

PARLIAMENTARY DEBATES

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OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT COMPANIES (MISCELLANEOUS
REPORTING) REGULATIONS 2018

Wednesday 4 July 2018

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The Committee consisted of the following Members:

Chair: MR VIRENDRA SHARMA

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| † Baron, Mr John (<i>Basildon and Billericay</i>) (Con) | † Robinson, Mary (<i>Cheadle</i>) (Con) |
| † Charalambous, Bambos (<i>Enfield, Southgate</i>) (Lab) | † Rowley, Lee (<i>North East Derbyshire</i>) (Con) |
| † Esterson, Bill (<i>Sefton Central</i>) (Lab) | † Shelbrooke, Alec (<i>Elmet and Rothwell</i>) (Con) |
| † Fabricant, Michael (<i>Lichfield</i>) (Con) | † Smith, Nick (<i>Blaenau Gwent</i>) (Lab) |
| † Griffiths, Andrew (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) | † Smith, Royston (<i>Southampton, Itchen</i>) (Con) |
| † Harris, Rebecca (<i>Lord Commissioner of Her Majesty's Treasury</i>) | † Stephens, Chris (<i>Glasgow South West</i>) (SNP) |
| † McCarthy, Kerry (<i>Bristol East</i>) (Lab) | † West, Catherine (<i>Hornsey and Wood Green</i>) (Lab) |
| † Mackinlay, Craig (<i>South Thanet</i>) (Con) | † Zeichner, Daniel (<i>Cambridge</i>) (Lab) |
| † Malhotra, Seema (<i>Feltham and Heston</i>) (Lab/Co-op) | |
| | Gail Poulton, <i>Committee Clerk</i> |
| | † attended the Committee |

Sixth Delegated Legislation Committee

Wednesday 4 July 2018

[MR VIRENDRA SHARMA *in the Chair*]

Draft Companies (Miscellaneous Reporting) Regulations 2018

2.30 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths): I beg to move,

That the Committee has considered the draft Companies (Miscellaneous Reporting) Regulations 2018.

It is a pleasure to serve under your chairmanship, Mr Sharma, even in this somewhat sticky weather.

The UK has an international reputation for the strength of its corporate governance framework, which gives us a competitive advantage and is important in making the UK an attractive place to work, invest and do business. One of the reasons we have maintained that reputation is that we have kept our corporate governance framework up to date by conducting reviews and making improvements from time to time.

In that spirit, in November 2016 the Government published a Green Paper on corporate governance reform, which focused on ways to improve shareholder scrutiny of executive pay and strengthen boardroom engagement with employees, customers, suppliers and other stakeholders; it also looked at the case for strengthening corporate governance in large privately held businesses. The backdrop to the Green Paper was public disquiet about high executive pay, which over the past two decades has grown much faster than pay generally. The largest increases occurred between 1998 and 2011—they have now stabilised—when mean pay of FTSE 100 chief executive officers rose from £1 million to £4.5 million.

Michael Fabricant (Lichfield) (Con): Is my hon. Friend aware that John Lewis Partnership plc has an arrangement in its trust deed that no one can earn more than 75 times the lowest paid person in that company? Although that ratio may not be appropriate for FTSE companies, does he not think there is merit in having that type of maximum pay range?

Andrew Griffiths: I thank my hon. Friend and constituency neighbour for raising that point. The John Lewis Partnership is an exemplar of the way businesses should deliver corporate governance. It has a well-earned reputation for doing the right thing. Although it would be wrong of us to be prescriptive about pay ratios, sunlight is the best antiseptic, and this kind of transparency will change behaviour.

Catherine West (Hornsey and Wood Green) (Lab): There is good practice in certain local authorities where chief executives are paid only 10 times what, say, a cleaner is paid. A chief executive's role is complex, but pay should not be excessive, so I would say that 10 times is about right. What does the Minister think of that?

Andrew Griffiths: The hon. Lady makes a good point. It is not just in private business that we see good behaviour. My hon. Friend the Member for Lichfield alluded to John Lewis, but there are lots of examples of local authorities where there is pay restraint, accountability and transparency. That is very important. It is not for me at this stage to dictate what multiplier is good or bad, but I think we have all been astounded by some of the sums that have been paid to chief executives of local authorities—incredible sums that would make even a premier league manager blush.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): In the spirit of the previous interventions, I rise to acknowledge the work of John Spedan Lewis, who set an early trend for having women at the top and in corporate governance roles by talking about the importance of a woman being the financial secretary of a company and keeping everything in check. I also support the points that were made about the importance of a multiplier. Will the Minister clarify what the draft regulations mean by “employees” in comparison with workers?

