

Inequality in recruitment outcomes for Black and Minority Ethnic staff within the Care Quality Commission

**A report for the CQC on their causes
and steps to be considered to remedy
them**

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1. Summary

1.1. Terms of reference and key themes

The CQC sets itself high standards on equality, diversity and inclusion. It sets standards on those issues in the course of its inspections of services, and these include a recognition that the treatment of staff impacts on the care of patients. It became clear from the CQC 2016-17 workforce and staff survey data that the CQC was falling short of the standards it had set itself in respect of some aspects of equality, diversity and inclusion, particularly in respect of the recruitment, career progression and development of Black and Minority Ethnic (BME) staff.

A strategic response was set out in the September 2017 CQC analysis of its Workforce Race Equality Standard report. This is summarised in Appendix One of this report and it included a proposal for a “diagnostic” which would lead to an action plan to address concerns highlighted in recruitment processes.

This report (the “diagnostic”) was then commissioned with the following terms of reference:

- *Inquire and understand **the cause(s)** for the inequality in recruitment outcomes for Black and Minority Ethnic (BME) staff within CQC.*
- *Utilise relevant and evidenced learning of **what works in other organisations.***
- ***Identify a range of potential actions** to redress the cause(s) of inequality that, if implemented, are most likely to achieve measured parity of recruitment outcomes for White and BME staff and prospective staff in the CQC **by March 2020.***
- *Recommend a timely and cost-effective approach to implementing the required changes in consultation with the resourcing team.*
- *Estimate the potential implementation costs of the recommended actions.*
- *Includes a pilot phase for interventions in line with CQC’s quality improvement approach. (**my emphasis**)*

The report addresses the first three terms of reference, with action on the others to follow this report. Following an analysis of data, policies and procedures, and interviews with staff, this report identifies four themes in response to the terms of reference:

- **Processes.** Shortcomings in either processes linked to the recruitment, development and retention of staff or their implementation which need to be addressed;
- **Culture.** Significant issues exist concerning awareness and understanding of issues of equality, diversity and inclusion and how to avoid the adverse impact of bias on decision making and discussions affecting BME staff;
- **Accountability.** A well evidenced talent management strategy has been introduced. However, if the CQC is to make the progress it wishes to make to become an exemplar on equality, diversity and inclusion then further interventions will be needed, benefitting all staff, alongside effective communication of all these interventions. The proposed interventions build on the CQC talent management strategy and other measures put in place over the last year by setting evidenced measurable outcomes for which the Board and managers can be held to account;
- **Moving from diversity to inclusion.** Challenging discrimination and improving the treatment and opportunities for staff, including Black and Minority Ethnic (BME) staff is essential. Research suggests, however, that to build on and sustain greater diversity also requires an inclusive culture, in which diversity of thought and mutual respect becomes the norm. That will require significant investment of time.
- **Beneficial for all staff.** The changes proposed in this report are intended to specifically address concerns on the treatment and opportunities for BME staff within CQC. However, if implemented they will, and are intended to, improve the fairness and effectiveness of recruitment, development, promotion and inclusion for all staff from all backgrounds

1.2. Summary of evidence and recommendations

- a. The evidence from interviews with ` staff confirmed the concerns raised by the CQC itself arising from the workforce and staff survey data. There was

a significant gap between the experience of many BME staff and the staff survey views of Executive Grade staff.

- b. Staff were generally very committed to the values of the CQC. However, there was substantial disenchantment with their opportunities for career progression including for many of them, their own experience in seeking development, being interviewed and being supported at work. There was a view that opportunities were not fairly offered.
- c. The majority of interviewees felt there was a general failure to have honest discussions about difficult issues – especially where ethnicity was a possible factor or where BME staff were involved.
- d. A range of concerns were raised about each stage of recruitment and development, some by managers as well as other staff. These included:
 - A disconnect between one to one discussions with managers and effective career development
 - Concerns about a number of aspects of recruitment practice, several of which would facilitate an adverse impact from unconscious bias, some of which may flow from the absence of training for managers and the predominant make up of panels
 - Uneven (and often poor) experience of feedback from interviews
 - A dissatisfaction with how development opportunities were allocated
 - Concerns over whether there was a higher turnover for higher grades of BME staff (and why).
- e. The September 2017 CQC WRES Action Plan is a comprehensive and evidenced response to disappointing data and this report is part of the response. Nothing in this report is at odds with the Action Plan and several elements of it (notably the talent management programme) are essential underpinning to the recommendations in this report. Concerns were expressed by staff however about the extent to which the pace of implementation was sufficient and whether middle and junior staff grades were properly aware of the Plan.
- f. The report makes a specific recommendations about each stage of recruitment – recruitment processes, feedback, access to development.
- g. The report addresses the issue of bias (unconscious or otherwise) which influences employment decision making across the NHS and has sought to

set out the evidence explaining it, what works to mitigate it, and what that means for the CQC itself.

- h. What is measured counts. Whilst measurable goals alone will not drive diversity, a strategy without them risks simply being aspirations, so a small number of measurable goals with milestones are central to the recommendations.
- i. The report draws on evidence that accountability from Board downwards is crucial alongside a narrative that emphasises how improving equality and diversity is a driver of improvement not just a matter of compliance.
- j. The report goes beyond the original brief to explore why is important to understand why improved diversity leads to a more inclusive organisation if the well-researched benefits of diversity that the CQC seeks are to be sustained and capitalised on, and diverse staff retained.

The CQC senior management have been open and helpful in drafting this report and given me access to all available data and to a range of staff to interview. The Race Equality Network members have been exceptionally frank and at the same time constructive in their contribution.

- k. The recommendations made here complement the CQC core values (see below) and are intended to assist the CQC in achieving them.

The CQC's key core values

"Excellence

We set ourselves the ambition of being a high performing organisation and to do this we need to **make the best of everyone's talents**. We recognise the contribution of others and we need to do that in a way that is **inclusive**, and enables everyone to give of their best.

Caring

Our work is underpinned by our desire to treat everyone with dignity and respect. We also **value the difference in others**. This value of caring needs to be evident in the way we manage and interact with each other as colleagues and as managers and staff. We need to **provide support that enables everyone to develop, shine and contribute**.

Integrity

We are driven by a passion to do the right thing and to demonstrate the highest ethical and moral standards. Our **employment practices** have to be consistent with this and that means recognising where we have issues we need to address, putting in place the action necessary to make a difference and **holding ourselves to account for making that difference**.

Teamwork

We learn from each other to be the best we can be and we recognise the strengths of others. This applies internally as well as externally. Everyone who works at CQC makes a valued and valuable contribution to delivering our purpose and we need to recognise and celebrate that and also **ensure that all members of the team are supported to achieve their goals and aspirations**."

(Bold emphasis added by this report's author)

2. Methodology

This report drew on a range of relevant workforce and staff survey data and copies of CQC procedures and policies. Interviews were then undertaken to gather “soft intelligence” and understand the headline data. 66 staff were spoken with, of whom 21 were in one to one interviews with a mix of senior managers, middle managers, staff networks, trade unions and individual staff. The individual interviews were carried out on an “in confidence” basis whilst the group interviews operated under a Chatham House arrangement whereby no contributions could be attributed to individuals. The interviews took place during February and March 2018 with:

- 15 managers including the heads of recruitment, OD and HR and three Executive team members
- 51 other staff including members of staff networks and trade union representatives

The majority of staff (over two thirds) interviewed were from BME backgrounds. Half of the managers interviewed were from White backgrounds. All were exceptionally open and I have respected their confidentiality by not attaching names to any points made. The exception is the case study from Legal Services and Governance which is reproduced by agreement.

Staff were remarkably frank in their views and I hope their aspirations and concerns are reflected in this report since, if acted upon, they would benefit the CQC as a whole. A number of examples were provided where staff felt some managers did not appreciate the importance of equality, diversity and inclusion. A couple were particularly striking. Numbers of individual experiences were shared. In some cases there was no independent corroboration available because of the timescale of this report but there was a consistent range of experience of which the specific examples were typical. If staff believe the patterns of behaviour exist, then that requires a response even if I was not in a position to investigate any individual claim further.

What might good look like?

Based on how staff described their current experience and aspirations

- *I get honest feedback in 1:1 with my line manager who provides challenge and encouragement*
- *My manager is curious about aspirations and skills I may have but don't currently use*
- *I feel able to bring myself to team meetings and speak as a black woman and the team encourages me to draw on my rich personal experience and background.*
- *When I asked to apply for an "expression of interest" post my manager was genuinely pleased and supportive*
- *I no longer think that if I make a mistake or get behind with a piece of work that I will be treated any differently to white colleagues*
- *My manager and colleagues have made a real attempt to understand how the "drip drip drip" of racism inside work and outside wears me down and that makes it so much easier to have honest conversations*
- *I no longer think "what's the point of applying, the job already has someone's name on it" when considering applying for a post*
- *When I am shortlisted but not appointed I get timely, honest feedback in a face to face discussion that helps me learn for next time*
- *I am confident I will never again have to endure an interview where one of the panel members never makes contact with me during the interview*
- *I can see that BME staff really are starting to progress with a growing number on A and Executive Grades*
- *We no longer have to "borrow" some to lead our BME focus groups when we do inspections as we have BME people in our teams*
- *Some staff found being open about race difficult but we now know that there are a growing number of CQC teams where honest, open and really productive discussions and decision making happens.*
- *I now feel as valued at work as I do outside work*
- *As a manager it is so much better now being able to have honest conversations with staff I manage*
- *I feel able to speak up and raise concerns confident of a positive response*
- *I feel valued and respected and hope to stay at the CQC for a long time*

These examples are either ones suggested by staff or are set out in response to current practice where these issues were identified as challenges.

3. Data

3.1. Workforce data

3.1.1. Availability of data

Understanding workforce and staff survey data is an essential part of an effective and equitable recruitment and talent management strategy. Unfortunately, the available CQC workforce data was not comprehensive and it is only since the arrival of the new Director of People that a full range of workforce data has been systematically and comprehensively collected and analysed. As a result whilst all available data was provided to me, other data which might have been useful was simply not in existence for the period in question including (analysed by ethnicity):

- Disaggregated turnover data by grade
- Comprehensive trend data on the relative likelihood of BME staff being promoted from shortlisting
- Data on non-mandatory training

The data that does exist for the CQC as a whole suggests that the experience of BME staff (and staff with disabilities) within the CQC is broadly similar to that of staff in the wider NHS with the exception of responses to the CQC Staff Survey question on bullying from staff and managers (better) and the question on whether staff believe the CQC provides equal opportunities for career progression or promotion where responses were significantly poorer for all staff compared to the NHS, but especially for BME staff.

3.2. Employment data

In the last two years the proportion of BME staff employed by the CQC changed slightly, with an increase in the overall proportion of staff from BME backgrounds employed. In the same period there was a slight decrease in the proportion of BME staff employed in Executive grades.

