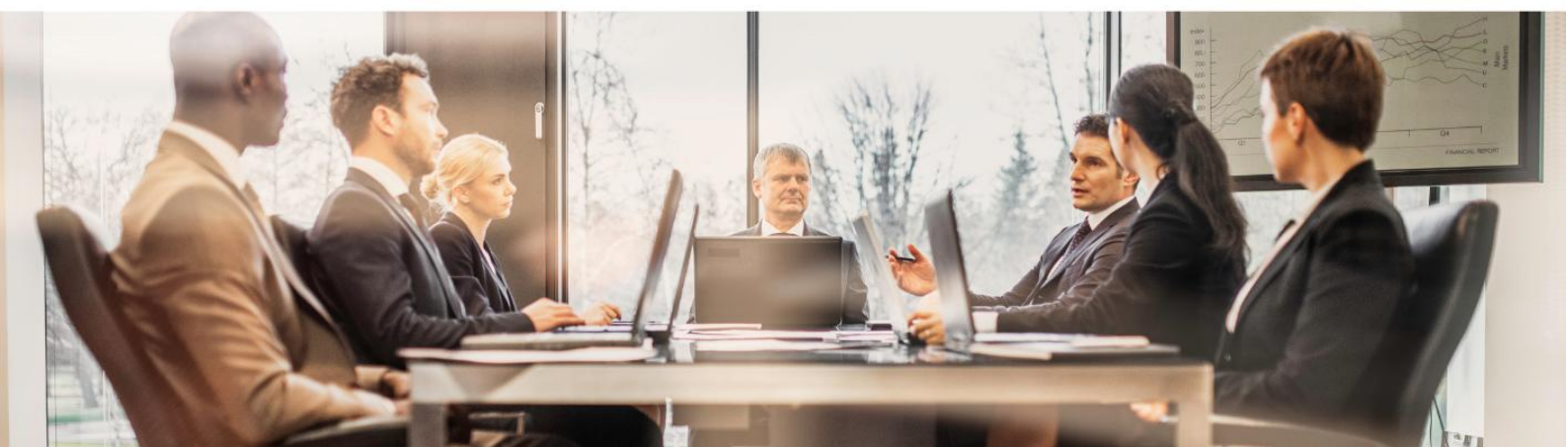


# The vital role of non-executive directors (NEDs) in creating a more socio-economically diverse workforce

Report from a roundtable discussion hosted by Progress Together and KPMG on 14th May 2025



## Executive Summary

On 14<sup>th</sup> May 2025, Progress Together and KPMG hosted a roundtable for Non-Executive Directors (NEDs) from 16 financial services organisations to discuss their role in improving socio-economic diversity (SED) within the financial services workforce. The roundtable opened with a compelling examination of the evidence, sector context, and practical challenges facing Boards in tackling SED. The conversation highlighted both the urgency and the opportunity for NEDs to lead change from the top. During the discussion, NEDs highlighted several consistent issues within the organisations they represent:

**SED rarely appears on the Board agenda.** When it does, there tends to be a focus on community and outreach activity.

As **socio-economic background (SEB)** is not a visible characteristic, organisations rely on **voluntary disclosure**, which requires high levels of trust and psychological safety. The discussion identified the importance of senior leaders from lower SEBs sharing their own lived experiences and career journeys.

Many organisations rely on **opaque progression systems**, such as informal sponsorship and subjective promotion criteria, which may unintentionally put employees from lower SEBs at a disadvantage.

These common challenges underline the need for greater Board leadership, scrutiny, and cultural shift – themes that are explored in depth in the recommendations that follow.

## Recommendations

### 1. Make socio-economic diversity a Board priority.

- Schedule regular time on the Board agenda for SED or delegate scrutiny to the Nomination or Remuneration committee for a ‘deep dive’ into the issue both in the workforce and at board level.
- Ensure SED is treated as a business-critical talent issue, not just a community outreach or corporate social responsibility (CSR) activity.

### 2. Use data as a lever for accountability.

- Support psychological safety in creating SEB data collection strategies, particularly for global workforces.

- Ask executive teams or Heads of People/DE&I for workforce SEB data and intervention outcomes. Request disaggregation by grade, department, and region.
- In the long term, this data could be used to gain an intersectional view of SEB in the organisation to track progress with different lenses to identify where interventions are needed.

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- ***“There was a lot of apprehension about whether people would give their data – but we achieved over 70% disclosure”.***
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### **3. Champion storytelling to foster a culture of belonging.**

- Encourage board members and senior leaders to share their background to build psychological safety and normalise SEB disclosure in the workforce.