Michael Fabricant: On a point of order, Mr Sharma. This is not really a point of order—it is a sort of helpful intervention—but I am going to say it is one. I just want to point out that Andy Street, who was the managing director of John Lewis, nominated a woman to run that company, not just to be secretary.

The Chair: Thank you—we take your point. I call the Minister.

Andrew Griffiths: I am not sure whether it is the heat, but there is certainly a lot of excitement in the Committee Room. Perhaps I can calm things down a little bit, first of all by agreeing with the hon. Member for Feltham and Heston. She is absolutely right: pay restraint and doing the right thing in relation to employees is an important element of good corporate governance, but making sure that women take their rightful place in the boardroom in senior positions is hugely important. I am delighted to see the recent figures from the Hampton-Alexander review, which show that only 10 of the country's biggest companies now have male-only boards. I think that is 10 too many and have written to each one of those businesses to ask why they cannot find, among the millions of fantastic women in the workplace today, just one woman good enough to take up a position on their board. It is unacceptable. The hon. Lady is absolutely right.

There were concerns about boardrooms being remote, unrepresentative and disconnected from employees and the experiences of ordinary people. There was also heightened interest in the standards of corporate governance in large private companies in the wake of the failure of BHS and some other large private companies. There is growing awareness that large private companies can have an economic importance similar to that of listed companies. Their size means that their conduct and governance can have an equally significant impact on the interests of employees, suppliers, customers, pensioners and others.

Catherine West: Will the Minister update the Committee on whether employees will be sitting on company boards?

Andrew Griffiths: I will be delighted to come to that point, but I hope the hon. Lady will bear with me a moment.

The Government's response, announced in August last year, set out nine key reform measures. There was a combination of new statutory reporting requirements and changes to the UK corporate governance code, which is the responsibility of the Financial Reporting Council, and industry-led measures. The regulations we are debating today will implement the four new company reporting elements of the reform package.

First, large companies will be required to explain in their annual reports how their directors have complied with the requirements of section 172 of the Companies Act 2006, including the need to have regard to employee interests and fostering business relationships with suppliers, customers and others. Investors and the public are increasingly interested in how companies take account of stakeholder views and interests, because they are important to a company's long-term, sustainable success. The information will make it easier for shareholders to hold companies to account and encourage directors to think more carefully about how they take account of such matters.

Secondly, very large companies will need to make a statement about their corporate governance arrangements, including whether they follow a corporate governance code and if so, how. That requirement will encourage directors to consider the robustness of their existing arrangements and the ways in which they are communicated. Extra transparency will also strengthen public confidence in the way large private companies are run.

Thirdly, quoted companies with more than 250 UK employees will be required to publish pay ratios comparing the CEO's remuneration to median employee pay and employee pay at the 25th and 75th quartiles. The ratios will need to be accompanied by an explanation, including the reasons for an increase or decrease in the ratio from year to year and whether the median pay ratio is consistent with the pay, reward and progression policies for UK employees as a whole. The hon. Member for Feltham and Heston asked which employees are taken into account. We think it would be difficult for companies to include those who are employed through agencies, as they are not directly responsible for paying those employees, so they would not be included within that pay ratio. The information will give shareholders new information to help them assess whether pay at the top is justified and consistent with pay and incentive arrangements in the rest of the workforce.

Finally, quoted companies will be required to illustrate more clearly for shareholders the impact of future share price growth of 50% on the value of share-based incentive plans. That will give shareholders a better understanding of how significant share price growth over a performance period will increase executive pay. It will also encourage remuneration committees to consider, if appropriate, whether any discretion should be exercised to avoid mechanistic pay outcomes.

None of those reporting requirements will apply to small businesses. As the Minister responsible for small business, I am keen to ensure that regulation does not become over-burdensome. The measures are aimed at quoted, large and very large companies. The total costs

for business arising from the new reporting requirements are expected to be £16.7 million in year one and £9.8 million annually thereafter.

