
Annual Diversity Report

2013/14



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Foreword

Diversity is about respecting and valuing difference. At the Financial Conduct Authority (FCA), we are committed to understanding – and promoting – diversity, equality and inclusion. So I'm delighted to introduce our Annual Diversity Report, the first we have produced since the FCA was formed in 2013.



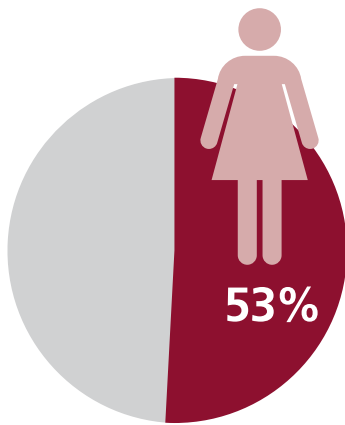
Tracey McDermott

Director of Enforcement and Financial Crime,
and Chair of our Executive Diversity Committee

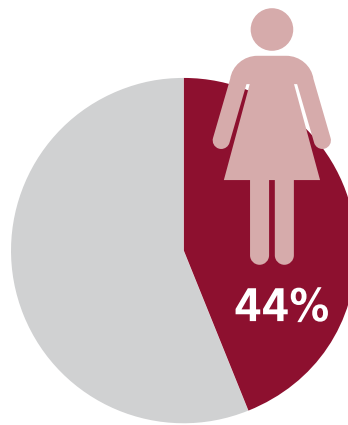
Like our predecessor organisation, the Financial Services Authority (FSA), we aim to understand diversity not just to fulfil our legal obligation to report on workforce demographics, but also to be an effective regulator and an employer of choice. We do a challenging job on behalf of all sectors of society. It is important that, in making our regulatory choices, we can draw on diverse views and perspectives. And in our environment, where competition for talent is fierce, we have to ensure that we develop all of our people to their full potential.

The FCA is a very different organisation from the FSA, and our approach to diversity and inclusion is an important part of that. In our first year we signed up to the 'Time to Change' pledge, which aims to end the stigma surrounding mental health issues. And we're pleased to report that our gender balance, including at the top of the organisation, is very healthy – 53% of our directors and 44% of our Executive Committee are female. Our Board is 42% female – significantly above the 20.3% figure for the boards of UK FTSE 100 companies.

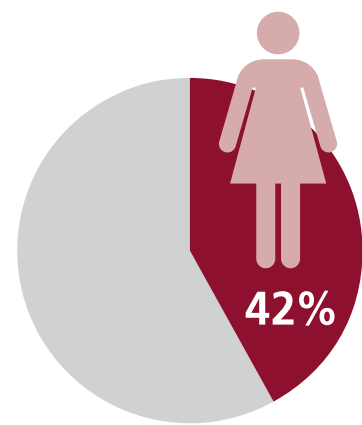
But we will continue to develop. We want our thinking on diversity to be a part of our 'business as usual' and to do this we need to be innovative with our thinking. So, for example, in our first year we introduced our 'unconscious bias' training to our senior leadership team, and will roll this out to all staff and new joiners to the organisation.



of our directors
are female



of our Executive
Committee are
female



Our Board is 42%
female, significantly
above the **20.3%**
figure for the boards
of UK FTSE 100
companies

You will find out in this report how we are making the FCA a place where people want to work, where we respect each other and everyone can do well, drawing on the best of who they are. This won't just benefit our people, it will make us a better regulator by providing challenge and diversity of thought and helping us to understand better the different perspectives of the consumers we protect and the firms we regulate.

Our senior leaders are committed to our diversity agenda and I chair our Executive Diversity Committee, which helps drive this forward. But our diversity commitment doesn't just come from the top – it is shaped by our people and our network groups, which make the organisation more dynamic and effective. So I'd like to take this opportunity

to thank all my colleagues, especially those who make up the staff network groups and who give their time to help shape the agenda. You can read more about them in this report.

I hope you find this first FCA Annual Diversity Report an interesting read. Diversity of thought and approach will play a key role in the FCA achieving its objectives. This report highlights the progress we are making and where we are going next.

