House of Commons

Treasury Committee

Oral evidence: Women in Finance, HC 477

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Watch the meeting

Members present: Nicky Morgan (Chair); Rushanara Ali; Stephen Hammond; Stewart Hosie; Mr Alister Jack; Catherine McKinnell; Kit Malthouse; John Mann.

Questions 1–81

Witness

I: Jayne-Anne Gadhia, CEO, Virgin Money and Government Women in Finance Champion.

Examination of witness

Jayne-Anne Gadhia

Q1 **Chair:** Good morning. Jayne-Anne, thank you very much indeed for coming in. We are looking forward to hearing from you in this first session intended to inform the Committee about the Women in Finance Charter and the work you have done on that as Champion and your views on gender diversity in the financial services sector, partly based on your own extensive experiences. Hopefully this will be as friendly and interactive as we can make it.

Jayne-Anne Gadhia: Thank you.

Q2 **Chair:** Perhaps I could just start off. Could you just tell the Committee about how you got involved in being the Women in Finance Champion and how you were asked by the Treasury to take on drafting the recommendations?

Jayne-Anne Gadhia: Yes. To be honest, it was a surprise to me, because I had not been previously involved with any particular women's championship, as it were. But the productivity report was coming out in July 2015, and of course I had not properly understood the link between gender equality and productivity.

When George Osborne put forward the productivity report, the Treasury contacted me to say that one finding of the productivity proposal would be to increase women's representation in financial services companies. They asked me whether I would be prepared to step forward and look into it. I have to say that my initial reaction was not to get involved, because I never felt that I wanted to be seen as a feminist, if you like.

Then two things happened. First of all, I realised that this is not a feminist agenda; it is definitely an equality agenda. It is super-important for everybody to understand that. The second thing I had not realised was the number of women in senior positions in financial services is so much worse than in any other industrial sector.

When I saw that only 14% of senior positions in financial services are held by women, it made me realise, "Goodness me—there must be something wrong here." If you make the simple assumption that women do not progress because of motherhood, women have babies in all sorts of professions, so why on earth would it be worse in financial services? That is what really captured my attention and got me really involved in this particular agenda.

Q3 **Chair:** That is fantastic. Thank you very much. Obviously, we are going to come on and talk about the recommendations in the Charter. Is there anything particularly from your own career in terms of either barriers or good practice that you have seen—whether there has been a particular scheme or things you do now as a chief executive in order to nurture female talent—that has particularly stuck out for you as something that would make a difference?

Jayne-Anne Gadhia: I have been really fortunate in my career. Working for Virgin has definitely made a big difference for me.

I started—I cannot believe it—23 or 24 years ago. Without a doubt, the Virgin Group and Richard Branson have always been very focused on equality—not just gender equality but ethnic diversity etc. too. That has led to a healthy and vibrant culture within the companies and success for the companies. Having worked for Virgin, I have not experienced anything other than support for the equality agenda, if you like.

Previously, however, in other organisations, I have seen some issues. I remember I used to work for Norwich Union, now Aviva. There was an issue back in 1994, which some of the Committee might remember. Norwich Union was asked to take its sales force off the road in order to do some retraining. I was asked to project-manage the sales force back on the road, which I did. As a young-ish person then, I had hoped that I would be able to take a more senior role in that sales team subsequently. I was told by a very senior person at Norwich Union that I did not have the characteristics necessary to lead a sales force.

I said, "What is that?" and he said, "Well, the two things you are missing are a thick skin and a load of bull." It just struck me, and I thought about it subsequently. It did not really make me feel that it was sexist at the time. I felt disappointed at the time, but there was a definite alpha-male-ness about that, which I have never forgotten.

I also felt it at RBS. I would not want to overdo the RBS thing, because there were lots of positives as well as negatives. But there was a very male culture. I have talked previously about part of that being the win/lose culture. Undoubtedly, there was a sort of pervading sexism. I remember a very senior woman being very upset one day, telling me that she was expected to sleep with her boss. Of course, that sort of thing means there are issues for women in progressing through financial services.

Today, however, what is good about where we have got to is that because we are starting to address the issue, many things are happening. Two really important things are happening. The first is that women are very keen to talk about their own experiences, and that is powerful. The second thing that is equally powerful, sometimes more so, is that men are also joining into the agenda and trying to create this much more equal society.

As I say, I want to keep on making the point that for me this is about us all engaging in equality—rather than this being a feminist agenda. If we can get senior men and women leading the cause forwards and creating the opportunity for younger men and women to succeed equally, then we will change things for good.

Q4 **Chair:** That is fascinating. We will come on and look at the recommendations and the 10 particular points you raise in your report. You have probably already touched on this, but do you feel some of the barriers were cultural rather than perhaps overt discrimination as such? In your experience, would you agree that changing a culture can take longer than just passing a rule to outlaw discrimination?

Jayne-Anne Gadhia: Yes, cultural issues are key. As you touch on, Chair, this is really interesting. When we looked at the supporting work necessary for the Charter, we undertook research with financial services companies in the UK. We got 3,000 responses, of which 80% were from women and 20% were from men.

Overwhelmingly, women said, "The reason we do not want to get involved in financial services at senior levels is because of the culture." That was really fascinating, because, as I mentioned earlier, I thought—a simple thought—childcare would be an issue. It was hardly mentioned, which is really interesting. What women really said was that there was definitely a culture of having to be present in financial services. In other words, "I need to be seen to be at my desk at seven o'clock in the morning and 10 o'clock at night. Why should I need to be seen there? Trust me to do my job; look at the output, not at my presence."

In particular in financial services, one of the things that women really dislike—I definitely understand this—is the bonus culture. They feel it means people have to go and argue how well they have or have not performed. In general, there is a view that men are more likely to go and bang the table and say, "I have had a really good year. Pay me well." The view is also that women are more likely to say, "You know I performed well. I should not have to argue the case. Just reward me fairly." If you do not have strong middle managers who are really managing performance in that way, you get a skew to men being rewarded better than women. That feeds into the gender pay gap, too.

Q5 **Chair:** The Government has also introduced the gender pay gap regulations. We are really going to start seeing reports on that in the next few months. Part of it is about reporting on bonuses as well as just straightforward pay. Is that transparency going to help in terms of the bonus culture you just talked about?

Jayne-Anne Gadhia: Definitely, yes. It is one thing for me to sit here and talk broadly about what is happening in the sector, but I run my own bank, Virgin Money. I would like to be able to say we are the shining light of goodness in all of this, but of course we have all of the same issues.

Last year at the time when bonuses were being agreed, I remember looking at the gender allocation of bonuses. There was not a normal distribution. Ours was also skewed until you started to say, "Why is that?" Once you start to look at the distribution—certainly this is true for my own company—and the decisions around bonuses and start to challenge managers, they go, "Gosh, I had not really thought about it that way."

We ended up in a place where the distribution was much fairer and much more balanced. In a sense, sometimes managers can take the easy option. That is also where unconscious bias comes in. If we do not shine a light on that then, as human beings, we are never going to move away from it.

Q6 **Chair:** Stewart is going to talk about unconscious bias. Just finally, before I hand over to Alister, as you might expect, my Twitter timeline has been full of both those who are delighted by this inquiry and those who critical of this inquiry. Obviously, we are talking about women in finance, but one of the fair points they have raised, as you said, is diversity is about more than just gender. Based on your research and professional experience, would you feel that, although there is a focus on gender, diversity of background and diversity of ethnicity is also something the financial services sector needs to tackle?

Jayne-Anne Gadhia: Definitely, yes. This is something I did ask the Treasury at the time. The reason this report was focused on gender first is because someone made the point to me that you have to start somewhere. That is right, but definitely this is not where it ends. The one thing I have learned throughout all of this is that what you focus on, as a management team of a bank or any other business, absolutely gets the attention. You make a difference that way.

It is right to have started here, but let's make sure we get full diversity everywhere.

Q7 **Mr Jack:** We have covered some of these points. I thought we might drill down in a bit more detail. What would you consider to be the main benefits of gender diversity in boards and executive committees specifically of financial services firms? What is the main benefit of gender diversity?

Jayne-Anne Gadhia: There is a hard and a soft answer to that, Mr Jack. Undoubtedly, when I am in a room with just men, I can see that the conversation is different from when you are in a room with a balanced team of people.

A few years ago, I remember one of my colleagues, Caroline Marsh, wanted to step off my own executive committee in order to do a different role. She left, and there was only me and one other woman on the team. There were about eight men. Just from Caroline having left, I could tell the progression of the discussion was less full. There was less challenge; there was less balance in the discussion. Balance is really important. That is why diversity is more important than just gender equality. It is that interaction and dialogue of different sources of emotional and intellectual intelligence, if that is the right way of putting it, that makes such a difference.

On the softer side, it is definitely the quality of the debate and the progress of the dialogue. On the harder side, we have not done our own analysis, but we have looked at analysis from Credit Suisse, McKinsey and others, which shows that where you get diversity on boards, the profitability of the businesses involved is superior to those where there is no balance.

