

Summary of HM Treasury Women in Finance Charter Annual Review launch event

New Financial believes that diversity in its broadest sense is not only an essential part of running a sustainable business but a fundamental part of addressing cultural change across financial services. We provided data to Jayne-Anne Gadhia's 2016 government-backed review of senior women working in the industry, [Empowering Productivity](#), and we are HM Treasury's data partner monitoring the progress of signatories to the [HMT Women in Finance Charter](#).

In June 2022, New Financial hosted the virtual launch of the fifth Annual Review of the HMT Women in Finance Charter. More than 400 people from across the Charter signatory network joined the session live online, and there was an animated Q&A with attendees. To view a recording of the launch event, please [click here](#).

In addition to presenting highlights of the Review, we heard from:

- Guest speakers:
- John Glen MP**, former Economic Secretary to the Treasury
 - Amanda Blanc**, Group Chief Executive of Aviva, Government Women in Finance Champion
 - Gwyneth Nurse**, Director of Financial Services at HM Treasury
 - Rehana Ameer**, Common Councillor at City of London Corporation
- Panellists:
- Julia Hoggett**, Chief Executive, London Stock Exchange
 - Syreeta Brown**, Group Chief People and Communications Officer at Virgin Money
 - Malcolm Palmer**, Chief Operating Officer, Investment Solutions & Services, Fidelity International
 - Damien Shieber**, Head of Culture and Experience, Santander UK

Additional resources:

- To view a recording of the launch event, please [click here](#).
- To download a copy of the latest HM Treasury Women in Finance Charter Annual Review, [click here](#).
- If you have any comments or queries about the Annual Review or the launch event, please contact New Financial, yasmine.chinwala@newfinancial.org.

Highlights from the launch event programme

1) Key takeaways from the Annual Review

This fifth annual review monitors the progress of 209* signatories. Now with five years of data, we have an even greater understanding of how companies are executing the Charter principles. There are certainly highs and lows in this year's Annual Review - on the plus side more than three quarters of signatories have met or are on track to meet their targets, **but**, for the first time, the average level of female representation in senior management has remained flat at 33% in 2021 compared to 2020.

i) Meeting targets: More than a third (37%) of the 209 signatories analysed in this review have met their targets for female representation in senior management, and a further 41% that have targets with future deadlines said they are on track to meet them.

ii) A flat picture overall: For the first time, the average level of female representation has remained flat, at 33% in 2021 compared to 2020. While two-thirds of signatories (66%) either increased or maintained their proportion of women in senior management, at the remaining third the proportion fell – the highest number of signatories (70) to report a drop in female representation since the launch of the Charter.

iii) Fewer misses in 2021: Of the 76 signatories with a 2021 deadline, 45 hit their targets and the remaining 31 missed, down from 44 in 2020. Of the 31 that missed, 19 were close – either within five percentage points or five appointments of hitting their target.

iv) A step change in ambition on targets: Signatories' ambitions for their targets have leapt forward with nearly half (48%) setting a target of at least 40%, corresponding with HM Treasury's desire for alignment with the FTSE Women Leaders review.

v) Top actions driving change: Signatories still place the greatest emphasis on altering recruitment practices, but they are increasingly focused on developing their own female talent. Some firms are applying the Charter principles of setting targets, introducing accountability frameworks and monitoring progress to drive momentum across their initiatives.

vi) Getting to grips with diversity data: Signatories have taken strides forward to expand the diversity data they collect. Nearly three-quarters (72%) of signatories are capturing additional diversity data about their female senior managers, up from 53% last year. Ethnicity, sexual orientation and disability are the most commonly collected datapoints.

vii) Monitoring impacts of Covid-19: Signatories reported on how they are adapting as the worst of the Covid-19 pandemic recedes. Priorities are plans for returning to the office, different approaches to hybrid working, and how arrangements are being integrated into business as usual.

viii) Accountable at the top table: Accountability is sitting at the highest levels of seniority, with almost all (98%) accountable executives being executive committee members. AEs are taking an increasingly strategic approach, and their role is expanding into new areas, such as sustainability.

ix) Linking to pay: After a marked improvement in the quality and quantity of signatory reporting on the link between pay and targets in 2020, this year's data indicates signatories' increasing confidence in implementation. Just over half (53%) of signatories believe the link to pay has been effective, and the link is getting more granular, incorporating both personal and corporate goals for a wider group of employees.

x) Publishing updates: Only 59% of signatories published an online update on their progress by the required deadline, and the quality and format of reporting varied significantly. Publishing progress is the only Charter principle that has not consistently improved over the past five years.