The reporting obligations complement and in some cases reinforce other elements of the corporate governance reform package. They should not be seen in isolation. For example, the new regulation 14, requiring large private companies to make a statement about their corporate governance arrangements, is linked to work being undertaken by James Wates to develop corporate governance principles suitable for use by large private companies. Those principles are being consulted on with a view to finalising them by the end of the year, but we expect that many companies will use them as an appropriate framework when making a disclosure about their corporate governance arrangements under the new reporting regime.

Importantly, the Financial Reporting Council has a new UK corporate governance code. The new requirements on companies to state how they have had regard to the employee and other wider stakeholder interests set out in section 172 of the Companies Act will help to underpin revisions to the code. Those revisions include a new code principle establishing the importance of boardroom engagement with stakeholders and a new provision requiring boards, on a comply-or-explain basis, to establish at least one of three robust methods of gathering the views of the workforce: having a director appointed from the workforce, having a formal workforce advisory panel, or having a designated non-executive director. The FRC has been consulting on those changes and expects to publish the final, revised code on the 16th of this month.

In addition, the Investment Association, at the Government's request, has launched a public register—a world first in transparency—of companies encountering significant shareholder dissent of more than 20% to executive pay packages and other resolutions. That shines a stronger light on companies that are not listening to their shareholders, and in particular on companies that face significant opposition in successive years.

Catherine West: Will the Minister give way?

Chris Stephens (Glasgow South West) (SNP): Will the Minister give way?

Andrew Griffiths: I will make some progress, if I may. I think I have been quite generous in giving way.

The final part of the regulations relates to reporting by community interest companies. The Companies (Audit, Investigations and Community Enterprise) Act 2004 requires CICs to produce a community interest company report annually, including information about directors' remuneration. The regulations clarify that small CICs must report on their directors' remuneration. That obligation was inadvertently removed when associated provisions regarding small companies were repealed in the course of implementing the accounting directive in 2015. That was not part of the corporate governance reform package, but the regulations present a good opportunity to remedy the gap. It is uncontroversial and does not involve any change in policy—indeed, small CICs have continued to file the information.

I hope the Committee will support the regulations.

2.44 pm

Bill Esterson (Sefton Central) (Lab): It is a pleasure to serve under your chairmanship, Mr Sharma, and to debate this important set of regulations. There is much in them to welcome. It has taken us two years to get to this point from the Green Paper but we must celebrate success when it is on us, and we do—with some questions, as the Minister would expect, I am sure.

The Government propose a series of changes, yet questions have not been addressed in the regulations, so I would be interested in the Minister's response. For example, does he foresee the Government proposing corporate governance commitments on companies' attitudes and policies on their carbon footprint, reducing waste or using recyclable packaging? Will commitments be proposed to support suppliers through the supply chain in areas such as access to apprenticeship programmes or prompt payment? What requirements should be in place as a result of Government contracting?

I mentioned prompt payment, and the Carillion fiasco reminds us that treatment of suppliers is not always as we would want: 30,000 suppliers are owed £2 billion, which they are highly unlikely ever to see. Will the Minister give his thoughts on where we will go from here and on when the Government might make proposals not just for companies to consult, discuss and publish how they have done in their annual report, but for practical action to ensure that such things do not happen in supply chains?

My hon. Friend the Member for Hornsey and Wood Green mentioned seats on boards for workers. That has been discussed by the Government, as has the question of seats for suppliers and other stakeholders. What plans are there for such changes to boards? The former Prime Minister, David Cameron, proposed a 20:1 ratio—slightly different from the 75:1 figure for the John Lewis Partnership. What is the Government's thinking? A number of figures have been mentioned but the Minister has not given one.

Catherine West: While my hon. Friend is pursuing this line of questioning, perhaps an assessment could be made of the construction industry, where Persimmon, Berkeley and other large companies have paid themselves massive bonuses yet created few affordable homes for people to live in.

Bill Esterson: My hon. Friend is quite right to raise that point, given that we are talking about private sector companies. Perhaps it is time for the Government to consider wider corporate governance issues in the private sector. The directors to whom she referred have benefited from public money and success for such companies has come through the Government's Help to Buy scheme, where unfortunately, despite the Government's intention, money has gone to the directors rather than helping people who desperately need somewhere to live. Last year, Labour's manifesto had commitments on the 20:1 ratio for the public sector and companies involved with public contracts. Might the Government be in a position to do something similar?

