



BANK OF ENGLAND

Speech

Gender diversity is good for wider diversity and greater inclusion

Speech given by

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Women of the Square Mile 2019, London

15 May 2019

I am grateful to Shelagh Prosser for her assistance in drafting these remarks and colleagues across the Bank, most notably Kiran Bance, Simon Davis, Lizzie Levett and Paul Wright, for their input

Introduction

I am delighted and proud to be speaking at this important event celebrating the significant progress made on advancing gender equality in the Square Mile. I know that all of you in this room are committed to championing a better gender balance in your respective organisations and to recognising the importance of female role models.

At the Bank of England we have long recognised that to pursue our mission, we must reflect the diversity of the people we serve. Promoting diversity and inclusion is a top strategic priority for the Bank's executive team and Court of Directors. The Governor, Mark Carney, and the Chair of Court, Bradley Fried, have both often spoken publically on the importance of equality and inclusion and are committed to seeing real and sustainable progress.

We have set ourselves stretching but achievable targets in respect of increasing the representation of women and BAME colleagues at all levels of the business. We have pushed forward on a wide range of initiatives designed to improve diversity in our recruitment, development and retention of talent and have encouraged staff networks to form and thrive.

As the Bank's gender champion my role is to raise awareness and keep a spotlight on our work to advance diversity and inclusion, although accountability for progress is of course held by all senior leaders and managers across the Bank.

Having diversity metrics, and better understanding the experiences of different colleagues, provides the necessary foundation for designing appropriate and evidence based actions. I did not always recognise the need for targets or the vital role that staff networks play in enabling the business to make progress. I thought that the business case for diversity, coupled with both the moral imperative of treating people fairly, and the willingness of business leaders would inevitably lead to change. But a willingness, even if from everybody is not enough. I now know it is about 'Deeds not words'.

So how is the Bank delivering on our commitment to greater diversity and inclusion? Given the theme of today's conference I will focus the next 15 minutes giving you a flavour of our approach to advancing gender equality within the context of advancing wider diversity.

Point One: Where we are now

In 2014, we made 'Diverse and Talented' the first pillar of our inaugural Strategic Plan. During 2017, we launched our Inclusion Strategy to help strengthen our diverse and inclusive culture - bringing together our work on diversity, community and well-being.

As part of the strategy we have set challenging targets for gender and BAME representation. Our aim is that by 2020 female representation in our senior roles will be 35% and will be 50% below senior management. Our BAME targets are to increase representation in senior management to 13% by 2022 and 20% below senior management by 2020.

Having targets helps to focus minds; are an open and transparent way of expressing the Bank's goals; and ensures accountability. We are pleased to say that we are making significant progress against our targets. Women make up 31% of our senior managers compared to 17% in 2013 and they make up 46% of colleagues below senior management. BAME representation below senior management is now 19%. We recognise we have more to do to increase the representation of BAME staff in senior roles as currently this stands at 5%. We are taking forward a range of actions to improve recruitment and retention of BAME talent.

In promoting wider diversity, there is no silver bullet. And that is why it is important to develop a range of initiatives. That is our approach at the Bank.

First, we are making sure that our recruitment methods are as inclusive as possible to enable us to attract talent from as wide a pool as possible. In 2018 we extended the use of anonymous recruitment (previously used for our early careers programmes) to all of our recruitment processes. This means that when hiring managers sift they do not see the candidate's name, age or personal information. This ensures the process is unbiased and more objective as it is only focused on information relevant to the vacancy.

Last year we introduced pooled (or co-ordinated) recruitment for senior appointments. This allows us to group our choices whenever we make senior appointments rather than appointing in isolation. Making bunched decisions is proven to improve the diversity of choices. This is borne out by our data. Of the 15 promotions to Head of Division level between May 2018 and February 2019 since we introduced pooled recruitment, 53.3% were women. This process is also helping us to enhance our talent pipeline by allowing us to identify development actions to support those applicants who are close to being selected.

We have made great strides in diversifying the pool of graduate applicants by increasing the number of universities we visit, developing several cross-university diversity focussed events and broadening the range of degree disciplines we consider. Of the 78 offers for the 2019 Graduate Development Programme, 46% were to female candidates and 39% to declared BAME candidates, compared with 32% female and 29% BAME in 2018 and 40% female and 30% BAME in 2017. This is the most diverse outcome on both ethnicity and gender since we began recording the diversity of graduate intakes.

And, we want greater diversity at all points of entry to the Bank. For example, as at the end of January this year, 42% of the Bank's 'apprenticeship starts' (that is all colleagues – new or existing – who have started an apprenticeship) were female.

