Supporting success through diversity: Our strategy for 2009 to 2011
Our vision is to help the nation spend wisely.

We promote the highest standards in financial management and reporting, the proper conduct of public business and beneficial change in the provision of public services.
Supporting success through diversity: Our strategy for 2009 to 2011
Diversity is about people. Everyone is different, and people’s differences can be many and varied. To support our continued success we need to recognise those differences and make the most of what everyone brings to the NAO. Diversity is also about what we do and how we work.
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Introduction by the C&AG

Diversity is about people. Everyone is different, and people’s differences can be many and varied. To support our continued success we need to recognise those differences and make the most of what everyone brings to the NAO. Diversity is also about what we do and how we work. As government seeks to improve the delivery of public services to meet the needs of everyone in our diverse society, so our work needs to support this agenda as well as helping government to enhance effective financial management and make best use of public money. Diversity is, therefore, a theme that runs through all we do and it can support the success of our business in practical ways which add value.

For these reasons the Management Board has put in place this strategy and we are committed to seeing further progress over the period 2009 to 2011.

This strategy builds on the progress we have already made. We have had equal opportunities policies in place for many years and, following heightened awareness of race issues in Britain, we adopted a race equality strategy in 2000. We then launched a broader strategy in 2005 to reflect consideration of diversity and equality in our human resource policies and our business, and we made progress against the strategy during 2005 to 2008 (see Box 1 for a summary of some of the key achievements).

Box 1
Summary of key achievements during 2005 to 2008

- Reviewed our human resource policies following the Age Discrimination Regulations. As a result we removed our retirement age and changed the qualifying period for the highest rate of annual leave.
- Improved the quality of recorded data relating to ethnic origin of staff and completed a disability monitoring exercise to gauge representation in the workforce.
- Launched a summer internship programme for disabled and ethnic minority undergraduates and an AAT Fast Track scheme to recruit school leavers to train to be qualified accountants.
- Provided workshops for staff and managers covering a range of diversity issues and launched an on-line disability guidance booklet for managers.
- Launched a mentoring scheme for ethnic minority staff.
- Launched an on-line guide for VFM practitioners (“Reflecting a diverse society in our VFM work”) and introduced a diversity question to the study process to encourage consideration of diversity in our work. We published a number of VFM reports with a clear diversity theme.
- Achieved the disability 2 ticks accreditation and raised our profile as a potential employer among a range of minority groups.
- Increased the representation of women in the Audit Manager grade (from 28% in 2005 to 33% in 2008) and the representation of disabled trainees (from 2.5% in 2006/07 to 5.5% in 2007/08).
But there is no room for complacency, and this strategy sets out the action we will take to secure further progress where this will benefit us. We need to make sure that some of the initiatives we have already put in place deliver for us – such as the AAT Fast Track scheme. We also need to understand better a range of issues and consider what action to take. These include the following:

- Why do some groups achieve consistently lower appraisal ratings?
- What concerns do staff have around age and age discrimination?
- Why are some staff more likely to fail the TOPPs training programme than others?

Where there is a business need we will launch new initiatives. For example we will be providing cost-effective on-line diversity awareness training for managers and staff.

After setting out our vision for diversity and five broad goals for 2009 to 2011 (Part 2) our strategy highlights some of the practical ways in which diversity can support our business success (Part 3) before setting out the specific actions we will take (Part 4). Our expectations in terms of progress or success are set out in Part 5.

The Management Board is committed to seeing progress against this strategy and we will continue to demonstrate support through our Board level champion – Jim Rickleton. But to make the strategy work for our benefit we all need to play our part by making diversity a reality in how we lead and manage others, in how we work together, and in how we do business on a day-to-day basis.

