

Final stage impact assessment

Title: Enabling regulations to specify specific steps employers must take to prevent sexual harassment

Type of measure: Secondary

Department or agency: Cabinet Office

Contact for enquiries: Richard Laux, Head of Equality Data and Analysis Division

Date: 21/10/2024

1. Summary of proposal

- 1.1. The Equality Act 2010 provides legal protections against sexual harassment in the workplace. Despite this, persistent reports and revelations that have emerged in recent years indicate that it remains a problem within the workplace. The Employment Rights Bill aims to strengthen protections against harassment by introducing three amendments to the Equality Act 2010's harassment provisions.
- 1.2. This measure will amend the Equality Act 2010 by introducing a delegated power enabling a Minister of the Crown to specify steps that are to be regarded as "reasonable" for the purpose of determining whether, for the purposes of the Equality Act 2010, an employer has taken, or failed to take, all reasonable steps to prevent sexual harassment of an employee. The regulations may also require an employer to have regard to specified matters when taking those steps. Employers to which the duties apply must take these steps while also taking all other steps which are reasonable in their particular circumstances.
- 1.3. Significant further policy development will be needed before we can determine the detail of the legislative measures that will be needed to meet the Government's aim of reducing

workplace sexual harassment. It is anticipated that there will be a consultation on proposals alongside further policy development. As such, a delegated power will provide the flexibility needed for effective secondary legislation.

2. Strategic case for proposed regulations

2.1. Sexual harassment has been shown to be a systemic issue in the workplace:

- for the year ending March 2023, Office for National Statistics (ONS) data showed that 26.5% of people aged 16 years and over who said they had experienced sexual harassment in-person in the last 12 months said that they had experienced it at their place of work;¹
- according to the Government Equalities Office's 2020 Sexual Harassment Survey, 29% of those in employment had experienced some form of sexual harassment in the workplace or work-related environment in the last 12 months (2019-2020). This was the case for 30% of women and 27% of men;²
- a 2023 Trades Union Congress (TUC) poll of 1,000 women found 58% of women have been sexually harassed at work.³

2.2. The economic costs of workplace sexual harassment are shared by individuals, their employers, Government, and society. The Deloitte Access Economics (2019) found that "Approximately two thirds of lost productivity (70%) is borne by employers, with Government (23%) losing tax revenue, and individuals (7%) losing income".⁴

2.3. The burden of holding perpetrators and employers to account and of driving change is too great to be shouldered by victims alone. Addressing cultural and behavioural issues in the workplace is key to preventing sexual harassment and protecting potential victims. Harassment in the workplace has widespread impacts on all sectors of society and positive changes could have benefits for marginalised groups across all protected characteristics

¹ ONS, [Experiences of harassment in England and Wales](#): December 2023 (viewed August 2024)

² Equality Hub (formerly Government Equalities Office), [2020 Sexual Harassment Survey](#) (2020)

³ [TUC poll](#), 2023

⁴ Deloitte Access Economics. (2019). [The economic costs of sexual harassment in the workplace: Final report, March 2019](#)

- 2.4. On 26 October 2024, the Worker Protection (Amendment to the Equality Act 2010) Act 2023 will come into force. This will place a positive and proactive legal obligation on employers to take reasonable steps to prevent sexual harassment of their workers. The Equality Act 2010 does not state which steps are reasonable to take however. This measure will enable the specification of steps which an employer must take to ensure effective action is taken to reduce sexual harassment in the workplace.
- 2.5. The reasons why people experience sexual harassment in the workplace are complex. As such further research is required to identify the causes of sexual harassment and effective interventions to reduce its prevalence. This delegated power will enable a review and strengthening of the evidence base to identify 'what works' in reducing sexual harassment at work.
- 2.6. Once effective interventions have been identified, this measure will support employers by outlining steps they will need to have taken to comply with the duty. These steps will be non-exhaustive however: employers who limit their compliance only to steps set out in the regulations would likely not meet the Equality Act 2010's requirements to take 'all reasonable steps'. The regulations will set out steps that are regarded as 'reasonable', but are not limited to the steps specified in the regulations. The regulations may also require an employer to have regard to specified matters when taking those steps. An employer that wants to show that it has taken all reasonable steps should take the steps set out in the regulations; as well as all other preventative steps that are reasonable for them to take in the particular circumstances.
- 2.7. Feeling safe at work improves employee wellbeing, resulting in reduced stress and anxiety, and therefore reduced illness, burnout and staff turnover. Staff are likely to be more motivated and creative, resulting in increased innovation and productivity.⁵
- 2.8. Organisations who are seen to deal strongly with workplace harassment are likely to get a boost to their reputation, which will help to attract customers, clients and talent.
- 2.9. A wider benefit of these measures to the United Kingdom (UK) economy is the broader economic impact of increased female participation in the workplace. For example, McKinsey Global Institute, *The Economic Benefits of Gender Parity* (2016) stated that if women were to participate in the economy identically to men they could add as much as 26% to annual global GDP by 2025 (from 2016).⁶

⁵ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

⁶ McKinsey Global Institute, [The Economic Benefits of Gender Parity](#) (2016)

- 2.10. This supports Goal 5 of the United Nations Sustainable Development Goal to “achieve gender equality and empower all women and girls”.⁷ The UN states that gender equality is “...not only a fundamental human right but a necessary foundation for a peaceful, prosperous and sustainable world”. The goal goes on to discuss economic impacts (through unequal participation in the labour market), impacts on sexual violence, exploitation of women and discrimination in areas like public office.

3. SMART objectives for intervention

- 3.1. We will introduce a delegated power to enable enabling a Minister of the Crown to specify steps that are to be regarded as "reasonable" for the purpose of determining whether, for the purposes of the Equality Act 2010, an employer has taken, or failed to take, all reasonable steps to prevent the sexual harassment of an employee.
- 3.2. The specific steps employers will be required to take will be subject to consultation, prior to regulations being made. However, for the purposes of impact assessment, the assumptions below have been made to enable a reasonable assessment of the impact that the regulations made under the power could have. They should not be taken as settled policy unless otherwise specified.
- 3.3. This impact assessment assumes, as a proxy measure, that this measure will introduce regulations that will require organisations with at least 250 employees to:
- produce action plans outlining steps they are taking to reduce the risk and prevalence of sexual harassment; and
 - report on the contents of that plan through the existing Gender Pay Gap (GPG) reporting service portal
- 3.4. To support organisations with at least 250 employees in producing sexual harassment action plans, it is assumed new guidance will be published on the GPG reporting service website, including suggested actions organisations may take based on international evidence of what works in preventing sexual harassment. The publication of an action plan may be enforceable by the Equality and Human Rights Commission (EHRC).

⁷ UN, [Goal 5: Achieve gender equality and empower all women and girls](#) (viewed August 2024)

- 3.5. It is assumed that action plans will be published on the existing GPG reporting service website. In addition, a list of organisations, with at least 250 employees, who have not submitted action plans will be published on the reporting service website.
- 3.6. The objective of this measure is a sustained reduction in the risk and proportion of employees in organisations, with at least 250 employees, experiencing sexual harassment in the workplace.
- 3.7. This measure is part of the Government's missions to kick start economic growth, break down the barriers to opportunity and to halve the violence experienced by women and girls in 10 years. See Change Labour Party Manifesto 2024 for details.
- 3.8. The objective is being met through the Employment Rights Bill which was part of the King's Speech: "My Government is committed to making work pay and will legislate to introduce a Plan to Make Work Pay for working people to ban exploitative practices and enhance employment rights [Employment Rights Bill]".⁸
- 3.9. The impact of the measure will be assessed by a post implementation review using similar methods and data to those used in the post-implementation review for The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.⁹ For further details please see section 8 of this document.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

- 4.1. This measure is a delegated power and the final reporting requirements that will be placed on employers will be determined by further policy work and consultation, prior to regulations being made. However, for the purposes of impact assessment, the assumptions below have been made to enable a reasonable assessment of the impact that the regulations made under the power could have. They should not be taken as settled policy unless otherwise specified.