Diversity is a key part of our culture. This report highlights the progress we are making and where we are going next

1.

Overview

This is the FCA's first Annual Diversity Report and fulfils part of our public sector equality duty under the Equality Act 2010. In this report we give information relating to the Act's nine 'protected characteristics'. However, our diversity and inclusion commitment goes beyond meeting our statutory obligations, so we have also included details of our wider programme.

Underlying our approach is an inspiring People Strategy with a key objective to build a diverse and capable workforce by recruiting and promoting people according to their strengths, and providing clear career development pathways. Our Senior Leadership Team has received unconscious bias training, as well as training on high-quality performance conversations. In addition, our recruitment assessment has been updated, which includes independent benchmarking at manager-level and above. In combination, these factors help build an inclusive environment where our cultural values form the bedrock of how we behave and how performance is measured.

Our aim is to be a fully inclusive employer where we value difference in our people and use these differences to make us a stronger and more effective regulator

Together, this helps us achieve our aim to be a fully inclusive employer where we value difference in our people and use these differences to make us a stronger and more effective regulator.

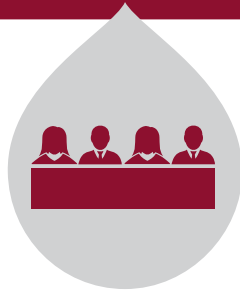
We are fortunate to have an inspiring and diverse range of senior role models, sending a powerful message that we value the diversity of our people and that difference poses no barriers to career progression.

Best practice in this area can only be achieved by working with a range of stakeholders – both internal

Some highlights from our first year include:



An inspiring talk from Paralympian Derek Derenalagi during our Disability Awareness Month



An engaging panel event during LGBT History Month with Angela Eagle MP, Robert Taylor (FCA Head of Wealth Management) and David Isaac CBE



Signing up to the 'Time To Change' pledge



A call to action from Pamela Hutchinson, Senior VP at Northern Trust, during an ethnic inclusion event

and external. Some of our external partners include the 30% Club, Employers Network on Equality and Inclusion, Opportunity Now, Race for Opportunity, Stonewall and the Network of Networks (TNON). Working together provides us with the opportunities to learn and share best practice.

How we do it

In this report, we outline the progress we are making to meet our public sector equality objectives. These are to raise the FCA's profile as an employer of choice, engage with the industry to share best practice, and ensure that we recognise and think about the impact that FCA policy proposals have on different groups in the wider population.

We share information on our workforce according to:

- age
- pregnancy and maternity
- marriage and civil partnership
- faith and belief
- disability

- race
- sex
- sexual orientation

We also look at how we measure the impact of our work in terms of its effect on equality issues. And we set out where we are going with our diversity work.

Data quality

We are working to develop both our monitoring systems and the quality of our data to ensure that, not only do we understand our people better, but we meet any differing requirements.

Next steps

We know we still have work to do. Priorities for us in the coming year include developing a range of initiatives to strengthen our Black Asian and Minority Ethnic (BAME) talent pipeline, rolling out unconscious bias training throughout the organisation, and a strategy on our engagement with the wider financial services industry on issues around diversity and inclusion.

We are working towards all of these and hope to tell you more on the progress of these priorities during the coming year and in next year's report.

2.

Protected characteristics

All employers and service providers have a responsibility under the law to treat their employees and service users fairly. The protected characteristics are the grounds upon which discrimination is unlawful. This section reports against each of the nine characteristics.

Age

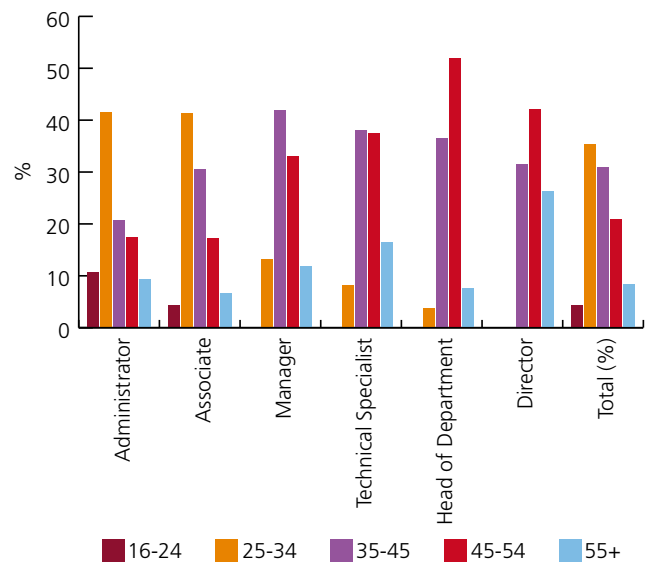
We have people across all age groups.

