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Today's House of Commons debates - Thursday 13 March 2014

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House of Commons Public Boards (Diversity)

Public Boards (Diversity)

Motion made, and Question proposed, That this House do now adjourn.—(John Penrose.)

5.13 pm

[Seema Malhotra \(Feltham and Heston\) \(Lab/Co-op\):](#)

I am grateful for the opportunity to speak on this topic, which is a key issue not just for equality but for ensuring the best decision making possible for our public services—an area in which I worked in 2009. Civic engagement and the opportunity to play a part in public life are vital for building and sustaining links between all parts of society and our public institutions.

It is nearly 40 years since the Race Relations Act 1976 and the Sex Discrimination Act 1975 were first passed into law to end discrimination on the basis of race, ethnicity or gender in Britain. Since then, notable milestones have been achieved. We have had the first woman Prime Minister, the first black woman in the Cabinet, and the first Asian and Muslim to attend Cabinet in the shape of my right hon. Friend the Member for Tooting (Sadiq Khan).

However, we have not seen commensurate attainment in the public sector as a whole. The most recent “Public Bodies” report published in June 2013 by the Cabinet Office shows a worrying trend of reversal in progress. We all agree that public appointments must be made on merit; the question is whether the processes we have in place are really delivering that. Last year, 1,087 appointments were made to the boards of bodies in the UK, but of those only 56 were ethnic minority individuals. In just one year, black and minority ethnic representation went down from 7.2% in 2011-12 to 5.5% in 2012-13—the lowest level in more than a decade. It is positive that the number of female appointments went up from 33.9% to 35.6% in the same period, but diversity strategies must go wider than gender.

The drop is of particular concern because diversity on public boards has been seemingly high on the agenda for the Government Equalities Office, the Cabinet Office and the Office of the Commissioner for Public Appointments. The 2011 review of the public appointments system addressed the core principles of fairness, openness and merit, and the Public Appointments Order in Council 2013 refers to a duty for the commissioner to promote equality of opportunity and diversity in public appointments. When the commissioner published the diversity strategy last March it was acknowledged that, although progress had been made, the pace of change was too slow.

[Keith Vaz \(Leicester East\) \(Lab\):](#)

I congratulate my hon. Friend on securing this debate and on being the first ethnic minority woman to represent a seat in west London. This issue has arisen under successive Governments and it has been a real cause of concern over a number of years. Does my hon. Friend think that perhaps the problem is that, when Ministers handed over to an independent body the decision to make these appointments, the politics went out of the appointment system, and that those who currently sit on the appointments board are not as attuned to these issues as Ministers would have been?

[Seema Malhotra:](#)

My right hon. Friend makes a very important point. There is a separate debate to be had about the effectiveness of creating of an independent body. Ministers, however, can still take responsibility and I will come on to discuss how the previous Government had targets for public appointments, which I think made a big and important difference at the very highest levels of every Department.

As I was saying, it was acknowledged last year that the pace of change was too slow, yet a year on it is slower still. Last year, the inclusion think tank Diversity UK, led by Dilip Joshi, Lopa Patel and Sushila Khoot—long-standing campaigners for equality of opportunity—undertook a survey to investigate what was happening behind the statistics and launched the findings at an event that I attended and at which there was cross-party representation.

The survey collected the views of ethnic minority individuals and found that the majority of respondents had not applied for a public appointment despite being aware of such appointments and despite 60% of them expressing a wish to apply in the future. When people

were asked why they had not applied, their reasons were varied. They did not feel that they were qualified enough or that they had the right skills, which are common responses to surveys looking at people who are under-represented in different organisations and bodies. Other reasons cited for deterring 68% of respondents from applying for a public appointment included the requirement for sector-specific and previous board-level experience and—this is a very important point—little or no feedback from the process and a lack of cultural awareness from executive recruitment consultants. However, respondents also saw the positive opportunity that public appointments can provide with regard to benefiting society and playing a part in our community and national life.

