HOUSE OF COMMONS

Treasury Committee

Oral evidence: Women in Finance, HC 477

28 March 2018

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Watch the meeting

Members present: Nicky Morgan (Chair); Rushanara Ali; Mr Simon Clarke; Mr Alister Jack; John Mann; Alison McGovern; Catherine McKinnell.

Questions 213 - 313

Witnesses

I: John Glen MP, Economic Secretary to the Treasury, and Victoria Atkins MP, Minister for Women.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Examination of Witnesses

Witnesses: John Glen and Victoria Atkins.

Q213 **Chair:** Good afternoon to you both. It is very nice to see you both here. It is good to see that you have brought with you some people who want to hear about women in finance. For the benefit of those watching online, as well as those in the room, could you briefly introduce yourselves?

John Glen: I am John Glen, the Member of Parliament for Salisbury and the Economic Secretary to the Treasury.

Victoria Atkins: I am Victoria Atkins, the Member of Parliament for Louth and Horncastle, and the Parliamentary Under-Secretary of State for Crime, Safeguarding and Vulnerability and the Minister for Women.

Q214 **Chair:** Thank you very much indeed. As I am sure you know, we have been following the progress of the Women in Finance charter launched by the Treasury. This inquiry has heard evidence from Jayne-Anne Gadhia, who was instrumental in the report behind the charter, and from some leading women and executive search firms and head-hunters. We are very grateful to you both for being here this afternoon.

I thought I would start with some of the key themes emerging from the inquiry and get your thoughts on those. The Committee heard from Jayne-Anne Gadhia that there are many elements of financial firms' culture that put women off, or act as a barrier to them reaching senior ranks. I wondered if you would agree with that, from the conversations you have had, and if you have thoughts on how those cultural issues can be tackled.

John Glen: I certainly recognise that is the reality we see in many City institutions. The charter is an attempt to make these companies commit to four broad commitments: appoint a senior executive, set and publish internal targets, measure the progress against them annually, and ensure that senior executive pay at the board level reflects progress against them.

The point I would wish to make from the outset is that, although this charter is a very worthwhile initiative—we now have 205 companies signed up, representing 650,000 employees—there is a much bigger and longer term piece of work around culture and culture change in the City and financial institutions. That will be really important in securing an increase in the volume of women who are then at a point that they will be appointed to board level.

When I joined Accenture, broadly in the City, the best part of 20 years ago, there was a reasonable parity at entry level, having taken apprenticeships or done degrees. There is then a challenge as you go through the levels before you get to the board level. There are lots of things that we need to tackle to change that culture and that set of expectations. We need more transparency. We need targeted training offered for the people who are making appointments and at the most senior level. The charter is an excellent attempt to bring the key challenges into focus.

Q215 **Chair:** This afternoon we will try to tease out some of those further initiatives and some of the evidence that we have heard. That is what the report will do, in terms of making recommendations. I should just say that we are talking particularly about gender diversity today, and Rushanara at the end is going to talk about other forms of diversity—I do not want people watching to think we are interested only in gender.

John Glen: No. Could I just say, Nicky, that the reality is that this initiative has spawned a whole range of further responses across a wider range of diversity challenges? Many of those companies that have signed up to the charter are now looking at their BAME representation, the sexual identity of their employees, and whether they are doing enough to ensure they have the right proportions at the right levels across the firm.

Q216 **Chair:** You have already touched on one of the other things we heard. That was about recruitment, and particularly middle managers, who are often responsible for recruitment and for being line managers to people when they ask to change their working hours, or to get them to recruit not in the image of the person who has just left that particular position. Do you think that middle management is one of the areas? "Middle management" is a very broad term. Is that something the Treasury is aware of as a group of people who need to be challenged in order to increase diversity in financial firms?

John Glen: It is a whole culture change that is needed, from entry level upwards. Obviously the people in middle management often can be gatekeepers to progression, to seeing the number of women as leaders in a firm. That is a fair conclusion to draw. That must be a focus. Of course, the charter refers to 205 companies of all sizes: the banks, insurance companies and lots of different sorts of companies. Last week we had a fintech conference and officials were trying to get smaller fintech companies to be aware of the challenge.

It is difficult to have a general rule, because some of this is about entrepreneurship as well. We might come on to talk about that as well, in terms of the challenge of getting more women involved in entrepreneurial activity and getting the money to them through venture capital and things like that.

Q217 **Chair:** One of the other things we have again heard evidence about is unconscious bias. As Ministers, I wondered what you thought about how you empower people within organisations to tackle unconscious bias, let alone overt discrimination.

John Glen: The challenge there is not to go in with any assumptions. Unconscious bias is an emerging science, in terms of how to apply effective training at the right level. The danger is that people say, "Well, I have gone through that training. I have ticked that box." What behaviours then ensue is a matter of some discussion. We have to be very clear about what the problem is, what the intervention is, and how we are going to measure its effect. It certainly exists, but we have to be clear about what the right prescription is in different industries, and the context the leadership is given in different firms.

Q218 **Chair:** Victoria, is unconscious bias on your agenda, as Minister for Women, or the Government Equalities Office agenda?

Victoria Atkins: It is. As John has rightly said, the evidence about it is emerging. It is not necessarily just starting at the entry level for employment. We are very keen on ensuring that education does not set girls and boys into thinking that this industry is for them and that industry is not for them. Of course, I am very conscious that in this we are building on your great work at the Department for Education.

We want to encourage girls particularly into STEM. I appreciate that is not women in finance, but we know that there has historically been a problem of encouraging women into, for example, engineering firms. They are getting better at it, but it does mean that, when we have the gender pay gap data published after next week, I imagine we will see some pretty terrible figures from some industries. That will reflect the historical problem they have had in attracting women into their workforce.

Q219 **Chair:** Simon is going to talk about education a bit later. You are absolutely right; that is going to be key. Let us turn to the gender pay gap. Perhaps this is more for Victoria, although I think the Treasury will be very interested in what financial firms have been disclosing for their gender pay gap. I wondered about some of the stories that we have seen so far about companies trying to perhaps be less than transparent about their gender pay gap.

We have seen issues where the *Financial Times* has reported that numerous companies have changed their data after they have been contacted by the *Financial Times*. We have also had Channel 4's "Dispatches" showing an HR adviser recommending companies to set up subsidiaries, so that each subsidiary has less than 250 employees. I would like to invite you both to give your thoughts on that. As you say, we have not quite reached the disclosure deadline yet. Are there messages you would like to send to those who still have to file their data?

Victoria Atkins: Any business that employs 250 people or more is obliged by law to report their gender pay gap by midnight next Wednesday. If they think they are going to get round the law by any of these schemes that you have outlined, they are very wrong, not least because this is a snapshot of what was happening a year ago, so 5 April 2017, not 4 April 2018. Any of these ingenious schemes that these advisers are supposedly cooking up simply will not work if they were not in situ a year ago.

I would appeal to those companies that might be thinking along those lines, because I think they are out of step with the public's will on this. We do not want companies behaving irresponsibly. We do not want them trying to get around the law; we want them to take on board their corporate social responsibility and to treat female workers fairly. There are going to be some very interesting conversations after next week, as to which companies have reported, how they have reported and so on. We are very clear: the law is the law. The Equality and Human Rights Commission, which is the body that will enforce the law, has got a strong strategy for going after those companies that try to break the law.

Q220 **Chair:** We will come back to that in a moment. John, in terms of financial services firms, we have had some more today: Morgan Stanley, JP Morgan and HSBC. We had a number of big financial firms and some less big. What is the Treasury's take so far on the gender pay gap information disclosed?

John Glen: It is very disappointing that there is still a lot of work to be done. If I just refer to what Victoria said, the need for integrity in reporting is absolutely imperative. The transparency that the charter is bringing creates expectations. The public will not accept it if those institutions do not show a willingness to make progress and address the challenges that they have remaining. There will be a backlash, because it is totally unacceptable to either hide poor practices or not be willing to have an honest conversation with customers and stakeholders over why this exists and what you are going to do about it.

Q221 **Chair:** You are probably aware that some partnerships have—perhaps within the letter of the law but, as you point out, not within the spirit of the law, after public pressure, some applied by this Committee—had to recast their numbers. Again, I wondered if you had any thoughts on the way that people had tried to not disclose total figures because they are actually a partnership rather than a limited company.

John Glen: It is an ingenious but outrageous attempt to thwart the spirit and letter of what is required, which is actually to be transparent about a very serious issue that society is very concerned about. It is sending totally the wrong signal to the next generation who are contemplating apprenticeships and careers. I speak in terms of financial services. There are companies that have that attitude, that will pay lip service to a basic requirement to do something at a lower level, but are actually not serious about addressing the challenges they face.

