

HDN WHITE PAPER:

DRIVING DIVERSITY AND INCLUSION: THE ROLE OF BOARDS

SEPTEMBER 2023



HDN
YOUR NETWORK
TO DIVERSITY

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Our findings underscore the pivotal role that boards play in shaping the Equality, Diversity and Inclusion (EDI) agenda and fostering an inclusive culture within organisations. By analysing responses from 14 organisations and 54 board members, we have gained valuable insights into the current state of EDI engagement at the governance level. Three key takeaways from this research are summarised below:

1. Strategy & Leadership

The board is responsible for providing strategic direction and leadership when it comes to EDI. We found that whilst there are clearly mechanisms by which boards provide input to EDI strategies, there is some variation in terms of whether this is proactive (i.e. direct involvement of board member(s) in strategy formulation from the onset), or reactive (i.e. involvement only in the feedback/approval stage). A significant number of organisations have appointed EDI Champions or Strategic Leads at the board level, demonstrating a commitment to drive the EDI agenda. Leadership from the Chair at the time this research was conducted was relatively limited.

2. Diversity of perspective

A balanced board provides diversity of perspective which leads to better decision-making. While some boards have achieved commendable gender balance, ethnic and disability diversity remains a challenge for many. Achieving representation that reflects the communities served is a priority for enhancing inclusive governance. The presence of tenant members on boards, as well as establishing / enhancing mechanisms by which to consult tenants from a diverse array of backgrounds, will also contribute to richer decision-making.

3. Commitment & understanding

Board members generally demonstrate a good understanding of the relevance of EDI and its significance in business operations, though there is room for improvement in increasing familiarity with specific EDI terminology. Our findings highlight some instances of misconceptions or resistance to EDI - addressing these challenges through both open dialogue and inclusion training is essential for promoting understanding and achieving lasting change.



OUR RECOMMENDATIONS

Based on the insights gained from this study, we recommend the following to organisations seeking to enhance their commitment to EDI through better governance:

01 Strengthen Board Diversity

- Organisations should actively work to achieve diverse representation on their boards. Appointing members with diverse backgrounds and perspectives will enrich decision-making and bring a broader range of voices to the table. Consider engaging diverse talent through initiatives such as [HDN's Board Diversity Programme](#).
- Organisations should also prioritise robust data collection to better understand the demographic makeup of both their boards and customer base. Accurate data informs targeted strategies and facilitates progress tracking.

03 Collaborate

- Continue involving tenant members and encouraging diverse tenant perspectives in board discussions.
- Create platforms for meaningful engagement to ensure tenant experiences from as broad a pool as possible shape decision-making.
- Collaborate with industry peers, sharing successes, challenges, and best practices.

02 Elevate EDI Leadership

- Empower EDI Champions/Strategic Leads at the board level to champion and guide EDI initiatives. Their leadership will drive focused efforts and ensure EDI both remains a strategic priority and aligns with the vision and values of the organisation.
- Ensuring the Chair is leading on EDI action and engaging with initiatives like the National Housing Federation's 'Chairs' Challenge' can drive collective progress.

04 Educate and Communicate

- Address misconceptions and resistance to EDI initiatives (be it from the board or elsewhere) through education, training, and open discussion.
- Board members should be equipped with the knowledge and language to effectively promote EDI.
- Increase the visibility of EDI initiatives within the organisation - promote EDI as a fundamental aspect of business operations and weave it into the fabric of the organisation's culture.

Organisations are increasingly recognising the critical importance of equality, diversity and inclusion (EDI) in driving innovation, fostering creativity, and achieving sustainable growth. Boards play a pivotal role in setting the tone and guiding the strategic direction of an organisation. Their engagement and commitment to EDI initiatives are paramount to creating an inclusive culture that embraces diverse perspectives, values individual experiences, and ensures equitable opportunities for all.

This HDN White Paper examines the level and means of Board engagement with EDI in a sample of organisations within the housing sector. By identifying common themes, trends, and challenges - and highlighting both successes and areas that require further attention - this report offers a comprehensive overview of the current landscape and provides a roadmap for organisations seeking to strengthen their commitment to EDI through better governance.

While previously conducted research in this area has focused primarily on the importance of board diversity, codes of governance, and regulation, it has rarely addressed the perspective of board members themselves. By also capturing the views of board members directly, this report aims to provide valuable insights and recommendations that can inform future strategies and actions to enhance EDI at board level and beyond.

Methodology

Research for this white paper was carried out and written-up by HDN's Research and Policy Lead Josh Neary-Pegler. Members of HDN were contacted individually to determine which organisations were interested in contributing to the study, and links to two surveys were provided to participating organisations in 2023.

The first survey collected information on the various initiatives in place for boards to influence and/or engage with the EDI agenda of their organisation, a broad assessment of the board's diversity and representativeness in relation to local communities, and information on how the diverse voice of tenants feeds into board activity. The second survey was forwarded directly on to board members and collected feedback around their own knowledge and perspectives on EDI, their opinions regarding their organisation's performance around EDI (including areas of particular strength or weakness), and information on their own diversity and characteristics.

14 organisations of varying sizes and geographical locations, and a total of 54 board members from 12 organisations participated in this study.



MESSAGE FROM OUR CHIEF EXECUTIVE



‘Can you help us with a board session on equality and diversity?’

This is one of the questions that we get asked most often, and always the answer is yes but we’re going to need some time, energy and commitment from you if our input is going to be worthwhile.