⁸ [The King's Speech 2024](#) (viewed August 2024)

⁹ Equality Hub (formerly Government Equalities Office), [Post-implementation review of the Equality Act 2010 \(Gender Pay Gap Information\) Regulations 2017](#) (2023)

- 4.2. For the purposes of impact assessment, as a proxy measure, regulations made under the proposed delegated power are assumed to require require organisations with at least 250 employees to:
- produce action plans outlining steps they are taking to reduce the risk and prevalence of sexual harassment; and report on the contents of that plan, through the existing Gender Pay Gap (GPG) reporting service portal.
- 4.3. It is assumed that action plans will be published on the existing GPG reporting service website. In addition, a list of organisations, with at least 250 employees, who have not submitted action plans will be published on the gender pay gap reporting service website. The publication of an action plan may be enforceable by the Equality and Human Rights Commission (EHRC).
- 4.4. A full logic model was developed to support this measure to ensure that the activities, outputs, short term outcomes and long term outcomes are understood. It also provides a list of assumptions and the evidence to support the links from initial activities to long term outcomes.

Table 1: Theory of change for the measure

Activities	Outputs	Short term Outcomes	Long term Outcomes
<ol style="list-style-type: none"> 1. Include delegated power in the Employment Rights Bill 2. Consult on detailed proposed requirements prior to secondary legislation 3. Make secondary legislation to detail requirements 4. Identify organisations this measure will relate to, assumed to be those with at least 250 employees 5. Provide guidance to relevant organisations on the requirements of the secondary legislation 6. Provide relevant organisations with exemplar 	<ol style="list-style-type: none"> 1. Annual published actions from the sexual harassment action plans on GOV.UK website for each company with at least 250 employees 2. Annual published list of organisations (with at least 250 employees) who did not report their sexual harassment action plans 3. Regulatory contact and/or enforcement action, by the EHRC, with each company (with at least 250 employees) who did not report their sexual harassment action plans 	<p>Intended outcomes:</p> <ol style="list-style-type: none"> 1. High levels of reporting (over 90%) of the information required by secondary legislation in any year 2. Improved understanding by organisations with at least 250 employees of the actions that are known to reduce sexual harassment in the workplace 3. Higher levels of organisations, with at least 250 employees, that have sexual harassment action plans and higher levels of implementation of those plans 	<p>Intended outcomes:</p> <ol style="list-style-type: none"> 1. Sustained decrease in the prevalence of sexual harassment in the workplace 2. Reduction in the cost sexual harassment has on businesses (including HR costs, staff turnover, sick leave, absenteeism and litigation) 3. Employees feel safer at work and have an increased trust in their employer as they are seen to be proactive in trying to mitigate sexual harassment at work 4. Improved reputation for employers as they are seen

<p>actions, based on best practice, to select from as part of their sexual harassment at work action plans</p> <p>7. Develop, or amend the GPG, digital data collection platform for organisations to submit sexual harassment action plans</p> <p>8. Develop a process for EHRC to regulate non-reporting of the action plans as set out in secondary legislation</p>		<p>4. Improved understanding by HR professionals and staff, with organisations with at least 250 employees, of the complex nature of sexual harassment in the workplace (including areas of risk in the business, issues affecting the reporting of sexual harassment and best practice when handling sexual harassment complaints)</p> <p>5. Initial changes in attitudes towards how sexual harassment is handled and viewed in the workplace, including giving more support to victims</p> <p>6. Wider adoption of actions that would support staff who are experiencing sexual</p>	<p>to take sexual harassment at work seriously</p>
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<p>Assumptions</p>	<ol style="list-style-type: none"> 1. The measure within the Employment Rights Bill will allow the Secretary of State for Education, and Minister for Women and Equalities, through a delegated power, to make secondary legislation on this matter. This theory of change is based on assumptions that have been made in order to assess the impact that the regulations could reasonably be expected to have. However, these assumptions are not settled policy and the end regulations may include different requirements. 2. It is assumed that the Office for Equality and Opportunity, in delivering the gender pay gap requirements, will have already produced an updated list of organisations that have at least 250 employees that can be used to inform organisations who will be required to develop a sexual harassment action plan can (a) be informed of the requirements outlined and (b) supported to report. 3. It is assumed that staffing and financial resources within the Office for Equality and Opportunity and EHRC are maintained such that activities outlined above may be carried out. 4. It is assumed that implementation of action plans is optional but that organisations with at least 250 employees are able and motivated to implement them to reduce sexual harassment in the workplace. 5. It is assumed that employers will have already undertaken a risk assessment to identify their high risk areas for sexual harassment and have implemented policies to address them (as per other measures on sexual harassment at work).
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Evidence of links	Activities to Outputs	<ol style="list-style-type: none"> 1. Similar activities are required for organisations with at least 250 employees to report their gender pay gap figures. Those activities have supported private and public organisations with at least 250 employees to achieve reporting rates of over 90% in the year 2022/23. 2. Similar activities have allowed the EHRC to apply its enforcement policy to the gender pay gap regulations. Details of which are outlined on their website¹⁰
	Outputs to short-term outcomes	<ol style="list-style-type: none"> 1. Similar activities are required for organisations with at least 250 employees to report their gender pay gap figures. Those activities have supported private and public organisations with at least 250 employees to achieve reporting rates of over 90% in the year 2022/23. It is, therefore, assumed that similar reporting rates for retention can also be achieved. 2. Similar outputs for the gender pay gap reporting meant that by 2019: “89% of respondents (typically senior HR staff) felt they had a good understanding of what the GPG is and how it is calculated, up from 82% in 2018 and 48% in 2017”. It is, therefore, assumed that understanding of retention rates will be similarly improved in the short term¹¹ 3. Similar outputs for the gender pay gap reporting meant that by 2019: “Approaching half (47%) also reported that this had resulted in the board taking action to address their gender pay gap in the last year.” It is, therefore, assumed that actions to improve retention rates will be similarly improved in the short term.¹²

¹⁰ Equality and Human Rights Commission, [Gender pay gap reporting](#) (viewed 2024)

¹¹ ONB Research, [Employers' Understanding of the Gender Pay Gap & Actions to Tackle it](#) (2020)

¹² ONB Research, [Employers' Understanding of the Gender Pay Gap & Actions to Tackle it](#) (2020)

	Short-term outcomes to long-term outcomes	1. Similar outputs are produced for organisations with at least 250 employees to report their gender pay gap figures and there is some evidence that they have reduced the gender pay gap faster in organisations with at least 250 employees than similar smaller organisations. ¹³
	Long-term outcomes to impacts	See row above

¹³ Blundell, [Wage responses to gender pay gap reporting requirements](#) (2021) and Duchini and others [Pay Transparency and Gender Equality](#) (2022)

5. Summary of long-list and alternatives

- 5.1. The Department for Business and Trade's Better Regulation Framework guidance¹⁴ states that: "Where legislation is required urgently ... the relevant minister may seek to agree, as part of the collective agreement process (where relevant), that there is insufficient time for the measure to be assessed under the BRF"
- 5.2. The Employment Rights Bill, which will contain the measure, was also included within The King's Speech 2024 and the manifesto committed to introducing this legislation within 100 days of the election.¹⁵
- 5.3. It was, therefore, agreed that urgent measures applied to this measure and that the options appraisals, outlined in the Better Regulation Framework, would not be undertaken as a result.
- 5.4. However, we have considered alternative options to achieve these aims including a non-legislative option.