I would just like to say that where we are coming from with this charter is not to be a stick about it but to say, "Look, let us just open up." This is a journey we have to go on as an industry and we in Government have to encourage that. I believe that it is through transparency, making progress, demonstrating that progress is being made in difficult circumstances, learning the lessons and transferring them across different parts of the industry that find it more difficult, that we will make overall progress in what is a very difficult part of our economy in this area.

Victoria Atkins: I would like to be really positive about this, because actually the vast majority of companies that fall to be registered under the legislation have done so, and they are doing it with good will. People are working away on this exercise, which is the first time they have had to do it. We fully appreciate that it is a complex exercise and it may well be that in the early days—this is the first year we have done it—there are inadvertent errors along the way. We are very clear that the vast majority of businesses that we believe should have registered have done so. The rate of reporting is literally ticking up by the hour as we approach the deadline. We look forward to having as many businesses as possible doing their bit, showing their workforce that they care about how they treat the women in their workforce, and complying with the law.

Q222 **Chair:** Just before I hand on, there are two quite interesting parts of the gender pay gap information: there is obviously the gap figure itself, but there is also the issue of where women are. The companies break it down into quartiles. That is the link between the gender pay gap information and the Women in Finance charter. One of the conversations I have been having with financial firms has been that it has been quite revelatory to them that actually they have more women at the bottom of their organisations than they have at the top. As you say, in terms of using the Treasury's convening power in the charter, what is the next step? Once you have seen the gender pay gap disclosures, how will the Treasury work with financial services firms to help them to tackle some of these issues?

John Glen: I think the letter that you sent out on 15 February—

Chair: It concentrated a few minds.

John Glen: It concentrated minds. I think officials are today with JP Morgan, encouraging them to sign up to the charter. I look forward to some news there. As I said, in the conversations that you had as a Committee with Jayne-Anne Gadhia from Virgin Money, there is a piece of work to be done about cultural change. Some of the things that she has worked on are in terms of internally changing the way ads are portrayed, to encourage a greater number of women to apply for senior jobs within organisations, and changing the language.

There are also real challenges in providing role models at different levels. In areas of firms there were people who historically perhaps thought, "This is not an area for women to go into," however wrong that was. We have got to challenge that within organisations. We recognise that we have made some modest progress in the first year, but you would expect to, because the targets were for two and three years typically, so you would not see a big leap forward in one year. Transferral of best practices from some companies into others and what targeted training is needed, at entry level and different key points in the career pathway of individuals, and in which domains, is really important to understand.

It is a conversation leading to perhaps a development of the charter's parameters at a future point in time. We are obviously at the stage now where we are building up commitment for more and more companies to sign up. The measurement of progress will then be an incredibly powerful mechanism through the transparency that brings. If you know as a board that you have somebody who is responsible for reporting, and your variable pay is related to progress on the number of women at certain levels in your organisation, I think that will focus minds and develop significant change. That will have wide implications.

Q223 **Chair:** Victoria, just before I hand over, in terms of enforcement, what are the penalties if companies do not disclose gender pay gap or do it incorrectly? What steps are the Government or the EHRC taking that you have been talking about in terms of preparing for enforcement?

Victoria Atkins: The EHRC is the body responsible for enforcement. Up until the deadline it is the Government Equalities Office. Just to give you an idea of the work that has gone into this to try to help companies understand that they fall within the threshold, to try to help them on their journey to report, for those companies that have not yet registered they have been sent up to four letters each. We have been manning the phones and making, I think, 1,900 phone calls to try to remind them of their duties. It is fair to say as we get closer to the deadline that more and more companies have not just registered but are now starting to report.

In terms of enforcement after the deadline, that will be a matter for the EHRC, which is independent of Government. This week they have published their strategy. It will start with a letter, warning the company that they have broken the law, and then the enforcement mechanisms that are set out in the Equality Act 2010 will come into force. It may well end in court orders and fines for these companies. We are very clear: we think actually the greatest penalty will be the scrutiny of journalists looking through the list, working out who has not reported who they think probably should have done, and the public stigma once a company has not complied with the law.

There are all sorts of options here. This is the first year, so we are conscious that it is a new arena for businesses, the voluntary sector and the public sector, because it applies across the board. It is not just private sector businesses. We want to bring people with us with lots of good will, but we are very clear that the EHRC have the powers to punish if they need to.

Q224 **Rushanara Ali:** I just want to stick with the point about enforcement. There was a piece in the *Financial Times* in January 2018 questioning whether it will be possible for the ECHR to actually impose fines. There is some confusion about that. Could you just clarify that is the case: that it would not require legislation for that to happen, if it was necessary?

Victoria Atkins: The current regime is set out in the Equality Act 2010. It is fair to say, again because this is new territory, that we are going to have to see whether the regime as set out in the Act is as effective as it can be for this particular type of equality analysis. The EHRC will have to go to court in order for court orders and fines to be imposed. We will be reviewing this process after the deadline and as we go forward to see whether it is the best way to go forward.

Q225 **Rushanara Ali:** In the same article there was a reference to 478 of the 9,000 companies obliged to submit figures that had done so. I might have missed this—if you have already answered, apologies. What is the latest number again? Do you know the most up-to-date number?

Victoria Atkins: As of 1.30 this afternoon, 3,933 companies had reported, 1,178 public sector organisations had reported, and 214 businesses within the finance sector had reported. It is going up by hundreds per hour, because we are in that final straight.

Q226 **Rushanara Ali:** Were it not for recess next week, Ministers, we would invite you back, because the speed of reporting seems to go up when we have Ministers here. Presumably, despite that speed, there may well be some significant numbers that do not manage to meet the deadline. What are your thoughts on how that should be addressed? You mentioned the point about newness and learning. There will be genuine reasons, but how do you discern between the genuine ones and companies that are basically not taking this seriously and trying to play you?

Victoria Atkins: That will be a matter for the EHRC. It is going up. I would not like to speculate at this stage, with only a week to go, as to where we will reach in that. I hope it is 100%, clearly. The EHRC has set out its strategy. For those businesses that have got themselves into a bit of a mess, inadvertently, not in bad faith, we want to help them comply with the law. For anyone who thinks that they are deliberately getting around the law, that is a different matter.

Q227 **Rushanara Ali:** Just going on to the charter, can you both say something about your hopes for the charter, in both the short and the long term? Where do you see it going? What are the challenges, as well as the opportunities you have already set out? Obviously accountability and transparency are big wins here, but what are the potential challenges? What would you like to see it achieving going into the future?

John Glen: I would like to see more and more people sign up. We have seen progressively higher numbers. We have 205 at the moment. We report three times a year on progress made, so we will report again in July, and I would hope to see that number increase significantly. It needs to be something that becomes a normal practice to have this agenda at the centre of the board's discussions.

I would then want to see a systematic and transparent application of best practices that I think Jayne-Anne Gadhia is doing a very good job of setting out across the relevant institutions. I would then hope that we could move forward in future seasons to broaden an understanding of some of the challenges further down organisations. We have done some work to say what the target is in terms of people in senior positions, but we need to go further and address what I said in my opening remarks about the culture. We can call out culture that is not right. We can put in policies that tackle the pay gap, that deal with the progression, that deal with some of the real challenges that exist, but we have to set those out as part of an evolving range of issues that the charter is ready to tackle.

I do not see this as a static thing. I see it as something that at the moment is about getting many more people involved in it and seeing progress on those targets. Of course, we do not prescribe the targets. Each institution will set their own targets in line with what they can achieve, but they are quite ambitious typically. I think it is 85% of those that have signed up have targets of getting 35% of their senior levels as women by 2020. We need to keep up the pressure and keep the expectation that more progress will be made.

Q228 **Rushanara Ali:** You are confident that the targets are stretching enough?

John Glen: There is a peer pressure that naturally evolves from this. The City of London is an ecosystem and different institutions know what their peer groups are doing.

Q229 **Rushanara Ali:** They are not always positively reinforcing though, are they, historically?

John Glen: Not always, no. In different parts of the City, in banking or insurance, you have specific challenges. When you begin to see that the best practice—I am not going to mention one institution or another—at this point is at X bank, it then becomes the one to be looking at: "What are they doing there? Why are we not doing that?" In terms of recruitment, for 50% of the aspiring workforce in the City it will then become very limiting for those that are not addressing it in an effective way.

Q230 **Rushanara Ali:** You are comfortable about that: 35% by 2020.