Tim Burr
Comptroller and Auditor General
January 2009
Part Two

Our diversity vision and goals

Our vision for diversity

The National Audit Office will be a place where we:

- **Provide clear and positive leadership** – to maximise the business benefit of a diverse workforce delivering diverse products to a diverse audience;

- **Provide consistent and effective people management** – where managers are equipped to get the best out of the diverse range of people they manage;

- **Provide support for all staff** – so that everybody feels confident to be themselves and to play a full role in the Office, and people feel valued and treated fairly;

- **Resource our business to best effect** – by recruiting and retaining people from the widest talent pool which is modern Britain, and by making the most of the unique skills, experience and ideas each person brings; and

- **Maximise the impact of our VFM and good governance work** – because it supports positive change in the delivery of public services to everyone in our diverse and changing society.

Diversity goals for 2009 to 2011

To achieve our vision we will pursue the following five goals over the period 2009 to 2011.

**Goal 1: Provide clear and positive leadership** – we will extend the framework of leadership to help drive further progress to achieve our diversity goals.

Our diversity programme has benefited from Management Board level leadership and the Diversity Steering Group has helped provide input to our diversity plans from a range of staff with different perspectives. We now look to encourage further progress by extending our leadership support for diversity.
Part Two: Supporting success through diversity: Our strategy for 2009 to 2011

The Diversity Steering Group was replaced by the Diversity Strategy Group which had the specific remit of developing and launching this strategy. Going forward we need to put in place a group to oversee delivery of this strategy and to enable progress. This group will be called the Diversity Delivery Board. The Management Board member with responsibility for diversity – Jim Rickleton – will chair the Diversity Delivery Board and he will determine its membership and terms of reference. The Diversity Delivery Board will report through the Staff Performance and Remuneration Committee to the Management Board.

We need to examine a number of key issues (e.g. why some staff are more likely to fail the TOPPs programme than others) and decide what to do to address the issues for the benefit of our people and our business. Also, whilst we have made some progress, more could be done to identify fresh opportunities to bed diversity into our business activities within the three main specialisms (VFM audit, Financial Audit, and Corporate Services). Finally, expansion of the Newcastle Office has already positioned the NAO as a more diverse employer with a strong presence in the North as well as the South and we need to support the on-going success of the Newcastle Office with a diversity programme which meets the particular challenges and opportunities in the North East. We should, therefore, extend our framework of leadership for diversity, and the specific actions to achieve this are set out in Part 4.

Goal 2: Provide consistent and effective people management – we will provide cost-effective training for managers covering the key diversity-related issues they face.

Several years ago, we provided diversity workshops for managers and staff. Since then the framework of employment law and good practice has changed significantly. Whilst we have provided ad-hoc briefing sessions from time to time, we need to deliver awareness training for NAO managers and staff to help bring them up to date. But we must do this in a cost-effective way and an on-line package provides the best option as it can be made available to the whole workforce. We will also provide workshops for those with significant people management responsibility (such as Development Managers) to address the key issues they face.

Our aim will be to provide managers with the knowledge and confidence to manage our diverse workforce and to get the best out of everybody, and the specific actions are listed in Part 4.

Goal 3: Provide support for all staff – we will seek to understand better the needs of the whole workforce so that all staff feel valued, included and treated fairly.

Over the last few years staff have had access to a number of informal network groups to provide support for people belonging to particular groups and we have put in place equality schemes relating to race, disability and gender. We will continue with these initiatives.
As part of the strategy for 2005 to 2008 we launched a mentoring scheme for ethnic minority staff, but we need to know if this has helped people and then decide whether we need to refresh or re-launch the scheme or whether we should provide other forms of assistance.

We also need to do more to understand the needs of staff. First, the staff survey in 2006 highlighted the concerns of some staff over age and age discrimination. We need to understand better those concerns and decide what can be done to address them – especially in light of the recent age discrimination legislation. Second, the profile of appraisal ratings showed consistently that part-time staff achieved a lower percentage of top ratings than staff who worked full-time. We need to understand this better and make sure that managers of part-time staff are supported by a clear and consistent management framework. Third, our profile of appraisal ratings also showed that ethnic minority staff achieved consistently fewer top ratings than white staff but we still do not understand fully why this is so and what can be done to address it. Finally, to understand better the profile and needs of the workforce it would be helpful to have in place a mechanism for recording a wider range of information relating to religion, beliefs, sexual orientation and disability in addition to what we already collect. We would, of course, need to consult with relevant staff groups in taking this forward and ensure that staff understand the purpose of this data collection and how the data would be used and secured.

