

Diversity

Annual report 2018/19

Diversity

Contents

1	Overview of strategy and approach	4
2	Key activity and successes	6
3	Workforce profile and network groups	10

1 Overview of strategy and approach

This is the FCA's sixth Annual Diversity Report and fulfils part of our Public Sector Equality Duty under the Equality Act 2010 and related secondary legislation.

Diversity and inclusion are central to how the FCA acts, both as an employer and as a regulator. Whether you are the regulator or a regulated firm, diversity matters. A diversity of perspectives and thought results in better judgements and better decision-making in the public interest. It reduces the risk of group think and encourages innovation.

- As an **employer**, we need to get this right. Our work touches the daily life of almost everyone in the UK, and the lives of millions who rely on UK markets, so we need to reflect the society we serve. We operate in an increasingly complex environment. We need diverse teams capable of dealing with the tough challenges we face and the complex judgements we need to make every day. We have an Executive Diversity Committee which is responsible for taking strategic decisions about diversity and inclusion in the FCA.
- As a **regulator**, we know that diversity and inclusion are central elements underpinning good culture in firms – so they are important features of how we evaluate firm culture and conduct.
- As a **public body** we must comply with the Public Sector Equality Duty (PSED), both as an employer and in our regulatory activity. This means we must look for ways to eliminate discrimination, advance equality of opportunity and foster good relations between people with a protected characteristic and those without – both within the FCA and in the way we regulate.

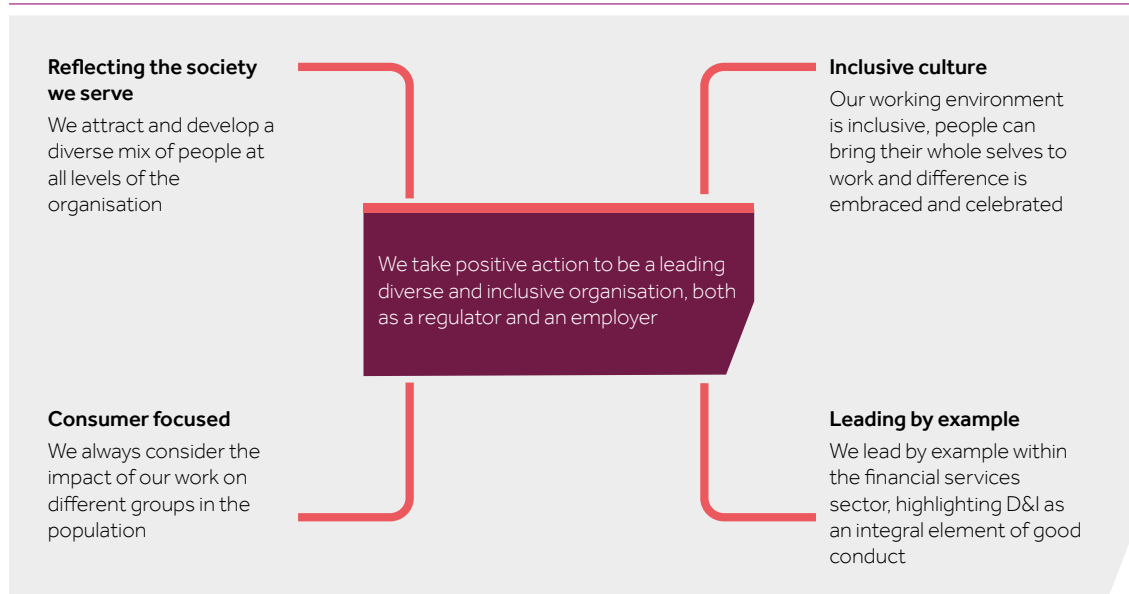
How we make it happen

Our Executive Committee has delegated our diversity and inclusion (D&I) strategy to our Executive Diversity Committee (EDC). EDC is chaired by the Executive Director of Strategy & Competition, who is also a member of the FCA Board. EDC determines the diversity and inclusion and PSED objectives of the FCA and monitors our progress against these objectives. Members of EDC include the Equal Opportunities Officer, HR Director, Head of Corporate Responsibility, Senior Champions of our network groups, and representatives of General Counsel Division and Risk. The Chief Operating Officer (COO) has overall Senior Manager Regime responsibility for Corporate Responsibility, including equality and diversity, and is also a member of EDC. The Corporate Responsibility team sits in the COO's office.

EDC is advised and challenged by our Diversity and Inclusion Advisory Group, a representative group of members from across the organisation. There are also Divisional D&I working groups in each of our key divisions. These groups help shape our overall strategy and ensure our Divisions bring the agenda to life. We also have 8 network groups who support diversity and inclusion by providing subject matter expertise, insights around difference and lived experience as well as providing a platform for engagement. They work collaboratively with each other and take an intersectional approach.

Our overarching D&I vision and strategy to bring this all together follows:

Our 2020 vision and equality objectives



We have programmes of work or activity on all the protected characteristics and social mobility, with our priority areas of focus being ethnicity, gender and social mobility. We are also looking at our role in diversity and inclusion within financial services as a regulator.

As part of our focus on both gender and 'Leading by example', in June 2016, we signed the Women in Finance Charter. This seeks to increase women's representation in the financial services sector, particularly at senior levels. The Charter requires us to set and report on gender targets (covered in Section 2 of this report). We also set BAME targets for our senior leadership team.

As referenced in last year's [report](#), we created a 'Positive Action Framework' to guide our work internally. This is about learning to value differences, when it is easier to favour those who are similar to us. The work we described last year continues, we provide details in Section 2.

2 Key activity and successes

This section looks at our progress against the 4 equality objectives outlined in Section 1, focusing on the key activity and successes over the year. Any data used is for the year ending 31 March 2019 unless otherwise stated.