Taking a career break can affect an individual's confidence to return to work and this can be the experience of many women who are out the workplace for five years or more for caring or other reasons. This is a loss of talent and so to attract and support professionals wanting to return to the workforce in 2018 we piloted a Career Returners programme, in partnership with Women Returners, a specialist return-to-work organisation. The programme offered a paid placement of six months with the possibility of a permanent role at the end of the assignment period. A sort of 'try before you buy', so individuals unsure about whether to return to the workplace could see if it fitted in to other commitments. We offered 16 placements (the majority of whom were women) and 15 of these went on to secure full-time roles. Following this successful pilot we will be running the programme again in 2019.

But we know that recruiting diverse talent is not enough; we have to develop and retain our talent and so diversity and inclusion is embedded into our development opportunities and programmes.

The Bank has been piloting a sponsorship programme to support progression into senior management. This focuses on BAME and female colleagues and aims to break down hidden barriers to progression.

Sponsorship is intended to be an influential professional relationship, where sponsors help sponsees to identify assignments and opportunities to hone their skills and increase their experiences. The pilot group consists of 19 colleagues at the scale just below Head of Division and is 84% female. The success of the pilot has encouraged us to expand the reach of the programme later this year to more BAME colleagues and to include those with disabilities within its scope.

As well as sponsorship we recognise that mentoring (both formal and informal) can have a positive impact on an individual's confidence to progress their careers. That's why we launched our One Bank Mentoring Scheme in 2017 and ensured it is open to all staff. Between June 2018 and February this year we had 477 Mentee applications, of whom 60% were women.

In terms of retention, ensuring that our pay and reward processes are free from bias plays a vital role. We report on our gender pay gap annually and as at 30 March 2019 the mean gender pay gap was 20.2% and the median gender pay gap was 23.0%, our lowest since we started reporting in 2017. We have also been conducting equal pay audits for more than 10 years and are confident that colleagues are paid equally for doing the same job at the Bank and that pay decisions are free from bias.

The main reason for our organisation-wide pay gap is an imbalance of male and female colleagues across the Bank. Currently there are fewer women in senior roles than men and there is also a higher proportion of women relative to men in lower scales. However, with the implementation of the initiatives I have talked about, we hope to see the tide turn on this in the future. Already we have seen a small decrease in the gender pay gap this year from last year of just over 1%. We know this is slow but we are moving in the right direction.

We are encouraged by our lower attrition rates for females - at the end of April the resignation rate for men at the Bank was 7.1% male and 6.4% for women. This compares with 8.3% and 8.1% for men and women respectively in April 2018.

Point Two: Developing an inclusive culture

We want to create a workplace where individuals feel able to be themselves and can thrive. We recognise that inclusion is a choice that needs to be consciously cultivated and reinforced in order to become part of our culture. It requires an ongoing focus: leading by example, challenging non-inclusive behaviours, and letting others feel comfortable to also challenge these behaviours. One of the ways we do this is by ensuring that diversity and inclusion runs through our Management Competencies framework, underpinning each individual competency.

We revised our framework in 2019 to ensure it captured what we need from our managers and to ensure the competencies reinforce the Bank's values.

And we revised our management training offering to closely align it to the competencies. This training includes bite-sized workshops, which were developed by an in-house faculty of our senior leaders, who also facilitate these sessions. Having some of our great managers develop and lead these sessions has proved very successful; not an outsourced provider, not HR, but people across the business who are recognised as strong managers and will help train our pipeline.

Inclusive leadership is integral in achieving the culture we want within the Bank. This is why we have sought to develop our senior leadership through sessions in inclusive leadership behaviours this year and are following this up with a programme of practical 'nudges' that remind leaders of the session and what they can do differently in everyday behaviours. The nudges are short activities which help individuals observe the behaviours of their self and others. Together, the nudges will help to further build skills as an inclusive leader, covering issues such as bias, micro-aggressions and in/out groups.

A crucial element of developing an inclusive culture is enabling individuals to achieve an optimum work-life balance. Flexible working is available to all colleagues in the Bank (except where there are genuine operational constraints). Offering flexible working when we advertise a role is now the norm rather than the exception. Currently 14% of colleagues work on a formal part time arrangement and it is used more widely than ever by men. I am pleased to say that in August 2018 the Bank was named in a survey by Glassdoor as being in the top ten Highest Rated Companies for Work-Life Balance today.