I believe that getting to a point where your board embeds diversity and inclusion in its work is a process that isn’t easy. Unfortunately, too many organisations don’t have a strategy or action plan to map out their direction of travel. Others take the easy way

out; say they’ve got too much going on and leave it to the executive team to deal with. The opportunity to enhance the board’s strategic thinking, as well update skills and competencies in this rapidly changing environment is lost.

At HDN we believe it is vital that boards are ambitious in driving forward an diversity and inclusion agenda that aligns with both the vision and values of the organisation, and the needs of local communities. The need for the organisation to look at the road ahead when it comes to EDI rather than in the rear view mirror has never been greater, and we hope that this document is a contribution to help boards shape an agenda for the future.

Mushtaq Khan
CEO, Housing Diversity Network

MECHANISMS FOR BOARD INPUT: AN OVERVIEW

This section of the report will identify the various established means by which board members are able to influence and steer the EDI agenda of organisations.

EDI Strategy: Development and Oversight

Does your board provide direct input into the organisations EDI Strategy and/or Action Plan?



All 14 participating organisations indicated that they have a dedicated **EDI Strategy** and/or **Action Plan**, and **all but one organisation** indicated that **their board plays a role in formulating these**, namely through:

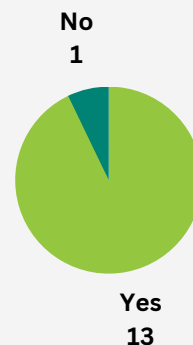
- Providing input/feedback on drafts put before the board for approval
- Consultation with board EDI Lead / Champion(s)
- Consultation with the full board / subcommittees
- Board member involvement in the organisation's EDI Group

All but one organisation (which indicated that it was instead the responsibility of the senior leadership team) also indicated that **the board actively monitors** the organisation's progress in relation to EDI.

This monitoring is variably conducted through:

- Annual reports
- Annual action-plan reviews
- Quarterly EDI dashboards/action trackers
- As part of bi-monthly updates from the Chief Executive

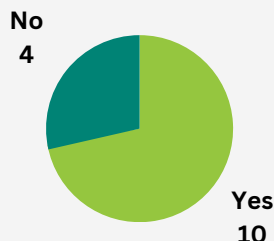
Does your board monitor progress against the organisation's EDI Strategy and/or Action Plan?



Board EDI Champions and Strategic Leads

Ten participating organisations indicated that there was at least one member of the board who held the role of **EDI Champion** or **Strategic Lead on EDI**. This included:

Does your organisation have board level EDI Champion(s) or Strategic Lead(s)?



- One organisation recruiting an EDI Co-optee Board member
- One organisation's Chief Executive acting as strategic lead
- One organisation's People and Culture Committee acting as representative champions
- One organisation having EDI representatives on both the Customer and Governance & Remuneration Board
- One organisation having a voluntary Board Member EDI Champions Group

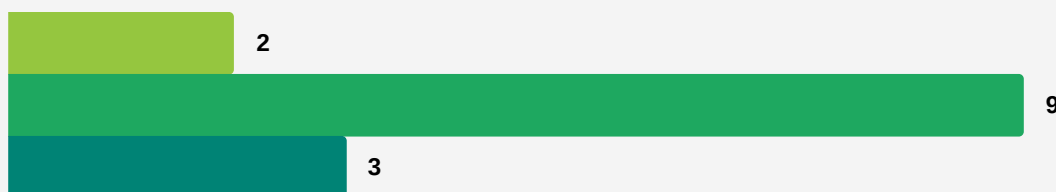
Of the organisations answering negatively to this question, **two** indicated that there is instead an EDI Champion/Lead at Executive level, and **one** stated that no such champions/leads are in place as EDI is considered to be the responsibility of all board members.

Leading from the Helm: The Role of the Chair

The Chair of an organisation's board plays an integral role in driving positive change of any kind, and this remains true of activity relating to Equality, Diversity and Inclusion.

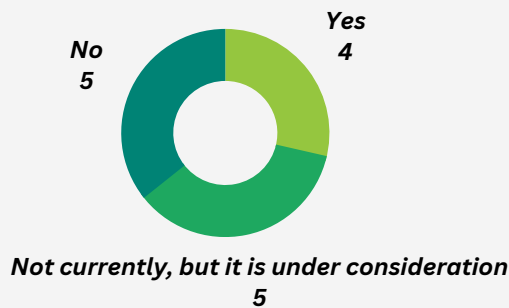
Is the Chair of the board leading on, or at least directly involved in, matters of EDI?

- Yes, the Chair is EDI Lead
- Yes, the Chair is directly involved but not as the lead
- No, the Chair does not get involved directly with EDI



With this in mind, of the surveyed organisations **11** indicated that the Chair of their board is **involved directly** in matters relating to EDI, with **two** of these organisations having the **Chair of the board** acting as an **EDI Lead**.

Is your organisation taking part in the National Housing Federation's 'Chairs' Challenge'?



To help drive Chair engagement with EDI in the sector, the **National Housing Federation** have launched a '**Chairs' Challenge**' initiative.

This is a self-evaluated, public commitment from Chair's to establish a baseline around diversity and board EDI performance, with the ultimate aim of further improving and embedding EDI in their respective boards.

While less than a third of surveyed organisations confirmed that they were taking part in the NHF Chairs' Challenge, a further five indicated that it was currently under consideration (initial data gathering for this report began relatively early the launch of the initiative).