Reflecting the society we serve

- Our targets for female representation are:
 - 45% of the FCA's Senior Leadership Team (SLT) to identify as female by 2020, and 50% by 2025
 - Currently 40% of the SLT identifies as female. This has moved from 39% last year. The figure without including the Payment Systems Regulator is 39%, last year it was 37%.
- Our Black, Asian and Minority Ethnic (BAME) targets are:
 - 8% of the FCA's SLT to identify as BAME by 2020, and 13% by 2025
 - Currently 7% of the SLT identifies as BAME. This has moved from 4% last year. The figure without including the Payments Systems Regulator is 8%, last year it was 3%.
- We created a diversity dashboard which captures gender and ethnicity for all our divisions at all contractual levels. It also looks at data such as new hires, turnover, acting-up opportunities and internal development programmes. This also allows us to look at trends data and is driving focussed, positive action.
- All members of the Senior Leadership Team have a shared objective to promote diversity and inclusion
- As part of our 'At our best' Leadership Programme, run in partnership with Oxford Said Business School, we ran a workshop on making more inclusive decisions. It encouraged leaders to challenge the innate cognitive biases we all have and participants identified and discussed practical strategies for doing so.
- We are working with Mind Gym to deliver our leadership and people management training for managers. This includes a specific module on inclusive leadership, and inclusion is woven through all modules.
- We have reviewed divisional D&I plans and updates to identify gaps and commonalities, to share best practice and highlight initiatives that the whole organisation can implement
- EDC held our Executive Committee members to account on their divisional D&I statistics and progress against targets, through a discussion and challenge session
- A Social Mobility network group was started, as this is now a priority area for us. The network carried out an internal survey to gauge both the socioeconomic status of our people and to get their views on how we can best take this agenda forward. We now have 8 network groups representing gender, race, social mobility, disability, carers, faith/belief, sexual orientation/gender identity and international colleagues.

- We have published our gender pay gap figures for the year ending 31 March 2019 on our external website. Our gender pay gap is **20.6%** (median) and **17.8%** (mean). The figures have changed slightly compared to those reported in 2018. The overall median has decreased by 0.6% (from 21.2% to 20.6%) and the mean has decreased by 0.7% (from 18.5% to 17.8%). Our gender bonus gap is **23.5%** median and **20.5%** mean. The bonus gap is based on the gross bonus paid in the period from 1 April 2018 to 31 March 2019. There has been a 2.7% decrease in the median while the mean has remained almost static.
- We have also published details of our ethnicity pay gap for the first time. This is not a legal requirement but we consider it an important step to take as we believe that data transparency drives positive action. Figures are also for the year ending 31 March 2019. Our BAME pay gap is **28.7%** median and **27.2%** mean and our BAME median bonus gap is **31.8%**, and the mean is **30.9%**.
- We are not content with either of our pay gaps. We know we have work to do and are taking a number of actions to help address our pay gaps, and to further our diversity and inclusion agenda. For more information please visit our [website](#).
- We collect diversity data, which is included in Section 3. The percentage of colleagues who give their ethnicity is 98%, gender is 100%, age is 100% and sexual orientation is 76%. Last year's report showed that 49% of colleagues had submitted diversity data covering the remaining protected characteristics and educational background and caring responsibilities. This year that figure has risen to between 64% and 67%, depending on characteristic.

Inclusive Culture

- Every year we carry out an employee survey. The survey asks several questions that link to diversity and inclusion. Some of the results from these questions include:
 - 'I can be myself around here' – 70% of respondents agreed, last year this was 73%
 - 'I am treated as a full member here regardless of my position' – 72% of respondents agreed, last year this was 70%
 - 'People are treated fairly here regardless of their gender' – 81% of respondents agreed, the same as last year
- Over the past year we have been placed in:
 - the Times Top 50 Best Places to Work for Women
 - the BITC Best Employers for Race 2018
 - the Stonewall Workplace Equality Index Top 100 at 69
 - the Social Mobility Employer Index at 37
- We were joint winners of the Women in Finance 'Employer of the Year' award. This recognises companies that have proactively cultivated an inclusive and diverse workforce, working towards improved gender representation at all levels.
- Our employees are being noticed and profiled for the contribution they make
 - Laura Royle, Manager of the Policy & Engagement team within Innovate, was included in the top 100 Women in FinTech Powerlist 2018 which shines a spotlight on the women leading the way for change in financial services

- Nausicaa Delfas, Executive Director of International, was one of 100 women awarded the Freedom of the City of London, to commemorate the centenary of the Representation of the People Act 1918
- both Nausicaa Delfas and Megan Butler, Executive Director of Supervision, were included in Financial News' 'Top 100 Women in European Finance' listing
- Emma Stranack, Head of Business & Consumer Communications was profiled by We Are the City in February 2019 as part of their Inspirational Women in the Public Sector
- We moved to new offices in London last summer, working with external designers and consultants and consulting widely with our employees and our network groups. We published 4 internal Equality Impact Assessments which covered accessibility, travel and security, travel and compensation and flexible working. We also conducted inclusive welcome training to the new building for all our frontline colleagues (for example, reception and catering), both FCA employees and contractors, to ensure that everyone feels welcome.
- We were therefore delighted to win the 'Workplace adjustments innovation of the year' award from the Business Disability Forum for achieving our office move of 3,500 employees. This took into account different types of disability and, in particular, neurodiverse conditions and mental health problems.
- We signed the Race at Work Charter
- We need to develop a talent pipeline to build on progress to date against our BAME target. As part of this, we launched a BAME sponsorship programme, together with external delivery partner Pearne Kandola. We asked for applications from talented BAME colleagues who wanted to accelerate their career progression, matching 19 of them with Senior Leadership Team members who volunteered to act as sponsors.
- We revised and streamlined our Employee Handbook. As part of this work we engaged with our people and asked for views and comments on our proposed amendments. A key change was widening our interpretation of gender reassignment in 'protected characteristics' to include gender identity and gender expression.

Consumer focus

An accessible website

We have ensured that our external website meets Web Contents Accessibility Guidance (WCAG) AA standards as a minimum. We aim for higher where possible.