* The Annual Review analyses a further 97 smaller signatories (those with fewer than 100 staff) in a separate appendix

2) HM Treasury's outlook on the Charter

a) Government is committed to nurturing talent

HM Treasury's speakers were clear that the motivation for improving diversity across the financial services industry was to ensure the UK can retain its standing on the global stage, attract the brightest and best talent from all backgrounds, and ensure those diverse workforces generate new ideas that drive business to a new competitive edge. The Charter also contributes to promoting competition and productivity in the sector.

b) EST challenges industry leaders to ask how they can go further, faster

John Glen MP was Economic Secretary to the Treasury for four and a half years, responsible for financial services as a whole and including the Women in Finance Charter. While he has been impressed by the dedication and imagination of signatories, there is still plenty of work to be done. He acknowledged that change is not linear, and challenged signatories to ask how they can improve and go even further by fully committing to the Charter and its principles. It is incumbent on signatories to identify what areas need addressing and take the necessary actions to accelerate progress.

c) Call to raise ambition on targets...

HM Treasury is backing the increased ambition from signatories in their target setting. It would like to see signatories move towards a 40% baseline target, particularly those with a maintenance target below 40%. This shift to 40% also aligns with the [FTSE Women Leaders Review](#).

d) ... and publish annual updates

The four Charter principles are all focused on driving accountability for improving female representation. The Annual Review data shows how setting targets, having an accountable executive and linking pay to targets are becoming increasingly embedded for signatories. However, signatories must remember their Charter commitment to publish an annual update on their progress online, and those that fail to do so on time will be hearing from HM Treasury.

e) Foster diversity in the face of adversity

HM Treasury is acutely aware of all the pressures on business with the pandemic, war in Ukraine, and rapidly rising inflation. Against this backdrop, HM Treasury encourages signatories to think of improving diversity as an integral part of doing business rather than an add-on – a more diverse and productive workforce is better equipped to face challenging circumstances. And change also presents opportunities to rethink systems and processes, and to make decisions that can support increased diversity.

3) Highlights from the panel discussion

i) A bigger challenge ahead

The shift from female representation of mid-20s to 33% today was hard work, but the move up to 40% and beyond will be much tougher – if it were easy, it would already have happened. Now is the time to think creatively and test new approaches to proactively disrupt the status quo. Signatories will need to be even more targeted and focused on the impact of interventions on representation and inclusion. When an approach is not yielding results, go back, reset, and try again.

ii) Focus on talent pipeline

Over the early years of the Charter, signatories have focused their actions on recruitment. The Annual Review data shows that attention is now shifting from bringing a pipeline into organisations to the reality of growing a population of female leaders from within, in a sustainable fashion. The Charter target is based on senior managers, but it requires signatories to be accountable for producing the next generation of talent, and the one after that, and so on. This requires deliberate strategies with multiple interventions across the lifecycle of a colleague's career.

iii) Granular focus on diversity data

All panellists recognised the vital importance of good quality diversity data. No diversity and inclusion strategy can work without a data strategy that promotes understanding the dynamics of data, using the data to inform actions and desensitise the tone around diversity discussions. Data dashboards are evolving to show managers the impact of hiring and recruitment decisions on the makeup of their teams. The Annual Review data shows signatories are also rapidly expanding their diversity data collection across multiple strands. There is more work to be done to encourage colleagues to share personal information and improve understanding of how their data will be used. For example, Santander ran a Black talent programme with 50% female representation, and had the data to enable it.

iv) Lines of accountability

Those who can drive change must be held accountable for it. The chief executive and the Charter Accountable Executive need to set the tone and visibly lead the diversity agenda. The data must be consistently monitored and discussed not only at board and executive committee level, but increasingly across business lines, drilling down to data and targets for specific individuals. Employee resource groups and networks also play a role in holding organisations to account.

v) Cascading D&I objectives across the organisation

Panellists discussed how strategic D&I objectives are set at group level, divisional level and functional lines. Such a granular approach brings D&I into the heart of the organisation and makes it tangible for teams and individuals in everything they do at work. Zooming in on the component parts makes D&I part of the day job, rather than an optional side-of-desk exercise.

vi) Embedding an inclusive culture

Female representation cannot improve without cultural change, which in turn will promote inclusion across the board. Ensuring managers and people leaders have the tools and capabilities to foster an inclusive culture is increasingly important as employees and potential employees become more selective about the type of company they want to work for and who they want to work with. For example, Virgin Money's recent initiative "[A Life More Virgin](#)" sets up the culture of the organisation to attract and retain talent, rather than being a diversity-specific push.