Table 1. Proportion of CQC from BME backgrounds 2014-5 to 2016-17

	2014-15	2015-16	2016-17
Overall	11%	13.6%	13.7%
Exec grades	7.6%	7.2%	6.8%

Recruitment – from shortlisting to appointment

There are significant shortcomings in the available recruitment data primarily due to past outsourcing of recruitment. The available data shows it is about one and a half times more likely that white staff will be appointed once shortlisted compared to BME staff.

Table 2. Relative likelihood of white staff being appointed from shortlisting compared to BME staff

	2015-16	2016-17
Relative likelihood of white staff being appointed from shortlisting compared to BME staff	1.51	1.47

Note: Data not strictly comparable as 2015-16 data only includes volume recruitment posts whereas 2016-17 includes all posts.

Please also note that the available data may understate the difference in outcome of CQC selection panels. Although White staff are more likely to secure an offer from CQC as BME staff, they are less likely to accept an employment offer so the WRES indicator showing it is 1.47 times more likely White staff would be appointed from shortlisting than BME staff would be significantly worse if all white candidates had accepted their employment offer from CQC.

Grading

There is a significant “ethnicity gradient” whereby the proportion of BME staff in each grade falls sharply from Grade C upwards and this gradient got marginally steeper in 2016-17.

Table 3. Percentage of staff within grade by ethnicity

	2015-16		2016-17	
Grade	White	BME	White	BME
Exec Grades	92.8	7.2	93.2	6.8
Grade A	90.9	9.1	91.4	8.6
Grade B	85.3	13.5	86.3	13.7
Grade C	80.8	19.2	80.5	19.5
Grade D	81.3	18.7	80.4	19.6
Grade E	76.5	23.5	83.7	16.3
Grade F	83.4	16.6	87.0	13.0
Grade G	89.5	10.5	83.2	16.8
Overall	86.4	13.6	86.3	13.7

Access to non-mandatory training

No data was collected until the current year. It is being collected and analysed going forward as an integral part of the talent management strategy. BME staff generally, including the CQC Race Equality Network (REN), believe BME staff are under-represented as recipients of non-mandatory training which in turn effects development opportunities, the visibility of other skills to wider and senior staff and morale. Data is not available yet to confirm this.

CQC turnover by ethnicity

Comprehensive data by grade is not available though there is a widely held belief that turnover amongst more senior BME staff may be higher than for white staff. The reliability of the available data is further compromised by a significant number of "unspecified ethnicity". On the available data, turnover for BME staff is generally higher than for White staff notably in ASC and CCS, but it is not currently possible to confirm that likelihood by grade. Data reliability is currently being significantly improved.

Table 4. Turnover rates by ethnicity of staff (CQC wide).

Ethnicity	% Turnover 2016/2017	% Turnover 2017/2018	2 Year Average
White	11.06	11.04	11.05
BME	14.62	13.83	14.23
Unspecified	16.98	16.99	16.98

Disciplinary action

It remains more likely that BME staff will enter the disciplinary process, though there was a significant improvement in 2016-17 compared to the previous year.

Table 5. Disciplinary action

	2015-16	2016-17
Relative likelihood of staff entering the formal disciplinary process, as measured by entry into a formal disciplinary investigation. This indicator will be based on data from a two-year rolling average of the current year and the previous year. (Comparing White and BME staff)	1.76	1.33

Note. Caution should be exercised because of low numbers.

3.3. Staff survey data

General

BME staff interview (and staff survey) responses showed as great a commitment to the values and purpose of the CQC as for other staff. Indeed metrics for BME staff engagement were more favourable than for White staff. For example, in response to the question whether "I would recommend CQC as a good place to work", BME responses were significantly above the CQC average (71% vs 63%) and higher than for White staff. Similarly BME staff report having greater satisfaction with their work than White colleagues (+7 points). It should be noted that broadly similar patterns are found within the NHS staff survey.

In response to being asked whether "in the last 12 months, I have experienced bullying, harassment or abuse from other CQC staff" the BME response rate

(12%) was slightly lower than the overall rate (13%) and slightly higher than the White staff response (12%) but not significantly so.

The CQC BME staff survey responses on certain other questions were significantly worse than for almost all other CQC staff groups.

Equal opportunities for career progression or promotion

BME confidence that “I believe that CQC provides equal opportunities for career progression or promotion” deteriorated between 2014-5 and 2016-17 from 52% to 41% i.e. 3 out of 5 BME staff do not believe this is the case.

Over the two year period 2014-15 to 2016-17 the trend has deteriorated for every staff grade but without affecting the relative differences between them. The contrast between Executive grade responses and that of all other staff remains striking and has been evident since 2014-15. The proportion of BME staff agreeing with this survey statement was the lowest of all 32 CQC staff categories and also showed the sharpest decline.

The CQC responses for all staff (and BME staff) were significantly poorer than the NHS (all organisations as reported in 2017 National Staff Survey report)

Table 6. I believe that CQC provides equal opportunities for career progression or promotion (percentage)

	2015	2016	2017
Overall	58	53	51
BME	52	44	41
White	61%	56%	55%
NHS overall	87	85	84
NHS BME	76	76	*
NHS white	89	88	*

Note. The NHS staff survey data was the “Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion”

It is noticeable that the responses for White staff to this question were also very poor (though better than for BME staff) having deteriorated from 65% to 52% over the same two year period. That was reflected in some of the interviews where some white staff raised similar concerns to those of BME staff about a perceived lack of transparency and objectivity in decision making related to recruitment and development.

The different responses to the same question disaggregated by Grade were equally striking. The difference between Executive grades and all other staff was very significant.

Table 7. Staff survey responses to the question: "I believe that CQC provides equal opportunities for career progression or promotion"

Grade	Response
Exec Grades	80%
Grade A	58%
Grade B	47%
Grade C	53%
Grade D	54%
Grade E	47%
Grade F	49%
Grade G	47%

Discrimination

In response to the survey question asking whether "In the last 12 months, I have personally experienced discrimination at work from any of the following: my manager/ team leader or other colleagues" the BME response on this question was the second highest of all 32 CQC staff survey categories.

Table 8. I have personally experienced discrimination at work from any of the following: my manager/ team leader or other colleagues

Category	2014-15	2015-16	2016-17
Overall	6	4	6
Disabled	14%	15%	16%
Non- disabled	4%	3%	4%
BME	7%	8%	11%
White	5%	4%	4%

Intention to stay

In response to the staff survey question asking if “I would like to be working for CQC in 12 months’ time” there was a 5% fall in 2016-17 – the third largest fall amongst all 32 CQC staff survey categories. The BME positive response to this question was higher than for White staff in 2014-15 and lower in 2016-17.

Table 9. I would like to be working for CQC in 12 months’ time

Category	2014-15	2015-16	2016-17
Overall	75	71	71
Disabled	74	68	69
Non- disabled	76	72	73
BME	78	76	71
White	76	72	73

Speaking out.

In response to the staff survey question asking if “I think it is safe to challenge the way things are done in CQC”, BME staff responses were significantly worse than for almost all other categories of staff.

Table 10. I think it is safe to challenge the way things are done in CQC

Category	2014-15	2015-16	2016-17
Overall	46%	43%	42%
Disabled	37%	29%	36%
Non- disabled	49%	46%	47%
BME	42%	36%	37%
White	48%	46%	47%

The responses to this question are particularly significant when considering how to create “safe spaces” for the conversations which are both an expectation of the current talent management strategy and the steps necessary for the CQC to turn improved diversity into inclusion (see below).

Self-declaration of ethnicity.

Self-ethnicity reporting across all grades dropped from 92% to 90.7% from 2014-15 to 2016-17. It was, perhaps surprisingly, slightly lower amongst Executive grades than other staff on an issue where the CQC is seeking to improve the staff ethnicity self-declaration rate which is lower than for the NHS as a whole. The overall ethnicity self-declaration rates are lower than for the NHS as a whole

Response rates to staff survey

12.6% of CQC staff are from BME backgrounds. However only 9% of total responses to the most recent CQC staff survey were from BME staff. Response rates are regarded as a good barometer of staff culture within an organisation.

BME staff also:

- Reported a much lower belief (14% lower) than White staff that the CQC promotes equality, diversity & human rights in its work.
- Were significantly less likely to feel that CQC respects individual differences compared to non-BME employees (69% vs. 78%).
- Significantly less likely to feel they are treated fairly at work (72% vs. 78% for non-BME employees).

A comparison with other NHS organisations

The *2017 Data Analysis report for National Healthcare Organisations (1)* for the first time compared some race equality data for national healthcare bodies and the NHS generally. It showed that the CQC

- Is similar to the NHS average on the likelihood of BME staff being appointed from shortlisting
- Is slightly better than the NHS average on the likelihood of BME staff entering the disciplinary process compared to White staff
- Is better than the NHS average on whether staff believe they are bullied or harassed by colleagues or managers
- Is very significantly worse than the NHS average on whether staff believe there is equal opportunity for career progression and promotion

The national NHS healthcare bodies all performed significantly below the standard set by the best NHS providers.

4. The interviews

4.1. Methodology

The CQC selected a cross section of managers (by type of work and grade) to be interviewed. I was satisfied that this mix of managers was sufficient to capture a range of views held by managers. In addition a number of members of the Race Equality Network and other networks (and the trade unions) were interviewed either individually or collectively via Skype conferences and teleconferences. The interviews were not taped but extensive notes were taken. All individual interviews with individuals were conducted on the basis that neither the content nor note of the interview would be shared and nor would any points made be attributable to individuals. The group Skype/teleconferences were held on a Chatham House basis i.e. nothing said could be attributed to an individual. A standard set of questions were created, though not all questions were covered with all staff (see appendix 5). I re-interviewed a small number of people to check comments made or seek more detail.

The following is a summary of the main points made. Inevitably there is a degree of selection in how the points have been summarised. Where possible I have attached greater weight where a similar point was made by a number of staff in different discussions. The discussions were, of course, not a weighted survey but were a qualitative attempt to understand the issues behind the workforce and staff survey data. The interviews sought to draw out examples of good practice and positive views about the CQC as well as information that might seek to explain the workforce and staff survey data on BME staff outcomes in recruitment.

4.2. Overall views

The willingness to contribute positively to addressing the issues raised was striking.

Staff interviewed were overwhelmingly positive about the values of the CQC and the contribution the CQC's work can make to better healthcare. They felt those stated values matched theirs.

Many (not all) interviewees contrasted the CQC's approach to health and social care providers with its approach to the treatment, development and opportunities for its own staff. A significant number of interviewees felt that by not demonstrating it was a diverse and inclusive organisation the CQC was putting itself at reputational risk.