Our Customer Contact Centre services

Our Contact Centre has continued its work to increase the accessibility of our services, working to the British Standards Institute Inclusive Service Delivery standard.

We receive an average of 6,000 contacts a month via our different channels - telephone, email correspondence, letters and live webchat. We receive an average of 30 contacts a month where we use our translation service, mainly for written correspondence. Over the year our top 3 translations for spoken languages were French, Polish and Arabic. Our top 3 translations for written correspondence were Italian, Arabic and German.

We also offer a 48-hour call back service to consumers who are potentially vulnerable to check how they are getting on and if they have understood the guidance we gave them. We have a good relationship with the Samaritans and we transfer an average of 2 callers a month to them. We also have relationships with Age UK, Shelter and Scope who sometimes refer consumers to us.

We continue to work with our divisional Equality Superusers, who sit across all divisions and act as the first point of contact for people writing papers or involved in new pieces of work, such as strategy or policy initiatives. These Superusers help assess the equality implications of this work. They are thoroughly trained and supported by the Corporate Responsibility team. In the past year, we undertook 19 full equality impact assessments.

Leading by example - our role as a Regulator

We have worked to embed and mainstream our approach to diversity within our day to day work and as part of this, published a guidance booklet internally which outlined our approach. The booklet supports our people in considering how they take account of our D&I objectives and PSED when carrying out their regulatory duties and provides examples of current work taking place.

As part of our ongoing work to transform culture in financial services to reduce harm to consumer and markets, we have been exploring the topic of psychological safety and how to create a speak up, listen up culture in financial services. In December 2018, we held our first CultureSprint, more details can be found [here](#).

Our leaders continue to speak externally about why diversity and inclusion is important to us both as an employer and as a regulator.

- Our CEO Andrew Bailey spoke at the PIMFA Wealth of Diversity Conference 2019 on 5 February 2019 about ['The Importance of Diversity'](#)
- Christopher Woolard, Executive Director of Strategy and Competition and Chair of EDC made a speech on 19 December 2018 on ['Diversity in financial services and the challenge to be met'](#)
- Our Executive Director of Supervision Megan Butler wrote to the Women and Equalities Committee on 28 September 2018 about [sexual harassment in the workplace and the FCA's view on misconduct](#)
- Georgina Philippou, Chief Operating Officer, gave an interview to the [International Adviser](#) which was published in March 2019 in which she talked about [LGBT+ inclusion](#)
- On 14 March 2019, Christopher Woolard and Julia Hoggett, Director of Market Oversight, spoke at the Women in Finance annual review

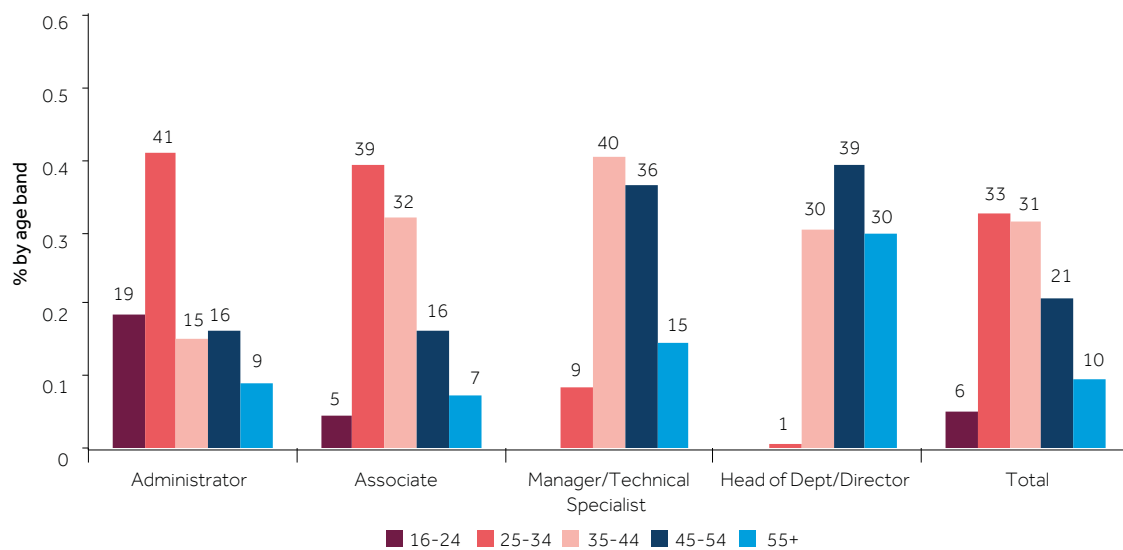
3 Workforce profile and network groups

We want to ensure that our workforce is broadly representative of the society we serve and that every employee feels valued and supported. One of the key ways we track our progress is through reviewing the diversity data we collect. This section reports against each of the 9 'protected characteristics' as well as additional metrics, including educational background and caring responsibilities.

We have continued to focus on increasing the number of employees providing their diversity information and the declaration rates have increased. We ask for some information when people first join us, which is why there are higher declaration rates for sections such as gender, ethnicity and age.

These figures include both the FCA and our subsidiary, the Payment Systems Regulator.