I agree that improving relationships and consulting stakeholders is important. Doing so with employees is also important, so I will return to employees. Consulting, discussing and publishing the results of those discussions

is one thing, and action is quite another. I am interested in the Minister's thoughts on what can be done with the findings of such consultations. If consultations are just a talking shop and the results have to be published, what is the point? What is a company's motivation other than to look good in reports?

Members of the Committee will have had the TUC's briefing. It has raised a number of concerns. It said—the Minister touched on this in his opening remarks—that the whole workforce need to be engaged, and that these regulations should be about engaging with workers as a whole and not just with employees. I remind the Committee that the TUC estimates that 740,000 people in the UK today are working through an employment agency, 450,000 earn most of their income through personal service companies and 500,000 people are in bogus self-employment. Significant numbers of people are in indirect employment and their indirect employment is often with the companies covered by the regulations.

I hear what the Minister has to say about the difficulty of having direct control, but is there not a danger that some employers will take the opportunity to act less than scrupulously and use indirect employment as a way to avoid their responsibility under the regulations? Sadly, we have seen too much of that kind of behaviour in our economy and the mistreatment of people in precarious situations is a growing and dangerous part of how our economy functions. Not only is it bad for working people, but it creates an unfair competitive advantage and undercuts those employers who want to do the right thing—those businesses that want to act in a responsible way. I urge the Minister to take that point on board, in the spirit of its being good for workers and good for businesses.

The TUC also raised the point about the size of businesses covered by these regulations. For listed companies the regulations use the established definition of a large company, which in this case is one with more than 250 employees, but, for reasons that the Minister might want to explain, for private companies the figure is 2,000. The TUC has drawn to our attention the fact that the gender pay gap reporting requirements use the same lower figure for public and private. I stand ready to be corrected by the Minister, but that is my understanding from the information coming from the TUC. Why is there a difference between the reporting requirements for gender pay and for pay ratios, if that is indeed the case? If it is not, and they are both 2,000 for private companies, I would still want to know why there is a difference between private and public.

Michael Fabricant: Will the hon. Gentleman give way?

Bill Esterson: I will take the opportunity to find my place in my notes.

Michael Fabricant: I always try to be helpful. Does the hon. Gentleman not agree that although these rules of course concern companies and corporate law, perhaps other organisations should fall under such a remit, such as universities, where some vice-chancellors, we hear, earn astronomical wages?

Bill Esterson: Yes, of course—I do not think there is any doubt about that—but this is about the private sector. I quoted the figure in our manifesto for the

public sector. Perhaps the hon. Gentleman is advocating that the Conservative party should make similar proposals of its own for the public sector? I welcome his conversion to the cause and support for Labour's manifesto from last year in the spirit in which his intervention was no doubt intended.

The other point I want to raise with the Minister concerns the FRC's responsibilities and enforcement. Perhaps he could start by describing how enforcement has happened with the gender pay gap regulations and what examples have been received, in what I think is just over a year since those regulations came into force, of the need for the FRC to intervene and whether they have found companies that are not compliant. He quoted the policy of "comply or explain"; perhaps he can say whether he has considered what happens if the answer is always to explain and if we do not have compliance. I would be interested in his thoughts on the level of enforcement that has already gone on with the gender pay gap, and on how enforcement will happen for these regulations.

A lack of enforcement of the prompt payment code was one reason so many ended up in such a precarious financial position as suppliers of Carillion. The Minister and I have debated before the difficulties of enforcing the prompt payment code. This debate is an opportunity to remind him that good enforcement is essential for the regulations to have any meaning, and to encourage him in that regard. Perhaps the Minister could tell us how he envisages that and also give examples of how the FRC will be able to deliver that enforcement.

Catherine West: The shadow Minister makes some excellent points. Does he agree that the failure of Carillion and larger firms to pay small suppliers on time is not the only trouble caused? When those firms go bust many apprentices lose their jobs and roles; they are cast away. There should be some penalty for companies when the bosses walk away and the poor apprentices are left with no future.

Bill Esterson: My hon. Friend is absolutely right. When a company goes bust not a lot can be done to support apprentices. That is a problem with legislation, in that suppliers are unsecured creditors. It is very unlikely that the 30,000 Carillion suppliers will get a penny of the £2 billion owed to them. Money will go first to secured and preferential creditors.

