



National Audit Office

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Diversity Annual Report 2009-2010





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Foreword

Our diversity strategy helps to support our success by enhancing our capacity through recruiting and retaining talented people from as wide a talent pool as possible, and by getting the best from our diverse workforce ensuring we all work well together and are motivated and supported to deliver the best we can.

I am pleased to publish the NAO's annual diversity report for 2009 which outlines progress against our key diversity goals and demonstrates our continued commitment to equality. We have a good record of achievement in 2009 and this report provides more detail on the progress we have made. The ambition we have for our clients and the delivery of our business must be matched by the ambition we have for our people who deliver our work, and there is more we need to do going forward. We need to look at how we can most effectively recruit, retain and develop talented staff in ways which give an equal opportunity to people irrespective of background. Of course, we will also need to comply with the new Equality Act. The Leadership Team are taking a close interest in the other priorities and actions set out in this report.

We have high aspirations for our business and these include an ambitious diversity programme.

Amyas Morse
C&AG

Summary: Progress and Challenges

During 2009 we made progress against our diversity strategy and in some respects we have demonstrated real strengths as an employer. But there is scope for further improvement and progress as we seek to capitalise on the business benefits of diversity.

The positive features of our activity and diversity track record during 2009 include:

Attract in the talent we need from the widest talent pool by:-

- Targeting our graduate recruitment campaign to attract a diverse mix of applicants. Some 25% of those recruited to the graduate scheme were from ethnic minorities surpassing the target of 20%.
- Running the fourth annual internship scheme for five disabled and ethnic minority undergraduates. Since starting the internship scheme two interns have joined our graduate scheme.
- Complementing our main graduate recruitment campaign with an AAT fast track scheme designed to attract school leavers to our chartered accountancy training scheme.

Providing a supportive workplace with fair processes in place by:-

- Entering the top 100 employers of the Stonewall workplace index for the first time at number 75 up from number 123 last year. This demonstrates our openness to lesbian, gay, bi-sexual and transgender employees.
- Continuing to support a number of staff diversity network groups.
- Commissioning an independent review of all our HR policies and completing a diversity check of our staff allocation system.
- Launching a diversity e-learning package for staff.

The key priorities in terms of action in 2011 are set out on page 17 and include the following:-

- **Staff appraisal.** Detailed analysis of staff appraisal data showed that there are still disparities between different groups, consistent with previous years. Ethnic minority staff achieved less A ratings and more C ratings than white staff; staff in the over 50 age bracket achieved fewer A ratings than both 30-40 and under 30 groups; and part time staff also achieved less A ratings than their full time colleagues. Whilst the NAO is not unique in finding these differences we take this issue very seriously and we are, therefore, developing workshops and an e-learning package for

appraisees and appraisers to provide greater diversity awareness relating specifically to assignment reports and appraisal. Whilst this is unlikely to shift the appraisal profile in the short-term it will help ensure all staff are well prepared to get the best from our processes.

- **Recruitment, retention and career progression of ethnic minorities.** Whilst the representation of ethnic minorities in our graduate recruits and in the NAO workforce compares well to external benchmarks, there were no Black graduate recruits in 2009. Our data suggests that the rate at which ethnic minority staff leave the Office was higher than their representation in the workforce, and the representation of ethnic minorities in the more senior grades has remained stable over recent years. We will, therefore, investigate further whether we have any particular barriers to recruitment, retention and career progression of talented ethnic minority staff and, if so, identify ways of overcoming these.
- **Legal compliance and monitoring.** We are reviewing our HR policies in light of the Equality Act. We are also developing more robust diversity and equal opportunities monitoring through our HR information system to better understand our workforce, as a basis for providing relevant support.

Our Diversity Strategy

The ambition we have for our business and clients is matched by our ambition for the people who deliver our business. Our aim is to be the employer of choice for talented people drawn from our diverse society and to get the best out of the talent we have. This is vital if we are to achieve our challenging business goals and maximise the impact that we have.

To help achieve this we have had a diversity strategy in place since 2000. Our current strategy, ***Supporting success through diversity***, was launched in January 2009 and sets out an action plan under the following five goals:-

DIVERSITY STRATEGY GOALS

- Clear and positive leadership for diversity
- Consistent and effective people management
- Support for all staff
- Resource our business to best effect
- Maximise the impact of our VFM and performance improvement work

Our strategy is available at:

http://www.nao.org.uk/publications/0809/diversity_strategy_2009-11.aspx

The NAO launched its new business strategy in 2009. The capability strategy supports achievement of the business strategy ensuring that human resource activities are aligned to organisational goals. The diversity strategy is a key part of the capability strategy and ensures our ongoing commitment to diversity and equal opportunities.

Progress against the strategy is monitored regularly by the Diversity Delivery Board and annually by the Management Board. This report provides a summary of progress and developments during the 12 month period ending 31 March 2010 and is the next in a series of annual reports. As well as summarising progress this report highlights the areas where further progress and improvement is needed, setting out the forward agenda and the actions that we are taking.

Provide clear and positive leadership for diversity

Our aim is to have strong leadership in place to help drive progress against our diversity strategy. This is a key enabler in any successful change initiative. We have, therefore, established a Diversity Delivery Board (DDB) which includes a range of staff from different grades, specialisms and groups. The DDB was Chaired in 2009 by Jim Rickleton and is now Chaired by Gaby Cohen who is a member of the NAO Board.

The DDB was set up at the beginning of 2009 to monitor and enable progress against the diversity strategy, as well as to identify and discuss any emerging issues. Working groups have been set up to take forward projects on specific areas of concern and in 2009/10 this included reviews of part time working, age, the staff allocation system and differences between ethnic groups in terms of appraisal ratings. These reviews are referred to elsewhere in this report.

Overall accountability for diversity rests with the NAO Management Board which reviews annually progress against our strategy. The Leadership Team also has an active involvement in diversity and equality issues and has, for example, recently considered a range of issues relating to ethnic minority staff and has agreed actions to address these issues.

The Development Managers have a key part to play in managing staff with oversight of the development and performance management of up to 30 staff each. In 2009/10 the Development Managers were briefed and consulted on a range of diversity issues, including an employment law update and good practice in appraisals prior to the annual appraisal round.

We are already taking action to refresh the Diversity Delivery Board as some of the members have moved on. We are opening up the opportunities to the wider Office to maximise transparency, engagement and representation. The refreshed Diversity Delivery Board will help provide the leadership and direction for our diversity agenda in the year ahead.