It is good to see that flexible working options are being taken up at all levels of the Bank. In January 2019 18% of our senior management were working part time and this includes our HR Executive Director role – a job share between a male and female colleague. This arrangement was recently recognised in the Power

Job Sharers category of the Timewise Power 50 2019 awards. But flexible working isn't just about part-time contracts. We don't have core hours, so colleagues can work hours that suit them, taking into account other commitments. I come in at a different time every day and leave at a different time depending on my meeting schedule and family commitments.

Another important contributing factor to cultural change is our staff networks. We are proud to have a wide range of networks, each focused on providing peer support to members and challenge and input to the senior leadership team. Our Women in the Bank (WIB) staff network was established in 2007 and works with colleagues across the Bank to identify and tackle the hidden barriers and biases that can hold women back – both in terms of professional development and job satisfaction. The network aims to inspire and enable and is open to all – men and women. Recent activities include: bringing together staff from across the Bank under the banner of "Is it OK to...?" (inspired by the TV show, 'The Last Leg', in which viewers ask taboo-breaking questions about disabled people) to ask similar questions in the gender equality space; supporting the development of women through various activities and events; and hosting a number of speaker events, a recent one being with Dr Helen Pankhurst - a descendant of leaders of the British suffragette movement and a champion of women's rights today, to celebrate Vote100 - the centenary of women over 30 in the UK obtaining the right to vote. The Threadneedle Street building was also lit up in the suffrage colours (green, white and purple) and the suffrage flag flown for the day.

An important dimension of WIB is WIB Allies, chaired by two male colleagues, which aims to broaden the reach of the WIB network beyond its core demographic, to bring together all colleagues who care about gender diversity. Prior to launching WIB Allies in June 2018, we developed a "why should you care" narrative for interested staff, the main elements of this are: that issues traditionally regarded as "women's issues" are increasingly relevant for all (e.g. parental leave) and that diversity, including gender diversity, drives an improved workplace culture which in turn improves the performance of the organisation.

Point Three: Further progress

The gender profile of the Bank today demonstrates just how far we have come since the Bank was founded in 1694. Despite the decision that the new institution's corporate seal should depict a female, Britannia, it is ironic that for the first two hundred years of its existence women remained non-existent. It was not until 1893 that the Bank employed its first women. These two women were recruited to do the work done then by boys of 15 to 18, namely sorting and listing returned notes. This was despite the fact that both women, Mary and Janet, had First Class Degrees from Oxbridge.

Point Four: The Bank as a role model

Advancing gender equality is not just about the actions we take internally, it is also about taking action to promote the Bank as a role model to the wider world.

In 2016 we hosted the launch of the Women in Finance Charter (WiF) and pledged our support by becoming a signatory of the Charter. The Charter requires us to implement measures to strengthen the accountability of our executive team for progress in their areas, as well as appointing an executive to champion gender diversity across the Bank.

In its role as a regulator the Bank has, where possible, sought to advance gender equality. The Prudential Regulation Authority has actively required banks (since 2015) and more recently insurers to have a policy to consider a broad set of qualities and competencies when recruiting board members and to promote diversity among them. In August 2016, we sent a letter to the Chair of every regulated bank to remind them of their responsibilities under the PRA handbook regarding diversity on their boards. In 2017 the PRA committed to use gender neutral language in its communications with firms to encourage equality and diversity at regulated firms. Non-gender neutral references such as 'chairman' have been dropped and generic individuals are now addressed as 'their' rather than 'his/her'. This is something we aim to do in all Bank publications.

Through its role in financial markets, the Bank has a broad programme of engaging with contacts right across the financial sector – banks, insurers, hedge funds and asset managers for example – to gather insights to inform the Bank's policy committees. We call this our 'market intelligence' programme. We know that to gather the best information, and so make the best decisions, we need to reach out to a truly diverse set of contacts. The Bank's Markets Directorate is focussing over the coming year on a range of initiatives to make sure we engage with a more diverse group of contacts through this work, including more women, consistent with the Bank's support for the Women in Finance charter.

The Bank also employs a network of regional agents across the UK to gather intelligence on local economies and to ensure the Bank's key policy messages are delivered to a diverse audience. As part of this the agencies host events to enable local communities and members of the public to share views and experiences. The agency network is also responsible for hosting policymaker visits within their regions giving policymakers the opportunity to liaise directly with people outside London.

Conclusion: How all of this has a positive impact on gender diversity

We are committed to building on the initiatives I have talked about to ensure that the Bank is recognised as an employer of choice and as a place which encourages engagement from different groups in society.

We have made progress but recognise that there is more to do, not only in respect of gender diversity but also in ensuring that people feel able to join and thrive in the Bank regardless of their identity.

We know that advancing gender diversity and wider inclusion requires a cultural change and that this takes time but we can say that we have started the journey and are well down the road.

Thank you