

Chartered Management Institute (CMI) response to the Government's response to the CRED report

Context

On Thursday 17th March 2022, the Government published their [response](#) to the Commission on Race and Ethnic Disparities (CRED) report. CRED was set up in the summer of 2020 with the aim of reviewing inequality in the UK, focusing on areas including poverty, education, employment, health and the criminal justice system. After a call for evidence in the autumn, [which CMI responded to](#), CRED published their [final report](#) on 31st March 2021.

However, the report was met with widespread criticism, and concluded that *“the evidence shows that geography, family influence, socio-economic background, culture and religion have more significant impact on life chances than the existence of racism”*. Despite this criticism, the Government in its response noted that they *“agree wholeheartedly with the Commission’s wide-ranging conclusions and with the vast majority of the report’s recommendations”*.

CMI's view

CMI acknowledges that this is a constantly evolving agenda, and one we are keen to continue inputting our insights and research into. However, to tackle the disparities and produce inclusive workplaces that maximise talent, there needs to be effective action from both business and Government. In fact, we would go further and argue that the Government should set the example first, because there are no non-white Permanent Secretaries throughout the civil service, and as the outgoing civil service chief people officer, Rupert McNeil¹ said recently - the Senior Civil Service, particularly the top grades, are still “predominantly white”.

There are several recommendations in the Government's response that CMI welcomes. For example, it is positive to see the creation of an Inclusion and Work Panel to develop and disseminate effective resources to help employers drive fairness across organisations, and to see the Government explicitly stating the importance of management and leadership in facilitating an inclusive and diverse workforce.

Despite this, the overall outcome is disappointing. CMI disagrees with the Government continuing to favour a voluntary ethnicity pay gap (EPG) reporting approach rather than advocating for mandatory pay gap reporting. Pay gap reporting is an important tool in addressing workplace inequalities. It can enhance transparency and help uncover structural problems that exist within organisations. From this baseline, a clear vision for improvement can be developed - supported by a strategy and plans to address existing barriers. Increasingly legal rather than voluntary requirements such as gender pay gap (GPG) reporting are helping organisations to gather important baseline data, and giving greater visibility to issues and an impetus to addressing them.

As a society, we need to more assertively expect Equity, Diversity and Inclusion (EDI) approaches in all businesses that move the inclusion agenda along. For example, it should be the responsibility of all large

¹ Interview with civil service chief people officer, Rupert McNeil:
<https://www.civilserviceworld.com/in-depth/article/man-of-the-people-rupert-mcneil-interview>

companies to not just regularly track differentials and deficits, but also to have measurable action plans for eliminating them over time.

In addition, we are disappointed in the framing of such approaches as ‘burdens as we recover from the pandemic’. In fact, organisations have become more aware of the necessity of these measures because of the impact on working arrangements as a result of the pandemic.

While the Government’s response agrees with the view of the Commission that ethnic minorities have made significant strides in occupational representation, like the term ‘BAME’, we argue that characterising the progression into one group (‘ethnic minorities’ conflates the issue - as there is an emerging gap around the economic and employment outcomes among different ethnic minority groups - something which hasn’t been taken into detailed consideration by the Government).

Overall, we expected more, but it will be interesting to see what the Government will report back to parliament in a year on its progress in delivering its proposed actions.

Measures CMI welcomes from the Government’s response to CRED

- **Management and Leadership:** The Government’s response highlighted that the Government Campus, specifically the new Leadership College for Government will ensure the Government Curriculum defines effective leadership and management standards and products. The UK Civil Service and public sector employers will trail the new approaches.
- **Inclusion at Work Panel:** This will be created by spring 2023 with a panel of academics and practitioners in business that will develop and disseminate effective resources to help employers drive fairness across organisations, and this will go beyond just race and ethnicity. The panel will be supported by the new Leadership College for Government which will also promote and publicise ‘what works’ in effective leadership and management training. The panel should work with professional bodies such as CMI to input expertise and knowledge.
- **‘Inclusion Confident’ Scheme:** Using evidence from the Inclusion at work Panel, and building on the curriculum standards underpinning the Government Campus, and Leadership College within it, the Government will develop a new scheme for employers, to provide an evidenced framework for improving race equality and progression in the workplace. Organisations will be able to sign-up to the scheme voluntarily, to be live by autumn 2023.
- **Positive action:** The Government Equalities Office will create new updated guidance on positive action by December 2022.
- **Language:** The Government will develop refreshed guidance on Civil Service diversity and inclusion, with clear advice on impartiality in language and practice. Moreover, the term BAME has been deemed counterproductive to ethnic minority progress. At CMI we believe it is time to move beyond using “BAME” when talking about ethnicity and advise managers to be as specific as possible in their conversations because there is significant diversity within that aggregated group.
- **Intersectionality data:** The DfE will investigate the publication of additional data on the academic performance of ethnic groups alongside other critical factors relating to social mobility and progress at school level, in post-18 education and employment after education by the end of 2022.