Other Engagement with EDI: Diverse Approaches

Other current or planned activity disclosed by organisations by which boards engage with and/or develop their knowledge and understanding of EDI included:

- EDI training and awareness, as part of the board's Learning & Development Programme.
- Board members possessing/developing expertise in EDI from other professional positions - e.g. chairing their employer's EDI staff group, working as Head of EDI, sitting on the board of another organisation which challenges discrimination etc.
- Attending the HDN Board Diversity conference.
- Board involvement in the organisation's employee voice networks (which work across issues relating to LGBTQ+ communities, Disability, Culture & Heritage, and Allyship).
- Board member participation in the NHF Board level group on equality, diversity and inclusion

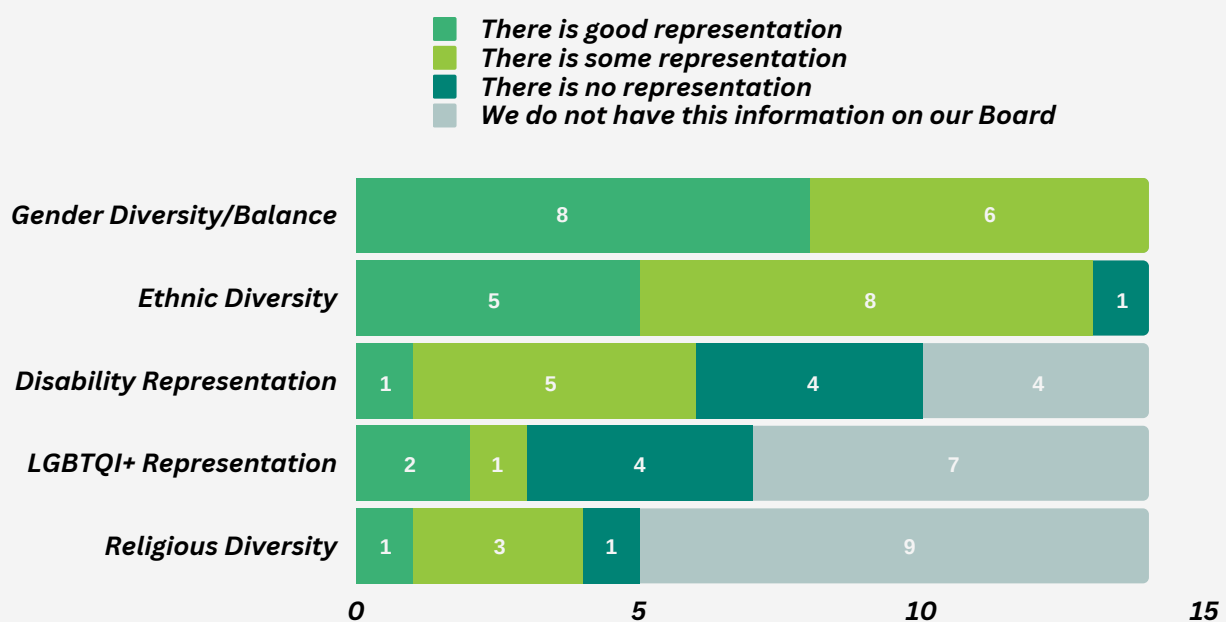


Four responses also indicated that board members take part in organisations' EDI steering groups or equivalent organisation-wide groups which focus on EDI.

BROAD PERSPECTIVES: BOARD DIVERSITY AND REPRESENTATION

Participating organisations provided a self-assessed summation of how diverse their board is against several protected characteristics, including a comparison of representation in relation to the local communities which the organisation serves.

Does your board exhibit any level of diversity?



Predictably **gender balance** is where most boards performed best, with **eight** organisations achieving gender parity and the remaining **six** indicating that there is at least some gender diversity on the board. **Two** of these indicated that their gender imbalance favoured women.

Ethnic diversity appears to be present but more lacking, with only **five** organisations indicating that they had a good level of representation of minority ethnic backgrounds on their board. **Eight** organisations indicated that at least one board member belonged to a non-white background, and **one** organisation indicated that their board is entirely ethnically homogenous (white).

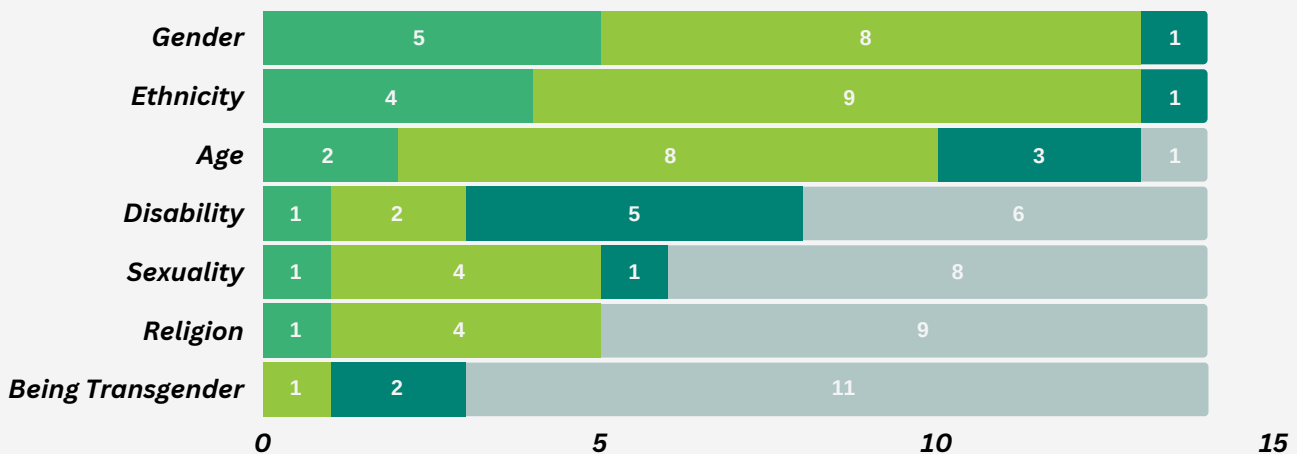
Disability representation is poorer, with only **one** organisation having good representation, **five** having at least one board member with a disability, and **four** having no disability representation at all. An additional **four** organisations indicated that they did not have this data for their board.