Primary legislative option

- 5.5. As the Equality Act 2010 does not state which steps are reasonable for employers to take to prevent sexual harassment, an option would be to state what these steps are through primary legislation. The efficacy of employer interventions to address workplace harassment is not well understood however, and the nature of the relationship between employer intervention and levels of workplace sexual harassment will change over time. Further research is required to identify the causes of sexual harassment and effective interventions. A delegated power will provide the flexibility to introduce or amend obligations or liabilities upon employers that will prevent and minimise workplace sexual harassment.

Public Sector Equality Duty

- 5.6. The Government has a power under section 153 of the Equality Act 2010 to make regulations to impose specific duties on listed public authorities for the purposes of enabling the better performance of the Public Sector Equality Duty. An alternative avenue therefore could be to introduce specific regulations to strengthen the existing requirements for public

¹⁴ Department for Business and Trade, [Better Regulation Framework](#) (2023)

¹⁵ [The King's Speech 2024](#) (viewed August 2024)

authority employers to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. However, this option would only apply to public authorities, so its impact would be significantly reduced.

Employment Tribunal Powers

- 5.7. Employment tribunals could be given additional powers (or a duty) to tell employers to act if they find in favour of a sexual harassment claim. For example, the employment tribunal could require an organisation to produce and publish a harassment policy. This would require primary legislation, and its impact would be reliant on the number of employers losing cases, bearing in mind that many will be settled or withdrawn. The impact of this option on the prevalence of sexual harassment at work therefore is likely to be low.

Non-legislative option

- 5.8. The Government could publish guidance or the Equality and Human Rights Commission could produce a Statutory Code of Practice for preventing sexual harassment and harassment without accompanying legislation. While new guidance and codes can be published without making legislative changes, they would have significantly less impact and decreased traction and interest. Following legislative changes, guidance has the benefit of providing support to employers about upcoming changes.

Do Nothing

- 5.9. Doing nothing would mean that employers and tribunals lack clarity and understanding about key steps employers are expected to have taken to prevent workplace harassment. This will reduce the impact of the preventative duty on the prevalence of sexual harassment in the workplace and the financial cost to the economy. It would signal that the high incidence of sexual harassment in the workplace, its impact on the victims and the consequences for the economy are not considered significant enough to warrant the strengthening of protections by setting out key steps that employers should take.

6. Description of shortlisted policy options carried forward

- 6.1. See section 5 for a description of the application of urgent measures, as outlined in the Department for Business and Trade’s Better Regulation Framework guidance¹⁶ and its impact on options appraisals.
- 6.2. The Worker Protection (Amendment to the Equality Act 2010) Act 2023 will come into force on 26 October 2024 which introduces a new legal duty on employers to take “reasonable steps” to prevent sexual harassment of their employees. A measure will be introduced to amend the new duty to require employers to take ‘all reasonable steps’ to prevent sexual harassment of their employees. This will ensure that employers must take “all reasonable steps” to stop sexual harassment before it starts.
- 6.3. Harassment by third parties (whether related to sex or any other protected characteristic) is not currently prohibited under the Equality Act 2010. A measure will introduce an obligation on employers to not permit the harassment of their employees by third-parties. This will require employers to create and maintain workplaces and working conditions free from harassment, including by third-parties.

7. Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

Table 2: Regulatory scorecard for impacts on welfare

(1) Overall impacts on total welfare		Directional rating Note: Below are examples only
Description of overall expected impact	The measure is intended to reduce the prevalence of sexual harassment in the workplace by (as an assumption) making it compulsory for organisations, with at least 250 employees, to produce action plans outlining steps they are taking to reduce the risk and prevalence sexual harassment in their organisations.	Positive Based on all impacts (incl. non-monetised)

¹⁶ Department for Business and Trade, [Better Regulation Framework](#) (2023)

	<p>The total, discounted, 10 year costs of this measure, for all large organisations with at least 250 employees in the UK, is £4,383,065.</p> <p>The wider welfare benefits of a reduction in sexual harassment are difficult to quantify or monetise however, they are expected to be positive. For instance:</p> <ul style="list-style-type: none"> • A positive correlation has been found between employees' satisfaction with their company and employee productivity, and a strong negative correlation with staff turnover. Additionally it has been found higher wellbeing at work is positively correlated with more business-unit level profitability.¹⁷ <p>We expect the wider benefits of this measure, from a reduction in sexual harassment, to be greater than the direct cost to business. The overall expected impact of the measure is thereby expected to be positive.</p>	
<p>Monetised impacts</p>	<p>This measure relates to organisations in the UK, with at least 250 employees. The total cost of the measure for such organisations in year 1 is £1,796,219. The annual, repeatable costs included in this year 1 amount are significantly smaller at £340,034.</p> <p>The total, discounted, 10 year costs of this measure, for all organisations with at least 250 employees in the UK, is £4,383,065.</p> <p>See the Evidence Base for details.</p>	<p>Negative Based on likely net present social value (£NPSV)</p>
<p>Non-monetised impacts</p>	<p>The wider welfare benefits of tackling in sexual harassment in the workplace, which this measure supports, are complex and difficult to quantify. See the description of the overall impact listed above</p>	<p>Positive Based on likely £NPSV</p>

¹⁷ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

Any significant or adverse distributional impacts?	<p>No</p> <p>This measure aims to tackle sexual harassment in the workplace. It is not expected that any adverse distributional impacts would result.</p>	<p>Neutral</p> <p>Based on likely £NPSV</p>

Table 3: Regulatory scorecard for expected impacts on businesses

(2) Expected impacts on businesses		
Description of overall business impact	<p>The overall impact on businesses in the UK is small and focussed only on large organisations, with at least 250 employees.</p> <p>The year-1 costs associated with familiarisation and delivery for the in-scope businesses in the UK, are £1,796,219. However, the annual, repeatable costs included in this year 1 amount are significantly smaller at £340,034.</p> <p>The total, discounted, 10 year costs of this measure, for all large businesses with at least 250 employees in the UK, is £4,383,065.</p> <p>See the 'Evidence Base' for details.</p> <p>The non-monetised impacts of a reduction in the rates of sexual harassment in the workplace are complex and difficult to calculate. However, the effect of these is assumed to be positive. For example, higher wellbeing at work has been found to be positively correlated with more business-unit level profitability.¹⁸</p>	<p>Neutral</p> <p>Based on all impacts (incl. non-monetised)</p>
Monetised impacts	<p>Business net present value (NPV):</p> <p>£4,383,065 for 10 years of the measure being in operation</p>	<p>Negative</p> <p>Based on likely business £NPV</p>

