



# The Truth About Ethnicity Pay Gaps

Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

**Nigel Marriott** Chartered Statistician

**Anthony Horrigan** CEO Spktral

[www.marriott-stats.com](http://www.marriott-stats.com)

[www.spktral.com](http://www.spktral.com)



## Look out for Labels referring to a related Blog

- Nigel's blogs about diversity & pay gaps are listed here.
  - ❑ <https://bit.ly/2NJb9VR>
  - ❑ The link groups his blogs by themes labelled A to V.
- Some slides shown today will have a label like this.

See P8 for our slides for the 2024 & 2025 Ethnicity Pay Gap Summits

- ❑ These refer to a specific blog where more information can be found.
- ❑ “**See P8**” means click on the **8<sup>th</sup>** blog listed under theme **P**.

All slides today show the link to this list here >>>

<https://bit.ly/2NJb9VR>



# What We Will Cover Today



The Truth About Ethnicity Pay Gaps  
Nigel Marriott, Anthony Horrigan,  
Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

**1 – No Pay Gap = Same Ethnicity Profile Everywhere**

**2 – To Make Progress, You Must Define Success**

**3 – Use Talent Flows to Identify Issues, Actions & Impact**

<https://bit.ly/2NJb9VR>



# 1. There is No Ethnicity Pay Gap ...



# 1. ... Statistic, only Ethnicity Profile Disparity...



*“When numbers acquire the significance of language, they acquire the power to do all the things which language can do: to become fiction and drama and poetry.”*

Quotes from the “The Bill James Baseball Abstract 1977” by Bill James, founder of Sabermetrics

*“The statistics were not merely inadequate: they lied. And the lies they told led the people that ran baseball to misjudge their players and mismanage their games”*

# Rolls Royce Ethnicity Pay Gap Report 2024 (vs 2023)



The Truth About Ethnicity Pay Gaps  
 Nigel Marriott, Anthony Horrigan,  
 Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

£1.00	Median Pay Gap (2023)	White	Black	Asian	Mixed	Other	Prefer Not to Say
£0.92	Black	8.17% 10.74%					
£0.94	Asian	5.72% 6.25%	-2.67% -5.03%				
£0.94	Mixed	5.52% 7.60%	-2.89% -3.51%	-0.22% 1.44%			
£0.92	Other	8.04% 11.12%	-0.15% 0.42%	2.46% 5.19%	2.67% 3.80%		
£1.06	Prefer Not to Say	-5.81% -5.47%	-15.23% -18.17%	-12.23% -12.51%	-11.99% -14.15%	-15.06% -18.67%	
£0.91	Not Disclosed	9.16% 10.74%	1.07% 0.00%	3.64% 4.79%	3.85% 3.40%	1.21% -0.42%	14.14% 15.37%

**21 Binary Median Ethnicity Pay Gaps Are Actionless & May Contain Lies**

- Rolls Royce say they have followed the ethnicity pay gap reporting guidance for employers published by the last government in April 2023.
- Nigel wrote the draft version but he was not involved in the editing process for the final version, much to our disappointment.**
- This government's proposals for mandatory ethnicity pay gap reporting follow similar principles to the 2023 final version.

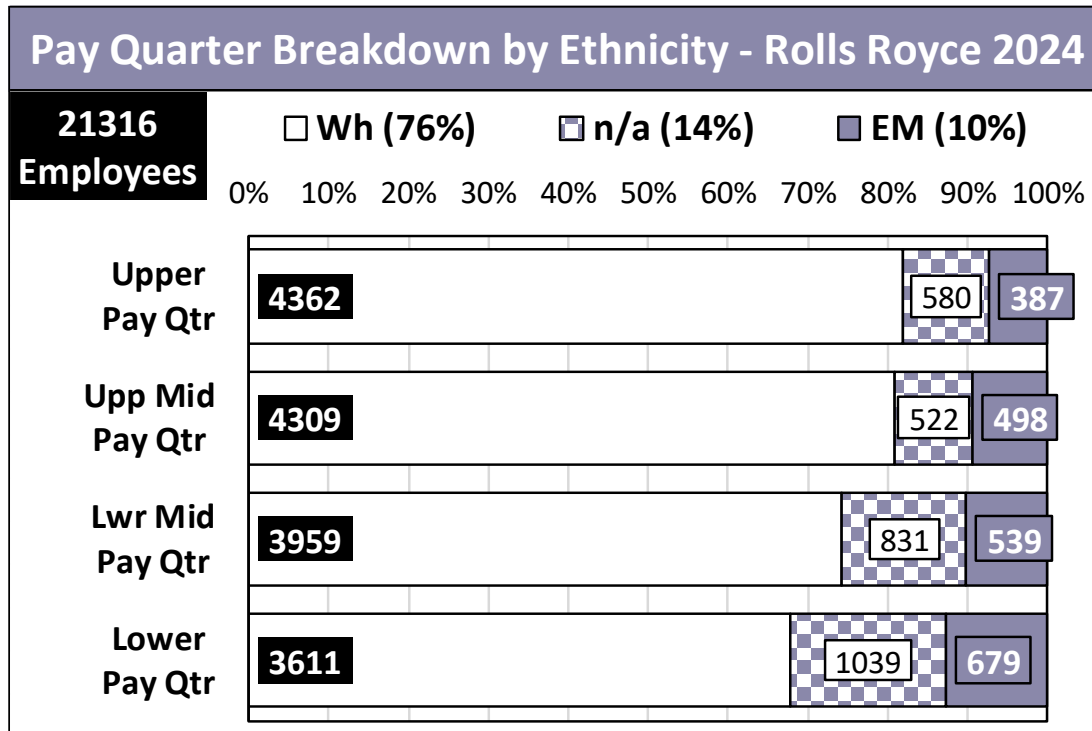
See D14 to see links to draft & final versions & reasons why we were disappointed with the final version