Provide consistent and effective people management

To deliver a quality service to our clients we must have staff with the skills and motivation to deliver. We therefore aim to provide managers with the knowledge and confidence to manage our diverse workforce and to get the best out of everybody. To achieve this and to build on progress already made we took a number of actions in 2009/10:-

- We launched an e-learning programme covering all areas of equality and diversity and how they relate to our work. This is now mandatory for all staff.
- Development Managers received regular updates on employment legislation and policies.
- Workshops were delivered to staff on disability awareness in both London and Newcastle and a talk was given by an external diversity expert.
- Our HR manual and policies were reviewed by employment law experts and various revisions were made to ensure compliance with best practice and legislation.
- HR specialists worked alongside line managers on specific diversity related cases providing guidance and support including advice on disability, ill health and reasonable adjustments.
- Research carried out by the Diversity Delivery Board has identified some disparity between groups in assignment report ratings. We are, therefore, developing training for assignment managers and staff which will include diversity awareness.

Staff Performance Appraisal

The NAO's performance appraisal scheme plays a key role in recognising and rewarding contribution. It has three performance bands (A, B and C) with A ratings awarded to our strongest performers. We monitor the profile of appraisal ratings to check consistency between staff groups and to recommend any relevant action. Our analysis of the 2009 appraisal ratings highlighted the following (a more detailed analysis is provided on page 31 and 32):-

- More women (37%) received A ratings than men (33%).
- Only 25% of ethnic minority staff achieved an A rating compared with 37% of white staff, and white staff have consistently achieved a higher proportion of the highest ratings than ethnic minority staff over the last few years.

- Older staff received a lower proportion of 'A' ratings than younger staff.
- Part time staff received fewer 'A' ratings (30%) than full time staff (36%).

We take the differences in the appraisal data seriously and have taken a number of actions to address these. The Diversity Delivery Board set up a working group to examine differences in the appraisal ratings profile and to recommend any relevant action. Detailed analysis showed that differences between groups were apparent at the assignment reporting stage and these differences were later confirmed in the profile of annual appraisal ratings. Following consideration of these issues the Leadership Team agreed that the Office should launch workshops for staff to ensure that appraisees and appraising managers understand fully the process and have a good grasp of diversity and equality related issues relating to performance management and the experience of being appraised. These workshops will be launched towards the end of 2010 but before the next appraisal round.

Working Group – review of staff appraisal

Here is a brief personal report from a working group established by the DDB to review the difference between staff groups in terms of appraisal ratings. This work helped inform the Leadership Team's consideration of ethnic minority staff.

Diversity Delivery Board Working Group - Rohan Wijeratne

I've been a member of the board since it was put together in 2009 and since then we've met every two months or so to oversee the delivery of the diversity strategy. I applied to be part of the board because I care about issues of diversity and, though I'm aware that some people might regard such things as tiresome political correctness, I remember my Dad telling me about the problems that he faced when he came to work in this country in the early seventies - being told quite flatly in interviews that they couldn't give him jobs that he was qualified for because he was coloured and people wouldn't like it. Things are obviously much better now than they were then and I'm very thankful that I don't have to deal with the problems that he did, nevertheless problems do still persist for minorities, ethnic and otherwise, and I was pleased to be given the opportunity to contribute to the Office's efforts to make this a fair place for everyone to work in.

As part of our work for the Diversity Delivery Board Victoria Lasore and I were asked to form a working group to investigate diversity issues in annual performance appraisal ratings. We were given access to anonymised appraisal and assignment report data and analysed the profile of ratings against ethnicity, gender and age (other groups were too small to carry out sensible analysis). We found clear differences in the performance ratings achieved between ethnic, gender, and age groups with non-white people, men, and older age groups all receiving proportionally less A ratings than other groups. We reported our findings back to the board and presented our

findings at a development managers meeting to ensure that those overseeing the appraisal process were aware of the issues.

I followed up these findings by contacting other public sector bodies to ascertain whether they had similar issues and to investigate what steps they had taken to address the problems. I found that similar problems were present, to greater or lesser extents, in all of the other bodies that I obtained data from. Though most of the departments had taken steps to investigate the reasons for their differences, ranging from staff surveys to employing external consultants, none had been successful in pinning down the reasons why certain groups were obtaining fewer top ratings or in putting in place effective remedies.

This is a problem that we face in the NAO too. It won't be easy to identify the real reasons certain groups within the office are getting a lower proportion of top grades or to work out the best way to address the issue. It's frustrating, but we're not alone in this problem and I'm glad that we have a body like the Diversity Delivery Board, made up of staff of different grades, ages, genders, sexualities and ethnic backgrounds to bring these issues to the attention of the leadership team. Victoria and I recently contributed to a paper the HR department put to the leadership team which highlighted the issues with performance appraisals which we'd found.

Policies and Processes

The Diversity Delivery Board commissioned several pieces of work which included a review of the staff allocation system to check that all groups of staff were being equally and fairly allocated. The review found that there were no groups that had a higher level of unallocated time than any other. Allocation of staff will continue to be monitored by the DDB.

The Disability Equality Scheme was reviewed and re-issued in December 2009, setting out the NAO's commitment to disability issues. The scheme included details about the accessibility of our newly refurbished office accommodation. Further actions were identified to ensure that the NAO remains at the forefront of best practice as a disability friendly employer, and these are being taken forward.

Provide support for all staff

Our aim is to get the best out of our staff in delivering our work programme. We aim to provide a modern workplace to attract and retain talent from our diverse society which is modern Britain. We are, therefore, committed to ensuring that all staff feel valued, included and treated fairly.

To help support staff we have a number of network groups that meet regularly and are open to all. In these groups, relevant issues, concerns and ideas can be discussed. Representatives from network groups can attend Diversity Delivery Board meetings and the networks are supported by HR to deliver improvement.

Network Groups

- **Lesbian, Bisexual, Gay & Transgender**
- **Ethnic Minority**
- **Disability Support**
- **Religion and Belief**

Stonewall is an organisation that campaigns for equality for lesbian, gay, bisexual and transgender (LGBT) people and they publish an annual list of the top 100 LGBT friendly workplaces in the country, known as the Stonewall Index. The IgbtNAO network and central HR diversity team have worked together to take forward recommendations from Stonewall and as a result the NAO has moved up the ranking in 2010 to 75th place from 123rd in 2009.

We are now taking action to continue to improve further our position in support of our LGBT staff by improving further our Stonewall Index rating. We are also continuing to support and engage with our staff networks. Detailed analysis of the results of our recent staff survey by sub-groups will also help identify any issues which require further action.