¹⁸ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

	<p>Approx net financial cost to business, equivalent annual net direct cost to business EANDCB: £340,034 (discounted after year 1)</p> <p>Please indicate if pass through to households has been deducted from these figures: Not applicable</p> <p>Please indicate any pass through costs from households to business (if available): Not applicable</p>	
Non-monetised impacts	<p>The wider benefits of reducing the risk and prevalence of sexual harassment in the workplace, which this measure supports, to the UK economy are complex and difficult to calculate. Most calculations on the economic impact of a reduction in sexual harassment in the workplace for businesses are significantly broader in range than this measure. However, higher wellbeing at work has been shown to be positively correlated with more business-unit level profitability.¹⁹</p>	Positive Based on likely business £NPV
Any significant or adverse distributional impacts?	<p>No</p> <p>This measure requires organisations, with at least 250 employees, to produce action plans outlining how they will tackle sexual harassment in the workplace. The annual, repeatable cost after year-1 for the UK of this measure is £340,034 and, as such, is considered to have a small effect on individual businesses of this size.</p> <p>As such, while business concentrations do vary geographically, it is assumed that there will be no adverse distributional impacts.</p>	Neutral Based on likely business £NPV

Table 4: Regulatory scorecard for impacts on welfare

¹⁹ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

(3) Expected impacts on households		
Description of overall household impact	The wider welfare benefits of reducing sexual harassment, which this measure supports, are complex and difficult to quantify or monetise, however they are assumed to be positive. For example, a positive correlation has been found between employees' satisfaction with their company and employee productivity, and a strong negative correlation with staff turnover. Additionally it has been shown higher wellbeing at work is positively correlated with more business-unit level profitability. ²⁰	Positive Based on all impacts (incl. non-monetised)
Monetised impacts	The measure outlined in this impact assessment is specific to organisations, with at least 250 employees. There are no costs for households as a result.	Neutral Based on likely household £NPV
Non-monetised impacts	The non-monetised impacts of a reduction in the rates of sexual harassment in the workplace, which this measure supports, are complex and difficult to calculate. However, the effect on households is assumed to be positive. See 'Description of overall household impact' above	Positive Based on likely household £NPV
Any significant or adverse distributional impacts?	See 'Description of overall household impact' above	Neutral Based on likely household £NPV

Part B: Impacts on wider Government priorities

Table 5: Regulatory scorecard for impacts on wider Government priorities

Category	Description of impact	Directional rating

²⁰ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

<p>Business environment: Does the measure impact on the ease of doing business in the UK?</p>	<p>This measure requires large organisations, with at least 250 employees, to produce and report on action plans outlining the steps they are taking to reduce sexual harassment in the workplace. The annual, repeatable costs, of this are £340,034 after year 1 and, as such, considered to have a negligible effect on business environments.</p> <p>The wider benefits of reducing sexual harassment in the workplace, which this measure supports, are complex and difficult to quantify or monetise. However they are assumed to be positive and could make the UK business environment more appealing. For example a positive correlation has been found between employees' satisfaction with their company and employee productivity, and a strong negative correlation with staff turnover. Additionally higher wellbeing at work has been shown to be positively correlated with more business-unit level profitability.²¹</p> <p>Given relatively low recurring annual costs to measures and wider benefits from a reduction in sexual harassment, the impact of the measure on the business environment is expected to be neutral.</p>	<p>Neutral</p>
<p>International Considerations: Does the measure support international trade and investment?</p>	<p>This measure requires large businesses, with at least 250 employees, to produce and report on action plans outlining the steps they are taking to tackle sexual harassment in the workplace. The annual, repeatable costs, of this are £340,034 after year 1 and, as such, considered to have a negligible effect on any international trade conducted by these organisations.</p>	<p>Neutral</p>

²¹ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

<p>Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?</p>	<p>This measure requires large businesses, with at least 250 employees, to produce and report on action plans outlining the steps they are taking to tackle sexual harassment in the workplace. The measure is considered to have no effect on natural capital and decarbonisation.</p>	<p>Neutral</p>
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8. Monitoring and evaluation of preferred option

- 8.1. The Small Business, Enterprise and Employment Act 2015²² requires the inclusion of a statutory review provision in secondary legislation that regulates business or voluntary and community bodies. The inclusion of a review provision requires policy officials to undertake a 'Post-Implementation Review' in line with the legislative requirement in the Act.
- 8.2. The Department for Business and Trade's Statutory Guidance under s.31 of the Small Business, Enterprise and Employment Act²³ states that the timescale of the Post-Implementation Review should be up to five years from when the amendment is implemented. Where possible, this review would be undertaken within a similar timeframe as other post implementation reviews regarding other parts of the Employment Rights Bill.
- 8.3. The post implementation review will consider the theory of change (see section 4 for details) and undertake:
- process evaluation methods to ensure that the required activities have been completed and they are working as expected
 - impact evaluation, using a theory based approach, to understand the outcomes of the measure
 - value for money evaluation to understand whether the costs of the measure are in line with those expected.
- 8.4. The evaluation is expected to include a range of data sources including:

²² [Small Business, Enterprise and Employment Act 2015](#) (viewed August 2024)

²³ Department for Business and Trade, [Statutory Guidance under s.31 of the Small Business, Enterprise and Employment Act](#) (2023)

- a literature / rapid evidence review to understand what academic reviews of the measure and its outcomes have been undertaken
- engagement with organisations, with at least 250 employees, to understand the costs and impact from the measure on businesses
- an analysis of the reported data from organisations, with at least 250 employees, to understand if there is progress towards the stated long term objectives of the measure.

9. Minimising administrative and compliance costs for preferred option

9.1. The costs of the measure are largely administrative. The Government will seek to minimise these costs on organisations, with at least 250 employees, by:

- Developing comprehensive guidance for organisations with at least 250 employees on the measure and how it impacts them. This will include a list of suggested actions to adopt on action plans to tackle sexual harassment that have proven effective based on international evidence.
- Amending the existing gender pay gap reporting service digital platform to enable organisations, with at least 250 employees, to submit action plans for tackling sexual harassment in their organisation.

9.2. The effect of these actions is to maintain a low annual, repeatable, cost for the implementation of the gender pay gap. This cost is £1,796,219 in the first year for all businesses in scope in the UK. Recurring annual costs thereafter are £340,034, discounted over the 10 years that the measure is assumed to operate.

Declaration

Department:

Cabinet Office

Contact details for enquiries:

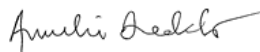
OEO-analysis@cabinetoffice.gov.uk

Minister responsible:

Anneliese Dodds

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:



Date:

18/10/2024

Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year: 2024/25

PV base year: 2024/25

Table 6: Summary of analysis and evidence

	1. Business as usual	2. Do-minimum Option	3. Preferred way forward	4. More ambitious preferred way forward	5. Less ambitious preferred way forward
Net present social value	Not costed, see section 5 for details	Not costed, see section 5 for details	The net present social value is based on £4,383,065 for 10 years of the measure being in operation. Costs include familiarisation, delivery and annual, repeatable, costs	Not costed, see section 5 for details	Not costed, see section 5 for details
Public sector financial costs			The public sector financial costs, all of which are development, non-		

			<p>repeatable costs, are £31,104.</p> <p>Costs included are to develop a new reporting portal and website to submit and publish action plans.</p>		
<p>Significant un-quantified benefits and costs</p>			<p>Benefits include improved gender equality in the UK and non-monetised impact on GDP associated with gender equality.</p>		
<p>Key risks</p>			<p>Risks associated with ensuring implementation activities are completed and the effect of the measure on the long term outputs. See the Evidence base below for details.</p>		

**Results of
sensitivity analysis**

Sensitivity analysis indicates that even at a much higher than expected growth rate for organisations with at least 250 employees of 3% the additional costs are less than the initial year 1 costs.