Figure 1 illustrates the age distribution across all pay grades in the FCA. Different age groups are well-represented across our structure. For instance:

- more than 40% of our staff are aged between 25-34 and work in Administrative and Associate roles
- 35-45 year olds are represented consistently across the roles from Manager to Head of Department and Director
- Most Heads of Department and Directors are found within the 45-54 bracket

Our age distribution pattern across our organisation also applies across high performers and promotions.

Figure 1: Grade breakdown (age)



Our people



Gender reassignment

Although we do not currently collect this information, we are developing our monitoring systems so we can better understand our people. We will begin to collect this data from 2014.

Pregnancy and maternity

As of March 2014, there are 72 members of staff on maternity leave and 78 people returned from maternity leave in this reporting period.

As part of our ongoing commitment to our people, we are reviewing FCA maternity pay and benefits to ensure we stay ahead of the market.

Marriage and civil partnership

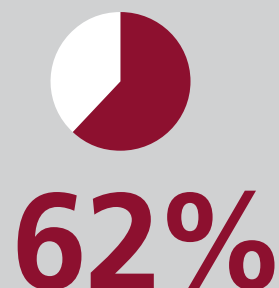
Of our people:

- 9% are single
- 28% are married/in civil partnerships
- 1% are divorced/widowed
- 62% prefer not to disclose their status

Married/in civil
partnership



Prefer not to
disclose their status

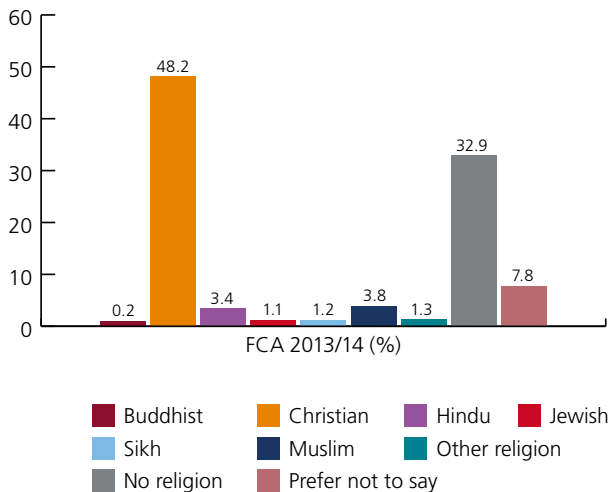


Divorced/widowed
1%

Faith and belief

A high proportion of FCA people are willing to disclose their faith or belief, and our statistics remain in line with the UK population on this.

Figure 2: Faith and belief



Our four faith groups – Catholic, Christian, Jewish and Muslim – run regular events to mark key events and anniversaries.

We are committed to working with all faith groups to increase awareness of their role. And we will work to increase our support to all FCA people if and when they need it.

IN FOCUS: Faith and belief groups

We support our people's needs to achieve a balance between their religious requirements and their abilities to perform their jobs.

Our multi-faith prayer room is available for anyone, regardless of belief, to use individually or in a group. And our staff have set up four faith groups:

- the Catholic group meets monthly for discussion, chaired by Father Vlad, the Catholic chaplain for Canary Wharf
- the Christian group meets weekly and is open to all. It plans activities and events throughout the year
- the Jewish network distributes information to managers before Jewish holidays to ensure those who want to can work from home or take leave. It also arranges key events around major Jewish holidays and hosts 'lunch and learn' sessions
- the Muslim network enables Muslims across the FCA to connect and offer support. It meets for daily prayers, fundraising, and networking. It also holds events to distribute information and mark Islamic celebrations, for example, Ramadan

IN FOCUS: Embrace

Since 2010, our staff network group Embrace has been supporting FCA people affected by mental and physical wellbeing issues.

