



BANK OF ENGLAND

Speech

Building an inclusive culture: Are opportunities enough?

Speech given by

Joanna Place, Deputy Governor, Chief Operating Officer

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Setting the scene

This conference celebrates the progress of women in the financial sector but also seeks to assess the role of the 'Women in finance' initiative and how it is helping corporations and institutions in our journey towards gender balance. I am sure we can agree that most institutions are benefitting from the evidence and narrative in the Gadhia report and actions on the back of that such as the formalisation of targets, monitoring and accountability.

I want to take a look back at how the Bank of England has progressed in terms of building an inclusive culture and I will address the specific question of whether creating opportunities is itself enough to achieve gender balance. At the Bank we recognise that to pursue our mission, we must reflect the diversity of the people we serve. And it is well established that diversity leads to more creative thinking, reduces the risks of groupthink and means teams are better able to deal with risks when they crystallise. But as pointed out by the Governor in his speech last year, it is inclusiveness that unlocks the true value of an organisation's diversity.

I will focus on my personal experience of the Bank over my 30 year career as we have continued to build a more inclusive culture for all. I will focus on gender progression, but want to note that this is only part of our story. We know that from the metrics we track, we are more diverse now than we have ever been in our history, if we look at BAME, LGBT, disability or part time working.

In terms of answering the question, I will look first at the initiatives we have introduced to remove barriers to equal opportunities; second, how we have ensured a pipeline of diverse talent and how we have translated that pipeline into appointments; and third what mechanisms we have put into place to ensure accountability.

The Bank of England was founded in 1694. At that time, the Bank's Court of Directors, its governing body, decided that the new institution's corporate seal should depict a female, namely Britannia. And as many of you know, we are often referred to as the Old Lady of Threadneedle Street – the result of a cartoon in May 1797 named 'Political-ravishment, or the Old Lady of Threadneedle Street in danger!'. This was in reference to the Pitt government making demands on the Bank's gold to finance its war efforts. Yet, despite these female references, for the first two hundred years, women in the Bank remained non-existent; it was not until 1893 that the Bank employed the first women; Miss Janet Hogarth and Miss Mary Elsee who were employed to do basic clerical work – despite both of them having First Class Degrees from Oxbridge.

Almost another hundred years later I joined the Bank on our graduate training scheme, and the Bank already felt like a very different place. However there was still much to do in terms of gender balance. At that point, the senior management at the Bank comprised around 40 men known as Senior Officials. But there was a growing momentum within the Bank – coinciding with wider changes in the labour market.

At that time a colleague wrote an article for the Bank's in-house magazine – named 'the Old Lady' as it happens – giving a flavour of a woman's life at the Bank at the time. She wrote strongly about her concerns on gender equality, portraying a culture that had a long way to go, but also demonstrating there were women in the Bank at that time campaigning to make a change.

She was ahead of her time in advocating for gender-neutrality in language; as she put it in her 1986 article: "The changes in the use of language are part of a real change in the status of women. The controversy this provokes reflects the age-old fact that no-one gives up real power without resistance: it is not the language which is sacred, it is the challenge to the presumption that the world is male unless proved otherwise."

Coincidence or otherwise, it was a matter of months after the article [1987] that the Bank appointed its first Equal opportunities officer and a formal equal opportunities policy was adopted. And the first female Senior Official was appointed in 1988.

Removing barriers for equal opportunities: Opportunity 2000

In October 1991, the Bank joined the Business in the Community Opportunity 2000 campaign, an attempt to remove barriers to improve access to opportunities for all¹. This was launched by the then Prime Minister John Major and it was a UK business-led campaign aimed at changing cultural attitudes towards women in the workplace. It aspired to increase the quality of work, as well as the quantity of women's participation in the workforce by 2000, through equal opportunity and recognising an individual's 'ability' and 'performance'.

Governor's remarks 1991

The Governor at the time – the late Robin Leigh-Pemberton – set out the Bank's commitment to Opportunity 2000, stating that "Goals will be set in terms of removing barriers, whether direct or indirect, for Equal Opportunities for women. They will not involve numerical targets."

I was a Private Secretary in the Governor's office then, one of the first women to do the role, and I witnessed the engagement of the staff and the collective design and delivery of initiatives. Not unlike today, the approach then was to work on business area plans, encourage greater application of flexible working practices, improve communication of equal opportunities and enhance statistical monitoring.