IgbtNAO Case Study – Craig Adams

The NAO's network for lesbian, gay, bisexual and transgender staff ('IgbtNAO') aims to contribute to the NAO achieving its diversity goals. This includes ensuring that all staff feel valued and included, and that they are treated well and fairly. 'IgbtNAO' also wants the NAO to achieve and secure benefits from full external recognition of its commitment to diversity and its sustained efforts to recruit the best people from the widest possible talent pool. That is why 'IgbtNAO' encouraged the Office to join Stonewall's Diversity Champions programme, and to participate in its Workplace Equality Index.

Through involvement in the Stonewall programme and consultation with Stonewall's coach to the NAO, 'lgbtNAO' identified good practice in workplace diversity. 'lgbtNAO' worked closely with the Diversity Manager to promote take up of these practices in the NAO, including: wider delivery of diversity training; inclusion of sexual orientation monitoring in the staff survey; and NAO staff attendance at recruitment fairs directed at the lgbt community.

'lgbtNAO' regarded Stonewall's Workplace Equality Index as an opportunity to test and score objectively the NAO's progress towards its diversity goals over time. This year, the NAO achieved a Top 100 Employer result nationally, out of 352 entries, and following a period of increasingly challenging standards and intensifying competition. This status is an asset to the reputation of the Office, as it joins the winners' rostrum with other organisations all successful in their field, and across all sectors of the economy. It brings valuable external respect and recognition of the Office's position as an organisation that achieves the full benefits from diversity. It also spotlights the NAO as one of the country's most attractive employers, not just for lgbt people, but for all talented individuals with a strong preference to work for progressive and successful organisations. The Top 100 status also reinforces the NAO's credibility and authority among our audit clients, as a source of expertise, as they pursue their own diversity goals.

But the role of 'lgbtNAO' is not just to make sure the NAO achieves its corporate diversity ambitions or complies fully with its legal responsibilities. It is also here to provide buddying to colleagues and informal support. It wants to ensure that all staff know they can be open about themselves at work, certain that bullying, homophobia or discrimination have no place in the Office culture, and that the Office welcomes and values all talents, from all sources. 'lgbtNAO' aims to enrich the office environment and to be part of what makes the NAO a rewarding and inspiring place to be.

Resource our business to best effect

To deliver our challenging programme of work we need the staff with the right skills to be in the right place at the right time. In this section we summarise the key features of the active management of our staff resources and highlight areas where we will develop further our approach to securing staff resources from the widest possible talent pool and making the most of what a diverse workforce can bring to the Office.

Using the Census 2001 ethnicity classifications, which allows for comparison with publicly available national data, we monitor and analyse data on: applicants for jobs; distribution of minority groups amongst grades and specialisms; applications for training and further education support; performance appraisal; promotion outcomes; and reasons for staff resignations. We also carry out an annual equal pay audit in relation to gender, ethnicity and age. All information required by equality legislation is published externally.

Annexe B provides the detailed results of our monitoring work covering the financial year of 2009-2010. The following sections summarise key aspects of our performance and the action we are taking to build on progress to date.

Graduate Recruitment

We recruit around 70 graduates each year to our training scheme. As our main resource 'pipeline' it is essential that we recruit the best talent we can from as wide and diverse a talent pool which is modern Britain. We have further developed our graduate marketing campaign to attract a diverse range of people to the NAO by: attending careers fairs at universities with a high proportion of ethnic minority students; attending a lesbian, gay and bisexual (lgb) careers fair; ensuring that our recruitment teams reflect the diversity of our organisation; and making the on-line applications procedure more accessible for disabled candidates.

We monitor closely our performance in terms of applications and appointments and the key points are summarised below:-

- **Gender profile.** 40% of graduates recruited to our training scheme in 2009 were women, in line with the proportion of applications received. However, indications are that our 2010 graduate intake is only 30% female, a fall on recent trends and well below our target of 45% by 2011. We will continue to attend targeted recruitment events, such as 'Women in ICAEW' and we are considering other specific actions which will ensure we remain an attractive career option for female graduates. Close monitoring of the progress of the 2010/11 campaign will confirm whether the 2010 figures suggest a longer term issue or are the result of a short term imbalance.
- **Ethnic profile.** The proportion of minority ethnic graduate trainees recruited to the Office in 2009/2010 was 25%, up from 23% last year and 13% in 2007/2008. This compares to 7.2% of entrants to the Civil Service

Fast Stream. Despite this, none of our 2009/10 intake were from a Black background. This was despite raising the profile of the NAO in specialist Black publications, and the reasons for this are not clear. This is a concern to us and we will monitor this and ensure our career opportunities are visible to potential Black candidates. We are introducing new assessment exercises for the 2010/11 campaign and through our new on-line recruitment management system we will be better placed to map the progress of Black applicants through the recruitment process and identify the reasons why Black applicants may not be getting through the stages of the recruitment and selection process.

- **Disability profile.** 4% of graduate entrants declared a disability compared to 0% in 2004/5. We attribute this progress to advertising our graduate scheme in disability publications, gaining the two ticks accreditation, running our summer internship scheme for disabled undergraduates and promoting the NAO as an inclusive employer.
- **Exam performance.** We have been closely monitoring trainee exam results following concerns that a lower percentage of ethnic minority trainees were successful in passing than white trainees (68% compared to 91% per cent in the period 2004-2007). Data for 2009/10 confirms that no groups were more likely to fail than others and our exam results overall remain well above the national average. We will, of course, continue to monitor the relative pass rates of different groups.

Other Recruitment

Other than the graduate training scheme we recruited 68 new members of staff to a range of audit and corporate service specialisms. Here is a summary from our diversity and equal opportunities monitoring:-

- 47% of staff recruited to posts were women, which was consistent with recent trends.
- The percentage of ethnic minorities recruited was 22%, slightly lower than last year but considerably higher than national statistics which show 10% of the working population were from an ethnic minority.
- 4% of recruits declared a disability.
- 65% of our recruits were aged 29 or under, compared to 18% aged 30-39 and 17% were over 40. Recruitment in 2009/2010 focused mainly on Researchers and Senior Analysts and these roles largely attract applicants who have recently completed Masters and PhDs and are starting their working career.
- In 2006 we launched the AAT Fast Track scheme aimed at recent school leavers/ college leavers with a strong academic record to 'A' level who are interested in a career in accountancy. To date 16 trainees have been

recruited to this scheme and 9 have now progressed through to the full ICAEW trainee scheme.

