



Progress Together

Senior-level Socio-economic diversity
in UK financial services

Sophie Hulm, CEO, Progress Together



[@ProgressTogether](https://www.linkedin.com/company/progress-together)



[@ProgressTogethr](https://twitter.com/ProgressTogethr)

#ProgressTogether
#SocialMobility
#ShaingOurEconomy

About me [\(click for LinkedIn profile\)](#)



- CEO of Progress Together since September 2022.
- As Head of Skills Policy at the City of London, I was the founder and architect of a Government-commissioned Socio-Economic Diversity Taskforce.
- I sit on the SteerCo for the 30% Club, a gender diversity campaign.
- I have led several high-profile initiatives, including the Lord Mayor's Dragon Awards.
- Throughout my working life, I have focused on the power of business to bring about change, including working for a welfare-to-work organisation, a Corporate Responsibility membership body, and as a trustee for Governors for Schools.
- My dad is a working-class East Londoner, and my mum is a retired academic with immigrant parents. I live with my partner and two mixed-race children who are big fans of Chelsea FC and Minecraft.



Progress Together now covers 30% of the UK Financial Services workforce



12 Founding Partners

40 Members

45 Supporters

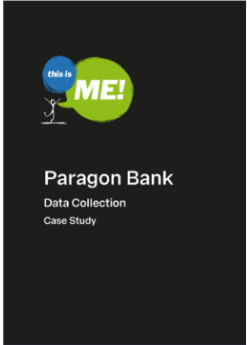
Progress Together now covers 30% of the UK Financial Services workforce

Avoid reinventing the wheel, learn what works from peers

Toolkits, Webinars, Workshops



Get recognition for great work



Boosting Data Response Rates | Paragon Bank

What / how to measure workforce socio-economic diversity, anonymously benchmark against peers

Why focus on senior level socio-economic diversity?



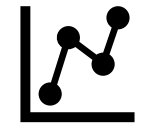
Barriers to progression



What 'good' looks like

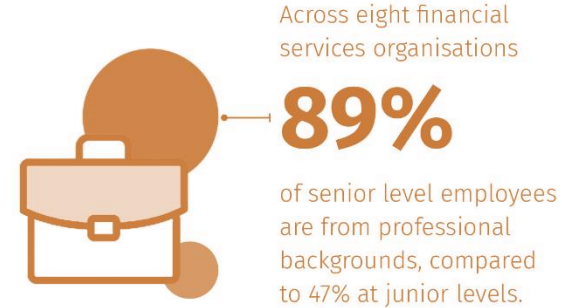


How we can influence change in our sector



UK financial services employers are not progressing talent from all backgrounds

There is a lack of socio-economic diversity at the top in UK Financial Services, despite lots of work on diversifying the junior pipeline



Socio-economic background defined by parental occupation at age 14*

(internationally comparable, and used by Census and Labour Force Survey)

* <https://socialmobilityworks.org/toolkit/financial-and-professional-measurement/>
** <https://www.sra.org.uk/solicitors/resources/diversity-toolkit/law-firm-diversity-tool/>

But this is changing. This is no longer a purely HR/D&I conversation. There is a strong business case linked to productivity, investor/client demands and regulator interest

Unlocking the potential in people would ease recruitment difficulties, nurture diversity and innovation and thereby boost productivity and performance at the organisational level. As a matter of social justice, it is also quite simply the right thing for companies to be doing to maintain their social license - [Andy Haldane, former Chief Economist Bank of England, CEO RSA](#).*



Working-class employees progress **25% slower** than peers, with **ZERO link to job performance****

This rises to **32%** for employees who also identify as Black

We've seen a 4-fold increase in enquires from investors in the last 12 months

— Asset Manager

Gathering data on diversity of thought, through proxies such as demographic and socio-economic diversity will enable firms and regulators to monitor progress - [FCA, PRA, Bank of England](#)



Class pay gap

£5k
in the tech sector

£17.5k

in financial services

*Source: [Home - Who Gets Ahead](#)

** Source: The Bridge Group (2020) https://www.progresstogether.co.uk/wp-content/uploads/2022/05/Socio-economic_report-Final.pdf

Evidence shows us that socio-economic background is more likely to impact a person's route to success than gender or ethnicity

'Shaping our Economy' Report
September 2023

[Shaping-the-Economy-Public-FINAL-Compressed.pdf \(progresstogether.co.uk\)](#)



Women from working-class backgrounds have a significant 'double disadvantage', progressing 21% more slowly than women from more advantaged families. Men progress 13% slower than more advantaged peers.



