



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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### **Cabinet Office and cross-government**

# Equality, diversity and inclusion in the civil service

# Summary

**1** The civil service is facing some of the most significant challenges it has ever faced. Against a backdrop of fiscal consolidation, civil servants need to meet increasing expectations from users while the workforce itself is reducing in size. The Cabinet Office is leading on a series of reforms that aim to enhance the skills of the civil service. It aims to build capability, within a civil service that is faster, more flexible and focused on outcomes and results rather than process.

**2** The civil service needs to create a working environment in which staff are motivated, feel able to contribute and are confident that their talents will be used, regardless of their background or working style. The approach taken to diversity and inclusion is a sign of the government's ability to manage and implement reforms. Diversity and inclusion are vital in increasing capability.

## Scope of this report

**3** This study focuses on the government's approach to achieving an equal, diverse and inclusive workforce. It is part of our wider programme of work on civil service reform and capability. It focuses on whether the civil service is promoting equality, diversity and inclusion in the workforce to optimise capability for the future. Specifically, it looks at:

- the current situation in the civil service and the progress made;
- how the Cabinet Office has recently approached changing this; and
- whether there is now a sustainable approach to realising the benefits of inclusion and diversity for the whole workforce.

## Key findings

Data on the current situation

**4 Data on levels of representation shows good progress over time but also some tailing off.** While progress has been made for some of the key characteristics it has plateaued more recently, in particular for senior grades. For example:

- the overall proportion of women in the civil service was 53% as at March 2014. At a senior level their representation has increased steadily, from 15% in 1996 to 38% in 2014 (paragraph 2.8);
- minority ethnic representation increased from 4% in 1988 to 10% in 2014, which is 2 percentage points below the overall percentage of the working population who are minority ethnic; their representation at a senior level is lower, 7% in 2014. In the fast stream the levels of representation have been better, with 13.2% of appointments from minority ethnic backgrounds (paragraph 2.8); and
- representation of people with disabilities at senior civil service level has remained low (5% in 2014), after some initial progress (Figure 4).

It is difficult to compare levels of representation in government with other sectors. This is mainly due to differences in the types of organisation and availability of data. There is evidence that levels of representation for women are higher in the public sector than the private sector. Various benchmarking exercises also show some government departments perform well when compared with other sectors (Figure 5).

**5 Current perceptions of some groups of staff in the civil service do not suggest an open and inclusive culture.** The Cabinet Office has found that some people are leaving the civil service as they find the culture exclusive.<sup>1</sup> Data from the Civil Service People Survey shows that there are significant differences in perceptions among some diverse groups (paragraphs 2.14 to 2.16). Examples of some of these differences include:

- female and minority ethnic respondents feel significantly more engaged than their immediate peers at lower grades but less so at senior grades. For example, at AA/AO grade minority ethnic respondents feel 10 percentage points more engaged (62% against 52%) and at senior grades feel 6 percentage points less engaged (69% against 75%);
- civil servants with long-term health conditions feel less engaged and are more likely to feel discriminated against, bullied or harassed. For example, 26% feel discriminated against compared with 10% of those with no such condition; and
- compared with 16% overall, at AA/AO grade 18% of lesbian, gay, bisexual civil servants feel bullied or harassed compared with 10% of those who are heterosexual.

1 Hay Group, *Women in Whitehall: Culture, leadership, talent*. Report for the Cabinet Office, p. 10, May 2014.

The approach to managing diversity and inclusion

**6 Accepted good practice has moved towards managing diversity and inclusion in a wider sense.** The focus has shifted from equal opportunities and is now on equality, diversity and inclusion. More emphasis is now on working styles, diversity of thought, work experience and specialisms. This involves creating inclusive environments which help everyone to achieve their potential (paragraph 1.3). The Talent Action Plan (the Plan) focuses on the civil service's ability to retain and attract the right people at a senior level. While the Plan acknowledges the importance of inclusion it does not bring out the impact this can have on business outcomes or for its staff.