John Glen: No, I am not committing to—

Q231 **Rushanara Ali:** When would you like to see 50%? When are you going to push them to hit 50%? What is the date that you think is realistic, going into the future?

John Glen: I do not think that at this point it will be—

Q232 **Rushanara Ali:** No, I am saying going into the future. Here in Parliament we are making some progress, but not enough. It would be nice to see you, as the man on the panel, making a pledge for 50% and pushing the financial services further. It does not have to be in five years. It could be further down the line, but it would be nice to hear a Minister say, "Our ambition is to see 50%, going into the future." What do you think?

John Glen: In the Treasury, since the end of March last year, 50% of directors and director generals are women.

Q233 **Rushanara Ali:** Would you like that in the financial services?

John Glen: It is clearly the right aspiration for institutions to be aiming for, absolutely.

Q234 **Chair:** We will take that as a yes.

John Glen: Yes. I think the timeframe needs work.

Q235 **Rushanara Ali:** I appreciate that. The timeframe could be something that you work with the sector to look at when it is realistic to hit that 50%.

John Glen: Yes. To be constructive, I am not trying to push this off into never-never land, but one of the ways this charter works is by getting engagement and having an active dialogue where progress is made. As that progress is made, we need to stretch those timelines.

Q236 **Rushanara Ali:** Having Treasury Ministers saying that would be good, because you play a really important role.

John Glen: What we have achieved in the Treasury is superb, and we need to look for that to be replicated in the sector we serve.

Q237 **Rushanara Ali:** Exactly, yes. You are going to be the champion. You are going to be the feminist in the Treasury, Minister, championing for 50%. We are really looking forward to seeing progress in the years to come.

John Glen: Of course. I take all my responsibilities seriously.

Q238 **Rushanara Ali:** Victoria, you will not have so much work to do in that case. Let us more on to you in this agenda. Is there anything you would like to add, or any points about longer term achievements and your hopes for the charter?

Victoria Atkins: I appreciate that the Committee is focused on this specific charter. With my ministerial hat on, I am looking not just at the finance industry but across business. We welcome the recommendations of the Hampton-Alexander report, which included that 33% of FTSE 350 directors should be female by 2020. That is quite an ambitious target. If it is to be met, it will mean that, for businesses recruiting, around one out of every two senior appointments will have to be women. When we get to that stage we will review where we are and see what more needs to be done.

There has been a lot of progress in the last five years. There were FTSE 100 companies that had no woman on a board at all. I am very grateful to say we now do not have that situation. Again, I tip my hat towards the Chair, because she did so much work on this when she was Minister for Women and Equalities. We need to look beyond the FTSE 100 companies. Look at the FTSE 350: there are still eight companies in the FTSE 350 that do not have a woman on the board, but we are very clear that 2020 is the deadline.

Q239 **Rushanara Ali:** I just have a couple of questions on culture. Successive Governments have gone around the houses on institutional culture. The Lawrence inquiry talked about institutional culture around race. You are a Home Office Minister. Obviously you have a big responsibility in making sure this happens in the public sector and policing, but it has eluded institutions historically. The pay gap is really interesting, in terms of the way it is focusing minds. There is the carrot, if you like, as well as the stick, but particularly the carrot, in terms of publicity and business benefits. Although there is quite a lot of evidence suggesting that it is in the rational interests of businesses to be more diverse, they seem to make irrational decisions about their recruitment practices. That is actually quite perverse. How do you try to change that?

The *Harvard Business Review* found in some of its work that even when these changes are made, there is often resentment that builds in. Women are made to feel like they are there because of the targets or because a company is now under pressure to respond, and it is not based on merit. The men feel resentful and then the women feel resentful that they are not being appreciated, even though they have so much to offer and are contributing a lot, and the evidence shows that they do contribute a lot. How do you address that? Obviously it cuts across all institutions, including here, in this place. What do you think should be done about tackling culture? I am sure it exists in the Treasury too, perhaps. Perhaps, Minister, you are taking some steps to address it there as well.

John Glen: There is not a single answer; it is in multiple dimensions. There is the training point, which is actually about making people aware of the decisions that they are making and how they are making those decisions. It is about transparency.

Certainly there is the bonus culture. One thing I was talking about with someone the other day—it might have been Jayne-Anne Gadhia—was about how mediocre men can be very assertive in their demands for bonuses. They are appeased by somebody who says, "Right, that is okay." Actually, sometimes women believe that justice will be done and they have just done a good job and a true and fair process will ensue and it does not.

We need to be clearer about where these mistakes are being made. The charter puts it on the board agenda. It does not just give the target at a high level but it says the extension of this agenda, to the point that the Chair made at the start about a range of additional diversity challenges that are embraced by this charter's presence at board level, is really important. It will also be about recruitment practices, flexible working and smart working. Some of the institutions we are talking about here necessitate a lot of travel. Technology can be used. We need to make that a much more real solution and make it more accessible, not a concession that people have to ask for. Make it normative in terms of how it is offered. There are some specifics.

Victoria Atkins: I do not want to start a battle of feminism with the Treasury, but I will just mention that last year the Home Office was rated as one of the top 50 employers for women. We are very proud of that, and of course of our ministerial team. There are six Ministers, led by a female Home Secretary, and four of us are female. We hope that we are doing our bit, certainly in the world of politics.

The point of diversity is really important from a business perspective. I think McKinsey conducted some research recently that showed that organisations that have gender diversity in their leadership are 15% more likely to outperform their industry rivals. It seems to me that it is a business no-brainer.

In the International Women's Day debate in Parliament on 8 March, we heard my right hon. Friend the Member for Putney (Justine Greening), who of course was the previous Minister for Women and Equalities. I think she cited a statistic that if girls and women worldwide were encouraged into the economy, it would add some extraordinary sum of trillions of pounds to the world's GDP. The potential here is enormous. All this work is about encouraging business to see the real value and worth that female employees can make to any business.

I am very conscious that when we are talking about this, because we are so keen to try to address the imbalances and the pay gaps and so on, it tends to be quite a negative discussion. We should do more to talk up the great values and benefits that employing a good woman can have for a business. I know that this work of the Committee will help add to that.

Q240 **Rushanara Ali:** I have one final question. Given the benefits, are you considering similar standards for other industries and other sectors to what we have got with the Women in Finance charter?

Victoria Atkins: We would always encourage industries to look at their own conduct in this arena and to come up with solutions that suit their industries. As I say, we have the overriding Hampton-Alexander review, but of course within the public sector there are all sorts of programmes going on to ensure that women are encouraged, promoted, treated fairly, sponsored, and also, if perhaps they have taken time off for caring responsibilities, they return to work and are not disadvantaged from having been away from the workforce for a while. In fact, we have a specific programme on returners that we have just launched this year, to try to encourage carers back into the workforce. I would be very keen for businesses and industries to do that. One of the values of the charter is that it is led by business. They are recognising the need and they are working in the ways that best suit their industry.

John Glen: If I could just add to that, there are initiatives on entrepreneurship, looking at start-up loans. Since 2012 the Government have leant £366 million in start-up loans. Some 40% of those have been to women. That is against one-fifth of businesses being led by women. There is more to be looked at with regard to access to finance.

My colleagues in the Treasury, the Chief Secretary and the Exchequer Secretary, are leading a piece of work with the British Private Equity and Venture Capital Association. That is looking at challenges there, in terms of making sure that women can more reliably and appropriately access the finance that men do. At the moment there is a disparity.

Mr Jack: Rushanara's questions were quite wide-ranging, so I apologise if there is a little overlap.

John Glen: We can always repeat ourselves.

Mr Jack: It is so good it is worth hearing twice. Could I turn first to the signatories to the charter?

John Glen: I have a list here.

Mr Jack: Good. I am more interested in who is not on the list.

John Glen: So are we, actually.

Q241 **Mr Jack:** Are there any notable signatories missing? If so, who are they? Will you name and shame them?

John Glen: It is a work in progress. We have decided to do three list updates a year—the next one is in July, we have just done one, and there is one in November. In between, there are a lot of conversations happening across different sectors. I hope that we have more and more people sign up, and then it will be more and more obvious for everyone to begin to work like that.

We are not consciously trying to shame people; we are trying to encourage them to do the right thing. This is something that they can set the parameters for and measure their progress against. We can talk them through the fact that the challenges they face now are unlikely to be uncommon, and actually do it by persuading.

Q242 **Mr Jack:** You are engaging with firms.

John Glen: Yes, absolutely. Officials are talking to firms all the time. As I say, the conversation with JP Morgan is happening this week with officials. There were 125 firms at the fintech conference last week that the Chancellor and I were at. Officials were there. Lots of officials from the Treasury were there, talking to them about it as well. There is an ongoing process.