Actually, we launched the Women in Finance Charter at the Bank of England. I remember talking to the Governor about it. He was particularly interested in the report that had come out from Credit Suisse that showed, at that point in time, the return on equity in financial services companies and others that had gender balance at board and senior management level was two percentage points higher than in those that did not.

There are all sorts of hard facts that reinforce that. I did read somewhere—this is a number so huge it is hard to even contemplate—that gender equality globally will bring £12 trillion of economic benefit to our world.

Mr Jack: Goodness me.

Jayne-Anne Gadhia: It is the right thing to do morally, but it is absolutely the right thing to do economically. It is that balance that is so powerful.

Mr Jack: That is a very full answer. You have answered most of my questions, which is handy.

Stephen Hammond: Let's move on, then.

Mr Jack: Yes, exactly, there is no point in hanging around.

Chair: This is a challenge for you, Alister. Yes, exactly.

Q8 **Mr Jack:** Obviously, you have seen individual benefits to your own firm from that gender diversity, but are there macroeconomic benefits as well in that case? I think you have answered that question.

Jayne-Anne Gadhia: Yes. For me, I continue to be surprised and uncomfortable—as I suppose we all do—that we, the UK, lag behind so many other countries in terms of productivity. If we wanted to look at one macro benefit for us in the UK, driving gender equality will undoubtedly drive benefits to productivity in a proven analytical way. In itself, that is a measurable outcome. It is something we should all aspire to.

Q9 **Mr Jack:** You mentioned that 14% of senior executives in the financial services industry are female, which is obviously a ridiculously low percentage.

Jayne-Anne Gadhia: One four—14%, yes.

Q10 **Mr Jack:** 14%, yes. That is what I said. I am sorry. I said 14%—I have not put my teeth in properly this morning. There is a culture—not, obviously, at Virgin Money—of low pay across the industry. It is not just financial services, though. The BBC has recently been highlighted for that crime as well.

Why is that? It cannot just be because of alpha males. If you take the BBC, there are some very strong female presenters who we saw were not getting anything like the equivalent pay to their male counterparts. There must be more to it than just the alpha-male ethos.

Jayne-Anne Gadhia: Yes. As I reflect on this, the problem with the gender pay gap is that it really reflects two things. What you are raising at the BBC seems to me to be—I do not know, as I am only speaking about what I have seen in the papers—a particularly difficult issue, where a man and a woman doing the same job do not get the same pay, which is always wrong. I cannot comment about how they resolve that.

In financial services and other businesses, it is slightly different. The way in which the gender pay gap is measured is at a corporate level. Therefore, if you have more women on low pay and more men on high pay, you will show a gender pay gap, even though people who do the same job are paid the same.

At Virgin Money for example—I am sure this is true across a lot of the financial services sector—we are really diligent in making sure that men and women who do the same job get the same pay. I can sit in front of you with supreme confidence that, whilst we might not get that 100% right, we are very close to that. We are very focused on getting that right.

But we have call centres that are predominantly populated by excellent women. There are excellent men as well, but they are mainly women. We have a team that reports to my team—so in other words the most senior management population in Virgin Money—who are 80% men.

When you put all of that together, you get a pay gap because of the skew in the different populations. Lower paid people in call centres are predominantly women and higher paid people in executive roles are predominantly men. That is how the gender pay gap gets calculated.

What that has done for us is to make us say, "We need to make sure we have the right balance throughout the organisation." Of course, we should be making sure we have got more men coming in to the customer-services roles, as well as more women coming into the more senior roles. That way, we will feed healthy pipelines throughout the business for the future. There are those two different ways of thinking about it.

Mr Jack: That was a good answer. Thank you very much.

Q11 **Chair:** I would like to turn back to a previous point. Alister, you discussed this very interesting thing about how those who are convinced about it understand why diversity is a good thing. In your professional experience, how many more chief executives—male and female, but mainly male—still need to be convinced of that? Many of them think diversity does not matter as long as you have got the right person, and it does not really matter what the board looks like or what their background is.

Jayne-Anne Gadhia: It is interesting. As far as the Women in Finance Charter is concerned, we have now got 141 firms signed up. One of the recommendations is that firms agree a strategy with targets and they nominate one of their executive committee to take those targets forward. 70% of those firms have nominated their CEO. That is really good.

It is really interesting, because part of the problem—much as HR people are great and do a hugely positive job—is sometimes these sorts of tasks are put into HR and therefore they come off the business agenda. Those organisations that realise that this is a properly significant business and economic issue tend to be the ones that put the onus on creating the right diversity and the right gender environment on their CEO or on their commercial team. That is powerful, and it is something I have been very pleased about with the Charter.

When I look at the firms that have not signed the Charter and go and see the CEOs there, it is quite interesting. I have had a couple of them say the same thing to me: "The reason we have not signed the Charter is because we believe in real equality." I say, "What do you mean?" Somebody actually said to me, "I want to give the best person the job, and there are not enough good enough women." I have to restrain myself to answer this question particularly.

The easy answer is that there are so many more men out there who have relevant experience, frankly. You have to consciously work to make sure you are putting women and men in a position to get experience for the future to get the pipeline right so that this does not become an issue of having to focus on it. It just becomes an issue about the fact we have a rich group to recruit from, all of whom are equally skilled and experienced, and now we are able to take this forward powerfully.

Chair, I do not know whether I am answering your question properly—I hope I am—but it is really important that we ask CEOs to understand this is not just about today. Of course it is important today, but it is really important to build the pipelines for the future.

Chair: Absolutely, yes.

Q12 **Stephen Hammond:** Good morning. Thank you for coming. Could we just drill into something behind those averages? We said the average percentage of women on the boards and in executive committees in the average financial services firm is 14%. But there looks to be quite a disparity between banking groups, which have 31% on their boards, and private-equity firms, which have 10%.

Although 31% is arguably much too low anyway, could you give us some thoughts about the disparity between the various types of financial services firms? The term "financial services" is very broad. Inside it, we all know there are many different industries. I wondered whether you could talk about particular barriers in particular parts of the industry. That would be helpful.

Jayne-Anne Gadhia: That is a really good question. As you would imagine, to remind myself this morning I was looking at the variation in the statistics and this very point, funnily enough.

The thing that is fascinating is that the banks are the part of the financial services industry that is the most supportive of this Charter. The banks themselves are both almost universally supportive of what we are attempting to achieve here and also making the most progress. I wonder whether that is because they have tried to work out what to do about their culture post-crisis. What I mean is that it has held banks' feet to the fire more quickly than it has other areas of financial services.

One of the areas of financial services that we should shine a spotlight on is insurance. The insurance sector is definitely less committed to this agenda than the banking sector. One of the people whom I have great admiration for and who is trying to lead this charge is Inga Beale at Lloyds. I know her view is that the insurance sector could do a lot more to progress women in insurance. We should be looking at what the particular barriers are there. That said, a number of the big insurers have signed and they are now committed to the agenda. The sector is still significantly behind banks, however.

For me, one of the things that is important for all of us to do, to be honest, is to keep on reminding people of the moral and economic benefits of committing to this gender equality.

Q13 **Stephen Hammond:** Mr Jack observed that only 14% of the executive committee and 23% of the board were women in the average financial services firm. There is an observable trend in financial services of the "star NED". How much of that explains the difference between representation on boards and executive committees?

Jayne-Anne Gadhia: By the by, it is also true that there is more representation on FTSE boards. I suspect it is because it has had a spotlight shone on it, if you see what I mean.

The Davies review, for example, has definitely made a difference, because people have had to face up to the issue and understand they are going to be held accountable—or at least be publicised if they are not going to be adhering to some of these recommendations. It has definitely made a difference.

The thing that is interesting to me about the Women in Finance Charter is that we did not insist on a particular quota. We thought hard about whether this was right or wrong. 25% of firms that have signed up to the Charter have said they are going to get to 50:50 gender equality—some of them by 2020, some of them by 2025.

I would say the Davies review has absolutely helped the development of the higher percentage on boards. We need to make sure that goes further through the organisation, but individual quotas that companies set themselves seem to have more impact than a smaller quota, if you like, established by a regulatory requirement.

Q14 **Stephen Hammond:** In the first part of your answer you made the point about a spotlight. Would it therefore help if financial services firms had to publish their executive committee as well as their board?

Jayne-Anne Gadhia: Definitely, yes. I absolutely believe in transparency, disclosure and holding people accountable—for sure.

Q15 **Stephen Hammond:** One of the other discrepancies is that if you look at women in middle management and senior positions, you have got 50% in HR and comms, and yet for CEO, COO, CFO, and CIO roles the percentage is down somewhere between 6% and 13%. Would you like to comment on why you think that is the case and what can be done to change that?