**7 A series of previous strategies have not led to sustainable change to the approach in the civil service, and momentum was lost.** The government has long been aiming to improve the diversity of its workforce. Before the recent Plan the most recent strategy was published in 2008 (Figure 1) but this lapsed in 2013 and the Plan, which forms the Cabinet Office's strategy on this, was delayed (paragraph 1.5).

**8 The Cabinet Office has recently increased its focus on this issue and has recognised the wider importance of an inclusive environment.** The Cabinet Office has renewed its awareness that the civil service must work in an inclusive and open way if it is to deal effectively with the challenges it faces. It believes that previous attempts to address diversity had limited success because they did not address the core issues (paragraph 3.1).

**9 The Cabinet Office has sought to gain greater understanding of the problems.** It commissioned research on four groups: women; lesbian, gay, bisexual and transgender; minority ethnic groups; and disabled. This research has identified some significant barriers, some examples of things going well and has welcomed the emphasis being given to this issue. The commissioned reports identified poor accountability and confusion over roles and responsibilities for diversity and inclusion as significant barriers. They also highlighted a lack of diversity in the leadership and a culture that could be 'macho', 'competitive' and based on 'who you know'. This gives the Cabinet Office a firm base from which to address the main barriers to progress (paragraphs 3.1 to 3.3). However, the elements of sustainable change are not yet in place – as set out in the following paragraphs.

**10 The Plan acknowledges the importance of inclusion but its actions are restricted to four of the protected characteristics.** The Plan does not bring out the impact that inclusion and diversity can have on business outcomes or for its staff. Therefore, there is a risk that the opportunities presented by inclusion are missed. For example: ensuring a full range of perspectives are applied to problems and that diverse service user needs will be taken into account; and creating a less bureaucratic and hierarchical organisation. These benefits provide significant opportunities for any future reforms of the civil service and for addressing the challenges facing the civil service. The departments that have maintained momentum on equality, diversity and inclusion link their strategies to business outcomes and apply diversity and inclusion across the whole workforce. Without a stronger business case the full benefits of inclusion and diversity risk being missed (paragraphs 4.3 to 4.16).

**11 Accountability for the delivery of the Plan is not strong enough or supported**

**by clear measurable outcomes.** Accountability was found to be one of the biggest barriers by the commissioned reports. So far, accountability for diversity involves regular reporting via the Cabinet Office on actions being taken under the Plan. The Cabinet Office is developing a delivery plan (paragraph 1.8) in which it intends to set out a new accountability framework, but the details of this plan are not yet complete (paragraphs 4.31 to 4.33). The Plan itself does not provide a clear set of measurable objectives. Although we recognise that target-setting may not be the solution, some measures are required to track progress and help sustain momentum (paragraph 4.26).

**12 The Cabinet Office is not using the data to its full potential to inform the Plan, manage workforce changes or to hold departments to account.**

Limited use of data was one of the barriers identified by the external reports commissioned by the Cabinet Office. Within the Cabinet Office there has been a drive to do more with existing data to support the Plan and the four research reports. Data are available on the demographics and perceptions of civil servants. Prior to the Plan the Cabinet Office carried out significant amounts of analysis of the People Survey data with little evidence of this being coordinated. The Plan sets out that the Cabinet Office will put in place routine monitoring and reporting as part of a more coordinated approach. However, details of this have yet to be established. During the development of the plan data analysis focused on representation at senior levels. These data were not used to identify which characteristics/ issues to focus on, beyond representation, or to inform future decisions affecting the workforce. Our analysis shows that producing departmental comparisons can be used to help focus and prioritise management action. (paragraphs 3.12 to 3.15).