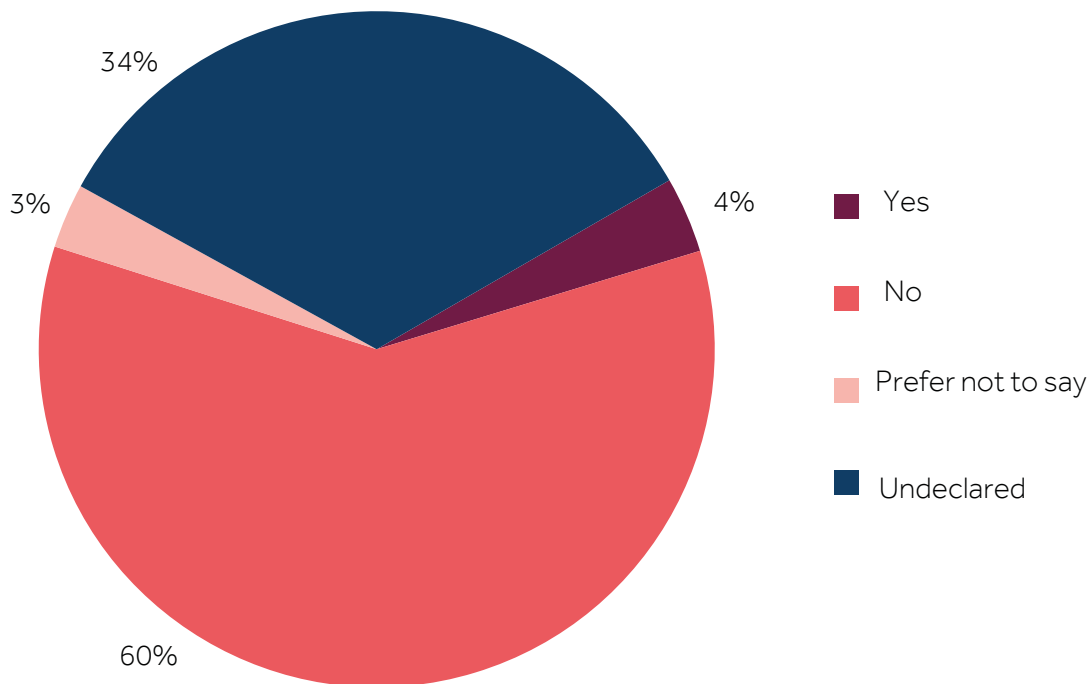
Age



We have a 100% declaration for this area and people of all ages working at all contractual levels:

- those aged 25-34 are represented most at Associate and Administrator level
- most Heads of Department and Directors are in the 45-54 bracket

Disability



We hold data on this area for 67% of our people, an increase from 51% last year.

60% do not have a disability, 4% have a disability and 3% prefer not to say. We want to ensure we support people affected by mental and physical wellbeing issues. We are members of the national Disability Confident scheme.

Our Disability network group Embrace organised a range of activities on Time To Talk Day. These included a powerful talk about mental health in the workplace by Diane Lightfoot, CEO of the Business Disability Forum, and local 'cuppa, cake and chat' sessions organised by teams across the organisation.

This network have further events planned for the coming year, as well as sharing best practice across the organisation with people managers promoting the support that is available to all colleagues with a disability.

How our new building helps us all

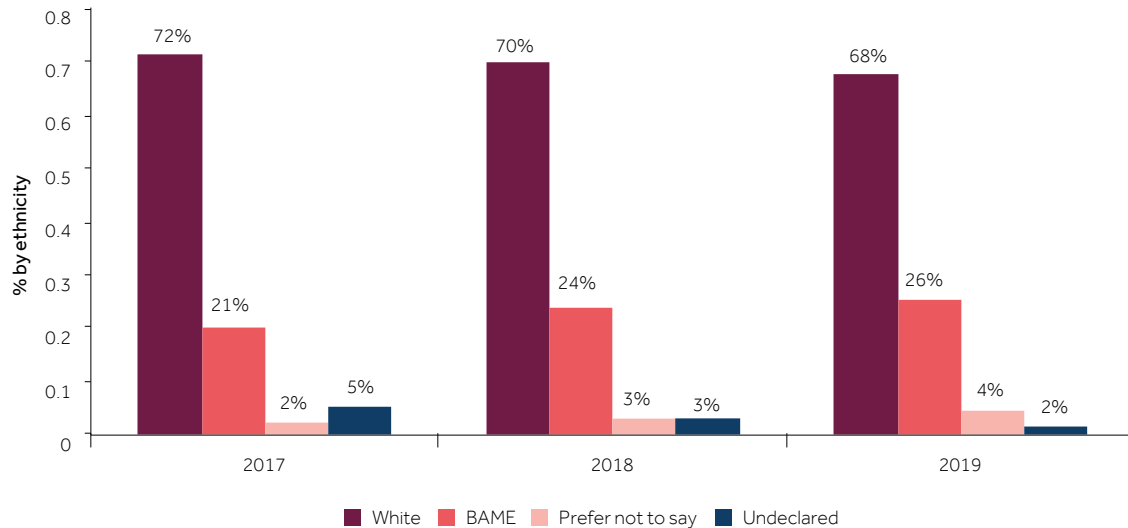
The move to Stratford has been a great opportunity to evolve our approach to health and wellbeing. The building has been designed with accessibility and wellbeing in mind.

The work space is more flexible with better quality and more adaptable furniture. We also have height adjustable desks allowing individual colleagues better comfort and customisation of their work environment. We have seen a significant reduction in fixed desks and in some instances, colleagues have stopped using their workplace adjustment equipment such as foot rests.

The work environment is more comfortable for our colleagues with disabilities. For example, natural light and flexible desks are better for colleagues with light sensitivity and reduced noise and less distraction for our colleagues who are neurodiverse. As a result, we have seen lower use of our workplace adjustment service.