See D16 for our 8 Recommendations & 9 Statistical Challenges for the government consultation last year

<https://bit.ly/2NJb9VR>

# Put Ethnicity Profiles at the Heart of Your Narratives & Actions

Do you see the same **Ethnicity Profile** in each **Pay Quarter** for **Rolls Royce**?  
**No.** Employees in **Wh** category are more likely to be in the upper pay half,  
 Employees in **EM** category are more likely to be in the lower pay half.



Median FPRE using Hourly Pay are -

8121<sup>st</sup> Wh

1486<sup>th</sup> & 1487<sup>th</sup> N/A

1052<sup>nd</sup> EM

Lower Pay Half FPRE are less likely to share their ethnicity (N/As).

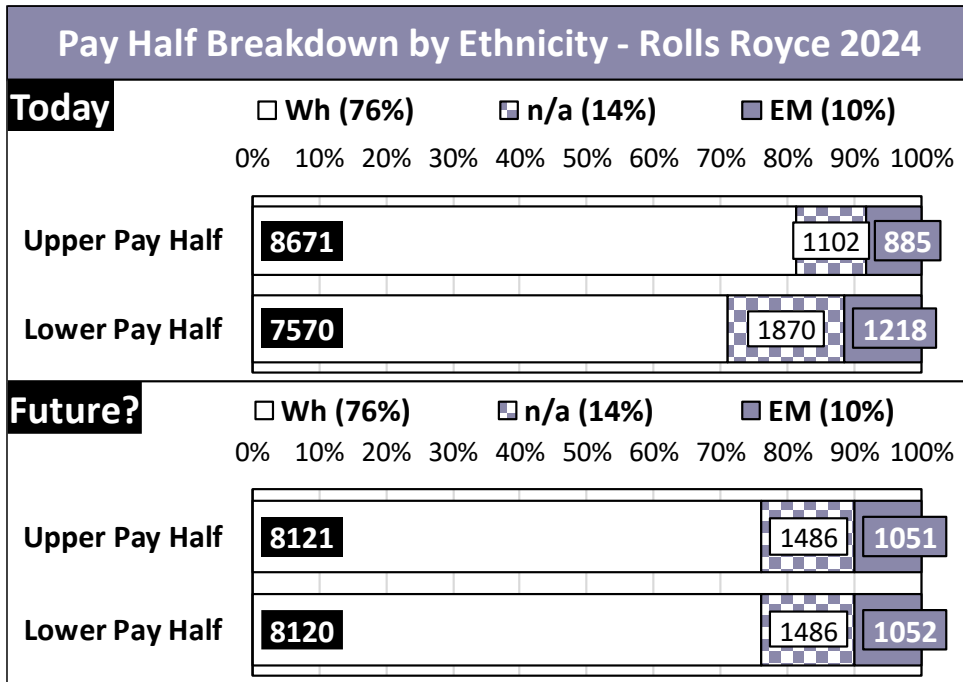
**This bias distorts the binary pay gap statistic & makes it meaningless.**

It's still possible to decide on goals & actions by using **ethnicity profiles** only.



# People! Not Percentages! Measures How Much Change is Needed

If Rolls Royce were to move from the **Pay Half Breakdown** of 2024 to the pay half breakdown for the future scenario, there would be no binary ethnicity (median) pay gap since each pay half has the **Same Ethnicity Profile**.



Should this **FUTURE** be Rolls Royce's goal?

If so, how long will it take to achieve this?

Do we need to resolve the disparity in N/As first?