In the case of Carillion, directors appear to be able to retain considerable bonuses and other payments received as a result of running Government contracts in a very unsatisfactory way for a number of years. They do not seem to be the ones who suffer when things go wrong. That is a question we can explore today and take further on another occasion. I am interested to hear from the Minister how the regulations will be enforced and how they will lead to better corporate governance for the good of all stakeholders: the business, the wider workforce—as the TUC rightly says—and shareholders.

2.57 pm

Chris Stephens: I do not know which of my questions have been put by the shadow Minister, but my key concern is that, as I understand the regulations, the UK Government plan to wait five years before assessing

whether further action needs to be taken. If after the first or second year, we have not seen any change in company behaviour on pay ratios, will the Minister monitor, review and consider taking action at that stage? Five years may be too long to wait.

The shadow Minister mentioned Carillion. When I sat on the Carillion joint inquiry, I was astonished to see that bonuses for directors and shareholder dividends were given a far higher priority than the management of the pension fund. The money that Carillion was not putting into the pension fund was a key concern.

That brings me to my next question to the Minister. Many of the companies that will have to comply with the regulations have public sector contracts. If those companies do not comply with the regulations or maintain pay ratios that are a cause for concern, what would that mean for public sector procurement? Those companies are effectively making millions out of taxpayers when they get public sector contracts. Have Ministers discussed what happens if those companies do not change their behaviour?

I also wish to echo the comments on the gender pay gap made by the shadow Minister. That does seem to be growing and is a cause of concern for us all.

2.59 pm

Andrew Griffiths: I thank all hon. Members for a debate that has challenged the nature of the proposals and raised some important questions, which I will address as quickly as I can.

The hon. Member for Hornsey and Wood Green raised the issue of employees on boards. These regulations, plus the new provisions of the corporate governance code, significantly strengthen the employee voice in the company boardroom while driving up accountability. For the first time, all large companies will have to report each year on how they have regard to their employees' interests and the impacts of that. Strengthening the employee voice at board level will happen at different levels. Given the huge variety of companies in the UK and the different ways that groups operate and are structured, one method would not suit, but as I laid out earlier, the range of options to ensure that the employee voice is heard in the boardroom is adequately addressed in the regulations.

To reiterate the point about employees and not the wider workforce being covered, the regulations are being made under the Companies Act 2006, and we are using the definition of an employee in that Act, which is someone employed under a contract of service by the company. It is not for the regulations to redefine what is meant by an employee. We did not consult on that matter, which is part of a much bigger employment rights question. For instance, a person employed by a company under a zero-hours contract would be regarded as an employee for the purpose of gathering that information.

Catherine West: To clarify, what other protection will there be for non-employees, such as other agency workers?

Andrew Griffiths: The hon. Lady will know that, as part of our enforcement, we have doubled the amount we are putting into protecting those on the lowest pay. We are increasing resources in the Employment Agency

[Andrew Griffiths]

Standards Inspectorate to protect agency workers. Through our work in relation to the Matthew Taylor review, we are specifically looking at what we can do to strengthen the protections for agency workers and give them more rights and more clarity in relation to who employs them and the pay that they should receive. It is part of a wider corporate governance package and a wider set of protections for workers such as those employed by the Employment Agency.

Bill Esterson: I am glad the Minister mentioned the Taylor review, which was published a year ago. There is a great deal of frustration about how long it has taken to get responses to it and for action to be taken as a result. Perhaps the Minister could indicate when the Government will come forward with proposals and a response to that work?

Andrew Griffiths: The hon. Gentleman is impatient. I announced our response to the Taylor review in my second week as the responsible Minister. The consultations closed two weeks ago, and we are busily working on a response to them, which we will come forward with as soon as possible. We are keen to ensure that we deliver a whole new set of rights and protections to workers across the United Kingdom, and we are keen to demonstrate that we do not need the European Union to protect workers' rights. We are committed to extending and going further and faster in this country.

Alec Shelbrooke (Elmet and Rothwell) (Con): My hon. Friend does himself a disservice, because when that report was published, he immediately came to the House and spoke about clamping down on unpaid internships, which is an issue close to my heart. As he says, the Government are leading on rights. I have introduced Bills about that in all the Parliaments I have been in, and Conservatives are taking the latest private Member's Bill about it through the House of Lords. I congratulate him on all the work he has been doing on the Taylor review.