Jayne-Anne Gadhia: That is really indicative of the whole problem, to be honest. My expectation is that that is about unconscious bias. People do recruit in their own image. In the example you give, because HR teams have been more highly populated by women in the past, I suspect there unconscious bias that way around as well. Addressing that issue is really important.

Making sure women and men see the opportunities across a whole range of individual disciplines within companies is really important. Role modelling is really important. The more we can do that, the more women will go into these more commercial roles.

To be honest, it is exactly the reason I made the point about the gender and diversity issues not being in the HR department. As you have rightly pointed out, we have found that commercial roles are least likely to be the roles that women take on. We have to make a difference there by asking commercial people to model the fact they want women to drive sustainable profits for the future.

Q16 **Stephen Hammond:** Would an improvement be that NEDs on boards should have to have an obligation towards succession planning?

Jayne-Anne Gadhia: That is a really good idea, yes, absolutely.

Q17 **Stephen Hammond:** They would have to consciously make a report to the board, which is minuted, that they have observed and thought about all the issues, gender and otherwise.

Jayne-Anne Gadhia: The reason that is a really good idea, Mr Hammond, is because we do that at the executive level in the business. I had not actually thought about doing it at board level. It would definitely add to progress in that area.

Q18 **Stephen Hammond:** I have one final question. I know you noted this in your report *Empowering Productivity*, but, if you look again at financial services, 20% of the employees are women; 25% of middle management are women; it is somewhere around 15% at the more senior levels. You have got the pyramid structure. What are the two things that are not happening that you would want to see progress on to make sure we break that pyramid structure down?

Jayne-Anne Gadhia: One of the things women have said in the survey we did is to make flexible working more available to everyone, in particular in this age of technology. As I said earlier, they have said, "Make it that I do not have to be here all the time. I can work from home or from the train or wherever I need to be." That would make a huge difference to men and women who have got caring responsibilities, whether that is for children, older parents or whatever it might be. That would be the first thing.

What would I say is the second opportunity for women? The reason I am hesitating is that there are all sorts of things that are going through my mind here. Being able to be mentored by other women is really important. For people who are in senior positions now, putting in place a mentoring scheme for other women would be great. This role model point is very important.

I cannot believe I have got old enough to be considered in that light. It took a very long time—

Stephen Hammond: It is a fate that comes to us all, I am afraid, whatever your gender.

Jayne-Anne Gadhia: As I say, I did not particularly want to get involved with this agenda, partly because I thought it was a bit patronising. Who am I to be saying to other women, "Look at what I have done"? The thing I have been really interested in is that there is genuine interest. Young women are interested in how you have done what you have done: what the obstacles were and how you got over them.

I have realised that I do have a bit of a duty to share that. More of us should do that. It would make a difference.

Chair: That is fascinating. Thank you very much indeed.

Q19 **Kit Malthouse:** Good morning. I just wanted to ask you one question. Something you said intrigued me about the make-up of your board. You said one woman left and it ended up being two women and eight men. If we were to look at the senior ranks of Virgin Money, would you say it would compare favourably with your competitors in terms of the number of women in senior positions, absent your position?

Jayne-Anne Gadhia: That was some time ago. We now have four women and six men, so that is better. We are aiming for 50:50. Who knows when we will get there, but our intention at some point is to get to that place.

Q20 **Kit Malthouse:** You are saying 50:50 in terms of the board.

Jayne-Anne Gadhia: I am sorry. I am talking about the executive committee at this point in time. In terms of the board, we are closer than that. At board level—just because I am not counting quickly enough—we are about 50:50. We are very focused on getting to that place, if you see what I mean. That is really important.

Q21 **Kit Malthouse:** Does that cascade down through the organisation? One of the phenomena you might have come across is where companies will appoint two or three women as NEDs or executives, and then when you look below the executive committee there is a desert of women down below, but they say, "Look, we have ticked the box. We have got a chief executive who is a woman, so we do not have to do anything else in the rest of the organisation."

Jayne-Anne Gadhia: There is a risk that could happen, and that is why the point about disclosure is so important.

From our perspective—it is quite difficult, and I understand why organisations find this hard—we are pretty pleased with where we are at board level and executive committee level. At the next level down we are not. We have got 80% men and 20% women. The question is, what do you do about that? How long is it going to take to change that?

Q22 **Kit Malthouse:** This is really what I was getting to. In that battle to equalise this, what are the specific barriers? You have talked about general and cultural issues, which presumably at Virgin Money you are kind of conquering, but are there specific practical barriers that you have encountered in recruiting more women?

Jayne-Anne Gadhia: No, it is not really a recruitment point. It is about where you start from. It would be very wrong if we were to say, "We have 80 men and 20 women; therefore, we are going to fire X number of men and bring in women to replace them."

It is genuinely about how you manage everybody fairly and properly. We have got excellent men, and both men and women tend to stay with us for a long time. It is an opportunity over time to get that balance right.

Q23 **Kit Malthouse:** When a vacancy comes up at Virgin Money, you do not have a problem finding qualified, experienced women to fill it.

Jayne-Anne Gadhia: No, but neither do we only appoint women.

For example, there was a vacancy that came up at this level in the last month or so at Virgin Money. When we are appointing people to this level of the organisation, I say to my team, "Let us make sure we have balanced recruitment lists of men and women." We actually say to the headhunting firms, "Please make sure you give us a list that is roughly 50:50 male and female of people who are very competent to do the job," and then we should just be able to choose the best person for the role.

We got to a point on a relatively senior job at Virgin Money where there were two people left. I asked to be part of the decision process. One was male; one was female. We chose the man, because the man was manifestly better than the female in that role. We all said to ourselves afterwards that we would have loved the woman to have been the one that we should have recruited, but you have to recruit the best one at that point, if you see what I mean.

That is where practicalities and humanity come in, because giving ourselves the opportunity to recruit a woman is really important, but it would wrong to the men to only recruit the women at this point.

Q24 **Kit Malthouse:** But does that become self-reinforcing? If there is always a more experienced man, do women never get the chance to have the experience?

Jayne-Anne Gadhia: No, I do not think so. Interestingly—I am really pleased about this—we had a vacancy arise to run our facilities team, which is a nationwide programme. We have a smallish branch network etc. If I am really honest, which is where unconscious bias comes out, I thought, "Gosh, it is bound to be a man who fills that role," and it is a woman.

From our perspective, as I say, the most important thing for me is that we always have the conversation. I and my team do not just allow recruitment to happen without us saying, "Are we really sure that we have considered the full range of people who could be available here?" To be honest, if it was not a woman and we needed one, I do now say "Why was it not a woman?" Providing it is really clear that we have done that process fairly, that is the right thing to do.

Q25 **Kit Malthouse:** Can I ask you about the impact of maternity? Do you feel it has a general impact on women's progression in financial services? Is there a particular cultural attitude towards maternity in financial services?

Jayne-Anne Gadhia: It is really interesting, because whilst one would assume that to be the case, it is not something that comes through from any of the research we have done. Of course it comes through in a sort of low-key way; it is part of human nature and the realities of life. But it is not something women, men or organisations say is a particular issue.

The issue that does exist—this is true across all businesses—is that women say if they have had time off for maternity, they either find it is more difficult to get back in because business has moved on or because sometimes they have lost confidence because they have been out of circulation for a while.

Again, at Virgin Money we try to manage that. We have something called the ReCareer Programme, which reaches out to women who have been on maternity leave to be able to bring them back and land them in a confident and successful way. That is really important as well. Management training is so critical.

In all organisations, there is a layer of middle management who we all rely on to get everything right. They have an awful lot to do. We have to help those managers. We put a lot of focus on training around unconscious bias and this ReCareer Programme so they can help their teams come back and be successful. It will not just happen otherwise.

Q26 **Kit Malthouse:** Do you offer an enhanced maternity regime, then? If a woman goes off on maternity leave, does she know she has this opportunity to come back after a specified time—I do not know how much maternity leave you give—and there will be this package to get her back up on regulatory issues and all that sort of thing?

Jayne-Anne Gadhia: Yes, absolutely. Just recently I had a woman write to me from one of our branches. She had just come back on this package, and she wrote to me to tell me what a difference it had made to her life. People are aware of that in the organisation.

Q27 **Kit Malthouse:** Do you find that in other competitor organisations or not?

Jayne-Anne Gadhia: Yes. I suppose the best thing I can say is that I do not know any organisation that is not trying to do the right thing with all of this. The organisations that are most successful—we try to be part of that—are the organisations that treat these as business issues, rather than HR issues.

These are the organisations that say, "This is really important to the quality of my business. I am going to be more successful if I have real diversity." They are helping women to come back to work and giving people the opportunity to manage their work-life balance through flexibility, for example. They set targets and make sure people are held to account in the way they are for delivering normal commercial business results. That is what works.

Q28 **Kit Malthouse:** You came up with 10 recommendations. Are you satisfied that they are percolating through the industry? We had the Chancellor here last week and he was asked about the Charter. There was an element of him trumpeting how much they were doing to push it, but is it your view that it is getting purchase and that progress is being made?