The upper estimate for total costs per company in year-1 is £323.59 compared to a best estimate of £161.79.

The upper estimate for recurring annual costs per company after year-1 is £61.26 compared to a best estimate of £30.63.
See the Evidence

			base below for details.		
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10. Evidence base

Problem under consideration, with business as usual, and rationale for intervention

10.1. For details see 'Summary of the problem' (section 1).

Policy objective

10.2. For details see 'Strategic case for proposed regulation' (section 2) and specific, measurable, achievable, relevant, and time-bound (SMART) objectives for intervention (section 3).

Description of options considered

10.3. For details see 'Summary of long-list and alternatives' (section 5) and 'Description of shortlisted policy options carried forward' (section 6).

Summary and preferred option with description of implementation plan

10.4. The option includes the following actions:

- Organisations, with at least 250 employees, will need to familiarise themselves with the requirements of the new measure. This is focussed on key staff reading and understanding Government guidance on the measure, how it affects them, and how to produce an action plan to reduce the risk and prevalence of sexual harassment in their organisation
- Organisations, with at least 250 employees, will produce necessary action plans and submit these to the existing gender pay gap reporting service portal. This is focused on key staff, including HR professionals drafting the action plans and Chief Executives and Senior Officials signing these off
- To support organisations, with at least 250 employees, to complete stages 1 to 2 above, the Government will amend the existing gender pay gap reporting service digital platform, adding:
 - a) new guidance on the measure and suggested action to take to reduce sexual harassment

- b) a portal for organisations with at least 250 employees to submit action plans
 - c) a reporting mechanism to publish a list of organisations with at least 250 employees who do not submit an action plan.
- Enforcement action by the EHRC for non-reporting may be necessary. As that is an optional decision for the EHRC, we have not estimated any increase in their staff requirements or other costs as a result.

Summarise the expected costs and benefits of the proposed approach

Numbers of businesses with at least 250 employees in the UK

- 10.5. In 2023 there were 10,910 businesses across the UK registered for VAT and or/ Pay as You Earn (PAYE) with at least 250 employees.²⁴
- 10.6. The compound annual growth rate (CAGR) in organisations with at least 250 employees between 2017 and 2023 was 1.76%. Assuming that this rate of growth continued, there would have been 11,102 organisations in 2024 (rounded to 0 decimal places for the purposes of reporting).
- 10.7. This impact assessment calculates costs associated with this measure, based on the number of organisations with at least 250 employees in the UK. As legislation is developed, the organisations who will be affected by this measure will be specified and as such costs for organisations may change.

One-off familiarisation costs: Businesses

- 10.8. **Context:** 'Familiarisation' means reaching the point where HR professionals and Chief Executives or Senior Officials are aware of the legislative change and understands next steps for their organisation. This will include reaching an understanding of how to produce and submit action plans based on new guidance.

²⁴ ONS, [UK business: activity, size and location](#): 2023 (viewed August 2024)

- 10.9. In 2023, the median salary for a Human Resource Manager and Director was £26.31 per hour excluding overtime.²⁵
- 10.10. The CAGR in median hourly pay, between 2017 and 2023 for a Human Resource Manager and Director, excluding overtime, was 1.19%. Assuming that this rate of growth continued, their median pay in 2024 would have been £26.62. This is uplifted by 30% to cover non-labour costs to £34.61 an hour.²⁶
- 10.11. In 2023, the median salary for Chief Executives and Senior Officials was £40.83 per hour excluding overtime.²⁷
- 10.12. The CAGR in median hourly pay, between 2014 and 2023 for Chief Executives and Senior Officials, excluding overtime, was 0.4%. Assuming that this rate of growth continued, their median pay in 2024 would have been £40.99. This is uplifted by 30% to cover non-labour costs to £53.29 an hour.²⁸
- 10.13. The time required for 2 Human Resource Managers or Directors and 1 Chief Executive or Senior Official to familiarise themselves with the requirements is assumed to be 1 hour each (see note 1a and 1b for details) As such the best estimate for the total familiarisation cost is £122.51 per company with at least 250 employees or £1,360,123.17 for the UK (see note 1c for comment on rounding)
- 10.14. This is a best estimate of the time required but sensitivity analysis has been carried out using low and high estimates if staff time requirements were to be higher or lower.
- 10.15. **Note 1a:** It is assumed that both HR professionals and Chief Executives or Senior Officials would need to familiarise themselves with legislative changes related to this measure, as both could be expected to take steps to ensure the organisation follows requirements of the measure. This assumption is based on internal conversations and on undertaking similar tasks in the public sector.
- 10.16. **Note 1b:** The assumption that familiarisation would require 1 hour for each key member of staff is based on the impact assessment that supported the Workplace harassment: legal

²⁵ ONS, [Earnings and hours worked, occupation by four-digit SOC: ASHE](#) (Table 14) (viewed August 2024)

²⁶ SCM Network [International Standard Cost Model Manual](#) (page 19) (viewed August 2024)

²⁷ ONS, [Earnings and hours worked, occupation by four-digit SOC: ASHE](#) (Table 14) (viewed August 2024)

²⁸ SCM Network [International Standard Cost Model Manual](#) (page 19) (viewed August 2024)

protections under the Equality Act 2010.²⁹ This assumed that familiarisation involving similar steps (reading new guidance on a measure, developing an understanding of organisational next steps and considering potential organisational policy changes in light of guidance) would take an HR manager of medium and large firms 1 hour.

- 10.17. **Note 1c:** Costs presented in this section have been rounded to 2 decimal places for the purposes of reporting. However, figures were not rounded in calculations and as such, costs of staff time presented here may not sum exactly to the total cost figure.

Year-1 Delivery Costs: Businesses

- 10.18. **Context:** 'Year-1 Delivery Costs' for businesses include the time taken for an HR professional to produce an action plan, for a Chief Executive or Senior Official to review and sign off, and for an HR professional to upload these to the reporting service portal.
- 10.19. As noted above, the median hourly pay, excluding overtime, for a Human Resource Manager and Director, is £34.61 including a 30% uplift for non-labour costs.
- 10.20. Also noted above, the median hourly pay, excluding overtime, for a Chief Executive and Senior Official, is £53.29 including a 30% uplift for non-labour costs.
- 10.21. It is assumed that it would take 30 minutes for an HR professional to produce the relevant action plan, selecting actions from the list of suggested actions included in guidance on the measure (£17.31). It is also assumed a Chief Executive would require 15 minutes to review and sign off an action plan (£13.32). An additional 15 minutes is assumed necessary for an HR professional (£8.65) to upload the action plan to the reporting service portal (see note 1d for details).
- 10.22. The total Year-1 Delivery cost per company with at least 250 employees is, therefore, £39.28. This is £436,095.71 for the UK.
- 10.23. **Note 1d:** 1 hour of the Chief Executive's time is assumed to be required to sign off the gender pay gap reporting.³⁰ It is assumed the sign off process for the action plan would take considerably less time as Chief Executives than reviewing more complex data. In addition, it

²⁹ Office for Equality and Opportunity (formerly Government Equalities Office), [Workplace harassment: legal protections under the Equality Act 2010](#) (2021)

³⁰ Equality Hub (formerly Government Equalities Office), [Gender Pay Gap Regulations Impact Assessment](#) (2016)

is assumed Chief Executives will have already become familiar with relevant guidance. As such, it is assumed 15 minutes would be required to review and sign off an action plan.