Andrew Griffiths: I thank my hon. Friend for those kind words, but there is no doubt that he has led the way on these protections. I commend him for the steadfastness and determination that he showed in ensuring that we bring in protections for some of the most vulnerable people in the workplace.

The hon. Member for Sefton Central pretty much asked why we are not implementing the Labour party proposal for a pay ratio of no more than 20:1. It is not for the Government to set arbitrary caps on individual companies. We will drive the transparency and accountability that can expose unjustified executive pay, and that is what we are doing with pay ratio reporting. The Labour party's proposal is fraught with legal and other difficulties. Would a Labour Government extend the 20:1 pay ratio to non-UK companies bidding for Government contracts? That would raise state aid and World Trade Organisation issues. If they would not, that would put UK contracting companies at a clear disadvantage. There is no sense to the proposal that the Labour party puts forward.

In relation to prompt payment, on which we share common ground, we all want to ensure that small and medium-sized enterprises in particular in this country are paid promptly and fairly. Section 172 and the draft regulations require companies to set out their relationship with their contractors and how they treat their supply chain. Another part of this important corporate reform that the Government are bringing forward is payment practice reporting. That is now live and we are seeing real evidence of how bigger companies pay their supply chain. That will go a long way in providing the kind of evidence, transparency and changes in behaviour that we want in this country.

Bill Esterson: Will the Minister give way?

Andrew Griffiths: I think I have given way quite enough. We have been going for some considerable time, and as the temperature rises I know that right hon. and hon. Members would like us to draw this to a close.

I think the hon. Member for Sefton Central raised the issue of Persimmon and asked why there are not greater consequences. There were consequences for Persimmon: there was a vote of shareholder dissent—something that this Government introduced—that went on the register that this Government introduced, and the chair of the remuneration committee and the chairman of the company resigned. Those are consequences of its actions and they clearly demonstrate that there is real benefit to the reforms we are bringing in.

There was a question about enforcement and Government checks on compliance and non-compliance. If Companies House finds that a company has not submitted a report, for example by shareholders, and a company fails to comply, the Insolvency Service can bring forward measures from its criminal enforcement team. The Secretary of State has authorised the Financial Reporting Council to report proceedings concerning effective accounts, directors' reporting and strategic reports, to obtain an order that directors prepare a revised report.

On clawbacks, particularly in the Carillion matter, the hon. Member for Sefton Central will know that many of the points he raised are addressed in our corporate governance Green Paper, to which we have had many responses. It looks specifically at clawbacks, particularly in relation to director pay and bonuses. That consultation has now closed and we will respond to it in the very near future.

The hon. Member for Glasgow South West always makes important contributions in these kinds of debates. He rightly asked about the five-year deadline for a review. I alluded earlier to the fact that this is a constant iteration and reassessment of whether corporate governance rules are effective and doing the job we want them to do. It is perfectly possible that, if we see an area of corporate governance that is not working, we will revisit it sooner than in five years, to ensure that it is working properly.

The hon. Member for Glasgow South West also raised the subject of public sector procurement, which the Government are keen to address. I point him to the speech made by the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Hertsmere (Oliver Dowden), last week when he brought forward

new measures on public sector procurement, not only to ensure that it is easier for SMEs to bid for and win public sector and Government contracts but to look at the wider good of a company's activities. That can include charities and third sector groups. There will be much more flexibility for smaller businesses to make a real contribution to their economy and community if they win public sector contracts.

The draft regulations will give shareholders important new information about executive pay and encourage boards to consider carefully how it relates to the pay of other employees. For the first time there will be specific reporting on how directors have regard to stakeholder and other matters in section 172 of the Companies Act.

We will raise standards of corporate governance in large private businesses. Alongside changes to the corporate

governance code, the regulations will improve how our largest companies engage at board level with employees, customers, suppliers and stakeholders. They will improve boardroom decision making, deliver more sustainable business performance and build wider public confidence in the way businesses are run. They will ensure that our corporate governance framework remains the world's best. I commend the draft regulations to the Committee.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Companies (Miscellaneous Reporting) Regulations 2018.

3.11 pm

Committee rose.