Jayne-Anne Gadhia: Definitely, yes. There were 10 recommendations, but there are really four key things: make sure your business has a clear strategy; make sure that strategy is measurable in the same way you would do for your commercial targets; make somebody responsible for it, which is now the CEO 70% of the time; and attach people's bonuses to it.

I have seen meetings that have happened in this room over the years where people talk about the fact that bonus culture drives particular behaviours, good and bad. Let's use this to drive good behaviours. If you do not get this right and you have set your own targets, then make sure it affects your pay. Those four things together and the spotlight focused on reporting your strategy seem to have made a big difference in the firms that have properly taken it to heart.

But, going back to Mr Hammond's point, making sure that people are held accountable through transparency and disclosure is the key. The more we can do that, the better.

Q29 **Chair:** In a moment, Stewart is going to talk about unconscious bias and recruitment. On the barriers, you talked about the middle layer of management and training. Again, I am just interested in your experience. Over the years, have you found that management has become perhaps more receptive to that training or do you still notice that there are certain managers for whom it is still quite a stretch to accept flexible working requests, for example?

Jayne-Anne Gadhia: Yes. As I say, the middle layer of management has a difficult job to do in all of our organisations, because they are the sort of connection between the people who are dealing with customers all the time and the people who are driving the strategy of the business; they have to do everything.

There will be people who are more and less successful at that. The obligation on executives is to make sure they are well enough resourced and well enough trained in order to manage all of that challenge. People will do it with various degrees of success, as we all know.

The one area managers have particularly enjoyed at Virgin Money recently and have had a lot of insight from is unconscious bias training. It is so easy for all of us to sit down and say, "I am not biased about anything." You go through the questionnaires or whatever that teach you what you really think. You say, "Goodness me, I had not realised that is what my view on X, Y or Z is."

That helpful way in which organisations can create self-awareness in their staff really helps. We will not get it right all the time, but it is something where you get it done if you focus on it. At Virgin Money, a staff opinion survey came out only a couple of weeks ago. It was really clear: all the things we are focused on are doing well and have gone green. The things we have not focused on as a result have gone backwards. We just have to keep that spotlight on it.

Q30 **Chair:** I just have one final question on your recommendations about technology. You have mentioned challenging this culture of presenteeism and everything else. But I was also intrigued about something else. You are very clear that it is about flexible working, not about 24/7 availability.

Jayne-Anne Gadhia: Yes, definitely.

Chair: Did you find concerns about work-life balance in your research? I have to say I did enjoy your anecdote about how you were emailing frantically as your daughter was playing sport on a Saturday morning. We all know how that feels.

But did you find there was quite a lot of evidence about demands on work-life balance or did people understand the compromises needed as long as they could make the technology work for them?

Jayne-Anne Gadhia: Yes, that is right. Work-life balance did not come out as a big issue. It was much more around, "Help me to manage my life through giving me the flexibility to do it in the way that suits me." It has not come through as a material issue, "As a consequence, I am always on, and therefore I do not get any relaxation or quality of life." It is just about the ability of men and women to say, "Help me manage all these things that are going on in my life. You have the technology to do it. Give me access to that."

Q31 **Stewart Hosie:** Can I just make a couple of observations before I ask some of the questions I have? Firstly, can I welcome the commitment to 50:50 and also the commitment you mentioned earlier about transparency? That is incredibly important, so that the public can understand the difference between the board, the executive committee and the layer of middle management, i.e. the different bits of different businesses. That is really helpful.

You also just said that achieving the targets and driving gender equality would be attached to people's bonuses. Can I ask why senior executives in banking need a bonus to do the right thing?

Jayne-Anne Gadhia: It completely astonishes me too. Sometimes bonuses have driven the wrong thing. In a sense, it is a whole different question. By the by, it was the most controversial proposal of the whole thing before the Charter went live. The reason we did that was because what I was trying to do at least was say to people, "This is absolutely a business issue, so let's address it in the same way as banks address their commercial business problems."

We agonised long and hard around the attachment to bonuses. From an industry point of view, that was initially the area we got most opposition to. Having got through that, it is hardly raised anymore. The point that should really be made is that what most organisations in financial services will look at in terms of bonus targets is a balanced scorecard, so it is not just about the profit that you drive; it is also about the way in which you get there.

What we are really saying is, "Make sure diversity and gender equality is on everyone's balanced scorecard, because that will drive longer term sustainable profitability." But that was the reasoning behind it.

Q32 **Stewart Hosie:** No—that does make sense. You also said earlier that companies with more balanced or balanced boards are more profitable. I am glad there are now people like you trying to push this agenda within organisations. But given that is the case—and I have seen the evidence myself—why are shareholders not demanding this?

Jayne-Anne Gadhia: Many are. I must admit that I was thinking about that only this morning. Some of the shareholder action groups, if that is the right way of saying it, are very aware of the gender requirements and they are pushing them.

I would call out organisations like Legal & General. They are very big shareholders who are very supportive of this agenda. They are very clear that it is important to them not only in their own business but in the businesses they invest in. Particularly the blue-chip long-only shareholders are very much aware of the benefits of this.

In fairness, I do not know whether they use it as an investment criterion, but they certainly talk about it. Culture is important to them in investing in a business, and diversity is part of a healthy culture.

Q33 **Stewart Hosie:** That is helpful. If I can just turn to the issues around unconscious bias, the 2014 report by Oliver Wyman found biases and assumptions about what it takes to be an effective leader who can influence hiring decisions, promotions, the allocation of career opportunities and performance evaluations. Does unconscious bias have a significant impact on female progression in financial firms?

Jayne-Anne Gadhia: It does. The reason I say that is that I was at a dinner recently with some well known people in the industry who are all very focused on trying to get gender equality on the table. There was another high-ish profile man there, and he said to me, "Jayne-Anne, I do not really understand what it is you are trying to tell me to do. I run a successful business. The reason I do not recruit women is that I know I could put somebody in a very powerful job and she could come and see me tomorrow and tell me she is pregnant. Then what do I do?"

As you can imagine, that drew sharp intakes of breath from not just me but around the table. This is after the publication of the Charter and after the focus of society on this particular issue. This is a very senior man. In all fairness, despite the sharp intakes of breath, he did not realise that what he was saying was entirely the point—so of course it still exists.

As I say, I started off having got into this slightly by surprise, wondering how to navigate some of the issues. I am afraid I am now quite radical about it. If I see that sort of behaviour, I call it out. That is what we should all do, and I know that is sort of what we are doing today.

Q34 **Stewart Hosie:** You have given two examples today. One is that you thought your own facilities manager was going to be a man, because it was about heating, ventilation and kit; and there is this other gentleman's view that he is not necessarily going to appoint a woman because she might fall pregnant.

Have you initiated any practices to address or to tackle those unconscious biases that exist in your recruitment processes?

Jayne-Anne Gadhia: The answer to your specific question is: not directly, no. But what we have done is provide unconscious bias training to everyone within Virgin Money in order for them to be able to understand what their own prejudices might be. Secondly, through all of our recruitment we challenge any recruitment decision that is made to make sure it is made for objective reasons and, as far as possible, skill and experience is the primary driver of any recruitment decision that we make.

For all of our jobs we operate blind recruitment, for example. That is really powerful as well. Of course, when you are looking at a CV and you see you have somebody with skill and experience, you can be quite surprised at who turns up: male, female, black or white. There are all sorts of different social backgrounds. You confront your own prejudices and unconscious bias at that point. That has been very helpful as well.

Q35 **Stewart Hosie:** That combination of unconscious bias training, so people recognise the flaws they may have, with the blind recruitment process probably works. Finally, just as an aside, are you finding that you are getting more working-class people through under blind recruitment, because no-one is sifting and finding, "He went to a good school," or, "She went to a good university"?

Jayne-Anne Gadhia: What is the right way of putting this? Virgin Money has always had a population of staff that are reflective of the population. I would not recognise the investment-bank-type approach where education and schooling drive the recruitment position.

Q36 **Stewart Hosie:** No—that is helpful. Finally, then—you alluded to this earlier—there is evidence that women are more reticent than men to put their names forward if they do not meet the full job specification, or they can be deterred by the language in the advert, for example. In your view, are firms doing enough to improve their recruitment practices and external communications so they are getting the application in in the first place and women are not self-selecting out?

In a sense, I mean are they avoiding the old difficulty where men's confidence in some cases runs ahead of their ability?

Jayne-Anne Gadhia: Again, that is a really interesting point. I have not properly thought about whether or not we need to address recruitment advertising specifically for women in a different way. That is something we should look at.

Q37 **Stewart Hosie:** I just have one final little thing. Clearly, in Scotland the Scottish Government have put a lot of weight into 50:50 where they can, particularly on public boards. People are being appointed on merit, but they are doing all they can to get to 50:50. But a number of the other things they are doing are kind of at a macro level—e.g. the Advisory Council on Women and Girls—to tackle workplace and occupational segregation and other issues around gender.