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***“By the time people get to senior roles, everyone ‘passes’ [as being from a higher socio-economic background]”***

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### **4. Understand structural barriers and progression systems**

Progress Together’s 2024 Data Report *Shaping the Sector* found that in some financial services organisations, 80% of senior leaders come from higher SEBs compared to 40% at junior levels.

- Ask the Nomination Committee to provide a summary of progression barriers and interventions
- Examine the fairness of promotion, work allocation, and sponsorship systems.

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***“Firms that tried to engineer sponsor relationships between senior and junior colleagues have often failed. It’s better to ensure either effective implementation or removal of such measures.”***

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### **5. Questions for boards to ask the Executive: Are we considering supporting experimental and cross firm mobility programmes?**

Progress Together is currently supporting a cross-firm pilot mobility programme for middle managers between four member organisations over 18 months. Early results are promising, they will be shared with the sector once the pilot is completed.

- Support innovation and experimentation
- Encourage evaluation and shared learning between organisations
- Consider cross-sector initiatives to amplify impact

## 6. Question for boards to ask the Executive: Are we engaging with the full talent pipeline?

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***“The education system isn’t preparing people for work. We’re building our own assessment frameworks.”***

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- The Board should question the Executive on the organisation’s approach and progress on: Potential-based recruitment assessments
- Support for outreach that connects with tangible progression pathways
- Encouraging early insights for school students to demystify the sector

## 7. Distinguish CSR from talent strategy

Many Boards are aware of their organisation’s CSR commitments; fewer have oversight of internal workforce mobility and inclusion.

- Shift the lens; focus on internal workforce SED as a talent and performance issue
- Use customer vs workforce SEB comparisons to highlight potential misalignment

## Summary of the discussion

### Socio-Economic Background: The Overlooked Barrier to Progression

**Progress Together’s 2024 Data Report** confirmed that socio-economic background (SEB) is a more significant factor in career progression than either gender or ethnicity. Individuals from higher socio-economic backgrounds are **twice as likely** to reach senior roles across all identity groups.

The effects of intersecting characteristics are particularly stark:

A white man from a higher socio-economic background is **33 times more likely** to be in a senior role in financial services than a woman from an ethnic minority background who also comes from a lower socio-economic background.

Importantly, a focus on socio-economic diversity delivers wider inclusion benefits:

**77% of Progress Together member firms** reported a **positive impact on gender and ethnicity diversity** as a result of targeting SED.

### A Strong Business Case for Change

The economic argument is equally clear. According to **Accenture's A Fair Chance to Advance report**, companies prioritising social mobility are **1.4 times more profitable** than those that do not.

Financial services also face the most acute class-based pay gap of any UK sector - currently **£17.5K**, compared with **£5.2K** in the technology sector.

The sector is facing a looming demographic shift:

At the Financial Services Skills Commission and TheCityUK Skills Conference, **Mark Hoban**, Chair of FSSC, noted that **one quarter of the financial services workforce** is expected to retire within the next decade.

This presents both a **retention and recruitment challenge** - but also an opportunity. By progressing untapped internal talent from lower socio-economic backgrounds, firms can strengthen their pipelines and future-proof their leadership.

### Cross-Sector Insight and Influence

Many NEDs in attendance sit on Boards in sectors beyond financial services. This cross-sector experience creates valuable opportunities to **transfer effective practices and lessons learned** into the financial services context, where SED conversations are still emerging.

The discussion found that the participating NEDs identified common themes in the organisations and Boards they were representing.

### Gathering the data

As socio-economic background is not a visible characteristic, organisations are reliant on individuals volunteering this information. It was noted that class is a very British pre-occupation and not necessarily something that can be easily understood in other countries. It was noted in the discussion that parental

occupation at 14 is used as it is a more accurate reflection of SEB and can be asked anywhere in the world and localised.

One participant noted that by the time they reach a senior role, everyone ‘passes’ as being of a higher socio-economic background and therefore it is important that senior people from lower SEBs share their backgrounds to build psychological safety for the workforce in sharing their SEB data. By senior leaders speaking freely about their backgrounds – we can create a culture where people felt comfortable to share.

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***[Organisations] work on [social mobility] was due to discussions around diversity more widely. The question of what your parents do works globally. There was a lot of apprehension about whether people would give their data and would it be understood in other geographies – achieved over 70% disclosure.***

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### Story telling

Participants agreed that story telling was important to build confidence in the workforce to discuss social mobility and SEB. It is important that senior leaders tell their stories. Some participants representing organisations with workforces outside of London noted that there was less reluctance to discuss SEB in other UK regions and devolved nations, others reported that they were seeing a similar reluctance outside of London.