White men from higher socio-economic backgrounds are 30 times more likely to succeed in financial services than working class ethnic minority women



20% of senior leaders attended an independent school – more than triple the national average of 6.4%

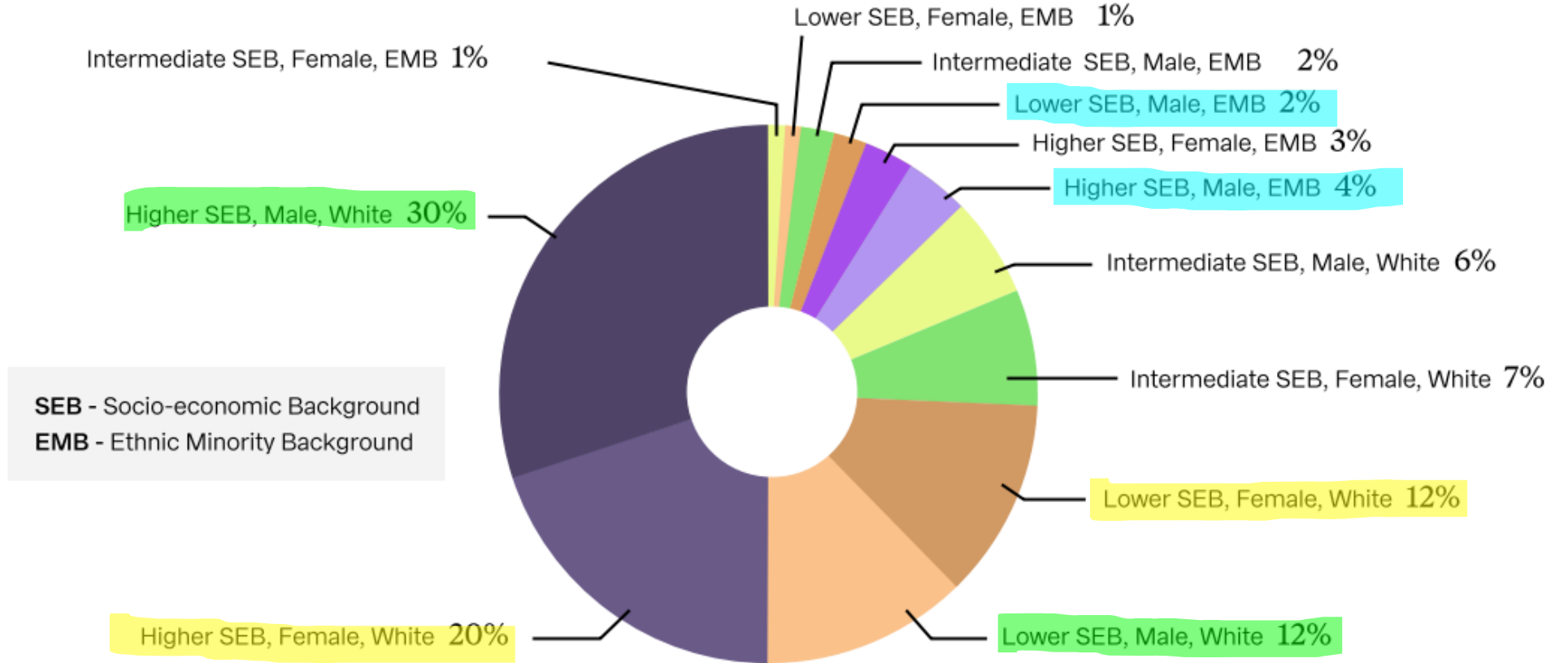


Half of all senior roles in the sector are held by white people from a higher socio-economic background

These findings echo findings from KPMG

<https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2022/12/social-mobility-progression-report-2022-mind-the-gap-brochure.pdf>

