Report
by the Comptroller
and Auditor General

Cabinet Office and cross-government

Equality, diversity and inclusion in the civil service
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Cabinet Office and cross-government

Equality, diversity and inclusion in the civil service

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 24 June 2015

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office
17 June 2015
This study focuses on the government’s approach to achieving an equal, diverse and inclusive workforce.
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Contents

Key facts 4
Summary 5
Part One
Background and scope 11
Part Two
Current situation 15
Part Three
Approach taken by the Cabinet Office 29
Part Four
Limitations of current approach 38
Appendix One
Our audit approach 47
Appendix Two
Our evidence base 49
Appendix Three
National Audit Office’s diversity strategy and performance 51
### Key facts

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>38%</strong></td>
<td>of women working at a senior level compared with 53% of the civil service workforce as at 31 March 2014</td>
</tr>
<tr>
<td><strong>19%</strong></td>
<td>points gap in engagement level between those who feel positive about their work-life balance and those who do not</td>
</tr>
<tr>
<td><strong>1 in 4</strong></td>
<td>civil servants with a long-term health condition who feel discriminated against</td>
</tr>
<tr>
<td><strong>10%</strong></td>
<td>points higher engagement scores for lower-grade minority ethnic civil servants</td>
</tr>
<tr>
<td><strong>6%</strong></td>
<td>points lower engagement score for senior civil service level ethnic minority staff</td>
</tr>
<tr>
<td><strong>6%</strong></td>
<td>points more likely for lesbian, gay, bisexual civil servants to feel bullied and harassed (16% against 10%)</td>
</tr>
<tr>
<td><strong>8%</strong></td>
<td>points fall in the proportion of entrants aged 20–29 into the civil service from 40% in 2010 to 32% in 2014</td>
</tr>
<tr>
<td><strong>3%</strong></td>
<td>points higher perception of discrimination reported by religious senior civil service level staff compared with non-religious (6% against 3%)</td>
</tr>
</tbody>
</table>
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.1 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.

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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

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

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

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.
Part One

Background and scope

1.1 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 which aim to harness the skills of the civil service. It aims to: build capability, and a civil service that is faster, more flexible and focused on outcomes and results rather than process.²

1.2 It is essential to create a working environment in which all 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.

Equality, diversity and inclusion present opportunities

1.3 The approach to diversity is evolving. It once focused on equal opportunities and on the protected characteristics set out in the Equality Act. More focus is now on working styles, diversity of thought, work experience and specialisms. Inclusive environments ignore differences and concentrate on helping everyone to achieve their potential. The workforce must recognise and respond to the needs of users in deciding policy and providing services. As our society becomes increasingly diverse, the civil service workforce needs to reflect this for both strategic and operational reasons.

² Cabinet Office, Civil service reform plan, June 2012.
1.4 The business case for diversity is increasingly being refined and articulated more clearly by independent research experts. Evidence is gradually building and showing the link between greater diversity and higher operational performance. Showing a causal link between a diverse and inclusive workplace and performance is particularly challenging.\(^3\) However, examples of recent findings supporting the business case for diversity include:

- 80% improvement in business performance in large organisations where diversity and inclusion were high;\(^4\)
- a statistically significant relationship between a more diverse leadership and better financial performance;\(^5\) and
- almost all executives believing that diversity and inclusion improve performance.\(^6\)

**Government history of improving equality, diversity and inclusion**

1.5 The government has long been aiming to improve the diversity of its workforce. Before the recent Talent Action Plan (the Plan) the most recent strategy was published in 2008 (Figure 1). Many departments have also had their own strategies.

1.6 There are also several initiatives running across departments. These include:

- **training** (for example, unconscious bias training); **guidance**; and specific initiatives such as:
  - **positive action pathways** to support employees in under-represented groups to realise their potential;
  - summer **diversity internships programme** (focused on minority ethnic and low socio-economic group applicants);
  - civil service **annual diversity and equality awards**, which identify and celebrate achievements across government;
  - **staff networks**; and
  - **membership of organisations such as Stonewall and Race for Opportunity** (although some departments regularly benchmark themselves against other organisations).

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1.7 In July 2013, the Cabinet Office made a commitment to publish a ‘talent strategy’ by March 2014. In September 2014, it published the Plan with proposals to ensure that the best people progressed in the civil service. It focused primarily on women, with a commitment to carrying out similar research into the experiences of three other protected groups: disability; minority ethnic; and lesbian, gay, bisexual and transgender. The Plan was refreshed in March 2015 after research into these three groups was completed. During development of the Plan, the head of the civil service at the time said his biggest regret was that the government did not publish the Plan more quickly.

1.8 The Cabinet Office is developing a delivery plan. At the time of writing our report the Cabinet Office had not completed this planning and did not have a firm date by when this would be finalised. The Cabinet Office outlined that it is committed to three areas:

- Diversity – increasing the representation of individuals from different backgrounds and with different attributes in the civil service.
- Inclusion – building a culture that values difference to improve performance and productivity.
- Sustainability – strengthening governance to embed diversity and inclusion and maintain its ambitions over the long term.

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7 Cabinet Office, Civil service reform plan: One year on, July 2013
Scope of the report

1.9 This study focuses on the government’s approach to achieving an equal, diverse and inclusive workforce. It is part of a wider programme of our work on civil service reform and capability. It adds to the business case for better workforce management within a clear operating model. 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 whether:

- the civil service is able to develop an inclusive workforce;
- the Cabinet Office has identified the challenges to achieving change; and
- the Cabinet Office has drawn on best practice in addressing these challenges.

1.10 We have focused on the gap between the current perceptions of civil servants and the aims of the Plan. We will review the adequacy of the approach to address this gap. We are not focusing in much detail on specific departmental practices.

1.11 This report is published after the refreshing of our own diversity strategy, in which we committed to follow up this study. We are therefore considering other cross-government studies. It is likely that further work will focus on the progress made by the Cabinet Office on the Plan and comparing specific practices within departments.
Part Two

Current situation

The government has recognised that equality, diversity and inclusion are crucial to the success of civil service reforms

2.1 The Cabinet Office recognises the civil service must operate in an inclusive and open way to deal with challenges. The Talent Action Plan (the Plan) sets out that:

“… for our people to thrive and deliver the very best the civil service must operate in an inclusive, open environment where everyone can draw on their talents to identify new and ever better ways of doing things”.10

2.2 The initial research, commissioned by the Cabinet Office and carried out by the Hay Group, identified that talented people are opting out of a culture they see as exclusive. There are significant challenges engaging those at a senior level: “Significant numbers of people (men and women) are choosing to opt out of more senior roles in the senior civil service”.11 Females at senior civil service level are less likely than their male peers and those in similar companies, to believe there is commitment to diversity and that career development opportunities are available to all (Figure 2 overleaf).

Data on levels of representation show good progress over time but also some tailing off

2.3 Figure 3 overleaf summarises the current levels of representation in the civil service overall and at senior levels.

2.4 Initially the Cabinet Office focused primarily on the progress of women at senior civil service level and recognises in the Plan that there is “much to do to ensure everyone can reach their full potential”. It acknowledged that while recruitment statistics show a good mix of people from a range of backgrounds, at senior civil service level white middle-class males still predominate.

2.5 Figure 4 on pages 17 and 18 shows that there has been little improvement in the levels of representation at a senior level.