**An Ethnicity Pay Gap is only truly closed when you see the Same Ethnicity Profile wherever you look inside an employer be it by pay band, job grade, location, function, status, etc**



## Be “... a wise employer ...” - UK Supreme Court - 5<sup>th</sup> April 2017

*... it is always open to the respondent to show that his PCP is justified - in other words, that there is a good reason for the particular height requirement ... chess grade ... CSA test. **Some reluctance to reach this point can be detected in the cases, yet there should not be.***

*There is no finding of unlawful discrimination until all four elements of the definition are met. The requirement to justify a PCP should not be seen as placing an unreasonable burden upon respondents. **Nor should it be seen as casting some sort of shadow or stigma upon them. There is no shame in it. ...***

*But... a wise employer will monitor how his policies and practices impact upon various groups and, if he finds that they do have a **disparate impact**, will try and see what can be modified to remove that impact while achieving the desired result.*

See J2 for Essop v Home Office judgement, paragraph 29

<https://bit.ly/2NJb9VR>

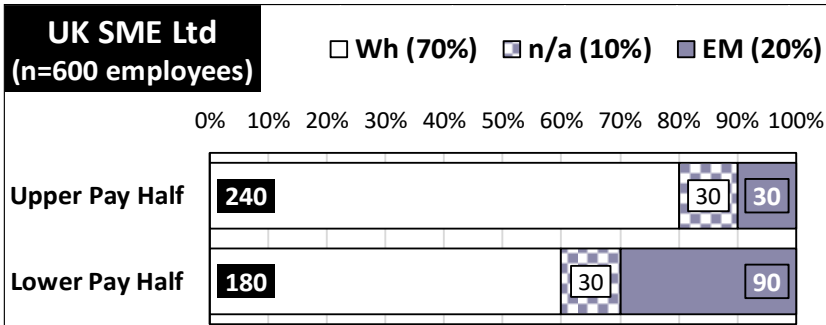


The Truth About Ethnicity Pay Gaps  
Nigel Marriott, Anthony Horrigan,  
Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

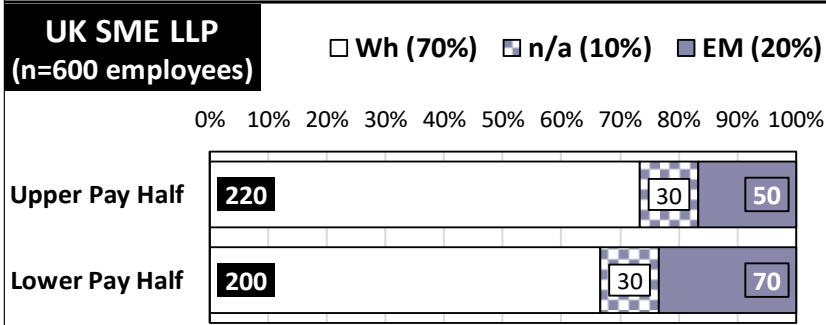


## 2 – ... but which Ethnicity Profile?

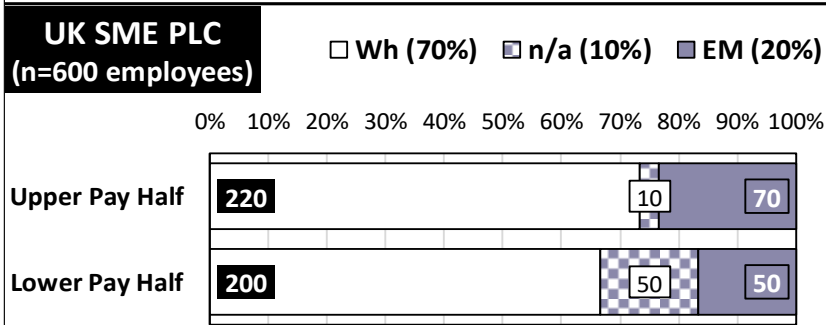
# 3 Employers - same Profile overall - different Disparities by Pay Half



Regardless of whether n/a's are Wh or EM, there will always be a **Disparity in Ethnicity Profiles by Pay Halves**



There is probably a **Disparity in Ethnicity Profiles by Pay Halves** but depending on how n/a split between Wh & EM, there may in fact be **no disparity**



Binary Wh-EM Pay Gap Statistic is probably **0%** but the real story is the **lack of data capture** from lower pay half staff so there is still a **Disparity in Ethnicity Profiles by Pay Halves**

**Binary Pay Gap Statistics are Actionless and/or a Lie**  
**Ethnicity Profiles are Numbers with Power of Language**



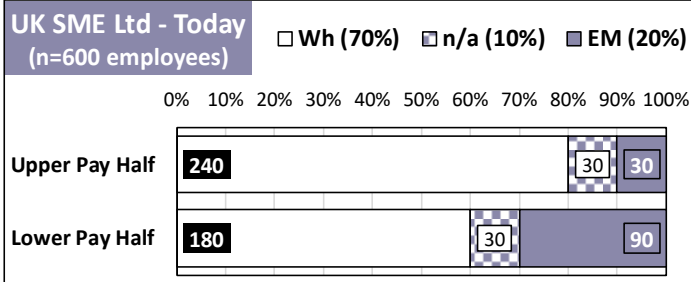
The Truth About Ethnicity Pay Gaps  
Nigel Marriott, Anthony Horrigan,  
Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