NAO staff Representation

A full breakdown of NAO staff is provided in Annexe B. Here is a brief summary of our staff profile:-

- **Gender.** The representation of women in the Office has increased slightly to 45% with female staff representing 34% of staff in senior grades (Director level and above) up from 32% in 2008/2009. The representation of women for the Civil Service as a whole is 53% and women represent 33% of the Senior Civil Service.
- **Ethnicity.** The representation of ethnic minority staff at Senior Management level has increased marginally over recent years and stands at 5% consistent with the Senior Civil Service where representation was 4.2% in 2009. The overall representation of ethnic minority staff within the NAO has remained stable at 16% in 2009/2010. Whilst this is nearly double the figure for the Civil Service of 8.9% we have not seen any real change in our workforce over recent years.
- **Disability.** We completed an extensive disability monitoring exercise in 2006 which identified 6.2% of NAO staff as declaring a disability compared to 7.1% of the Civil Service. We are currently implementing improvements to HR self service on PARIS which will provide up to date data on staff who have a disability. We are also reviewing information about staff and disabilities from the 2010 staff survey.
- **Age.** Our largest concentration of staff was in the 20-29 age group which represented 37% of all staff (41% in 2008-09), due largely to the high proportion of trainees we employ. We removed our retirement age in 2006 but the 60-69 age range represents the smallest proportion of staff at 2%.

Promotion

A higher number of men were promoted in 2009-2010: 93 males compared with 74 females, although success rates were similar (69% compared to 66%). 40% of promotions to the manager and director grade were female.

No ethnic minorities were promoted to the Director grade in 2009/10 and only 3% of the applicants were ethnic minorities. These figures reflect the low representation (6%) of ethnic minority staff in the Manager grade. However, in 2009/10 13% of promotions to Audit Manager were ethnic minorities and over the medium to longer term time frame this increase should be reflected in the number of ethnic minority coming through to the Directorate. In the short-term it would be useful to check whether we have any particular difficulties retaining, developing and progressing talented staff from the ethnic minorities, and if so, we would need to identify what should be done about it. We are

therefore, investigating this issue further and will consult with Development Managers and Development Directors as part of the review.

Allocation

Once we have recruited people with the talent, skills and qualities we need, we then need to use them efficiently. A diversity audit of our staff allocation system confirmed that no single group of staff had significantly more time unallocated than any other. We will need to make sure that this continues to be the case under the new allocation arrangements that have been introduced in 2010.

Retention

The proportion of staff resigning by gender was consistent with their representation in the office with 56% of resignations from men and 44% from women. During 2009-2010, 22% of all resignations were from ethnic minorities which is slightly higher than their representation in the Office (16%). In 2009/10 the highest proportion of resignations was in the 20-29 age group (54% of all resignations) and this was similar to the figure for 2008/09 (53%). In 2010 we introduced an on-line exit questionnaire so that we can monitor the reasons for leaving and gather views about employment experiences at the NAO. It would be useful to write to ex-staff 12 months after leaving the NAO to seek their views on the NAO as an employer having had experience of working with another organisation. Closer examination of the 2010 staff survey results may also help identify any particular issues relating to choice about whether to stay at the NAO or not.

Consultation

In developing and implementing new employment procedures, we consult with staff informally through focus and discussion groups, and formally through the Trade Union Side. We also take account of the views of the various diversity networks. The diversity networks also provide an advisory forum to debate diversity issues and act as a sounding board for the development of HR policies. Equality Impact assessments have been carried out on HR policies to assess their effect on different staff groups.

Maximise the impact of our VFM reports and performance improvement work

We aim to apply the NAO's knowledge and expertise to help drive change in government as departments seek to reduce costs while meeting demands for accessible and high quality public services delivered to our diverse society. We therefore encourage consideration of diversity as one of a range of issues in our VFM work.

In 2009 we published a revised version of **Reflecting Diversity in our VFM Work** http://merlin/VFM_pages_new/guides/vfmdiversity.pdf originally published in 2005. This gives VFM practitioners guidance on how diversity should be considered in our work and includes best practice examples. This was launched by Jeremy Lonsdale – Director General of VFM audit – in a seminar which was open to all staff.

In 2009/2010 we published a number of reports with a diversity theme including: Department for Work and Pensions: Communicating with customers; Supporting people with autism through adulthood; Services for people with rheumatoid arthritis; Train to Gain: Developing the skills of the workforce; Promoting Participation with the Historic Environment; and Increasing Participation in Sport – see the case study below..

Increasing Participation in Sport – VFM Case Study

The Increasing Participation in Sport report examined measures by the Department for Culture, Media and Sport and Sport England to maintain and increase adult participation in sport. It examined how the Department and Sport England met previous participation targets; how the Department manages the performance of Sport England; and the measures Sport England has put in place to deliver its current strategy.

Between April 2005 and March 2009, the Department had a target to increase participation in sport and physical activity amongst particular groups of people by three per cent. The “priority groups” included women, disabled people; people from black and minority ethnic groups and people from lower socio-economic groups. While this was a key aim for Sport England, we found that it did not record how much of its funding was committed to measures solely to increase participation amongst these groups. In addition, Sport England did not set the organisations it funded targets to increase participation by people from priority groups. The Department did not meet its target.

Our analysis identified that monthly participation in sport and physical activity did not increase across all the priority groups within any English region. The report recommended that when setting targets for Sport England and its other sponsored bodies, the Department should be able to demonstrate that targets are realistic and evidence-based.

Key Priorities during 2010/11

Good progress against our diversity strategy was made in 2009. However, there is more we need to do in 2010 and beyond if we are to secure the full business benefit of diversity. Here are some of the key priorities for action:-

- **Staff appraisal.** We are developing performance management workshops and an e-learning package to provide guidance for staff on completing assignment reports. They will include a significant diversity element to help ensure that those doing the appraising and those being appraised are well prepared for the process. This will give us assurance that our processes are objective, fair and consistent when applied to a diverse workforce.
- **Recruitment, retention and career progression of ethnic minority staff.** We will check whether there are any particular barriers to the recruitment, retention and progression of talented ethnic minority staff and, where appropriate, identify ways of overcoming any barriers.
- **Legal compliance and monitoring.** We are taking steps to ensure our compliance with the Equality Act. In terms of monitoring we are working to deliver enhanced equal opportunities data through HR self service on PARIS, to provide up to date information on all diversity strands including sexual orientation, disability and religion or belief. This will help us identify areas where further action is needed to support staff.
- **Women graduate recruits.** Whilst it is outside the scope of this reporting year, figures from the 2010 graduate recruitment round are showing a drop in the number of female recruits to 30%. Through the 2011 campaign we are investigating whether this is a longer-term issue requiring action or whether it was just a short term imbalance in 2010.
- **Age and part-time working.** Reviews of issues relating to age and management of part time workers have progressed during 2009. In 2010 we will complete these reviews and implement the recommendations from the working groups which have been considering these issues.