10 Cabinet Office, Talent Action Plan: Removing the barriers to success, September 2014.
Figure 2
Engaging senior staff

Females at senior civil servant level are less likely to think there is a commitment to diversity and that career development opportunities are available for all

<table>
<thead>
<tr>
<th></th>
<th>Female (%)</th>
<th>Male (%)</th>
<th>Difference (%)</th>
<th>Overall score (male and female) (%)</th>
<th>High-performing company norm (male and female) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil service is committed to diversity</td>
<td>62</td>
<td>79</td>
<td>+17</td>
<td>71</td>
<td>77</td>
</tr>
<tr>
<td>Career development opportunities available to all</td>
<td>55</td>
<td>71</td>
<td>+16</td>
<td>63</td>
<td>67</td>
</tr>
</tbody>
</table>

Note
1. The two questions are based on a survey of 791 senior civil servants.

Source: Hay Group, Women in Whitehall: Culture, leadership, talent, Report for the Cabinet Office, May 2014

Figure 3
Levels of civil service diversity in 2014

<table>
<thead>
<tr>
<th></th>
<th>Female (%)</th>
<th>Long-term health condition (%)</th>
<th>Minority ethnic (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All grades</td>
<td>53</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Senior civil service level</td>
<td>38</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Overall working population, both in and outside the civil service (in employment)</td>
<td>47</td>
<td>7(^1)</td>
<td>12(^2)</td>
</tr>
</tbody>
</table>

Notes
1. Disabled people represent 16% of the working age population.
2. Minority ethnic people represent 13% of the working age population.
3. Office for National Statistics economic activity data.

Source: National Audit Office analysis of Office for National Statistics annual civil service employment survey data; Labour Force Survey; Family Resources Survey
Figure 4
Diversity at senior civil service level, 2010 to 2014

The information shows that overall there has been a slight increase in the proportion of females and ethnic minorities at senior civil service level since 2010, with no overall change in the proportion of staff declared disabled at senior civil service level.

**Female**

<table>
<thead>
<tr>
<th>Year</th>
<th>Female all grades (%)</th>
<th>Female SCS level (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>53</td>
<td>34</td>
</tr>
<tr>
<td>2011</td>
<td>53</td>
<td>35</td>
</tr>
<tr>
<td>2012</td>
<td>53</td>
<td>35</td>
</tr>
<tr>
<td>2013</td>
<td>53</td>
<td>36</td>
</tr>
<tr>
<td>2014</td>
<td>53</td>
<td>38</td>
</tr>
</tbody>
</table>

**Ethnic minority**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ethnic minority all grades (%)</th>
<th>Ethnic minority SCS level (%)</th>
<th>Total unknown/ not declared</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>9</td>
<td>5</td>
<td>116,630</td>
</tr>
<tr>
<td>2011</td>
<td>9</td>
<td>5</td>
<td>102,056</td>
</tr>
<tr>
<td>2012</td>
<td>9</td>
<td>5</td>
<td>92,283</td>
</tr>
<tr>
<td>2013</td>
<td>10</td>
<td>5</td>
<td>92,159</td>
</tr>
<tr>
<td>2014</td>
<td>10</td>
<td>7</td>
<td>91,794</td>
</tr>
</tbody>
</table>
The civil service compares well with other organisations in some areas

2.6 Some individual central government departments are seen as leaders in different aspects of equality and inclusion (Figure 5). No department has been recognised as a leader in all four areas. The Home Office leads in three areas. Other departments lead in one or two areas – for example, the Foreign & Commonwealth Office on gender, the Office for National Statistics on disability and lesbian, gay, bisexual and transgender (LGBT) and Ofcom on race and disability.

2.7 It used to be easier for the civil service to stand out because many organisations did not yet see equality, diversity and inclusion as priorities. In the current changing environment, large organisations are increasingly identifying a clear business case for equality, diversity and inclusion, as well as legal and moral reasons. As set out in Part One there have been a number of strategies; however, momentum has not been consistent over time.
2.8 There has been improvement across three protected characteristics in their levels of representation (Figure 6 on pages 20 and 21). This progress has slowed and there remain issues at a senior level. In summary:

- The proportion of women in the civil service as a whole has hardly changed since 2007 (after reaching 50% in 2001). Representation of females in the most senior grades was 38% in March 2014 up from 34% in 2010. The overall level has steadily increased and more than doubled from 15% in 1996. The number of female departmental permanent secretaries is 35% (6 out of 17).

- Representation of disabled people at senior civil service level has remained low (5% in 2014) despite some initial progress.

- Minority ethnic representation in the civil service more than doubled from 4% in 1988 to 10% in 2014. Representation in the senior civil service level is lower, at around 7% in 2014. In the fast stream, the levels of representation are better with 13.2% of appointments from minority ethnic entrants.

---

**Figure 5**

Diversity expertise in government, as assessed by external benchmarks in 2014 and 2015

<table>
<thead>
<tr>
<th>Gender</th>
<th>Race</th>
<th>LGBT</th>
<th>Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Agency</td>
<td>Environment Agency</td>
<td>Home Office (Star Performer)</td>
<td>Office for National Statistics (Gold)</td>
</tr>
<tr>
<td>Foreign &amp; Commonwealth Office</td>
<td>Home Office</td>
<td>MI5 (7th)</td>
<td>Department of Energy &amp; Climate Change (Bronze)</td>
</tr>
<tr>
<td>Home Office</td>
<td>Ministry of Justice</td>
<td>Office for National Statistics (15th)</td>
<td>Department for Work &amp; Pensions (Bronze)</td>
</tr>
<tr>
<td>Ministry of Justice</td>
<td>Ofcom</td>
<td>HM Revenue &amp; Customs (27th)</td>
<td>Ofcom (Bronze)</td>
</tr>
</tbody>
</table>

**Notes**
3. LGBT: Stonewall index 2015 and its star performers and top 100 employers.
5. Not all public sector bodies take part in external benchmarking. Of those that do some do not take part every year. This is often due to the resources required and time involved in implementing improvements before taking part again.

Source: Opportunity Now, Race for Opportunity, Stonewall Index, Disability Forum
Figure 6
Changes in civil service diversity

The overall proportion of female, ethnic minority and disabled staff has increased at senior civil service level over the period shown with a slight fall around 2012 for ethnic minority and disabled staff.

Female staff (%), 1991–2014 (headcount)

Ethnic Minority staff (%), 1988–2014 (headcount)
The level of unknown or missing information for the protected characteristics remains high

2.9 There are problems throughout the civil service with either low levels of staff disclosing their circumstance or gaps in departments’ data – for example, staff not recording if they have a long-term health condition. The level of declaration on entry is an indicator of the perceived scale of comfort with disclosing and is a point where you might expect good disclosure rates. Since 2010, the levels of declared disability and recorded ethnicity have improved (Figure 7 overleaf). The proportion of missing information on over one-half and one-third of entrants respectively shows there is still scope for improvement.

2.10 There is little data available on transgender civil servants. The Plan commits to carrying out further research to understand the barriers that may affect this group. In addition from April 2015 the Office for National Statistics will also be collecting information on sexual orientation.