Howard Davies' speech 1996

Our progress was reported in in 1996, when Howard Davies (then Deputy Governor) made a public speech acknowledging the progress. There were some positive steps: recruitment forms and literature had become

¹ This is now Opportunity Now, part of BITC, and we are still a member and supporter

more 'women sensitive' and maternity and flexible time arrangements had improved. The 1990s witnessed an increased number of women in senior management including the appointment of the first woman to the Bank's Court of Directors (the Bank's governing Board), Frances Heaton, in 1993, and the first female Chief Cashier, Merlyn Lowther, in 1999.

I became Head of Division at the Bank in 2001 joining that small number of females in the Bank's leadership team and having benefited from those changes and extra flexibility.

Up to this point, in my experience, the Bank had introduced a number of initiatives – some of which were successful – but there had not at that time been the significant change of culture needed to really move the dial. I remember discussing 'the business case for diversity' – something which I'm pleased to see is now no longer up for debate as the case is clear and agreed upon – the question now is what are the most effective actions and interventions. And to emphasize further, the Bank is supporting diversity in all its forms and an inclusive culture; getting more women in our senior management team is part of that.

More recently, the Bank has further encouraged part time and flexible working – most recently through role models such as the newly appointed jobshare for our HR Executive Director – a jobshare between a male and female colleague, the first time jobsharing has taken place at the Bank's Executive Director level. Part time working has increased from 7% in 1991 to 13% percent currently and it is used more widely than ever by men. And our maternity returner rate (over the last couple of years) is over 90%. Perhaps more important than part time working is the flexible working we offer; we are not tied to specific hours but can manage our own workload and time in the office - for me this means most of the time coming in and leaving work at a different time every day.

Our approach now still looks at specific interventions we can make to improve diversity, such as the newly launched Career Returners Programme that I will return to later, but as important, is that every initiative we take in the HR lifecycle has diversity and inclusion embedded in its thinking. And it is this change of culture that makes the Bank feel a different place to the one of 30 years ago.

Developing a diverse pipeline of leaders towards a target

In 2014, as part of our strategic plan, and led from the top by the Governor, we introduced diversity targets and a drive for transparency. Although the Bank's management had at one point been opposed to numerical targets, we decided a new approach was necessary to make further progress on diversity. Currently we have challenging targets in place to increase the proportions of female colleagues in senior roles to 35% by 2020, and across the remainder of the Bank to 50% by 2020. Those targets have helped focus minds and energy at the Bank in recent years, and have had a number of positive effects.

Targets allow us to measure progression of gender and ethnic minority representation across the Bank. They are an open and transparent way of expressing the Bank's goals and encourage accountability to deliver on them. But to work effectively, we need to continuously challenge ourselves on the actions we are taking to achieve them. We launched our Inclusion Strategy in 2017, consisting of a number of schemes to help drive cultural changes, including business level plans to develop and retain the talent pipeline, inclusive recruitment and promotion practices, mentoring, improved performance measurement by embedding our values within it, so rewarding not just the 'what' but also the 'how', and enhancements to our management development and selection. We are moving towards enforcing diverse interview and promotion panels and diverse shortlists of individuals at application; piloting anonymous job applications and making the Bank a more attractive career destination for a wide range of recruits. And we are raising awareness through events and campaigns, supported by our wide range of staff networks. And these staff networks are significant in our drive towards diversity and inclusion: as well as Women in the Bank (WiB) and Bank of England Ethnic Minorities (BEEM) networks, we have thriving networks in, for example, LGBT+ and Allies, Mental Health, Disability, Parents, Carers' and Faith Networks. And we have recently introduced an 'external hire' network to ensure those career changers can more easily integrate into the Bank².

As well as the initiatives to support our highest potential diverse talent in the pipeline, we are also looking at how to enhance our pipelines with external recruits. At a more senior level, the Bank is partnering with Women Returners, a specialist return-to-work organisation, to introduce in 2018 the first Bank of England Career Returners Programme, with the aim to attract and support returning professionals who have been temporarily out of employment. The programme consists of a paid placement of 6 months, starting in September 2018, and the possibility of a permanent role at the end of the assignment period. The plan is to offer 6-10 placements depending on availability of roles. We will be hosting, with Women Returners, a launch event on Wednesday the 18th of April.