4.3. The challenges around race

Some BME staff felt some managers (White and BME) were fantastic:

- Examples were given of real determination by some managers to support staff development for BME staff
- Some staff described how refreshing it was to have honest 1:1 discussions that were not tokenistic and had a good mix of challenge and support
- Examples were given of managers who acknowledged and understood the issues around race but were not always confident in addressing them
- Examples were given of really good feedback from unsuccessful interviews from which staff had learnt to prepare better for the future

However, a substantial number of examples were also given of shortcomings in how BME staff were treated. A number of examples were provided where staff felt some managers did not appreciate the importance of equality, diversity and inclusion. A couple were particularly striking and the Board might well benefit from reflecting on those examples (alongside data) to understand the strong feelings held by many BME staff:

- There was a widespread view – also reflected in comments from some white staff and managers – that discussions with BME staff were not sufficiently based on trust, and were not felt to be open enough on “difficult issues” that might arise in 1:1 discussions with direct reports, or arising from feedback from interviews.

- There was a widespread view that there was insufficient awareness by some senior staff of the lived experience of junior staff, especially BME staff
- It was felt too many managers struggled to engage in frank discussions with BME staff, and that was felt to be in part an extension of a wider challenge for the CQC on how to have such discussions between all staff, not just with BME staff.
- Numerous examples were given of 1:1 discussions and feedback that were felt to be a “tick box.”
- One consequence was that more than one interviewee reported their line managers had never asked about their skills and experience from previous roles outside the CQC that could have enriched the CQC.
- An example was given where a group of staff had sought to put forward constructive, evidenced proposals to improve recruitment because survey findings and workforce data indicated a pattern of less favourable treatment. However, they felt there was a defensive, uncomfortable response rather than a welcome for their attempt to engage, never mind suggest proposals.
- There is a widespread view that some managers have low expectations of BME staff.
- One member of staff gave details of their abuse for a number of years after becoming BME team leader of a team of white staff who resented their appointment. The then senior manager just advised resilience. After a promotion, further abuse was experienced but the new senior manager was much more supportive.
- One member of staff reported that in an interview where she suspected the job was “sown up”, one of the two panel members made no eye contact throughout the entire interview.
- One member of staff explained that sadly “I feel more valued outside the CQC than I do inside it”.
- A number of staff felt that the development of Executive grade staff (and to a degree A grades) had been repeatedly prioritised over that of staff in middle and junior grades who were disproportionately BME. Particular reference was made to their being no equivalent of Ashridge for most staff – and two staff asked questions about the extent to which the Ashridge training included inclusion. The intent that learning from Ashridge should filter down to other grades was not the general experience so far.
- One early part of the history of BPR (but still referred to), raised by a number of people, was the significant mishandling of the move into the new Buckingham Palace Road HQ which led to decisions being made without any sense of the

(unintended) impact of those decisions upon lower graded staff who were disproportionately BME

4.4. Specific issues

4.4.1. Recruitment

The most noticeable issue raised by managers was a lack of training in recruitment. Every manager interviewed reported they had neither undergone nor been offered interview training within the CQC (or its predecessors). Nor had they been asked if they had had any training, or refresher training. It is perhaps, therefore, not surprising that a lack of understanding was evident of the potential impact on recruitment (including on the diversity of applications, shortlisting and appointments) of bias. There was:

- No shared understanding that how a job is described (outside of volume recruitment where there has been an effort by recruitment staff to systematise), and what are identified as the essential aspects of the job specification might unintentionally introduce bias and influence who applies and who is shortlisted and chosen.
- No clear criteria for how shortlisting should be done – descriptions from managers of applications being allocated between panel members and inconsistent scoring systems used (e.g. how a breach of the 400 words limit in some application form questions is dealt with). No consistent system for moderating what individual shortlisters decide exists.
- No consistency on how individual elements of the assessment process are scored eg how what is the relative importance in a written assessment of grammar and analytical skills.
- No guidance on the relative weighting of different elements of the assessment – test, presentation, interview.
- National consistency on questions set for volume recruitment but difficult to check on whether this was followed. A secondary concern was that where national questions are set, repeat applicants may become familiar with the questions.
- National recruitment team ability to intervene (e.g. moderating decision making) appears reduced by their current staffing numbers and mix
- A predominant system of two person panels with a hiring manager and a colleague alone interviewing which is likely to lessen the likelihood of challenge

and accountability. Some examples were given of managers seeking three person panels as more likely to challenge, including for more senior appointments.

- A view from some that HR business partners were not always seen as having sufficient confidence from staff or being sufficiently supportive to managers.

Specific issues were raised about the impact of these concerns in different parts of the organisation – such as inspection, Newcastle, strategy and intelligence. A view was expressed that the impact of these challenges might well be experienced by some White staff in some parts of the CQC, a view which appears to be corroborated by the staff survey data.

Concerns were raised that when restructures take place, insufficient attention may have been paid to whether the outcomes might disproportionately adversely impact on certain groups of staff (most notably BME and disabled staff). I was unable to form a view on whether that was the case in the absence of data on outcomes (which I did not request) but there is evidence that in UK employment as a whole, there is a risk that restructures may adversely impact on staff with protected characteristics. (2)

There was significant frustration that in some parts of the CQC the “flat” structure limits the opportunities for progression – though that was not the same as staff saying they wanted a more hierarchical structure. Rather those comments were linked to a desire for better opportunities for learning of transferable skills and examples were given of there being too many obstacles when staff wished to consider moving between different parts of the CQC.

Some managers expressed the view that they did not believe that there was bias in decision making because the applications are anonymised. (See below for discussion on the subtle ways in which bias operates).

The national recruitment team, based in Newcastle have sought to provide support, for example, by standardising questions and providing support for volume requirement and by “moderating” outcomes where capacity permitted. There was recognition that a desire for more support may exist from hiring managers but the permanent team was small The scale of work required with current staffing means the team’s work is dominated by transactional work. The

development of more comprehensive data to support this work should significantly assist their role.

Two staff raised questions about Executive grade recruitment. It was believed that at Executive grade, recruitment applications were not anonymised but staff who asked were unclear why. There was also concern raised by two managers about whether the use of an Executive Search agency for very senior appointments had an impact on the diversity of appointments.

4.4.2. Feedback from interviews

A number of concerns were raised about feedback from shortlisting and from the assessment process as a whole. Whilst some staff reported excellent feedback the majority of interviewees did not. Several managers also felt the feedback process was uneven and often poor.

On the other hand, one a manager described how she prioritised giving 30 minutes face to face feedback to any internal candidates who had applied. A number of specific concerns were raised both by staff and managers:

- Whether staff got feedback at all seemed to vary.
- It was often not timely – one person reported a very long wait (months) for feedback.
- There was some confusion over whether there was automatic system for offering feedback. In some circumstances it might come through HR who had not been at the interview and were only able to pass on the written decision from the panel/notes from the panel.
- Feedback was often felt to be a “tick box” not a learning process.
- There was no consistency in the quality or credibility of feedback even when it was given.
- Managers felt under immense time pressure and they were conscious that feedback was not always prioritised.
- Staff generally felt honest feedback on why they were not shortlisted would be really helpful in developing their career – this was especially an issue where managers 1:1 discussions were not seen as good.

- It was evident that these concerns, whilst expressed by BME staff were also experienced by some white staff.

4.4.3. Staff development

There was a significant level of concern expressed that:

- The CQC does have a lot of development opportunities but access was not always felt to be fair.
- Lots of staff had transferrable skills developed at CQC or in predecessor employers, but the CQC was not felt to be good at identifying, using and building on these. There was felt to be little or no opportunity as an inspector to develop management skills and some staff reported management experience from their previous employer was discounted.
- Whether staff were released for development opportunities was felt to be too dependent on (inconsistent decisions) whether the team could “afford”
- Whilst staff understood the pressures on managers regarding workload and the difficulties in getting backfill, it was felt that if staff development was a priority, then this issue must be addressed – one suggestion was whether this could be done through a protected time arrangement.
- Heavy workloads and problems with backfill meant some staff feel they “have to beg” to be released or are so overworked they “have no energy” to seek development.
- The induction process was seen by some staff as variable in quality. Some felt it was clearly excellent. Other inductions were felt to be perfunctory.
- Managers who had been on the Ashridge course found it good – especially the chance to reflect with other managers (a particular point made by home based attendees). Other staff had attended and benefitted from external courses, sometimes self-funded.
- Bands A and B staff in particular were resentful that there had been much more investment in senior manager training/development than their own.
- A similar problem was reported by some staff with secondments and expressions of interest, as with substantive roles – the perceived difficulty of movement into

other directorates because transferable skills and potential were not always acknowledged.

- Some staff had been repeatedly shortlisted but not appointed. It is unclear whether this is a result of lack of open discussion in 1:1 with managers about their next steps in progression and support, or there is a problem with the interview processes. I was not able to form a judgement but it may well be both.
- A concern was expressed by two managers that some senior managers sometimes sustain myths about more junior staff which may be without foundation but which in turn blight these staff careers.
- Numbers of staff felt that career progression including development opportunities (including more informally allocated project work) were often down to who you know rather than being an open and fair process.
- On returning to their substantive role from development opportunities the opportunities to formally build on their new learning seemed to vary considerably.

4.4.4. Unconscious bias training

It was unclear how useful staff felt the unconscious bias training had been. Some staff reported they found it useful. BME staff were generally sceptical about its impact. An extensive programme of such training had been undertaken across the CQC in the previous 12 months though no evaluation of its impact had been made.

4.4.5. Managers

Most managers were seen by staff interviewed as caring and very committed to the CQC. Concerns raised (widely and sometimes by managers themselves) included:

- They are often extremely busy and not always prioritising the development and support of their own staff.
- They are often poor at handling difficult issues eg 1:1 discussions with direct reports
- They are often very anxious about discussing race or disability – or discussing performance/development issues with BME or disabled staff.

- They are often uncertain or defensive about race – and reluctant to acknowledge there is a significant CQC problem – and in response staff very reluctant to engage around the issue or raise concerns.
- There was a sense that significant numbers of BME staff did not believe Executive Grades were aware of the concerns of BME staff or may not even accept them.

There was significant support for the change of focus by the (relatively new) HR director amongst those who were aware of the changes, though scepticism remained about their impact and the pace of implementation.

4.4.6. PDR/appraisals/conversations

Those who know about the strategic change of focus on PDRs and appraisal towards continuous 1:1 conversations welcome it but many staff are unaware of the change (or its implications). At present, the concerns about process include:

- A repeated view was that currently appraisals and PDRs do not connect with identifying skills, development opportunities or progression. The focus has tended to be on performance not on career progression. Many staff were not aware of the significant new initiatives on talent management and the radical change to appraisals though those who were felt positive, albeit with some significant caveats around the pace of change and extent of coverage.
- How useful they are is felt to be dependent on who your manager is.
- Some managers are not good at setting clear expectations or listening to concerns.
- Some managers are seen as simply not being curious about potential or about past experience and skills which might be used at CQC – several examples were given where managers have never really inquired into those skills and experience gained in previous roles or in activities outside work.
- Managers often find it difficult to have honest conversations about difficult issues with BME staff (and probably other staff too).
- This is particularly true on issues of diversity – they have had little or no training, get little support, some managers were felt to be nervous about having such conversations and some really do not want to have the discussion at all.