Figure 6 continued
Changes in civil service diversity

The overall proportion of female, ethnic minority and disabled staff has increased at senior civil service level over the period shown with a slight fall around 2012 for ethnic minority and disabled staff

Disabled staff (%), 1988–2014 (headcount)

<table>
<thead>
<tr>
<th>Year</th>
<th>Senior civil service</th>
<th>All grades</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>1990</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>1992</td>
<td>9</td>
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</tr>
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<td>12</td>
<td>18</td>
</tr>
<tr>
<td>1996</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>1998</td>
<td>18</td>
<td>24</td>
</tr>
<tr>
<td>2000</td>
<td>21</td>
<td>27</td>
</tr>
<tr>
<td>2002</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>2004</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>2006</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>2008</td>
<td>33</td>
<td>39</td>
</tr>
<tr>
<td>2010</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>2012</td>
<td>39</td>
<td>45</td>
</tr>
<tr>
<td>2014</td>
<td>42</td>
<td>48</td>
</tr>
</tbody>
</table>

Note
1 Senior civil service includes all grades from deputy director to permanent secretary and those working at a senior level as categorised by the Office for National Statistics.

Source: Institute for Government based on Office for National Statistics annual civil service employment survey data
**Figure 7**
Civil servant entrant status unknown or undeclared, 2010 to 2014

<table>
<thead>
<tr>
<th>Entrants not declared or not known (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
</tr>
<tr>
<td>90</td>
</tr>
<tr>
<td>80</td>
</tr>
<tr>
<td>70</td>
</tr>
<tr>
<td>60</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

- **Missing declared disabled (%)**
  - 2010: 60
  - 2011: 29
  - 2012: 61
  - 2013: 58
  - 2014: 52

- **Missing minority ethnic (%)**
  - 2010: 55
  - 2011: 48
  - 2012: 48
  - 2013: 54
  - 2014: 37

- **All entrants**
  - 39,005
  - 13,401
  - 12,570
  - 16,545
  - 28,890

**Note**
1. Missing represents the proportion of staff that chose not to declare and those who were not asked to declare.

Source: National Audit Office analysis of Office for National Statistics annual civil service employment survey data
2.11 The limitations of the data have an impact on:

- accountability: it is difficult to hold departments, agencies or others to account on their progress when declarations are low or data are missing; and
- decision-making: decisions on actions are being made with incomplete information about the workforce. This limited understanding may have an impact on whether the actions taken are the right ones.

2.12 The revised Plan has specific actions to improve declaration rates. These include:

- departments being expected to learn from best practice as to what encourages declaration; and
- the support of a Cabinet Office awareness campaign covering why disclosure is important and how the information will be used carefully and appropriately.

There are significant differences in perceptions among some diverse groups

These differences highlight the significant gap between the aims of the Plan and the current perceptions of civil servants

2.13 The civil service reform plan identifies the “success of the civil service depends on its staff” and highlights the need for an engaged workforce. The benefits of improved engagement include:

- improved performance;
- greater efficiencies;
- reduced sickness absence; and
- enriched work experiences.

2.14 The benchmark scores for questions of inclusion and fair treatment are high:

- 84% treated with respect by the people they work with;
- 74% feel their organisation respects individual differences; and
- 59% score for engagement in 2014 (2009 – 58%).

---

12 Cabinet Office, Civil service reform plan, June 2012.
13 Cabinet Office, Civil service People Survey benchmark scores; Cabinet Office, November 2014. Employee engagement score is an index of the following: line management, leadership and managing change, my work, resources and workload, organisational objectives and purpose, pay and benefits, my team, learning and development and inclusion and fair treatment.
2.15 **Figure 8** on pages 25 and 26 summarises the main differences in perceptions, including engagement among some of the diverse groups. At a high level, differences in perceptions between groups are evident with significant variations in some of the protected characteristics. This figure also contains additional analyses that we have performed to look at differences by grade.

2.16 We also identified noteworthy differences relating to work-life balance and religious belief:

- Those who feel positive about their work-life balance also feel and report higher engagement scores at all grades. At both AA/AO (58% against 38%) and EO grades (59% against 40%) the gap is around 20 percentage points.
- Those who feel they have a negative work-life balance are more than twice as likely to feel discriminated against at all grades (for example, 22% against 9% at AA/AO grade).
- Religious senior civil servants are 3 percentage points more likely to report feeling discriminated against than non-religious ones (6% against 3%).

**Decisions have been made without considering the impact on diversity**

2.17 Decisions affecting the workforce should be supported and take account of the impact of diversity and inclusion. For example, when decisions are being made that affect recruitment, retention and career path planning there should be clear consideration of the impact on diversity.

2.18 Our report on staff costs found a trend of increasing age profile among entrants into the civil service. In response to the spending review of 2010, departments have been reducing workforce numbers mainly through a reduction in new entrants. The demographics have also changed. The number of entrants aged 20–29 reduced from 15,787 to 9,313 between 2010 and 2014 [Figure 9 on page 27]. More than 80% of civil servants are aged 30–59.\(^\text{14}\) We consider it fair to assume that low levels of recruitment and the creation of a generational gap potentially heightens the risk that the civil service will not have the talent and skills needed for future challenges. Although there is a growing awareness in government of this risk, there is not yet a clear understanding of the potential consequences and the necessary management actions.
Figure 8
Summary of main differences in perceptions

Different groups at the same grade have different perceptions of engagement, respecting individual differences, discrimination and bullying and harassment

Employee engagement score

<table>
<thead>
<tr>
<th>Employee engagement score</th>
<th>Minority ethnic SCS</th>
<th>Minority ethnic AA/AO</th>
<th>Minority ethnic overall</th>
<th>Long-term health overall</th>
<th>Female SCS</th>
<th>Female EO grade</th>
<th>Female overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference</td>
<td>4</td>
<td>8</td>
<td>-1</td>
<td>-9</td>
<td>8</td>
<td>10</td>
<td>-6</td>
</tr>
<tr>
<td>Characteristics (%)</td>
<td>58</td>
<td>57</td>
<td>74</td>
<td>47</td>
<td>63</td>
<td>62</td>
<td>69</td>
</tr>
<tr>
<td>Relative score (%)</td>
<td>54</td>
<td>49</td>
<td>75</td>
<td>56</td>
<td>55</td>
<td>52</td>
<td>75</td>
</tr>
</tbody>
</table>

Respecting individual differences: I think that [my organisation] respects individual differences (e.g. cultures, working styles, backgrounds, ideas, etc)

<table>
<thead>
<tr>
<th>Employee engagement score</th>
<th>LGB overall</th>
<th>Minority ethnic SCS</th>
<th>Minority ethnic AA/AO</th>
<th>Minority ethnic overall</th>
<th>Long-term health overall</th>
<th>Female SCS</th>
<th>Female EO grade</th>
<th>Female overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference</td>
<td>5</td>
<td>-4</td>
<td>-16</td>
<td>-2</td>
<td>-2</td>
<td>4</td>
<td>4</td>
<td>-9</td>
</tr>
<tr>
<td>Characteristics (%)</td>
<td>75</td>
<td>84</td>
<td>58</td>
<td>71</td>
<td>73</td>
<td>78</td>
<td>78</td>
<td>71</td>
</tr>
<tr>
<td>Relative score (%)</td>
<td>70</td>
<td>88</td>
<td>74</td>
<td>73</td>
<td>69</td>
<td>87</td>
<td>87</td>
<td>73</td>
</tr>
</tbody>
</table>
Figure 8 continued
Summary of main differences in perceptions

Discrimination scores: During the past 12 months have you personally experienced discrimination at work?

Bullying and harassment scores: During the past 12 months have you personally experienced bullying or harassment?