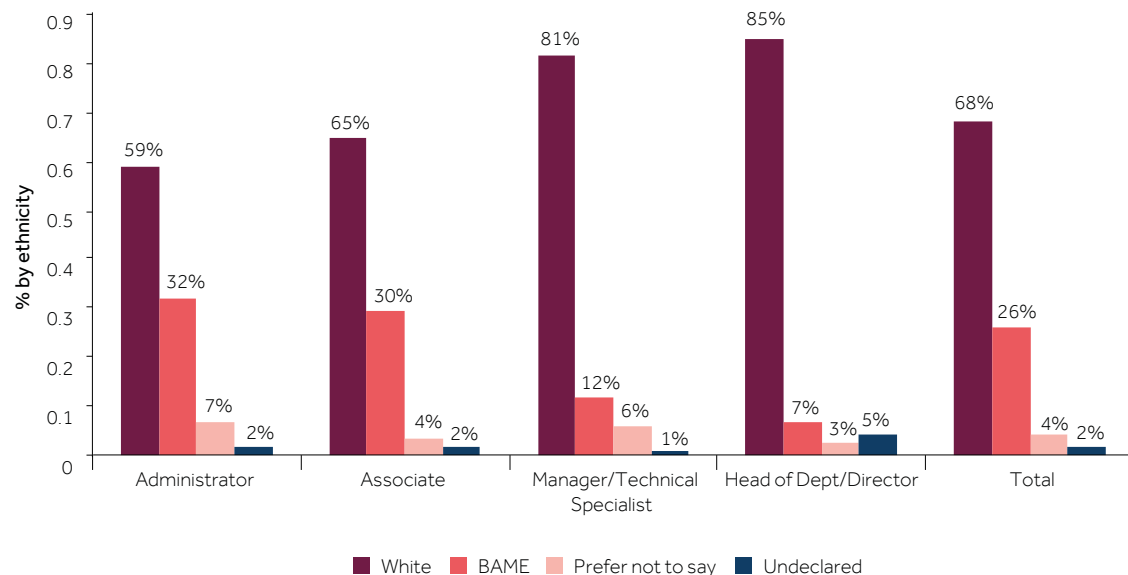
Ethnicity

We hold data on 98% of our people.



The chart above shows that our overall representation of BAME colleagues has increased by 2 percentage points to 26% - a 5 percentage point increase over two years.

The chart below shows the ethnic breakdown, by contractual grade and overall figure, for 2018/19.



- 7% of our Senior Leadership Team (Head of Department/Directors) are from the BAME community, an increase of 3 percentage points from 4% last year
- 30% of our Associates are from the BAME community, an increase of 3 percentage points from 27% last year
- During this period, 28% of all people promoted from one job grade to a higher one (eg from Administrator to Associate or from Associate to Manger) were from the BAME community. The figure last year was 18%.

Our ethnicity network Spectrum celebrated Black History Month by holding a series of events including a joint session with the International network, discussing Windrush.

This event included a Counselling Psychologist sharing academic insights from research into new arrivals from the Windrush Generation. Four women who were part of the Windrush generation, told their moving accounts of discrimination and racism when they moved to Britain during the Windrush Era. One of the events was attended by a Business Psychologist discussing the psychology of BAME people in the workplace. We invited her back to host a workshop on this topic with our Senior Leadership Team to complement their existing suite of training.

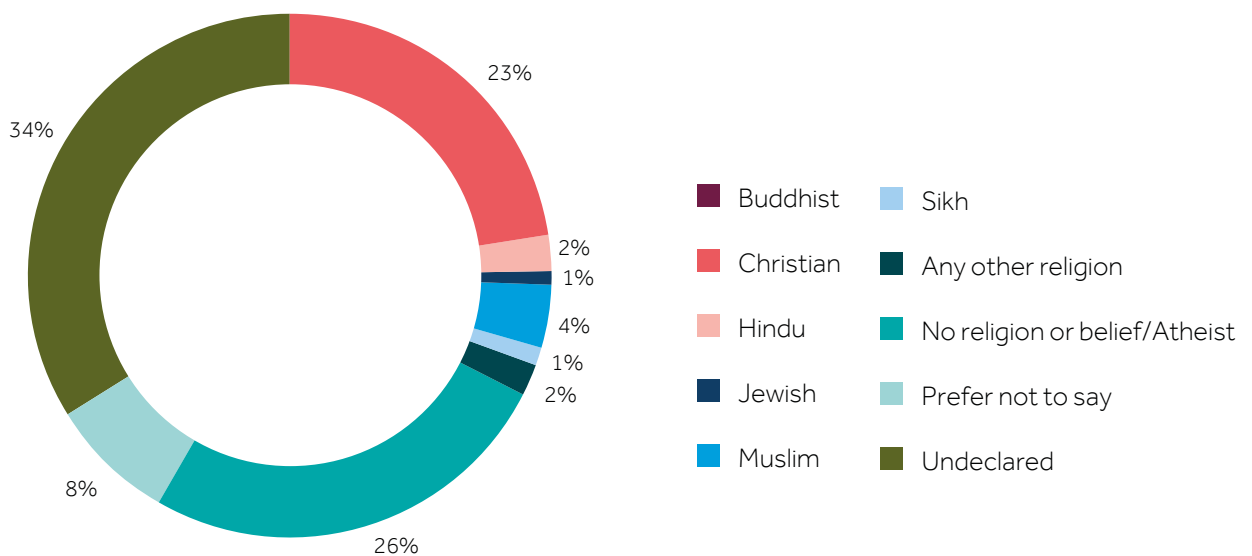
Spectrum also held a joint event with our sexual orientation network InsideOut. This featured a panel who shared their stories of identity search as they navigated race, culture and being LGBTQI+.

Spectrum has continued to support central initiatives including the launch of the BAME sponsorship programme and reverse mentoring.

