

## **Invitation to Tender (ITT):**

**Overcoming the barriers to senior  
representation and leadership  
by black and minority ethnic people  
in FTSE 100 and FTSE 250 companies**

### **Provision of Research Services**

Reference	FRC2021 – 0143 Overcoming barriers
Date	27 <sup>th</sup> September 2021

## 1. Summary

The FRC is encouraging listed companies to increase the level of diversity at senior leadership levels<sup>1</sup>. The market environment in which FTSE companies operate is increasingly diverse as a result of globalisation, increased participation in the workforce, and changing demographics. Companies need to consider how diversity and inclusion are relevant to the specific circumstances of their business, the markets they operate in, the workforce upon which they rely and the customers and communities they serve.

In addition to its own monitoring of corporate governance and reporting, the FRC is interested in gathering evidence specifically on the challenges and opportunities that black and minority ethnic individuals may experience in progressing to the Boards of FTSE 100 and FTSE 250 companies, Executive Committee roles (the pipeline to Board positions), and the direct reports of members of the Executive Committee (also part of the pipeline).

One of the principles of good governance is that Boards should be diverse in their composition. In the context of corporate governance, diversity is a broad concept, encompassing diversity of skills, experience, social background, personal strengths and mindset, as well as those protected characteristics included in the Equality Act 2010.

The FRC would like to better understand the following, with respect to companies in the FTSE 100 and FTSE 250 (with some separate analysis for each group):

1. *What are the barriers to black and minority ethnic people progressing to senior leadership levels? If so, are there consistent themes to those barriers?*
2. *Is there established best practice for increasing the ethnic diversity of FTSE boards? How effective is that best practice in terms of outcomes and black and minority ethnic people's real experiences in FTSE companies?*
3. *Does that best practice extend to ensuring a sustainable pipeline of ethnically diverse talent with the skills and knowledge, and presence in those "feeder roles", acknowledged as being desirable to successfully attain Executive and Board positions?*
4. *Can a set of good practices/procedures be defined, or refined, that supports the progress of black and minority ethnic people to senior leadership levels, and which might be applicable to the wider business community?*

The FRC welcomes proposals to effectively investigate the questions above.

We would like proposals to include recommended methods/approach, potentially also including alternative methods/approach as options (with associated pros and cons including costs), and an estimated project timeline. *We would like to report some substantive or interim results by early to mid-February 2022 and accept that the research may therefore need to be phased in some way.* The project is expected to commence with award of contract in w/c 1 November at the latest.

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<sup>1</sup> For the purpose of this research project, *senior leadership levels* are defined as members of the Board and Executive Committee, *and* their direct reports.

We would like in particular to hear from individuals about their lived career experiences: advancements and setbacks.

The customer for the work is the Financial Reporting Council.

## 2. Background

The FRC sets and maintains the UK Corporate Governance Code under which UK premium listed companies are required by the FCA's Listing Rules to make a statement of how they apply the Principles of the Code and whether they comply with the Code's more detailed Provisions on a "comply or explain" basis. Separately the FCA's Disclosure Guidance and Transparency Rules require companies to disclose their diversity policy in relation to Board directors.

In 2018 the FRC updated the UK Corporate Governance Code (the Code)<sup>2</sup>. The 2018 Code places renewed emphasis on the diversity of board composition, and consideration of diversity in board evaluation and succession planning.

The 2018 Code highlights the importance to Boards of diversity and breadth of perspective, which will not necessarily be achieved merely by the appointment of directors whose diversity is very visible or most recorded, for example in terms of gender. The 2018 Code also states that board appointments and succession plans should be:

*"...based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths."*  
(Principle J)

and that annual evaluation of the board should:

*"...consider its composition, diversity and how effectively members work together to achieve objectives."* (Principle L)

## 3. Research objectives

The FRC supports the aims of the [Parker Review](#), to promote ethnic diversity on UK boards and Executive Committees, achieving racial equality and business success. In the context of the senior leadership of FTSE companies, the FRC would like to take inspiration from, and build on, the conversations about racial equality currently going on in wider society.