Notes
1 Key to grades: AA/AO – administrative assistant/administrative officer; SCS – senior civil service level; SEO/HEO – senior executive officer/higher executive officer.
2 Percentages quoted refer to differences between the characteristic and its counterpart. For example, overall on gender female engagement is 58% and males 54%, a difference of 4 percentage points.
3 The items selected are not meant to be comprehensive but are designed to draw out a range of items of greatest interest.

Source: National Audit Office analysis of the People Survey data
Figure 9
Civil service entrants 2010 and 2014 comparison

Proportion of entrants into the civil service has increased in age, with those aged 20–29 decreasing and those aged 30 and above increasing

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2010 (%)</th>
<th>2014 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16–19</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>20–29</td>
<td>40</td>
<td>32</td>
</tr>
<tr>
<td>30–39</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>40–49</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>50–59</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>60–64</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>65 and over</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,256 15,787 7,908 7,457 4,944 583 70</td>
</tr>
<tr>
<td>2014</td>
<td>721 9,313 6,847 6,093 4,881 833 202</td>
</tr>
</tbody>
</table>

Notes
1. These figures are headcount numbers, from the Office for National Statistics. These figures do not include other public servants who are not civil servants.
2. The figures may not add up to 100% due to rounding.

Source: National Audit Office analysis of Office for National Statistics annual civil service employment survey data.
2.19 Future decisions affecting the workforce should be informed by data on the consequences for diversity. When making workforce changes, the Cabinet Office should estimate the future composition of the civil service workforce resulting from proposed changes. Such analysis may not change the decision made about the workforce, but can help identify impacts on diversity and help put mitigations in place. This would help the civil service ensure prior issues, such as a generational gap being created, were known and mitigations prepared early on. Examples of possible impacts include:

- a change in the overall gender mix;
- those aged 60 and over representing a greater proportion of the total workforce; and
- possible higher prevalence of disabilities due to an older workforce being more likely to have acquired a disability or long-term health condition.

2.20 Examples of possible mitigations include:

- preparing for an increase in workplace adaptations (due to higher rates of disability);
- responding to differences in cultural and working style; and
- ensuring engagement within some groups can be improved or maintained at a time when further cuts to the workforce are likely.
Approach taken by the Cabinet Office

The Cabinet Office has sought to gain greater understanding of the problems

3.1 The Talent Action Plan (the Plan) claims that previous attempts to address diversity had limited success because they did not “deal with the actual issues”. The Cabinet Office committed to identifying the barriers faced by under-represented groups and to refreshing the initial Plan within a year. It commissioned four research reports examining barriers faced by women and minority ethnic, disabled, and lesbian, gay, bisexual and transgender (LGBT) groups. Many of the recommendations included in the Plan were drawn from those reports.

3.2 The key findings from the reports are presented in Figure 10. Identifying and addressing these barriers to progression has been the main aim in developing the Plan.

Figure 10
Commissioned reports: key findings

Accountability and leadership
Vague accountability for equality, diversity and inclusion outcomes; poor clarity on who is responsible and how to measure success.

Talent management
Feelings of active exclusion of LGBT staff from some talent programmes. Women feel they are not spotted, mentored and developed and significant numbers opt out of senior roles.

Civil service culture
The leadership is not diverse. The norm is white, males and non-disabled. The civil service is not considered open, fair and inclusive. Unconscious bias persists.

- Disabled staff feel that others assume they cannot deal with the pressures and are passed over for promotion.
- Disabled staff and those with health problems report high levels of discrimination, bullying and harassment. Women consider the civil service to have a macho culture which is also heavily networked.

Source: National Audit Office summary of commissioned reports

15 Hay Group, Women in Whitehall: Culture, leadership, talent Disability Rights UK, May 2014. Tacking health and disability-related barriers to progression within the civil service, March 2015. B Summerskill, Don’t Ask, Don’t Tell: Barriers to career progression for talented LGBT individuals in the civil service, March 2015. Ethnic Dimension Identifying and removing barriers to talented BAME staff progression in the civil service, December 2014.
3.3 The findings of the reports have been used to inform the Cabinet Office’s development of the Plan. The reports give the Cabinet Office a strong base from which to address the significant barriers to progress.

The Cabinet Office and senior champions have given more priority to equality, diversity and inclusion

3.4 The Plan, produced by the Cabinet Office, recommended about 30 actions for departments to take on diversity. Diversity champions also wrote to permanent secretaries asking for action on the barriers found by the research commissioned by the Cabinet Office. The Cabinet Office updated the Plan following the publication of all the commissioned reports. We found that many departments built on the Plan after limited activity around diversity. Many departmental strategies had lapsed and departments are now using the Plan to bring change (Figure 11).

Figure 11
Departments are at different levels of maturity

<table>
<thead>
<tr>
<th>Has a diversity strategy</th>
<th>Department for Work &amp; Pensions</th>
<th>Cabinet Office</th>
<th>Home Office</th>
<th>Foreign &amp; Commonwealth Office</th>
<th>Civil service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gaps in diversity strategy</th>
<th>Work in progress</th>
<th>Yes</th>
<th>No</th>
<th>No, strategy was rolled forward for a year to 2014</th>
<th>Yes</th>
</tr>
</thead>
</table>

|----------------------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|

<table>
<thead>
<tr>
<th>Focus of the strategy</th>
<th>Staff and service users</th>
<th>--</th>
<th>Leadership, diverse representation at all levels, inclusive working environment, public sector equality duty and service delivery</th>
<th>Inclusive leadership and culture at all levels, improved environment for disabled staff, and continued support for talent pipeline of under-represented staff (with a particular BME focus)</th>
<th>Why groups are underrepresented and women</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interaction with Talent Action Plan</th>
<th>Supports their strategy</th>
<th>Uses as strategy</th>
<th>Reports</th>
<th>Embedded in their new departmental strategy</th>
<th>Is the strategy</th>
</tr>
</thead>
</table>

Source: Summary of National Audit Office case studies
3.5 Strong leadership is essential for progress. Sir Jeremy Heywood, the head of the civil service has made statements about improving leadership in terms of his 2015 priorities:

“The Civil Service Board want to create a culture in the civil service that is more open to challenge and better at fostering an inclusive and empowering environment. The culture of any organisation is set from the top, which is why I am committed to improving our leadership.”

3.6 This has been reiterated in the Plan:

“We believe that strong leadership that embraces diversity will in turn allow an open, transparent culture to flourish....”

The data on equality, diversity and inclusion are not being used to full potential

3.7 There is a significant amount of data available on the demographics and perceptions of civil servants. Previous use of the data has not been linked to a clear strategy

3.8 The commissioned reports also found that the data were being under-used. There was disillusionment about the civil service’s motives and effective use of data as well as evidence of bullying and demotivation that was not appropriately addressed.

3.9 The Cabinet Office has carried out significant amounts of analysis on the People Survey. A lot of this has been driven by requests. Although analysis has been used to drive improvements in specific areas, such as disability, there has not been a consistent approach across all under-represented groups. For example, in 2012 it examined and published data on some of the protected characteristics (Figure 12 overleaf). This was discussed by the Civil Service Board and shared more widely but there is little evidence that this resulted in any action. In particular, the data and analysis were not used to select the areas the Plan should focus on.

