

Committee(s): Equality, Diversity & Inclusion - For Information	Dated: 7/03/2023
Subject: Socio-Economic Diversity Taskforce	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3, 5 & 8
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Executive Director of Innovation & Growth, Damian Nussbaum	For Information
Report author: Olivia Larkin, Head of Skills Policy, Innovation and Growth	

Summary

In order to boost productivity and levelling up opportunities, HM Treasury and the Department for Business, Energy & Industrial Strategy [commissioned](#) the City of London Corporation to lead a two-year independent taskforce. This taskforce intended to improve socio-economic diversity at senior levels in UK financial and professional services. The taskforce had a vision of 'equity of progression' – where high performance is valued over 'fit' and 'polish'.

The Taskforce conducted the first full sector **data collection** to establish a baseline of socio-economic diversity at senior levels across UK financial and professional services, launched a **membership body**, Progress Together, to drive socio-economic diversity at senior levels across UK financial services, conducted an **industry wide consultation** with employers, sector bodies, regulators and Government to understand what they can all do to boost socio-economic diversity across the sector, and developed a **business case** to highlight why boosting socio-economic diversity at senior levels is the right and smart thing to do for your organisation.

Recommendation(s)

Members are asked to:

- a) Note this report
- b) Continue to draw attention to the need for better socio-economic diversity at senior levels

- c) Promote and support the reports created by the Socio-Economic Diversity Taskforce, including adopting recommendations into the City of London Corporation's EDI agenda.

Main Report

Background

1. In order to boost productivity and levelling up opportunities, HM Treasury and the Department for Business, Energy and Industrial Strategy commissioned the City of London Corporation to lead a two-year independent taskforce. This taskforce intended to improve socio-economic diversity at senior levels in UK financial and professional services. The taskforce had a vision of 'equity of progression' – where high performance is valued over 'fit' and 'polish'.
2. The Taskforce was based on research by the Bridge Group in 2020, which showed that there is a need for change. The research showed that 89% of senior roles in financial services were held by people from higher socio-economic backgrounds (defined by parental occupation at 14).
3. The Taskforce convened over 100 organisations across a range of financial and professional service sub-sectors and regions across the UK. The Taskforce conducted hundreds of hours of roundtables and interviews, consulted extensive literature, conducted the largest sector-wide data on socio-economic diversity (Building the Baseline Survey Report) and launched Progress Together, a membership body focusing on progression, retention and socio-economic diversity in the financial services sector.
4. The taskforce was led by a Strategy Steering Group:
 - a. Catherine McGuinness, (Chair of the Socio-Economic Diversity Taskforce)
 - b. Alderman Vincent Keaveny (Chair of Progress Together and Late Lord Mayor of the City of London)
 - c. Sandra Wallace (Partner and joint managing director for UK & Europe at DLA Piper)
 - d. Andy Haldane (CEO at Royal Society of Arts, Manufactures and Commerce, Chair of Levelling Up Advisory Council, and former Chief Economist at Bank of England)
5. The taskforce ran from May 2021-November 2022.

Current Position

6. The Taskforce had three key outputs, supported by three delivery partners – Deloitte, Connectr and PwC:
7. **Industry consultation** and roadmap on how government, regulators and sector bodies can incentivise employer action. The industry consultations

sought views from regulators, sector bodies, employers and Government. Roundtables gathered industry views in partnership with the Investment Association, TheCityUK, The Law Society, London Chamber of Commerce, and the ABI. As well as meetings with Government representatives include Ministers Lee Rowley, John Glen and Kemi Badenoch, and MPs Caroline Nokes and Harriet Baldwin.

- a. The results of the consultation were published in late November 2022 in the form of the **Breaking the Class Barrier Recommendations Report**. This report provides every business in the financial and professional services sector with access to a ground-breaking Five Point Pathway to boost socio-economic diversity at senior levels. The Five-Point Pathway sets out what employers, sector bodies, regulators and the government can do to boost socio-economic diversity. Through following the pathway, organisations can break the class barrier to create a sector that attracts the best and most diverse talent and supports their long-term success. The report sets an ambitious sector-wide target to see 50% of senior leaders across the sector from working class and intermediate backgrounds by 2030.

8. **Development of a membership body for financial services, focusing specifically on progression**, a safe space to share best practice / benchmark against sector peers. The Taskforce created, [Progress Together](#) which Together aims to drive socio-economic diversity at senior level across UK financial services. Progress Together brings employers together, enabling them to share best practice with peers and clients, benchmark against each other in a safe environment, gain access to toolkits, best practice, workshops and firm to firm mentoring. Progress Together can help any organisation at any stage in its socio-economic diversity journey.

- a. The City of London Corporation is one of 12 Founding Partners of Progress Together and plans to continue its Founding Partner status in Year Two and Three (subject to approval from Policy & Resources Committee)

9. **A productivity analysis**, to build the business case for socio-economic diversity at senior levels.

- a. In November 2021, the Taskforce launched a baseline survey asking employees across UK financial and professional services to anonymously share their socio-economic background, level of seniority, and their views on career progression. Using the results of the Baseline survey, we launched the [Building the Baseline: Breaking the Class Barrier Report](#) in August 2022. The report was the first of its kind to baseline socio-economic diversity at senior levels across the UK's financial and professional services and the largest cross sector data collection to date. Its findings are based on over 9,000 responses from 49 organisations and a secondary data analysis which covered 300,000 employees in the sector.
- b. The [Business Case Report: Who Gets Ahead](#) was a landmark report which explored the business benefits of increasing socio-economic diversity at senior levels in UK financial and professional services. Highlighting that not only is addressing this issue the right thing to do,

but it is vital for businesses in attracting and retaining the best and brightest talent. This report highlights how boosting socio-economic diversity at senior levels in the UK financial and professional services has a multitude of business benefits while also being the right thing to do. The report explores productivity, cost of wasted talent, license to operate, innovation and intersectionality.