Working with colleagues, Embrace seeks to influence how the FCA approaches diversity and inclusion. And it aims to promote equality of opportunity in the workplace.

In the first year of the FCA, Embrace has achieved some key outcomes. In addition to establishing peer support groups for dyslexia, dyspraxia and mental wellbeing, it has:

- campaigned to raise mental health awareness as part of the Time to Change movement – with our chief executive Martin Wheatley signing this important pledge to help end the stigma against mental illness
- delivered a Disability Awareness month in November 2013

Disability

In this reporting period, 2% of FCA people declared a disability.

Recruitment / progression and promotion

We collect diversity information at all stages of the recruitment process, from application through to 'on-boarding' (integrating our new starters in the organisation). We can confirm that:

- 2% of applications received were from individuals declaring a disability
- 1% of offers made were to those who had declared a disability

Our commitment

We remain committed to ensuring that we support our people affected by mental and physical wellbeing issues. We deliver this commitment through several initiatives, including:

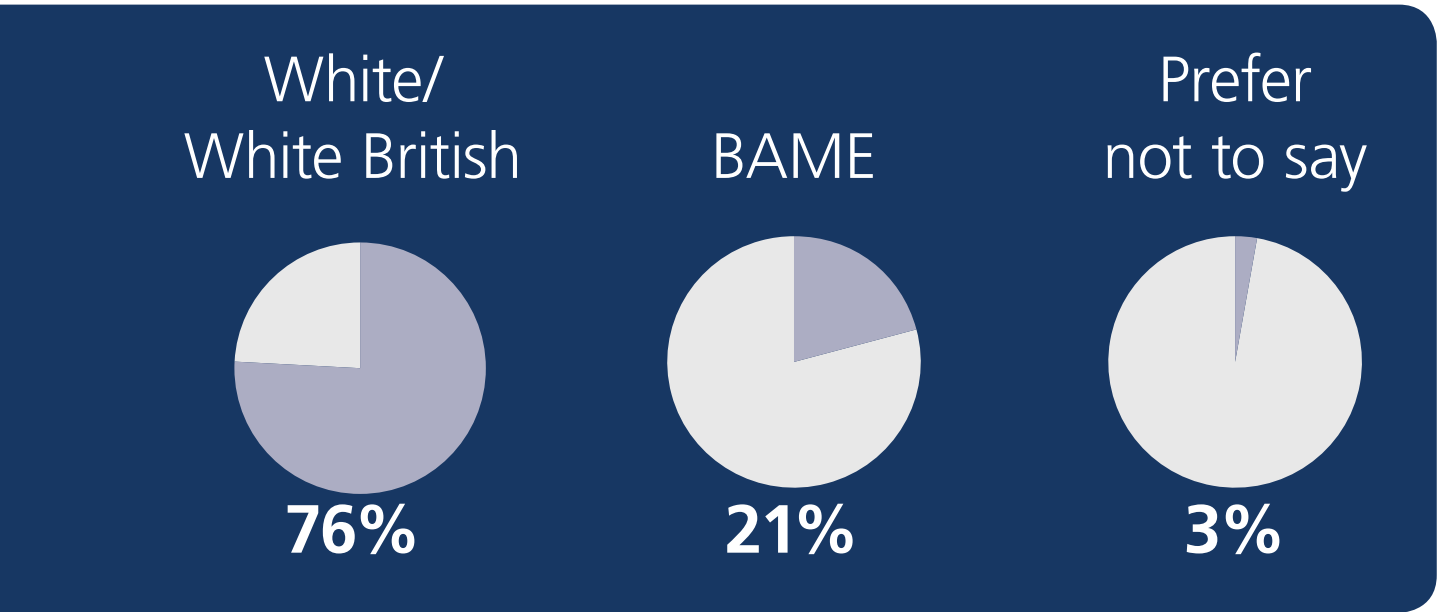
- being a member organisation of the national Two Ticks Scheme

- reviewing our internal Workplace Adjustments Scheme
- supporting the staff network group Embrace in its representation of people affected by mental and physical wellbeing issues