LGBTQ+ representation is ostensibly also relatively poor. Only **two** organisations indicate good representation, **one** that there is at least one LGBTQ+ individual on their board, and **four** that there is no LGBTQ+ representation at all. However, disclosure and / or data collection around sexuality and transgender identity is generally lacking for boards, with seven organisations indicating that they did not have this data available - making it difficult to accurately assess levels of representation.

The same is true of **religious diversity** as above. **Nine** of the 14 organisations indicated that they do not have this data for their board, with only **one** indicating that there was a good level of diversity and a further **three** that there is representation from a non UK majority religion/belief on their board.

Does your board reflect the diversity of the communities that you serve in terms of the following characteristics?

- The board is very reflective of our local community/tenant base
- The board is somewhat reflective of our local community/tenant base
- The board is not reflective of our local community/tenant base
- We do not have enough information to say



Unsurprisingly the diversity of organisations' boards generally correlates to how reflective they are of local communities and tenants, as well as where there are gaps in demographic data (gaps are, in some cases, worse here than when looking at boards in isolation - implying that data on tenants and communities is a further limiting factor).

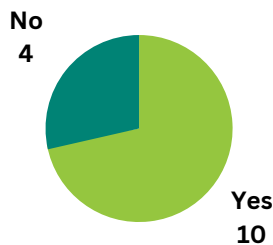
It is also not unexpected that, in the context of the comparatively higher percentage of social housing tenants who live with a long term health condition or impairment (around 54%), there is a higher level of confirmed underperformance around disability representation.



BROAD PERSPECTIVES: HEARING THE DIVERSE VIEWS OF TENANTS

The inclusion of tenant voice in the strategic activity of a board is integral to ensuring both diversity of perspective and insight into the customer experience. Tenants and their experiences are also not homogenous, meaning input should come from tenants belonging to a diverse array of backgrounds.

Does your board include a tenant member?

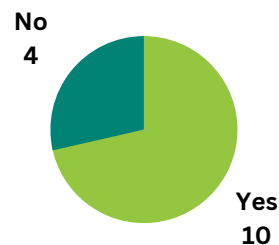


Of the surveyed organisations, **10** indicated that their board had **at least one tenant member**, or alternatively a member with lived experience of social housing.

One negative response also indicated that while the organisation did not currently have a tenant board member, there was an intention to appoint one in 2023.

Ten organisations (which encouragingly included three of the four without tenant board members) indicated that there were means in place for the board to consult with tenants from a range of backgrounds in order to ensure diversity of perspective.

Does your board have any initiatives or processes by which to consult with and/or obtain the views of tenants from a diverse array of backgrounds?



Means of engagement included:

- Resident Voice / Scrutiny / Review Panels
- Tenant surveys
- Residents' Groups
- Commissioned research into the experiences of tenants from a range of backgrounds



GOVERNING ATTITUDES: THE VIEW FROM THE BOARD

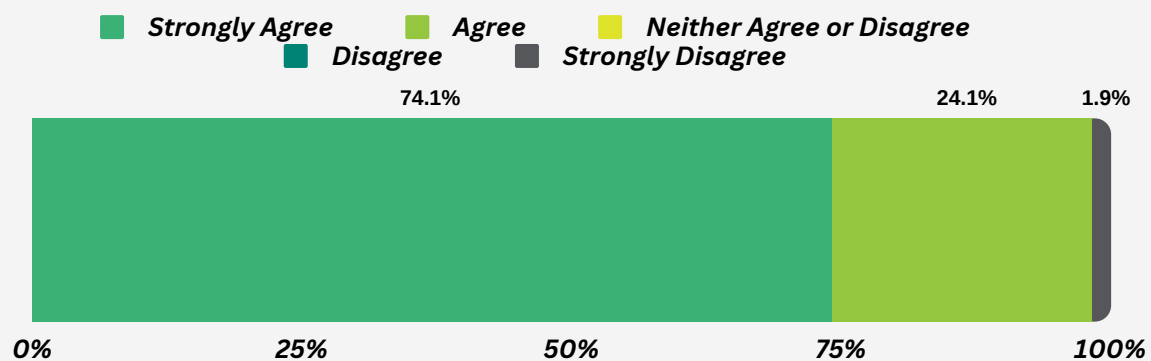
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Board members from participating organisations were asked directly to provide their opinions on their organisations performance around EDI, and to provide a self assessment of their comprehension of EDI both generally and as part of their role.

Reflexive Appraisal: Understanding of EDI

The vast majority of respondents (around **98%**) agreed or strongly agreed that they understood the relevance of EDI to business practices and the need to support work in this area as a member of the board.