I know we have the HMT Charter, but would a UK Government advisory council or ministerial board be a sensible driver to send a signal from Government, as well as a practical one, that this is extremely important not just for women or businesses but, as you said earlier, for the economy more generally?

Jayne-Anne Gadhia: I think so. The reason I say that is we have been really pleased with the impact the Charter has had. I have noticed several things about it that have been very supportive.

Obviously the Treasury and both Chancellors—George Osborne and Philip Hammond—have taken a personal interest in this. That has been very powerful. The support of Mark Carney, the Governor of the Bank of England, was not unnoticed when the Charter was launched; it was launched in the Court of the Bank of England. The PRA and the FCA have signed up to the Charter. Having your main regulators absolutely 100% behind it has meant that financial services companies have not been able to ignore it, and doing that more broadly at a national level through Government of course is going to make a big difference.

Forgive me, but the one thing I would say is that despite all of that we still have companies that have not signed. We should be doing everything we can to make sure those that have not either explain why they have not or sign up.

Stewart Hosie: Indeed, yes. The next time you meet the Governor, I am sure you will want to remind him there is only one woman on the MPC and there are no women on the FPC. But, with that slight black mark, thank you very much.

Q38 **Catherine McKinnell:** That leads on very helpfully, because I wanted to ask you about the Charter specifically. Is the level of sign-up so far what you expected?

Jayne-Anne Gadhia: In some ways, it is better than I expected. One of the areas of question to start with was whether or not the big investment banks would sign. The majority have signed, and that is excellent. There are a number of outliers in terms of the big firms, but I am really pleased.

141 firms have signed. In one way, that is not many of the thousands of firms in the financial services industry, but it is more than half of the population of the employees in financial services. That is great, and we are delighted about that, but there is definitely much further to go.

What I am starting to say to women now when I am asked to go and talk about this is, "Check whether or not your organisation is signed up. If it has not signed up, find out why. If you do not like the answer, get out and join a firm that has." I do think we have to create a movement in that sort of direction.

When there has been so much publicity and debate about these points, it cannot be right that women are still happy to work for organisations that do not sign up. That would be my provocation.

Q39 **Catherine McKinnell:** You mentioned to Stewart that there could be more we could do in terms of government regulators but also the business sector. Is there more we can do to encourage greater sign-up other than individuals themselves moving to firms that have a better record?

Jayne-Anne Gadhia: I genuinely applaud the fact the Committee is looking at this, because this will definitely help. Holding people accountable through disclosure is really important. I do believe it is very important that regulators are very supportive of the agenda.

Yesterday, I saw there was an article—I do not know whether or not you read it—in the *Financial Times* where somebody was saying, "Maybe the regulators should ask for more capital to be held in organisations that are not on this particular approach." I have not properly thought through the consequences of that yet, but it is a really interesting thought.

This is important if we really believe that diversity in our society is important—and I passionately believe it is. If this is going to drive productivity and it is going to drive a fairer society, I would have thought it was a really critical issue for the Government to continue to support.

Q40 **Catherine McKinnell:** Obviously, this Charter is focused on the financial sector. Ultimately, do you see it as something that could be rolled out to more sectors? Would this approach work?

Jayne-Anne Gadhia: It seems to have worked for financial services. It is a good question, because there are other reviews—for example, the Davies review and the Hampton-Alexander review—that have aimed to achieve something similar in a broader context. Working together to put all of the learnings and successes together perhaps more broadly across all of industry would be a good thing.

From our perspective, the Charter seems to have worked well because it has not demanded a particular quota. We have said to organisations, "Tell us what you think you can do." The thing that has been really interesting, of course, is that it does perhaps appeal to the competitive nature of business. People have said, "Well, anything less than 50:50 just does not seem to be right."

It would be hard for people in your positions to sit here and say, "You have to get to 50:50." For organisations to do that themselves is really powerful. If we could do more of that, I would be thrilled.

Q41 **Catherine McKinnell:** The flipside to that, though, is do you think it is challenging enough? What can you do to guard against firms that may pay lip service but not deliver the real results? You mentioned earlier it being about a long-term vision, but not every financial services firm is focusing on the long term—and that in fact has been one of the issues in the sector historically.

Jayne-Anne Gadhia: As we were thinking about the recommendations for the report, one of the things that inspired us was thinking about how the environmental reports in companies have developed over time. That was why we came up with some of the proposals that we did.

If you think about it—I remember this, because I am old now—when companies were asked to report on their environmental usage, everybody thought that was going to be really difficult and it was going to take them forever to get there. Now it is part of the normal way of behaving and reporting etc. If we could get to that same sort of place, we would make a long-term sustainable difference.

The one area that might help is now, when a company produces its annual report and accounts, of course you have to put in your environmental report, and you can choose to put in your diversity report. The one area that would make a real difference is if you were required to put in your diversity report.

I keep saying that what gets measured gets done, and what gets read about and reported in the media gets attention from the executive committee. It is a simple thing, but if you were forced to do that, it could make a big difference.

Q42 **Catherine McKinnell:** Looking at wider diversity, I understand why this is focused on gender, but there are issues around social background and diversity in terms of minorities as well. In response to Stewart's question, you mentioned how Virgin Money has always been quite successful at reflecting society and your customer base. Is that because you are not a City-based company or organisation? Are there different factors to consider for companies based in different parts of the country?

Jayne-Anne Gadhia: Yes, as you rightly say, the vast majority of our staff are in the North East. But of course we do have a branch network that is nationwide; that gives us a balance as well. That is important.

We are not City-based. We have very few people in London. It helps, but all organisations can manage to reflect their customer base much better, and they would be much more successful as a consequence.

Q43 **Catherine McKinnell:** In a sense, I am asking because there is a concern that driving certain behaviours could result in a certain type of gender promotion from a certain background. Focusing on gender could perhaps undermine that wider diversity agenda. Is there a risk there?

Jayne-Anne Gadhia: I am not aware of it. It is interesting. As I say, it comes back to role modelling. Forgive me if this does not properly answer your question.

As I said, we recently had this year's staff opinion survey at Virgin Money. 12 months ago, we did the same. One of the things that was really interesting was that women were more engaged than men in Virgin Money. Perhaps that is not unusual across financial services, but nevertheless it was remarkably obvious. But people from different ethnic backgrounds were definitely nowhere near as engaged. We thought, "Goodness me. How do we achieve that?"

We concluded that role modelling is very important. My husband is Indian. I started to talk about some of my stories with my in-laws and relations, and I started to get a more engaged audience. Then what started to happen is we had people writing on our in-house internet, our intranet. A Muslim woman wrote about her experiences in society, and that got real engagement. We have got a great West Indian man who is a violinist, who talks about his experiences. We have people from different sexual orientations talking and writing about their experiences in the business.

I remember talking to a friend of mine who is a gay man a few years back and saying, "How can we show we are a welcoming company for that population?" He said, "Why do you not sponsor Pride?" Virgin sponsors Pride in London; Virgin Money sponsor it in Newcastle. We support the mailer, for example, in Newcastle.

What that has said to me is that in order to attract people from the whole richness of our diverse country, you have to be in it, if you see what I mean. In consciously doing that, I hope—I definitely cannot say to you we have cracked it, but we have seen improvements in this year's staff opinion survey—we have been able to show that we are an inclusive employer. But the point I keep trying to make is that I have proven to myself over the years that it definitely does not happen by chance. If you are really going to make it happen, you have to properly focus on it—and we do.

The thing that is really good about it is that we enjoy it as a team and as an organisation. The best result for our staff opinion survey this year, which we had not expected and were thrilled about, was inclusivity. Our staff told us that they want our organisation to be inclusive and they feel it is inclusive. That felt great. But we have really had to work at it to make it work.

But as a consequence, I hope, we have got a culture that we like—though we can definitely keep on improving it—and a business we can keep on improving but that is doing alright. Those things all come together positively.

Q44 **Catherine McKinnell:** It is really interesting to hear about Virgin Money and what you are doing there. Are there some notable signatories missing from the Charter that do not appear to have signed up and that you would like to see join?

Jayne-Anne Gadhia: Yes, there are. Yes.

Q45 **Catherine McKinnell:** Are you prepared to name some this morning?

Jayne-Anne Gadhia: I was just wondering whether or not I needed to say that.

Q46 **Catherine McKinnell:** Is there anybody you are particularly disappointed by, who you think would make a big difference?

Jayne-Anne Gadhia: There are two investment banks that I would like to have signed up that have not signed up yet. I spoke to one yesterday, because I know they are very supportive of the agenda—and I cannot understand, therefore, why they will not sign the Charter. I spoke to somebody quite senior there yesterday to say I was coming here and that I might be asked about this sort of thing.

Q47 **Chair:** Would you like us to ask about the names?