4.4.7. Retention and turnover

There was a widely held belief amongst BME staff that BME staff who reach more senior positions (QA and above) are more likely to leave. The available data is inconclusive as it is not available by grade but it does show (see above) that, overall, BME turnover is higher.

- Specifically I was referred to A grade BME staff turnover being higher.
- I was asked more than once if there had been learning from anyone who was BME, who had been promoted to more senior grades and then left. The belief is that most were either not asked why or their reasons not shared.
- Exit interviews are believed to be discretionary, with one's own manager, and not clearly reported up the line, so there may be less learning for the organisation, as staff who require future references will be reluctant to be critical.

Measures which are targeted at the protected groups are permitted if they are a proportionate means of the aim of enabling or encouraging persons to overcome or minimise disadvantage; or meeting the different needs of the protected group; or enabling or encouraging persons in protected groups to participate in an activity.

It is unclear whether the specific challenges, which are well researched around BME staff reaching more senior positions being "held to a different standard" is understood by the organisation or their manager colleagues.

Staff development and positive action

The Equality Human Rights Commission have summarised a range of measures that can be taken to improve the representation and development of staff with protected characteristics which are permitted if they are a proportionate means of the aim of enabling or encouraging persons to overcome or minimise disadvantage; or meeting the different needs of the protected group; or enabling or encouraging persons in protected groups to participate in an activity. These include:

- Consider using positive action measures to encourage individuals from under-represented groups to apply for roles or to help them gain skills which will enable them to compete on merit on an equal footing with others. These could include:
 - reserving places on leadership and training courses to prepare individuals to apply for leadership roles
 - providing programmes for people in particular under-represented groups to help individuals manage the specific barriers faced by that group
 - providing opportunities for individuals to observe board meetings or to join networks that might expose them to board opportunities, and
 - Offering flexible working at all levels of the company and flexible career paths to help retain people from under-represented groups. (3)

What one study concluded in respect of the relative absence of women from senior levels of many organisations also applies to BME staff:

Why do women have higher potential but less competence than men? We believe it's because women are typically not given the roles and responsibilities they need to hone critical competencies. How can you develop team leadership if you're not given the chance to manage a team, or strengthen your strategic orientation if you never participate in any planning discussions or strategic projects? (4)

5. Tackling bias and discrimination in recruitment, development and promotion

5.1. The impact of bias

The human brain is hard-wired to make quick decisions that draw on a variety of assumptions and experiences without us even realising it is doing so. The way we interpret information and interact with people is determined by these largely unconscious assumptions which can very significantly influence how employers' recruitment, develop, promote and treat staff.

Such assumptions can easily result in people of a different race or ethnicity, gender, sexuality, religion or socioeconomic status being placed at a disadvantage compared to those who seem similar to the managers who recruit, develop and promote. As a result, research shows conclusively this can advantage those who recruitment panels believe are "like us" or are more likely to "fit in" easily with existing staff or with what they believe is the organisation's culture. Such assumptions can dramatically undermine fair recruitment methods and be a major obstacle to diversity without those responsible even realising this is what is happening. (5)

Such bias may be overt, covert or unconscious. Few staff across the CQC will be openly biased but the impact of unconscious bias can easily impede good and fair decision making in recruitment. Such biases take numerous forms including:

- Affinity bias leads people to like those they believe are similar to them.
- Status quo bias can lead employers to feel more comfortable with candidates who are similar to those they already employ. It feels less risky.
- Confirmation bias can confirm initial impressions of candidates which may not be relevant to their potential to undertake the role they are applying for. Some research suggests real interview decisions may be made within four minutes of an interview commencing (6)
- The halo effect may lead those recruiting to make judgements too dependent on a particular piece of information.

- The endowment effect may lead employers to particularly value the skills, behaviours and values of existing candidates at the expense of other skills, behaviours and values that different candidates might bring.
- Self-serving bias: Once a decision to appoint has been made, there may be a tendency to justify that choice, ignoring test findings that do not fit with your view.

Bias can easily lead to employers appointing candidates based not on whether they are the most competent, skilled candidate with the best values, but for other reasons. This risk may be compounded, for example, because of the evidence that panels may confuse confidence with competence (7). Factors such as friendships, shared hobbies or out of work interests can influence decision making as can pressure to confirm to a group view.

In combination, these factors can impact on the chances of candidates who are different who are more likely to have difference personal characteristics such as race, gender, sexuality, disability or religion. These biases can affect every stage of the recruitment process:

- how job descriptions are written.
- how jobs are advertised.
- how CVs and references are written and read.
- how shortlisting is undertaken.
- what pre-interview tests are run (and how).
- what form the interview takes.
- how interview panels composed and conducted, and
- how decisions are reached including whether extraneous factors from outside the assessment process and application form impact on decisions (“he might have had a bad interview but I know he’s really good/ will fit in”).

Every aspect of career progress is also at risk of bias including:

- how judgements about career potential are reached.
- how access to development opportunities is gained.
- what feedback is given.

- the support given to staff when they begin employment or begin a new job including access to “insider” networks both before and after appointment or promotion (8)

5.2. What works to minimise the impact of bias on decision making?

In recent years, organisations have sought to ensure recruitment and development was fair by putting in place policies, procedures and training for managers and embedding the right for staff to challenge unfair or discriminatory decisions. However, research suggests that such approaches to tackling culture and bias were unlikely to achieve their goals and especially will not work in isolation. Moreover, they may excessively rely on individual members of staff being brave or foolish enough to raise concerns, complaints or grievances about discrimination. What an authoritative review of interventions to tackle bullying at work found is of relevance to discrimination:

“In sum, while policies and training are doubtless essential components of effective strategies for addressing bullying in the workplace, there are significant obstacles to resolution at every stage of the process that such policies typically provide. It is perhaps not surprising, then, that research has generated no evidence that, in isolation, this approach can work to reduce the overall incidence of bullying in Britain’s workplaces”. (9)

Moreover the impact of diversity training is limited.

“attempts to reduce managerial bias through diversity training and diversity evaluations were the **least** effective methods of increasing the proportion of women in management..... programmes which targeted managerial stereotyping through education and feedback (i.e., diversity training and diversity evaluations) were not followed by increases in diversity.” (10)

Unconscious bias training has been widely used (including with the CQC). It may be helpful in prompting those whose wish to understand and reduce their bias but may be counterproductive for staff who do not wish to change their biases. (11)

Even for those for whom such training has a positive impact, the impact of such training on subsequent decision making is unclear. The evidence is simply inconclusive as to whether unconscious bias training can impact on decision making rather than influence thinking (12).

A combination of good policies, procedures and training may well be helpful but (as in many other aspects of good management) research suggests that it is primarily whether those making decisions are accountable for their acts and omissions that is crucial. Research has identified three factors in particular as necessary to bring about significant sustained change (13):

- i. Core leadership support that articulates diversity as a high institutional priority and organisational investment in supportive communication to all relevant stakeholders.
- ii. Multiple strategies at organisational, workplace, interpersonal, and intrapersonal levels used simultaneously over a long period.
- iii. Mandated targets or actions.

Accountability is crucial whereby senior leadership (boards and senior management teams) visibly prioritise and take prime responsibility for talent management and career development and are themselves exemplars in developing staff, challenging discrimination and promoting diversity and inclusion. Such leaders recognise strategies and interventions must be evidence driven and be able to answer the question “why do you think this will work?” Such leaders model the behaviours expected of others, face uncomfortable truths, are held to account and hold others to account.

The evidence suggests that setting measurable goals with timelines is an effective form of accountability so long as doing so has an effective narrative, is driven by a desire for improvement not compliance, and recognises that introducing and sustaining diversity in this way requires careful thought and investment to realise and sustain the benefits if it is to enable improved diversity to reap the well-evidenced benefits of inclusion. The CQC’s development of an

effective data system to monitor and help drive the new Talent Management Strategy has been an essential underpinning to such an approach.

5.3. Measureable goals and diversity

What gets measured gets done. That is why the appropriate use of targets (or measurable goals) is everyday practice within organisations, including the CQC. Increasingly, workforce strategy is influenced by targets, for example, on absenteeism levels, turnover rates or staff well-being and increasingly, organisations have adopted measureable goals with milestones on equality. A report commissioned by NHS Improvement (14) noted that:

“The private sector achieved a doubling of women on board figures in less than five years. In-depth interviews with 34 key stakeholders (FTSE chairs, chief executive officers, executive search firms and subject-matter experts) in 2015, identified that the following had been key drivers of change:

- Setting targets that are ambitious yet realistic
- Monitoring progress against targets every six months, with detailed analytics
- Effective championing
- Multiple stakeholder engagement

The Davies Review on women on FTSE Boards (2011) found that in 2010 women made up 12.5% of corporate boards of FTSE100 companies, slightly up from 9.4% in 2004. They set a target for FTSE100 boards to have a minimum of 25% female representation by 2015. By 2016 women were 26% of the members of corporate boards of FTSE 100. Though this fell far below the proportion of women in employment it suggests the approach can work, though interestingly countries that adopted a mandatory quota approach have made faster progress.

A review of progress noted:

“A multitude of large corporations (banks, law firms, professional service firms, publicly listed companies) are now using publicly stated diversity targets. This is not just at board level but, recognising the need to strengthen their female talent pipeline, many organisations have introduced gender/diversity targets at several levels below the board as well (16).

The Parker Review (2017) set targets for the ethnicity of Boards. Even whilst this CQC report was being drafted, Lloyds Banking Group set a target of having 8% of its senior managers from BME backgrounds by 2020 (the same as the overall proportion of BME staff at the Bank) compared to the current 5.6% of the bank's senior managers who are from a BME background. (18)

The NHS Workforce Race Equality Standard (wisely) did not set national targets/milestones for the nine workforce metrics on ethnicity, but local Trusts are starting to do so. A number of NHS Trusts have started to use local recruitment targets. One, referenced by the MacGregor Smith Review (2017) (19) has set a 2022 target for middle management with a range of measures to help achieve a challenging figure. The measures taken included adding independent staff members to recruitment panels, and making very clear to senior managers the expectation that the targets would be met and progress considered regularly by the Board.