# UK SME Ltd - No Ethnicity Profile Disparity by Pay Half is A, B C or D?

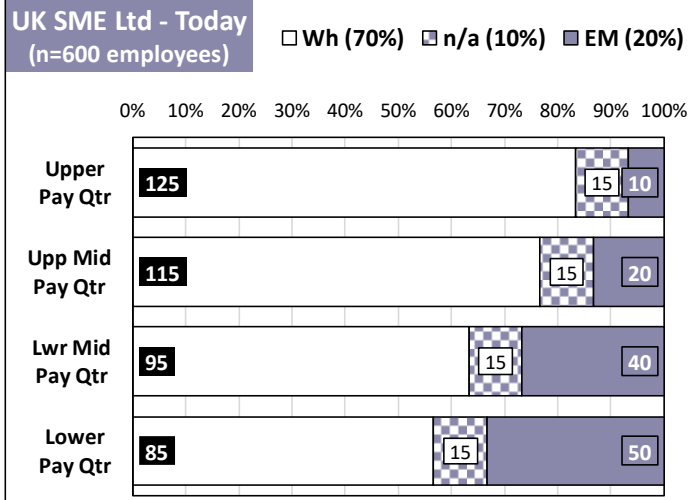


The Truth About Ethnicity Pay Gaps  
 Nigel Marriott, Anthony Horrigan,  
 Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

This is the Pay Half Breakdown of SME Ltd Today



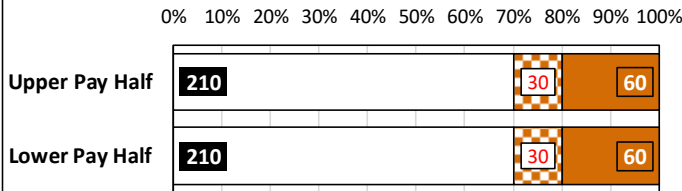
This is the Pay Quarter Breakdown of SME Ltd Today



Q2 Which Profile would be fastest/easiest to aim for & which would be slowest/hardest?

**UK SME Ltd - A** (n=600 employees)

□ Wh (70%) □ n/a (10%) ■ EM (20%)

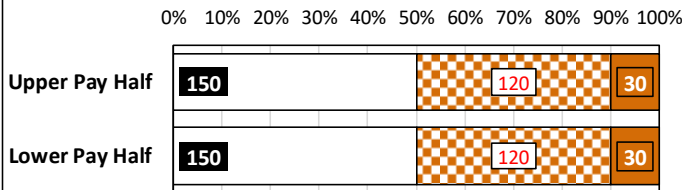


Outcome A

Rebalance From Within

**UK SME Ltd - B** (n=600 employees)

□ Wh (50%) □ n/a (40%) ■ EM (10%)

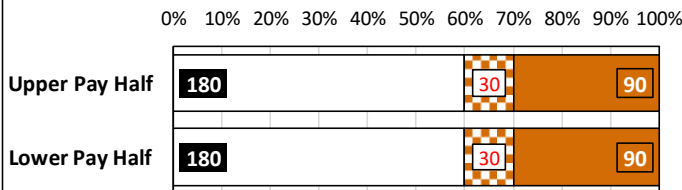


Outcome B

Lose Employee Trust

**UK SME Ltd - C** (n=600 employees)

□ Wh (60%) □ n/a (10%) ■ EM (30%)

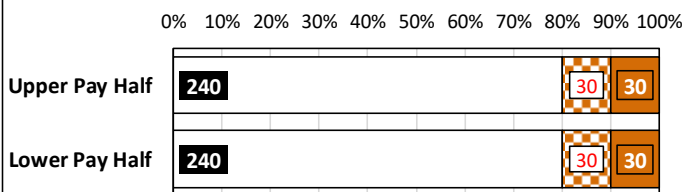


Outcome C

Upper Pay Half changes to match Lower Pay Half

**UK SME Ltd - D** (n=600 employees)

□ Wh (80%) □ n/a (10%) ■ EM (10%)



Outcome D

Lower Pay Half changes to match Upper Pay Half



## You Can Only Improve if You Know Where You Want to Go

- There is no right or wrong profile, it depends on what type of employer you are & the candidate pool you recruit from -
  - ❑ Are you local, regional, national or international in scope?
  - ❑ Is there limited or free movement of roles between locations?
  - ❑ What skills and qualifications are essential for your employees?
  - ❑ Are you competing with large employers who dominate your pool?
- **Ethnicity Profile Disparities** are not just about pay scales. What about -
  - ❑ Career pathways e.g. STEM v SHAPE roles?
  - ❑ Those applying & not applying for jobs & promotions?
  - ❑ Those selected & not selected for interviews?
  - ❑ Those leaving & joining your employer?
  - ❑ & many more...