Jayne-Anne Gadhia: What they said was, "We are a global firm and if we are going to set targets we have to set them globally. It is very difficult for us to impose UK targets on a global firm." That is nonsense, however.

Chair: Yes.

Mr Jack: That is a cop-out.

Jayne-Anne Gadhia: But I do believe there are opportunities for us to go to firms like that and explain why signing up is not just about them; it is the leadership they show around the country that is important.

Q48 **Catherine McKinnell:** Are you able to make the case sufficiently for it not only being the right thing to do but also the economical thing to do for their business?

Jayne-Anne Gadhia: I try really hard. One example I give is a big insurance company that has not signed up. At some business conference, I found myself sitting next to their CEO recently. It was really interesting, because I asked him why they had not signed up to the Charter. He was one of the people who said, "Well, it is because I believe in real equality and I cannot find good enough women."

Anyway, as the conference went on—I had been asked to speak about gender diversity—there were a number of high-profile male CEOs also speaking. Quite interestingly, they started to talk about diversity and the importance of diversity. At the end of this conference, this CEO said to me, "Do you know what? I will have another look at that." The team have come back to us to say they are now considering signing up to the Charter.

We can all do quite a lot on our own, but when you have your peers with you—particularly in this case it was male CEOs saying it had worked for them—sometimes it gets heard differently. As I say, I do not mind who it is who is banging the table and saying it is the right thing to do, as long as everybody gets there in the end.

Q49 **Catherine McKinnell:** Going back to the differences that might exist in the City and different regions, on the flipside of it being Virgin Money's experience of always reflecting the customer base you are serving in terms of recruitment, are there perhaps additional challenges when you are not in the City and turnover is more difficult or perhaps lower, and there is a smaller pool from which to recruit? Can that be an added challenge for firms to meet their gender targets?

Jayne-Anne Gadhia: I am sure it is. Forgive me: the reason I am talking about Virgin Money is it is what I know.

Catherine McKinnell: I understand.

Jayne-Anne Gadhia: I will have to give you a Virgin Money answer to that question.

Q50 **Catherine McKinnell:** Obviously, not all the firms you have signed up are based in the City. Are there different challenges where they are based around the country?

Jayne-Anne Gadhia: Yes. The same challenges persist. There are added challenges outside of London, if you see what I mean, one of which of course is a skills challenge.

In the North East, we find that it can be quite difficult to recruit people that have got experience for treasury or risk and compliance, for example, where we tend to recruit in London or Edinburgh. There is a geographical experience pool as well as just general pools.

We manage that—I am sure other organisations do, too—by being based in London and Edinburgh as well as Newcastle. Smaller organisations cannot do that, so I suspect that does make it more difficult. The bigger ones can manage across towns and cities in order to get that balance right.

Q51 **Catherine McKinnell:** I have one final question. I know you have said that one of the clear reasons why firms have signed up to the Charter is because it does not set quotas, but nor does it set a timeframe. Does that concern you at all? Does it perhaps need to be reviewed to check their progress and start looking at a potential timeframe to put this in place?

Jayne-Anne Gadhia: We ask everyone to report every year. Exactly as they do in an environmental report, they set out what they are going to do in the next 12 months and say they will agree whether they have done it or report if they have not done it. We do have a 12-month focus, but New Financial are an organisation who look at this sort of data for us. They are doing a review at the moment to make sure companies are indeed on the path to achieve what they have set out to achieve.

Your point about whether we should be asking to get to a certain place by a certain time is a good one, and it is one we should look at. It was Legal & General who led the charge on this by saying they wanted to get to 50:50 by 2020. That has a nice ring to it. It is very hard, but it is a really good target for people to set—so that is something we should look at again, yes.

Q52 **Chair:** I am going to bring in Rushanara in a moment, who will pick up on your skills challenges, but before I do that I just wanted to return to something Kit was asking about, which is maternity leave and your anecdote about the gentleman who was concerned that if he offers a job to a woman they might suddenly, the next day, announce they were off and taking leave.

Although people have said it is not a barrier, are people reluctant to talk about it for fear of falling foul of legislation, particularly discrimination legislation? Is it an underlying cause? Is it one of those things people do not want to surface?

Jayne-Anne Gadhia: It might be. These days it does appear to me to be less of an issue. Organisations just accept the fact that it is right that we are resourced to manage maternity and—let's face it—paternity leave. This country has got that right in that men are able to take paternity leave as well as women take maternity leave. That helps with equality, because we should be asking men whether or not their family is about to have a child and whether or not they are going to take paternity leave. That would start to unbundle some of that question as well.

Q53 **Chair:** In terms of pipeline, we have heard evidence from others and also from you about the fact that it is not just about looking at the top of organisations but about looking at the pipeline. I want to go right back to girls and to decisions that are made at school—I am at risk of treading on my old stomping ground—and also in university degrees.

Obviously, one of the things that is not in the recommendations is anything about education, career choices and subject choices. That is presumably because it was not something that was particularly asked about, and it relates to another government department. I know many women go into schools and talk to students. How do we get more particularly female students interested in things like economics?

I suppose the corollary of that is, should they be? Is it too easy to say, "Actually, they just have to start doing the things that make them look like the men and have the CV and the experience that is expected?" Is it not incumbent on employers to think more widely about the experience and talents in front of them when they are recruiting?

Jayne-Anne Gadhia: What a big question. My only experience of this—I do not know whether it is helpful or not—is that I was asked to go and do the prize-giving speech at my daughter's school in Scotland at the end of last term. Her school is an interesting one, in that it is mixed, but in the senior school the girls all learn together and the boys all learn together—so I was talking to the girls.

It is really interesting that the feedback after the speech came back to the role modelling point. The girls absolutely wanted to think, for example, "I can become Prime Minister. I can become First Minister. I can become the CEO of a business, but I need to see somebody who has done it and realise I can do it too."

As you know, Miriam González Durántez runs a wonderful thing called Inspiring Women. For those who do not know, she brings schoolgirls together to hear from women who have achieved success in certain parts of life. I was asked to attend one of these a couple of years ago and it was really interesting. I suspect there were about 40 of us women and a few hundred girls. We were all sat in tables of eight or 10. I normally find I can engage quite easily with anybody, but as we all went around to talk to them I was finding that I could not find a way to engage with these girls, all of whom were Asian or West Indian.

On the second table, I said to one of the girls, "Why is it you are not really interested?" She said, "At the end of the day, you are a white woman. I am never going to be able to achieve what you have achieved." I said, "Would it make a difference if I were to tell you that my husband is black—my husband is Indian?" She went, "That would make a real difference." I was able then to start by talking about that to girls on the other tables.

Perhaps this is an unconscious bias point, too, but one of the things that is really important is not just to say who we are but to work out who they are. Sometimes, I do wonder whether in education we are constantly pouring out the thing we want them to learn rather than the things that the kids want to hear. If we can get that balance better, it might produce a different pipeline.

Q54 **Chair:** Based on your past experience, one of the things you said earlier on was about making sure that men and women are represented across all parts of the business. Stephen was talking about the fact that women are often in HR, comms, legal or accounting rather than perhaps in the frontline business.

Is going out and asking women and men to do something out of their comfort zone and to take on responsibilities—you have given the example of moving into marketing, for example—something you have to do in order to make people challenge their own assumptions about themselves and their abilities?

Jayne-Anne Gadhia: It is funny you should mention that, Chair, because I have been talking about it quite recently. I do not if you have all seen this picture, but I saw a lovely picture on Twitter that is a big circle that says "your comfort zone" and a cross outside that says "where the magic happens".

I have been talking to people in particular—funnily enough, my daughter and her friends—about where the magic happens. Helping people understand that it is outside your comfort zone is a really important thing for men and for women. I absolutely agree with that.

Q55 **Rushanara Ali:** Good morning. I want to pick up on a few points from the earlier questions. Is there something about the culture of the organisations that have not signed up? If so, what are those issues? They can often be more intangible, but they often hold people back. You gave an example of one business leader who said this needs to be done globally. What are your reflections on that?

Jayne-Anne Gadhia: This is a very personal reflection, as you asked the question. I have a very strong view that business has a responsibility to society. As we have developed this Charter, it has been quite interesting that the organisations that have signed up seem to adhere to that view.

I see the fact that my business might be more effective with this gender or diversity thing going on, but I do understand that I have a moral obligation and a duty to society, because this is the right thing to do. The organisations that see their role in that bigger picture seem to be the ones that more readily sign up to this, if that makes sense. The organisations that are more insular and driven by their own profit motive see that as a less important point.

That is my personal observation. I do not think I have articulated it before, but, as I think about some of the challenges we have had, I suspect there is some truth in that.

Q56 **Rushanara Ali:** What do you think should happen to the ones that have not signed up? Should there be some mechanism for identifying what stage they are at? You mentioned that, with some of them, you may have warm conversations where they are getting close to sign-up, while there will be others who are beyond the pale. Is there a case for some transparency around the reasons why they are not signing up, where there are good reasons to expose bad reasons for not signing up?

