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PEOPLE & CULTURE
GUIDE · 2026

Ethnicity & disability pay gap reporting

A step-by-step guide for People & Culture teams: what the law says, what is happening when, and a practical plan to get your organisation ready before it becomes mandatory.

In March 2026 the government committed to making ethnicity and disability pay gap reporting **mandatory for large employers**. The detail is still being finalised, but the direction is set, and the organisations that start now will be the ones that report with confidence rather than scramble. This guide turns the announcement into plain language and a timeline you can act on.

AT A GLANCE

WHO	WHAT
Employers with **250+ employees**. Smaller organisations are encouraged, but not required, to report.	Six pay-gap metrics (the same as gender), plus workforce composition and declaration rates, by ethnicity and by disability, and a mandatory action plan.
WHEN	**HOW**
Committed 25 March 2026; the regime is expected to be operational and in place by **2029**. Annual snapshot on 5 April, published within 12 months.	Through the Equality (Race and Disability) Bill and secondary legislation. Enforced by the EHRC, mirroring the gender pay gap regime.

Timings are indicative and will be confirmed in secondary legislation. This guide is general information, not legal advice.

01 The law, in plain terms

Today, ethnicity and disability pay gap reporting is **voluntary**. That is changing. Following a public consultation, in which **87% of respondents** backed mandatory reporting, the government has committed to require large employers to publish their pay gaps, the make-up of their workforce, and a plan to close those gaps.

The intention is to keep this **as close as possible to the gender pay gap framework** you may already know, so it is one process rather than three. For each protected group you will publish the same six figures:

01
Mean hourly pay gap

02
Median hourly pay gap

03
Mean bonus pay gap

04
Median bonus pay gap

05
Proportion receiving a bonus

06
Pay quartile distribution

Two things are **new**, beyond the gender model:

- **Workforce composition.** The make-up of your workforce by ethnicity and disability, so the pay figures can be read in context.
- **Declaration rates.** The proportion of people who choose *not* to share their ethnicity or disability status. This matters: where declaration is low, the headline figures become unreliable, so they must be published alongside the gaps.

How the categories work

ETHNICITY

Collected using the Government Statistical Service harmonised standard. At a minimum you report a binary comparison: White against all other ethnic groups combined. Where numbers allow, aggregate up to the five broad ONS groups. A minimum group size (expected to be around 10) protects anonymity.

DISABILITY

A binary comparison between disabled and non-disabled employees, using the Equality Act 2010 definition. Minimum thresholds apply to protect anonymity, and the law is being designed to allow more detailed reporting over time.

WORTH BEING CLEAR ABOUT

A **pay gap is not the same as unequal pay**. Equal pay is a legal duty to pay people the same for the same work. A pay gap measures the difference in *average* pay across the whole workforce; it is a story about who sits where, and who progresses. You can pay fairly for every role and still report a gap, because the gap reflects representation and progression, not like-for-like pay.

02 What is happening, and when

25 March 2026 (now)

Government confirms its commitment and publishes the consultation response, with indicative legislative clauses. The destination is set; the precise timetable is not.

Spring 2027

Mandatory gender pay gap and menopause action plans are expected to become compulsory. Ethnicity and disability are designed to fold into a single consolidated action plan, so this is your moment to build one framework, not several.

Equality (Race and Disability) Bill

The reporting duty is enacted through the Bill, with the detailed requirements set out in secondary legislation and accompanying guidance.

By 2029 (go-live)

The regime is expected to be operational and in place. From then it runs on an annual cycle: a snapshot on **5 April**, with reports and action plans published **within 12 months** (by 4 April the following year for private and voluntary sector employers).

03 What this means for you and your organisation

The reporting itself is the visible part. The real work, and the reason to start now, sits underneath it: the quality of your data, the trust of your people, and the credibility of your plan. Three implications matter most.

- **Your data has to be ready, and honest.** Reporting depends on people telling you their ethnicity and disability status. If declaration is low, your figures wobble and the gap you publish may say more about disclosure than about pay. Lifting declaration rates is a multi-year, trust-led effort, not a form you send the week before the deadline.
- **This is special category data.** Ethnicity and disability are sensitive personal data. You will need a clear lawful basis, a data protection impact assessment, tight access controls, and confident answers to "why are you asking, and what happens to my answer?"
- **A number without a plan will work against you.** The duty includes a published action plan. A gap reported with no credible response invites more scrutiny than it deflects; the narrative and the plan are as important as the figures.