The survey was circulated to approximately 1,500 senior-director level individuals, and the findings suggest a widening “aspiration gap” between the leaders in business and society and the leaders of our public institutions.

In 2003, Trevor Phillips, the then head of the Commission for Racial Equality, coined the phrase “snowy peaks syndrome” to help explain a phenomenon in the civil service. He said we should think of Whitehall as a mountain range: at the base of each mountain, we might find large numbers of women and ethnic minorities, whereas at the summit we will find a small amount of white, middle class men.

Today, more than a decade later, snowy peaks can still be found in many parts of our society, including the public sector. We see it in the NHS, where only 1% of chief executives are from BME groups even though BMEs make up more than 15% of the health service work force.

The Government have done some important work on improving the representation of women on boards in the private sector, but diversity, as I have said, goes wider than gender, and the public sector remains vital, too. Fourteen per cent. of the UK population is made up of ethnic minority individuals and it is time that the Government demonstrated greater leadership on the issue.

Just last month, new research on the corporate sector revealed the widening aspiration gap, with two thirds of FTSE 100 companies still having an all-white executive leadership. Only 10 ethnic minority individuals hold the post of chairman, chief executive or finance director, which is equivalent to 3.5% of roles at that level. A diversity deficit clearly exists in the corporate sector, as it does in the public sector. That deficit also contributes to the lack of growth in developing economies across the world, where our diaspora communities and diversity at board level make a huge difference in building relationships.

The disappointment is that we are still discussing this issue today, when we would have hoped that many of the barriers to the progress of ethnic minority individuals in Britain had been removed. What are the solutions? Lopa Patel of Diversity UK has stated:

“To have declining BME representation at senior levels in the corporate and public sector at a time when BME numbers are increasing in the general population is indicative of failings in the process.”

I agree with the sentiment that the Government must do more to identify and remove what might be institutional discrimination.

It is precisely because of the need to address both demand and supply side issues in the appointments process that the previous Labour Government brought in important reforms and set targets for 50% of new appointments to be women by 2015, and for appointments of BME people and those with disabilities to be in line with their representation in the population. The targets may have been ambitious, but they made a statement and gave a sense of urgency about the need for reform.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab):

Does my hon. Friend agree that not only has the number of people in the BME population gone up, but their level of education and their role among the professions are unrecognisable from when I was a child, which makes it even worse that the number of such people at senior levels is dropping?

Seema Malhotra:

My hon. Friend makes a very important point. It goes back to the heart of the issue, which is that, as we all believe, appointments should be made on merit. It is about whether there is a gap between those with the talent, expertise and desire to be able to reach those appointments and their actually achieving that through the appointments process. The very heart of the issue is whether our system and processes are fair and bring in talent fairly in the way that we need.

Since this Government came to power, targets for those with disabilities or those from ethnic minorities have been removed. The gender target has been kept in the Cabinet Office diversity strategy, but it is now described as an aspiration.

Diversity UK sent its survey findings to all major Departments and requested meetings with Ministers to discuss the issues, but the response was mixed. Imagine its surprise at receiving rejection letter after rejection letter, with Ministers citing lack of time as the reason for not agreeing to meetings. The Home Office, the Department for Environment, Food and Rural Affairs and the Cabinet Office welcomed meetings to discuss the findings, but meetings were declined by, among others, the Prime Minister’s office, the Department for Communities and Local Government, the Treasury, the Department for Business, Innovation and Skills, and the Department for Education. Increasing representation is a complex issue, with no easy answers, but one thing is clear: it requires leadership from the top, particularly to give candidates the confidence to put themselves forward and the belief that it is worth the time and effort to do so.

May I ask the Minister to answer the following questions? Will he confirm which diversity targets for new public appointments are in place, and whether they are for increasing representation by gender, ethnicity and disability? What guidance is given to Departments on their recruitment processes, and on how to increase the diversity of suitable candidates at the application stage? What reviews are being undertaken of how effectively Departments recruit, and what powers does OCPA have to challenge those that do not perform well? What message is given to the head-hunters or search agencies selected to assist in recruitment, and to what extent is producing a more diverse range of suitable candidates stipulated in any contract? How are permanent secretaries held to account for their progress on diversity in public appointments? Are public appointment opportunities promoted at every level in our communities in order to reach a more diverse segment of the British public?

