

Sexism in the City report:
"Not much has changed"

The much anticipated [Sexism in the City Report](#) has been released. Disappointingly, the executive summary of the report reluctantly admits not much has changed in the five years since the previous inquiry and that many of the barriers identified in 2018 remain stubbornly in place.

Background

As recognised by the report the financial services industry is one of the most important sectors of the UK economy, employing more than 2.5 million people across the UK. The predecessor Committee highlighted in 2018 the underrepresentation of women in senior positions and the large difference in average pay between men and women in the well-paid sector. Barriers were identified, including:

- Poor workplace cultures.
- Unconscious bias.
- The impact of maternity leave and childcare.

Five years on the Treasury Committee was tasked with examining the barriers faced by women in financial services and the progress made in removing gender pay gaps. MPs were asked to explore what role firms, the Government and regulators should play in combatting sexual harassment and misogyny.

Why so little change?

The report recognises a number of stumbling blocks which have contributed to the lack of change. The key findings from the report include:

A "tick box" exercise – The report recognises that many firms treat diversity and inclusion as a tick box exercise and fail to make it the core business priority it is. Whilst recognising the important role of the PRA and FCA concern is expressed that their proposals such as implementing strategies, collecting and reporting data and setting targets are seen by firms as costly "tick box" compliance. Well run firms should be carrying out these proposals anyway.

Business imperative – Firms have failed to see success in this area as a business imperative. By failing to prioritise diversity and inclusion, inertia has remained.

Cultural change – The report recommends that regulators drop their prescriptive plans for extensive data and target setting, and instead focus their efforts on ensuring that the boards and senior leadership of firms take greater responsibility for improving diversity and inclusion. Although cultural change takes time (the report recognises the lack of a "silver bullet"), the report hopes to accelerate the pace.

Lack of ownership/accountability – It has long been recognised that ownership and accountability are both integral parts to making fundamental cultural change happen. The report clearly states that the responsibility for tackling these issues and driving much needed cultural change has to sit with the senior leadership and boards of firms. Until this happens cultural change will remain elusive.

Poor handling of bullying/sexual harassment allegations – Overall it is highly concerning the failure to materially progress any resolution and action on bullying and harassment, including serious sexual misconduct. Several contributors to the inquiry highlighted that allegations were often not taken seriously or investigated properly. Culture again is highlighted as a concern and the key component in holding back women.

Misuse of non-disclosure agreements ("NDAs") - NDAs were found to be widely used in sexual harassment cases to protect firms from reputational damage and to make problems "go away". Victims are silenced and perpetrators protected.

Key recommendations

The report makes a number of key recommendations:

Zero-tolerance approach – A zero-tolerance culture towards harassment and bullying in the workplace needs to be embedded. Integral to this is robust processes in place to investigate allegations of harassment – turning the tables on perpetrators of abuse being protected and victims silenced.

Lead change from the top – Senior leadership and boards need to take ownership of this issue and ensure that processes for handling complaints result in thorough investigations, protect those making the allegations, and result in appropriate consequences for those found to have perpetrated abuse or harassment.

Competitive advantage – Firms need to recognise the competitive advantage they can gain by attracting and retaining core talent. Recognising culture change as a business imperative helps ensure action is taken and provides firms with a competitive edge.

It's a team effort - Investors have a role to play. The report recognises the pivotal role of investors in holding firms to account for their performance on diversity and inclusion and pushing for greater change. The report also recognises the role of the government and regulators in helping to drive change and combat sexual harassment and bullying.

Gender pay – The gender pay gap in the financial services sector remains the largest gender pay gap of any sector in the UK economy. A number of recommendations are made including: nurturing a pipeline of female talent at all levels, requiring firms with a certain pay gap to produce action plans on how to reduce them and discouraging firms from asking job applicants for their salary history (perpetuating continued low pay for women).

NDAs – the report welcomes the government's efforts to tackle the misuse of NDAs and recommends introducing legislation to ban their use in harassment cases (legislation has been in the pipeline for some time on NDAs but with no clear implementation date).

A clarion call to make change happen

The insights and the findings from the report provide a catalyst for change. Firms have the opportunity now to take action to help lead the way. Changing the culture in financial services is no mean feat and will inevitably take time. Leaders in this field will reap the rewards, not only by morally doing the right thing but also by gaining a competitive edge.

Senior leaders need to recognise their pivotal role in driving cultural change. There should be no arguments from Human Resources having to make out the case for diversity, equity and inclusion to be considered as a business imperative. It must be led from the top and the case for change is not optional. The report highlights the extent of the problem. Firms which do not take action will suffer – reputationally, financially and productively.

Culture change is hard – if it's done right, it is meant to be challenging and it will take time. It means that mindsets are shifting and behaviours are changing. This is not an excuse for inaction. The top three critical success factors behind effective cultural change are:

- Match your strategy and culture: align your overall business strategy to the desired culture and valued behaviours to create integrity and reinforce norms;
- Focus on a few critical shifts in behaviour: prioritise those behaviours which have the most impact and channel efforts and energy into those to create a multiplier effect; and
- Honour the strengths of your existing culture: recognise and reward those positive norms and behaviours that are the pillars of your culture.

How to tackle Sexism in the City

The culture change required to tackle Sexism in the City will not come from processes or procedures alone. They go some way, but they are not enough. *Culture comes from the choices we make and the standard of behaviours that we tolerate and to change it, you need to articulate what is and is not acceptable and then stand by that standard at all times.* The behaviours of the "carriers of culture" are the behaviours that matter and will drive your culture, including any change. Culture carriers are people who embody the firm's culture and put those behaviours into practice. Firms need to identify who their carriers of culture are and optimise their impact. They promote and uphold the right standard of behaviours; celebrate it when seen and call it out when not. They are the true catalysts of culture change, empowered by the top.

Further education is needed on what constitutes bullying and harassment. Sometimes it is obvious but not always. The report recognises the different forms bullying and harassment can take – from "microaggressions" such as inappropriate comments and being excluded from meetings, to serious sexual assaults. More can be done to equip and educate individuals to be able to identify bullying and harassing behaviours, to know how and when to intervene, and to upskill managers on how to respond to raised concerns. Even so, without high levels of psychological safety, fear and futility will prevail and nothing will change. A key priority must be to reflect on levels of psychological safety across firms and teams so that individuals can speak up without fear of repercussion or harm.

For more insights into bullying and harassment and psychological safety please see our previous updates regarding:

- 'Uncovering the many guises of workplace bullying – [View >](#)
- 'Creating a fearless workplace: Psychological safety in teams' – [View >](#)

At DWF, we can provide:

- Workplace culture audits to stress test organisational culture, identify potential behavioural risk exposure and develop risk-based remedial interventions that will actively mitigate culture risk.
- Independent reviews and/or design of ethical conduct and business integrity frameworks aligned to corporate purpose, valued behaviours and regulatory compliance requirements (including ethical decision-making and ethical business scenario analysis).
- Inclusion and diversity strategic design, development and implementation including dashboards, data and metrics, and global good practice.
- Tailored education programmes to embed cultural change. The bespoke programmes include education on bullying and harassment, psychological safety and inclusive leadership skills and capabilities.



Tracey Groves
**Head of Sustainable
Business & ESG**
tracey.groves@dwf.law
M: +44 7842 324547



Kirsty Rogers
Global Head of ESG
kirsty.rogers@dwf.law
M: +44 7808 975 877

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