The specific actions to support staff more effectively are set out in Part 4.

**Goal 4: Resource our business to best effect – we will develop further our approach to securing talent from the widest possible talent pool and making the most of what they bring to the Office.**

To deliver our business we must recruit and retain people with the talent, skills and qualities we need. Whilst we have a good track record overall in terms of recruitment and retention there is no room for complacency. We are competing in an increasingly competitive market with other employers for the best talent and we must actively seek out this talent from the widest possible pool – which is modern Britain. By doing so we expect that our workforce profile will evolve to become increasingly diverse over time.

**Ethnic minority groups**

Our main source of talent for our audit work is the graduate recruitment scheme and we need to be confident that we are accessing the widest and most diverse talent pool. Whilst our workforce includes 15 per cent of staff from the various ethnic minority groups – which compares well with the wider Civil Service (8.3 per cent) – the percentage of graduate recruits from ethnic minorities was lower in 2007/08 (13 per cent) than in recent years (16 per cent in 2006/07; 28 per cent in 2005/06). For comparison purposes, in 2007 26 per cent of graduate recruits generally were from the ethnic minorities according to the Association of Graduate Recruiters. We have, therefore, actively sought to reach as wide a talent pool as possible by: raising the profile of our scheme through specialist publications and careers fairs; focusing our 2008/09...
campaign on particular universities following consideration of a range of factors including their diversity profile; and raising the profile of our on-line recruitment advertising to reach as wide a pool as possible. We therefore expect to see the percentage of our ethnic minority graduate recruits increase from 13 per cent to 20 per cent by 2011.

A lower percentage of ethnic minority trainees have been successful in passing the TOPPs training programme than white trainees (68 per cent versus 91 per cent respectively) over the 2004 to 2007 period. We therefore need to understand the reasons why some trainees are more likely to pass than others and decide what we can do to help secure a consistently high pass rate among all our trainees.

**AAT Fast Track Scheme**

In 2006 we launched the AAT Fast Track scheme to complement our graduate recruitment scheme as a source of qualified staff. We currently have 9 people on the scheme (including 4 from ethnic minorities). However we have not successfully secured any recruits to the programme in 2008. We therefore need to understand the reasons for this shortfall and find ways to more effectively access this population to meet our target of 5 Fast Track trainees per year.

**Disability**

In terms of the number of staff with disabilities, our survey in 2006 indicated that 6.2 per cent of our staff had a disability. This is not out of kilter with the Civil Service (6.7 per cent) and we might, therefore, reasonably expect that our overall profile of staff with disabilities will remain around 6 per cent to 8 per cent of staff through to 2011. The 2006 survey was, however, a one-off exercise so we do not know what the up-to-date and accurate workforce profile is in terms of disability. We should, therefore, put in place a mechanism to provide this data if we are to respond to the needs of the workforce. When we have better base data we will be in a position to revisit our expectation in terms of the overall percentage of staff with disabilities and their representation in senior grades. Our expectation will need to be realistic but sufficiently challenging to ensure the NAO attracts talented people with disabilities.

**Gender**

In 2007/08, 43 per cent of our staff were women and as at October 2008 40 per cent of our audit staff were women. Whilst this was below the Civil Service (52.9 per cent) it was above the overall percentage of ACA qualified women (24 per cent women and 76 per cent men)\(^2\) and CIPFA qualified women (33 per cent women and 67 per cent men),\(^3\) and it was in line with the percentage of women members of the ACCA (40 per cent). In terms of the profile of trainees joining us, in 2007/08 some 46 per cent of those offered training contracts were women and as at October 2008 44 per cent of all trainees were women – which was positive when compared to ICAEW figures which showed that 41 per cent of trainees were women but less than the percentage of women CIPFA trainees (48 per cent).

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\(^2\) Figures were provided by ICAEW as at October 2008.