3.10 Decisions, such as to freeze recruitment (thereby increasing the age of the workforce), were made without data being available to inform the government of their impact. The data might not have affected the decisions but the information would have made the consequences clearer and helped government to consider mitigating actions, such as the potential impact on gender profile and work place adaptations.
Figure 12
Cabinet Office analysis of the impact of personal characteristics on diversity from the 2012 People Survey

<table>
<thead>
<tr>
<th>Female (vs male)</th>
<th>BME (vs White)</th>
<th>Childcare responsibility (vs no childcare)</th>
<th>Other religion</th>
<th>No religion (reference category)</th>
<th>Christian</th>
<th>Disabled (vs not disabled)</th>
<th>Carer (vs not a carer)</th>
<th>LGB or other (vs heterosexual)</th>
<th>Aged 16–34</th>
<th>Aged 35–44</th>
<th>Aged 45–54 (reference category)</th>
<th>Aged 55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; More engaged (than reference category)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; Less engaged (than reference category)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes
1. Female and ethnic respondents are more likely to be engaged even after controlling for other factors.
2. Those practising a religion also have higher levels of engagement.
3. Conversely, those with a disability are much less engaged after controlling for other factors.
4. For those with caring responsibilities the impact is variable. Carers have lower levels of engagement. Those with childcare responsibilities are likely to be slightly more engaged.
5. The Cabinet Office subsequently updated the chart using 2014 data.

Source: Cabinet Office
Recently the Cabinet Office has used data more effectively to inform its approach.

3.11 Within the Cabinet Office there has been a drive to do more with the available data to support the Plan and the four research reports (Figure 13). As part of the Plan, the Cabinet Office undertook further analyses of the People Survey data. This was partly to inform the four commissioned reports, but also to put extra information in the public domain on the issues facing the civil service.

3.12 The Plan sets out how the Cabinet Office will put in place routine monitoring. However, it is unclear how the data will be used to inform the Cabinet Office on the progress made to tackle the barriers identified in the commissioned reports, in particular around issues such as culture. The Plan states that the Cabinet Office seeks to understand culture and use the data to deliver reform, but has not yet specified how this will be carried out.

The data holds more possibilities for insight

3.13 The current analysis used to promote the Plan has focused on the commissioned reports looking at four protected characteristics. The Cabinet Office has also produced data releases on the four groups as annexes to the revised Plan. These annexes give the results for all the survey questions from 2009 to 2014. They also provide information on departmental differences. The Cabinet Office must take a strategic view of the data, and prioritise areas for further investigation to maximise the insight that can be gained from it. It should also provide guidance to departments on how they can maximise insight from the departmental data sets.

**Figure 13**

Current use of data for monitoring equality and inclusion

<table>
<thead>
<tr>
<th>Data source and frequency</th>
<th>Current use in the civil service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil service employment survey and civil service statistics (ONS) – annual</td>
<td>To inform external commissioned reports.</td>
</tr>
<tr>
<td>Civil Service People Survey (Cabinet Office) – annual</td>
<td>To support the four reports Cabinet Office commissioned.</td>
</tr>
<tr>
<td>Fast-stream data and recruitment report (Cabinet Office) – annual</td>
<td>Little evidence of coordinated use within the Cabinet Office.</td>
</tr>
<tr>
<td>Annual socio-economic background of recent entrants into senior civil service (Cabinet Office) – annual</td>
<td>Departments and agencies use the data for their own internal analysis.</td>
</tr>
<tr>
<td>Senior civil service database (Cabinet Office) – bi-annual</td>
<td>To monitor composition of the fast stream.</td>
</tr>
<tr>
<td></td>
<td>To monitor changing composition.</td>
</tr>
<tr>
<td></td>
<td>To monitor senior civil service composition and provide evidence and analysis for the Plan and permanent secretary diversity champions.</td>
</tr>
</tbody>
</table>

Source: Office for National Statistics data, People Survey data, fast-stream data, socio-economic background data, senior civil service database and National Audit Office review of current use of data
3.14 The Cabinet Office is in a unique position to use the data as it is the only department with access to the entire data set. This could be used to look at other factors. The work we have done shows how using the data could provide insight for the future developments of the Plan. For example:

- Analysis of the impact of unequal treatment on individuals could also help the Cabinet Office to build a business case for diversity. The Civil Service People Survey shows, for example, that 24% of people who reported that they had experienced bullying said they wanted to leave the organisation as soon as possible, compared with 7% who had not experienced bullying. Similarly, 25% of those who had experienced discrimination said they wanted to leave as soon as possible, compared with 6% of those who had not. This will not only affect retention but more importantly it is likely this group will be less engaged and will have lower productivity.

- Figure 14 shows that the 17 core departments differ in how far their employees with protected characteristics and other groups experience discrimination, compared with people without those characteristics. By further analysing the data by department, the Cabinet Office could look at the variation in outcomes for people with protected characteristics. Our exploratory multivariate analysis suggests that the factors associated with experiences of discrimination appear to differ by department. Further analysis looking within and between departments could help the Cabinet Office and departments to better understand discrimination.

- The analysis we have contributed to Figure 8 shows how looking at differences by grade could suggest new areas of investigation, for example, why engagement of female and minority ethnic staff at a junior grade is higher than that of their peers but reversed at a senior level. This is different from the positions, for example, of disabled staff, whose engagement is below their peers for all grades.

Lack of systematic learning from and between departments when developing the strategy

3.15 The Cabinet Office did not use the expertise available in the civil service. There are around 90 diversity and inclusion specialists in central government. There are regular cross-government meetings of the heads of equality and diversity so that they can exchange knowledge. Some departments are further ahead and could have been drawn on more by the Cabinet Office (Figure 12). Valuable insights and opportunities to learn from departmental experience were therefore not taken.
Figure 14
There is a wide level of variation between departments that needs to be understood

This figure shows that the 17 core departments differ in how far their employees with protected characteristics perceive they have experienced discrimination in the past 12 months, compared with people without those characteristics.

Notes
1. For each department we calculated the difference between a given group in reporting discrimination compared with those outside that group. For example, for each department we subtracted the percentage of carers reporting discrimination from the percentage of non-carers reporting discrimination.
2. The 17 core departments are included in this chart. It excludes the results of their executive agencies, with the exception of the Department for Education.
3. Responses to the People Survey are optional and completion rates varied between and within departments.
4. Negative percentage point differences occurred when people in the relevant group (for example, carers) were more likely to have reported discrimination in the past 12 months compared with those outside the group (for example, non-carers). Departments furthest from zero have the biggest differences in perceptions of experiencing discrimination. Positive percentage point differences occurred when people outside the group were more likely to have reported discrimination compared with those in the group. In some departments men are more likely to report discrimination than women, whereas in others the converse is true.
5. Defra = Department for Environment, Food & Rural Affairs; DFID = Department for International Development; HMRC = HM Revenue & Customs; DCLG = Department for Communities and Local Government; CO = Cabinet Office; DCMS = Department for Culture, Media & Sport; DECC = Department of Energy & Climate Change; HMT = HM Treasury; HO = Home Office; DoH = Department of Health.

Source: National Audit Office analysis of Civil Service People Survey 2014
Roles and responsibilities are unclear

3.16 The roles and responsibilities across government on equality, diversity and inclusion are complex (Figure 15). The work carried out internally and externally on equality, diversity and inclusion is kept separate and could be more effective if combined.