In the year ahead we will be open to any diversity related issues as they emerge. We are, for example, considering any diversity issues highlighted in the NAO staff survey. We will also consider contacting out framework partners to gain access to better comparative diversity data.

The Diversity Delivery Board continues to oversee progress against our diversity strategy and we will report progress to the NAO Board again next year.

For any questions on this report or the Diversity Strategy please contact the NAO's Diversity Manager, Emily Wintle or David Kellett from the HR team.

Annexe A: Progress on Diversity Strategy Action Plan

Goal 1	Action	Progress
<p>Provide clear and positive leadership – we will extend the framework of leadership to help drive further progress to achieve our diversity goals.</p>	<p>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)</p>	<p>Board level Diversity Champion is now Gaby Cohen.</p>
	<p>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</p>	<p>Senior level champions have been appointed: Janet Angus, Financial Audit, Geraldine Barker, VfM and Jim Rickleton for Corporate Services.</p>
	<p>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</p>	<p>Diversity Delivery Board meets every 2 months.</p>
	<p>Appoint leaders to head working groups to address specific key issues (set out under Goal 3)</p>	<p>Working groups and leads have been set up in the following areas: Appraisal Ratings, Age and Part Time workers.</p>
	<p>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</p>	<p>Annual reports have been published for each year of the strategy and can be found on our external website. The reports clearly set out the actions for the forthcoming year.</p>

Goal 2	Action	Progress
<p>Provide consistent and effective people management – we will provide training for managers covering the key diversity-related issues they face.</p>	<p>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</p>	<p>Diversity e-training is compulsory for all new joiners and the roll out to all staff took place in August 2010.</p>
	<p>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)</p>	<p>Workshops on employment law and disability issues have been provided. Further workshops will be arranged during 2010/11.</p>
	<p>Check that our corporate management development programmes provide adequate coverage of diversity issues</p>	<p>The Learning and Development team have been briefed and EIA's take place on all new programmes, including The Direct programme in 2009/10.</p>
	<p>Monitor our human resource policies for compliance with any changes in employment law and communicate any policy changes to managers and staff</p>	<p>Our lawyers, Mills and Reeve, have completed a review of the HR manual and HR specialists are taking forward recommendations</p>

Goal 3	Action	Progress
<p>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.</p>	<p>Continue to encourage and support staff network groups to provide informal support to staff and give specialist advice and support to NAO management</p>	<p>Diversity Manager continues to work closely with the network groups.</p>
	<p>Evaluate the mentoring scheme for ethnic minority staff</p>	<p>Reviewed at the end of last year and decision was taken not to continue. We need to ensure that ethnic minorities are applying to the NAO so we will be monitored this going forward.</p>

	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	Guy Lamming is taking this forward and will deliver report and recommendations to the DDB in late 2010.
	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	Vikki Lewis has provided a report to the Board and has identified some actions including providing guidance for managing part time staff.
	Set up a working group to examine differences between groups in terms of the profile of appraisal ratings and to address any issues	A report was provided to the Leadership Team on appraisal and ethnic minorities. As a result assignment report workshops will be set up in late 2010 with a significant diversity element.
	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	Work is currently being carried out by ITRC to put Equal Opportunities monitoring on PARIS HR self service to ensure more comprehensive monitoring. Aim to have these completed by the end of summer 2010. The staff survey has also provided us with up to date information.
	Complete the Stonewall workplace equality index annually to gauge our progress as a supportive and inclusive employer for relevant sexuality groups	Moved up to 75th last year. Work has started for the 2010 submission and we aim to improve further our position in the top 100 employers.
	Continue to implement our three equality schemes (race, disability and gender) and publish an annual report on progress	Annual report will be circulated to the Board in late 2010. Due to up coming Equality Duty a single action plan will be in place by January 2011.
	Introduce a plan for improving further our corporate	The equality impact assessment process will be

	performance in terms of completing equality impact assessments for policy initiatives	reviewed in 2010/11.
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Goal 4	Action	Progress
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	Review the AAT Fast Track scheme to maximise our chance of recruiting and retaining sufficient numbers of talented staff	Preliminary review completed - AAT scheme to continue and be reviewed again in March 2011.
	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	A review of the allocation system was carried out to look at the diversity profiles of unallocated staff. We will need to repeat this exercise for the new allocation system once it has bedded in.
	Investigate the reasons for success or failure in the TOPPs training programme and identify any relevant actions to support staff more effectively	Analysis has been carried out on trainee success rates. There were no consistent messages so figures will continue to be monitored
	Continue with the summer internship programme for undergraduates who have a disability or who are from ethnic minorities	The internships continued in both 2009 and 2010 with undergraduates from both Employability and the Windsor fellowship.
	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)	'Big on' graduate campaign took into account diversity factors – target universities were chosen on their diversity profile among other factors. Continue to advertise regularly in specialist press.

Goal 5	Action	Progress
<p>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.</p>	<p>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</p>	<p>The Vfm Diversity Guide was updated in 2009 and includes examples. This is published on Merlin.</p>
	<p>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</p>	<p>Lunchtime seminar was held on diversity issues in Vfm reports.</p>
	<p>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</p>	<p>Relevant actions will be considered and taken in 2010/11</p>