- 10.24. These are best estimates of the time required but sensitivity analysis has been carried out using low and high estimates.

Recurring Annual Costs: Businesses

- 10.25. **Context:** 'Recurring Annual Costs' for businesses include the time taken for an HR professional to review or update an existing action plan, for a Chief Executive or Senior Official to review and sign this off, and for an HR Professional to submit this to the reporting service portal. This is assuming organisations will be required to submit relevant action plans in each reporting year.
- 10.26. It is assumed organisations will not be required to implement or carry out actions on plans. Given this is not mandatory, any costs incurred by organisations associated with carrying out actions on their plans would not be direct from the measure so have not been included as ongoing costs.
- 10.27. It is assumed it would take a HR professional 15 minutes to review or update action plans (£8.65) (see note 1d for details). It is also assumed 15 minutes would be required for a Chief Executive to review and sign off (£13.32) and an additional 15 minutes for an HR professional (£8.65) to submit the action plan to the reporting service portal.
- 10.28. The total recurring annual cost per company with at least 250 employees is, therefore, £30.63. This is £340,034.45 for the UK
- 10.29. **Note 1d:** It is assumed reviewing and updating an existing action plan will take less time than the 30 minutes assumed necessary to produce an action plan in Year-1. It is therefore assumed it would take an HR professional 15 minutes to review and update an existing action plan.
- 10.30. These are best estimates of the time required but sensitivity analysis has been carried out using low and high estimates.

Costs to public sector:

- 10.31. **Context:** Public sector costs include the development of new guidance on the measure for organisations with at least 250 employees and developments to the existing gender pay gap reporting service digital platform, to add a portal for action plans to be submitted and to publish data on action plans. Costs for enforcement are also considered.

One-off guidance development costs: public sector

- 10.32. Guidance necessary to support organisations, with at least 250 employees, familiarise themselves with the requirements of the measure will be developed and published. This will include suggested actions for organisations to include on the relevant actions plan to reduce the risk and prevalence of sexual harassment in the work place.
- 10.33. Producing guidance would require an HEO analyst to undertake an evidence review of international best practice and draft guidance related to the measure. It would further require a grade 7 analyst to quality assure this work, a grade 7 policy professional and Senior Civil Servant to sign this off for publication.
- 10.34. The yearly pay of an HEO, in 2023/24, at the middle of the pay band is £37,300 for a member of staff outside of London. This is uplifted by 30% to cover non-labour costs to £48,490 a year.³¹
- 10.35. The yearly pay of a grade 7, in 2023/24, at the middle of the pay band is £56,550 for a member of staff outside of London. This is uplifted by 30% to cover non-labour costs to £73,515 a year.
- 10.36. The yearly pay of a Senior Civil Servant level 1, in 2023/24, at the middle of the pay band is £96,400 for a member of staff outside of London. This is uplifted by 30% to cover non-labour costs to £125,320 a year.
- 10.37. It is assumed it would take an HEO analyst 4 weeks to undertake an evidence review and draft new guidance related to this measure (£3,730.00) and it would take a grade 7 analyst 1 day to quality assure this work (£282.75). It is further assumed it would take a grade 7 policy professional and Senior Civil Servant 2 hours each to review and sign this off (£191.19). (See note 1e).

³¹ SCM Network [International Standard Cost Model Manual](#) (page 19) (viewed August 2024)

- 10.38. Incorporating new guidance related to this measure on the reporting service website is assumed to take a grade 6 analyst 3 weeks. This is based on internal conversations and past experience of conducting such tasks, for producing the existing.³²
- 10.39. The cost of a grade 6 analyst for three weeks, including the uplift for non-labour costs, is £5,021.25 and for a Senior Civil Servant for 1 hour is £60.25.
- 10.40. The total one-off costs of developing new guidance for the public sector is therefore £9,285.44 (see note 1c for comment on rounding).
- 10.41. **Note 1e:** The estimated time taken for an HEO analyst to produce an evidence review, for a grade 7 to quality assure an evidence review and a grade 7 policy professional and senior civil servant level 1 to sign off an analytical product is based on internal conversations and past experience of undertaking such tasks.

One-off digital development costs: public sector

- 10.42. The existing gender pay gap reporting service digital platform would need to be amended by a grade 6 analyst to allow:
- 10.43. organisations, with at least 250 employees, to submit action plans outlining the steps they will take to reduce the risk and prevalence of sexual harassment in their organisation
- 10.44. action plans from organisations with at least 250 employees, to be published on the reporting service website
- 10.45. a list of organisations, with at least 250 employees, who do not submit their relevant action plans to be published on the reporting service website
- 10.46. Based on internal conversations and experience of similar tasks, it is assumed that it will take 3 months of a grade 6 analyst to make the above changes to the reporting service digital platform and 1 hour for a Senior Civil Servant to review these changes
- 10.47. The yearly pay for a grade 6 analyst, at the middle of the pay band, is £87,035 including a 30% uplift for non-labour costs. The yearly pay of a Senior Civil Servant level 1, at the middle of the pay band, is £125,320 including a 30% uplift for non-labour costs.

³² Equality Hub (formerly Government Equalities Office), [Gender pay gap reporting: guidance for employers](#) (viewed August 2024)

10.48. The cost of a grade 6 analyst for 3 months, including the uplift for non-labour costs, is £21,758.75. The cost of a senior civil servant for 1 hour is £60.25. Therefore, the overall cost to the public sector of one-off website development is £21,819.00 (see note 1c for comment on rounding).

On-going enforcement costs: public sector

10.49. An enforcement process will be developed for EHRC to regulate non-reporting of action plans by organisations with at least 250 employees. The EHRC currently enforces gender pay gap reporting as described in its enforcement policy. Details of which are outlined on their website.³³

10.50. Where this measure increases the need for enforcement, it will be for the EHRC to determine if, and how, it wishes to meet that need. We assume that if additional staff or non-staff costs are needed the EHRC will act accordingly.

10.51. As that is an optional decision for the EHRC, we have not estimated any increase in their staff requirements or other costs as a result.

Summarise how values align with findings received from consultations

10.52. The costs listed have been developed to support the inclusion of delegated powers into the Employment Rights Bill. These powers allow the Secretary of State for Education, and Minister for Women and Equalities, to make secondary legislation on the measure.

10.53. As the content of any secondary legislation is detailed we will engage with relevant stakeholders including organisations that have at least 250 employees. Any new impact assessment required at that stage will reflect any updated costs as a result of that engagement.

Costs and benefits to business calculations

Total first year costs: Businesses

³³ Equality and Human Rights Commission, [Gender pay gap reporting](#) (viewed 2024)

- 10.54. Including familiarisation costs and year-1 delivery costs, total costs of this measure for organisations, with at least 250 employees, in the first year is £1,796,219 for the UK. See section 1 of this evidence base for details.

Total recurring annual costs: Businesses

- 10.55. The total recurring annual costs after year-1 of this measure for organisations, with at least 250 employees, is £340,034 for the UK (present value). See section 1 of this evidence base for details.
- 10.56. These costs have been discounted in line with the Standard Discount Rates and Associated Discount Factors outlined in HM Treasury's Green Book,³⁴ for years 2 to 10.

Total 10 year costs: Businesses

- 10.57. The total cost to business, discounted in line with the Standard Discount Rates and Associated Discount Factors outlined in HM Treasury's Green Book,³⁵ for the first 10 years of the measure is £4,383,065 (present value).
- 10.58. Total 10 year costs assume that annual delivery costs (outlined above) remain stable and are based on the number of organisations with at least 250 employees as calculated for 2024.