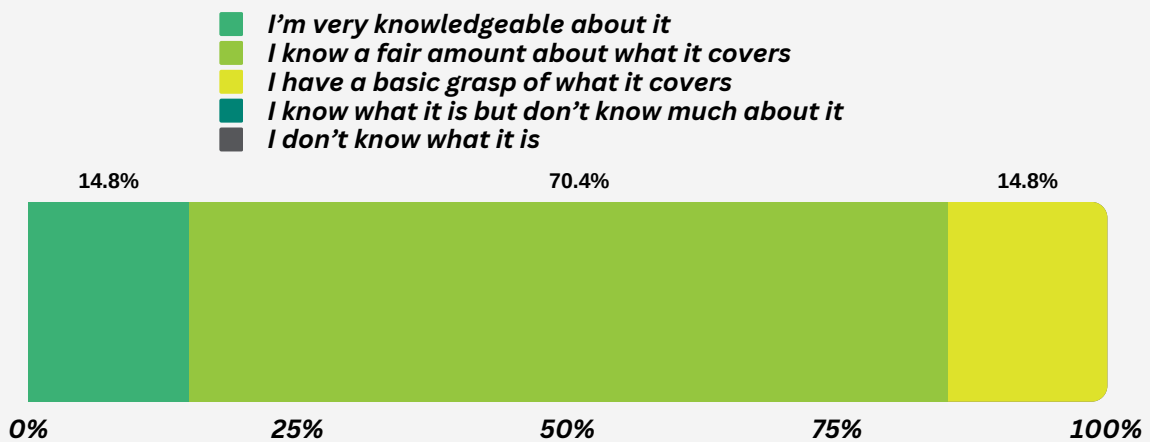
As a board member, I understand the relevance of equality, diversity and inclusion to the business and the importance of visibly supporting work in this area



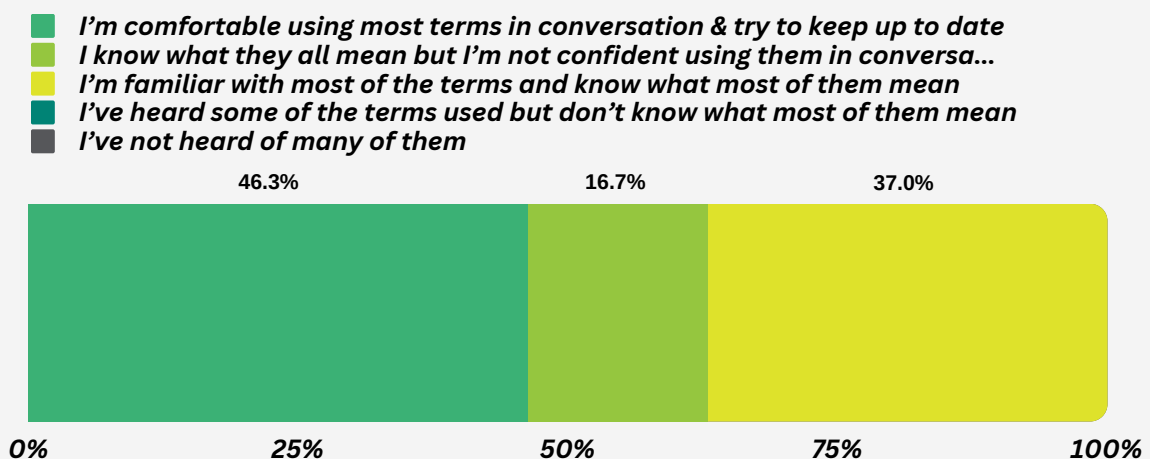
It is somewhat alarming that the singular participant who strongly disagreed with this statement also provided answers elsewhere in the survey indicating a general opposition to the concept of working to embed / improve EDI. Furthermore, a separate respondent also expressed the opinion that it is white males who currently face the worst discrimination in the workplace. **Research however suggests that it is in fact Black and minority ethnic employees who are more likely to experience discrimination in the workplace, and that workplace inequality is still negatively impacting women.**

These viewpoints likely stem from a misplaced fear of societal changes in which the traditionally dominant group (i.e. 'white men') no longer hold a monopoly on positions of power, and while in the case of this study they come from very small minority, it is not unfeasible that other board members within the sector may also hold similarly misguided or ignorant views. These views should be **unequivocally challenged**, not least of all by fellow members of boards, regardless of their background, and used as **opportunities to educate**.

How would you rate your current understanding of the Equality Act 2010?



How would you rate your knowledge of terminology relating to protected characteristics such as race, gender identity and sexual orientation?