Finally, does he think that public bodies are using executive recruitment agencies effectively, and do those agencies have more knowledge

of BME communities and how to reach them than public bodies and Departments have through their networks?

The Diversity UK report showed that respondents simply want a level playing field and a strong referee on this issue. The survey supported the Office of the Commissioner for Public Appointments and its independent assessors in providing those tools.

Our country is admired the world over for its openness, its sense of liberty and the opportunity that it offers all people. I look forward to the Minister's response and to hearing how he sees us achieving greater diversity in public appointments, which is vital in ensuring that we deliver the public services that all parts of our communities need and in providing a greater sense of opportunity for all the British public.

5.25 pm

The Minister for Civil Society (Mr Nick Hurd):

This issue is very important. I congratulate the hon. Member for Feltham and Heston (Seema Malhotra) on bringing it forward for debate today. She is well supported by her colleagues and has a credible track record of interest in this matter. Her well-informed speech has raised a number of interesting points.

I agreed 100% with the hon. Lady's opening statement that this issue is not just about equality. As she knows well from her background in the private sector, businesses that reflect their customers are much better able to understand their needs and can offer them better services as a result. The same must be true of the public sector. There are about 8,500 people on the boards of our public bodies, which range from large public bodies to small advisory committees. All human life is here, from those who monitor the well-being of prisoners to those who govern great national museums. Board members exert significant influence over our lives. They deal with issues that affect a lot of people and shape the public services that we use.

Public services are there to serve the public—the clue is in the name. They can do that only if they understand the needs and priorities of those they serve and those they lead. The hon. Lady's point about the NHS was a valid one. It leads to the obvious question of how on earth they can serve the public effectively if they fail adequately to represent the population. That has been a long-standing challenge, as she recognises. I will try to address her points and to set out that, although we are not where we need to be, we are making some progress.

I agree with the hon. Lady totally that it is extremely disappointing that the figures show a recent decrease in the representation of people from black and minority ethnic backgrounds. I hope that the work that the Government have done recently to encourage diversity in public appointments, which I shall explain, will reap the rewards and be reflected in the next set of published figures. However, I share her disappointment on this important matter.

As the hon. Lady suggested, it looks like the Government are making progress on the representation of women on public boards, after years of stagnation. Our challenging aspiration that 50% of new appointments to public bodies should be women is proof of how seriously we take the issue. In the last financial year, only 37% of public board members were women. However, we have seen a positive improvement. In the first six months of this financial year—from April 2013 to September 2013—the figure was 45%. The Government continue to focus on this issue by reaching out to talented women and making it clear that a range of fascinating roles are on offer, and by ensuring that those roles are as accessible as possible to all. I will go into more detail on that.

The hon. Lady did not mention disability, but would like to say a little about it. The Government's general approach is that the public appointments process should be open to all, regardless of who they are, and should be designed in a way that ensures that we get the best applicants. For the record, the picture is encouraging. Last year, 5.3% of the appointments and reappointments in which the disability status was known were made to candidates with disabilities. That is part of a consistent upward trend, which I hope she will welcome.

I will make some general points about the Government's approach before moving on to the specifics. The Government have taken unprecedented steps to open up the public appointments process to new talent. My right hon. Friend the Minister for the Cabinet Office and Paymaster General has placed this matter at the top of the Government's agenda, as the hon. Lady acknowledged, and rightly challenges all Departments and public bodies to ensure that their boards have the mix of skills and experience that will make them as effective as possible. The presumption against automatic reappointment of incumbents supports that. We have made the process more transparent to improve access to vacancies. Alongside this, we have placed a new emphasis on ability and skills, rather than prior experience, to ensure that key roles in public bodies are open to the widest field, instead of a narrow merry-go-round of the same old candidates that has been a feature of the system to date.