Annex B: Detailed Diversity Statistics

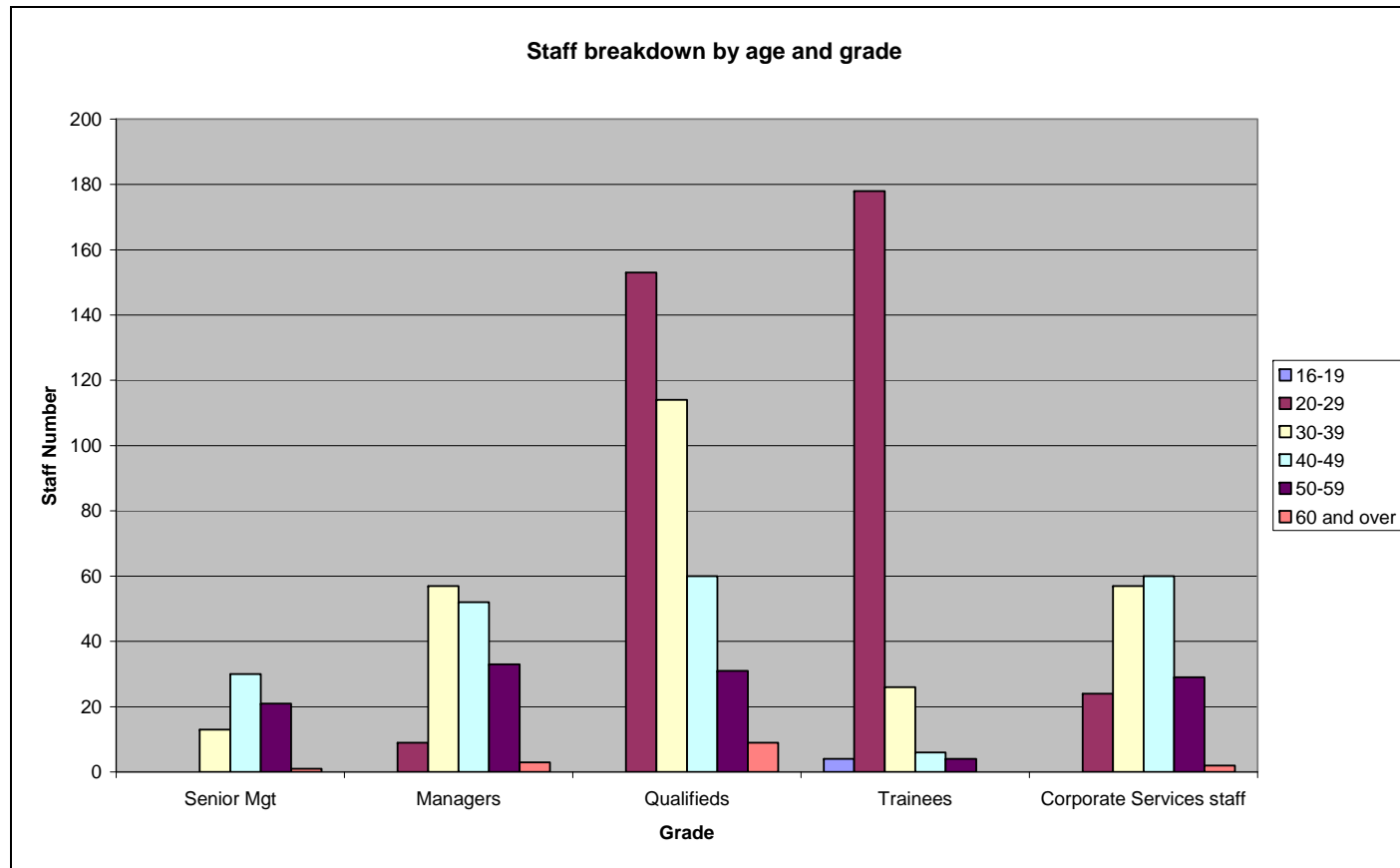
Staff in post figures as at 31/03/2010

Numbers

	Ethnicity						Gender		Hours		Total
	Asian	Black	Chinese	Mixed	White	Not Known	Female	Male	Full Time	Part Time	
Senior Management	0	0	0	0	5	0	2	3	4	1	5
Director	2	0	0	1	57	0	20	40	57	3	60
AM	5	3	0	1	143	2	57	97	130	24	154
Qualified	27	12	9	10	306	3	153	214	319	48	367
Trainees	22	9	6	7	169	5	104	114	213	5	218
Band 1	0	0	0	0	14	0	6	8	12	2	14
Band 2	2	6	0	0	50	0	23	33	46	10	56
Band 3	8	16	2	4	69	1	73	29	78	24	102
Subtotal	66	46	17	23	813	11	438	538	859	117	976

Percentages

	Ethnicity						Gender		Hours		Total
	Asian	Black	Chinese	Mixed	White	Not Known	Female	Male	Full Time	Part Time	
Senior Management	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	1%
Director	0%	0%	0%	0%	6%	0%	2%	4%	6%	0%	6%
AM	1%	0%	0%	0%	15%	0%	6%	10%	13%	2%	16%
Qualified	3%	1%	1%	1%	31%	0%	16%	22%	33%	5%	38%
Trainees	2%	1%	1%	1%	17%	1%	11%	12%	22%	1%	22%
Band 1	0%	0%	0%	0%	1%	0%	1%	1%	1%	0%	1%
Band 2	0%	1%	0%	0%	5%	0%	2%	3%	5%	1%	6%
Band 3	1%	2%	0%	0%	7%	0%	7%	3%	8%	2%	10%
Subtotal	7%	5%	2%	2%	83%	1%	45%	55%	88%	12%	100%



