



National Audit Office

The NAO's Diversity Strategy 2012 to 2014

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Introduction by the C&AG

A high performing organisation needs talented and motivated staff drawn from as wide and diverse a talent pool as possible. We have high aspirations for our business: we want our work to lead to lasting improvements that benefit public service users and taxpayers. An ambitious diversity programme that helps attract the best talent and encourages all staff to contribute fully is essential if we are to deliver.

We have made some good progress since adopting our first formal diversity strategy in 2000. Our overall staff profile has become more diverse with a higher representation of women, ethnic minorities, and staff working part-time. Our most recent strategy covered the period 2009 to 2011, and during that time we launched training and support for staff following a review of the differences in appraisal ratings between staff groups, and we improved our policies and procedures in line with best practice and to reflect feedback we received from our staff.

But we must make real progress in some key areas where we have not done as well. Whilst our record on recruitment of ethnic minority staff, especially Trainees, is strong, we have seen less success in retaining and progressing them through to our more senior grades (Audit Manager/Director and above), and we look to increase the representation of women in our more senior grades. Whilst this is a broad diversity strategy which is relevant to all staff and covers all nine 'protected characteristics' under the 2010 Equality Act, it is right that we focus on these key priorities in order to increase the pace of change and achieve progress.

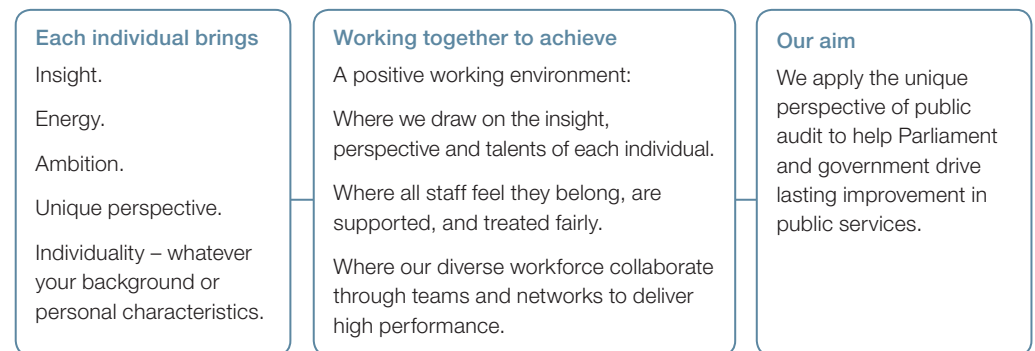
We have established the Diversity Delivery Board which is chaired by Gabrielle Cohen, a member of the Leadership Team and NAO Board, and is comprised of people from across the organisation with an interest in diversity issues. The Diversity Delivery Board reports in turn to the leadership of the Office and we take a close and supportive interest in its work. Collectively, the Leadership Team endorses the ambition set out in this strategy, recognising that it is all the more powerful for having been developed with input from staff from across the Office. We will hold the Office and ourselves to account for progress in delivering the strategy, and we will each make a reality of our commitment to a diverse organisation in the action we take individually and in the way we lead the organisation.



Amyas Morse
Comptroller and Auditor General
April 2012

Our diversity commitment

We value people as individuals – including the unique perspective, insight, talents and contribution each brings, and we combine this by working collaboratively in a supportive work environment. It is about being unique together. This commitment to diversity helps us to drive lasting improvement in public services.



To make this commitment a practical reality we will:

- promote and embrace equal opportunities and diversity in all that we do;
- value and respect every individual's unique contribution to the success of the NAO, including their insight, energy, ambition, talents and who they are;
- demonstrate commitment to our values in all we do. Most relevant to diversity are the following values: **Collaborative** – We work collaboratively with colleagues, and with stakeholders, to achieve our goals; and **Fair** – Our work, and the way that we treat people, is fair and just;
- provide a positive and supportive working environment free from harassment, intimidation and discrimination;
- seek to ensure that no one group or individual is disadvantaged;
- provide visible and effective senior management leadership for diversity and equality;
- drive progress against our diversity strategy;
- work in collaboration with our staff network groups and other relevant stakeholders to secure positive change; and
- each play our part in making equality and diversity a reality in how we work.

Why diversity matters to us

Diversity makes good business sense to the NAO.