Developing People: Improving Care (of which the CQC is a sponsor) adopts a similar approach. It expects NHS organisations to demonstrate:

- There is **measurable progress towards a senior leadership group that represents the health and care workforce and wider population it serves**. Evidence shows such representative leadership leads to more patient centred care and better staff morale.
- (to) **publicise ambitious targets to improve diversity** at every level of NHS organisations and publish the impact of organisations' action on diversity (my emphasis) (20).

From April 2018 the Civil Service will monitor progress towards a new Civil Service-wide target to increase the flow of ethnic minority and disabled staff into the Senior Civil Service (SCS). Their diversity strategy states:

- This target will be designed from the ground up, with each department developing their own challenging level of improvement, based on their locations and demographics that will be aggregated to form an ambitious Civil Service-wide target. We will also take steps to measure the diversity of civil servants in critical leadership roles who are not part of the SCS.

- We will establish an assurance framework to maintain oversight of how departments and agencies are delivering their diversity and inclusion plans.
- Every member of the SCS will be asked to set their own personal business objectives on diversity and inclusion, for which they will be accountable through performance management. (21)

An effective strategy, adopted in a number of private sector organisations, seeks clearly identify the challenges and then adopt a strategy to promote inclusion including:

- Design of suitable targets and identify key performance indicators
- Design of an I&D dashboard and a regular audit cycle to drive accountability and visibility of progress across the organisation
- Design of behavioural change interventions to ensure that change is sustained

A recent report on diversity and inclusion concluded:

When it comes to diversity and inclusion, nothing ignites greater debate than goals, targets, and quotas. On the one hand, the setting of specific diversity goals has been found to be one of the most effective methods for increasing the representation of women and other minority groups. On the other hand, contentious arguments about targets vs. quotas, accusations of reverse discrimination, and fears of incentivizing the wrong behaviors have arisen around goal-setting efforts.

Our view is that tangible goals *are* important. (By goals, we mean measurable objectives set by an organization at its own discretion,³⁴ as distinct from dogmatic quotas.)

The truth is, without appropriately crafted tangible goals, ambitions are merely ephemeral wishes. (22)

There is evidence within the NHS and beyond of how accountability underpinned by research can trigger behavioural nudges that can be effective drivers of change. For example, a number of NHS Trusts, faced with WRES data on disproportionate disciplinary action against BME staff have drawn on the research that a key factor in this is the reluctance of some white managers to engage in honest informal discussions with some BME staff about perceived

behaviour, performance or mistakes. These trusts have inserted a “triage” process whereby local managers are required to justify a disciplinary investigation before being allowed to proceed with one. Inserting accountability has very significantly reduced disciplinary investigations in those trusts by “nudging” managers into having the informal conversations they should have had in the first place (23).

Accountability is key

In the CQC it is one and a half time more likely that White candidates will be appointed from shortlisting than BME candidates are.

Ensuring that imbalance disappears will require reflection on the causes and intervention on the recruitment process, as well as better encouraging and supporting BME staff to develop and apply for posts, confident they will be treated fairly.

The steps necessary to make recruitment processes as fair as possible will inevitably benefit all CQC staff. This is important because the staff survey data suggests many staff from all backgrounds do not currently have confidence that there is equal opportunity for career progression and promotion.

Improving the representation of under-represented groups of staff does not mean panels should (or will) be told to appoint staff for a particular post because they are from a particular background.

However, it does mean that on average, over time, there should be the same likelihood of shortlisted candidates (whatever their background) being appointed once they are shortlisted (meet the job specification) should be about the same.

And it does mean that when this does not happen, the Board and Executive team will want to know why, and expect senior managers to take steps to understand why and take steps to eliminate the difference.

This approach is increasingly common practice in the public and private sectors.

6. Improving diversity is essential, but so is becoming inclusive

This section (and Appendix 3) are included because a clear understanding of the “business case” for diversity and inclusion – and how to move from diversity to inclusion is essential if the CQC is to improve in the ways it is determined to.

6.1. The impact of discrimination

The issue of “inclusion” was not specifically included in the brief for this report but discussions with staff – and the literature – suggest it is a priority as the benefits of developing and recruiting BME staff to more senior positions are lost if they leave more quickly than other staff, or if changes in demographics are not turned into gains in diversity of thought and engagement. It became increasingly clear during the interviews that inclusion will need to be explicitly addressed if the CQC is to use the opportunity that improved diversity would provide to improve the performance of the CQC and the experience of all staff.

We know from NHS wide data that

- Managing staff with respect and compassion correlates with improved patient satisfaction, infection and mortality rates, CQC ratings and financial performance (24)
- Analysis of CQC ratings and NHS staff survey results also show “a clear pattern between the quality of care and staff experience of discrimination in the NHS, with staff in trusts with lower ratings more likely to say they have experienced discrimination.” (25).

We know the waste that results from discrimination. For example, the *MacGregor Smith Review* (2017) (26) set out the extent of the waste of BME talent at every level, including the most senior ones, and drew on research suggesting UK Gross Domestic Product could increase by up to 1.3 per cent a year if workers from BME backgrounds progressed at the same rate as their White colleagues. Workforce Race Equality Standard data from across the NHS (and within the CQC) suggests that discrimination has a significant impact on the development and promotion of BME staff in particular.

6.2. Diversity and inclusion

Increasing the diversity of an organisation or teams is an essential precondition of inclusion, but does not alone ensure the potential benefits a more diverse workforce and leadership can bring. Improving the recruitment, development, and promotion of individuals from underrepresented groups does not ensure their abilities are fully recognised and used, nor does it ensure that the cognitive diversity (and benefits) they potentially bring is embedded in organisations and teams. Nor does it ensure the retention or promotion of individuals from these groups to senior positions in organisations.

For that to happen, leaders who wish to promote employee inclusion have to go beyond the avoidance of bias and discrimination and act as role models. Leaders are judged as being inclusive not only by how each individual employee believes they are treated, but by their perceptions of how all group members are treated.

6.3. The benefits of inclusion

Inclusion may be regarded as “the degree to which an employee perceives that he or she is an esteemed member of the work group through experiencing treatment that satisfies his or her needs for belongingness and uniqueness” (27). There is a growing body of research (set out in more detail in Appendix 3 of this report) suggesting that when that happens:

- Innovation is more likely (28).
- Trigger more careful information processing than is absent in homogeneous groups (29).
- Women in leadership moderate extreme behaviour and improve risk awareness (30) and are more questioning (31).
- Inclusive workplaces are likely to be more productive (32).
- “Companies with the most ethnically diverse executive teams— were 33% percent more likely to outperform their peers on profitability (33).
- Companies with inclusive talent practices in hiring, promotion, development, leadership, and team management generate up to 30 percent higher revenue per employee and greater profitability than their competitors (34).

- Companies that achieve diversity in their management and on their corporate boards attain better financial results, on average, than other companies (35) .
- Where the organisational leadership better represents the ethnicity of staff, there is more trust, stronger perceptions of fairness and overall better morale of staff (36).

In summary

“research reveals that high-performing teams are both cognitively *and* demographically diverse. Demographic diversity, for its part, helps teams tap into knowledge and networks specific to a particular demographic group. More broadly, it can help elicit cognitive diversity through its indirect effect on personal behaviors and group dynamics: For example, racial diversity stimulates curiosity, and gender balance facilitates conversational turn-taking” (37).

Bourke and Dillon (2012) had earlier explored how to define inclusion and propose the following elements:

- “First, people feel included **when they are treated “equitably and with respect.”** Participation without favouritism is the starting point for inclusion, and this requires attention to non-discrimination and basic courtesy.
- The next element relates to **“feeling valued and belonging.”** Inclusion is experienced when people believe that their unique and authentic self is valued by others, while at the same time have a sense of connectedness or belonging to a group.
- At its highest point, inclusion is expressed as feeling **“safe” to speak up without fear of embarrassment or retaliation,** *and* when people feel “empowered” to grow and do one’s best work. Clearly, these elements are critical for diversity of thinking to emerge” (38)

The implications for the CQC are that:

addressing the diversity deficit that the workforce and staff survey data highlights is essential. However, whilst that is a precondition for becoming an inclusive organisation, additional measures are essential if the well-evidenced benefits of diversity are to be realised.

7. Recommendations

These recommendations are in two parts. Section 7.2 makes general recommendation. Section 7.3 makes specific recommendations on recruitment and development.

7.1. Introduction

The recommendations which follow are intended to complement many of the measures outlined in the September 2017 CQC Action Plan in response to the 2017 CQC WRES report. The recommendations build upon the concerns and constructive suggestions raised by staff at all levels, and are developed in the light of the workforce and staff survey data summarised earlier in this report.

This report has sought to summarise the evidence that:

- Bias is deep rooted and all pervasive and that diversity training (including unconscious bias training) will not decisively impact on decision making arising from bias.
- Well managed accountability, starting with the Board, but extending throughout the organisation, is the most effective way of ensuring the CQC achieves the goals of diversity and inclusion which its values expect and which its improvement requires.
- The use of measurable goals with milestones for key elements of progress is well evidenced and necessary. To be effective they also require a degree of positive action.
- How those goals and milestones are implemented requires careful thought and a developed narrative to make it clear that their intention is primarily to provide a level playing field for all staff (including BME staff) and is driven by the goal of improving the performance of the CQC and fair treatment for all staff.
- Achieving diversity is essential but the potential it creates requires sustained work to ensure that staff both feel they belong and can bring their unique contributions to work.

The CQC aspires to be an outstanding organisation on diversity and inclusion and these recommendations are intended to help create a step change that builds upon the measures put in place over the last 18 months. The high levels of staff engagement and the support amongst staff for the values of the CQC make that a realistic goal as long as there is a commitment from the Board downwards to evidenced interventions to improve diversity and embed inclusion.

Those interventions as suggested below are of three types:

- i. Responding to concerns about **processes** linked to recruitment, development and career progression.
- ii. Improving **accountability** in evidenced ways getting the balance right between Board leadership, “nudge behaviours” and measurable goals with milestones impacting on managers and staff at all grades and in all functions.
- iii. Addressing **cultural issues** which currently are a challenge to local conversations between managers and staff, and within teams, and which will otherwise make it much more difficult to move from improved diversity to becoming inclusive.

The recommendations are developed within a framework of inclusion rather than compliance – in other words they are introduced because they will benefit with the work of the CQC and the well-being and opportunities for staff.

They are in two parts – ten broad recommendations and a subsidiary set of specific recommendations on recruitment and development. They are intended to apply across the CQC though it is recognised that how they are applied to specific directorates or groups of staff may (or may not) vary. They are proposed as an integrated set of recommendations in which the success of each depends upon the implementation of the other recommendations. For some of these recommendations the CQC may wish to (helpfully) develop an improvement methodology.

The recommendations are a response to the project specification to

*“Identify a range of potential actions to redress the cause(s) of inequality that, if implemented, are **most likely to achieve measured parity of recruitment**”*

outcomes for White and BME staff and prospective staff in the CQC by March 2020” (my added emphasis).