*“...a wise employer will monitor how his policies and practices impact upon various groups and, if he finds that they do have a disparate impact, will try and see what can be modified to remove that impact while achieving the desired result.”*



## 3 - Identify Issues & Actions with Talent Flow Dynamics

**Pay Half/Quarter Breakdowns gives you Narrative & Insights,  
Now Identify Actions & Impact with Talent Flow Dynamics**



The Truth About Ethnicity Pay Gaps  
Nigel Marriott, Anthony Horrigan,  
Ethnicity Pay Gap Summit, 6<sup>th</sup> February 2026

**Wh**  
**Upper Pay Half**

**N/A**  
**Upper Pay Half**

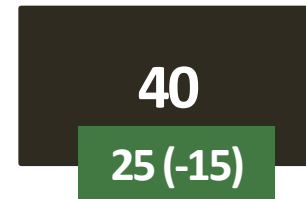
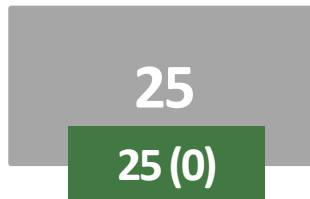
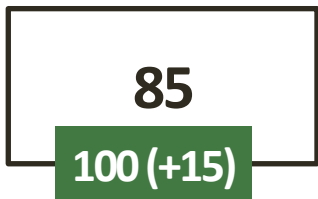
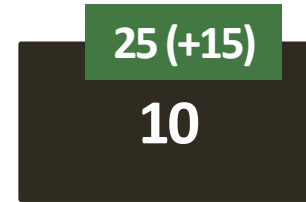
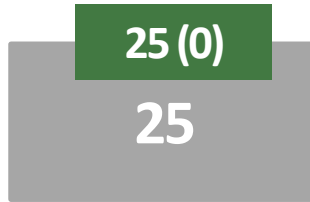
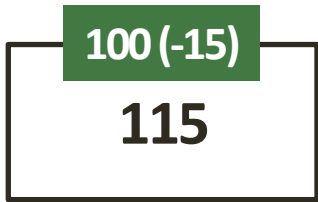
**EM**  
**Upper Pay Half**

**Wh**  
**Lower Pay Half**

**N/A**  
**Lower Pay Half**

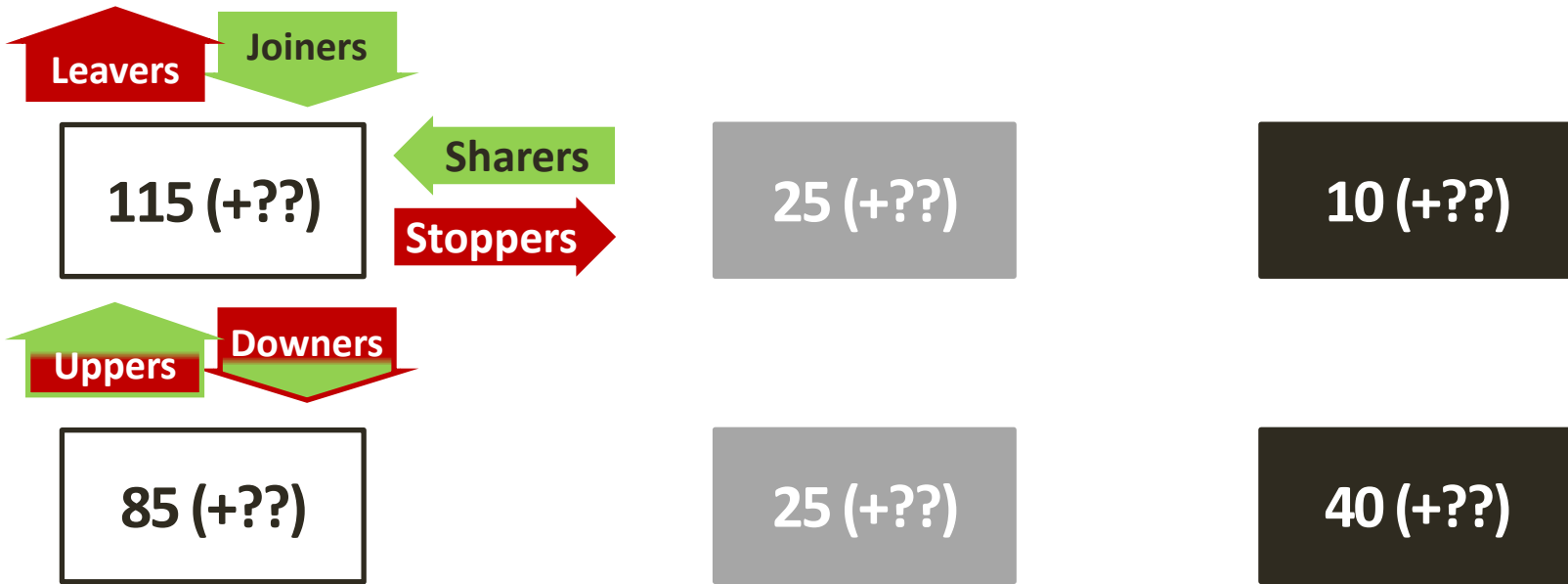
**EM**  
**Lower Pay Half**

XYZ Ltd aims for Outcome A i.e. Rebalancing with a  
Wh : N/A : EM profile of 100 : 25 : 25 in each Pay Half