We have an ambitious strategy. To drive lasting improvement in public services we need a high performing Office with staff who have the talent, insight, energy and ambition to deliver. We therefore need to recruit, retain and motivate staff drawn from as wide and diverse a talent pool as possible.

We deliver through teams and networks. Key to our success is our ability to work collaboratively with a diverse range of colleagues and clients. We need to respect each other as individuals and treat each other fairly to get the best from each other.

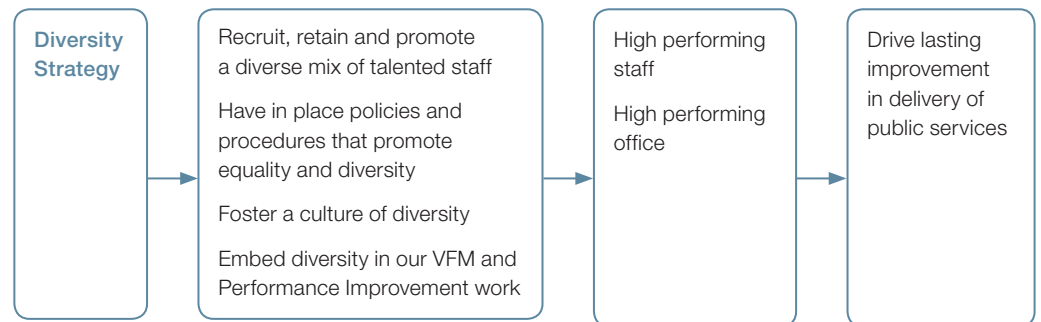
Public services are delivered to a diverse society. We need, therefore, to reflect diversity considerations in our value-for-money reports where this will help our clients improve their services to taxpayers.

We have a public sector equality duty. The Equality Act 2010 requires public bodies to have due regard to eliminate unlawful discrimination, harassment and victimisation of individuals based on the following 'protected characteristics'. But more than this, it encourages us to advance equality of opportunity and to foster good relations between all people and groups.

Protected characteristics		
Age	Disability	Gender reassignment
Marriage and civil partnership	Pregnancy and maternity	Race
Religion and belief	Sex	Sexual orientation