7.2. The recommendations

1. **Acknowledge that there is a significant problem and that this is an issue the Board will lead on.** Open and honest discussion of the issue is essential as it affects every stage of the recruitment, development and retention of BME staff and impacts on staff wellbeing and opportunities, organisational effectiveness and reputational risk. That requires the CQC board to demonstrate an understanding of the issues and to agree means of holding themselves and managers throughout the organisation to account for measureable, timely improvement on the issue.
2. **Ensure there is a clear narrative agreed by the Board and effectively communicated to staff which staff at every level can have confidence in.** The narrative (or business case) should have the confidence of BME staff (possibly be co-produced with staff networks) and set out the nature and scale of the problem, why it is a strategic priority for the CQC to address it and explaining why specific recommendations have been adopted.
Appendix 2 summarises some of the research evidence on the substantial benefits to be gained from improved diversity and inclusion.
3. **The CQC should build on the work already commenced within the CQC Talent Management strategy** which draws on best practice elsewhere. A substantial part of what follows is intended to build on that approach. **There was a widespread perception that the Talent Management strategy was neither well known nor well understood. That is in part because it has been rolled out via more senior grades first but consideration should be given to ensuring all staff are clear of its implications and timescale.**
4. **The CQC should set itself measurable and timely goals linked to the progression of BME staff.** That recommendation draws on the

research evidence about such goals and is also made in the context of the report specification milestone of 2020. Those goals should be **that:**

a. There is no difference between the relative likelihood of White and BME staff being recruited from shortlisting. It is suggested that a realistic but stretch timescale for implementing this goal would be two years from the date of agreement on these recommendations.

b. The same proportion of BME staff at Executive grades as at Bands A and B. It is suggested that a realistic but stretch timescale for implementing this goal would be five years from the date of agreement on these recommendations.

c. There is no difference in the turnover rates of BME and White staff analysed by grade, but especially for Grade A and Executive Grades. **Timescale to be agreed once more reliable data available.**

During the stakeholders consultation on the draft it was suggested that a further goal should be a substantial improvement in the proportion of BME staff (and white staff) believing that there were equal opportunities for career progress and promotion. Serious consideration should also be given to this measure being substantially improved within two years

For each goal **an end date** should be agreed by when those goals are intended to be achieved, with milestones as appropriate to demonstrate progress. That approach draws on best practice from leading private sector and public sector organisations. Progress on each of those goals should be reported on a quarterly basis to the Board.

Those goals should be premised upon the assumption that on average, over time, there should be no difference between the outcomes from shortlisting to recruitment between White and BME staff. If there is a significant difference then there should an expectation that senior managers are expected to explain why this has not been achieved in the

areas for which they are responsible, and then set out steps to ensure that goal is reached via an improvement plan to remediate any slippage. The data would form part of a quarterly board report.

Consideration should also be given to making timely progress on these goals an element of **the KPIs of senior managers** within the next 12 months.

Note. For this particular recommendation to be successfully introduced it will be essential that an effective narrative is developed and shared in ways that enable staff at all levels and across all characteristics the opportunity to hear why this recommendation is necessary, is evidenced, and will benefit the CQC as a whole, including staff from other protected characteristics. This will require a significant input from senior managers, the REN network (and support to them) as well the involvement of other stakeholders such as trade unions.

5. **The CQC should build on its current approach to data and talent management information intended to enable effective interventions to be planned and monitored.** That may require further investment in IT capability to collect, track and analyse relevant workforce, staff survey and talent management data. The CQC needs to be confident it has in place, within a reasonably short timescale, a system for tracking, by protected characteristic:

- The outcomes of ongoing discussions between managers and direct reports on career aspirations.
- The record of applications for and acceptances on a (defined definition) set of “stretch assignments” and extended non-mandatory training.
- Applications, shortlisting and appointment data.
- Turnover data.

The database would need to be able to analyse the information by grade, directorate and by ethnicity, gender, disability and sexual orientation (the

latter two characteristics will not be robust until self-declaration rates exceed 90%). It would also need to be able to:

- Include a small number of key staff survey data, also analysed by grade, directorate and by ethnicity, gender, disability and sexuality – and in particular a number of relevant staff survey question on career progression and equality, access to develop etc.
- Have the capacity to read across to workforce data on staff by protected characteristic and grade, analysed by directorate.

The planned development of a **talent management dashboard** would significantly improve the ability to focus on specific challenges and have honest conversations with groups of staff and managers.

6. Improving data.

(a) The CQC should seek to improve self-declaration rates especially for senior managers.

Self-declaration rates for ethnicity are below the NHS average. Self-declaration rates for ethnicity within the CQC are also lower for Executive grades than they are for the workforce as a whole. Leadership on this issue should include an expectation of higher self-declaration rates by senior managers than for the workforce as a whole. A minimum of 95% self-declaration should be feasible.

(b) The CQC should seek to improve staff survey responses rates for BME staff which are below those for other staff.

The key to improving those may be to demonstrate how staff survey responses lead to specific responses.

7. Inclusion: challenge and support to managers and to staff to make

difficult discussions constructive ones, including on race. There is significant evidence that BME staff do not feel a substantial proportion of managers are confident or equipped to have honest conversations about difficult issues that may arise. BME staff themselves will need to be sure the CQC has created a psychologically safe space where they can raise concerns and where White colleagues and managers feel able to engage

with the issues. Those conversations may be on race (or other protected characteristics) or on more general issues (and especially, though not solely, with BME staff). They may arise in conversation with direct reports, or in feedback from decisions. In particular it is essential that teams are enabled, challenged and supported to have those conversations. **Crucial to that will be making it "safe" for staff and their managers to raise challenging issues and respond to them.**

How that is best done should draw on the experience of BME staff and managers. This work, which is crucial to the transition from a more diverse workforce and leadership to one that is inclusive at every level, has real benefits for everyone. But it will require significant investment, with the support of the most senior levels of the CQC. Appendix 3 below summarises some of the evidence around that transition.

- 8. Specific interventions to improve recruitment, development and promotion processes.** The steps now in place as part of the Talent Management strategy to support the development of staff should be a significant improvement on previous arrangements. Further steps should be taken to address the current shortcomings in recruitment and promotion. These proposals are listed below in section 7.3. It is important that communications to all staff explain what changes are in progress and the benefits they will bring.

Use of **improvement methodology** to check whether (and why) specific interventions may (or may not) be working would be very useful. A number of organisations already do this. The CQC should be able, on a continuous basis to use data, to see the impact of interventions, using existing expertise and drawing on experience of other NHS organisations

9. **Benchmarking.** There may be considerable benefit is exploring how a credible system of benchmarking CQC progress on the treatment of BME staff against other organisations might be developed. Those comparisons could include working with other Arms Length Bodies through the ALB Diversity network but also using other non NHS benchmarks. This might

include private sector organisations who have demonstrated a commitment to this work, as well as the Civil Service and the Police. The challenge will be that the workforce metrics used vary between organisations (even between NHS national organisations), and staff survey questions will also differ. The results of the first benchmarking comparison with other NHS ALBs is one useful starting point for that process, though the CQC ambition should be to be significantly better than the other ALBs.

10. Continued support for the REN and other staff networks. The CQC has given important support to the REN and other networks whose role is explicitly recognised in the CQC equality strategy. Indeed this report has drawn on the input of REN members' contributions which have been as serious, thoughtful, critical friends, keen to take constructive proposals forward in partnership. It is essential that relationship is built on and recognised in time agreed for that work. It is important that role is understood by all managers, notably in respect of recognising the organisation-wide contribution and also the personal development that results.

7.3. Recruitment and development: specific recommendations

There is a balance to be found between being so prescriptive that processes becomes a burden, yet introducing a number of steps that will assist panels, assist candidates (and potential candidates) and introduce "behavioural nudges" that will improve recruitment, development and promotion.

7.3.1. Training.

Interview training, and training in understanding bias (unconscious or otherwise) are of limited value in isolation. However, in a context where the CQC is explicitly seeking to address diversity in recruitment, it is important. Putting all potential panel members through a comprehensive training programme may not be feasible in the short term but it is a foreseeable risk to the CQC if panels are

not trained in good interview practice including especially the many ways in which bias can influence decision making. The CQC should therefore consider, in a timely manner:

- All panel chairs should be required to undergo interview training;
- The training should focus on best practice to avoid bias;
- Over time all those on panels should under such training.

7.3.2. Panel membership

Panels composed of two people with the second member chosen by the chair (which appears to be the norm in the CQC) poses a significant risk in respect of the lack of challenge especially where panel members are not trained in good practice and understanding the potential for bias. The CQC should therefore consider as a priority:

- Creating a pool of “independent” panel members whose role would be to help ensure panels reached fair decisions by having the knowledge and authority to make an appropriate contribution to decision making and raise appropriate challenges. They would do a short report to the Head of People after each panel decision. **Wherever possible, panel membership should include members of staff from groups who are under-represented at more senior grades. That would include BME staff but might well include other staff with protected characteristics eg staff with disabilities.**

Evidence from trusts where, for example, independent patient representatives or suitably trained and authoritative BME staff members sit on panels, suggests the impact of such independent panel members is less the detailed nature of their contribution and more their presence, which helps prevent the cognitive short cuts panels which introduce bias and which panels may be prone too.

7.3.3. Recruitment resources and guidance

A number of specific issues around support for panel chairs were raised in interviews. There is a balance to be found between providing an excessive volume of guidance and support yet providing support and guidance on areas where it would add value. The materials to be produced would largely overlap with those prepared for Panel Chair training. The CQC should therefore consider additional guidance (as addition to the exiting Recruitment Policy):

- Clarifying best practice on shortlisting;
- Clarifying how written assessments, presentations and interviews should be scored for consistency and fairness;
- Clarifying how decisions to appoint should be reached where two or more candidates scores are close;
- Clarifying that information not contained in the application form or gained as a result of the assessment/interview process cannot be introduced by panel members;
- Clarifying that any contact between panel members and applicants should be disclosed – whether within CQC or outside.

7.3.4. National recruitment team

In the light of any changing recruitment processes agreed following this review, the CQC should considered whether

- a review of the resourcing of the national recruitment team should be considered to ensure they are able to support changes, which could include their staffing establishment, skill mix scale and the extent of the use of staff in short term contracts.

7.3.5. Feedback

In the light of concerns about panel and applicant expectations about feedback, and the importance of ensuring feedback is a learning opportunity, the CQC should consider:

- setting clear expectations about who should provide feedback, how, and within what timeframe.
- ensuring the focus of feedback is sufficiently clear that it can inform.
- learning for the candidate and assist with career conversations and future development.
- requiring panel chairs to confirm to HR **that** feedback has taken place including the reasons why a candidate was not appointed.