**13 The Plan is not well integrated with other workforce reforms.** Despite the recognition in the Plan about the importance of diversity it does not clearly link to other reforms to the workforce. One significant gap is the limited way in which diversity is linked to the reforms being undertaken by the Cabinet Office, such as workforce capability and planning. For example, our report on staff costs found a trend of increasing age profile among entrants. The number of entrants aged 20–29 reduced from 15,787 in 2010 (40% of that year's entrants) to 9,313 in 2014 (32% of entrants). We identified that, while there is awareness of this risk, there is not yet a clear understanding of the potential consequences and the necessary management actions. Diversity and inclusion are crucial to the success of any reforms to the civil service and need to be managed together, especially as further staff reductions in the civil service are likely and the impact on diversity must be understood. Much of the current progress is being achieved by the leadership prioritising diversity. If this changes, there is a risk that further progress will be marginal if these strands are not aligned effectively (paragraphs 4.17 to 4.20).

## Conclusion on value for money

**14** To date, the civil service has primarily focused its efforts on improving the representation of groups with protected characteristics. Over the past few decades it has made significant improvements, although with periodic losses of momentum. The approach to date could be described as a ‘push’ approach led by the Cabinet Office. Sustaining and building on progress, however, depends on a shift to departments’ businesses themselves ‘pulling’ for greater diversity. In our view, this requires government to embrace an ‘inclusive’ approach to managing civil servants, which encompasses all characteristics and all staff. Inclusive management should ‘pull’ diversity by valuing and maximising the contribution of every member of staff, and is more likely to deliver the business benefits than solely a focus on levels of representation. Stronger accountability and use of data to focus on areas where inclusion is perceived as weak would help galvanise this. Achieving truly inclusive management should improve delivery of policy, adaptation to change and value for money through a more productive and engaged workforce.

## Recommendations

**15** Our recommendations are primarily aimed at achieving sustainable change in the approach to managing diversity and inclusion, and ensuring that the current Plan does not peter out in the way previous initiatives have.

### Improving the current approach

#### Use of data

- a** The Cabinet Office must ensure that its planned data strategy highlights how data will be used to explore the root causes of perceptions in the civil service, prioritising those areas where there are the largest differences. Some examples of potential areas to explore are:
- gathering and reviewing any differences in performance ratings achieved by diverse groups;
  - understanding the reasons for changes in perceptions of different groups, for example by grade; and
  - exploring how an ageing workforce might affect the civil service.

### **Business case for diversity and inclusion**

- b** The Cabinet Office should develop its business case to incorporate the benefits from inclusion and focus on the whole workforce. It should identify links and business benefits to any reform of the civil service.
- c** The business case should bring out the benefits of taking an inclusive approach and the impact this has on decision-making, service delivery and innovation.
- d** Each department should integrate diversity and inclusion into its workforce planning, for example by looking at the diversity of the talent among their staff. Departments should also tailor the business case to its business outcomes and objectives.

### **Strategy**

- e** The Cabinet Office should continue to develop the Plan so it targets all staff and promotes an inclusive culture. This should build on areas the Cabinet Office has committed to explore further, such as any differences between departments in the reasons for staff feeling bullied, harassed or discriminated against.
- f** A clear narrative should be developed explaining the links between the strategy, departmental business plans and any civil service reform.

### **Accountability**

- g** The Cabinet Office should make clear how accounting officers will be held to account and how accountability structures for diversity and inclusion should be developed within departments.
- h** The Cabinet Office should ensure that the forthcoming delivery plan focuses on required outcomes and makes effective use of the available data.

### Improving project management

- i** The Cabinet Office should give more support to departments in, for example:
  - developing and maintaining expertise in the Cabinet Office and across departments on protected characteristics;
  - supporting knowledge exchange for diversity champions;
  - providing better advance warning of its future requirements and deadlines; and
  - developing policy and sharing expertise with departments.

### Sharing best practice

- j** Some departments including the Department for Work & Pensions and the Home Office show good practice in diversity and inclusion. The Cabinet Office should encourage and enable these departments to share their knowledge while ensuring that messages are consistent. It should also draw on the insights these departments could offer in making further developments to the Plan.