Faith/belief

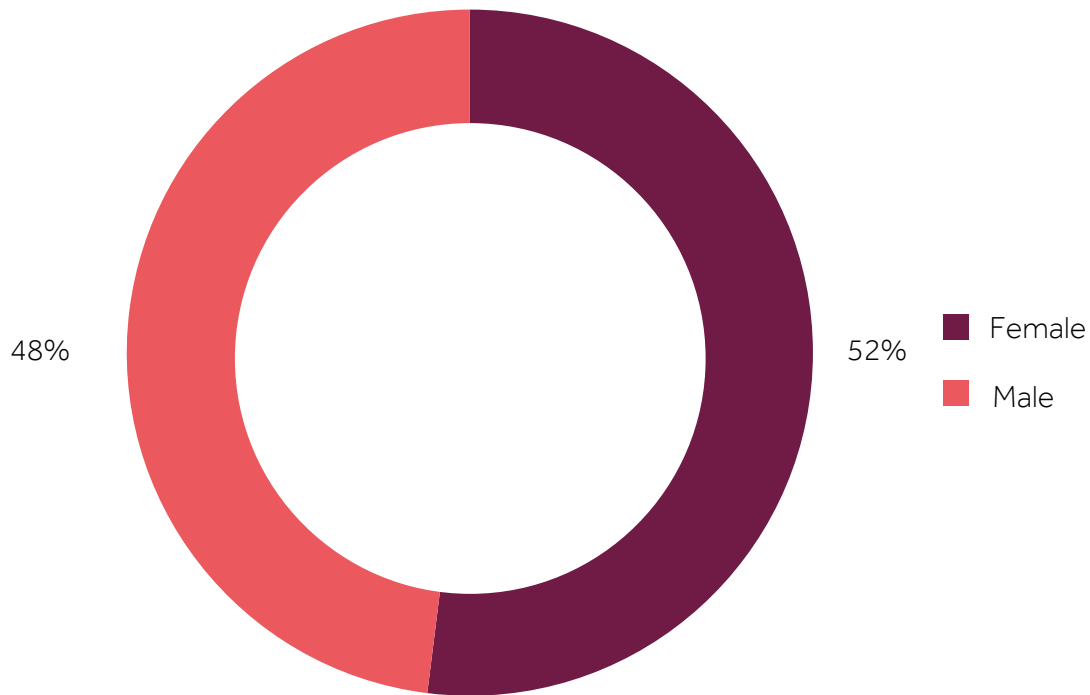
We hold data for 66% of our people, an increase from 51% last year.

The 66% comprises 23% Christian, 26% no religion or belief/atheist, 8% prefer not to say, 4% Muslim, 2% Hindu, 2% 'any other religion', 1% Sikh and 1% Jewish. We also have employees who identify as Buddhist but this groups forms less than 1%.

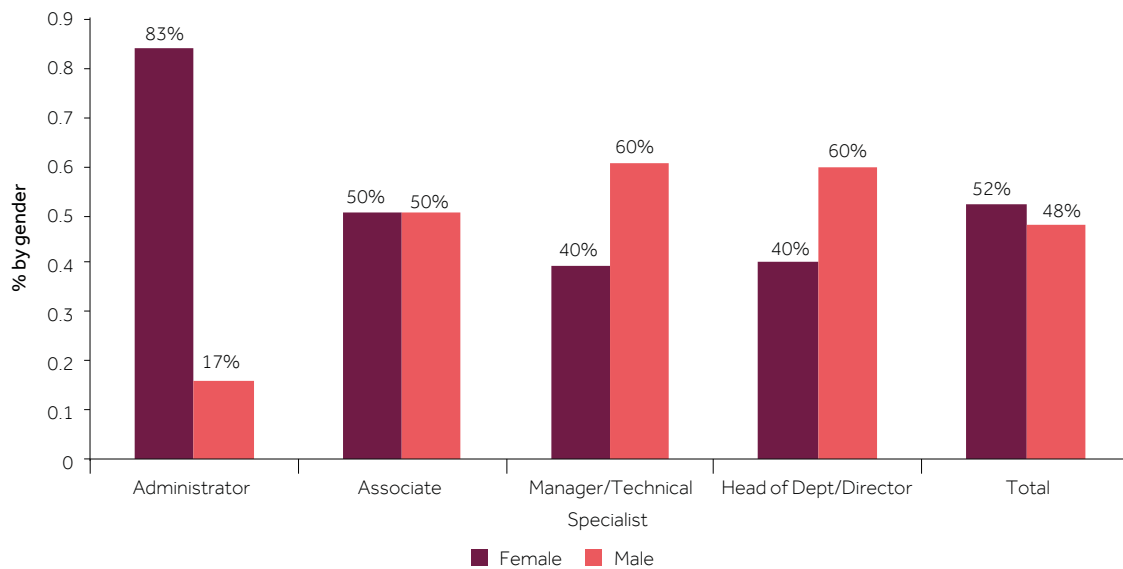


Our Faith and Roots Network connects both people of faith and of no faith at the FCA. Faith is often an aspect of diversity that does not get spoken about, and our Network encourages people to have the conversation to promote awareness and tolerance. Faith and Roots is building networks with our local faith community in Stratford and looking to further engage with community based work.

Gender



The chart above shows the overall split is 52% female/48% male, the same as last year.



As this chart shows, 40% of our Senior Leadership Team (Heads of Department/ Directors) are female, an increase of 1 percentage point from 39% last year.

- In the past year, 53% of people promoted from one job grade to a higher one (eg from Administrator to Associate) were female
- 45% of promotions to Manager/ Technical Specialist were female

Our gender network 'Balance' celebrated International Women's Day and International Men's Day together with colleagues from our Carers network.

The network provided support to colleagues through a parental buddying scheme with the Carers network, to support colleagues returning to work from maternity leave and

working parents more generally. Balance also run a number of initiatives to support our people including yoga sessions for women going through the menopause, and a wide range of lean-in circles.

Balance has also sought to influence gender equality in wider society by supporting events at community schools to encourage disadvantaged girls to pursue careers in finance. It also runs formal external mentoring schemes both in London and Edinburgh.

Balance aims to build ties with other UK regulators and have participated in a number of joint events.