Impact on small and micro businesses

- 10.59. The measure outlined in this impact assessment is specific to large organisations, with at least 250 employees. There is no expected impact in terms of costs on small or micro businesses as a result.
- 10.60. It is intended this measure will support a reduction in sexual harassment in the workplace and in turn lead to wider benefits of greater equality. The benefit of greater equality is expected to be shared at a societal level.

³⁴ HM Treasury, [Green Book](#) (2022) (table 7)

³⁵ HM Treasury, [Green Book](#) (2022) (table 7)

Costs and benefits to households' calculations

- 10.61. The measure outlined in this impact assessment is specific to large organisations, with at least 250 employees. There are no costs for households as a result.
- 10.62. The measure is intended to reduce the risk and prevalence of sexual harassment in the workplace. The wider welfare benefits of the measure, which will affect households, are complex and difficult to quantify. However, as they will reduce sexual harassment they are assumed to be positive.

Business environment

- 10.63. The measure applies to organisations, with at least 250 employees, only. As such there are no barriers to entry into UK markets as organisations would already need to exist for the measure to apply
- 10.64. The measure has a small on-going annual cost per large company of £30.63. This cost is assumed to be low enough not to encourage innovation, prevent investment, or growth in a business.

Trade implications

- 10.65. As set out in the Better Regulation Framework guidance, all Impact Assessments must consider whether the policy measures are likely to impact on international trade and investment.
- 10.66. The measure applies to organisations, with at least 250 employees, and has a small on-going annual cost per large company of £30.63. This cost is assumed to be low enough not to encourage innovation, prevent investment, or growth in a business.
- 10.67. From a legal standpoint, the policy does not impact international trade as it is compliant with international obligations and does not have any implications for trade partners or foreign businesses operating in the UK.
- 10.68. The preferred option will not introduce requirements on foreign-owned companies that go above and beyond those which are UK-owned.

Environment: Natural capital impact and decarbonisation

- 10.69. The measure applies to organisations, with at least 250 employees and we expect that there is no or negligible impact on the environment, natural capital, and decarbonisation as a result of this measure. The regulation does not directly relate to environmental or decarbonisation goals.

Other wider impacts

- 10.70. The measure applies to organisations, with at least 250 employees, and does not have an effect on the impact of those businesses on other areas not outlined elsewhere in this impact assessment. This includes areas such as public health, defence, national security, animal welfare, systemic risk, market resilience.

Overall benefits

- 10.71. The overall benefits of this measure include wider welfare benefits from a reduction in sexual harassment in the workplace. It is likely this measure would produce a range of benefits from a reduction in the proportion and number of employees who are sexually harassed in the workplace, a reduction in the number of cases brought to the Employment Tribunal, and improved equality in the workplace. Companies who are seen to deal strongly with sexual harassment are likely to get a boost to their reputation, increasing trust in employers, which may help to attract customers, clients and talent. These are complex and difficult to quantify or monetise; however, their impact on households and businesses is expected to be positive.
- 10.72. Most calculations on the economic impact of equality for businesses are significantly broader in range than this measure. For example, McKinsey Global stated that if women were to participate in the economy identically to men they could add as much as 26% to annual global GDP by 2025 (from 2016).³⁶ It is expected, however, robust workplace protections provides for a happier workforce and concomitantly a more productive workforce:

³⁶ McKinsey Global Institute, [The Economic Benefits of Gender Parity](#) (2016)

- Krekel and others (2019) find a positive correlation between employees' satisfaction with their company and employee productivity, and a strong negative correlation with staff turnover.³⁷ Additionally they find higher wellbeing at work to be positively correlated with more business-unit level profitability. These benefits are dependent on individual organisations and their circumstances.

10.73. Furthermore, Goal 5 of the United Nations Sustainable Development Goals is to “achieve gender equality and empower all women and girls”.³⁸ The UN states that gender equality is “...not only a fundamental human right but a necessary foundation for a peaceful, prosperous and sustainable world”. The goal goes on to discuss economic impacts (through unequal participation in the labour market), impacts on sexual violence, exploitation of women and discrimination in areas like public office.

10.74. There will also be non-monetised benefits from companies supporting the wellbeing of employees. Employees may feel safer, particularly in customer facing roles and when working with contractors.

Public sector equality assessment

10.75. The Employment Rights and Trade Union Bill will include a delegated power in order to enable a Minister of the Crown to make regulations in relation to obligations or principles that an employer must comply with or have regard to in order to combat workplace harassment. This will enable secondary legislation to be made at a later date specifying evidence-based steps which some or all employers must take and aims to which they must have due regard, if further analysis and policy development were to suggest such provisions may be effective. However, for the purpose of this impact assessment we have assumed that this intervention will require companies with more than 250 employees to create and publish an action plan to tackle sexual harassment in the workplace.

10.76. It is expected that the introduction and publication of sexual harassment action plans will have a positive effect across the protected characteristics of sex, age, race, disability and sexual orientation. We have not identified any significant negative equality impacts in relation to this policy proposal.

³⁷ Krekel and others, [Employee Wellbeing, Productivity, and Firm Performance](#), Saïd Business School (2019)

³⁸ UN, [Goal 5: Achieve gender equality and empower all women and girls](#) (viewed August 2024)

- 10.77. With regard to sex,³⁹ the Government survey found that men were almost as likely to experience workplace sexual harassment as women in 2019-20 (the incidence of experiencing harassment was 30%⁴⁰ among women and 27% among men) although there were differences in the types of sexual harassment experienced.⁴¹ In comparison, a 2020 CIPD report⁴² found that women are significantly more likely than men to report they have experienced bullying and sexual harassment in the workplace (17% versus 13% and 7% versus 2%, respectively). It is therefore difficult to say whether women are significantly more likely to experience workplace sexual harassment. However, what is clear is that individuals of both sexes can experience harassment and, while there is no evidence regarding the introduction of sexual harassment action plans, it is reasonable to infer that a new duty would have a positive equality impact across all three limbs of the PSED in relation to the characteristic of sex.
- 10.78. With regards to age it is expected that the measure will have a positive impact on the working age population. However, younger employees are more likely to experience workplace sexual harassment, therefore we believe it will be particularly beneficial for this age group. The Government survey on sexual harassment found that, in 2019-2020: 42% of 16-24 year olds, 44% of 25-34 year olds, 30% of 35-49 years olds, and 13% of over 50 year olds had experienced harassment. We therefore consider that this proposal will have a net positive impact as regards age, with no negative impact upon those who are not of working age.
- 10.79. The Government survey also found that 32% of respondents from an ethnic minority background experienced sexual harassment in the workplace in 2019-2020. This compares with 28% of White respondents and sits above the prevalence amongst the UK working population (29%). It is clear that those from ethnic minority backgrounds are more likely to experience workplace sexual harassment, and therefore could benefit from any positive steps employers may, including introducing sexual harassment action plans.
- 10.80. With regard to disability, the Government survey found that those with a highly limiting disability (44%) were more likely to have experienced workplace sexual harassment in the last 12 months (2019-202) than those with no disability (25%). Therefore, for those people

³⁹ The survey explicitly asked respondents for their gender and not sex. Transgender participants were analysed based on their selected gender but not analysed separately; this was due to a recognition that their experience will differ significantly from LGB and will require separate analysis

⁴⁰ This is a statistically significant higher proportion than the 29% of the UK working population who had experienced sexual harassment in the workplace in the last 12 months

⁴¹ Equality Hub (formerly Government Equalities Office), [2020 Sexual Harassment Survey](#) (2020)

⁴² Chartered Institute of Personnel & Development, [Managing conflict in the modern workplace](#), (2020), p.20. Information is based on a survey of employees conducted by YouGov Plc in September 2019

who have a highly limiting disability and are in work, any efforts employers make to tackle workplace harassment could have a more marked positive effect across all elements of the PSED.