Recruitment: Graduate 2009/10

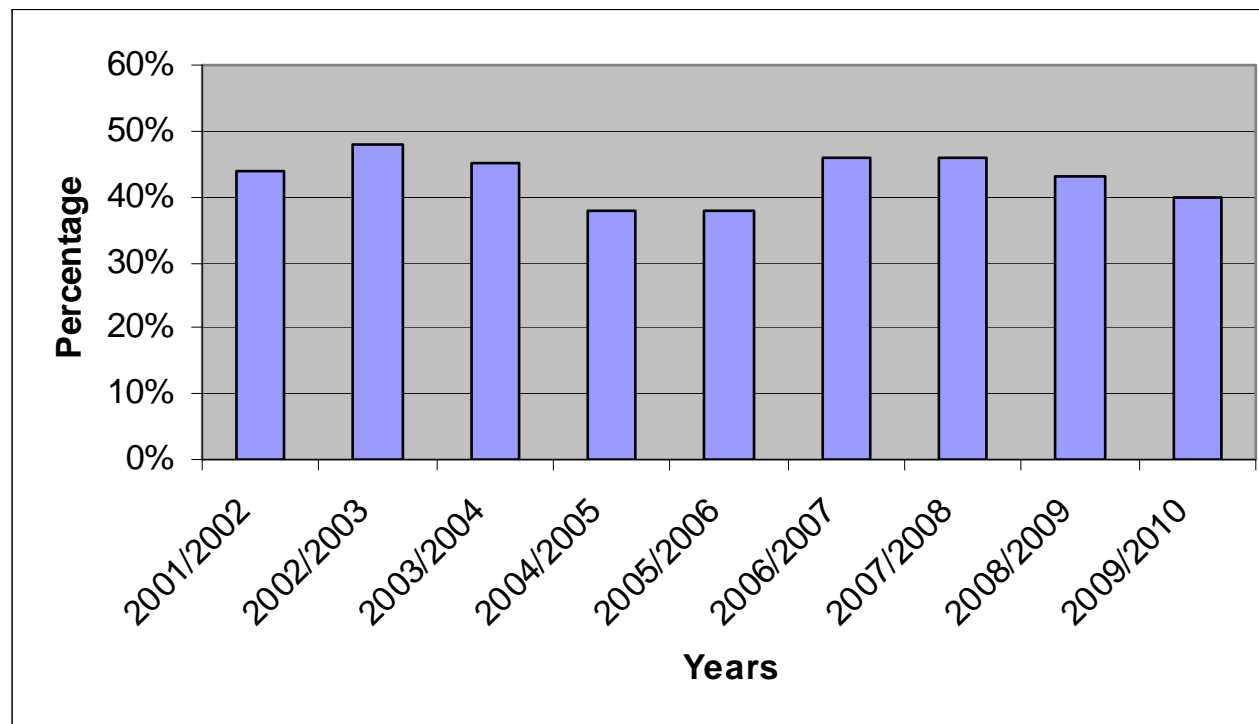
Numbers

Stage	Ethnicity						Gender		Total
	Asian	Black	Chinese	Mixed	White	Unknown	Female	Male	
Applications Received	249	99	65	27	649	28	423	694	1117
Applications Rejected	177	80	45	18	366	17	260	443	703
Invited to first round interview	66	14	18	9	258	10	155	220	375
Rejected/Withdrew First Round	38	11	9	6	144	7	94	121	215
Invited to Second Round	28	3	9	3	114	3	61	99	160
Rejected/Withdrew Second Round	15	3	4	1	53	2	29	49	78
Offers made	13	0	5	2	61	1	32	50	82

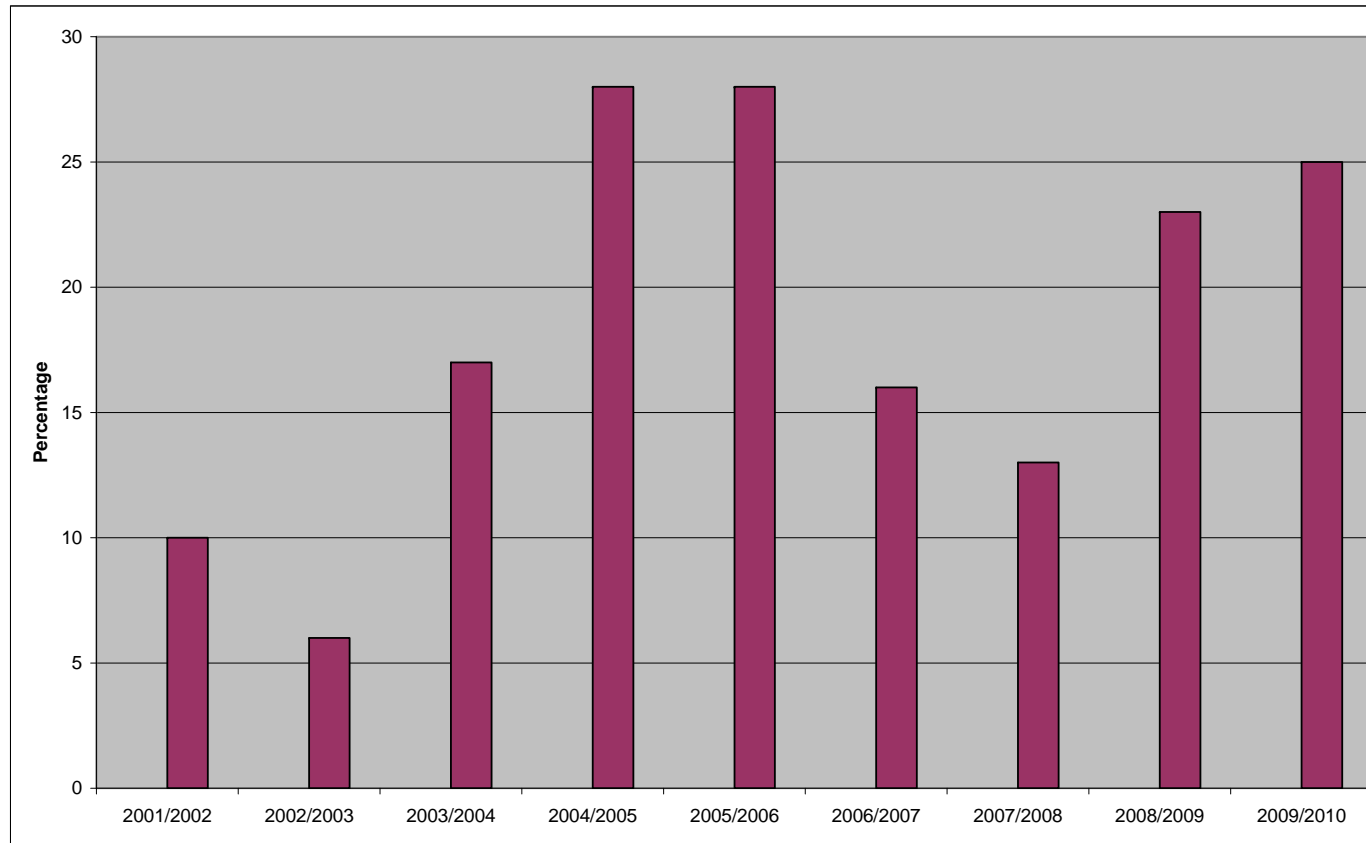
Percentages

Stage	Ethnicity						Gender		Total
	Asian	Black	Chinese	Mixed	White	Unknown	Female	Male	
Applications Received	22%	9%	6%	2%	58%	3%	38%	62%	100%
Applications Rejected	25%	11%	6%	3%	52%	2%	37%	63%	63%
Invited to first round interview	18%	4%	5%	2%	69%	3%	41%	59%	34%
Rejected/Withdrew First Round	18%	5%	4%	3%	67%	3%	44%	56%	19%
Invited to Second Round	18%	2%	6%	2%	71%	2%	38%	62%	14%
Rejected/Withdrew Second Round	19%	4%	5%	1%	68%	3%	37%	63%	7%
Offers made	16%	0%	6%	2%	74%	1%	39%	61%	7%

Percentage of women recruited to the NAO graduate scheme from 2001-2010



Percentage of ethnic minority trainees recruited to the NAO graduate scheme 2001-2010



Recruitment: Other

Numbers

	Gender		Age						Ethnicity					Total	
	Male	Female	16-19	20-29	30-39	40-49	50-59	60-69	Asian	Black	Chinese	Mixed	Not Known		White
Director	3	0	0	0	0	2	0	1	0	0	0	0	0	3	3
Manager	1	1	0	1	1	0	0	0	0	0	0	0	0	2	2
Qualified	21	14	0	23	7	3	1	1	2	3	2	1	2	25	35
Trainees	6	8	4	9	1	0	0	0	4	0	0	0	0	10	14
Band 1	1	0	0	0	0	0	1	0	0	0	0	0	0	1	1
Band 2	1	1	0	0	1	1	0	0	0	0	0	0	0	2	2
Band 3	3	8	0	7	2	1	1	0	3	0	0	0	1	7	11
Total	36	32	4	40	12	7	3	2	9	3	2	1	3	50	68