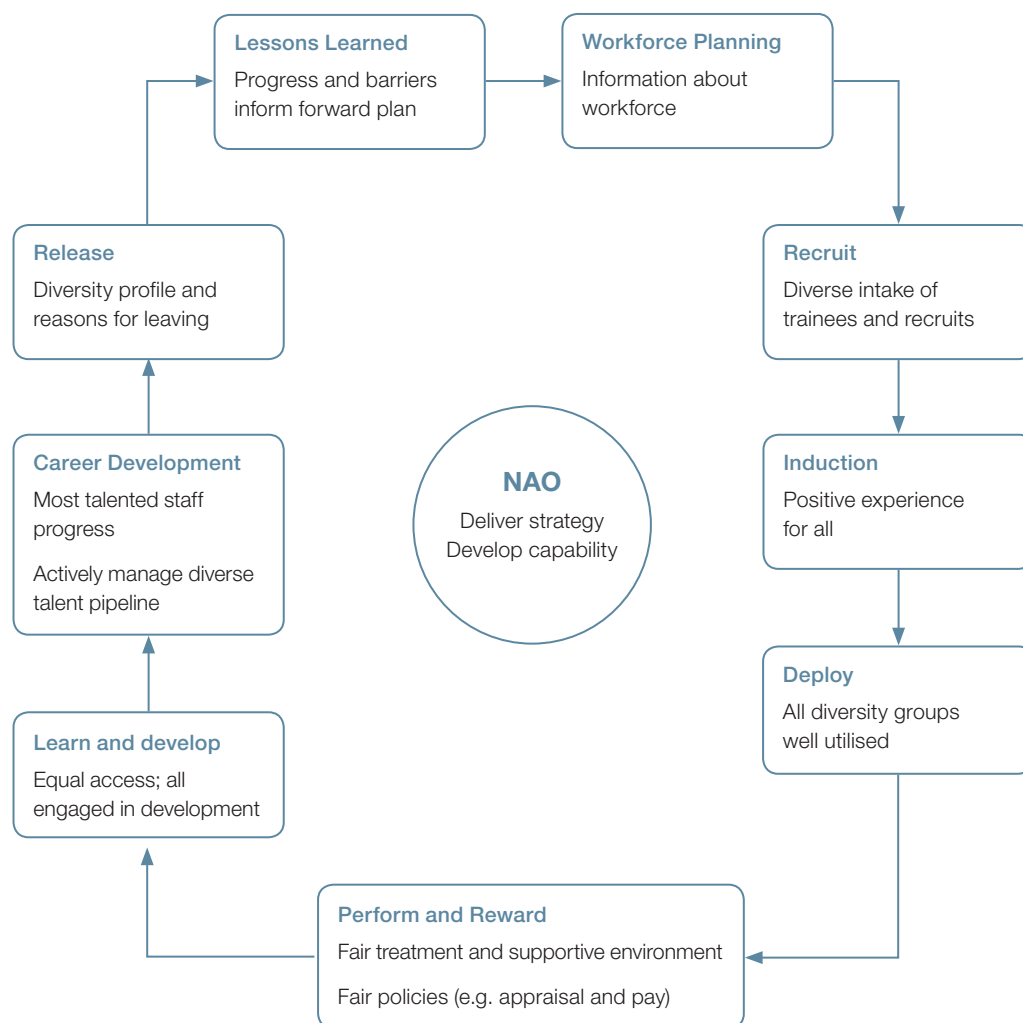
Stronger through diversity

By embracing and promoting equality and diversity in all we do we will attract and retain the most talented people, making us a stronger and more effective organisation, better able to help our stakeholders deliver lasting improvement in public services.



Diversity is an important consideration at all stages of the employment cycle. This strategy focuses our efforts on those parts of the cycle where there is greatest need for improvement for the benefit of our staff and our business.

Employment cycle and diversity



Our diversity journey

Pre 2000

Equal Opportunities policies were in place.

2000

First strategy to promote diversity with a focus on race equality and increasing awareness of diversity.

Post 2000

Broad diversity strategies have been introduced and refreshed. Equality schemes (disability, race and gender) were in place to promote equality and ensure legal compliance.

Our most recent strategy 2009 to 2011 had broad coverage including: support for staff; our policies and procedures; legal compliance; and promoting awareness of diversity in our VFM work.

Where are we now? (2011-12)

Here is a summary of our current position:

- Policies and procedures are compliant with legislation.
- Workforce is more diverse than it was in 2005, but little change in the representation of ethnic minorities in our most senior grades – especially Director and above.

Group	2005 (%)	2011 (%)
Women (percentage of workforce)	38.0	45.0
Women Managers	30.0	38.0
Women Directors and above	27.0	30.0
Ethnic minority (percentage of workforce)	13.7	15.9
Ethnic minority Managers	3.8	7.5
Ethnic minority Directors and above	2.9	4.7
Disability	1.2	6.0
Part-time (percentage of workforce)	10.5	11.4

- Whilst we do not have similar trend data relating to **religion and belief**, in 2011, 32 per cent of staff reported that they were Christian, 27 per cent no religion, 25 per cent atheist or agnostic, 9 per cent preferred not to say and 7 per cent were from five other religions.
- On **sexual orientation**, in 2011, 88 per cent reported that they were heterosexual, 2 per cent gay or lesbian, 1 per cent bi-sexual and 9 per cent preferred not to say. In terms of **age** between 2005 and 2011, the proportion of our workforce under 30 has increased from 32 per cent to 37 per cent and reduced by 6 per cent in the 30 to 49 age group.
- Staff diversity network groups are in place (ethnic minority, LGBT, disability, religion and belief).
- Board level leadership for diversity and an active Diversity Delivery Board with broad staff representation to oversee progress.
- Position in the Stonewall Workplace Index has improved from 123rd in 2008-09 to 41st in 2012.
- Better accessibility in our London headquarters and achieved 'two-ticks' accreditation as an employer of people with disabilities.
- We monitor equality and diversity and publish annual diversity reports.
- Range of actions taken to train managers and staff in diversity issues.
- Recruit a diverse annual intake of graduate trainees.
- Diversity guide available for VFM practitioners.

Key priorities we will address now

Whilst our strategy is broad and inclusive, it will have a particular focus on the following priorities which will be explained in more detail under the relevant objectives:

- **Increasing the representation of ethnic minorities in our more senior posts.**
- **Improving further the representation of women into senior posts.**
- **Addressing differences between groups in appraisal ratings.**

Actions to address these key issues, as well as a range of other actions in our broad diversity programme, are set out in this strategy.