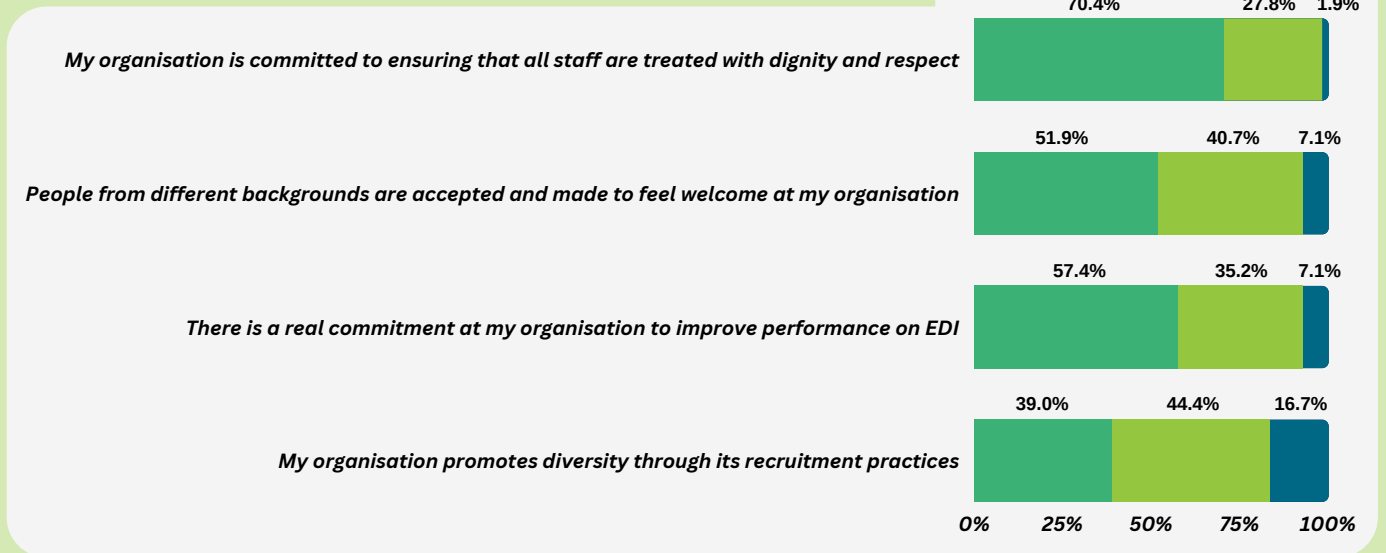


In terms of legislation, **all responding board members indicated that they had at least a basic grasp of the contents of the Equality Act 2010**, with the majority believing themselves to have a reasonable or very good knowledge of it.

To determine levels of broader understanding around EDI in a non-regulatory and more general everyday sense, respondents were also asked to rate their **knowledge of relevant terminology**. Though less than half of the surveyed board members feel confident in using a wide range of terms in conversation and endeavouring to keep their language up to date, the majority of other respondents felt that they were at least **familiar with and understood most terms**, and it is an encouraging sign that no respondents felt that they were entirely ignorant of terminology.

Evaluating Organisational EDI Performance

Board members were asked to assess their organisations on four key areas: dignity and respect, welcoming and acceptance, commitment to improvement, and promoting diversity through recruitment.

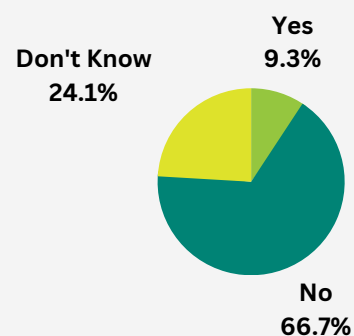


No respondents answered negatively to these questions, with the majority in most cases strongly agreeing with each statement. There were however a small number 'Neither Agree or Disagree' responses; comments and responses elsewhere in the survey indicated that this may be in some instances due to the fact that distance from day-to-day operations makes accurate assessment of performance in this area a challenge for some board members.

A small percentage of respondents did, however, indicate that they felt unfair barriers to career progression existed at their organisations:

- One observed that very few people of colour were in leadership positions at their organisation.
- One responded under the assumption that conscious and unconscious biases often lead to promotion in "ones own image".
- As previously mentioned, one respondent claimed that EDI itself is "discriminatory", while another indicated that they believed white males were being actively discriminated against to the detriment of their career progression.

Do you feel that there are any unfair barriers to people's career progression whilst at your organisation?



Almost a quarter of respondents did not know whether such barriers existed; again some comments implied that this was due to not having observed any substantive evidence on which to base a judgement.

Core Competencies and Gaps to Address

Board members were asked two questions with the respective aims of determining the areas relating to EDI in which organisations are generally performing well, and which require further attention. As different organisations are likely to be at different stages on their EDI journey, it is not unexpected that certain areas that arose as common strengths for some organisations were conversely highlighted as common weaknesses for others.

Board members were asked to share an example of something they were proud of in relation to EDI at their organisation, and what role (if any) they felt the Board played in achieving this.

Commonly identified themes from these responses included:

- **Board leadership:** the general role of the board was frequently mentioned, with several responses highlighting board commitment to EDI and active involvement in driving EDI initiatives. This included setting clear policies, strategies, and frameworks, appointing board members with experience in EDI, and championing EDI within organisations.
- **Integration and embedding:** several respondents expressed that their organisations were committed to integrating EDI into the culture and across the operations of the business. In particular this included embedding EDI considerations in decision-making processes (including at board level), as well as in strategy development, risk management, recruitment, policies, and procedures.
- **Reporting and data:** some respondents mentioned the measurement and regular reporting of progress around EDI to the board (including customer diversity data), as well as board involvement in the development of plans and setting of targets.
- **Board diversity and recruitment:** several respondents felt that their organisations' had a good level of diversity/representation on the board, with some mentioning explicitly that EDI is actively considered as part of board recruitment and succession planning.
- **Training and Awareness:** Several organisations mentioned training and initiatives aimed at raising awareness and understanding of EDI among board members, senior staff, and employees. This includes EDI training, unconscious bias reviews, and participation in EDI projects and events.



STRENGTHS

Board members were also asked which specific area(s) they felt their organisation should be working improve upon EDI.