We remain committed to ensuring that we support our people affected by mental and physical wellbeing issues

Race

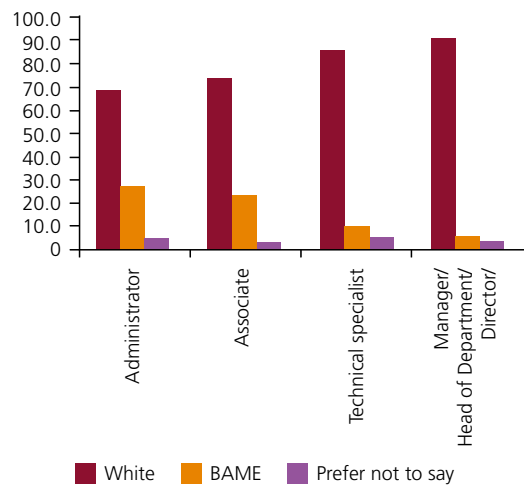
Data collected confirms the ethnic breakdown of FCA people as:



Structure

Figure 3 shows the breakdown across all pay grades, with most Black, Asian and Minority Ethnic (BAME) staff at Administrator and Associate grades.

Figure 3: Grade breakdown (race)



IN FOCUS: Spectrum

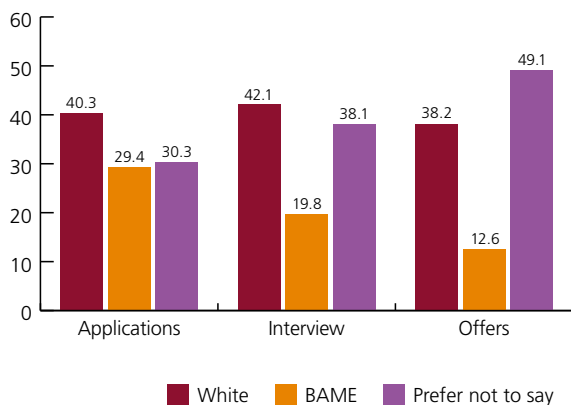
The vision of Spectrum is to improve the working environment and opportunities for Black, Asian and Minority Ethnic (BAME) staff at the FCA. Spectrum's objectives are:

- to present a collective voice within the FCA by identifying and highlighting key issues affecting BAME people to senior management and stakeholders and helping develop solutions
- to raise awareness of diversity issues to facilitate their integration into plans, policies and procedures
- to maximise opportunities within the FCA for BAME people to actively engage with the organisation, and to provide an open and transparent forum for BAME network members
- to help BAME staff to identify and fulfil their potential through workshops and forums

Recruitment

We look at the 'conversion' rate from application to interview to offer. Figure 4 confirms the ethnicity breakdown of applicants and the outcome of applications made.

Figure 4: Recruitment by stage (race)



This indicates two important things:

- significant numbers do not declare their ethnicity at application stage (30%), and
- of those offered roles, 49% have not declared their ethnicity

We are exploring how we can encourage more people to declare their ethnicity so we can better understand and support all our people.

Promotion

During this period, 9.5% of people promoted from one job grade to a higher one (e.g. from Administrator to Associate or from Associate to Manager), were from the BAME community.

Findings

We recognise the issues and challenges faced by our BAME population. So, during the last year, we established initiatives to allow greater progression and promotion opportunities for BAME staff. These include:

- enhanced diversity and inclusion training for new line managers
- new mandatory training for all our people focusing on unconscious bias (from May 2014)
- a mentoring scheme for members of the BAME population
- a staff network group Spectrum dedicated to representing the needs of the BAME population
- the Spectrum business plan, which we launched in January 2014



IN FOCUS: Women's Network

Established in March 2013, the mission of the Women's Network is to provide structured opportunities for members to build a strong network internally and externally, support their career development, and put inclusivity at the core of the FCA. Our activities will ensure the FCA continues to be an employer of choice for the best available female talent.