Where we are aiming to get to?

The NAO will:

- recruit a diverse mix of talented staff and retain and progress them to achieve a more diverse workforce at senior grades. The representation of ethnic minority and women staff in our more senior grades (Audit Manager, Director and above) will mirror their representation in the more junior feeder grades;
- have in place policies and procedures which promote equality and diversity and which work consistently well for our diverse workforce (e.g. appraisal);
- be a place where diversity is part of the way we do things and where all staff feel included, supported and treated fairly; and
- exploit fully the value of diversity in our value for money work.

This strategy will help us drive further progress. It includes a range of actions and specific success criteria. A separate action plan, with the full and up-to-date list of actions, will be maintained alongside this strategy.

Objective One – Recruit, retain and promote a diverse mix of talented staff

Key issues we will address

We need to recruit, retain and promote the best talent from the widest and most diverse talent pool, and demonstrate to staff and the market that the NAO is a good place to develop a career – whatever an individual's personal characteristics.

The key issue we need to address is to improve the retention and progression of ethnic minority staff to our more senior grades (Audit Manager and Director). The Office has achieved greater diversity in recent years but we have seen little change in the representation of ethnic minority staff in our more senior grades (especially Director and above). We recruit a diverse intake of Trainees annually and ethnic minorities are well represented (16 per cent) in the feeder grades to Manager but we have less success in retention and progression through to senior posts (Manager and Director). The number of ethnic minority Directors has remained virtually unchanged with just one more (total three) than in 2005. We must accelerate the pace of change by more proactive management of our internal talent along with the option of external recruitment.

Race is only one of the 'protected characteristics' and we also aim to increase further the representation of women in senior posts and to recruit, retain and progress people with disabilities and other characteristics. Nevertheless, the representation of ethnic minorities in senior grades is where we have seen least progress and it is, therefore, our key priority.

Priority actions we will take to address key issues

- Work with a specialist recruitment agency to recruit talented ethnic minority graduate trainees to improve our talent pipeline (2012 onwards).
- Identify which vacancies at Manager, Director and above will be opened for external recruitment and use specialist media, networks and agencies to maximise the number of ethnic minority applicants (ongoing).
- Allocation Group Directors will identify ethnic minority staff with potential to progress to Manager and Director and will encourage them to apply for our talent management programmes and promotions (six monthly).
- HR will brief the Leadership Team on the internal talent pipeline including ethnic minority staff and women. The Leadership Team will identify talent and agree any actions (e.g. coaching/mentoring) to encourage career progression where potential is identified (six monthly).
- HR will work in collaboration with the ethnic minority network to launch a mentoring/personal effectiveness scheme for ethnic minority staff to support career development (2012).

Other actions we will take

A separate action plan includes a full list of actions but here are some examples. We will:

- survey ethnic minority staff and analyse exit interview data to better understand their career aspirations and to identify what action the NAO should take to enhance retention and career development (2012);
- support the summer internship programme for undergraduates with a disability or from ethnic minorities to identify potential recruits (annual); and
- launch a campaign to maximise the completeness of staff diversity data, including all protected characteristics. We need to better understand the nature and scope of disability in the workforce as a basis for making further progress in this important area.

What will success look like?

The table below sets out our expectations in terms of the recruitment, retention and promotion of a diverse mix of staff.

Staff group	Expectation by 2014
Ethnic minority staff in senior grades	A year-on-year increase in the number of ethnic minorities in senior posts (Manager, Director and above) from a baseline of 4.7 per cent of Directors and 7.5 per cent of Managers in 2011.
Women in senior grades	The percentage of women in the Manager grades will increase from 38 per cent in 2011 to 40 per cent by 2014. The percentage of women at Director and above will increase from 30 per cent in 2011 to at least 34 per cent in 2014.
Graduate trainees – ethnic minorities	The percentage of graduate trainees from ethnic minorities will average at least 22 per cent over the 2012 to 2014 period.
Graduate trainees – women	Women will make up an average of at least 40 per cent of our graduate recruits over the 2012 to 2014 period.
Pass rates	All staff groups will achieve a similar pass rate in the TOPPs training scheme.
School leaver scheme	We will recruit an average of 10 trainees a year to our school leaver chartered accountancy training scheme with the aim of attracting a diverse intake.
Staff with a disability	We expect that around 6.5 per cent to 8 per cent of staff will record that they have a disability.
Diversity data	We currently have complete data for all staff on gender, ethnicity and age; by 2014 we aim to have data on all 9 diversity strands for at least 70 per cent of our staff (currently 35 per cent).