# Talent Flow Dynamics = How did XYZ Ltd get here today?

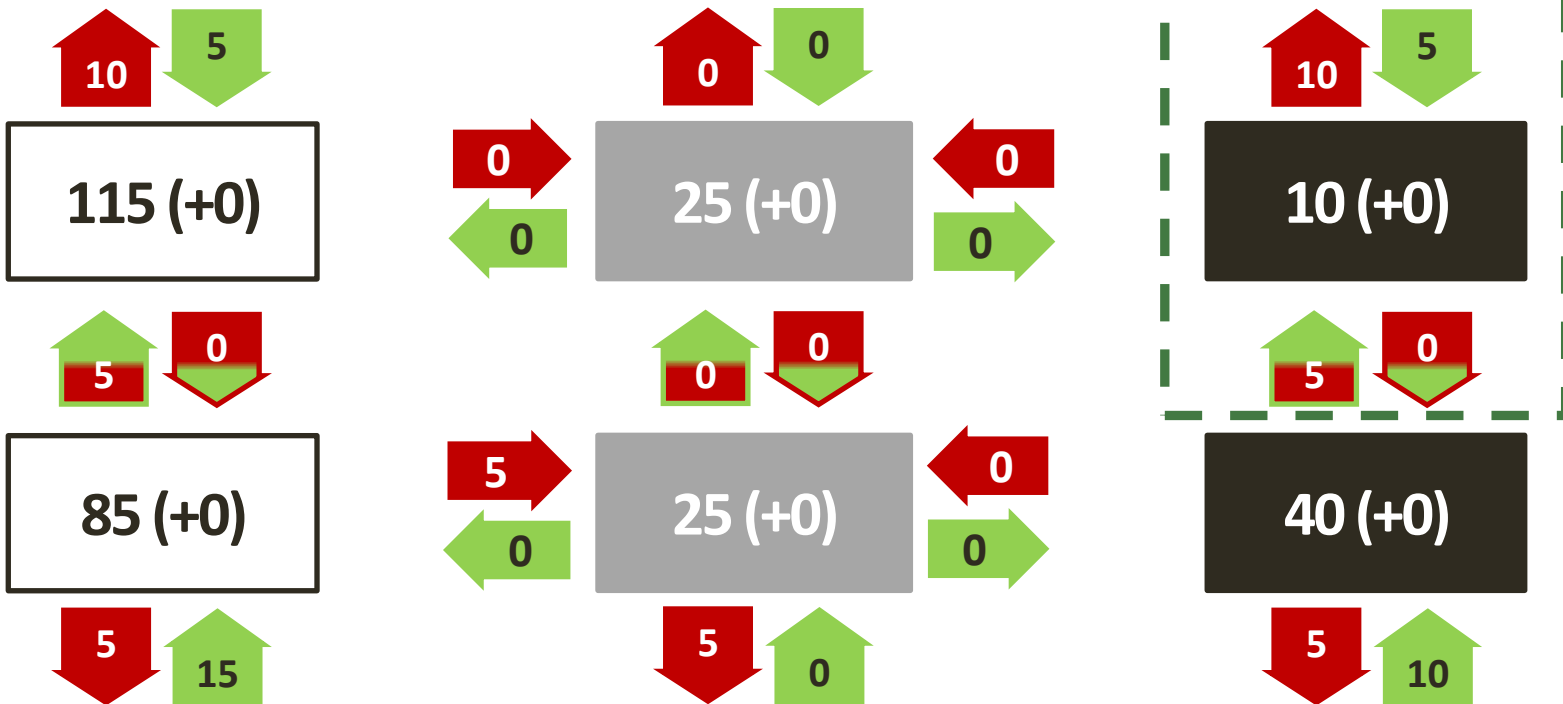
## Count 6 Flows over a timescale for each of the 6 Pay Half Categories



# XYZ Ltd – Talent Flows over last 3 years are the same for Wh & EM categories in the Upper Pay Half but they shouldn't be