\(^3\) Figures provided by CIPFA as at December 2008.
It is, however, the case that we seem to attract fewer applications from women than men to our training scheme. In 2007/08 only 39 per cent of graduate trainee applications were from women, which was below the percentage of women among graduate recruits more generally (45 per cent). We should, therefore, consider whether more could be done to encourage and attract women to apply to our training scheme and we will aim to increase the percentage of applications from women to the TOPPs scheme from 39 per cent towards 45 per cent by 2011.

**Representation in Director and AM grades**

Table 1 shows an overall increase in the percentage of women and staff from ethnic minority groups in the Director and Audit Manager grades over the last few years.

<table>
<thead>
<tr>
<th>Group</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008 (October)</th>
<th>By 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women Directors</td>
<td>25%</td>
<td>25%</td>
<td>27%</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>Women AM’s</td>
<td>28%</td>
<td>31%</td>
<td>35%</td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>Ethnic Minority Directors</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Ethnic Minority AMs</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Our figure of 32 per cent of women Directors was consistent with the Senior Civil Service (32 per cent at October 2007) but the Civil Service target is to reach 39 per cent of women in the Senior Civil Service (SCS) within the next 5 years. Our figure of 5 per cent of Directors from ethnic minority groups was higher than the SCS (3.4 per cent at October 2007) and the Civil Service target is to reach a 5 per cent representation of ethnic minority staff in the SCS within the next 5 years. Given that the number of Director vacancies over the next three years is unlikely to be large we expect an increase in the proportion of women Directors and Directors from ethnic minority backgrounds by 2011 but this is unlikely to be significant: 34 per cent of Directors to be women and 7 per cent of Directors to be from the ethnic minority groups by 2011.

Over the last few years we have seen an expansion in the number of AM posts but looking forward over the next three years we are not likely to sustain this rate of growth. We therefore expect an increase in the proportion of women and ethnic minorities in the AM grade but this is unlikely to be significant: 34 per cent of AMs to be women (currently 33 per cent) and 6 per cent of AMs to be from ethnic minority groups (currently 5 per cent) by 2011.

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Whist our expectations are modest in terms of the expected increase in the representation of women and ethnic minorities in our senior grades by 2011 this is likely to be realistic and achievable and would represent a positive step forward in terms of achieving a more diverse workforce at all levels in the longer-term beyond the time-frame for this strategy.

**Goal 5: Maximise the impact of our VFM reports and good governance work – we will look for further opportunities to reflect consideration of diversity in our VFM and good governance work.**

We have published a number of VFM reports each year with a diversity theme and a diversity guide was launched in 2005 to help VFM staff consider diversity issues in their studies. This diversity guide does not include our more recent studies where diversity has been a significant consideration. There would, therefore, be value in helping VFM staff by drawing to their attention some of our more recent work where diversity has featured significantly.

We should also encourage further innovation in terms of how our findings are communicated to our diverse stakeholders to maximise the impact of our work. We will, therefore, look to refresh our guidance on communication of VFM studies to enable staff to consider the full range of options for reaching our diverse stakeholders to maximise the impact of our reports.
Part Three

Diversity helps us all to deliver

Diversity is about good management of our business and our people to support our success. It is about maximising the range of options, opportunities, ideas and resources available to us so we deliver against our corporate vision and mission. Box 2 below sets out some of the practical ways in which diversity can help us all deliver.

**Box 2**
The role of diversity in supporting our business

<table>
<thead>
<tr>
<th>Business-related activity</th>
<th>The role of diversity in supporting our business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing a positive work environment</td>
<td>People need to feel confident and able to be themselves at work and feel a part of things whatever their background or personal characteristics. Our policies and processes must be kept up to date, be relevant to our evolving business needs and consistent with good practice and employment law to get the best from people and to protect the reputation of the Office.</td>
</tr>
<tr>
<td>Recruiting and retaining the talent we need</td>
<td>We must tap into all the possible sources of talent to make sure we recruit the people we need. We must appreciate the talents and skills of each person and get the best out of everyone so they want to stay and contribute.</td>
</tr>
<tr>
<td>Resourcing our jobs</td>
<td>We need the people with the right skills and experience doing the right things in the right way at the right time. Each person must be sufficiently challenged by, and engaged with, our work to give of their best.</td>
</tr>
<tr>
<td>Developing staff</td>
<td>Staff need to feel they have sufficient and equal opportunity to develop their skills and achieve their aspirations. Managers need to feel equipped to manage and develop a diverse group of staff.</td>
</tr>
<tr>
<td>Recognising and rewarding performance</td>
<td>Each person needs to feel valued and recognised if they are going to give of their best. Staff need to feel that our performance and reward policies are fair.</td>
</tr>
<tr>
<td>Our outputs and impact</td>
<td>Our reports must be relevant to a diverse and changing society and economy – modern Britain. There are different ways we can communicate our outputs to maximise the impact of our work and reach our diverse stakeholders.</td>
</tr>
</tbody>
</table>
Part Four