Objective Two – Ensure our policies and procedures promote equality and diversity

Key issues we will address

Our policies and procedures throughout the employment cycle need to support the motivation and engagement of a diverse workforce. The key issue we need to address is the difference between groups in assignment report and appraisal ratings. Whilst we have robust appraisal and moderation processes, ethnic minority staff are consistently less likely than white staff to receive the highest ratings and more likely to receive the lowest rating. In 2010, for example, 37.6 per cent of white staff received 'A' ratings at annual appraisal compared to 25.8 per cent of ethnic minority staff, and 4.7 per cent of white staff received the 'C' rating compared to 14.1 per cent of ethnic minority staff. Appraisal ratings have consequences for staff as they feed into reward and career development.

We must also check the processes that feed into appraisal ratings earlier in the employment cycle – and specifically whether all groups are deployed in a way that provides the quantity and quality of work that allows them to demonstrate performance consistent with the highest ratings.

Priority actions we will take to address key issues

- Launch a revised assignment report and performance appraisal scheme for the 2013 appraisal year. Diversity will be a key consideration in the development of the scheme (review starts 2012).
- Complete a diversity audit of our staff allocation system to ensure that no particular groups are less likely to be allocated or utilised (annual).
- Introduce regular monitoring of unallocated staff time and quality of work by diversity group (e.g. ethnic minorities) and work with Allocation Group Directors to address any issues (ongoing).
- Refresh the equality impact assessment process for assessing corporate policies and ensure it is applied consistently (2013).

Other actions we will take

A separate action plan includes a full list of actions but here are some examples. We will:

- provide expertise from the corporate centre to put in place reasonable adjustments and to ensure accessibility for staff with disabilities;
- keep under review our human resource policies to ensure compliance with equality and diversity legislation and best practice (ongoing); and
- in collaboration with the staff network groups, identify organisations which provide a close fit to the NAO for purposes of diversity benchmarking and for sharing and developing best practice (2012) and work with network groups to implement relevant best-practice.

What will success look like?

Diversity – related issue	Expectation by 2014
Appraisal ratings	No difference in appraisal ratings between white and ethnic minority staff taking one year with another by the end of this strategy (2014) at the latest. As an interim measure, by 2013, the proportion of ethnic minority staff who achieve 'A' ratings will be at least 80 per cent as high as the proportion of white staff who achieve an 'A'. ¹
Staff allocation/utilisation	No group (e.g. ethnic minority, disability) will be less allocated or have access to lower quality work than other groups.
Impact of policies/procedures	Publish figures annually showing the impact of our policies and procedures (e.g. promotions) on different groups and highlight any relevant action to address diversity issues.
Equality impact assessments	Publish on our intranet summary details of equality impact assessments relating to HR policies and procedures as well as any new corporate policies.

¹ Note that the 80 per cent figure is not a legal standard or statistical measure but rather a simple benchmark which has been used by some employers to gauge adverse impact following the application of assessment methods to different groups of people.

Objective Three – Promote the further development of a culture of diversity

Key issues we will address

Consistent with our values, we aim to be fair and just in the way we treat and value people as individuals. Whilst the 2011 staff survey showed that 76 per cent of staff felt they were treated fairly at work, fewer staff felt that the NAO respected individual differences (66 per cent) or took effective action to deal with discrimination if it occurred (49 per cent), and 7 per cent recorded that they had personally experienced discrimination at work. There is, therefore, more we need to do to develop further our culture of equality and diversity. Key to this will be the leadership of senior staff, external challenge to help ensure we are doing all we can, and the work of the staff network groups to challenge and support staff and the NAO to change.

Priority actions we will take to address key issues

- Successful delivery of the diversity strategy will be included in Gaby Cohen's personal objectives (2012 onwards).
- Leadership Team members will commit to sponsor a particular aspect of diversity (e.g. collaboration with network groups) and reflect this in their objectives (2012 onwards).
- Provide diversity workshops/training for Directors, Development Managers, Assignment Managers and other relevant staff including coverage of 'unconscious bias' and bullying and harassment (ongoing).
- Identify an external individual to challenge and advise us regarding our approach to diversity and consult network groups as part of the process (e.g. non-executive director or external mentor) (2012).
- Work in collaboration with staff network groups (Religion and Belief, Ethnic Minority and LGBT) to take their own action plans forward and identify a senior sponsor for each group (Director and above). Support the development of new network groups where needed (e.g. age, part-time staff) (ongoing).