The Network want to:

- inspire and showcase our women's stories and success
- develop women's skills and encourage self-confidence and self-awareness
- educate our people about the valuable policies in the organisation and encourage discussion of wider issues affecting women
- encourage and facilitate effective networking

Sex

The overall FCA sex split is:

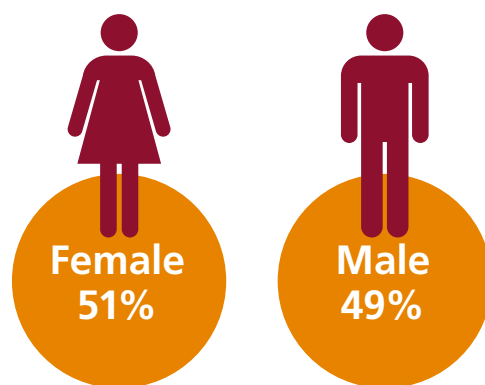
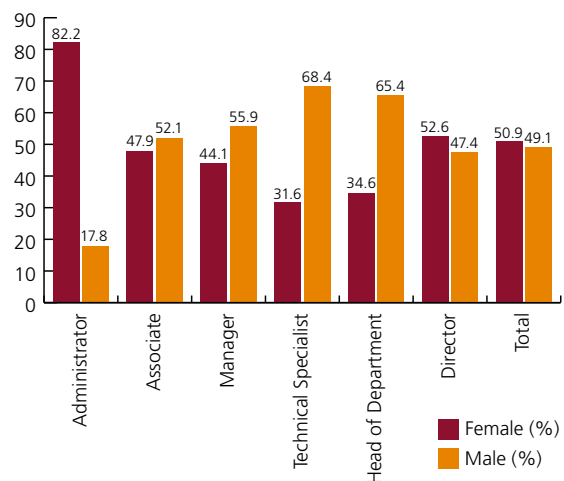


Figure 5 details the split across FCA pay grades.

Figure 5: Grade breakdown (gender)



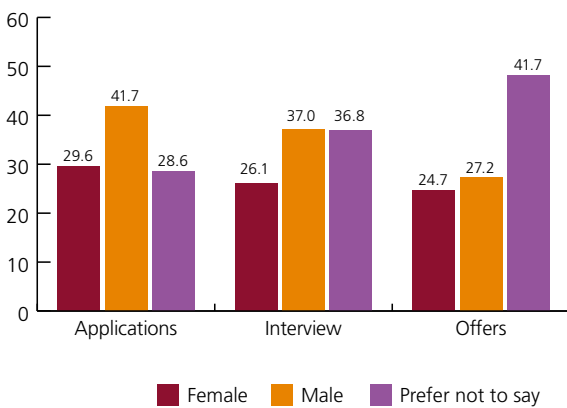
From the data we can see the following:

- We have an even sex split at Director level with 53% female and 47% male.
- Significantly more women (over 80%) are in Administrator roles than their male counterparts (fewer than 20%).
- There has been an improvement at our more senior levels. More women are being promoted to the roles of Technical Specialist and/or Head of Department (see right).

Recruitment

A significant number of applicants did not disclose their gender when applying for jobs here (by opting



Figure 6: Recruitment by stage (gender)



for 'Prefer not to say'). But while we receive 11% more applications from men, offers made are quite consistent – female 25%; 27% male.

Promotion

Almost 14% more females were promoted than men during the year.

Job grade promotion	Female (%) 	Male (%) 
To Associate	72.2	27.8
To Manager/Technical Specialist	51.1	48.9
To Head of Department	50.0	50.0
To Director	66.7	33.3
Total	56.8	43.2

Sexual orientation

We remain fully committed to supporting our people in feeling confident in declaring their sexual orientation in the workplace, and so we are working closely with our staff network group, InsideOut, to support and champion the rights and needs of our LGBT population. We remain active members of Stonewall as diversity champions and we participate in its annual Workplace Equality Index Assessment.

We do not currently collect information on transgender staff. We are developing our monitoring systems so we can collect this data from later this year.

Recruitment

We are unable to report on recruitment data for the LBG population as declaration rates are too low.

Progression and promotion

Again, due to the small size of our declared LGB population, we are unable to report on this.