IF YOU HAVE 250+ EMPLOYEES

Treat this as in-scope and begin now. The lead time is in the data and the culture, not the calculation.

IF YOU ARE UNDER 250

You are encouraged, not required. Reporting voluntarily signals intent, builds the discipline early, and positions you as an employer of choice.

The business case, briefly

87%

of consultation respondents backed mandatory reporting.

36%

more profitable: the upper estimate for ethnically and culturally diverse businesses (McGregor-Smith Review).

£24bn

a year: the potential boost to the UK economy from tackling race inequality at work.

04 A template action plan

Use this as a starting framework and adapt the owners and dates to your organisation. The phases reflect the indicative timeline; the principle is to be rehearsed and trusted well before reporting is mandatory.

PHASE	DO THIS	OWNER
Now 2026	Audit what diversity data you already hold and how complete it is. Map your systems against the six metrics and the new composition and declaration measures. Brief leadership on what is coming and by when. Start a data protection assessment for special category data.	P&C + Data + Legal
Build 2026/27	Design or refresh self-identification questions (GSS harmonised standard for ethnicity; Equality Act definition for disability). Launch a disclosure campaign and partner with staff networks. Decide who owns the annual calculation and where it runs.	P&C + Networks
Align 2027	Fold ethnicity and disability into a single consolidated action plan alongside the gender pay gap and menopause plans. Run the six metrics voluntarily to surface surprises early.	P&C + Reward
Rehearse 2028	Run a full mock cycle: snapshot, calculate, test thresholds and ONS-group aggregation, draft the narrative and the action plan. Pressure-test how you will explain the numbers internally and externally.	P&C + Comms
Go live by 2029	Take the first mandatory snapshot (5 April), publish the report and action plan within 12 months, brief leadership and managers, and run a coordinated internal and external communications plan.	P&C + Comms + Exec
Ongoing	Repeat annually. Track progress against every action, refresh disclosure with new joiners, and report movement to the board. Reporting without follow-through erodes the trust you have built.	P&C

05 Top tips

01 **Start with disclosure, not maths.** Your figures are only as good as your declaration rates, so earn them early.

02 **Separate the gap from equal pay.** Explain the difference up front so the number is read correctly.

03 **Don't wait for the deadline.** Voluntary reporting now builds the muscle, the data and the trust.

04 **Go beyond the binary where numbers allow.** White vs all-other hides as much as it shows; use the five ONS groups when thresholds permit.

05 **Protect anonymity.** Respect minimum group sizes so no individual can be identified from the data.

06 **Pair every number with a plan.** Reporting must lead to action, not just describe a problem.

07 **Run it as one plan, not three.** Consolidate ethnicity, disability, gender and menopause into a single framework.

08 **Bring the networks in early.** Staff networks lift disclosure and sharpen the actions that follow.

06 Why communication makes or breaks it

Communication is not the last step of pay gap reporting; it is the foundation. The single biggest threat to a credible report is a **low declaration rate**, and declaration is won or lost on trust. People share sensitive information when they understand why you are asking, believe it will be handled with care, and can see it leading to change.

> *"Transparency is not an end in itself, but a starting point that creates accountability and turns insight into action."*

A good communications approach is transparent about four things:

Why you are collecting the data: the purpose, in plain language.

What you will do with it, and what you will never do.

How it is kept confidential and secure.

How the data has already helped to drive change.

- **Make it a campaign, not a one-off.** Run regular, visible disclosure drives and refresh with every cohort of new joiners.
- **Equip your managers.** They field the questions; give them clear, consistent answers and visible leadership backing.
- **Frame the external story honestly.** Stakeholders don't expect identical outcomes; they expect transparency, context and accountability. Publish the narrative alongside the numbers.
- **Accept that trust takes time.** Build it deliberately, and protect it; it is the asset the whole regime rests on.

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How Jen can help

Jen Davidson designs AI-inclusive recruitment and inclusive leadership systems for FTSE 100s and fast-growth SMEs, including pay gap readiness, disclosure strategy and credible, defensible action plans. If your organisation wants a partner to get this right before it is mandatory, let's talk.

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Sources: GOV.UK, "Government commits to introducing mandatory ethnicity and disability pay gap reporting for large employers" (25 March 2026); People Management / CIPD, "What do employers need to know about ethnicity and disability pay gap reporting?" (12 June 2026); The Law Society, "Ethnicity pay gap: what you need to know."
This guide is general information for People & Culture teams and is not legal advice; confirm detail against the final secondary legislation and guidance.