10. Although the Taskforce has ended, its aims have not. Going forward, we want to see the financial and professional services sector working collectively to follow the [Recommendations Report and Five-Point Pathway](#) and use [Who Gets Ahead: The Business Base report](#) to drive action. Those in the financial services are encouraged to join [Progress Together](#). Through doing this, together, we can break the class barrier in the financial and professional services sector.

Proposals

11. The City of London Corporation should continue its commitment to promoting and supporting the agenda and aims of the Socio-Economic Diversity Taskforce beyond its completion. The most important step in doing this is by following the Five Point Pathway from the Recommendations Report.

Corporate & Strategic Implications

Financial implications

12. None – the Taskforce was funded primarily by Section 106 funds and following the recommendations from the report will support and be led by the EDI Directorate

Strategic implications

13. The Taskforce aligned with the “supporting a thriving economy” aspect of the City of London Corporation business plan by modelling a new way of delivering a more inclusive and sustainable growth. It also has helped identify the skills shortages and ability to invest in relevant skills and diverse talent pools in the City and across the UK.

Resource implications

14. The success of this project impacts the creation of the membership body Progress Together. This body is continuing the work of the Socio-Economic Diversity Taskforce in working with the financial services organisations in the City.

Risk implications

15. Reputational risk of not working towards improving this strand of diversity and inclusion after championing it in the financial and professional services sector.

Equalities implications

16. Positive. The Taskforce has worked towards improving socio-economic diversity at senior level in UK financial and professional services. The reports it has created should be used as guidance for the City of London Corporation when addressing its own diversity and inclusion agenda.

Climate implications

17. Indirectly positive - the Taskforce worked on a strand of ESG skills.

Security implications

18. None

Conclusion

19. This report is for committee members to note and support the involvement of the City of London Corporation in playing a central part in advancing the improvement of socio-economic diversity in the financial and professional services sector.

Appendices

Appendix 1: Taskforce Reports

[Building the Baseline: Breaking the Class Barrier Survey Report 2022](#)

In November 2021, the Taskforce launched a baseline survey asking employees across UK financial and professional services to anonymously share their socio-economic background, level of seniority, and their views on career progression. The aim was to create a sector where employees progress according to performance, not background. Using the results of the Baseline survey, we launched the [Building the Baseline: Breaking the Class Barrier Report](#) in August 2022. The report was the first of its kind to baseline socio-economic diversity at senior levels across the UK's financial and professional services and the largest cross sector data collection to date. Its findings are based on over 9,000 responses from 49 organisations and a secondary data analysis which covered 300,000 employees in the sector. Some key findings of this report were:

- 45% of senior leaders are white males from professional backgrounds compared to 1% of senior leaders that are ethnic minority females from working class backgrounds.
- Employees from professional backgrounds are 43% more likely to be senior level compared to their working class peers.
- Employees from working class backgrounds are 2 times more likely to report that their backgrounds have negatively impacted their career.

Breaking the Class Barrier Recommendations Report

The industry consultations sought views from regulators, sector bodies, employers and Government. Roundtables gathered industry views in partnership with the Investment Association, TheCityUK, The Law Society, London Chamber of Commerce, and the ABI. As well as meetings with Government representatives include Ministers Lee Rowley, John Glen and Kemi Badenoch, and MPs Caroline Nokes and Harriet Baldwin.

This report provides every business in the financial and professional services sector with access to a ground-breaking Five Point Pathway to boost socio-economic diversity at senior levels. The Five-Point Pathway sets out what employers, sector bodies, regulators and the government can do to boost socio-economic diversity. Through following the pathway, organisations can break the class barrier to create a sector that attracts the best and most diverse talent and supports their long-term success. The report sets an ambitious sector-wide target to see 50% of senior leaders across the sector from working class and intermediate backgrounds by 2030. The aim is to achieve parity by having socio-economic diversity at the top of organisations which is at least equivalent to the current average across all employees at all levels in the sector, which we know is 50% according to ONS data.

The Five Point Pathways points are:

1. Assign clear accountability and responsibility to senior leaders.
2. Collect data on the socio-economic background of employees at all levels
3. Take action to increase socio-economic diversity at senior levels and monitor what works
4. Set organisation targets to increase socio-economic diversity, specifically at senior levels
5. Publish data and what activities have worked

Who Gets Ahead: The Business Case

This was a landmark report which explored the business benefits of increasing socio-economic diversity at senior levels in UK financial and professional services. Highlighting that not only is addressing this issue the right thing to do, but it is vital for businesses in attracting and retaining the best and brightest talent. This report highlights how boosting socio-economic diversity at senior levels in the UK financial and professional services has a multitude of business benefits while also being the right thing to do. The report explores productivity, cost of wasted talent, license to operate, innovation and intersectionality. A key quote from the report highlighting the business case states that:

“The profits of organisations focusing on social mobility are 1.4x higher than their competitors. Put simply, companies which prioritise inclusion improve their talent pool: they broaden it, by bringing different attributes, skills and mindsets into the organisation; and they deepen it, by allowing more of their people, to be more productive, more of the time.”

To find out more visit: www.whogetsahead.co.uk

Appendix 2: Supporting Information

- [Taskforce commissioning letter](#)
- [The Social Mobility Commission's Financial and Professional Services Employer Toolkit](#)
- [The Bridge Group's research on 'Who gets ahead and how?'](#)
- [The Social Mobility Foundation's Social Mobility Employer Index](#)
- [Social Mobility Pledge](#)
- [Employer's Social Mobility Alliance \(ESMA\)](#)