We remain fully committed to supporting our people in feeling confident in declaring their sexual orientation in the workplace

IN FOCUS: InsideOut

InsideOut is our lesbian, gay, bisexual and transgender (LGBT) network group. Our objective is to foster an environment where employees have the confidence and support to be themselves at work. We do this by encouraging and facilitating relationships across divisions, and working closely with the Corporate Responsibility team and other staff network groups in influencing the FCA diversity and inclusion agenda.

Achievements in this reporting period include delivering a successful celebration of LGBT History month in February 2014, which led to an increase in our membership, and closer collaboration with the charity Opening Doors London, part of Age Concern.

3.

Demonstrating our diversity commitment externally

Diversity isn't just an internal concern at the FCA. Here's how we encourage our people to measure our impact on equality issues.

Considering the impact of equality issues

We work hard to demonstrate our commitment to diversity and inclusion within our organisation. But we also do this in our day-to-day work as a regulator.

One of the ways we show this is the way we consider the impact of any work we do – whether it's how we decide our policy or how we supervise firms – on different groups. We do this by carrying out Equality Impact Assessments (EIAs).

In this section we consider the EIAs we carried out in the year since we became the FCA (i.e. from 1 April 2013 to year-end on 31 March 2014).

There were 237 requests for advice from the Corporate Responsibility Team and 65 EIAs completed.

We work hard to demonstrate our commitment to diversity and inclusion within our organisation. But we also do this in our day-to-day work as a regulator

Our Policy, Risk and Research Division completed the highest number of Equality Impact Assessments



EIAs completed by division

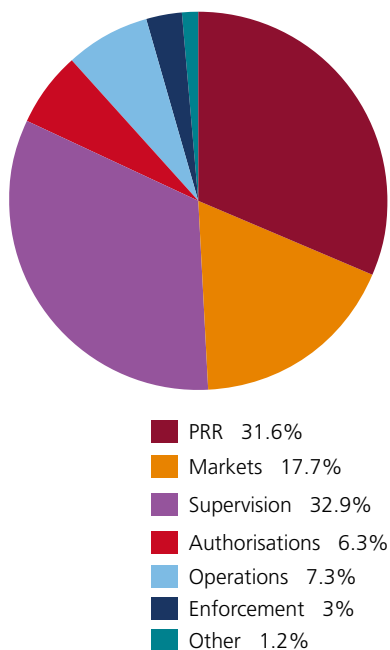
Our Policy, Risk and Research (PRR) Division completed the highest number of EIAs (41.5%) followed by Supervision (26.2%) and Operations (21.5%).

Figure 9 shows the full breakdown across all divisions that completed EIAs in this period.

Requests for advice

We want to make sure our people are considering diversity when planning work, whichever part of the organisation they work in. Figure 8 shows the breakdown of requests made by division and confirms that most are received from our Supervision Division, which reflects the nature of their firm-facing work (32.9%).

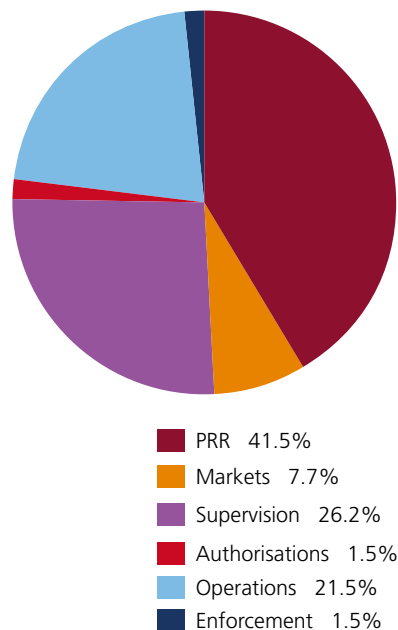
Figure 7



What will we do next?

During 2014 we will continue to work with all of our divisions on completing EIAs where required and promote their further use throughout the organisation. We want everyone to consider diversity issues in their work.

Figure 8



4.

Next steps

During the first year of the FCA we have made significant progress against our diversity objectives, putting in place initiatives to help us achieve a more diverse workforce.