1. *What are the barriers to black and minority ethnic people progressing to senior leadership levels? If so, are there consistent themes to those barriers?*

We would like to take things down a level from the "theoretical" and bring forward the lived experiences of individual black and minority ethnic people, and their career journeys – those who have made it to the top and those in the pipeline – to see if that informs/extends the actions that companies should take.

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<sup>2</sup>UK Corporate Governance Code 2018 <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

2. *Is there established best practice for increasing the ethnic diversity of FTSE boards? How effective is that best practice in terms of outcomes and black and minority ethnic people's real experiences in FTSE companies?*

What are the patterns of action and progress in increasing ethnic diversity of senior leadership in FTSE companies? Are there any significant developments in company reporting about policies that seek to increase the ethnic diversity of their boards and senior leadership? (Noting that we are not seeking to replicate the research undertaken by Cranfield University for the FRC and published as part of the last [Parker Review update](#).)

3. *Does that best practice extend to ensuring a sustainable pipeline of ethnically diverse talent with the skills and knowledge, and presence in those "feeder roles", acknowledged as being desirable to successfully attain Executive and Board positions?*

Can a (further) set of good practices/procedures be identified that supports black and minority ethnic employees' progress to Executive Committee and Board level, recognising the importance of a sustainable pipeline which addresses accession to Executive Committee which are often also important stepping-stones to the attainment of Non-Executive roles?

4. *Can a set of good practices/procedures be defined, or refined, that supports the progress of black and minority ethnic people to senior leadership levels, and which might be applicable to the wider business community?*

We welcome proposals which recognise the heterogeneity of the black and minority ethnic "descriptor", and the complexities of intersectionality with FTSE company geographical locations, and individuals' nationality, religion, gender, and socio-economic group.

Which approaches have worked best for black and minority ethnic people and companies? Which haven't worked, despite best intentions? And why? Are there common themes? Are there established assumptions about what works which aren't true in practice? Do different approaches work in different sectors/types of company/company cultures? Is current "best practice" fit for purpose?

### ***Target participant group***

The research should focus on progression to the FTSE 100 and FTSE 250 senior leadership levels, and their talent pipelines, and report any differences between these two groups of companies.

### ***Suggested approach and analysis***

We would expect this to include interviews with FTSE senior leaders, past and present, as well as Nominations Committee members and specialist recruitment consultants. We welcome suggestions from suppliers on *how* they will reach out to the *senior leadership* cohort of people we want to hear from. The FRC acknowledges that, due to the subject matter, much of the evidence may be small in sample size and participants may wish to remain anonymous, but to the extent it is possible we would like to include case study examples.

The supplier will be expected to work with the FRC team to develop the approach. The service provider will also be expected to work with the FRC team to agree methodology, assessment criteria, and any survey/interview questions that might be used.

### ***Outputs***

The product required will be a report, of publishable<sup>3</sup> quality, setting out the evidence gathered, analysis of that evidence and the findings, giving specific examples to illustrate the points made.

The findings from the research will be used by the FRC to promote best practice in increasing the ethnic diversity of FTSE senior leadership levels. The research will also complement and support the Parker Review to promote ethnic diversity on UK boards and Executive Committees, achieving racial equality and business success.

### ***Liaison arrangements.***

A schedule of regular progress updates and meetings will be agreed between the FRC and the supplier.

### ***Timing***

We expect the project to commence w/c 1 November 2021 and to be completed within four months if possible. As above, feedback on what is achievable in that timeframe (or not) will be welcome and whether the research could be phased in some way, over a slightly longer timeframe.

### ***Budget***

The budget for this project, including expenses, is circa £40,000 (excluding VAT). A detailed breakdown of costs is required within the proposal. We do not believe respondent incentive payments will be required.

### ***Form of proposal***

The proposal should be no more than eight pages and include:

- A concise summary of the proposal.
- Details of your proposed:
  - research approach
  - methodology
  - external data sources and sampling

Please also explain your rationale for choosing the above.

- An estimated timeline of project milestones.
- Any further data/information needed to build your sample or conduct the project, including input required from the FRC.
- Your organisation's experience of similar projects and relevant research capability

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<sup>3</sup> The intention is for the research project to lead to an FRC publication on these matters, but this should not be read as a commitment by the FRC to publish.