Other actions we will take

A separate action plan includes a full list of actions but here are some examples. We will:

- implement a diversity communications strategy to promote engagement with diversity internally and raise our external profile as a diverse employer (2012);
- publish Annual Diversity Reports summarising workforce data in terms of all protected characteristics as well as progress and plans (annual);
- monitor the results of staff surveys by relevant groups and address any issues relating to diversity culture (annual);
- complete the Stonewall workplace equality index to gauge our progress as a supportive and inclusive employer for relevant sexuality groups (annual);
- in collaboration with staff network groups, identify options for participating in external employer recognition schemes relating to diversity strands (annual); and
- examine our approach to part-time working (policy, procedures and organisation culture/attitudes) and determine whether any change is needed consistent with our commitment to diversity and operational delivery (2013).

What will success look like?

- We will achieve a year-on-year improvement in terms of staff responses to key diversity related questions in the annual staff survey.
- We will aim to maintain a position in the top 50 employers in the Stonewall Workplace Equality Index each time we are assessed (the NAO was ranked 41st in 2012).

Objective Four – Further embed diversity in our audit work

Key issues we will address

Public services are delivered to our diverse society. Diversity is, therefore, an important consideration particularly in our value-for-money work as we aim to help drive improvement in public service delivery. Our key priority is to improve active consideration of diversity by study teams at all stages of the study process.

Priority actions we will take in 2012 to address key issues

- Introduce a brief 'diversity check' to ensure more active consideration of equality and diversity issues in the value-for-money study process. This will be applied as part of our quality assurance arrangements including the review by the Partner Director for VFM studies (2012).
- Update our VFM guidance to incorporate the 'diversity check' process and communicate this to staff (2012).

Other actions we will take

A separate action plan includes a full list of actions but here are some examples. We will:

- include in courses and lunch-time seminars coverage of how diversity can contribute to VFM studies (ongoing);
- publish on our intranet examples of how equality and diversity considerations have been reflected in our VFM work and the impact this has had (2013); and
- carry out accessibility testing on our external website to ensure that the content is accessible to the widest possible audience (2013).

What will success look like?

- All teams will actively consider diversity issues when planning, delivering and communicating value-for-money studies and when considering and assessing impact. The results of these considerations will be recorded briefly.
- We will see diversity considerations included in studies where this is relevant.

Appendix – Development of the strategy and staff involvement

The diversity strategy for 2012 to 2014 was developed by the Diversity Delivery Board (DDB). In developing this vision and strategy a wide range of staff and staff groups were consulted on issues to reflect in the strategy, including the following:

- staff in London and Newcastle who attended focus groups which were open to all and were advertised on the staff intranet;
- all staff network groups – including, LGBT, disability, ethnic minority and religion and belief;
- the trade union which represents staff interests and negotiates with management on behalf of staff; and
- Development Managers and Development Directors who have primary responsibility for performance management, development and welfare of staff.

To develop this strategy the DDB also considered the following: progress against the strategy for 2009 to 2011; the findings from our Diversity Annual Reports; our workforce profile; legislation; best practice; the profile of appraisal ratings and data from recruitment and promotions campaigns; and a range of diversity related issues facing the Office, managers and staff.

The Diversity Delivery Board includes the following members drawn from across the grades and specialisms:

Gaby Cohen (Chair)	Assistant Auditor General, Leadership Team and NAO Board
Andrew Clark	Assistant Auditor
Naomi Flood	Researcher, Value for Money
Lilian Hetherington	Audit Principal, Financial Audit, Newcastle
David Kellett	Band 1, Corporate Services
Shireen Khattak	Audit Principal, Financial Audit, Newcastle
Rahini Mylvaganam	Audit Manager, Financial Audit
Jim Rickleton	Director General, Finance and Commerce
Susan Ronaldson	Director, Financial Audit
Andy Whittingham	Audit Manager, Value for Money
Emily Wintle	Band 2, Corporate Services

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