And socio-economic background impacts other diversity strands



**This isn't just
about numbers.
This impacts real
people.**



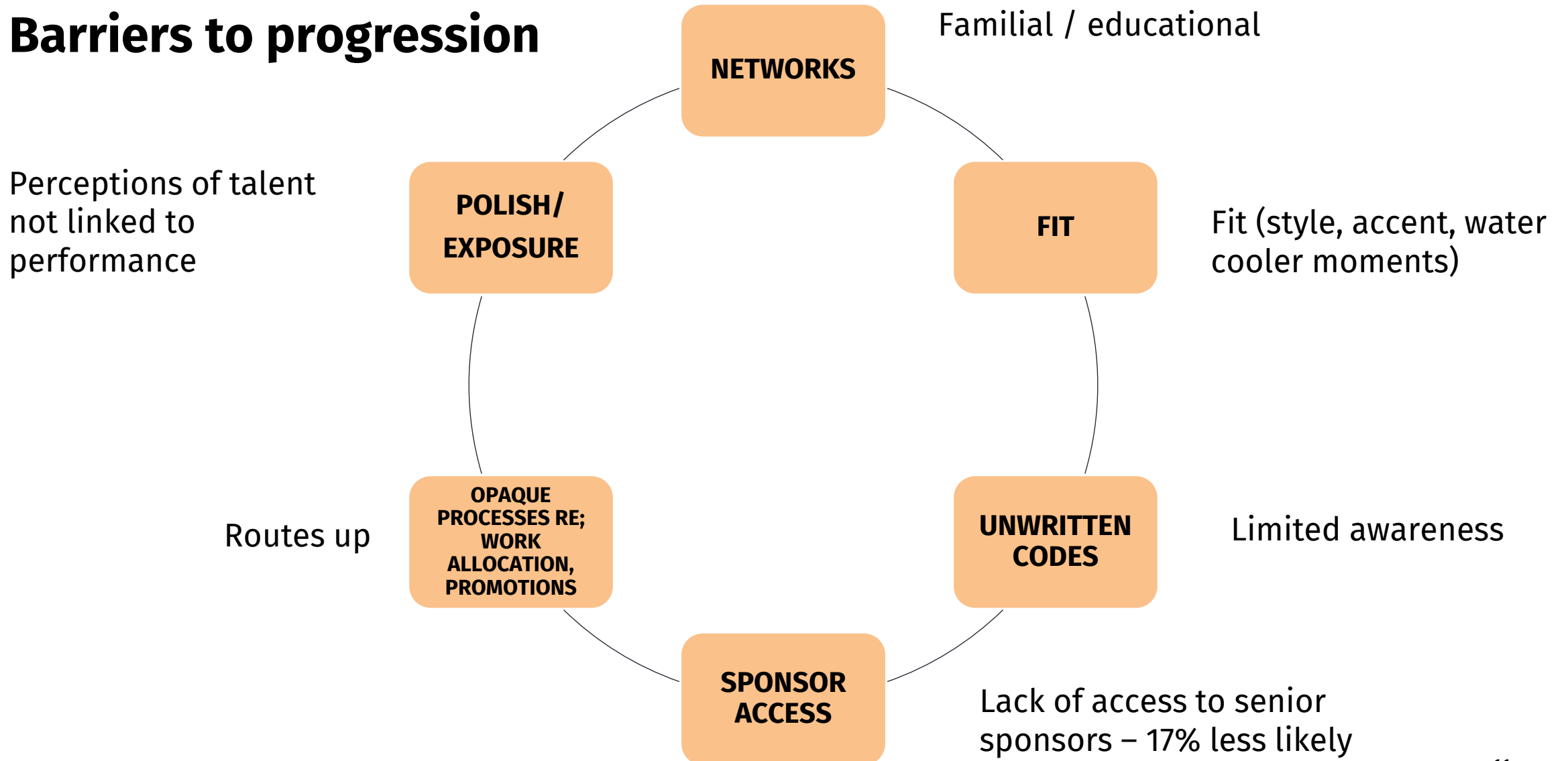
"I didn't have the same background as others I worked with. I didn't have the confidence instilled by private education or an Oxford degree. I felt that everyone else was much better at articulating themselves and I suffered from imposter syndrome, as many people from lower socio-economic backgrounds do."

Lara Ayash

"I felt like a fish out of water. Others were talking about skiing holidays and other things I had no idea about. I felt I had to work twice as hard as others who had fathers and brothers in the old school network."

Andy Boucher

Barriers to progression



What does 'good' look like?

Senior leadership to mirror the rest of the workforce

1 Leadership

Assign clear accountability and responsibility

2 Assess

Collect data on socio-economic background

3 Take action

Act and monitor what works

4 Set goals

Consider context: starting point, size, subsector

5 Publish

Present data and share what activities worked



Diagnosis - identify risk areas and prioritise initiatives/set targets



Measure the return on investment e.g. staff retention (profits of organisations with a focus on social mobility are 1.4x higher*) Track impact from diverse perspectives/experience e.g. greater creativity



Track progress against baseline / targets



Respond to investor enquiries re; the 'S' in ESG



Fairness and equity; ensure promotion decisions based on performance not connections/polish



Stay ahead of the curve: Investor/client/regulator/employee interest is leading to increasing action (25% of Women in Finance Charter signatories now collect socio-economic data).