The action we will take

Here are the key actions we will take during 2009 to 2011 to achieve our goals. The Diversity Delivery Board will determine the timing of these actions and who is responsible for delivering them.

These specific actions will be updated from time to time to keep our strategy fresh and relevant to emerging issues and opportunities and to reflect progress.

**Goal 1: Provide clear and positive leadership – we will extend the framework of leadership to help drive further progress to achieve our diversity goals.**

To achieve this goal we will:

- Continue to provide visible senior leadership for our diversity strategy through our Board-level Diversity Champion (Jim Rickleton) who will publish his diversity objective(s)
- Appoint Senior Diversity Champions in the main specialisms (VFM, Financial Audit and Corporate Services) and at Newcastle with a clear remit to drive further progress towards our vision and strategy
- Establish a Diversity Delivery Board to monitor and enable progress against this strategy. The Board-level Diversity Champion will determine the terms of reference and membership
- Appoint leaders to head working groups to address specific key issues (set out under Goal 3)
- Continue to publish an annual report on diversity which will be agreed by the Management Board. It will include a balanced account of progress against this strategy and the expectations and targets set out in Part 5 and will highlight the action which will be taken to address any barriers to progress

**Goal 2: Provide consistent and effective people management – we will provide training for managers covering the key diversity-related issues they face.**

To achieve this goal we will:

- Launch diversity e-training (in 2009) for all staff to raise awareness of equality and diversity issues which relate specifically to NAO staff delivering our work
• Provide workshops (in 2009) for managers (starting with Development Managers) which address key issues they face in day-to-day management (e.g. implications of recent legislation, management of flexible working and part-time staff, and disability awareness)

• Check that our corporate management development programmes provide adequate coverage of diversity issues

• Monitor our human resource policies for compliance with any changes in employment law and communicate any policy changes to managers and staff

Goal 3: Provide support for all staff – we will seek to understand better the needs of the whole workforce so that all staff feel valued, included and treated fairly.

To achieve this goal we will:

• Continue to encourage and support staff network groups to provide informal support to staff and give specialist advice and support to NAO management

• Evaluate the mentoring scheme for ethnic minority staff

• Set up a working group to examine whether there are any particular issues facing staff relating to age and age discrimination and to address any issues

• Set up a working group to review the management arrangements for part-time staff (from scoping assignments and job design to appraising performance and potential) and to address any issues

• Set up a working group to examine differences between groups in terms of the profile of appraisal ratings and to address any issues

• Following consultation with appropriate staff groups, introduce a mechanism for recording staff disability, religion or belief, and sexual orientation to better understand the profile and needs of the whole workforce. We will provide a clear statement for staff regarding the purpose of this and how the information will be used and secured

• Complete the Stonewall workplace equality index annually to gauge our progress as a supportive and inclusive employer for relevant sexuality groups

• Continue to implement our three equality schemes (race, disability and gender) and publish an annual report on progress

• Introduce a plan for improving further our corporate performance in terms of completing equality impact assessments for policy initiatives
Goal 4: Resource our business to best effect – we will develop further our approach to securing talent from the widest possible talent pool and making the most of what they bring to the Office

To achieve this goal we will:

- Review the AAT Fast Track scheme to maximise our chance of recruiting and retaining sufficient numbers of talented staff
- Complete a diversity audit of our staff allocation system and other human resource processes to ensure we make best use of the skills and talents of our diverse workforce
- Investigate the reasons for success or failure in the TOPPs training programme and identify any relevant actions to support staff more effectively
- Continue with the summer internship programme for undergraduates who have a disability or who are from ethnic minorities
- Complete a review of our main recruitment, promotion and employment processes to check whether any changes would give us a more effective means of securing the variety of talent we need (including a higher percentage of women applicants to our TOPPs training scheme and better representation of ethnic minority groups and staff with disabilities)

Goal 5: Maximise the impact of our VFM reports and good governance work – we will look for further opportunities to reflect consideration of diversity in our VFM and good governance work.

To achieve this goal we will:

- Publish on our intra-net up-to-date examples of how diversity considerations have been reflected in our VFM and good governance work and the impact this has had
- Identify opportunities through our on-going internal VFM training courses and lunchtime seminars to raise awareness of how consideration of diversity can contribute to the success of our studies
- Revise the guidance relating to the development of communication plans for studies in order to prompt consideration of a broad range of options for reaching the target audience and our diverse stakeholders
Part Five

What success will look like

In terms of this strategy, we will know we have been successful when:

a) As a result of clear and positive leadership we can report progress year on year against the full scope of this strategy;

b) Managers feel confident and able to manage a range of issues relating to a diverse workforce and staff feel that their managers are effective in this respect. (This could be measured by a targeted survey/focus groups);

c) We maintain the strong staff perception that the NAO is an equal opportunities employer with 80 per cent of staff agreeing that this is the case (similar figures to the 2006 staff survey). However, by 2011 we expect more staff (at least 80 per cent) than in 2006 (62 per cent) to agree that the NAO truly values the diversity of its employees, and this positive response will be consistent across all staff groups;

d) We can demonstrate our efforts to reach and retain the widest possible talent pool and, whilst our workforce is already diverse, our expectation is that these efforts will be reflected in an even more diverse workforce over time in the following respects:
All study teams (VFM and good governance) will actively consider diversity issues at all stages in terms of study choice, delivery, communication and impact (as evidenced in study plans and communication strategies). We should, therefore, continue to see diversity included as a theme in some of our studies.
Annex One

Diversity Strategy Group

The diversity strategy for 2009 to 2011 was developed by the Diversity Strategy Group. This group replaced the Diversity Steering Group and had the specific remit of developing and launching this strategy. Membership of the Diversity Strategy Group was drawn mainly from the Development Managers in order to represent the needs of staff and the business.

In developing the strategy some members of the Group ran focus groups with staff to identify issues which were of importance to them. The focus groups were advertised openly on Merlin for anyone to attend. The Group also considered: progress against the strategy for 2005 to 2008; the findings from our Diversity Annual Reports; our workforce profile; legislation; the profile of appraisal ratings and data from recruitment and promotions campaigns; and a range of diversity related issues facing the Office and managers. For brevity the detail of some of this work is not included in this strategy but it did shape the strategy and the action plan going forward.

When developing the final draft of the strategy the Diversity Strategy Group consulted with Development Directors, Corporate Service Directors, Staff Network Groups and the Trade Union Side. The Group was grateful for the comments which were received.

The Diversity Strategy Group included the following members:

- Mark Allen
- Janet Angus
- Michelle Bonds
- Peter Coney
- Paul Holland
- Phil Hyde
- Bryan Ingleby
- David Kellett
- Jill Morris
- Lee-Ann Murray
- Marcus Popplewell
- Jim Rickleton (Chair)
- Cilla Ryan
Annex Two

Related documents

Diversity Annual Report 2007-2008

Diversity Annual Report 2006-2007

Race Equality Scheme and Action plan 2005-2008
http://merlin/CorporateServices/HumanResources/racial_equality_scheme_2005-08.pdf

Race Equality Scheme Addendum

Disability Equality Scheme and Action plan 2006-2009
http://merlin/CorporateServices/HumanResources/disability_equality_scheme.pdf

Progress note for Disability Equality Scheme 2007

Gender Equality Scheme and Action plan 2007-2010