

## THE EQUALITY BILL

Second Reading – House of Commons

11<sup>th</sup> May 2009

The CBI is the UK's leading business organisation, speaking for some 240,000 businesses that together employ around a third of the private sector workforce.

**The CBI supports the clarity and simplification that the Equality Bill should achieve in bringing together forty years' worth of discrimination legislation. Having a single Act as a reference point will help compliance for employers and give them the confidence to address diversity within their companies. However we strongly object to the proposals within the Bill on gender pay reporting: they are misguided and will not tackle the underlying causes of the existing pay gap between men and women in the work place.**

### **GENDER PAY GAP REPORTS WILL NOT WORK**

The CBI does not support clause 73 of the Bill, which permits the Government to introduce a requirement for firms with over 250 employees to publish gender pay statistics. This provision is regressive in its focus and uses companies as the scapegoat for wider societal factors which are the underlying causes of the national gender pay gap. The CBI believes that:

- Publishing crude statistics without context is meaningless and counter-productive
- It will create a short-termist 'target culture' that ignores the need for tailored solutions
- The proposals ignore contemporary research and policy recommendations

#### **Publishing crude statistics without context is meaningless and counter-productive**

Publication of raw statistics on gender pay will not indicate that men were paid more than women for doing the same job. The average pay gap does not compare like with like and such statistics could, without context, create a false impression of discrimination. Instead, it reflects the fact that fewer women have higher paid jobs and the way to address that is not by comparing misleading average pay rates, but by improving opportunities for women to pursue STEM qualifications and by challenging gender stereotypes through careers advice. Many traditionally male dominated industries such as engineering are working hard to attract more female applicants into their sector. The average pay gap figure could easily be misinterpreted and exacerbate the problem by undermining such tailored recruitment initiatives.

#### **It will create a short-termist 'target culture' that ignores the need for tailored solutions**

Employers must remain able to make decisions on equality and diversity policies that work for their company and industry – blanket publication of statistics will not provide any such tailored solutions. Targeted measures are needed because different companies in different industries face different challenges on female representation. For some, the focus is on career development, management training and flexible working to help senior women move into board positions; but for others, the priority is



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simply to encourage female applicants into their sector. This proposal could force companies to reallocate time and money on target chasing rather than using resources to make meaningful progress.

### **The proposals ignore contemporary research and policy recommendations**

Poor pay gap figures are mostly indicative of wider societal factors. The 2006 Women and Work Commission report highlighted the complex causes of the gender pay gap and urged the Government to address the deep-rooted causes of female under-representation. The Equality Bill's proposal on reporting is a misguided attempt to focus on just one indicator rather than address wider change.

## **BUSINESS WELCOMES NEW CLARITY IN DISCRIMINATION LEGISLATION**

### **Employers will value a clearer legislative framework for equality**

Discrimination legislation has developed in separate silos over the past forty years and business has welcomed the move towards having a single Act as a reference point. The CBI has supported the Government's focus on simplification and harmonisation as primary policy drivers in recent years but we have concerns that the benefits have been diluted by new and complex policy in parts of the Bill. Changes to disability discrimination and the proposal to introduce multiple discrimination would add disproportionate complexity and undermine the promise of simplification on which the Bill was sold to both employers and employees. The CBI would urge against any additional proposals at the expense of tight and coherent drafting.

### **The extension of positive action could give employers the tools to tackle under-representation**

The CBI welcomes the extension in scope of positive action outlined in the Bill. Our surveys show that a lack of applicants is the key obstacle for employers looking to increase the diversity of their organisation. With these measures, businesses that have identified under-representation in their workforce will be able to take effective steps in recruitment and staff development to address this disparity. Clear guidance and tightly worded clauses will be key to the success of this legislation: employers must be sure of their limitations in order to use it confidently.

### **Public procurement can be an effective lever to promote equality**

Procurement can be a valuable tool to promote equality and other social goals in the private sector as long as the right balance is struck on contract relevance and overall value for taxpayers' money. We welcome proposals for a single equality duty to simplify legal requirements in this area. However, the duty should be sufficiently flexible to be used by different public bodies in proportion to their size, resources and the challenges they face. Skilled commissioning and high quality guidance will be necessary to identify those contracts in which equality and diversity considerations will genuinely promote quality and benefit users. There must be an emphasis on demonstrating outcomes and not processes, as another layer of bureaucracy in the procurement process will simply increase costs and exclude smaller firms from Government contracts.

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