Jayne-Anne Gadhia: You asked the question, which is a really good one. This is certainly not meant to sound anything other than completely serious, but asking some of those CEOs to sit here and explain why not would probably be very focusing of the mind.

Chair: That is a very good take-away.

Q57 **Rushanara Ali:** Is there a case for some sort of publication that sets out certainly the ones that are getting close to signing up and—I do not want to use the term—"naming and shaming" those that are not going to do it and are not providing good reasons? There may be some very good reasons why they do not feel that they can deliver and, therefore, do not feel comfortable signing up to something they cannot deliver, but really we need some granularity to why that is not happing. This debate has gone on for a very long time, going back to Governments of different make-ups and different parties, and there is a sense of frustration that, despite all the progress, there are often companies that still find ways of avoiding stepping up even if it is in their business interests.

Jayne-Anne Gadhia: I would say "yes, definitely". This issue is at least as important to our country and our society as modern slavery, environmental policies etc. People are required to disclose where they are on those, and I do not think anybody would think it was acceptable not to be part of the movement to go in the right direction on those. It should not be acceptable not to be part of this movement either.

Q58 **Rushanara Ali:** You have touched on social class and ethnicity. Are there specific barriers that you feel are even more significant for working-class women or minority women that companies need to increase their awareness about and responsiveness to?

Jayne-Anne Gadhia: We have not worked on that, so I cannot give you precise examples. That is somewhere that we should go next, but my gut feeling would be yes: that there would be different ways of ensuring that we can attract men and women from those different groupings; and that we could make access to the sorts of jobs we are talking about easier and more successful.

Q59 **Rushanara Ali:** I raise this because my own party introduced an all-woman shortlist, which was a great success but not successful enough in the early years in getting ethnic minority women in, for instance. You can achieve headline achievements but it can still mask some wider inequalities, so it is more of a plea really to look at the experience of white working-class women as well as other minority women.

Jayne-Anne Gadhia: We will do that.

Q60 **Rushanara Ali:** My final question on these broader points is about the role of the Equality and Human Rights Commission. Are you concerned that it has 70% less funding than back in 2010? Does it have a role as a regulator not just of promoting gender equality but other equalities and the intersections between multiple identities that many of us have? Is there a role that they should be playing in reinforcing what you are doing and are they capable of doing that in the light of the cuts that they have faced?

Jayne-Anne Gadhia: The interesting thought going through my mind is that I have not engaged with them on this at all and they have not engaged with me. It may very well be that it could be very positive if we do engage together but, for now, it has been outside my remit in any way.

Q61 **Catherine McKinnell:** Rushanara's question reminded me of something that I wanted to ask earlier. Is the Treasury doing enough to support the work that you are doing? If they are supportive, what more do you think they can do to support the work and the Charter?

Jayne-Anne Gadhia: I have to say that I have been remarkably surprised by the support that we have had. Perhaps I should not put it quite like that, but there is real focus on it. There has been real resource directed to making sure that the Charter is finished—that the work is completed, published and is continuing to be driven. They definitely take quite a lead role in calling companies that have not signed up to understand why and to encourage them to go further. Last week or the week before I met the Economic Secretary to the Treasury, Stephen Barclay, who is very committed to this agenda. You heard the Chancellor say the same thing recently. As I say, they have almost surpassed my expectations in terms of the support we have had.

That said, with the changes in the Government over the last 18 months, clearly we have had three different Economic Secretaries to the Treasury, all of whom have been supportive but we have not been able to get quite on a consistent agenda just at this point. There is always more that people can do and more that organisations and Governments can do, but I have been really pleased with the support. It is their Charter and they are really properly behind it.

Q62 **Chair:** Have you had any interaction with the Government Equalities Office?

Jayne-Anne Gadhia: No.

Q63 **Rushanara Ali:** I want to now turn to the role of the Bank of England, the FCA and the industry in acting as role models for good gender diversity practices and marketing in the financial industry to encourage a more diverse talent pool. What kind of role do you think they should be playing, building on what they are doing? The Governor talked about some of his achievements since he has been there, but they obviously have a long way to go. What else could they do to act as role models?

Jayne-Anne Gadhia: This is a small point but symbolism is important. We all go to some of the events in the City, whether they are dinners or conferences or whatever else. I remember going to a PRA conference. By the by, I should say that the PRA, Bank of England and FCA have been hugely supportive of this agenda. I remember talking to senior people at the PRA not many days before I went to a conference. I sat at the back of the room, which was full of, perhaps, 250 people from banks and insurance companies and, as I looked down from my top seat at the very back, I realised that there may have been 10 women in the room. I knew so many of the people there, all great men but all very similar—roughly the same age, roughly the same sort of background. I spoke to somebody at the PRA afterwards and I said, "Would it be possible for you to at least invite half women to these sorts of things? It would start to make a difference." How important is that? I do not know but, symbolically, it would make a difference.

Many of us go to some of the big dinners at the Mansion House or the Guildhall. Sometimes it is shocking when you see that these are apparently the leaders of our financial services world and it is very hard to look through and see anybody other than a man in a dinner suit. It has got slightly better, but I think everybody agrees that it is not good enough. Maybe we should be saying that, at these sorts of things, we should be inviting 50:50. If we want 50:50, those sorts of organisations and those sorts of celebrations ought to be indicative of the sort of community we want to create. That might sound like a small thing, but I hope that it does not because it could make a big difference.

Q64 **Rushanara Ali:** Is there anything else that they should be doing?

Jayne-Anne Gadhia: The Bank of England has signed the Charter this week, which is fantastic. We celebrate that. I am pretty sure, despite the fact that there is progress to be made everywhere, that they are very focused on their own recruitment and getting their own balance right.

Q65 **Rushanara Ali:** That was not because you were coming to give evidence to this Committee, was it?

Jayne-Anne Gadhia: No. In the end, the FCA are talking to all financial services organisations about culture. This should include, and often does include, diversity and equality. This point that has been raised, which is very left-field for me, is an interesting one. What does it mean around the capital that organisations hold if they have not got the balance right? As one of my team was pointing out to me, there was an article this morning about the Pillar III add-on that companies have to hold capital against, which is around governance. This is perhaps sort of a governance issue. It is not huge—it is a bit like the bankers' bonuses point—but it could again be symbolic around the importance of this issue.

Q66 **Rushanara Ali:** In the session that the Chancellor came to on 11 October, he talked about some of the challenges in recruiting a deputy governor to the Bank. Also, across the committees, there are only two women represented. You will see the list of very prominent men; no disrespect to them but it is quite striking that there are only two women. What is it that is holding them back? What could they be doing better to lead by example and increase their representation at the Bank?

Jayne-Anne Gadhia: It is difficult for me to answer that question. I have not given it any particular thought. Who would I be to suggest how they make those sorts of recruitment decisions? I would have thought, in exactly the same way as I have been discussing banks looking at their recruitment lists, that the right way forward would be making sure that there is always a diverse list of people to choose from. It is certainly clearly not impossible to recruit women to that sort of role; we only have to look at Janet Yellen and Christine Lagarde to prove that point.

Q67 **Rushanara Ali:** Do you have any advice for the Bank on how they might be able to, overall, help improve female representation alongside the recruitment process? What else can they do, given that they are an important leader in the sector? It is hollow if they preach one thing and do not practise what they preach.

Jayne-Anne Gadhia: All I can say from my perspective is that we have received nothing but support from the Bank of England on the Women in Finance Charter. That is probably all that I can add. I have been genuinely delighted with the support that we got. We were able to launch the Charter in the Bank of England. Mark Carney spoke about the importance of the Charter. From my particular perspective, that is as much as I could ask for.

Q68 **Rushanara Ali:** Okay—great. I am going to move on to some of the Government initiatives very quickly. The Government have introduced a number of initiatives on support for women-led enterprises and funds to support rural women's businesses to start and grow in rural areas. How effective do you think these programmes are in helping women in finance?

Jayne-Anne Gadhia: I do not know any of the specific agenda items that you have just raised, but I definitely do not come from a place where it is all about women. It is all about fairness and productivity, as I say. To the extent that that sort of investment increases productivity for the economy, that must be the right thing to do, and it must be fair and right to enable women to access the funding to do that in the same way that men can. I do not have views on the specific initiatives.

Q69 **Rushanara Ali:** You made recommendations to the Government on things like funding for women applying to study STEM subjects, childcare and parental leave. Can you provide an update to us on where you have got to in the Government taking up those recommendations?

Jayne-Anne Gadhia: At the moment, that is not part of the Charter. As I say, from my point of view, the real focus of the Charter has been on making sure that business takes responsibility to promote women, and we have not yet got involved in any way in asking the Government to provide particular financial support for any other initiatives, good as they would be, in fairness. For me, this is about business taking responsibility.

