.

The Charter currently has seven calls to action, covering pay gaps, bullying and harassment and career progression. The Charter also includes calls to action for businesses to ensure Black, Asian, Mixed Race and other ethnically diverse-owned businesses are part of their supply chains, alongside monitoring timely payment and contract value. Whilst we have been encouraged by the Chancellor's recent announcement which will ensure government suppliers demonstrate that they pay their invoices within 55 days, we think more can be done to promote supplier diversity in the private sector. **The APCRG recommends that the government should create guidance for employers who want to diversify their supply chains. In addition, the government should work with Companies House to start capturing ethnicity data of business owners.**

Ethnicity Pay Gap reporting

A key theme at the meeting included the importance of employers capturing and publishing their ethnicity pay gaps. Baroness McGregor-Smith CBE said this is a crucial business action that has the potential to completely reshape how businesses can approach racial equality in

the workplace. A recent survey conducted by BITC found that the number of employers publishing their ethnicity pay gap has increased from 30% in 2020 to 44% in 2023, highlighting an increase in businesses understanding the importance of publishing this information.

While speakers at the APCRG meeting welcomed the recent guidance from the government on supporting employers to voluntarily publish their ethnicity pay gaps, some speakers felt that the government needed to go further. **Baroness McGregor Smith CBE and Sandra Kerr CBE called for the government to make ethnicity pay gap reporting mandatory.**

Data and Social Mobility

Another theme discussed throughout the meeting was the importance of data, with each speaker agreeing that having robust data was a prerequisite for any effective change. **Therefore, the APCRG recommends that the government publishes guidance for employers on data collection, especially regarding best practice for monitoring and measuring social mobility in organisations.**

At the meeting, Albertha Charles, Partner at PwC, detailed the significant achievements made by PwC in reducing racial disparities and increasing diversity across its workforce. The impact of this work includes PwC now having twelve Partners from Black backgrounds working across the organisation, more than any other professional services firm in Europe.

Whilst there is an appetite from employers to do more to improve social mobility, it was acknowledged that there is no settled definition of social mobility for use in gathering data. Marcus Bell OBE argued that good data and clear language have been a precondition for the progress made on race, but more work needs to be done on this for social mobility. It was agreed that employers need to do more to address the difficulty of collecting robust employee data on race and social mobility.

Employers are collectively working to reduce racial disparities and improve diversity at every level of their organisations, particularly through the actions in Business in the Community's Race at Work Charter. The government can further support these efforts by creating guidance for employers on how to collect robust employee data, introducing mandatory ethnicity pay gap reporting and supporting companies to diversify their supply chains.

We hope the work of the APCRG will help support the government's agenda to promote diversity and inclusion across all businesses. These recommendations will help drive this work even further and will create more inclusive businesses across the UK's nations and regions.

Yours sincerely,

Alexander Stafford MP, Co-Chair of the All-Party Parliamentary Group on Corporate Responsibility

A handwritten signature in black ink, appearing to read 'A.P.I.S.' with a stylized flourish.

Lord Aberdare, Co-Chair of the All-Party Parliamentary Group on Corporate Responsibility

A handwritten signature in blue ink, appearing to read 'Aberdare'.