Q243 **Mr Jack:** Are you getting pushback from people? If so, what are their arguments for not signing, and how compelling might they be?

John Glen: We have people who are concerned about the situation they are in at the moment and whether they have the means to move forward. They are perhaps concerned about what it takes to put in the policies, get the training right, and how onerous this will be. Some of the conversations will deal with those directly and also show them that they are in good company, both in terms of the challenges that exist and the opportunity to make progress, and how positive that would be for their reputation and actually, as Vicky said, for the performance of their enterprise.

Q244 **Mr Jack:** Are there certain types of firms missing? For instance, there are not very many fintech firms on the list.

John Glen: That is why we were in dialogue last week at the conference. Of course many of those firms are smaller. Perhaps if you are an entrepreneurial enterprise trying basically to keep going through series A, B, C funding, your focus sometimes can go elsewhere. We are in a persistent and determined dialogue with all parts of financial services to ensure maximum take-up and sign-up.

Q245 **Mr Jack:** Do you think it is more difficult for smaller firms?

John Glen: Not necessarily, but we have to be alive to the different concerns they will bring to the table. We have to address them properly. We do not put any bar on the size of firms that join the charter, because we think it is important that we work with people at different stages of their evolution.

Q246 **Mr Jack:** Do you want to add anything, Vicky?

Victoria Atkins: I think the Economic Secretary has outlined it very well.

Q247 **Mr Jack:** Turning to the benefits and challenges of the charter, this is specifically to the review done by New Financial. Before I ask you any questions on it, I might check that you are aware of it.

John Glen: Yes, I am. I have it here.

Q248 **Mr Jack:** Good. They published a review into the progress of the first cohort of signatories in March this year, which seemed to be moving in the right direction, but progress is slow. Is this because the scale and nature of the change requires time, or is there something more that the signatories could be doing?

John Glen: It reflects the fact that the targets are typically set over a longer timeframe, so making significant progress in one year was always going to be challenging. There has been a 3% improvement, I think, in one of the key metrics of women at senior level.

Q249 **Mr Jack:** For that 3% to reach its target needs another 27% by 2022.

John Glen: Yes. We are building momentum. I expect to see a significant step forward in the next report and further beyond that. I am not seeking to defend the first report as a massive breakthrough. As I have tried to indicate in the way I have portrayed the charter, it is a consensual activity to try to build momentum around a shared endeavour to bring this issue into the mainstream of board decision making and put incentives around it that lead to change.

Q250 **Mr Jack:** Do you think the further 27% by 2022 is achievable, or is it an unrealistic target?

John Glen: Everything is achievable if there is enough determination behind it. I believe that we are seeing a real gear change in people's appreciation of the issues involved here and the challenges that they have to overcome. Putting it on the board's agenda, with a transparent set of objectives, typically linking it to variable pay, in terms of progress made, will have an increasingly clear effect and a positive one. I would say to you, Alister, that the challenge for us is to develop the charter in line with progress that is and is not made. This is not a fixed situation. My officials and I remain open to looking at how we develop it as things move forward.

Q251 **Mr Jack:** Fintech, market infrastructure, payment systems and financial advisory firms were where the 1% increase in the proportion of women in senior management was. Why do you think those sectors in particular struggle?

John Glen: Banks and insurance companies also have significant challenges. Some of them are bigger, so the numbers are slightly different. As you said in one of your questions, some of them are smaller enterprises, which means that you can make a big change by having a very small number of appointments. That is just a statistical reality.

Q252 **Mr Jack:** Moving to bigger enterprises, the Government also have a 1% increase. I was paying attention earlier. I know the Treasury was at 50%.

John Glen: I am very fortunate in that.

Mr Jack: You are.

Chair: There might still only be a 1% increase, but they are now at 50%.

Q253 **Mr Jack:** That is right, but there was only a 1% increase from the Government. Regulators have also seen only a 1% increase. Do you not think that a better example needs to be set?

John Glen: If you look at the FCA's discussion paper, published earlier this month, which talked about transforming culture in financial services, the speech by Megan Butler, the executive director of supervision, the fact that the Bank of England, the Payment Systems Regulator and the FCA have all signed up, that shows a willingness that they, as the regulators for the industry, are as committed to it. I do not deny that there is a challenge in the City and in financial services generally in terms of the diversity issues across a range of diversity challenges.

Q254 **Mr Jack:** Some 22% of the first cohort went backwards; women in senior management decreased in 22% of them.

John Glen: There are challenges that need to be tackled. As I say, we have set out a process and are bringing transparency to this issue. I was talking to Treasury officials a little while ago about what we are doing in terms of appointments and recruitment. I had this when I was in the arts world—arts, heritage and tourism, in my last job—where there seemed to be a similar pool of people who kept emerging on shortlists. The same is true in this world. We have to develop new ways of using head-hunters, looking in new pools of talent that exist and thinking differently about how we get these people.

Q255 **Mr Jack:** For the 22% that have decreased, is it something that you would query with those firms?

John Glen: Yes, we have an ongoing dialogue with all of them. That is absolutely something that needs to be addressed.

Q256 **Alison McGovern:** Jayne-Anne Gadhia made recommendations to Government in March 2016. Specifically on childcare, have you implemented those?

John Glen: We have made significant progress in a number of our policies on childcare. We have brought in the new tax-free childcare. We also see record numbers of women in employment. We have put £6 billion into childcare since 2010.

Q257 **Alison McGovern:** Could I just be specific? We all know the background and I have heard many of those statistics before. Of course there are more women in the workforce; there are more women in the country—that is how population increase works. Can I just ask about Jayne-Anne Gadhia's specific recommendation on childcare that she made to Government in March 2016?

John Glen: Which specific one are you referring to?

Alison McGovern: Increasing the amount that can be claimed with tax relief on childcare vouchers. These are a more cost-effective way for working parents to manage the ever-increasing cost of childcare.

John Glen: The new tax care vouchers will deliver more money into support for childcare. It will give a greater range of options because it is focused on families where both parents are working. That was not the case before, where only 5% of employers under the existing system offered the vouchers.

Q258 **Alison McGovern:** What analysis have you done of people working in financial services, specifically those women who are at the lower end of the income spectrum, as to whether that scheme will meet their needs?

John Glen: Specifically in terms of financial services, I do not have any data at hand on that. That is something I would need to look into. Back to my previous answer about the concern I have that there are a whole series of interventions that need to be made from entry level forward, in terms of support and education, that would be one that we would need to look at, in terms of what effect it has. The conventional wisdom that I have heard in briefings is that the logic that childcare policies are somehow the biggest inhibitor to progress of women in financial services is not true. There are wider cultural issues, in terms of progression and appointment and so on.

Q259 **Alison McGovern:** We will come to that. I would slightly question your assumption there.

John Glen: I am just relying on what I have been told so far. I am very happy to look into it further.

Q260 **Alison McGovern:** Just to turn to Jayne-Anne Gadhia's other comment on childcare, can I just ask you about employer-based childcare facilities, which she specifically recommended the Government should look at?

John Glen: I am not specifically briefed on that.

Q261 **Alison McGovern:** Just to help you out a little bit, the issue here is that often in financial services, where flexible working should be supported, there can be issues around hours. It has been a long-term aspiration to have more employer-based childcare facilities, as we do here at the House of Commons. Is that something that you would be prepared to look at, given it was one of Jayne-Anne Gadhia's recommendations?

John Glen: I would certainly be prepared to look at it. The challenge is the difference between mandating it universally and seeing it as a best practice that has a big impact. We have seen job-sharing. We have seen flexibility in work, in terms of doing compressed hours, the working week being arranged more helpfully around childcare concerns. Yes, of course I would look at that.

Victoria Atkins: On that, we know that now 97% of employers offer flexible working. That can help around 20 million people in the workforce generally. I appreciate that is not the finance sector specifically, but of course it is in the interests of business to ensure that they offer flexible working.

Q262 **Alison McGovern:** On shared parental leave, to edge towards some of the more cultural issues that you just mentioned, the take-up of shared parental leave is horrifically low. What is your analysis of why this is the case? It is particularly acute in sectors such as financial services, where there is a culture of presenteeism. That would be my suggestion. What is your analysis of why it is so low?

Victoria Atkins: If I may, on a more general point, we are very conscious that although we here in the Westminster village are well aware of shared parental leave, that message has not necessarily reached everybody across the country. It has been in place since 2015. We are conscious that first employees, but also employers, need to understand it more. In February this year the Home Office and BEIS launched a £1.5 million campaign called "Share the joy" to let people know this is available. We are hoping that campaign will start to spread better knowledge of it. Frankly, I hope having discussions like this will also feed through.