Q70 **Rushanara Ali:** The Government have not picked up on the recommendations that were made to them.

Jayne-Anne Gadhia: All of the recommendations in the Charter have been followed through by the Treasury, but investment in specific initiatives is a separate point.

Q71 **Rushanara Ali:** The take-up of shared parental leave is pretty low. Do you think this is better or worse in the financial services sector?

Jayne-Anne Gadhia: Again—forgive me—I can only really comment from Virgin Money's perspective, where it has definitely got much higher. Making sure that it is available to men and women is really important, but making sure that people know it is available is really important. Quite a lot of organisations do some good things but they are just not visible enough. Sometimes, making sure that we shout about those things is all that is needed.

Q72 **Rushanara Ali:** Is there something with employees, perhaps unjustifiably, thinking it might damage their prospects, particularly with men? Is there a stigma attached to it—again, back to culture—that it is not the done thing or it may be frowned upon? Is that something that business leaders could play a bigger role in legitimising? It is still such a new thing.

Jayne-Anne Gadhia: It could be. It is about role-modelling. You made me think about someone who has worked for me for a number of years. He used to run my office. He is a soldier—an officer. He came back from Afghanistan. We like to try to bring returning service-people back into the organisation. His wife had twins and he took six months off to make sure that he was the one that was at home while his wife went back to work. That is a brilliant role model for men in our organisation—that someone with that background would be taking the time off to bring up the twins. Role-modelling is important.

Q73 **Rushanara Ali:** I have one final question. What would you consider success over, say, the course of the next five years in terms of what you have been engaged with? What would you be satisfied with? Already, obviously, you have achieved a great deal, but where would the mark be for you to say, "Actually, this has made a big difference"? How would you make sure that it does not get neglected beyond your own tenure? There have been many initiatives over a long period of time where lots of energy and effort gets put into it, and I suppose my point is that you have to constantly work at this and it requires a long-term programme beyond the champion that is appointed at a particular time. How do you make sure that it is embedded in the cultural norms? You have alluded to some of that, but could you say a bit more about your ambitions for making that happen?

Jayne-Anne Gadhia: There are three things—soft and hard. We will know that we have got there when we do not have to have these conversations any more, if you know what I mean. That will come when we get to a tipping point. The tipping point will be where the majority of companies that have signed up to the Charter have got to 50:50. I believe at that point it becomes self-sustaining. Perhaps unconscious bias is less important then, because people will recruit in their own image, but it brings through equality, if you see what I mean. Those things are important.

Therefore, for me, the more we can get organisations to sign up to and deliver 50:50, the closer we get to the tipping point, which will mean that we do not have to have these conversations as often as we do. I completely agree with you; we have to keep pushing it for now but, when we push it far enough, I hope it will gather its own momentum.

Rushanara Ali: Thank you very much.

Q74 **John Mann:** I have a couple of questions. Sorry I was delayed getting here. You said a few minutes ago, "Who am I to give advice to the Bank of England and the Treasury?" I would have thought you were probably exactly the right person to give them advice, so let me try to prompt you. Take the Monetary Policy Committee. We keep hearing about how there are not enough women who fulfil the spec and are applying, but I recall that Bill Morris, as a trade union leader, non-graduate, non-economist, sat on the Monetary Policy Committee, as did another trade unionist, Gavin Laird, non-graduate, non-economist. Have you seen any evidence that suggests that the working of the Monetary Policy Committee has improved by excluding people who are not hugely experienced economists, graduates or even professors?

Jayne-Anne Gadhia: I can only answer in this way, Mr Mann, which is that I was asked a question that went out on Radio 4 recently and hundreds of people wrote to me about the answer I gave. Somebody said, "How do you recruit? At Virgin Money, what are your recruitment criteria?" and I said, rightly or wrongly, "We recruit for attitude first and then we work out whether or not those people can do the job." I had umpteen people write, as I say, to say, "That is fantastic. Are you telling me that, if I have the right attitude, I can succeed in life?" I said, "That has been our experience at Virgin all the way through." I do not know if it helps to answer the question at all. People with great attitude and the right skills can succeed anywhere; people with just the right skills and the wrong attitude do not ever succeed.

Q75 **John Mann:** For example, if Frances O'Grady, a woman, General Secretary of the TUC—like your good self a history graduate, so not an economist with economic training—was to be put forward and end up on the Monetary Policy Committee, would I be right in thinking that that would not give your company any business concerns that the quality had thereby diminished and therefore there were risks in the economy?

Jayne-Anne Gadhia: I would always be confident that the people who are recruiting to the Monetary Policy Committee were making the right decisions and, therefore, would be happy with the people that are on that committee.

Q76 **John Mann:** My point being, of course, that having people all from the same background is not how it has always been and, therefore, to fish in a deeper pool would be a tradition as opposed to an innovation. I am struggling to see how you could possibly succeed with your mission if the hierarchy of the Bank of England is—if I recall the figures—28 men, with some replication because they multi-task, as men are very skilled at doing, such that having a few more women in there would not be of disastrous consequence. In fact, quite a few more might actually assist with the mission you have been tasked with.

Jayne-Anne Gadhia: There is no doubt about it. I have sat here today saying that, from my point of view, the most effective teams are diverse teams. I will give you an example. I have previously been asked to sit on Sadiq Khan's business advisory group; it is the most diverse group I have ever operated on. Often, when I am involved in any sort of group, I am the diversity in the room. On the business advisory group, if I may say so, I am the old fogey. It is really interesting that the conversation there, the dialogue there, crackles. It is a really diverse group and we make real progress. If we can get groups like that everywhere, that would be fantastic.

Q77 **John Mann:** There was a dialogue a few minutes ago about diversity at the Mansion House dinner. Would a Mansion House dinner be any worse if it was held at Soho House, for example?

Rushanara Ali: It would be smaller.

John Mann: Is this not part of the problem: that the so-called traditions become almost an objective in themselves? Shaking up some of those traditions might bring out the best in everyone and might make it seem more obvious that there should be greater diversity.

Jayne-Anne Gadhia: We see that particularly with the old boys' network. That is definitely something that has come up in the Women in Finance Charter when we did the review. Women—and men, for that matter, but mainly women—who work in the City said that they felt that, if they did not have the right education and they had not been to the right schools, they would not be the right people to take certain jobs. That is shocking in this day and age, and so I completely agree with you; that is evidence at that point.

Q78 **John Mann:** It sounds like Parliament. Is sexual harassment a problem in the sector? It is in here, but is it a problem in your sector?

Jayne-Anne Gadhia: I wrote a little bit about what I had seen about that some years ago. It exists. It is not something that people have talked to me about predominantly as being a major issue, but of course it exists in this sector as it does in others.

Q79 **John Mann:** This is my final question. Mark Carney talked about problems attracting diverse candidates and gave the example of economic departments at universities. Is that the major problem or is it that he is identifying that as the major problem being part of the problem? In other words, if there is more diversity in economics courses, most people—certainly around this table—would say that that is a good thing. However, that is a rather long time to wait to shake up the system and make it representative of the voices that some people would think ought to be heard that would improve the system. Is that a cop-out? Should one not be looking for quicker results than that in terms of identifying and answering the problem?

Jayne-Anne Gadhia: As we said earlier, everything goes back to education and how we educate our children. I said that we broadly recruit for attitude, but it is important that you have people in the Bank of England who are economists, and we need to make sure that girls are educated in the same way as boys and therefore have the same opportunity. I mentioned my daughter's school earlier; it is a mixed school with girls taught separately from boys in the senior school. The boys are taught economics and the girls are not, and it is something that I have picked up with the school.

Q80 **John Mann:** I have one last question on that. Have you looked at the question of whether parents, and mothers specifically, are a problem in relation to the aspiration of their daughters? If so, is that a target that needs some tackling as well?

Jayne-Anne Gadhia: We have not looked at it specifically for this report at all but, again, it is something that I agree with you on. Clearly, women are the ultimate role models for their daughters, and helping families to have aspirations that are different from today is obviously something that can be very beneficial for everyone involved. However, it is not something that we have looked at specifically in this charter.

Q81 **John Mann:** I am running a big event on precisely that to try to unravel it. If you are free, you would be very welcome.

Jayne-Anne Gadhia: Thank you very much.

Chair: The Government have published something called *Your Daughter's Future*, which has been updated, and, when we get the Minister here, we might ask him about that and follow up on some of the questions about government initiatives as well.

I should just say, for the record, that Bill Morris and Gavin Laird are on the Court of the Bank of England, but the point is still well made: senior bodies where we need more female representation. In terms of challenging traditions, I am glad to say that the Committee has of course challenged tradition with its first female Chairman, so I am very delighted, Jayne-Anne, for your support for this inquiry and for your generosity and time today in sharing your thoughts with us. We really do appreciate it and we certainly will be following up on many of the things you have said to us this morning. Thank you now for your time.

Jayne-Anne Gadhia: Thank you all very much indeed.