



## Diversity Works for London

### Equality Bill and implications for business

#### Introduction

The Equality Bill introduced to Parliament on Friday 24<sup>th</sup> April streamlines nine major pieces of equality legislation and is expected to come into force in Autumn 2010.

Over the last four decades, equality legislation has become increasingly complex and the Equality Bill will replace the:

- Equal Pay Act 1970
- Sex Discrimination Act 1975
- Race Relations Act 1976
- Disability Discrimination Act 1995
- Equality Act 2006
- Employment Equality (Religion or Belief) Regulations 2003
- Employment Equality (Sexual Orientation) Regulations 2003
- Employment Equality (Age) Regulations 2006
- Equality Act (Sexual Orientation) Regulations 2007 (where applicable, as subsequently amended)

The Bill's two main purposes will be to harmonise discrimination law and to strengthen the law to support progress on equality. The core obligations for private sector employers will not change significantly, because most of the Bill's considerable bulk is taken up with re-stating the law in a more logical and accessible form.

The increased prominence of equality issues in the public sector is already having a knock-on effect for businesses working in partnership with it. This is likely to be accelerated if the Bill becomes law in its present form.

The Bill is currently scheduled to be passed before May 2010 and much of it will come into force in early 2011.

The recommendations within the Equality Bill have implications for SMEs as well as large corporate organisations although some elements of the Bill have more relevance to organisations with more than 250 employees (gender pay reports).

#### Equality Bill recommendations

The following areas will have implications for organisations within the private sector:

- **Using public procurement to improve equality**

The public sector spends £175 billion every year on goods and services provided by the private sector. Nearly a third of firms sell goods or services to the public sector. The Equality Bill in its current form will make it clear that public bodies can use procurement to drive equality when they are buying goods and services from the private sector.

You can find a number of guidance notes on the *Diversity Works for London* website that can help you position equality and diversity centrally within your procurement practices and within your supply chain. There are specific guidance notes for SME's and larger

© London Development Agency 2009 - Publication date: 07/07/2009

**Disclaimer:** This document has been prepared for information purposes only. To the extent permitted by law, neither the publisher nor the author accepts or assumes any liability, responsibility or duty of care for any use of or reliance on this document by recipient.

organisations that may help with monitoring suppliers as well as opening up your supply chain.

- **Introducing gender pay reports**

The Bill currently contains a power to require reporting on the gender pay gap by employers with 250 or more employees. However the Government has committed not to use this power before 2013 and it will only be used if sufficient progress on reporting cannot be shown. The Equality and Human Rights Commission will develop a set of metrics for gender pay reports in consultation with business, unions and others over summer 2009. The Commission will monitor progress on reporting within the private sector annually.

The Equality Bill is also proposing improved transparency by outlawing gagging clauses in contracts of employment which prevents employees from sharing information about their pay. This does not mean that employees will be compelled to disclose their pay, however will have the right to discuss pay and benefits with those colleagues they work closely with.

You can access a number of resources on the ***Diversity Works for London*** website that will help you to explore how best to approach equal pay audits and help you to understand whether you have gender specific issues that may need addressing in your organisation.

- **Extending the scope to use positive action**

The Equality Bill plans to allow employers to choose to take positive action to appoint a person from an under-represented group, provided 2 or more candidates are equally suitable. The most suitable person must still get the job.

Positive action will be optional, and is *not* about introducing quotas.

Positive discrimination (employing someone because of a characteristic regardless of merit) will remain illegal. The CBI, TUC, and the Equality and Human Rights Commission support positive action.

Further information on Positive Action and targeted activity can be found on [www.Diversityworksforlondon.com](http://www.Diversityworksforlondon.com).

- **Protecting carers from discrimination**

It is currently unlawful to discriminate against or harass someone because they are 'linked to' or 'associated with' a person who is of another sexual orientation, race, or religion or belief. The Equality Bill plans to extend this to age, disability, sex, or gender reassignment.

Flexible working practices made available to your whole workforce, where appropriate for your business, will highlight to your employees that you are a responsible employer.

***Diversity Works for London*** has a number of guidance notes relating to the benefits and various ways of adopting flexible working practices in your organisation.

- **Banning age discrimination outside the workplace**

There is a provision within the Equality Bill that may introduce a ban on age discrimination against people aged 18 and over where goods are bought, and services provided, such as in shops, hospitals, and when buying financial products (it is already banned in the workplace).

There are a number of guidance notes on the ***Diversity Works for London*** website which provides an overview of the impact and implications of age in the workplace.

© London Development Agency 2009 - Publication date: 07/07/2009

**Disclaimer:** This document has been prepared for information purposes only. To the extent permitted by law, neither the publisher nor the author accepts or assumes any liability, responsibility or duty of care for any use of or reliance on this document by recipient.

- **Strengthening the powers of employment tribunals**

The Equality Bill plans to allow tribunals to make wider recommendations to firms on how to improve work practices, which can benefit everybody in the workforce and help prevent similar types of discrimination happening again.

In addition to losing a skilled workforce and diverse talent, evidence from the previous recession showed a 60% increase in the number of tribunals. Employers need to be wary of poorly handled flexible working requests, retirements, redundancies and other dismissals.