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Department for
Business, Energy
& Industrial Strategy

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COMMISSION FOR A TASKFORCE TO BOOST SOCIO-ECONOMIC DIVERSITY IN UK FINANCIAL AND PROFESSIONAL SERVICES

The Government is committed to maintaining a strong and globally competitive financial and professional services sector in the UK. Getting the right leadership is key to tackling the range of strategic challenges and opportunities facing these critical areas. The best way to get the right people at the top is to ensure that all talented people have the opportunity to succeed.

We are attaching to this letter a commission for a taskforce to boost socio-economic diversity at senior levels in financial and professional services across the UK.

The taskforce will have three workstreams:

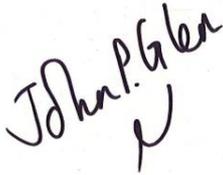
- 1) Leading an industry consultation on how government, regulators and sector bodies can incentivise employer action on socio-economic diversity;
- 2) Creating a membership body/peer network for financial services, to increase employer engagement and accountability in delivering socio-economic diversity at senior levels (akin to similar bodies that already exist for law and accountancy);
- 3) Producing a productivity analysis, to build the business case for increasing socio-economic diversity at senior levels in financial and professional services.

We are grateful for the City of London Corporation's willingness to take on this work. We are sure you do not underestimate the importance of this work in supporting the Government's levelling up agenda.

As we have learned from HM Treasury's Women in Finance Charter, sustained commitment from industry leaders can create meaningful change. In addition to the wider societal imperative, there are real business benefits to creating a more diverse workforce. Increasing diversity of thought and creating a culture where everyone can fulfil their potential can increase innovation and enable better decision making. This will ultimately lead to more productive and more

competitive financial and professional services sectors. We hope that firms will seize the opportunity the taskforce provides to develop a more diverse pipeline and ensure they are truly recruiting and promoting on merit.

We expect the City Corporation to report back on the impact and findings of the taskforce by November 2022, with the first taskforce meeting due to take place in May 2021, and a series of bilateral engagements prior to this. During the life of the taskforce, we expect progress to be fed back to Government through quarterly Strategy Steering Group meetings. We look forward to working in partnership with you on these important issues.

Handwritten signature of John P. Glen in black ink, written in a cursive style.

JOHN GLEN

Handwritten signature of Nadhim Zahawi in black ink, written in a cursive style.

NADHIM ZAHAWI

Commission of a taskforce to boost socio-economic diversity in UK financial and professional services

Context

Organisations such as the Social Mobility Commission, Sutton Trust, and the Social Mobility Foundation have highlighted the unequal access to roles in financial and professional services. Reassuringly, the sector has already begun to take action. Employers have never been more focused in their efforts to reach out to local schools, build up a talent pipeline and create fairer recruitment practices.

Where there is a gap however, is in retention and progression. Evidence from the Social Mobility Commission shows that both financial services and professional services have worryingly high class pay gaps. Recent research by the Bridge Group undertaken across seven employers in the financial services sector shows that socio-economic diversity remains lacking even at junior levels; and is acutely lacking in more senior roles. Importantly, talented people from lower socio-economic backgrounds waste energy assimilating to dominant cultures. This has serious implications for individual and organisational productivity, as well as individual wellbeing. This builds on Bridge Group research recently undertaken in the legal sector, looking at pathways to partnership.

Without progression being addressed alongside recruitment, real change cannot take place. Addressing socio-economic diversity at senior levels will support the Government's objectives to boost productivity and level up opportunity across the UK.

HM Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) invite the City of London Corporation to lead an independent taskforce to boost socio-economic diversity at senior levels in UK financial and professional services.

Objectives

The intention of this taskforce is to engage employers and encourage action through raising the profile of socio-economic diversity. Its vision is for equity of progression - where high performance is valued over 'fit'.

The taskforce aims to boost socio-economic diversity at senior levels in UK financial and professional services.

The taskforce will have three workstreams:

- 1) Leading an industry consultation on how government, regulators and sector bodies can incentivise employer action on socio-economic diversity;
- 2) Creating a membership body/peer network for financial services, to increase employer engagement and accountability in delivering socio-economic diversity at senior levels (akin to similar bodies that already exist for law and accountancy);
- 3) Producing a productivity analysis, to build the business case for increasing socio-economic diversity at senior levels in financial and professional services.

Governance

The taskforce will be chaired by Catherine McGuinness, Chair of the Policy and Resources Committee, City of London Corporation and three Co-Chairs: Alderman Vincent Keaveny (Senior Alderman, City of London Corporation), Sandra Wallace (Interim Chair of Social Mobility Commission), and Andy Haldane (Chief Economist, Bank of England).

The Chair and Co-Chairs will constitute the quarterly Strategy Steering Board, which will provide strategic direction to the taskforce.

The three workstreams will be led by taskforce members who are senior level financial and professional services professionals, or experts in the field of socio-economic diversity. The taskforce will meet four times prior to the end date of November 2022. The taskforce members will be supported by three working groups of subject matter experts, who will meet monthly throughout the period. City of London is responsible for all chair, taskforce member and subject matter expert appointments on an independent basis and these will not be Government appointments.

This structure will be supported by delivery partners PwC, Deloitte and MyKindaFuture.

The taskforce is being conducted on an independent basis. Government will be represented as an 'observer' at the quarterly Strategy Steering Board meetings. Regulators will be invited to attend meetings on the first workstream in an observer capacity only. They will however be able to participate fully in workstreams without a regulation focus.

Workstreams 1 & 3 will make recommendations for industry, regulators, sector bodies and policy makers. The recommendations will be presented to HM Treasury and BEIS for consideration. Workstream 2 will set up a membership body/peer network. This will launch and be functioning during the 2021/22 City

of London mayoralty, to drive employer action on socio-economic diversity at senior levels.

Government officials will have monthly check-ins with the City of London Corporation and the delivery partners throughout the period, to determine impact and provide guidance as necessary.

Contact point

Financial services and professional services firms interested in getting involved in the taskforce's work should contact socio-economicdiversity@cityoflondon.gov.uk.