The size of the Wh Upper Pay Half is **11** times that of the EM Upper Pay Half

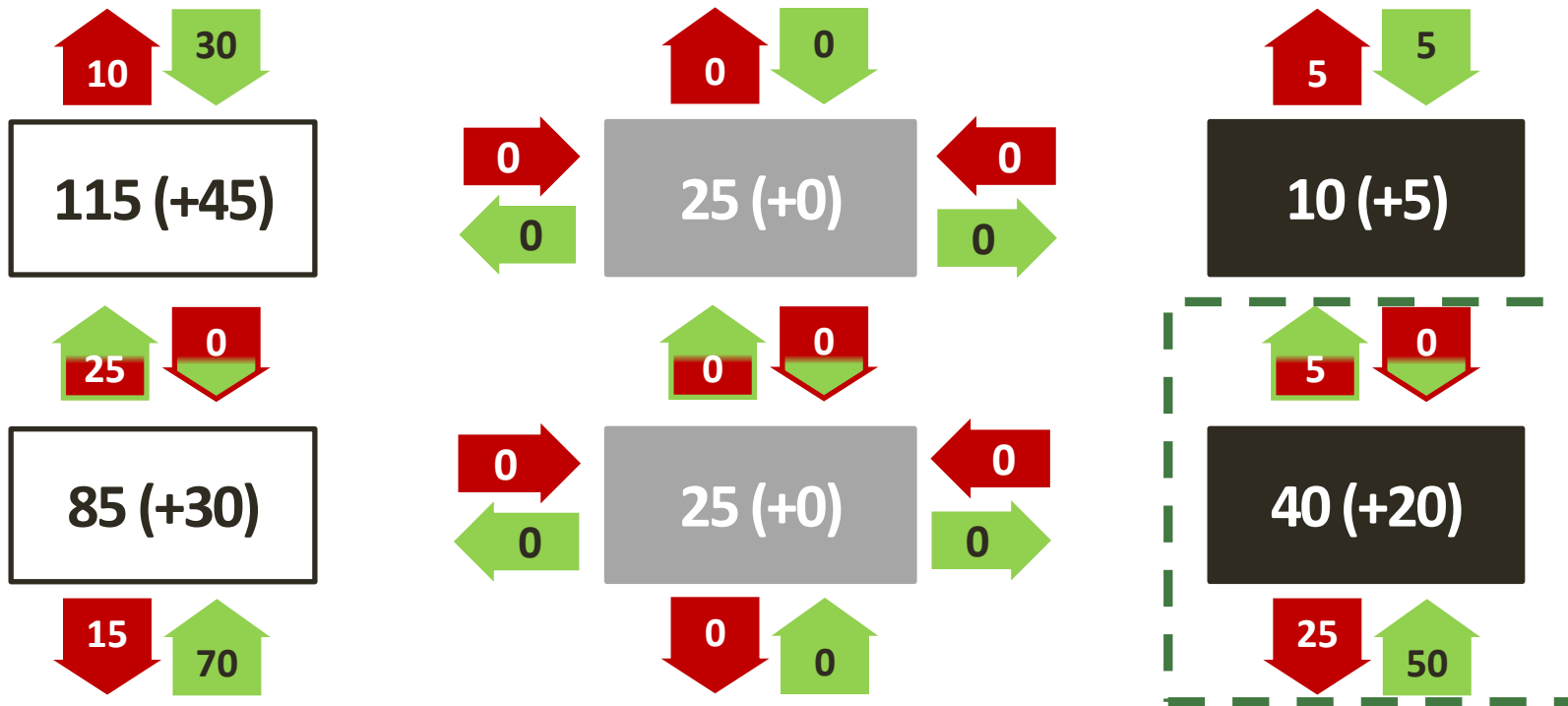


What reasons can you think of for this to happen?



# ABC LLP – 50% Growth over 3 years but external talent flows in & out of Lower Pay Half EM is high. Why?

Growth in EM staff (+100%) is larger than for Wh staff (+60%), N/A as proportion is lower but Ethnicity Profile Disparity by Pay Half is wider than before



Talent Flows can also be used to Evaluate Impact of Your Actions



# Summary

# What We Covered Today

An employer with **no ethnicity pay gap** is one where you see the **same ethnicity profile everywhere** inside the employer

You cannot make **progress on disparities in ethnicity profiles** unless you state **what success/failure looks like** in terms of ethnicity profiles

Counting **talent flow in & out of each pay half (initially) over time** can identify issues, set priorities & evaluate impact of actions.





**BACK UP SLIDES**

# England & Wales Census 2021 (& change from 2011)



An Employer with 1000 Employees whose Ethnicities Matches the Census looks like this

Ethnicities used in 2021 England & Wales Census	Total >>			1000			1000			1000		
	ONS19	2021	chg	Big6	2021	chg	Binary	2021	chg			
White: English/Welsh/Scottish/Northern Irish/British	W-B	744	-61	W-British	744	-61	White	817	-43			
White: Irish	W-I	9	-1	W-Other	73	18						
White: Gypsy or Irish Traveller	W-T	1	0									
** NEW ** White: Roma	W-R	2	n/a									
White: Other White	W-O	62	17									
Asian/Asian British: Indian	A-I	31	6	Asian	93	17	Ethnic Minority	183	43			
Asian/Asian British: Pakistani	A-P	27	7									
Asian/Asian British: Bangladeshi	A-B	11	3									
Asian/Asian British: Chinese	A-C	7	0									
Asian/Asian British: Other Asian	A-O	16	1									
Black/African/Caribbean/Black British: African	B-A	25	7	Black	40	7						
Black/African/Caribbean/Black British: Caribbean	B-C	10	0									
Black/African/Caribbean/Black British: Other Black	B-O	5	0									
Mixed/multiple ethnic group: White and Black African	M-WBA	4	1	Mixed	29	7						
Mixed/multiple ethnic group: White and Black Caribbean	M-WBC	9	1									
Mixed/multiple ethnic group: White and Asian	M-WA	8	2									
Mixed/multiple ethnic group: Other Mixed	M-O	8	3									
Other ethnic group: Arab	O-A	6	1	Other	21	11						
Other ethnic group: Any other ethnic group	O-O	16	10									