vii) Addressing transformation

A common theme for panellists was the need to proactively address diversity and inclusion through organisational transformation – whether that is due to a merger, restructuring, headcount reduction, a change to business strategy, or a combination of these events; for example London Stock Exchange Group’s merger with Refinitiv, which reshaped the whole company. The Annual Review data showed the main reason signatories missed their targets was as the result of an organisational change. Instead of accepting or being surprised by a drop off in female representation after the event, a big transformation of the business should be an opportunity for D&I. For example, Fidelity has had success in creatively moving potential leaders (particularly women) around the business to expand their experience so they are well-positioned for leadership roles.

viii) An inflection point for hybrid working

A transformation that the majority of signatories are grappling with is a sustained shift to hybrid working. Panellists raised concerns that hybrid working changes the visibility of people who are working remotely more than others who are more office-based, and the potential impact on opportunities and progression for those colleagues, particularly women. Having data that can show whether there are differentiated impacts on pay, performance rating, promotion, work allocation and availability of support for those working remotely will be vital to inform both organisational and individual choices. The Annual Review data shows signatories are currently focused on employee surveys as a measure of the impact of hybrid working on individuals, with little evidence of monitoring diversity data dashboards for wider organisational impacts.

ix) Missing targets matters

The Annual Review data shows that when a signatory misses their target, it is not something that happens in the deadline year – they were consistently underperforming the path to the target for two or more years before the deadline. While there will always be valid reasons why a signatory misses their target despite the best of intentions, the panel discussed why hitting Charter targets matters:

- because of the message to women in the organisation about their prospects and leadership’s commitment to the target;
- because ambitious targets are set for revenue, growth or costs in other areas of the business agenda despite being subject to external factors and organisational change;
- and because targets are a way of holding the organisation accountable for the overarching philosophy driving diversity and inclusion.

Missing a target must prompt reflection and action on what needs to change to correct the course towards the target.

x) Keeping female representation on the agenda

With so many rising priorities on the business agenda, there will be work ahead to keep improving female representation firmly on the agenda. The main way to do so is to be vocal, to talk about it a lot, about why it is important, and the culture the organisation wants to create. Advocacy should not just be the role of the Accountable Executive, or a handful of senior women; more and more leaders need to talk about progress in D&I and their own experiences so it becomes embedded. Most of the financial services industry is based on human capital – that will require good management, making the most of the people in the organisation so everybody has an opportunity to thrive. And there is so much work to increase female representation that can be leveraged across wider D&I strands to keep building a diverse and inclusive financial services sector.

4) Highlights of closing remarks from Amanda Blanc, Group CEO of Aviva and Government Women in Finance Champion

a) Diversity must be a business priority

Amanda Blanc reiterated that improving female representation is a business issue – Aviva has 16 million customers in the UK, who are all different, so the business must reflect that diversity. Just as companies set profit targets and customer number targets, diversity targets must be part of how the industry operates, and be monitored and reflected in pay with equal prominence to other strategic areas in the business scorecard.

b) Maintain focus, passion and effort

All signatories need to be passionate about improving female representation – keep talking about it, keep up the enthusiasm and exert peer pressure on others to drive change. With more than 400 signatories covering more than a million employees in the UK, the Charter cohort has the power and influence to effect change.

c) Embrace ambitious targets

While she expressed concern that signatories have remained at 33% for a year, Amanda was clear that targets should not be set on the basis of what can be achieved easily. Setting ambitious targets keeps diversity high on the business agenda.

d) Amanda's first year as WIF Champion

In her first year as the Government's Women in Finance Champion, Amanda set up the Accountable Executive Taskforce to support the next phase of the Charter, composed of a group of Accountable Executives from signatory firms representing the Charter's different industry sectors. She has also produced the [Women in Finance Blueprint](#), which is a toolkit of ideas that have proven to be effective at improving female representation based on case studies, surveys, interviews and research.

e) Next steps for Amanda and the AE Taskforce

Taskforce participants have begun introducing initiatives at their organisations based on the Blueprint, and are encouraging more signatories to use the Blueprint to benchmark their activities. Next on Amanda's agenda is to work out which parts of the Blueprint are most appropriate for medium-sized and smaller signatories, in order to reach more of the signatory cohort. To find out more about the Taskforce, email womeninfinance@aviva.com.

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