Percentages

	Gender		Age						Ethnicity					Total	
	Male	Female	16-19	20-29	30-39	40-49	50-59	60-69	Asian	Black	Chinese	Mixed	Not Known		White
Director	100%	0%	0%	0%	0%	67%	0%	33%	0%	0%	0%	0%	0%	100%	4%
Manager	50%	50%	0%	50%	50%	0%	0%	0%	0%	0%	0%	0%	0%	100%	3%
Qualified	60%	40%	0%	66%	20%	9%	3%	3%	6%	9%	6%	3%	6%	71%	51%
Trainees	43%	57%	29%	64%	7%	0%	0%	0%	29%	0%	0%	0%	0%	71%	21%
Band 1	100%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	100%	1%
Band 2	50%	50%	0%	0%	50%	50%	0%	0%	0%	0%	0%	0%	0%	100%	3%
Band 3	27%	73%	0%	64%	18%	9%	9%	0%	27%	0%	0%	0%	9%	64%	16%
Total	53%	47%	6%	59%	18%	10%	4%	3%	13%	4%	3%	1%	4%	74%	100%

Promotions

Numbers

Applicants										
Campaigns	Total number of campaigns	Total Number of applicants	Gender		Ethnicity		Age			
			Male	Female	White	Ethnic minority	20-29	30-39	40-49	50-59
Director	1	30	21	9	29	1	0	9	17	4
Manager	3	59	29	30	54	5	25	24	9	1
Qualified	n/a	59	34	25	48	11	47	12	0	0
Senior Analyst	1	16	8	8	13	2	8	7	0	1
Trainees(A)	n/a	82	45	37	72	10	73	9	0	0
Band 2	1	3	0	3	2	1	0	2	1	0
Total	6	249	137	112	218	30	153	63	27	6

Percentages

Applicants										
Campaigns	Total number of campaigns	Total Number of applicants	Gender		Ethnicity		Age			
			Male	Female	White	Ethnic minority	20-29	30-39	40-49	50-59
Director	1	30	70%	30%	97%	3%	0%	30%	57%	13%
Manager	3	59	49%	51%	92%	8%	42%	41%	15%	2%
Qualified	n/a	59	58%	42%	81%	19%	80%	20%	0%	0%
Senior Analyst	1	16	50%	50%	81%	13%	50%	44%	0%	6%
Trainees (A)	n/a	82	55%	45%	88%	12%	89%	11%	0%	0%
Band 2	1	3	0%	100%	67%	33%	0%	67%	33%	0%
Total	6	249	61%	50%	96%	13%	68%	28%	12%	3%

Numbers

Promotees										
Campaigns	Total number of campaigns	Total Number of promotees	Gender		Ethnicity		Age			
			Male	Female	White	Ethnic minority	20-29	30-39	40-49	50-59
Director	1	4	3	1	4	0	0	2	2	0
Manager	3	16	9	7	14	2	6	9	1	0
Qualified	n/a	59	34	25	48	11	47	12	0	0
Senior Analyst	1	4	2	2	4	0	2	2	0	0
Trainees (A)	n/a	82	45	37	72	10	73	9	0	0
Band 2	1	2	0	2	2	0	0	2	0	0
Total	6	167	93	74	144	23	128	36	3	0

Percentages

Promotees										
Campaigns	Total number of campaigns	Total Number of promotees	Gender		Ethnicity		Age			
			Male	Female	White	Ethnic minority	20-29	30-39	40-49	50-59
Director	1	4	75%	25%	100%	0%	0%	50%	50%	0%
Manager	3	16	56%	44%	88%	13%	38%	56%	6%	0%
Qualified	n/a	59	58%	42%	81%	19%	80%	20%	0%	0%
Senior Analyst	1	4	50%	50%	100%	0%	50%	50%	0%	0%
Trainees(A)	n/a	82	55%	45%	88%	12%	89%	11%	0%	0%
Band 2	1	2	0%	100%	100%	0%	0%	100%	0%	0%
Total	6	167	58%	46%	89%	14%	80%	22%	2%	0%

Appraisal Ratings

Gender

MARKS by gender	A	%	B	%	C	%	NR	%	Totals
Male	151	33%	273	60%	29	6%	0	0%	453
Female	136	37%	206	56%	23	6%	3	1%	368
Total	287	35%	479	58%	52	6%	3	0%	821

STARS by gender	A	A *	%	B	B *	%	A + B	%	Total%
Male	124	51	41%	198	15	8%	322	66	20%
Female	108	54	50%	147	11	7%	255	65	25%
Male & Female	232	105	45%	345	26	8%	577	131	23%

Ethnicity

MARKS by ethnicity	A	%	B	%	C	%	NR	%	Totals
White	253	37%	396	58%	34	5%	3	0%	686
Non-White	34	25%	83	61%	18	13%	0	0%	135
Totals & (%age NW:W)	287	68%	479	107%	52	269%	3	0%	821

STARS by ethnicity	A	A *	%	B	B *	%	A + B	A * + B *	%
White	205	96	47%	288	23	8%	493	119	24%
Non-White	27	9	33%	57	3	5%	84	12	14%
Totals	232	105	45%	345	26	8%	577	131	23%

Full Time/Part Time Hours

MARKS for FT/PT	A	%	B	%	C	%	NR	%	Totals
Full time	262	36%	426	58%	47	6%	1	0%	736
Part time	25	29%	53	62%	5	6%	2	2%	85
Totals & %age PT:FT	287	35%	479	58%	52	6%	3	0%	821

STARS by FT/PT	A	A *	%	B	B *	%	A + B	A * + B *	%
Full time	207	92	44%	293	23	8%	500	115	23%
Part time	25	13	52%	52	3	6%	77	16	21%
Totals	232	105	45%	345	26	8%	577	131	23%

Age

MARKS by age group	A	%	B	%	C	%	NR	%	Totals
Group 1 (<30)	109	34%	200	62%	16	5%	0	0%	325
Group 2 (30-49)	155	39%	214	54%	25	6%	3	1%	397
Group 3 (50+)	23	23%	65	66%	11	11%	0	0%	99
Totals	287		479		52		3		821

STARS by age group	A	A *	%	B	B *	%	A + B	A * + B *	%
Group 1 (<30)	61	37	61%	75	9	12%	136	46	34%
Group 2 (30-49)	148	66	45%	206	17	8%	354	83	23%
Group 3 (50+)	23	2	9%	64	0	0%	87	2	2%
Totals	232	105	45%	345	26	8%	577	131	23%