But we want it mandated in the FCA / PRA policy rules

The regulators are proposing that socio-economic background is a voluntary demographic characteristic that firms can collect data and report on. We do not agree with this and are proposing that it must be a mandatory requirement in order to drive change in the industry.

Summary of FCA / PRA proposals

All firms: Non-Financial Risk Management, Threshold Conditions and Data Reporting of number of employees

Large firms (251+ employees): D&I Strategies, Data Reporting of demographic characteristics, Disclosure, Setting Targets and Risk & Governance

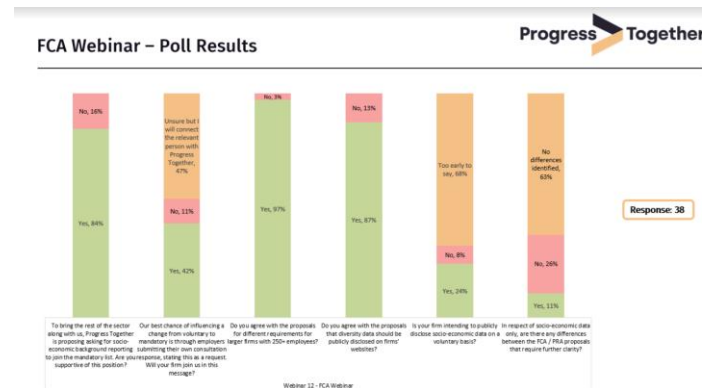
Mandatory demographic characteristics: Age, Ethnicity, Sex or Gender*, Religion, Disability or long-term illness and Sexual Orientation

Voluntary demographic characteristics: Sex or Gender*, Parental Responsibilities, Gender Identity, Carer Responsibilities and **Socio-Economic Background**

*either / or

Member engagement

Member event with 25 participating member firms. In event poll taken on key questions from regulators' proposals.



➤ **84%** agree SEB data should be mandatory

We need to **increase the number of firms that will respond directly** to the Consultation Papers to have the **best chance of influencing** a change that **SEB** becomes a **mandatory** demographic characteristic.

Member firms are asking for more **best practice guidance on setting targets.**

The rationale for our key message that socio-economic background must be mandatory and should not be treated any differently from the other proposed mandatory characteristics are summarised below.

1	Lack of alignment to the City of London's socio-economic diversity taskforce recommendations	<ul style="list-style-type: none">➤ The taskforce recommended that regulators mandate data collection and publicise the data➤ A clear business case, linked to productivity and competitiveness, was presented by the taskforce➤ Bridge Group evidence shows that employees from working-class backgrounds progress 25% slower than peers, with no link to job performance. This is inherently unfair
2	Rationale for not mandating SEB reporting based on outdated 2021 data	<ul style="list-style-type: none">➤ There is growing availability of credible data. Our report* covers 150,000 employees and is the largest ever dataset of this kind➤ 33% of ABI members are now collecting SEB data and Women in Finance signatories increased collection from 12% in 2021 to 26% by 2023➤ HR systems e.g. Workday are incorporating SEB background into their platforms
3	SEB data can provide richer insights into the proposed mandatory diversity characteristics	<ul style="list-style-type: none">➤ Our report* evidences that SEB has a much stronger effect on progression to FS senior roles compared with gender and ethnicity, and that females from lower SEBs experience a significant double disadvantage➤ Boosting SEB diversity supports corporate objectives around gender and ethnicity➤ Cognitive diversity across senior management and Boards is required for sound decision-making, but without SEB data, the regulators and industry will miss the full picture
4	More data is needed to evidence workforce socio-economic diversity	<ul style="list-style-type: none">➤ Without a complete data set, regulators will not have sufficiently good quality data to track and monitor SEB➤ Our Members are ahead of the pack, but the rest of the sector will lag without encouragement from the regulators. The whole sector needs to push ahead to boost competitiveness and create senior-level diverse talent➤ Data shows those from higher SEB progress to FS senior management positions more often & more quickly

* [Shaping Our Economy: Senior roles in financial services and socio-economic diversity](#)

Question for discussion

Any questions?

Would your firm like to join our network of peers?

Would you like reporting socio-economic background data to be mandatory?

How can we work in collaboration?



Contact me at

<https://www.progresstogether.co.uk/contact/>