



BEIS Committee recommends expansion of gender pay gap reporting

By **Ben Smith** - 30 August 2018

The government Business, Energy and Industrial Strategy (“BEIS”) Committee has, for the past few months, been hearing evidence reflecting on the first year of the gender pay gap reporting regime. They recently published their findings, setting out several recommendations for reform. The recommendations are advisory only and do not bind the government to implement (or even consider) these reforms. Nevertheless, they give a useful indication of the prime areas for reform. You can read the full report [here](#).

The Committee made two recommendations that would significantly expand the scope of gender pay gap reporting obligations. The first is to bring smaller businesses within scope of the regulations, requiring businesses with more than 50 employees to report on their pay gap (currently only those with more than 250 employees are within scope). The second of these major recommendations is to require companies to publish, as well as the raw figures, two documents: (a) an explanation for the pay gap and (b) an action plan setting out how the company will work to narrow its pay gap. These documents are currently optional, and a large majority of firms did not choose to prepare them.

The Committee also recommends that:

- the government publishes clearer guidance on how to calculate pay gap figures;
- the law be updated to require publication of the gender pay split across salary deciles, rather than the current salary quartiles;
- the Equality and Human Rights Commission be given clearer enforcement powers and an enhanced ability to levy fines on firms that fail to comply with their gender pay reporting obligations; and
- the government should consult on extending pay gap reporting to disability and ethnicity, with a view to introducing new regulations by 2020.

Brexit negotiations are likely to be the focus of the government’s attention for the next six months, so we would not expect any significant movement on gender pay gap reporting in the immediate future. It is likely, however, that pressure will remain on the government, leading them to revisit gender pay gap reporting in the next year or two. In the immediate term, eligible businesses

should prepare for the publication of the next round of pay gap statistics by 4 April 2019. As ever, there is merit in businesses being proactive in addressing their pay gaps (gender and otherwise) – this can have enormous benefits for staff morale and retention as well as having obvious PR benefits.