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***Reluctance to share background is a London issue, in Edinburgh and Newcastle, people are much more comfortable talking about this [SEB].***

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The roundtable noted that people are more comfortable talking about social backgrounds than gender or ethnicity. According to Progress Together research, 77% of member firms have said that focussing on socio-economic diversity has had a positive impact on gender and ethnicity diversity.

Participants representing organisations who were successfully addressing socio-economic diversity in their workforce, noted that organisations need to view social mobility as a holistic change rather than focusing on it like a diverse characteristic.

### Interventions

Progress Together's research has found that the proportion of those working in senior roles in UK financial services from a lower socio-economic background has increased from 26% in 2023 to 28% in 2024. However, there is still a lot more to be done.

In some firms, 80% of senior leaders come from higher socio-economic backgrounds compared to just 40% at junior levels. This is more than a simple case of waiting for the talent to progress.

### The myth of meritocracy

There are opaque processes in place relating to promotions, senior sponsorship, and work allocation. Employees from working-class backgrounds progress up to 25% slower, with no link to job performance. We are losing high-performing talent.

Participants discussed that if their organisations had the data, the Board should look at where there may be barriers to progression and the impact of interventions aiming to address this. One participant noted a reluctance from their executive team to share data that was not 'green'. However, the Board needs to know when the data is amber or red, as progress cannot be linear.

Evidence suggests that individuals from higher socio-economic backgrounds were more likely to have a senior sponsor. Participants commented on the importance of sponsorship but noted that organisations that tried to engineer sponsor relationships usually failed. It was suggested that it is sometimes better to remove sponsorship and focus on work allocation and transparent promotional processes – particularly in instances where processes haven't proved efficient.

Progress Together is supporting a pilot programme for middle managers from four participating member firms over 18 months. The pilot programme is ongoing but is already seeing interesting results and will be sharing the conclusions from this experiment in due course.

Participants noted that the UK, and in particular the English education system was not necessarily preparing young people for the workforce, and that qualifications were not necessarily a good indicator of potential. Many of their organisations were creating their own assessment processes for recruitment.

Participants discussed the initiatives their organisations were participating in to give insights into the sector for school children. They identified that early exposure to the sector and potential career pathways was needed to build a sustainable talent pipeline.

### **The role of the Board and Board composition**

Roundtable participants identified that there is not enough time set aside on Board agendas to discuss social mobility and that it is often an underrepresented conversation.

In instances where Boards address the topic, they tend to delegate it to their Nomination Committee or allocate it to their remuneration or people committees for a 'deep dive' consideration.

Participants whose Boards are not yet discussing the subject were advised by those already addressing it to ask for the data on their workforce SEB from their executives. However, this might not necessarily tell the whole story and they should look to understand the risk to the talent pipeline, and how this is being addressed.

One of the ways that Board members could introduce the importance of social mobility and SED of the workforce onto the board agenda is to show the SEB of the customer base vs the workforce. Some participants noted that for their organisation's strategy, the customer SEB was becoming increasingly important.

Some of the participants were familiar with what their organisation was doing regarding social mobility within their community but noted key differences when social mobility was considered a talent strategy/business issue vs when it was seen as a corporate social responsibility issue. Although participants acknowledged the importance of diversity of thought within the Board, there was little appetite for asking Board members about their SEB given the small number of Board members. They felt that a focus on SED within the workforce and encouraging leaders to share their lived experiences was more important.

## Thank you

Thank you to KPMG for hosting this roundtable discussion on the vital role of non-executive directors (NEDs) in creating a more socio-economically diverse workforce.

Our gratitude to the Non-Executive Directors of the following organisations for giving their time to this important discussion:

Alliance Witan PLC, Ardonagh Group, Canada Life, Coventry Building Society, Edinburgh Investment Trust, Fidelity International, Just Group, KPMG, Morgan Stanley, NatWest, Nikko Asset Management, Paragon Bank PLC, Sesame Bankhall Group, St James's Place, TSB Bank PLC, Yorkshire Building Society.

City of London Corporation

## References

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[KPMG BLC Uncovering social mobility in the boardroom](#)

[KPMG BLC Balance in the boardroom](#)

[KPMG Social Mobility Progression Report](#)

Progress Together (2024) [Shaping The Sector: Socio-economic Diversity and Senior Roles in Financial Services](#)