Q263 **Alison McGovern:** Do you think it was helpful that a Minister had to admit publicly that he was not really eligible for shared parental leave? Do you think that was useful in your campaigns?

Victoria Atkins: As you know, as Members of Parliament and Ministers, we are not technically employed. Frankly, there are issues that we in the House need to look at. I know that colleagues are doing a lot of work on baby leave, which would be a real marker. I personally was astonished when I arrived in 2015 to discover we do not have a maternity policy in the House of Commons, let alone anything more forward-thinking than that.

Q264 **Alison McGovern:** Never mind the House of Commons for a second, which, as you know, as a Minister you do not have direct responsibility for. You have responsibility for what the Government policy is. Was it helpful that that Minister was left hanging on the radio without being able to say that he himself would be able to take shared parental leave?

Victoria Atkins: I have not been privy to any discussions that my ministerial colleague may or may not have had with whoever he would have had those discussions with.

Q265 **Alison McGovern:** You have a cross-cutting brief across Government.

Victoria Atkins: Yes, but I would not ask to be involved in a colleague's individual discussions on his personal circumstances. That would not be right.

Q266 **Alison McGovern:** That is not what I am asking. Do you think you could be involved in the Government writing a new policy for its own Ministers that would encourage shared parental leave, given how much you have just said you are spending on telling the public about this?

Victoria Atkins: I am always keen to advance my brief as much as I can, so that may be a challenge you have set.

Chair: That is yes. That is another job to do, yes.

John Glen: I think the point you are making, on financial services, is that there is progress to be made in terms of shared parental leave being applied and the advantages of that policy being fully utilised in the sector. Along with a number of issues with regard to women in finance, there are lots of challenges that make up quite a complex landscape that we have to tackle. I do not hold back from being willing to address those.

Q267 **Alison McGovern:** How do you think that can be done?

John Glen: Some of the work that Jayne-Anne has also done, through her app and making people aware of the work that goes on at Virgin Money and at other institutions, in terms of best practice, does actually change things. When I started working in the City, some of the policies that did not exist were called for, and by the time I left they were normal across the peer group of the firms that I worked in.

Q268 **Alison McGovern:** Men who have used shared parental leave have told us that they have encountered career progression issues. What do you think the Government could do to try to change that, for men who do want to take shared parental leave?

John Glen: We need to understand how prevalent that anecdotal evidence is, appraise it properly and see what we can do about it. At the moment, we do not have the data on that and it would be worthwhile to keep an eye on it.

Q269 **Alison McGovern:** I have two more brief questions. Again anecdotally, I was told fairly recently by somebody within a financial services institution that has a gender pay gap above 50% that she and her colleagues had been told that, as they were going through the next round of pay negotiations, they ought not to talk to their colleagues about what the results were. In other words, now that it was clear that the firm had a problem, and therefore women might feel more empowered to ask for a better pay settlement, if they were able to achieve that better pay settlement they were not to talk to other colleagues about that. Could I just ask you to comment, Minister, on that sort of behaviour from firms in financial services?

John Glen: It is not appropriate, is it? At the end of the day, we are trying to achieve greater transparency in pay and to have pay related to performance, regardless of gender, background or who knows who in a firm. We have to call out behaviours that are not reaching acceptable standards and challenge them. I would not take that advice if I was that individual.

Victoria Atkins: I hope this is one of the things the gender pay gap publications will result in. It will result in women looking at how a company, or a series of companies if they are applying for jobs, treat their female workforce and asking questions or applying accordingly. I hope this will empower women to ask those sorts of questions.

Q270 **Alison McGovern:** Agreed. Finally, just on the Women's Business Council, could you both give us a bit of a precis of where it is up to, what has happened and what is next?

John Glen: Are you referring to the work that the Prime Minister launched last week?

Chair: The Women's Business Council was set up in 2012, when the Prime Minister was Minister for Women and Equalities.

John Glen: Yes. The latest word on that is that the Prime Minister is focusing on entrepreneurship and has a group that is working on tackling the gender pay gap, promoting women's progression in the workplace and preventing violence against women and girls. It will also seek views from a number of stakeholders on how we can actually secure more opportunities for women across different sectors across the country.

That is in parallel with the work that we are doing in the Treasury that I have referred to earlier, with the roundtable that was held on International Women's Day. That was basically asking the British Business Bank to look at this disparity in lending as well, because there are some challenges there.

Q271 **Chair:** We are going to come on to that, yes. I do not know if the Women's Business Council is the same organisation, but this was set up. Baroness McGregor-Smith was very involved, and a number of others as well. I just wondered if you have yet been asked to attend any meetings with them.

Victoria Atkins: Not that I am aware of, but that may be my lack of knowledge of my diary commitments, in fairness, rather than any slight on their part. As I understand it, the Government Equalities Office very much works and leads on this. At the moment it is focusing on supporting the gender pay gap work through employer networks. They are also setting up toolkits to help women progress through their business.

In fact, I am extremely grateful because I have been reminded that I am attending the Women's Business Council later this year. Apologies for not knowing the complexities of my diary, but I will be delighted to go.

John Glen: I am pretty sure that I have not been invited.

Chair: I am sure they would be delighted to see you, should you choose to be there.

Catherine McKinnell: I would like to follow up on a comment that you made earlier about recruitment and trying to widen the pools and broaden the intake. I do not know if a recommendation you have considered is, when we took evidence from the recruitment agencies as part of this inquiry, I asked them whether they had signed up to the Women in Finance charter themselves. One seemed happy to do so, but the others much less so, on the basis that they did not see it as relevant to them. I actually would suggest that it is relevant. The people who are there recruiting and broadening the pool are not actually reflective of gender diversity themselves. Perhaps that may be contributing to the challenge. Is that something you are able to take forward? It might be one way of making some progress on this?

John Glen: I have been helpfully informed that we have had several recruitment agencies sign the Women in Finance charter? You make a very sensible point: it is absolutely clear that that could be a very sensible outcome.

Q272 **Catherine McKinnell:** I also just wanted to touch briefly on childcare again. In as much as it is frustrating that it is such a big topic as part of this subject, fundamentally, we do have to get it right if we are going to overcome some of the challenges in getting to 50-50. I actually wanted to ask whether you had had the opportunity to read the Select Committee report we recently published on the childcare vouchers. Minister, I know you have said this in debates before, but you mentioned that the vouchers were provided by only 5% of employers, but that is actually then available to 20 million to 26 million employees out of 31 million possible employees, so the 5% is not reflective of the actual benefit, if you are looking at the raw statistics.

John Glen: It covers around 50% of employed parents.

Q273 **Catherine McKinnell:** The Committee recommended that the voucher scheme be extended until we understand the true impact on those who may gain and those who may lose from the vouchers being removed. I wondered whether you had given some contemplation to that, just in light of the fact that one of Jayne-Anne Gadhia's clear recommendations is actually that more support needs to be there for parents, not less.

John Glen: You had the Chief Secretary before you, and you exchanged letters with her. This is her policy area.

Q274 **Catherine McKinnell:** The report came out after that. You do not yet have a response to that.

John Glen: This is not a policy area I have direct decision making over.

Q275 **Catherine McKinnell:** You are going to refer that one up.

John Glen: I am referring it to the Minister who is responsible for it, because otherwise it would not be fair—I would not want her talking about things I am responsible for.

Chair: It is not very team-like in the Treasury.

Q276 **Catherine McKinnell:** We did debate this in Westminster Hall, and it is relevant to this inquiry.

John Glen: I know we did. That is because the Chief Secretary was not available for that, so on my second week I was given that.

Q277 **Catherine McKinnell:** We will be looking forward to the Government's response to our report anyway, and that could be taken into consideration as well.

One other thought I had about this whole debate is that it risks becoming quite London-focused. Lots of discussion about the City often does, but we know that people work in financial services right up and down the country.

John Glen: Yes, including Newcastle.

Q278 **Catherine McKinnell:** Yes. Obviously, Jayne-Anne Gadhia herself is in a Newcastle-based business, and she is leading on this. That is very reassuring, but what are the Government doing to ensure that everything we do on this issue truly is representative of the whole country and that there is not just a London-centric policy focus?

John Glen: I do not have the data on the 205 companies, but we do recognise more and more that in financial services there are centres for fintech in Leeds and Edinburgh. Different parts of the industry or the outsourced elements of it work in different parts of the country, but they still come under financial services. That is a very fair challenge. Are we actually reaching out to all companies across the whole ecosystem or, if you like, the whole supply chain in financial services? That is a fair point: we can become too London-centred. That is something I should take away. I will work with the team to ask whether we are actually doing enough in, say, Bristol, where there is a significant insurance industry, and other hotspots to make sure we reflect that. That should also be reflected in the events that we run to recruit more people to sign up.