Far from this expectation being a “burden”, it will significantly assist candidates and supplement accountability, and avoid candidates being simply told (in essence) “you were good, but on the day someone else is better.”

7.3.6. Development opportunities

At the heart of effective staff development is an understanding that senior executives report their sources of key development as learning from experience in role and on the job (70%), learning from others, especially mentors, coaches and learning sets (20%), and formal coursework and training (10%). (Developing People: Improving Care (2016)). The CQC’s introduction of data analysis of training outcomes by protected characteristic is an important step forward. The CQC should also:

- **Ensure that access to all development opportunities (including extended courses, acting up, secondments and project involvement) should be subject to consistent criteria, monitoring and where appropriate challenge, whilst recognising the need for positive action to redress past imbalances in opportunities.**
- consider ensuring that a clear distinction is made through monitoring on each of these categories of staff development.
- consider which additional forms of positive action are appropriate to ensure that BME staff are enabled to confidently approach promotion opportunities having had “stretch” development opportunities.
- continue positive action measures including the current mentoring programme and explore other options including measures to give BME staff confidence to apply which might include interview training

- consider how best to ensure that where teams are concerned that releasing a member for a development opportunity is not possible because of the likely impact of team performance/staff workload that some form of “protected time” is explored
- ensure that development opportunities within the new Talent Management strategy provide significant emphasis on opportunities for lower graded staff
- explore additional types of development opportunities such as the “temporary transfer window” used by at least one NHS trust which gives staff a short “taster” of different opportunities

During the stakeholder consultation a very positive response was given to the possibility of the CQC exploring with other national Arm’s Length Bodies whether a formalized system of “secondment exchanges” between organisations might be feasible with the explicit goal of improving the options for career development. There would be little cost and low risk of cover being a challenge. Such a system should be subject to an agreed protocol of monitoring and positive action.

I had shared with me a draft constructive proposal (a “stop and think” form) to help recruiting managers to think through the way that they fill vacant posts – both through self-reflection and through gathering feedback from the P&S recruitment advisory group. It is recommended that the CQC:

- consider whether that approach, or something similar, could capture some of the concerns raised and constructively introduce more accountability for such decisions.

The data analysis of training and development outcomes by protected characteristic should enable the CQC to identify good practice and areas where more support may be needed to ensure a “level playing field” and the “balanced representation through monitoring of the diversity of the nominations to our talent pathways” that the CQC is committed to.

7.3.7. Retention

The response to the 2017 CQC WRES report confirmed that the CQC will be “monitoring retention rates of individuals identified on talent pathways versus wider CQC attrition rates”. That should enable the CQC to understand where there might be an issue with turnover in specific parts of the CQC or for staff with protected characteristics. Research suggests that BME staff, once promoted, may find themselves being “held to a different standard” without those responsible being conscious of doing so. Ensuring that does not happen should be an integral part of the CQC strategy in starting to make the transition from a diverse organisations (where the workforce becomes more representative and discrimination is being actively challenged) to an inclusive organisation. To assist this, the CQC should ensure (in line with its Talent Management strategy):

- A comprehensive induction programme for all new and promoted staff including identifying specific development needs and how they will be addressed;
- Open conversations within the team being joined about how to ensure that new team members are supported using the opportunity to raise wider issues of inclusion for other staff;
- That where staff do leave the CQC an exit interview should be expected, but not conducted by the current manager, and preferably a manager from another team.

7.3.8.

Reference was made during the stakeholder consultation to the absence of any reference to SPAs in the draft report. Although the SPAs were not part of the formal remit of the report, consideration should be given to seeking to ensure that the demographic composition of SPAs broadly reflected that of the NHS as a whole, as part of the wider commitment of the CQC to diversity and inclusion.

It is recognised that some of these suggestions have significant resource implications for the CQC and will require discussions with staff side organisations. Doing so will not only significantly improve work towards diversity but also reduce a significant risk to the CQC.

Appendix 1. Key extracts from the CQC WRES response (2017) which underpin this report's recommendations

- 1.** The CQC equality and diversity strategy (the Journey to 2021) seeks to “move our focus from equality and diversity, towards inclusion” including “a **cultural assessment** to benchmark the culture now, and determine what we need to do over coming years
- 2. Enable our leaders to be inclusive and confident** giving our leaders a common language about our cultural aspirations, set out our expectations, and equipping them with the tools to enable them to achieve those expectations.
- 3. Our mentoring programme has a specific focus on enabling BME staff** to take part in the programme, and a proportion of places were designated to BME staff members to ensure their needs were met.
- 4. The introduction of data analysis of training outcomes by protected characteristic**, to better respond to the needs of the BME community and their bespoke leadership needs.
- 5. Harness staff expertise.** Engage internal experts, and enthusiasts for the inclusion agenda including the **positive action mentoring** programme
- 6. Enabling policies, processes and systems, monitoring and analysis including promoting population of diversity data within ESR and the staff survey** to ensure effective monitoring of progress. Introduce an **internal diversity dashboard** which will ensure accurate and relevant data is ready to influence day-to-day decision-making and purchasing a **bespoke EDHR report** so that the analysis can be processed and used quicker
- 7. External benchmarking.** We must continue to use external references to hold us to account and to ensure we are pushing ourselves to be the best we can be.
- 8. Implementing a Talent Management strategy from October 2016 including :**
 - Local Talent Boards responsible for **increasing movement between departments and into external organisations** through secondments
 - Monitoring **retention rates of individuals identified on talent pathways** versus wider CQC attrition rates
 - Reviewing talent through a **formal succession plan and talent pool** for every business critical role
 - Talent management will be a **key component of all manager roles** and becomes a business priority starting with leadership group colleagues (and will be expanded during 2017 to incorporate our **Grade A** population.
 - **Balanced representation** through monitoring of the diversity of the nominations to our talent pathways to grow a diverse pool of leaders

Appendix 2: Steps towards a good culture

One CQC team where progress has been made on diversity is the Governance and Legal Services. Nadine Pemberton, now Head of Governance & Legal Services has been with the CQC for almost 6 years. She nearly left after less than a year in the team due to poor team culture and a lack of opportunity to progress. She explained that the team already had some BME staff in it when she joined but that this diversity has continued to grow.

Nadine believes there are several reasons for this. The first is to get the recruitment process right. The first thing their panels do is to make sure that when shortlisting and appointing candidates they only use information contained in the application form and demonstrated by candidates in the assessment process. Any other information – informal messages or information gained outside the application process – is not considered. That helps give confidence to those applying that the process is open, fair and that those appointed into roles are appointed on the merits of how they have performed in the process. “We all want the best person for the job irrespective of friendship or networks”. In the interview process, panels use a “mock” answer for written assessments which they devise themselves so they know what a good answer looks like.

The second priority was to help staff to be themselves at work because that is the way to turn diversity into a real positive inclusive culture. Nadine and colleagues know that there is a tendency to recruit people who look and sound like the panel so they try to have diverse panels, particularly but not exclusively, including BME staff on panels, and involve managers from other departments, such as HR and finance. “We almost always have three people on panels not two, as that both enables greater diversity and increases the likelihood of healthy challenge.”

The third priority is to ensure quality feedback. Internal candidates are offered either a face to face or telephone meeting to discuss their performance and to think through how they can do better next time, including what development opportunities might be appropriate. Candidates are usually expected to be able to articulate their developmental needs during the recruitment process because everyone has developmental needs. Those opportunities might be within the team, outside the team or even outside the CQC. It was also really satisfying to see how the team “grew their own” paralegals and solicitors. Nadine said, “I have seen people develop in ways that I couldn’t have imagined, in the last four to five years. We try to identify skills that people need outside

of 'legal' specific skills - this may be support with writing and presentation; and management of people and projects, so that everyone has a real opportunity to grow. We also try to find out what other talents new staff may have beyond the job specification.

Discussions between managers and their direct reports happen regularly and although there is a managerial structure in place, all team members feel they can approach anyone else in the team including their peers, the Head of and the Director, Rebecca Lloyd-Jones, who has an annual one to one with every member of staff. The team has managed to find ways to be honest in difficult discussions including those around race and diversity; and they bring this honesty to how they recruit. "We try to make our team feel that they can bring themselves to work. Managed well, diversity in its many forms is a real strength in a team. We have a history of our team members being involved in the diversity networks and we encourage everyone to join the networks or join in with their activities. We try to have a working culture in which staff feel able to raise concerns and speak

Appendix 3: Why diversity and inclusion are important for the CQC Board and for teams at every level.

This appendix is included because it is crucial that the case for diversity and inclusion is widely understood as not just being a moral case (discrimination is wrong) but a crucial part of making the CQC an exemplar organisation. It is an extended version of section 5.2 in the main body of the report.

Summary

Teams, including leadership teams, which are more diverse can be significantly more effective especially when they manage to capitalise on the potential benefits of drawing on new talent, different views and experiences, by becoming an inclusive organisation. A precondition of doing that is tackle discrimination in the recruitment, development and treatment of staff but research suggests that organisations that go further and turn diversity into inclusion will benefit most.

New people stimulate the thinking of the established team members because “the mere presence of socially distinct newcomers and the social concerns their presence stimulates among old-timers motivates behavior that can convert affective pains into cognitive gains” (39). Homogeneous groups don’t come to better solutions, but are convinced that they have whereas heterogeneous groups, do come to better solutions – but tend to think that they haven’t (40).

This note summarises some of the research evidence that this is so.

1. Innovation.

Lorenzo and Reeves (2018), in a study of 1700 firms in eight countries concluded “there was a statistically significant relationship between diversity and innovation outcomes in all countries examined. Furthermore, the more dimensions of diversity were represented, the stronger the relationship was, although the precise patterns of diversity and performance were different across cultures..... Most important, we found that the most-diverse enterprises were also the most innovative..... In fact, companies with above-average total diversity, measured as the average of six dimensions of diversity (migration, industry, career path, gender, education, age), had both 19% points higher innovation revenues and 9% points higher EBIT margins, on average (41).

Sylvia Ann Hewlett and colleagues (2013) (42) found that when teams have one or more members who represent the gender, ethnicity, culture, generation, or sexual orientation of the team's target end user, the entire team is far more likely (as much as 158% more likely) to understand that target, increasing their likelihood of innovating effectively for that end user. They found that diversity paid a handsome dividend: employees at publicly traded companies with 2D (inherited and acquired) diversity were 70% more likely (46% vs. 27%) than employees at non-diverse publicly traded companies to report that their firm captured a new market in the past 12 months, and 45% more likely (48% vs. 33%) to report that their firm improved market share in that same time-frame.

A number of other studies have confirmed a strong link between diversity and innovation. Nathan and Lee (2013) pooled data on 7,615 firms who responded to the London Annual Business Survey and found that businesses run by culturally diverse leadership teams were more likely to develop new products than those with homogenous leadership. (43).

