



BANK OF ENGLAND

Mark Carney
Governor

The Rt Hon Nicky Morgan MP
Chair of the Treasury Committee
House of Commons
Committee Office
London
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19 March 2019

Dear Nicky,

At the Treasury Select Committee hearing on Tuesday 26 February, you asked about experiences of BAME colleagues at the Bank of England and the issues we had discussed at the November meeting of the Bank's Court of Directors. I promised to write to update you on the latest actions that the Bank is taking to maintain momentum regarding our Diversity and Inclusion agenda, particularly those elements most relevant to BAME colleagues.

As you know, Diversity and Inclusion is a top priority for the Bank. Having a diverse workforce is essential to delivering our mission to promote the good of the people of the United Kingdom by maintaining monetary and financial stability. It is extremely important for us, as a public institution, to reflect better the public we serve.

As I detailed in my letter to the Committee of 4 July 2018, the Bank has made considerable efforts in recent years to enhance diversity in all of its forms. We report publicly and transparently on the range of initiatives we now have in place as well as our progress towards the targets we have set on a regular basis.

As the Minutes of our recent Court meeting testify, senior management and Court regularly track progress and the effectiveness of current initiatives.

Our strategy is working, with major progress over the past five years. For example, at end-December 2018, BAME representation was 18.5% against our target of 20% of staff below senior management by 2020. This compares with BAME representation amongst Bank staff below senior management of 13% as of December 2013 and of 14.5%¹ in the UK working age population. The Bank's graduate recruitment of BAME staff is improving year on year. 39% of the offers we have made for the 2019 Graduate Programme were to BAME students, this compares to 28% last year and 22% in 2017.

¹ ONS annual population survey labour statistics for Oct 2017-Sep 2018

However, there is scope for further improvements and we are continuing to look for ways to maintain momentum on Diversity and Inclusion. That is why Court returned to this issue at its most recent meeting in February. In particular, Court discussed the need to do more to improve representation of BAME colleagues, especially at senior levels, and to improve both retention and the working environment for BAME individuals. As I noted at the hearing, the turnover rate of declared BAME colleagues is higher than that for the Bank as a whole – at 9.2% compared with 7.5% as of January 2019. We also have some way go to meet our ambitious targets for BAME representation within senior management at the Bank: BAME representation in senior management was 5.2% in December 2018, compared with our target of 13% by 2022.

In recent weeks, Court tasked the Bank's HR Directors, working together with the co-chairs of our Ethnic Minorities network (BEEM), to put forward recommendations to further improve the retention and progression of BAME colleagues to accelerate progress on inclusion.

Following a review, the Bank's Governors supported all of the recommendations. We have created a BAME Diversity taskforce, chaired by Sir Dave Ramsden and attended by members of Court, the executive and members of BEEM, with the responsibility to ensure the Bank delivers on the action and maintains momentum. The taskforce will report regularly to the Bank's Governors and Executive Directors.

The specific actions that the taskforce are divided into three categories:

1. Supporting progression of BAME colleagues

To ensure our BAME colleagues have pathways to leadership roles at the Bank, we are reinforcing our Sponsorship programme for diverse talent and our reciprocal mentoring scheme by broadening participation to include the Bank's Governors. We are also rolling out an inclusive leadership training programme for colleagues to support the progress of diverse talent into senior roles. In addition, we will ensure that the teams working on our strategies and organisational goals are diverse and inclusive, and therefore representative of BAME colleagues.

2. Supporting our ethnic minorities network (BEEM)

BEEM has achieved much since its foundation in 2012. This includes: implementing a successful reciprocal mentoring scheme which sees an average of 150 colleagues participating each year, including many senior managers; setting up, with HR, the Bank's African/ African-Caribbean scholarship programme, which has awarded 9 scholarships to date; ensuring the Bank marks significant dates in the calendar such as Black History Month, Diwali and Chinese New Year every year, with the Governors hosting events open for for all staff. In addition, the network continues to arrange events for the whole Bank to raise awareness, most recently inviting Sir Trevor MacDonald and Baroness Doreen Lawrence in to speak.

For all of the Bank's networks, sponsorship is an important aspect of the senior leadership involvement in the inclusion agenda, each network has an executive sponsor and Governors regularly attend network meetings and events.

We want to give a clearer remit to the BEEM network and further enhance the visible support of their work within the organisation. To do this, we will provide a seat at the table for our BEEM network at

senior committees when diversity issues are discussed² to ensure BAME specific issues are always included in the conversations. We will also encourage our senior leadership to continue to attend and participate in BEEM events. This is a key way to role model inclusivity.

3. Ensuring greater accountability for BAME progression throughout the organisation

The Bank publishes a huge amount of diversity data externally and internally and has done so since we first set diversity targets in the early stages of my term. The Bank has also signed up to the Women in Finance charter and adhere to all of its reporting guidelines. We published our BAME pay gap for the first time in our 2018 Annual Report, and ran a Bank-wide event to explain the results and hear from our staff on further actions.

We are currently reviewing the metrics we report to make sure they identify hotspots in terms of BAME recruitment, progression or retention. This enhanced reporting will be reviewed regularly by the Bank's Governors and Executive Directors. To help ensure accountability, managers' participation in the Bank's inclusion agenda will be assessed in their annual performance reviews.

I trust this letter demonstrates the Bank's ongoing commitment to achieve a transformation in this area and to continue to progress our diversity and inclusion agenda more broadly. By doing so, we will improve our ability to achieve our mission of promoting the good of the people of the United Kingdom by maintaining monetary and financial stability.

Yours
Mark

² Other networks will be invited to senior committees when relevant subjects are discussed.