Victoria Atkins: In terms of the gender pay gap nationally, of course, I would hope that hon. Members will be checking the gov.uk website after Wednesday next week to make sure any large employers in their constituencies have reported and see what the figures are.

The Office for National Statistics published some figures recently. The caveat is that their accuracy is still being confirmed. The work looks at the gender pay gap constituency by constituency. If these figures are accurate, I am very proud that Louth and Horncastle, my constituency, does have a gender pay gap, but a negative one, because women in full-time work are paid 5.4% more than men. All I would say is: please follow my constituency's lead across the country.

John Glen: This might be helpful for the record and for the Committee. I understand that two thirds of financial services jobs are outside London, and 37% of the signatories on the charter are based outside of London.

Q279 **Catherine McKinnell:** It is not really reflective.

John Glen: It is not. You are on to the right issue. We shall look at how we can improve that.

Q280 **Catherine McKinnell:** I am torn as to which question to ask. I will go for a question about Jayne-Anne Gadhia and the whole approach to this. The approach to this has been successful in the sense of a cross-Government approach that is working together to focus very much on financial services, but actually it is an approach that would probably benefit from trying to tackle some of the gender equality issues much more widely. I wondered whether that is something the Government has looked at in terms of an advisory council or a ministerial board to drive gender equality right across the board, not just in financial services but at every level.

Victoria Atkins: It is a very interesting idea.

Catherine McKinnell: I am just trying to give you another job.

Victoria Atkins: Yes, thank you. It is a really interesting idea. I hope the Committee will understand that our focus at the moment is on next Wednesday and there will be a great deal of work that flows from that. We are going to review the process, look not just at the process itself in terms of companies contributing but also at what work should arise out of that reporting. I am listening to the Women in Finance charter with great interest. It may well be that other industries decide that a similar charter would work for them as well. I am very keen, though, that this is led by business, because, as has rightly been identified, this is about cultural change. We have to make sure that our girls and boys are growing up at school not seeing any obstacles to them taking up whichever subjects and industries they want, and that that is then followed up with training, through to first-level employment and so on. It is as much about culture. We have to take business with us.

Q281 **Catherine McKinnell:** I have to challenge you slightly on that, though. One of the successes identified by Jayne-Anne Gadhia about the Women in Finance charter is that it is Government-led. Whilst I understand that you have to take industry with you, it is that Government-led approach that is starting to see some of the progress.

Victoria Atkins: Yes, very much so.

John Glen: It will be Government-initiated. We are certainly playing a big role. In terms of the prominence we are giving to the people who have signed up, Jayne-Anne is perceived to be somebody who is leading this rather than myself, and I am very happy with that.

Q282 **John Mann:** Good afternoon, Mr Glen. You said in response to Alison McGovern that performance and reward should be linked.

John Glen: Yes.

Q283 **John Mann:** Presumably promotion should be based on performance as well.

John Glen: Yes, in an ideal world that would be where it should be.

Q284 **John Mann:** Who has performed best over the last three years, yourself or Victoria?

John Glen: First, we have not been in the same job. You have to find metrics to compare people with.

Q285 **John Mann:** You have both been given new jobs recently.

John Glen: I am not quite sure where your question is headed. With some trepidation I anticipate it. We all know politics is a bit different.

Q286 **John Mann:** Politics is different from banking. Billions of pounds of fines have been levied for inappropriate behaviour in UK banking. How many of the bankers responsible for that decision making are men and how many are women?

John Glen: I cannot answer that specifically.

John Mann: Let me make it easier. What percentage of these bankers, who have made the bad decision making that has led to the extraordinary levels of fines that have brought banks such as RBS to their knees, would you estimate—

Mr Clarke: Can I answer?

Chair: No.

Q287 **John Mann:** What percentage of those decision makers would you estimate are men and what percentage are women?

John Glen: I would not be drawn on specifics, but we know the profile that there are more men than women in leadership positions in the City. I would imagine that would be where you draw your answer from.

Q288 **John Mann:** I have only done a little bit of background research; it is obviously not qualitative or thorough. From names identified to this Committee, we are looking at 100% to 0%. Who is getting the new jobs in banking? Is it men or is it women?

John Glen: Mr Mann, this is the point of the charter. It is designed to throw a very clear light on to the appointments process and the leadership of the boards of financial institutions and to actually change it. That is the point of the initiative.

Q289 **John Mann:** Let us take your department. How many male Ministers have there been in the Treasury since its inception and how many female?

John Glen: I do not know, but I know that the two senior officials on whom I rely every day, Gwyneth Nurse and Katharine Braddick, are women.

Q290 **John Mann:** I am talking about your role here. Would you like to estimate a percentage of Treasury Ministers in the history of the Treasury who have been male and those who have been women?

John Glen: I should think there is a very high percentage of men.

Q291 **John Mann:** Can you give us an estimate?

John Glen: Why do you not tell us? I feel you—

John Mann: I am asking you. You are the Minister in front of us who is giving your expert opinion.

John Glen: I have just conceded that I do not know, but I know it will be a very high percentage.

Q292 **John Mann:** Would higher than 99% seem reasonable?

John Glen: I do not know.

John Mann: It would be unfair to—

Chair: It is quite nice, actually, to have a man who is not prepared just to guess a figure when he has no information. Go on, John. Tell us.

John Mann: I estimate 99%, but it is slightly higher than that. Are there more Johns who have been in the Treasury than women, says a John to a John?

Chair: Yes, precisely.

John Glen: I should think that is probable.

John Mann: Let us look at the Monetary Policy Committee.

Victoria Atkins: Can I just come in, if I may?

John Mann: I will bring you in in a minute, if I could. I am not quite finished with Mr Glen.

Chair: The John-to-John conversation is still going on. The Johns are speaking, Victoria.

John Mann: I shall have a proposal in a minute.

Chair: To which the answer should be no.

Q293 **John Mann:** I just wanted to check how many women were on the MPC, Mr Glen?

John Glen: I do not have the number of women on the MPC, but I can tell you that since June 2016, when the current Chancellor came in, the Treasury has made 24 appointments, and 10 were female and eight were from BAME backgrounds. In terms of specifics around the Bank of England, we have had three male appointees and three female appointees since June 2016. To the National Infrastructure Commission, we have appointed four men and four women. We have also appointed to the Crown Estate one man and one woman, to the Royal Mint Advisory Committee the same, to the NS&I two men and one woman, to the FCA two men and no women, and to the OBR one man and no women.

Q294 **John Mann:** That is helpful. There is one woman in the MPC; there is one woman on the Prudential Regulatory Committee; the FPC has had one woman since it was formed in 2013. They are the top bodies.

John Glen: There is more work to be done. That is exactly why we are looking at, when we are doing these recruitment—

Q295 **John Mann:** What we are told is, "There is not the expertise there," but then I am looking at the pool that has been drawn from, and it is all the men who have managed to get these record fines. Would you agree with me that this definition of "expertise" is flawed?

John Glen: What I would agree is that we have significant challenges in this sector, and across senior levels of regulators as well, to find more women to be appointed. I would say that we have made some progress in the last few years and we have an active plan for how to develop that. In terms of your point about expertise, in these critical roles we have to have people with that right expertise. What we have to do is make sure those who are approaching those levels, who are able to be put on to the shortlists, are equally both qualified but also more balanced in terms of their profile. We are doing further work downstream to make sure that happens as quickly as possible.

Q296 **John Mann:** Victoria Atkins, what is your assessment of these regulators? These are Government appointments, so the Government have the power on this. Are you satisfied with what has happened in recent years? Is progress sufficiently fast to satisfy what you think is appropriate for the benefit of the UK economy?

Victoria Atkins: Mr Mann, may I just leap to my colleague's defence in relation to your very difficult questions about the Treasury? I am so glad you are joining my campaign, which is #AskHerToStand. It is the year of the women's suffrage celebrations. I have said to my officials that they are going to get very bored of me using that hashtag, because I want to use it on every occasion on which I speak, so thank you of the opportunity. I am the 428th woman ever to have been elected to the House of Commons—that was in 2015; we have done better since then. The point is that, historically, as with other industries such as banking, engineering and so on, the pipeline of women coming through the system has been very low. Frankly, it continues to be lower than we would all like across the House. Your astute questioning rather epitomises the issue we face in politics, as well as in other sectors: we need to encourage more women, whatever their age and whatever their experience, to stand for Parliament, so that, once they are elected into the House of Commons, if they are on the winning side, as it were, they can be in the position of being considered to become a Treasury Minister.