- Details of the personnel to be involved including their role on this project and their relevant experience.
- Arrangements for managing this work and quality assuring outputs, including how you would like to work with FRC during the project.
- A detailed budget, including a breakdown of time and costs per project activity and per team member.

Project team CVs can be included as an appendix, along with any additional company information you think is relevant.

### ***Evaluation criteria***

Bids should identify any real or perceived conflicts of interest. Bids will be assessed against the following criteria:

- suitability of approach/methodology (30%)
- cost (20%)
- experience in the area (25%)
- evidence of understanding the brief (25%)

### ***Closing date for tenders***

5pm, Tuesday 19 October 2021. Please submit to [procurement@frc.org.uk](mailto:procurement@frc.org.uk)

## **4. References**

The FRC reserves the right to take up references. You will be required to provide references in the Tender Response Document. References must be relevant to the FRC requirement and in the last five years

## **5. Use of ITT & publication**

Tenderers **must not** undertake any publicity activity regarding the procurement within any section of the media.

## **6. Questions & Clarifications**

6.1.1. Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.

6.1.2. Tenderers may raise questions or seek clarification within the timeframe by sending questions to [procurement@frc.org.uk](mailto:procurement@frc.org.uk) in the following format.

Nature of query / clarification	Query / Clarification

6.1.3. FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.

6.1.4. To ensure that all tenderers have equal access to information regarding this tender opportunity, FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.

6.1.5. Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

## 7. Tender process timeline

DATE/TIME	ACTIVITY
27 <sup>th</sup> September 2021	Publication of the Invitation to Tender
5 <sup>th</sup> October 2021 by 12noon	Deadline to submit clarification questions
11 <sup>th</sup> October 2021	Deadline for publication of responses to clarification questions (FRC will endeavour to meet this deadline).
19 October 2021 by 5.00p.m.	Deadline for supplier submission of tender to the FRC.
On/ around 27 <sup>th</sup> October 2021	Tender Outcome
1 <sup>st</sup> November 2021	Contract Start Date
1 <sup>st</sup> March 2022	Contract end

## **8. Conduct**

- 8.1.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 8.1.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 8.1.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.
- 8.1.4. The tenderer must not offer any incentive to any member of FRC's staff for doing or refraining from doing any act in relation to the tender.
- 8.1.5. If the tenderer engages in any of the activities set out in this paragraph or if FRC considers the tenderer's behaviour is in any way unethical FRC reserves the right to disqualify the tenderer from the procurement.
- 8.1.6. The tenderer represents and warrants that a conflicts of interest check has been carried out, and that check revealed no conflicts of interest.
- 8.1.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 8.1.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

## **9. Due Diligence**

- 9.1.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.
- 9.1.2. Neither FRC, nor its representatives, employees, agents or advisers:
  - makes any representation or warranty, express or implied, as to the accuracy,
  - reasonableness or completeness of the ITT and supporting documents;
  - or
  - Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents nor



shall any of them be liable for any loss or damage, other than in respect of fraudulent misrepresentation, arising as a result of reliance on such information or any subsequent communication.

9.1.3. It is the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.

9.1.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

## **10. Submitting a Tender**

10.1.1. Tenderers must submit their tender response within the deadline to [procurement@frc.org.uk](mailto:procurement@frc.org.uk).

10.1.2. Where a Tender Response Template is provided, potential providers must align their tender response with that format.

10.1.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

## **11. Evaluation**

11.1.1. FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

## **12. Acceptance of Tender & Notification of Award**

12.1.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.

12.1.2. FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. FRC also reserves the right to award more than one contract to fulfil the requirement.

12.1.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.

12.1.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.

12.1.5. Nothing in the documentation provided by FRC to the tenderer during this procurement or any communication between the tenderer and FRC or FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from FRC.

### 13. Additional Information

13.1.1. Please use the attached Tender Response Document for your reply.

13.1.2. The Terms and Conditions that will apply to this proposed Agreement are attached. **Suppliers should accept the T&C's with no material changes.**