- 10.81. With regard to sexual orientation, evidence shows that LGB workers are more likely to experience sexual harassment than heterosexual workers. A targeted 2019 TUC survey of LGBT workers found that 68% of respondents had experienced at least one form of sexual harassment at work (recognising that this survey also included transgender respondents).⁴³ These results are supported by those within the Government survey, which found that 43% of LGB⁴⁴ people had experienced sexual harassment in the last 12 months (2019-2020), compared to 28% of heterosexuals. As such, a reduction in the prevalence of sexual harassment would likely have a positive impact on this group.
- 10.82. Under the Equality Act 2010's harassment protections the relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation. To date, there is no evidence to suggest that this policy will have specific impacts on people with other protected characteristics, although it is believed that any intervention that leads to a reduction in the prevalence of sexual harassment in the workplace will have a net positive impact.

Risks and assumptions

- 10.83. The details of the measure will be outlined in secondary legislation (see section 2 of this evidence base for details). The option outlined is expected to be reflected in that secondary legislation but is subject to change as that legislation is developed. Any changes will affect the costs included in this impact assessment.
- 10.84. The assumptions that support this measure will be tested through engagement as part of the development of secondary legislation. Those assumptions include:
- The measure requiring organisations with at least 250 employees to produce an action plan outlining how they will reduce the risk and prevalence of sexual harassment in their organisations and report on the contents of this

⁴³ TUC, [Sexual harassment of LGBT people in the workplace](#), (2019) p.8. Survey is based on a sample of 1,001 adult LGBT workers (not weighted) in Great Britain who have worked within the last five years. No specific definition of sexual harassment was used, meaning a range of experiences is captured by the data

⁴⁴ Data from transgender respondents was analysed based on their selected gender but not analysed separately; this was due to a recognition that their experiences will differ significantly from LGB and will require separate analysis

- The number of organisations in the UK with at least 250 employees who this measure applies to
- The roles and responsibilities of the people involved in producing, signing off and submitting action plans to the reporting service portal
- The time required to produce or update, sign off, and submit action plans to the reporting service portal
- The feasibility of organisations with more than 250 employees producing action plans outlining steps to be taken to tackle sexual harassment
- Action plans and a list of organisations who do not submit action plans being submitted and published on the reporting service website
- Requirements for organisations to submit updated action plans each reporting year to the reporting service portal
- Implementation of action plans produced by organisations with at least 250 employees is optional and will not be enforced
- The risks associated with the measure relate to the ease with which it can be implemented and the likely effect that producing action plans will have on reducing the risk and prevalence of sexual harassment in the workplace.

10.85. Mitigation will be supported through engagement with a) organisations that have at least 250 staff that this measure relates to and b) organisations that have produced action plans to reduce the risk and prevalence of sexual harassment in the workplace.

Sensitivity analysis

10.86. Sensitivity analysis was considered in generating the costs used in this impact assessment. Specifically it considered the impact on estimated costs of changes in the number of organisations with at least 250 employees over time, and time requirements for key staff to undertake necessary steps associated with the measure.

Changes in the number of organisations with at least 250 employees

- 10.87. The total recurring costs after year-1 per company with at least 250 employees is £340,034 in 2024 prices. This is a total UK cost, for the first 10 years of £4,383,065 assuming that there is no additional growth in the total number of organisations with at least 250 employees from the 2024 calculated number of 11,102.
- 10.88. If the number of organisations with at least 250 employees continued to increase at the compound annual growth rate of 1.76% each year until 2033, the total UK cost, for the first 10 years, is £4,610,468.
- 10.89. If the number of organisations with at least 250 employees continued to increase at the compound annual growth rate of 3% each year until 2033, the total UK cost, for the first 10 years, is £4,783,532.
- 10.90. Even at a much higher growth rate for organisations, with at least 250 employees, of 3%, the increase in costs (£400,468) is less than the first year costs of £1,796,219.

Time requirements for key staff

- 10.91. Cost to business is dependent on time required for key staff to carry out necessary activities associated with familiarisation and delivery. Best estimates were made for time requirements (see section 1 of the evidence base for details) however sensitivity analysis considered the impact on costs if time requirements were significantly higher (+100%) or lower (-50%).
- 10.92. One-off familiarisation costs for business were estimated to be £122.51 per company with at least 250 employees, assuming 1 hour of each key staff member's time is required.
- 10.93. An upper estimate was calculated if the time required was 2 hours per staff member (£245.03) and a lower estimate was calculated if 30 minutes per staff member was required (£61.26).
- 10.94. Year-1 delivery costs for business were estimated to be £39.28 per company, assuming this required 30 minutes for an HR professional to draft an action plan, 15 minutes for a Chief Executive or Senior Official to review and sign off, and 15 minutes for a HR professional to submit to the reporting portal.

- 10.95. An upper estimate of £78.56 was calculated if the time required was 1 hour for an HR professional to draft, 30 minutes for Chief Executive or Senior Official to review and sign off, and 30 minutes for an HR professional to submit.
- 10.96. A lower estimate of £19.64 was calculated if 15 minutes was required for a HR professional to draft the action plan, 7.5 minutes for a Chief Executive or Senior Official to review and sign off and 7.5 minutes for a HR professional to submit.
- 10.97. Recurring annual costs for businesses after year-1 were estimated to be £30.63, assuming this required 15 minutes for an HR professional to update an action plan, 15 minutes for a Chief Executive or Senior Official to review and sign this off, and 15 minutes for a HR professional to submit this to the reporting service portal.
- 10.98. An upper estimate of £61.26 was calculated if the time required was 30 minutes for an HR professional to draft the action plan, 30 minutes for Chief Executive or Senior Official to review and sign off, and 30 minutes for a HR professional to submit.
- 10.99. A lower estimate of £15.31 was calculated if 7.5 minutes was required from an HR professional, 7.5 minutes from a Chief Executive or Senior Official and 7.5 minutes for an HR professional to sign off.
- 10.100. Confidence in best estimates of time requirements: Best estimates for key staff time requirements are based on the time required and key staff involved in conducting similar activities as detailed in past impact assessments that supported the Workplace harassment: legal protections under the Equality Act 2010⁴⁵ and the Gender Pay Gap Regulations.⁴⁶ See section 1 of the Evidence Base above. As such, confidence in best estimates of time requirements and the cost of key staff is reasonable.
- 10.101. As secondary legislation is developed, assumptions about time requirements will be tested through engagement with organisations that have at least 250 staff that this measure relates to and further with organisations that have produced similar action plans to fully understand the process and to assess the overall impact of this measure on business. Following this, we will update this impact assessment with any additional evidence.

⁴⁵ Equality Hub (formerly Government Equalities Office), [Workplace harassment: legal protections under the Equality Act 2010](#) (2021)

⁴⁶ Equality Hub (formerly Government Equalities Office), [Gender Pay Gap Regulations Impact Assessment](#) (2016)