On the point of female success generally, the last 12 or 18 months or so have been quite extraordinary in terms of progress. We have the first ever female Metropolitan Police Commissioner. We have the first ever female Commissioner of London Fire Brigade. We have the first ever female President of the Supreme Court, though there is only one female judge on the Supreme Court. I am very conscious of that, but Baroness Hale is now leading it. My colleague has set out other achievements at the Royal Mint, and we have a female Black Rod and so on.

I say this not because I am complacent—and neither are the Government—but there are marked changes that are happening at the moment. We think a concerted programme both across Government but also within Departments on their areas can and will make a very great change.

John Mann: We are not seeing that at the top of Treasury matters, are we? That is the point. When we look at these very important committees overseeing everything to do with economics and banking, we are not seeing this same speed of progress. I have not observed that women politicians are more useless and incompetent than male politicians in my years here.

Chair: I think that is a compliment.

John Mann: I suppose that is starting from a low base level.

Chair: Demob happy for the Easter break, clearly.

John Mann: I was going to suggest that Mr Glen offered you a job swap.

Victoria Atkins: I love my job.

Q297 **John Mann:** This is a serious question. It would be a question if you were Labour or Liberal Democrat, whichever Minister was sat here. It would be no different. Is there not a serious cultural problem still whereby certain roles, including roles in Government, are seen as male as opposed to female? When it comes to finance, banking and economics, it remains a major problem, including in here?

Victoria Atkins: You have hit upon an area that, first of all, we are very conscious of and, secondly, we need to do more about. I do not pretend that we have reached that happy point of gender equality, in terms of either politics or business, at all. This is part of the path of correction, I hope. As I said on International Women's Day, we are celebrating 100 years of the first women, though not all women, getting the vote. In 100 years' time, I would love for us not to need an International Women's Day, because the various issues we face across the world do not exist. I appreciate that is idealistic.

Q298 **John Mann:** Yes, absolutely. I am sure this Committee would love not to need to have an inquiry into women in finance in five years' time. I have one last question. Having said what you have said, what would be your precise recommendation to this Committee to improve, within this Parliament, this situation when it comes to these key committees? I mean the Bank of England committees, the regulators and the Treasury. To specifically improve the representation of women in these key roles within this Parliament, what would your recommendation be to this Committee that we could contemplate for our report?

Victoria Atkins: I hesitate to recommend anything to the Committee, because the Treasury Select Committee scrutinises the work of Government, and I would not wish in any way to be seen to be trying to subvert that. If I were to sit on a Select Committee, when the Bank of England and other representatives came before me, I might ask the question each and every time, "How many women do you have on your board? What are your plans to address it?"

John Glen: On that point, the Bank of England specifically signed the charter five months ago, which committed them to having 35% of their senior leadership being women in two years' time. I would just finish by saying that, of course, in the last eight years that we have had a Conservative-led Government, four of my predecessors, including the Chair, have held the position of Economic Secretary to the Treasury.

Mr Jack: There is also the Prime Minister.

John Glen: I will avoid creating greater turbulence in the dialogue by raising that.

Chair: You can add to your list the first female Chair of the Treasury Select Committee.

Mr Clarke: A very good Chair she is, too.

Chair: Get on with it.

Q299 **Mr Clarke:** Victoria, in your evidence you mentioned the pipeline of talent we need to see coming through. In many ways, that is the most significant aspect of all of this: what we are doing for the next generation that will mean we do not face these questions in 40 or 50 years' time. There is an extraordinary statistic in our briefing for today's session. The gender pay gap will not be fully closed until 2069, according to Deloitte, by which point I will be 85. The reality is that STEM subjects are a massive way of narrowing that gap, because they tend to lead to high-earning careers. What are the Government doing to ensure girls are exposed to STEM subjects and encouraged to pursue them at university and beyond?

Victoria Atkins: Thank you for raising this. Yet again, this is not just about making sure that women are properly represented and participating in STEM industries; it is for the economic good of the country. With various events that are happening over the next year and a half—I am trying not to use the "B" word—we are having to look at what we are going to do in the future and how we are going to play on the international stage in terms of the business offers we make and so on. STEM has to be part of that.

We are working within Government to try to encourage, first of all, girls to take up more STEM subjects at school. There is great news on that. Girls are outperforming boys on STEM GCSEs and have been since 2013. They have been performing pretty similarly with boys since 2010. From that, we need to capture their imagination and make sure they are following this through when it comes to apprenticeships, university and so on.

We have funding programmes in schools and colleges to improve the take-up of maths and also to support the teaching of those subjects. Of course, an inspirational teacher is often the key to unlocking a young person's excitement, enthusiasm and, indeed, their careers.

Q300 **Mr Clarke:** Talking of inspiration, just on that point, are you aware of the work of the Education and Employers Taskforce and their Inspiring Women agenda? Certainly that is a programme I have been really impressed by. It is something that is quite tangible, particularly in terms of getting children from non-traditional backgrounds to go into these subjects. It is about getting somebody in the classroom or wherever else who can actually show them, "This is possible for you." Is that something you have engaged with yourself?

Victoria Atkins: I have not engaged with it personally, but any scheme like that, which helps bring real-life people who are doing the job into the classroom to show them the opportunities is to be applauded. We know, from our own experiences as constituency MPs, that the moment you go into a school or you invite a school here, I hope, they get why we are so excited about politics. I can imagine that works very well across other industries as well.

John Glen: I would just add two small things. Of course, the Government have also put £84 million into a programme of improving computing teaching and encouraging more maths teachers. In the focus on actually getting more children generally to do STEM subjects, 16 to 18 is really important. I would just point out that we have seen an increase in the number of girls taking STEM A-levels by 18% since 2010. There is still a significant imbalance. There is a lot of work to be done.

I am always conscious that when I go to the apprenticeship fair in my consistency, which has Kinetic and Boeing, there is always progress being made but there is still more to go. The Government are gripping this, and they are investing strategically in improving the profile of women and girls doing these subjects. In fact, some of the evidence on outcomes in terms of earnings premiums is much higher for girls who have two STEM A-levels.

Q301 **Mr Clarke:** This leads neatly on to the next question. If we are making progress in the classroom, the next challenge that Deloitte's research throws up is that even when they have STEM qualifications they do not necessarily proceed to work in those industries. This is a question not solely for Government but for academia and industry as well. What can we do to try to encourage them to actually follow the logic of their choices?

John Glen: I would go back to where we started in respect of the culture we see in finance. This is about trying to debunk some of the myths around what it takes to be successful in the careers that use STEM subjects. The point was suggested about transferring the charter into other industries. Whether that is industry-led or Government-led, it is something I would anticipate that the Government would wish to look at.

We have to challenge stereotypes and champion the leadership of women in industries where STEM skills are at a premium.

Q302 **Mr Clarke:** Victoria, do you have anything to add on that point?

Victoria Atkins: It has to be a partnership, not just Government but across industry. We also have to encourage women, if they are able to and if they have time, to think about what more they can do in their local schools or how they can reach out to younger people. They can say, "This is a great way of life. This is what I do for a living. Give it a thought when you are applying for jobs or training".

Q303 **Mr Clarke:** That is very helpful. That was certainly my instinct as well: that we have a role to play as a society as well; it cannot just be left to Government.

In Mark Carney's recent speech on inclusion and diversity, he described recruitment practices by the Bank to attract more diverse candidates, which is obviously touching on John's point about us having to be proactive. This can be recruiting from a wider field of disciplines and having more on-the-job training to try to fill staff skills gaps. How effective can those kinds of measures be in addressing gender imbalance?

John Glen: They can be very effective. They are actually looking at making appointments based on Mumsnet Jobs and Stonewall's Proud Employers. They are really looking at first principles in terms of what loaded assumptions around their recruitment practices need to be challenged, and they are looking at new ways of doing it. That will be an ongoing challenge, because sometimes—this goes back to Mr Jack's question about the report—you cannot immediately find a pool of talent that is appointable to those senior levels in one year, but you can see significant progress over two or three years. This is why we emphasise this constructive dialogue leading to incremental change. We have to get the balance right between encouragement, transparency and inducement to go a bit further. That is true for the Bank of England, it is true for all the regulators and it is true for the City institutions that are the main focus of this discussion.

Q304 **Alison McGovern:** I just want to return to the question of the machinery of Government and its leadership. Victoria, you were very clear earlier about the Home Office and its record. In fact, from Jacqui Smith to Amber Rudd, with Theresa May in between, we have had some strident women Home Secretaries.