See T11

Numbers may not add up to 1000 due to rounding

Is White-Other an Ethnic Minority or part of the Ethnic Majority?

# The Difference between London & Cornwall & Others



2021	London
Census	Ethnicity Representation
W-Brit	368
W-Oth	170
Asian	207
Black	135
Mixed	57
Other	63
<b>TOTAL</b>	<b>1000</b>

2021	North Wales
Census	Ethnicity Representation
W-Brit	933
W-Oth	35
Asian	14
Black	3
Mixed	11
Other	4
<b>TOTAL</b>	<b>1000</b>

See D10 for more examples (based on 2011 census) and T11

2021	West Yorkshire
Census	Ethnicity Representation
W-Brit	288
W-Oth	18
Asian	63
Black	12
Mixed	11
Other	7
<b>TOTAL</b>	<b>400</b>

2021	Cornwall
Census	Ethnicity Representation
W-Brit	374
W-Oth	13
Asian	3
Black	1
Mixed	5
Other	4
<b>TOTAL</b>	<b>400</b>

Remember there will Unknowns as well on top of these numbers

# How Does Equality Act 2010 Define Ethnicity?



9

## Race

(1) Race includes—

- (a) colour;
- (b) nationality;
- (c) ethnic or national origins.

Colour

Nationality

Origins

The **19 Ethnicities** used in the 2021 census in England & Wales are a combination of **Colour & Origins** but do not include **Nationality**

**Religion** is covered by the **Protected Characteristic of Religion or Belief** (para 10)

## From the Introduction to UKAEA 2024 Gender Pay Gap Report

We are an inclusive and multicultural organisation with people from 65 countries

**Do not assume employees from these 65 countries can see themselves in the 19 census ethnicities of England & Wales**

## You are free to define ethnicity in a way which is you!

- Ask your employees!
  - ❑ Use open questions to ask them how they identify their race or ethnicity.
  - ❑ Coding & classifying ~2,000 free text responses is easier than you think especially in these days with the assistance of AI.
  - ❑ This exercise will help you decide on the categorisation to be used in future when asking your employees for their ethnicity.
- Regardless of how many categories are available to employees to choose from, you will need to aggregate them into higher level groups for analysis so as to avoid low sample sizes
  - ❑ I recommend **a minimum category size of 50-100** for analysis.
- Is this **4-category aggregation** a possibility for UKAEA?
  - ❑ White ethnicity & British nationality
  - ❑ White ethnicity & non-British nationality
  - ❑ Non-White ethnicity & British nationality
  - ❑ Non-White ethnicity & non-British nationality
  - ❑ & Unknown for those who do not share their ethnicity.



## Keep These Points In Mind When Talking About Equality

1. When I talk about Equality, I mean **Statistical Equality**.
  - Exact equality is unlikely & can indicate discrimination.
  - I act as an Expert Witness in indirect discrimination cases.
2. The **median reporting employer for gender** has a headcount of **~600**.
  - Therefore, the number of employees in some ethnic categories will be too low for reliable analysis.
  - Many employers will only be able to use 3 categories (**White, Ethnic Minority, Unknown**).
3. **London's ethnic profile** differs considerably from the rest of the UK.
  - 40%-50%** of ethnic minority population live in London (2021 census)
  - >90%** of white-British population live outside London (2021 census)
4. **White-Other** is the 2<sup>nd</sup> largest ethnicity in the UK after White-British.
  - Do you regard White-Other as an ethnic minority or not?
5. The **Census Ethnicities** are peculiar to England & Wales.
  - The Scottish & Northern Ireland censuses use different categories
  - If you have a multinational workforce, do not assume your non-British employees will see themselves in the census ethnicities.

See G5 for  
Essop 2017





## The Government Proposals for Mandatory Ethnicity & Disability Pay Gap Reporting by Employers are -

*“To compel employers with no stats skills once a year to compare the hourly pay of self declared categories of employees with a minimum of 10 people per category plus missing data rates of between 5% and 50% using a pay data set with coefficient of variation of ~50%, publish this data in the public domain, draw wide ranging conclusions from this comparison so as to publish an action plan on which they can be held to account on.”*

**See D15 for my 9 Challenges & 8 Recommendations**