But we're keen to keep improving and want to build on these achievements. We'll do this by:

- Reviewing and understanding the results of our staff engagement survey and developing plans to address issues arising in relation to diversity and what that means in our workplace.
- Developing our monitoring systems to better understand our people including, for example, gender reassignment and caring responsibilities.
- Monitoring and securing further progress against ongoing initiatives to increase representation of ethnic minorities and to continue to support FCA women in their career development.
- Promoting diversity and inclusion at all levels of the organisation through enhanced training for new line managers and by rolling out 'unconscious bias' training to all FCA people.
- Promoting greater engagement with our people through a developed and ongoing diversity communications programme.
- Developing our staff network groups further, aligning their remit to business objectives and increasing staff awareness of their role.
- Fostering closer working relationships between HR, the FCA Change Community and Corporate Responsibility Champions to ensure we engage with the wider organisation.
- Delivering FCA-wide activities and events to mark national and international initiatives such as Black History Month, Time to Change, Disability Awareness Month and LGBT History Month.
- Developing a strategy on our engagement with the wider financial services industry on issues around diversity and inclusion.
- Working towards taking the FCA into the top 100 organisations in the annual Stonewall Workplace Equality Index.

5.

Glossary

Protected characteristics as defined in the Equality Act 2010 (the Act).

Age

The Act protects people of all ages. However, different treatment because of age is not unlawful, direct or indirect discrimination if a firm can justify it.

Age is the only protected characteristic that allows employers to justify direct discrimination.

Disability

The Act has made it easier for a person to show that they are disabled and protected from disability discrimination. Under the Act, a person is disabled if they have a physical or mental impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. This could include things like using a telephone, reading a book or using public transport.

To collect this data, employees and candidates were asked whether they identified themselves as disabled under the definition in the Act.

Sex

Both men and women are protected under the Act.

We record gender as male or female.

Gender reassignment

The Act provides protection for transgender people. A transsexual person is someone who proposes to, starts or has completed a process to change his or her gender. The Act no longer requires a person to be under medical supervision to be protected – so a woman who decides

to live as a man but does not undergo any medical procedures would be covered.

Marriage and civil partnership

The Act protects employees who are married or in a civil partnership against discrimination.

When gathering data, we made the following options available:

- single
- married
- partner
- civil partnership
- divorced
- widow
- widower

Pregnancy and maternity

A woman is protected against discrimination on the grounds of pregnancy and maternity during the period of her pregnancy and any statutory maternity leave to which she is entitled. During this period, pregnancy and maternity discrimination cannot be treated as sex discrimination. The Act forbids an employer from taking into account an employee's period of absence due to pregnancy-related illness when making a decision about her employment.

Race

For the purposes of the Act, 'race' includes colour, nationality and ethnic or national origins.

We define ethnicity data according to the criteria used in the 2001 UK Census. This complies with the code of practice on ethnic monitoring published in May 2002. The classifications are:

- A White** – British; Irish or any other White background.
- B Mixed** – White and Black Caribbean; White and Black African; White and Asian or any other Mixed background.
- C Asian or Asian British** – Indian; Pakistani; Bangladeshi or any other Asian background.
- D Black or Black British** – Caribbean; African or any other Black background.
- E Chinese or other ethnic group** – Chinese or any other ethnic group.

Faith or belief

In the Act, faith and belief includes any religion. It also includes a lack of religion, which means employees or jobseekers are protected if they do not follow a certain religion or have no religion at all.

We asked our people and candidates if they identified themselves as:

- Buddhist
- Christian
- Hindu
- Jewish
- Muslim

- Sikh
- other religion
- no religion

Sexual orientation

The Act protects bisexual, gay, heterosexual and lesbian people. We asked our people and candidates if they identified themselves as:

- heterosexual/straight
- gay man
- gay woman
- bisexual
- other

Employment applications and success rate

These sections analyse data provided by job applicants. Success rate (also known as 'conversion rate') is the rate of applicants who were offered a job in every 100 candidates. It is calculated by dividing the number of candidates who received a job offer by the number of candidates applying for roles. This data is then compared across each stage of the recruitment process from application to offer.

Prevalence data looks at the occurrence of particular trends related to our people, such as the ratio of low and high performers.

Internal promotions

These references outline internal promotions that resulted in a contractual job grade change.

Financial Conduct Authority