Victoria Atkins: I would not say "strident"; I would say "powerful".

John Glen: Particularly Jacqui, yes.

Q305 **Alison McGovern:** All of the above. As a woman in the Home Office, from what you have heard so far, what advice should the Home Office give to the Treasury about the example it has set?

Victoria Atkins: Again, I hesitate before offering advice to ministerial colleagues. The Home Office has some really interesting programmes on how to help women in the workplace, which are filtering out across the senior civil service and beyond in Whitehall. We now have a record high of women across the senior civil service in Whitehall, at over 43%. We are getting closer to that 50% mark. We have schemes of sponsorship and schemes with flexible working. I have a unit that advises me. The heads of that unit have been recruited and they are job-sharing. They are mums who are sharing the job, and they are doing a great job.

There are all sorts of programmes. We may be a little bit ahead of other Departments in some respects, but this is going to be rolled out across Whitehall, I have no doubt. This is really important. We have some incredibly talented women in the civil servant and we want to ensure that they meet their full potential.

Q306 **Alison McGovern:** We will have to hope that one day we have a Prime Minister who is prepared to pick a woman to be Chancellor.

Victoria Atkins: I am restraining myself with a big smile on my face. We had a female leader of our party before I was born. I would love for every other major party to follow our lead, as many have done, and get into a position where no job, whether it is Chancellor, leader of a party or whatever, is closed to a woman.

Q307 **Rushanara Ali:** Moving on to wider diversity issues, can you say a bit about what your own Departments are doing to promote ethnic diversity and other forms of diversity? Is there much work going on to look at the pay gap in relation to ethnic diversity?

Victoria Atkins: The Government as a whole are very supportive of the ethnic diversity initiative chaired by Sir John Parker. His review published recommendations that each FTSE 100 board should have a black and minority ethnic director by 2021, and by 2024 for the FTSE 250. We fully support that. We also support the work of Baroness McGregor-Smith on wider issues for diversity in the workplace. In terms of specific programmes in the Home Office, I regret that on this occasion I do not have the detail, but of course I will happily write to the hon. Lady.

John Glen: With respect to the Treasury, the diversity delivery committee brings together the executive management board, diversity champions, the co-chairs of the diversity and inclusion board and the director of corporate services to lead and oversee a comprehensive Treasury diversity and inclusion action plan. That is looking at initiatives to expand into the workforce. There is also a diversity panel, which reviews annual performance.

Q308 **Rushanara Ali:** What is the ethnic pay gap within the Treasury in terms of what they receive? Is there any work that has been done?

John Glen: I am really sorry, but I just do not have that data available. I can certainly look for it. If it exists, I will make it available.

Rushanara Ali: The reason I am asking this question is that there is a wider set of concerns here. The focus on gender is very important and critical, and I certainly welcome it. The recent study commissioned by the London Mayor found a 37% ethnic pay gap for public sector workers. If we start to look across public sector organisations as well as across the private sector, we may find that we find even more striking differences on other forms of diversity, and particular racial differences. Would you be willing to look closely at what lessons can be learned from the work being done on women in finance and the pay gap to understand better what is happening in terms of the ethnicity gap, given that 14% of the population come from an ethnic minority background, and 12% of the labour force are from an ethnic minority background? For instance, when you look at actual numbers of people, the FCA recruits 8%, which is not bad, and it recruits 5% in the middle-ranking professions. We can then look at how to address these issues.

For 20 or 30 years, in fact, the agenda on race has been much further ahead than on gender, so it is great to see more work being done on gender differences and pay, but it seems like the Government might have taken their eye off the ball on the pay gap and discrimination around race and other forms of diversity. Would you consider looking at pay gaps, both within your Departments but also more widely in the financial sector, around race?

John Glen: If I just answer for financial services, with respect to the charter, which is the main focus today, that obviously has definitional parameters.

Rushanara Ali: No, I am asking you a different question.

John Glen: I am just about to come on to answer it. I see a very clear enthusiasm from those who are participating in addressing wider diversity issues. To answer your specific question about the diversity pay gap and recruitment gap across ethnic minority groups, I am not aware at the moment of where those gaps exist within the Treasury. I am apprehensive about diluting the progress on the Women in Finance agenda by conflating the two, but I will be open to looking at new initiatives.

Q309 **Rushanara Ali:** Will you be considering any new initiatives?

John Glen: I would be very happy to look at the data and see what would make sense in terms of addressing that, should there be issues that we can address.

Victoria Atkins: I am very grateful. I have a little more detail about the Home Office and black and minority ethnic employment. Last year, within the civil service as a whole, 11.6% of employees fell into that description. Within the Home Office it is 23.5%. Within the senior civil service, 7% of employees fall into the BAME description, and Home Office figures are 4.8%. The Home Office is working to increase representation rates, particularly at senior levels. Again, this is very similar to the programme on gender equality. It involves things like sponsorship programmes, developing the talent pipelines and making sure appraisals are conducted in a way that does not inadvertently affect people's progressions unfairly.

There is a great deal there, but I am obviously happy to write to you with more detail on that.

Q310 **Rushanara Ali:** Just going back to the private sector, Lloyds Banking Group is setting a formal target to improve ethnic diversity among its top executives. Do you feel that is a good example that others could be encouraged to follow? What do you make of targets to address ethnic diversity and other forms of diversity challenges in the private sector? The public sector has obviously had legislative drives to push forward targets since things like the Race Relations (Amendment) Act and the Equality Act have been introduced. Should the private sector be encouraged to do that?

Victoria Atkins: Lloyds have set an example: they have set a target of having 40% of senior roles filled by women by 2020. I understand that they are currently at 34%, which is up from 29% in 2013. That shows the change that can be made in a relatively short period of time. There are other institutions, such as TSB, which introduced a campaign for women returning to work. That is very positive. There is work there, but these are schemes that those institutions themselves created. I am very keen for them to continue being innovative and asking themselves the hard questions.

Q311 **Rushanara Ali:** Just going back, the discussion and debates about diversity targets go back quite a long way, to the last Labour Government. The private sector resisted having legally enforceable requirements to promote equality through targets and so on, so there were lots of voluntary arrangements that were made. The thing that has really made a difference here on gender more recently is the pay-gap accountability and publishing. Should you not be requiring companies, including the financial services sector, to be publishing what they pay people from ethnic minority backgrounds?

If you look at the evidence, you are twice as likely to be unemployed if you are a black or Asian graduate. There is also a social class dimension to all of this as well. You are also more likely to face the ethnic and Muslim penalty. You are also more likely to face the postcode lottery and also discrimination on the grounds of names. The removal of names and those sorts of practices are obviously helpful, but we need a concerted drive to drive out racism and discrimination, which is well documented, instead of polite talk about unconscious bias, whether it is gender, race or any other kind of diversity issue. Do you really believe that the private sector is going to change its practice on these issues? If you do not, what will you do about it?

Victoria Atkins: The Prime Minister is already there, in terms of looking at this. Of course, she commissioned the race disparity audit, which may have produced the first statistic you cited. Certainly, similar statistics were raised in that report. I see that the reason for that report is because we are on a very clear journey to deal with that discrimination and to ensure that young black boys and girls have the same life opportunities as their white counterparts.

Q312 **Rushanara Ali:** Clearly, with the gender audit and the pay differentials, that kind of transparency is really exposing. The latest statistic from the Mayor of London's study, of a 37% pay gap, is focusing minds. Should the Government not be requiring an equivalent on race across the private sector?

John Glen: Of those who have signed the charter, nearly half of them have targets around diversity.

Rushanara Ali: I am asking about the pay gap.

John Glen: That is an extension of that. We will see an evolution in what is expected in terms of where you need to show what you are doing to have fairness. This is about fairness across—

Q313 **Rushanara Ali:** It requires a push from the Government. The evolutionary approach on race has not delivered.

John Glen: We need to look for progress in all areas, and this is a conversation that we will need to continue to have with those who are signing the charter. I am pleased that they are actually making clear, transparent targets in many cases, alongside what they are doing with women.

Victoria Atkins: I refer to the race disparity audit, which the Prime Minister had ordered and which has been delivered. As I say, that is part of a very clear direction, as set out in our manifesto. BEIS is leading work on exploring options for ethnicity pay gap reporting. Work is happening on this issue there and elsewhere.

Chair: Thank you very much indeed to both of you for giving evidence. You have given us our first evidence session entirely without the "B" word. That is a very good way in which to end this session before we all break for Easter. Thank you very much indeed for your time this afternoon. We hope that you look forward to our report, and that you will read it with care and attention. Thank you.