Identified themes from responses to this included:



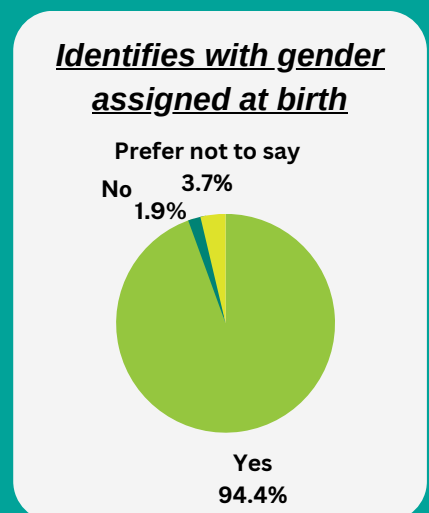
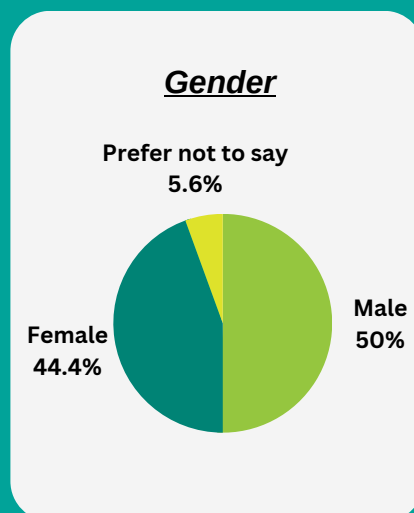
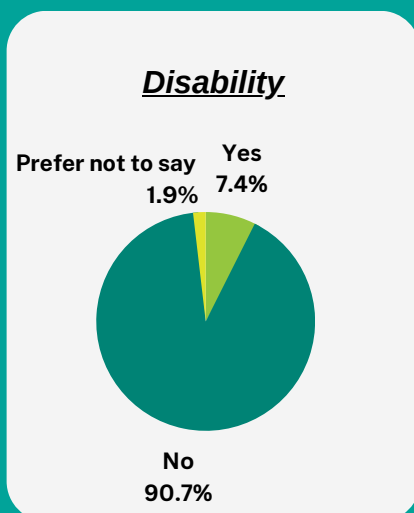
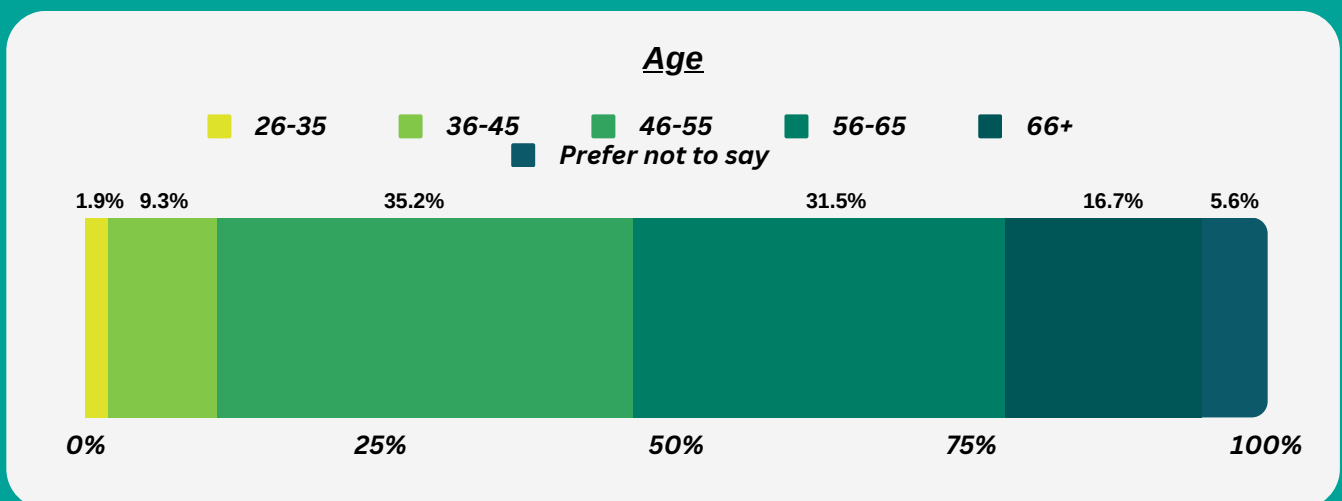
WEAKNESSES

- **Board diversity:** While this was a positive highlighted in some responses to the previous question, several responses from other organisations conversely highlighted the need for greater diversity on their boards. This includes of course representation of different ethnicities, genders, sexualities, disabilities, and lived experiences- as well as aims of cultivating a board that reflects the diversity of the communities served by the organisation. Also highlighted by some organisations was the need to improve diversity in executive roles as well as at board level.
- **Improved data collection and monitoring:** Several respondents expressed a need for more enhanced performance monitoring and data collection to better understand the impact of decisions and policies upon different protected groups. Specific suggestions included more robust capturing of information on tenant diversity (especially relating to generally underreported protected characteristics such as disability, sexuality, religion etc.), and collecting data on board members to gain a broader view of representation.
- **Accelerating Progress:** A small number of responses highlighted a desire for faster progress at organisations either in taking action or achieving outcomes around EDI. While examples of the former, such as implementing plans more quickly or accelerating change at higher levels of the organisation, can be beneficial in keeping up the momentum of positive change, it should be remembered that actions may take time to have an effect (and hence for improved outcomes to become visible through performance monitoring).
- **Raising the profile of EDI:** There was a call from several responding board members for stronger leadership and/or higher visibility of EDI within their respective organisations. This included its promotion as a strategic issue, increasing awareness of EDI initiatives, and integrating EDI into day-to-day business operations. References were also made to improving the external elements of EDI- such as promoting inclusion in hard-to-reach communities and engaging with underrepresented groups
- **Tenant/Customer Focus:** Some responses highlighted the importance of understanding customer diversity and tailoring services based on this understanding. This includes actively seeking tenant representation at the board level and incorporating EDI metrics into key performance indicators and monitoring processes.