Seema Malhotra:

Will the Minister confirm that there is a way for permanent secretaries to be held to account for their progress? Do they need to report progress, and is that part of any performance review process?

Mr Hurd:

The system is independently regulated and I will come on to that. There is more transparency in the process and that is an issue my right hon. Friend the Minister for the Cabinet Office and Paymaster General has placed at the top of the Government's agenda. My experience is that this is more actively monitored and more transparent than it has been in the past.

There was a debate on whether the process benefits from independent regulation, overseen by the Commissioner for Public Appointments. I think it does. It is key in supporting the merit principle, rather than other factors that might determine appointments. All panels have an independent member, who for chair appointments will be nominated by the Commissioner for Public Appointments. That is a welcome initiative. The Centre for Public Appointments, which is part of the Cabinet Office, is working across Whitehall, and with the executive search industry, to make practical steps that will help us to open up public appointments to the widest possible pool. I will provide three examples.

First, we are modernising the recruitment process to ensure that adverts are effective and non-exclusive, and that interview panels are diverse and reappointments are made only in cases of utmost necessity. No one seriously disagrees that appointments should not be made

on the basis of merit, but talented people often do not apply for public appointments either because they do not know about them, or because they do not recognise what they have to offer. We are placing greater emphasis on ability rather than experience, because we do not want to exclude those who may not yet have acquired board experience but could nevertheless potentially be good board members.

Secondly, there is nothing more off-putting than an unnecessarily long application process, so Departments are increasingly switching to using a straightforward CV and covering letter. We are working to simplify job adverts and are cutting out jargon to appeal to as wide an audience as possible.

Thirdly, we are maximising the use of online and targeted advertising, and social media. Two years ago, the CPA did not even have a website, let alone a Twitter account. Now the former has more than 20,000 visits a month and the latter has 1,600 followers. These are sensible measures and independent regulation is important.

On the representation of women and BME communities, progress has been made, particularly in relation to women. The rise of women in the public sector during the 20th-century was agonisingly slow. We should not forget that until 1947, women in the civil service were still expected to resign when they married. They earned less than men into the 1950s. Indeed, when Dame Mary Smieton was appointed as permanent undersecretary at the Department for Education in 1953—only the second woman to reach this grade—she was paid the same as a man. It would be nice to think that that was because her Department was an early advocate of equal pay—it was not—but the Treasury had not worked out a women's rate of pay at that grade because it did not think that it would ever need to. This is where we have come from. Thankfully, much has changed and continues to improve, both in the civil service, where 47% of employees are currently women, and across the wider public sector, where women continue to shatter glass ceilings. For example, the RAF has recently appointed its second female Air Vice-Marshal.

Significant areas for improvement remain. As the hon. Lady acknowledged, perhaps foremost among them is the number of women on public sector boards. Women remaining a minority in the boardroom—or worse, where all-male boards persist—becomes more and more of an anachronism every year that passes. In the last financial year, only 37% of public board members were women. I believe that transparency is one of the best ways to raise performance. This was the first year that the Government published their own statistics on the general diversity of appointments, something I hope the hon. Lady welcomes.

Ms Abbott:

The Minister is of course the second generation of Hurd to serve in this House, but we know he is there on merit alone and we all believe in merit. However, does he not believe that, in 21st-century Britain, it is very important for public boards and the top of the public sector to look like Britain?

Mr Hurd:

I hesitate to correct the hon. Lady, because the correction will not help my case, but I am actually the fourth successive generation of my family to serve in the House. However, I am increasingly, and thankfully, an anachronism. The hon. Lady's point is entirely valid.

The issue of transparency is particularly important. The message that I am trying to convey to the hon. Member for Feltham and Heston, and to other Members, is that we are making some progress. In the first six months of the current financial year, the number of women on boards rose to 45%. That constitutes real progress.

Seema Malhotra:

I can inform the House that I am the first generation of my family to enter politics in my family.