2. Greater listening and risk awareness.

Bourke (2016) (44) found that socially different group members do more than simply introduce new viewpoints or approaches. In the study, diverse groups outperformed more homogeneous groups not because of an influx of new ideas, but because diversity triggered more careful information processing that is absent in homogeneous groups. It also enables groups to spot risks, reducing these by up to 30 percent. And it smooths the implementation of decisions by creating buy-in and trust.

Grant Thornton (2017) (45) reported that the risk awareness of women might be a significant factor for success. They reported that not only do women tend to moderate extreme behaviour, they can possess a higher social sensitivity and take time to listen and acknowledge feelings such as danger and fear before carefully assessing the business risk and devising a strategic plan.

A qualitative, interview-based study of Norwegian corporate directors after the introduction of quotas for women directors found that "many women brought to the boardroom, and to decision making, a different set of perspectives, experiences, angles, and viewpoints than their male counterparts. Board members also observed that female directors are "more likely than their male counterparts to probe deeply into the issues at hand" by asking more questions, leading to more robust intra-board deliberations. Most

women appeared to be uninterested in presenting a façade of knowledge and were loath to make decisions they did not fully understand” (46).

3. Improved organisational effectiveness.

Harter, J and colleagues found that inclusive workplaces are likely to be more productive (47).

In the NHS we know that there is a strong correlation between how staff are treated and higher staff turnover, absenteeism, higher mortality rates and lower patient satisfaction. We know that managing staff with respect and compassion correlates with improved patient satisfaction, infection and mortality rates, CQC ratings and financial performance (48). Moreover staff who are not valued or are bullied (as reported by disabled staff, LGBT+ staff and BME staff in the annual NHS staff surveys) may be more likely to leave their employer, and more likely to lodge grievances or ET claims.

We know that the treatment of BME staff is a good barometer of overall climate of respect and that “the staff survey item that was most consistently strongly linked to patient survey scores was discrimination, in particular discrimination on the basis of ethnic background” (49).

The CQC’s State of Care report (2017) (50) reported that “The link between equality for staff and the quality of care in the NHS has been well-established. An analysis of our ratings and the NHS staff survey results also showed a clear pattern between the quality of care and staff experience of discrimination in the NHS, with staff in trusts with lower ratings more likely to say they have experienced discrimination. “

Bullied staff are less likely to admit mistakes, raise concerns or work in effective teams. When they do raise concerns the Francis report (2015) (51) found that BME staff are significantly less likely to be treated well than White staff (data on other protected characteristics was not available. We know that in the NHS, LGBT, disabled, and BME staff are more likely to be bullied than White staff are. Bullying correlates with increased absenteeism, presenteeism, turnover and lost productivity (52).

4. Better profitability.

Hunt et al (2018) found “companies with the most ethnically diverse executive teams—not only with respect to absolute representation but also of variety or mix of ethnicities — were 33% percent more likely to outperform their peers on profitability. That’s comparable to the 35% outperformance reported in 2014 and suggests an even bigger impact than gender diversity.” (53). In other words, having gender and ethnic diversity on executive teams, consistently positively correlated with higher profitability.

Correlation is not causation, but taken alongside other research helps create a powerful case for diversity.

Companies with inclusive talent practices in hiring, promotion, development, leadership, and team management generate up to 30 percent higher revenue per employee and greater profitability than their competitors. Without a strong culture of inclusion and flexibility, the team-centric model comprising diverse individuals may not perform well. (54)

A series of Catalyst USA studies has shown that companies that achieve diversity in their management and on their corporate boards attain better financial results, on average, than other companies. (55). Subsequently, Catalyst found that companies with more women board directors outperformed those with the least on three financial measures: return on equity (53 percent higher), return on sales (42 percent higher), and return on invested capital (66 percent higher). Catalyst also showed that stronger-than-average results prevailed at companies with three or more women on their corporate boards. In they found that companies with the most women board directors outperformed those with the least on return on sales (ROS) by 16 percent and return on invested capital (ROIC) by 26 percent. Companies with sustained high representation of women—three or more women board directors in at least four of five years—significantly outperformed those with no women board directors.

5. Untapped or wasted talent.

If factors such as the gender, ethnicity, disability, sexual orientation of candidates affect their chances of appointment, development and promotion then there is a serious risk that such decisions are being made on the basis of factors other than competence, skill, knowledge, values and ability to undertake the role. Such a pattern is likely to have consequences for staff (sense of injustice, health and well-being) and organisational effectiveness (risk of increased turnover, reputational damage, diminished discretionary effort and loss of talent).

The *MacGregor Smith Review (2017)* (56) set out the extent of the waste of BME talent at every level including the most senior ones and drew on research suggesting UK Gross Domestic Product could increase by up to 1.3 per cent a year if workers from BME backgrounds progressed at the same rate as their white colleagues. The *Parker Review (2017)* (ethnicity) and the *Davies Review (2011)* (gender) both highlighted the lack of diversity in UK boardrooms, and both advocated the use of targets to ensure change. In the NHS, where reliable data on ethnicity exists, it is 1.60 times more likely that White staff will be appointed even after shortlisting than BME staff will be (*WRES Data Analysis 2017*) (57). In the NHS, 73% of staff are female but 77% of Very Senior Managers are male.

6. Discrimination undermines staff health and well-being with a cost to organisations.

Discrimination impacts adversely on people inside and outside work. We know, because it is well researched, that this is particularly true for BME people. It leads to elevated risk of substance use (smoking, alcohol, other drugs), breast cancer incidence, uterine fibroids, artery disease, delays in seeking treatment, lower adherence to treatment regimes, lower rates of follow-up and accounts, in part, for racial/ethnic disparities in health *It impacts adversely on* coronary artery calcification, C-reactive protein, blood pressure, lower birth weight cognitive impairment, poor sleep and mortality (58).

Where discrimination exists at work and impacts on health it risks impacting on staff health with potential costs to the organisation including turnover and absenteeism

7. Trust and morale.

Where the organisational leadership better represents the ethnicity of staff, there is more trust, stronger perceptions of fairness and overall better morale of staff. (60)

The challenge of moving from diversity to inclusion

Building a successful team depends on differing perspectives and voices being heard. Key to that is trust and the encouragement for differing perspectives to be heard.

Changing the demographic makeup of teams, including leadership teams, needs to go hand in hand with understanding how a great team works to fully reap the benefits of diversity of thought.

Bourke and Dillon (2018) set out some of the evidence about the benefits and challenges of moving from diversity to inclusion. They reported that “research reveals that high-performing teams are both cognitively *and* demographically diverse. Demographic diversity, for its part, helps teams tap into knowledge and networks specific to a particular demographic group. More broadly, it can help elicit cognitive diversity through its indirect effect on personal behaviors and group dynamics: For example, racial diversity stimulates curiosity, and gender balance facilitates conversational turn-taking. (59).

Bourke and Dillon (2012) had earlier explored how to define definition of inclusion and propose the following elements:

- “First, people feel included when they are treated “equitably and with respect.” Participation without favouritism is the starting point for inclusion, and this requires attention to non-discrimination and basic courtesy.
- The next element relates to “feeling valued and belonging.” Inclusion is experienced when people believe that their unique and authentic self is valued by others, while at the same time have a sense of connectedness or belonging to a group.
- At its highest point, inclusion is expressed as feeling “safe” to speak up without fear of embarrassment or retaliation, *and* when people feel “empowered” to grow and do one’s best work. Clearly, these elements are critical for diversity of thinking to emerge.” (60)

Lorenzo and Reeves (2018) (61) suggest the secret of making diversity work appears to be to apply the concept at multiple levels — to address diverse dimensions of diversity, and to be open to diverse routes to achieving success. They explain that the correlations they found (between diversity and innovation) are not guarantees that human diversity will drive innovation. Rather, the power of diversity still needs to be unlocked with enabling practices, including a non-hostile work environment, an inclusive culture, and a culture where diverse ideas resulting from a diversity of backgrounds are free to compete.”

Harris and Foster (2010) reported that implementing talent management was found to present particular tensions for public sector managers, particularly in terms of its

alignment with well-embedded diversity and equality policies and their own perceptions of fair treatment in the workplace. Despite an acknowledgement that the sector needs to attract, develop and retain the most talented individuals to achieve its modernisation agenda, interventions which require singling out those individuals for special treatment challenges many of its established practices for recruitment and selection, employee development and career management. They concluded that public sector organisations need to invest both time and effort into developing appropriate and relevant approaches to talent management, which take proper account of line managers' perceptions of fair treatment and established organisational approaches to diversity and equality. (62)

Moving towards more diverse leadership creates challenges. Participants cite prolonged decision-making, less initial bonding, and additional conflicts due to the increase in different perspectives as issues they faced. Management had to get used to being deeply and fully prepared for the questions being asked. But this shouldn't surprise us: a shared bias within a group allows a sense of trust and harmony to develop. The problem is that this can also lead to a false sense of satisfaction (63).

Without a strong culture of inclusion and flexibility, the team-centric model comprising diverse individuals may not perform well. (64)

One significant element of a successful transition from diversity to inclusion, found when comparing high-performing teams against lower-performing teams, supports the view that people must feel included in order to speak up and fully contribute (65).

Rock and Grant (2015) (66) found that building a successful team depends on differing perspectives and voices being heard. Key to that is trust and the encouragement for differing perspectives to be heard. Changing the demographic make-up of teams, including leadership teams, needs to go hand in hand with understanding how a great team works.

In an inclusive environment all staff feel "safe" in speaking up without fear of embarrassment or retaliation. , *and* when people feel "empowered" to grow and do one's best work. Clearly, these elements are critical for diversity of thinking to emerge (67).

Appendix 4: Outline of core questions asked in interviews

General

- Do you think the CQC has made the progress it should have done?
- If not what do you think the key obstacles to progress have been?
- Where do you think the biggest challenges lie i.e. particularly:
 - Sites
 - Departments
 - Grades
 - Functions within CQC
- Are there examples of good practice I should look at?

Staff development – what does the CQC do well and what could it do better?

- Training courses – and follow up
- Acting up
- Secondments
- Projects
- Coaching, mentoring
- Positive action
- Do you know if any of this is monitored or evaluated

Recruitment and promotion– what does the CQC do well and what could it do better?

How are jobs:

- Described
- Advertised
- Shortlisted

Your views on

- Tests
- Interviews, and panels
- Follow up to ensure inclusion and support
- Are there specific issues with more senior grades?
- Feedback
- Training for panels

Support once appointed/promoted

- What would you like to see in place?
- What is in place?
- What is your view of it?

Support for hiring managers

In a sentence how would you describe the current situation regarding recruitment, development and promotion at the CQC?

What is the one thing you regard as the top priority for the CQC to do on recruitment, development and promotion?

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