Marriage/civil partnership

We hold data about marriage and civil partnership for 34% of our people:

- 27% are married/civil partnership
- 1% are separated/divorced/widowed
- 6% are single

Pregnancy/maternity

Over the past year:

- 115 women took maternity leave and 113 returned from maternity leave
- 34 men and 1 woman took shared parental leave and 30 men and 1 woman returned from shared parental leave
- 1 man took and returned from adoption leave
- 88 men took paternity leave

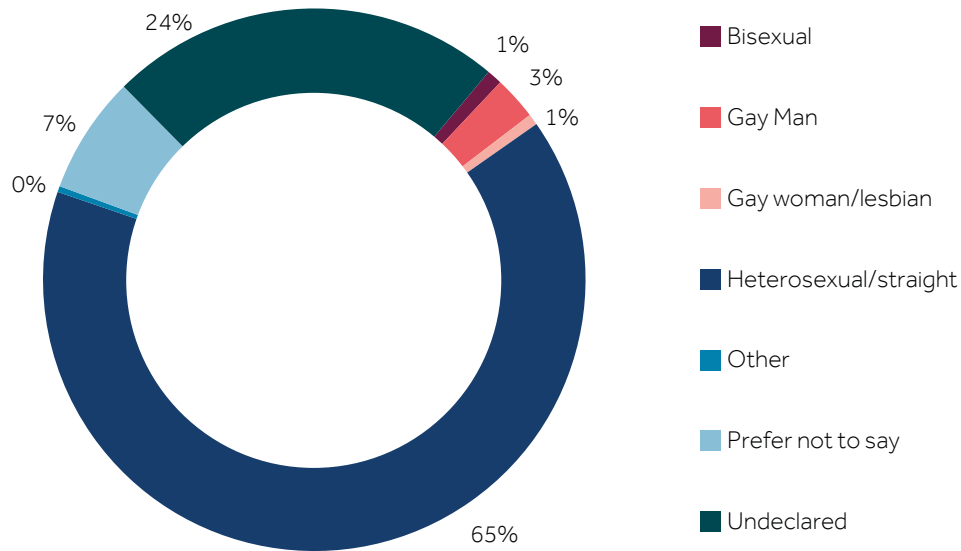
There has been a notable increase in the number of people taking shared parental leave, last year the figure was 15.

We run quarterly pregnancy and parenthood clinics. These are drop-in sessions for pregnant women and new or expectant parents of any gender. They provide an opportunity to discuss questions or concerns on parenting related issues, flexible working, and pay during maternity, paternity or adoption leave.

Sexual orientation

76% of people shared information about their sexual orientation, an increase from 64% last year. This year the data shows 3% gay men, 1% lesbians and 1% bisexual.

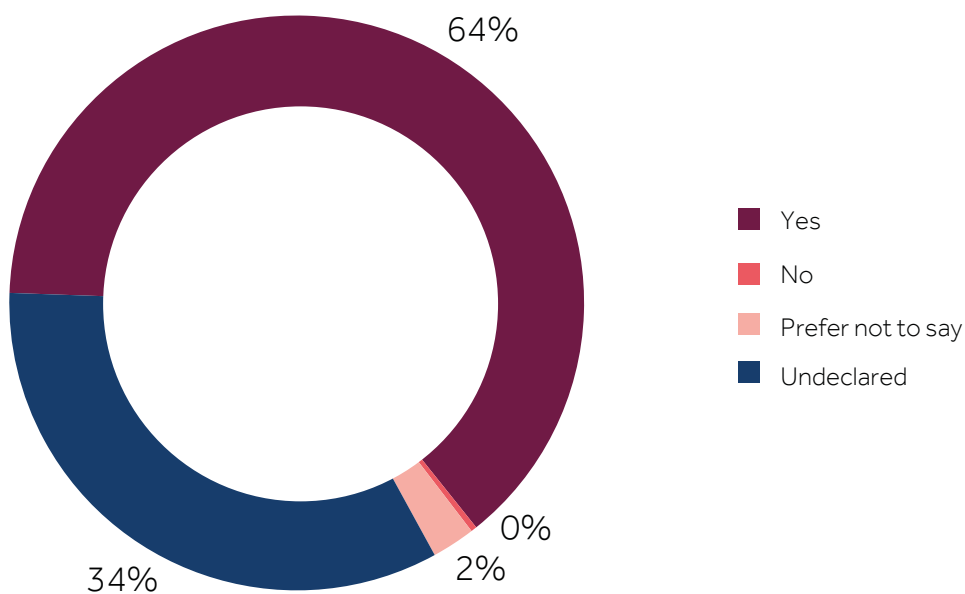
The group that selected 'Other' was less than 1% so shows on the chart as 0%.



Gender reassignment

We ask 'is your gender the same as your gender at birth?' and we hold this data for 66% of our workforce, an increase from 51% last year.

The chart below shows that 64% of people told us that their gender is the same, and 2% preferred not to say. The group that said it was not the same was less than 1% so shows on the chart as 0%.



This year we were delighted to secure a place in the Top 100 of the Stonewall Workplace Equality Index at number 69, recognising our commitment to LGBT+ inclusion.

Our network group InsideOut has grown and is more diverse as a group. They have focused on all facets of the LGBT+ community, for example, hosting the first event on Bi+ lives.

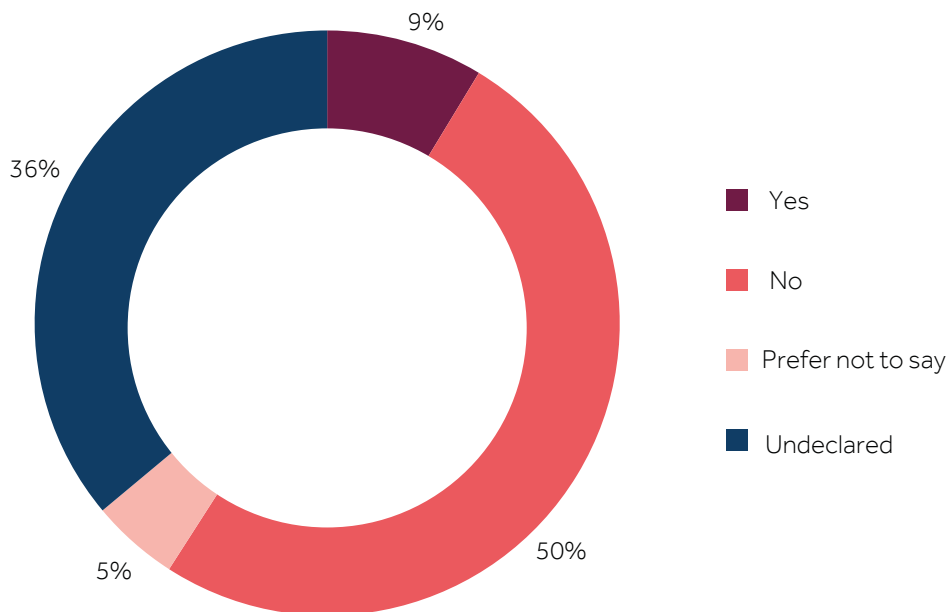
InsideOut support an East London HIV charity, Positive East, and raised £3,144 by participating in the Red Run in December 2018. Through our Edinburgh office they diversified our approach by starting up a public authority LGBT+ 'network of networks' in Edinburgh.