- **Artificial intelligence:** The Office for AI will develop their national position on governing and regulating AI, and set this out in a white paper in 2022. This will include how to address potential racial bias in algorithmic decision-making.

Measures CMI would like to see improvement

Institutional and Structural Racism

The particular concern in the original CRED report was how it dealt with institutional and structural racism, with critics arguing that it ignored the importance of the issue. Despite this criticism, the Government in its [response](#) noted that they “agree wholeheartedly with the Commission’s wide-ranging conclusions and with the vast majority of the report’s recommendations”.

While it is positive to see the Government noting in the report that they are “determined to root out racism” and acknowledging that “racism persists in the UK”, we don’t feel the Government’s response adequately addresses how it will be dealt with, and by stating that other barriers (such as family influence) “have more significant impact on life chances than the existence of racism” - it undermines the impact of racism in the workplace and society. In October 2020, [CMI research](#) found that nearly a quarter (21%) of managers from a diverse racial group said they had experienced a situation in the physical or virtual workplace that they would consider to be a racial microaggression.

Moreover, whilst the commitments to track intersectionality of race and socio-economic background are good - the risk is that they could also be used to mask racial discrimination. This is especially the case when institutional racism and its nature are hidden from view in the debate.

Pay gap reporting

It was extremely disappointing to see the Government advocate for publishing guidance to employers on voluntary ethnicity pay reporting in summer 2022, rather than advocating for mandatory pay gap reporting.

The report noted that “different ethnic groups that share the same race can have very different outcomes. This means that a meaningful pay gap reporting standard for ethnicity will necessarily need to be very different to one for gender reporting, which uses just 2 categories. This complexity means that ethnicity pay gap reporting would be a more resource-intensive activity for business”.

We don’t buy this argument and do not think it is a complex thing to at least make a start on. Our [call for evidence](#) called for the introduction of the mandatory ethnicity pay gap reporting as part of the forthcoming Employment Bill or earlier, to improve the quality of data and enhance transparency. As a starting point, this should mirror the approach of gender pay gap (GPG) reporting, covering organisations with more than 250 employees. However, organisations of all sizes can benefit from greater transparency to get a fuller picture of representation throughout the organisation.

CMI has been carrying out research into the issues around ethnicity at work as part of our [75th anniversary project](#), and has found that the voluntary approach is not working. While 88% of respondents agreed that their organisation was inclusive of staff regardless of their ethnicity - they can cite few examples of measuring the impact or success of interventions. Indeed, 67% of respondents say they did not know, or that their organisation has taken no action in relation to Ethnicity Pay Gap reporting and action plans.

We recognise the complexities and investment required, but if organisations are to take inclusion seriously they will need to identify and understand where they currently are, and then put in place appropriate steps and plans to take them to where they want to be. Pay gap reporting should be a starting point to identifying barriers in the workplace, but it should not be the sole measure. CMI has long advocated that organisations with more

than 250 employees must also be required to publish action plans for closing any pay gaps. This should include SMART targets for progress, from recruitment right through the management pipeline.

Despite this, the Government noted that the Race Disparity Unit (RDU) will by the end of 2022 consult on new standards for government departments and other public bodies on how to record, understand and communicate ethnicity data. CMI along with other professional bodies would welcome working with the Government to develop an online portal providing guidance and best practice to employers on how to close gaps.

Should we have expected more?

EPG is a good temperature check, but the Government could have gone further. CMI has called for increasing accountability in the area - particularly to make it a condition for organisations receiving public funds in relation to any economic recovery programme to commit to measuring and reporting their ethnicity pay gap, and taking steps to include and champion people from diverse ethnic backgrounds.

Furthermore, as highlighted by the Government's messaging around EPG, we argue that rather than seeing these approaches to inclusivity as 'complex' and *"imposing new reporting burdens on businesses as they recover from the pandemic"*, surely if applied well, they would unlock as yet unrealised business opportunities and insight - such as [Barclays and HSBC](#) who recently measured their ethnicity pay gap and found under-representation of afro-caribbean employees at senior levels, and subsequently stated that they had adopted policies to try to address this.

Indeed, organisations have become more aware of the necessity of these measures because of the impact on working arrangements as a result of the pandemic, and if businesses lack the enlightenment to see the bigger picture, then it is the role of the Government to persuade and cajole them until they do. According to the [McGregor-Smith Review](#), for example, full representation of those from ethnic minority backgrounds alone could contribute £24 billion a year to the UK's GDP.