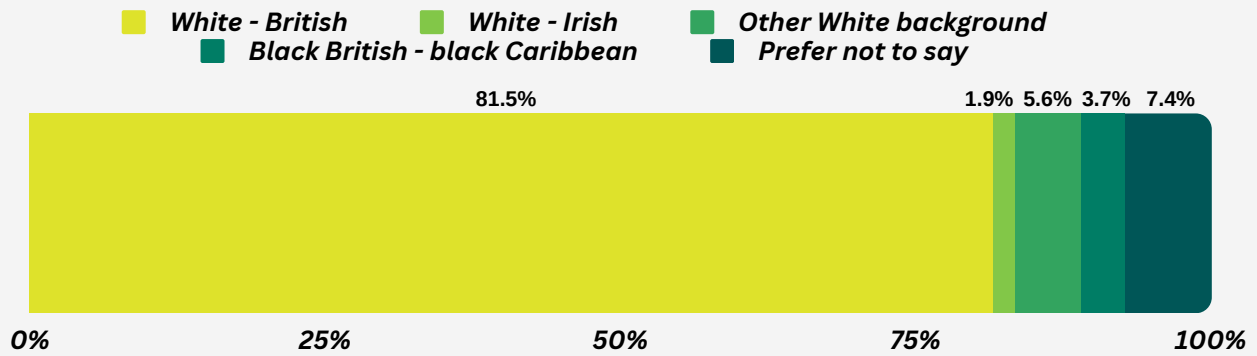
DIVERSITY OF RESPONDENTS

Responding board members were asked to provide information on their personal characteristics- both to obtain a general idea of who provided responses to the questions posed in this study, and to make broad comparisons to our understandings of board diversity in the sector.

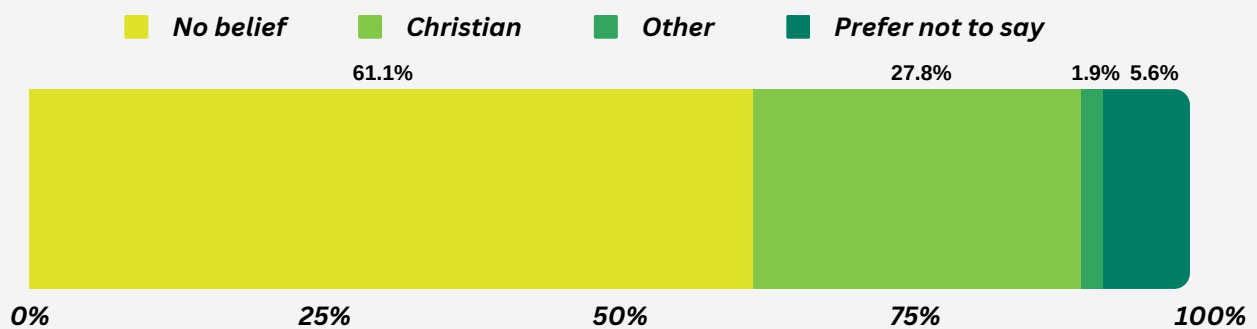
Responses were also analysed by protected characteristic to identify any potential patterns. However, with the exception of age and gender, the broad homogeneity of respondents meant that the sample size of board members from minority backgrounds was in most cases too small to make any statistically valuable observations. Levels of non-disclosure were variable, but highest when it came to ethnicity and sexual orientation, followed by age, gender and religion.



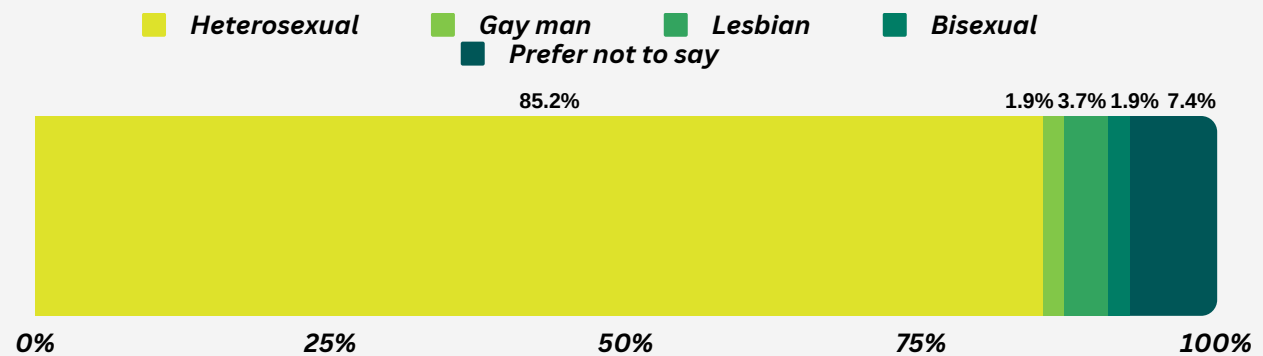
Ethnicity



Religion/Belief



Sexual Orientation



Responses indicated that while responding board members were still primarily White (89%), non-disabled (90.7%), cis-gender (94.4%), heterosexual (85.2%) and either atheist or belonging to the UK majority religion (88.9% combined), there was some significant representation of disabled (7.4%) and LGB (7.5%) individuals. Representation of transgender individuals (1.9%) and ethnic and religious diversity was poorer, with only 3.8% confirming they were from a non-white background and 1.9% from a non UK majority religion. Levels of gender parity were on the other hand encouraging if not exceptional (50% male, 44.4% female) and diversity of age was present though significantly under representative of those under the age of 35 (1.9%), and comparatively lacking for the age bracket 36-45 (9.3%).

Thank you for your interest in our study. We hope these findings and recommendations serve as a roadmap for organisations aiming to further their commitment to EDI through effective governance.

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