Additional data

The following section contains data that we are not obliged to collect, but do so as part of our commitment to go beyond our diversity and inclusion statutory obligations.

Carers

We ask our employees if they have caring responsibilities, aside from being a carer for a child. We hold data for 64% of our workforce, an increase from 49% last year. 9% say that they do have caring responsibilities, up from 7% last year; 50% say they don't and 5% preferred not to say.

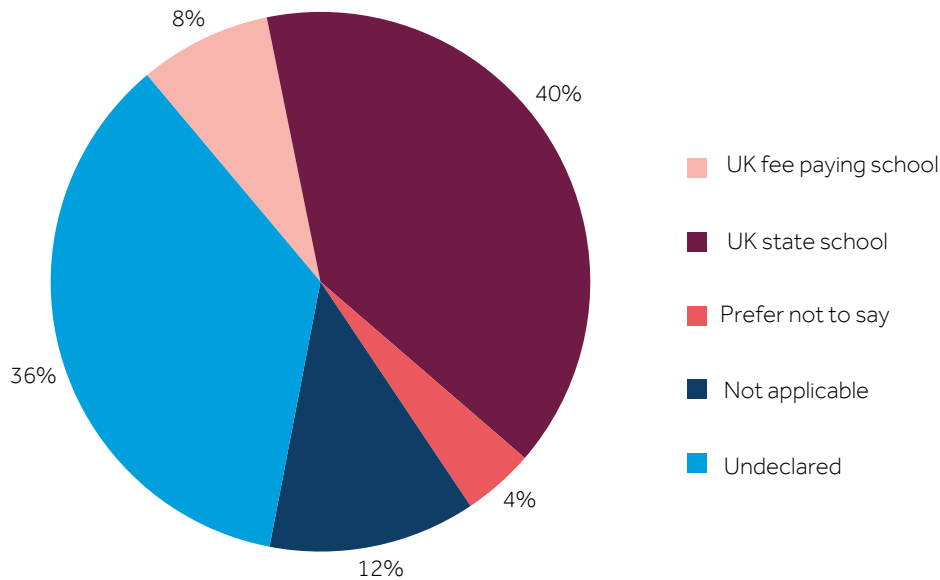


This year the Carers Network has further improved the FCA's recognition of carer's needs, providing tools to help FCA carers have open conversations with their line managers and giving them individual support.

The network collaborated with Balance to celebrate International Men's Day and discuss the role of male carers. For Carers Week they held a roundtable discussion with external carers networks, an informal drop in session for carers and those who support them, plus a 'Managing a carer' forum for line managers.

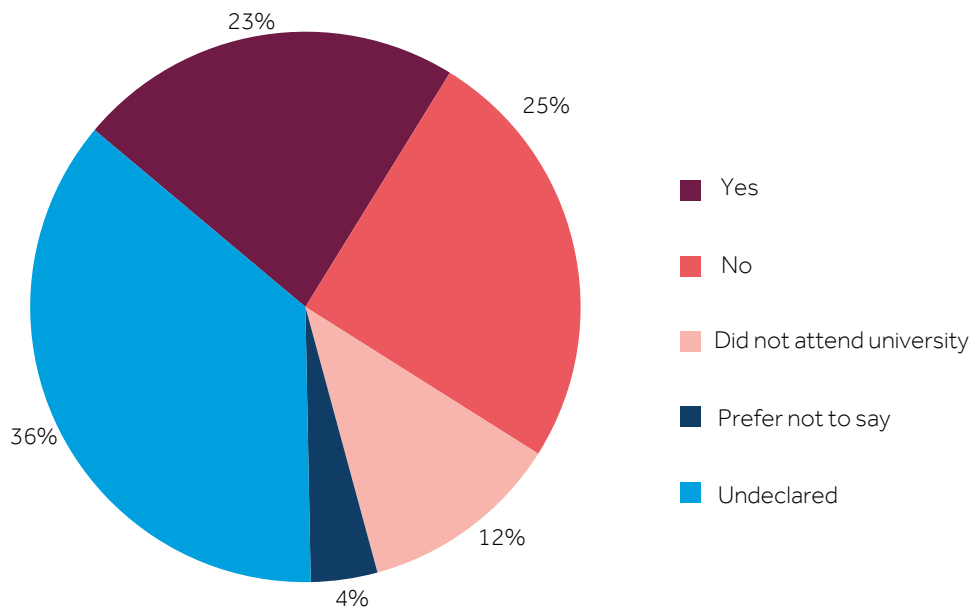
Educational background

We ask our employees what type of school they went to. We hold these data for 64% of our workforce, an increase from 50% last year. It tells us that 40% went to a UK state school, 8% went to UK fee-paying school, 4% preferred not to say and 12% said not applicable as, for example, they were educated abroad.



University

We ask our employees whether, if they went to university, they were the first in their family to do so. We hold these data for 64% of our workforce, an increase from 49% last year. It tells us that 23% were the first in their family, 25% were not the first, 12% did not attend university and 4% preferred not to say.



International

The perspectives and knowledge that our International colleagues brings to us as a Regulator is important.

Our International Network has been actively supporting our people who are EU Nationals and Non-UK Citizens, at a time of uncertainty during the Brexit process. The Network, in partnership with HR, have been providing legal updates and guidance on status.