In the early careers space, to help improve gender balance, we are developing school leavers through apprenticeships and employing graduates from a broad range of universities; in 2017 we recruited from 40 different universities compared to 33 in 2014. In 2015 we introduced a Central Bank Qualification for our new graduates, where as part of their two year induction, we supplement their 'day-job' with study. In conjunction with Warwick Business School they will gain a Central Banking postgraduate degree, which has allowed us to recruit from a wider set of degree disciplines and fast forward their understanding of Central Banking. And it goes back to a point made by the panel earlier on the importance of recruiting from a range of degree disciplines and those without degrees, not just those with degrees in economics and maths.

These all feed in to our pipeline for the future. And we are making progress; we are successfully retaining women; our female resignation rate is below that of men; and senior female representation at the Bank has improved over recent years and is up from 16.9% at end-February 2013 to 29.4% at end-February 2018. In

² This is a selection of our full range of employee network groups.

fact at Director Level we have more women than men at 56.3%. But there remains more to do. Currently, for the 12 months to end of February 2018 the senior internal female promotion rate is around 40%; over the coming years, supported by the initiatives in place – such as diverse shortlists and promotion panels, we want to move more towards the 50% senior female internal promotions mark, necessary to meet our targets.

Beyond opportunities: WiF Charter and executive accountability

The YouGov survey supporting the Gadhia report (2016) still suggested that 50% of women compared to 70% of men believed they have equal opportunities to advance regardless of their personal characteristics or circumstances.

So how to flick the dial further towards the target? I believe part of the answer is the Charter which we have signed showing our commitment to the requirements. We all track and measure what is important to us – diversity should be no exception.

And this brings me to the third point I will address today: accountability. As we all here know, the Charter requires a much more specific, public and accountable pledge than previous initiatives, making us – the Bank's senior managers - and other financial executives more accountable for the progress and outcomes. I believe in the accountability message to senior management and in one that cascades down through management layers in the organisations. This expectation should be supported with training such as unconscious bias and inclusive events that encourage networking and building relationships across the organisation.

A current key initiative at the Bank is around 'Strengthening Management Capabilities'. Career progression is not a women's issue, it is a talent management one. The capability of all managers at all levels across the Bank is fundamental to ensure that everybody is able to meet their potential. And that is a critical component in an inclusive culture.

Part of the accountability comes with transparency and in line with the WiF Charter requirements we have increased diversity reporting in our Annual Report and recently published the Gender Pay Gap Report. That report showed a mean Gender Pay Gap of 21%, driven largely by the still greater proportion of men than women in senior roles.

We are also planning a gender progression conference in May 2018 bringing together academics and sector practitioners to understand root causes and share best practice. And we are looking at wider forms of diversity: cognitive diversity and social mobility. We all have unique experiences and backgrounds, different ways of thinking and a range of skill sets and attributes that we can offer. Inclusion in this sense is our responsibility to recognise, celebrate and maximise this diversity of thought.

PRA commitment

As I have discussed the Bank has come a long way internally but it has also proactively promoted change throughout the financial sector supporting the Charter.

The Bank's Prudential Regulation Authority (PRA) 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 them³. This guidance is a reminder of the important role that diversity plays in promoting good governance and as a safeguard against group-think. The point is to have the diversity of skills, approach, experience and capacity to provide effective challenge across the full range of the firm's business and the opportunity to explore key business issues rigorously. There are no required targets for diversity in this context, but firms are required to publish a policy framework around board member selection.

And – back to where we started on the gender-neutrality in language reference in my colleague's article – the Bank has been adopting gender neutral language in its publications, a step change from the 'women sensitive' recruitment forms referenced in 1996. In that spirit, the PRA committed in 2017 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 are being dropped and generic individuals will be addressed as 'their' rather than 'his/her'.

So, to return to my question: are opportunities enough? My conclusion is not at the moment. In order to move to gender balance, opportunities are necessary but not sufficient. We need to make sure that not only are the opportunities there, but that they can and will, be taken and that the full benefit of those opportunities can be realised. To ensure that, we need interventions to encourage, promote and support gender balance at all points in the HR lifecycle – we need a range of role models and a culture that ensures women feel supported and are confident in taking steps towards advancing their career. Overall we are striving for an inclusive culture that will help every person to reach their potential, ensuring that the Bank as a whole reaches its collective potential. And gender balance is a significant component of that.

³ Policy Statement 1/18, Feb 2018.

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