3.17 During the development of the Plan, roles and responsibilities were unclear and confusing for departments. Separate teams oversaw the strategy and implementation of the Plan:

- The strategy team, in the Cabinet Office – also responsible for writing and monitoring the strategy.

- The implementation team, hosted by the Department for Work & Pensions – responsible for dealing with day-to-day aspects of implementing the strategy.

3.18 The Cabinet Office is in the process of merging these teams but this is not yet complete.
### Figure 15
Roles and responsibilities

**Strategic leadership on Equality, diversity and inclusion (EDI)**

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Civil Service Board</strong> (led by CO)</td>
<td>Chaired by Sir Jeremy Heywood: Responsible for the strategic leadership of the civil service. Reviews progress against the Talent Action Plan every 6 months</td>
</tr>
<tr>
<td><strong>Non-executives</strong></td>
<td>Led by Sir Ian Cheshire. Support and challenge the government on: strategic clarity; commercial sense; talented people; results focus; and management information</td>
</tr>
<tr>
<td><strong>Civil service reform</strong> (led by CO)</td>
<td>Sir Jeremy Heywood, the Cabinet Secretary and head of the civil service, is responsible for delivering the CS Reform goal outlined in the Talent Action Plan to ensure that the best people progress in the civil service</td>
</tr>
<tr>
<td><strong>Minister for Civil Service Reform</strong></td>
<td>Rt Hon Matthew Hancock – Cabinet Office. Oversees the implementation of the reform programme, including the Talent Action Plan</td>
</tr>
<tr>
<td><strong>CEO of the civil service</strong> (part of CO)</td>
<td>John Manzoni. A role to improve cross-government functions.</td>
</tr>
</tbody>
</table>

**Delivery bodies**

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| **Directors’ Talent Review Board**                                   | Responsibilities:zent
|                                                                    | - Directors’ progress
|                                                                    | - Fast stream
|                                                                    | - Future leaders
| **CS HR (part of CO)**                                               | Supports the Cabinet Secretary in developing the policies and measures to deliver EDI in the civil service. |
| **Social Mobility Group** (part of CO)                               | Promotes a fair, open society.                                                                                                      |
| **People Board**                                                     | Responsibilities:
|                                                                    | - Employer relations
|                                                                    | - HR policy
|                                                                    | - Diversity and capability

**Senior Leadership Committee** (cross-government membership)

- Senior appointments (Top 200)
- Succession planning
- Assessing strength of departmental top teams
- Considering collective leadership of the civil service

**Civil Service Diversity and Inclusion** (part of CO) led by Andrew Heyn

- Responsible for creating policy on diversity and inclusion and delivering it

**Champions and support groups**

- **Diversity Champions Group** (Comprises departmental permanent secretaries)
  - There is a chair and champions for gender, race, disability, and sexual orientation and gender identity
  - Champions have a role to actively promote EDI. The group meets every 4 to 8 weeks

- **Departmental diversity champions** (Board-level champion)
  - Each government department has its own diversity champion
  - There are also several voluntary staff networks supporting and promoting EDI both across departments and at a departmental level

**Bodies with an external focus on EDI**

- **Social Mobility and Child Poverty Commission** (sponsored by CO, DfE & DWP)
  - Monitors the progress of government and others in improving social mobility

- **Government Equalities Office**
  - Responsible for equality strategy and legislation across government

- **Equality and Human Rights Commission** (NDPB of DCMS)
  - Independent statutory body established to challenge discrimination

**Note**

1. NDPB = non-departmental public body, CO = Cabinet Office, DfE = Department for Education, DWP = Department for Work & Pensions and DCMS = Department for Culture, Media & Sport.

**Source:** National Audit Office summary of departmental documents
Part Four

Limitations of current approach

4.1 In Part One we highlighted how the government has long aimed to improve the diversity of its workforce (Figure 1). The Diversity Strategy published in 2008 lapsed in 2013.16 There was no strategy for 18 months. In Part Two we highlighted that there are significant differences between current perceptions and the aspirations of the Talent Action Plan (the Plan). The lack of sustained progress over time may be due, in part, to the gap between strategies and the limited links between diversity and other reforms.

4.2 Currently, there are a number of obstacles that may hinder progress. These may pose a significant risk to gaining the most value from diversity and inclusion in the civil service. For progress on diversity and inclusion to be sustained, the following need to be in place:

- a strong and clear business case;
- clear links to other reforms; and
- accountability supported by strong measures.

The business case for equality, diversity and inclusion could be made more clearly

4.3 The business case for diversity and inclusion is important to get commitment across an organisation.

4.4 A clear business case would help everyone within the government to understand why diversity and inclusion are important. It should be adapted accordingly to a specific organisation and linked to the organisation’s values. The Plan does not set out a business case beyond talent and needs to be wider for all to gain benefit.
The business case should go beyond talent

4.5 The business case for diversity in the civil service could draw on a number of factors, from increased capability to better service delivery. However, a business case has not been set out in the Plan. The Plan does not highlight how diversity and inclusion can lead to cost-effective services. The foreword to the Plan mentions that there are business benefits in terms of improved decision-making and innovation in organisations. It also states that inclusion is part of the vision, but there is little evidence as to how the realisation of these benefits and greater inclusion will be achieved.

4.6 The business case for equality, diversity and inclusion in the civil service could be made in terms of:

- **Benefits to the organisation:** equality, diversity and inclusion can bring many benefits to the civil service. These include access to a wider talent pool and new capabilities, greater employee engagement (Figure 16), improved policy formation and delivery of services.

- **Benefits to society or the service user:** the social benefits are improved access to services, increased social inclusion and prevention of discrimination and community tension.

- **Moral:** the moral argument is based on fairness and equality. By valuing and supporting diversity, the civil service can gain best value from its workforce.

- **Legal:** the legal case relates to the requirements of the Public Sector Equality Duty and having due regard to eliminate discrimination, harassment, victimisation; advance equality of opportunity; and foster good relations.

**Figure 16**

*Increased employee engagement*

Evidence shows increased employee engagement leads to better performance and productivity. It improves:

- absenteeism;
- retention;
- customer service; and
- positive outcomes in public services.

Most evidence is in the private sector but NHS research shows the relationship between engagement, patient satisfaction and patient mortality.

4.7 The business case for equality, diversity and inclusion in the civil service should be much wider. There are three business benefits that support improvements within the organisation and to service users beyond that of recruiting and retaining talent. These are:

• enhanced and more robust decision-making;
• improved service delivery; and
• increased innovation.

Best practice case studies from industry can also contribute to civil service learning on diversity and inclusion. The evidence from some of these case studies has a direct relevance to the public sector.

Enhanced decision-making

4.8 The private sector has seen how diversity can benefit in terms of more robust and balanced decision-making. The banking sector appears at the forefront of this argument, with a clear improvement to the bottom line linked to a gender-balanced board:17

• An academic study examined the relationship between the proportion of women in top management positions of banks and the financial performance of these institutions.

• The study found a positive association between female management representation and firm performance. In summary, a 10% increase of women in top management positions improves the bank’s future return on equity by more than 3% per year.

• This positive relationship was almost twice as large during the global financial crisis than in stable market conditions.

Improved service delivery

4.9 Departments with more contact with service users and those that deliver through arm’s-length bodies will have different business reasons for adopting an inclusive approach. Currently, the Plan does not recognise the difference between departments. The business benefit of improved service delivery can be illustrated with examples from both the public and private sectors.