May I ask the Minister to return to the specific point about aspirations and targets? The last Government had targets relating to gender, ethnicity and disability for new appointments, whereas under the present Government only gender seems to remain, albeit as an aspiration. Was there a reason for the removal of the other two targets? Can the Minister shed any light on that?

Mr Hurd:

I sincerely hope that the hon. Lady will not be the last generation of her family in this place. I would not wish her to carry the burden that I carry.

As the hon. Lady probably knows, the present Administration are not particularly keen on targets. I shall provide a more detailed response to her question at a later stage, but I will say in response to what she said about the aspiration relating to women that I think that aspiration is fine as long as progress is made towards the aim of the aspiration, which is what I have argued that we are doing. I hope that the hon. Lady welcomes that. We are certainly not resting on our laurels. The public sector is doing better than the private sector, but I do not think that anyone considers the current figures to be satisfactory. We maintain our aspiration that 50% of new public appointees should be women, and we will continue to publish the figures every six months. We want them to continue to rise. Transparency is a new element. As we know, it is a great driver of behaviour and keeps people's feet to the fire.

Julie Hilling (Bolton West) (Lab):

Does the Minister agree that one of the things that targets, and indeed aspirations, do is make people take action to meet them? Advertising in certain places often is not enough. This is about actively training people, educating people, and seeking people to fill those roles, rather than passively waiting for them to come forward.

Mr Hurd:

I have some sympathy with that view, but I would not underestimate the strength of the new dynamics that we have introduced. There is a clear message from the top that this matters, and there is independent regulation of the competitive process. I have already described some of the things that we have done which we think will make it easier to reach out to people, and to remove barriers and obstacles. We have also made the process more transparent. In my experience as a Minister, the transparency factor is much more powerful than some

arbitrary target with no transparency in regard to progress towards it. The system knows that this matters and that it is being scrutinised—debates such as this are helpful in that respect—and we will be judged against progress towards the number for which we are aiming, whether it is set as an aspiration or a target.

I do not want to ignore the important issue of BME representation. I will be frank, and say that we are disappointed by the slip-back in the numbers. In their public appointments diversity strategy, published this year, the Government said:

“This is not just about gender; diversity is about encouraging applications from candidates with the widest range of backgrounds.”

It is regrettable that last year the number of successful BME candidates fell from an average of about 7.9% of appointments and reappointments since 2001-02 to 5.5% last year. We are disappointed about that, because it matters to us. We are hopeful that this will prove to be an anomalous year, and that the work that the Cabinet Office and the Commissioner for Public Appointments have been doing to increase diversity in public appointments will reap rewards in the next set of published figures, which will be transparent and will be monitored by the House and outside.

The Commissioner for Public Appointments regulates the competition for many of these posts. He also has a statutory responsibility to promote diversity and equality of opportunity in the procedures for making public appointments. He is actively concerned about the issues that have been raised today and he has already engaged in activity to try to improve the position. For example, he has run a series of workshops for different under-represented groups to identify the challenges to increasing diversity in appointments and will be coming up with practical suggestions to help Departments break down these barriers in the future. I am looking forward to the outcomes of this work and undertake to share them, as far as I can, with the hon. Member for Feltham and Heston, knowing and respecting, as I do, her strong interest in this area.

The public sector needs world-class leadership if it is to continue delivering the services that people rely on, and that means having diversity on the boards of public bodies—people with clarity of vision, who can make decisions, and rise above process to get things done. It needs innovators and people who understand the communities we are trying to serve. It needs people who can open up the system to new ways of doing things, who are prepared to take risks without being reckless, and who are willing to take responsibility and to learn and grow.

I do not think there has ever been a time in the public sector when this need to open up the doors to fresh thinking and people who bring different perspectives and insights and different knowledge has been more important. There are already great examples of diverse leaders making a significant contribution on public boards, but we are very aware that there is much more we can do and that is why diversity is genuinely at the heart of our public appointments strategy.

Question put and agreed to.

5.41 pm

House adjourned.