4.10 In the public sector the departments that have maintained momentum on equality, diversity and inclusion link their strategies to business outcomes, for example the Home Office (Figure 17).

4.11 BT provides a private sector business case example, demonstrating the development of more accessible services: 18

- BT has put in place a panel of external experts, which scrutinises BT’s activities and challenges activities which potentially exclude customers.

- The panel provides independent guidance to enhance BT’s customer inclusion strategy, recommends areas of improvement, research and product development, and drives thought leadership on hot topics.

- Recent areas of focus are improving BT customer service to include supporting vulnerable customers to manage unwanted calls, and user technology to better support older and disabled people, and enable independent living.

Increased innovation

4.12 The Chartered Institute of Personnel and Development Survey (2015) highlights the role more balanced boards make in terms of innovation, with 62% of respondents believing boards are more innovative and creative where there is a diverse set of board members.

4.13 The requirement for the civil service to adopt a different approach if productivity is to be improved and the future plans to make savings are to be achieved is highlighted in A Changing Game: “As society’s problems shift and change, so too must policy. We need approaches that are innovative, realistic and flexible.” 19

Summarising the business case

4.14 Increased diversity and inclusion across the civil service can add value because it can help strengthen decision- and policy-making and improve service delivery, as well as ensure the civil service continues to recruit and retain talent.
4.15 Currently, the Plan does not encompass the whole of the civil service. The main focus is on four under-represented groups, and does not taken an overarching approach across all staff, or across all aspects of the employee lifecycle from recruitment, through retention and talent management. What is important is not only diversity but inclusion. The full business possibilities, especially for decision-making and service user experience, presented by diversity and inclusion risk being missed. An inclusive approach should be taken more widely, allowing all talent to flourish, as otherwise the remaining staff may be under-utilised. The Cabinet Office has recognised this and is considering its approach to developing an inclusive culture.

4.16 Both industry and the public sector recognise business benefits beyond moral, legal and social arguments. Recent economic circumstances and ongoing austerity mean the need to do more with less, and to create the conditions whereby civil service reform would benefit from re-examining the business benefits that an inclusive diversity strategy offers both centrally and on a departmental basis. Once completed, the benefits will need to be clearly articulated, owned by senior leadership, incorporated in departmental plans and delivered with strong accountability.

The Plan is not well integrated with other workforce reforms

4.17 Much of the progress made has been promoted by strong leadership. If this were to decrease, the issues raised by earlier attempts to improve diversity risk being repeated.

4.18 One way to overcome this risk is to integrate diversity and inclusion with the other reforms being undertaken in the civil service. The aims of the civil service reforms would be well complemented by diversity and inclusion. The capabilities plan published by the Cabinet Office sets out its ambition to develop a more skilled, unified, transparent and professional civil service. Accessing a wider talent pool would help the civil service to address some of the skills and capability gaps.

4.19 Equality, diversity and inclusion offer some significant opportunities to civil service reforms. The Plan could have made stronger links with other reforms. Integrating diversity and inclusion into workforce planning helps to identify the diverse skills, knowledge, experience and different ways of thinking that are needed to deliver government strategies. Figure 18 and Figure 19 show the opportunities that diversity and inclusion offer civil service reform and the current level of integration. While more recent documents report on the importance of equality, diversity and inclusion, there are more opportunities for integration.

20 Cabinet Office, Meeting the Challenge of Change: A capabilities plan for the civil service. April 2013.
**Figure 18**
Civil service reform and equality, diversity and inclusion

<table>
<thead>
<tr>
<th>Civil service reform document</th>
<th>Assessment on whether equality, diversity and inclusion are mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Civil Service Reform Plan (2012)</td>
<td>While the plan mentions talent of staff there are very few references to equality, diversity and inclusion.</td>
</tr>
<tr>
<td>The Civil Service Reform Plan (one year on), 2013</td>
<td>Mentions talent, but not equality, diversity and inclusion. At the end of the document it announced that a new diversity strategy will be published by March 2014.</td>
</tr>
<tr>
<td>Civil Service Reform Plan progress report (October 2014)</td>
<td>The progress report highlights equality and diversity to be a priority for the forthcoming year. It reports on the imminent publication of the diversity strategy and the work being done on the barriers to senior posts.</td>
</tr>
</tbody>
</table>

Source: National Audit Office analysis of the reform plans

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**Figure 19**
Links between Talent Action Plan and civil service reform priorities

<table>
<thead>
<tr>
<th>Current priorities¹</th>
<th>Benefit or/opportunity presented by equality, diversity and inclusion</th>
<th>Is the Talent Action Plan integrated?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving policy-making capability.</td>
<td>Introduces different perspectives and inclusive policy-making. Policies are better tailored to meet customer needs.</td>
<td>No.</td>
</tr>
<tr>
<td>Opening up policy development.</td>
<td>Understanding and accepting different styles.</td>
<td>No, but under ‘removing barriers’ the Talent Action Plan is mentioned specifically.</td>
</tr>
<tr>
<td>Staff have up-to-date skills.</td>
<td>Aligning talent, users and organisations effectively.</td>
<td>E-learning introduced for unconscious bias training, race awareness and other aspects of diversity.</td>
</tr>
<tr>
<td>Building capability by strengthening skills, deploying talent and improving organisational performance across the civil service.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on commercial and contract management.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional leadership.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Removing barriers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating a modern employment offer for staff that encourages and rewards a productive, professional and engaged workforce.</td>
<td>An inclusive culture encourages collaboration, breaks down ‘silo mentalities’. It boosts engagement and increases productivity. Structures are flatter, everyone has their say and feels valued.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Flexible working.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving the civil service culture and behaviours.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note**
1 The priorities have been compiled by removing those that have been met since 2012 and adding more 2014-15 priorities.

Source: National Audit Office analysis of reform plans
4.20 Our study on staff costs found the case study departments to have weaknesses in their approaches to developing strategic workforce plans.21 Good practice suggests that diversity strategies should be integrated into workforce plans, but there was no evidence of this. Workforce planning and diversity are part of the Civil Service Group within the Cabinet Office. There is still a risk that if further reductions to the civil service do not consider diversity there will be negative impacts.

**Accountability for the delivery of the Plan is not strong enough**

Accountability is fundamental to change

4.21 Accountability sets out who is responsible for taking the necessary action required and how achievements will be measured. It is one of the fundamental principles for success and clear accountability helps in embedding diversity and inclusion.

4.22 A challenge within the civil service is its federal structure. It is essential that there is support from the Cabinet Office to help departments reach equality, diversity and inclusion goals and objectives. Senior leaders are committed to the plan but the Cabinet Office needs to ensure that departments also commit to it.

4.23 We have recently reported that change will require clearer and more effective leadership from the Cabinet Office.22 This is particularly relevant to areas that we have identified as having ‘unarguable responsibility’, such as improving government capability. This report has highlighted that the Cabinet Office has sometimes struggled to work effectively with departments. It is essential that this is overcome if progress is to be made.

**How accountability can be strengthened**

4.24 Some of the case study departments have provided insights into how accountability can be strengthened (Figure 20).

**Concerns about accountability**

4.25 The reports commissioned by the Cabinet Office raised concerns around accountability. They reported a lack of clarity over who is responsible for diversity across the civil service and who is responsible for the delivery. A quote from an anonymous person interviewed for the LGB&T report stated “Where things have slipped on diversity is that there aren’t structures in place which ensure accountability, and clear roles and responsibilities.”23

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23 B Summerskill, Don’t Ask, Don’t Tell: Barriers to career progression for talented LGB&T individuals in the civil service, March 2015.
Current approach to accountability is unclear

4.26 It is unclear how the Cabinet Office will hold all departments to account and what measures will be used to do so. The Plan commits to the introduction of measures but these have yet to be put in place. It does not offer any milestones or references to timeframe which departments will be measured against. Until these are in place it will be difficult for the Cabinet Office to monitor progress. Most diversity strategies have a set time frame and have appropriate milestones.

4.27 Accountability for the successful implementation of the Plan rests with the Cabinet Secretary, with support from the Cabinet Office. Champions at permanent secretary level are also responsible for actively promoting the Plan and its implementation, and in some departments permanent secretaries have taken personal responsibility for equality, diversity and inclusion.

Cabinet Office and the Plan

4.28 The Cabinet Secretary is responsible for the delivery of the Plan. The Cabinet Office is responsible for developing the policies and measures to monitor its impact. There is a named senior responsible officer and a small team to support the Cabinet Secretary. Monitoring has been focused on the actions set out in the Plan. The Plan sets out that People Survey data will be monitored to track perception but the details of what will be tracked, and when, have not been agreed.

4.29 The Plan states that there will be appointments of non-executive directors with track records on diversity who will challenge and advise departmental boards.
Accounting officers

4.30 Our analysis of the objectives of permanent secretaries (2014-15) found that only just over one-third (37%) of the permanent secretaries had objectives which included equality, diversity and inclusion. The Plan says that the Cabinet Office will introduce new diversity objectives for all permanent secretaries. This will help maintain focus on diversity and should be done in a timely manner.

Stronger use of data in governance and accountability

4.31 The actions against the Plan are currently reported every six months to both the Civil Service Board and the Human Resource Board in the Cabinet Office. They also provide updates on workforce composition to the Civil Service Board. This includes data on representation of women, ethnic minorities and disabled staff, with representation by grade and trends over time. Appropriate levels of data should also be made available to departmental boards, line managers and the wider workforce. The Cabinet Office plans to do more with the information it has but its detailed plans are not yet complete.

4.32 The Cabinet Office and the Office for National Statistics regularly publish equality, diversity and inclusion data on the civil service workforce, at a high level. This makes the civil service one of the most transparent organisations for workforce data. However, the full People Survey data sets are not externally published, meaning departments rely on the Cabinet Office to carry out any further analysis of cross-government data they require. To protect individual confidentiality the individual-level People Survey data sets (microdata) are not published, some departments and agencies request their own microdata for professional analysts via a data access agreement. The Cabinet Office should improve the way the People Survey data sets are published, making them available in a reusable format. This can be done while still protecting individual confidentiality, for example using tabulated summary statistics. This would ensure that results are even more transparent and would allow departments to carry out further analysis without relying on the Cabinet Office.
Appendix One

Our audit approach

1. This report builds on our previous reports on civil service reform and capability programme. We examine equality, diversity and inclusion so we can:
   - help the centre of government to put equality, diversity and inclusion in its capability strategy; and
   - give a framework for us and others to hold the civil service leadership to account, on this complex issue that is fundamental to capability and reform.

2. We considered whether the civil service is ensuring equality, diversity and inclusion in the workforce to optimise capability for the future. We explored three questions, which are set out in Figure 21 overleaf.

3. Our audit approach is also summarised in Figure 21.
Appendix One  Equality, diversity and inclusion in the civil service

Central government’s objective is to ensure that every talented, committed and hard-working member of the civil service has the opportunity to rise to the top, whatever their background and whoever they are. This forms part of government’s ongoing reform programme designed to build on the civil service’s strengths and address its weaknesses.

Our study examines 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.

What is the current situation in the civil service and the progress made?

We reviewed the use and quality of data by:
- reviewing the analysis produced to support the Talent Action Plan;
- producing our own models on what the data shows us; and
- consulting with experts on how the data could be used.

What is the Cabinet Office’s recent approach to changing this?

We reviewed the action plan and where the Cabinet Office needs to get to by:
- developing evaluative criteria with experts;
- document review; and
- interviews.

Is there now a sustainable approach to realising the benefits of inclusion and diversity for the whole workforce?

We assessed the quality of governance and the approach taken by:
- interviews;
- document review; and
- comparison of current approach to our evaluative criteria.

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.
Appendix Two

Our evidence base

1 We concluded on value for money after analysing evidence we collected between October 2014 and March 2015. This was alongside the Cabinet Office developing the Talent Action Plan.

2 We drew on our reports on civil service reform and consulted with experts to develop our evaluative criteria:
   • We reviewed the findings and approach in our prior reports on civil service reform and the role of the centre of government to develop our criteria.
   • We worked with experts in equality, diversity and inclusion to develop our criteria for assessing the current approach to delivering diversity. These included:
     • Meredith Brown, NAO.
     • Professor Anthony Heath, Oxford University.
     • Sue Langley, Non-Executive Director – Home Office.
     • Robin Schneider, Schneider-Ross Consultants.
     • Museji Takolia, former Senior Adviser to Prime Minister on Diversity.
     • Professor Peter Urwin, University of Westminster.

3 We reviewed the clarity of the Talent Action Plan and where the Cabinet Office needs to get to by:
   • using case studies;
   • holding focus groups;
   • interviewing stakeholders;
   • interviewing senior officials; and
   • reviewing documents.
4 We reviewed the use and quality of data by:

- reviewing board minutes; and
- analysing ONS data: data collected from departments on their staff including data on some of the 9 characteristics; mapping methods of collection – for example, ONS, People Survey, Pulse survey, other data departments may hold.
- Engagement scores from the Civil Service People Survey and any Pulse surveys.

5 We assessed the quality of governance and the approach taken by:

- comparing it to our criteria;
- reviewing documents;
- comparing current position and perceptions to where the Cabinet Office wants to get;
- mapping practices from interviews and document reviews;
- mapping roles and responsibilities of diversity across government; and
- reviewing the operating model and workforce model for evidence of diversity.
Appendix Three

National Audit Office’s diversity strategy and performance

Our strategy

1 We recently launched our new strategy to cover the period 2015–2018. This strategy is based on three core pillars:

- Talent pipeline – recruit, develop and promote diverse talent at all levels to senior leadership.
- Inclusive work environment – building inclusive leadership and behaviours at all levels.
- Diversity in our delivery – promoting diversity in our work and that of all public bodies.

2 The Comptroller and Auditor General has overall responsibility for diversity and inclusion at the NAO. He is supported by executive leaders who are champions aligned with specific networks and by our diversity delivery board.

Our performance

27% of our graduate intake in 2014-15 are from minority ethnic groups

40% of our graduate intake in 2014-15 are female

8% of our directors and senior management team are from minority ethnic groups

31% of our directors and senior management team are female
3 The NAO has made progress in the diversity of its workforce over the years, but it has challenges like any other organisation.

4 In 2014-15 the NAO continued to recruit a diverse intake of graduates: 40% female graduates and 27% minority ethnic graduates. Of our graduate intake, 9% were disabled.

5 We are also working to improve the representation of minority ethnic colleagues and women in more senior grades. Currently, 8% of our directors and senior management team are minority ethnic and 31% are female.

6 Our annual report on diversity contains more detail on our performance and can be found on our website.25
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