

Diversity and Inclusion Annual Report

2018-19



Foreword

Over the past 10 years as head of the National Audit Office (NAO) I have seen the positive impact a more diverse and inclusive working environment can have on our people and on our ability to support Parliament and help improve the delivery of public services. In my final year we continue to face challenges as the government deals with Brexit and strives to drive efficiency and sustainability in the way it provides services.

Successfully delivering our responsibilities relies heavily on our people and our ability to draw talent from the widest possible pool and provide an inclusive and supportive environment in which our staff can develop. The NAO is committed to creating an environment where everyone can bring their full selves to work every day, without the need to diminish who they are, and can achieve their personal and professional aspirations. We believe that when people feel accepted, included, and valued, they are more engaged in their roles, work more collaboratively with colleagues, and deliver better outcomes for our clients.

In 2018 we launched a new Diversity and Inclusion (D&I) strategy for the three years to 2021 and refreshed our D&I governance to provide a stronger framework of accountability. These developments are designed to accelerate our rate of progress in areas where we have made less tangible impact, help support our aspiration to build a diverse talent pipeline and create a culture of fairness and inclusion. This report focuses on our achievements in the first year of our new strategy and we have much to be proud of.

Over the last 12 months we have made a number of changes to our trainee attraction and selection process to further improve the gender, ethnic and socio-economic balance of our trainee pipeline, building on an already strong position. We are closely monitoring the impact of these changes on further

enhancing the diversity of our pipeline and will consider additional actions where necessary. We have also made good progress on strengthening the gender pipeline to middle management, which is reflected in a reducing gender pay gap, and have taken positive steps to ensure we continue to see no significant difference in the distribution of higher performance ratings by gender and ethnicity. And we have continued to work closely with all our employee networks, enhancing their role in supporting staff, shaping office initiatives and informing policy development.

However, we continue to face challenges to improve diversity at senior levels, which we recognise is a longer-term goal, and to make tangible progress in enhancing the workplace experience of disabled colleagues. We also recognise more needs to be done to equip our line and assignment managers with the confidence and competence to be inclusive leaders.

We continue to publish studies which highlight inequalities in the way public services are delivered, for example our report on supporting disabled people into work, and our study into the impact of Universal Credit on vulnerable claimants.

I believe our new strategy puts the NAO in a strong position to achieve our diversity ambitions. I have no doubt that as the NAO goes forward under its new leadership it will continue to embrace difference and create opportunities which harness the rich diversity and unique qualities of all our people

Sir Amyas C E Morse KCB

Comptroller and Auditor General

June 2019

Highlights 2018-19



Launched a new Diversity & Inclusion three-year strategy focused on diversifying our talent pipeline and creating a culture of fairness and equality



Improved gender balance to middle management, supported by an increased proportion of women applying for promotion opportunities



Established a Generations Network, supported by a Leadership Team sponsor, to champion age-related issues at a senior level



Introduced a number of changes to our trainee attraction and selection process to improve the diversity of our trainee intake, building on an already strong position



Enhanced our Diversity & Inclusion governance framework, including more integral positioning of our employee networks, to support the delivery of the new strategy and clarify accountabilities



Hosted a range of mental health activities, including a highly successful 'this is me' campaign, to encourage conversations on mental health in the workplace



Bridge Group analysed our 2017 trainee data and concluded that candidates from lower income families were 48% more likely to be successful, against an average figure of 10% less likely to be successful for participating firms. The report confirmed that the NAO performed well against participating firms on all three key measures



Reported a mean gender pay gap of 9.9% as at 31 March 2018, 0.7 percentage points lower than 31 March 2017



Achieved continued equality in the distribution of our highest performance ratings by gender and ethnicity

Diversity and inclusion strategy and governance

To support the progression of our Diversity and Inclusion (D&I) agenda we have published a new three-year D&I strategy and refreshed our D&I governance to provide a strong framework of accountability.

Diversity and inclusion strategy

In May 2018, following a period of consultation, the NAO launched a new D&I strategy for the period 2018-21. Our vision is to become a fully inclusive and diverse organisation that enables the NAO to be higher performing and secure improvements in the increasingly complex and user-focused way public services are delivered.

The strategy is built on two key pillars: building a diverse talent pipeline; and creating an inclusive work environment. Key focus areas include; ethnic minority, gender and socio-economic diversity in our trainee recruitment; progression of women and ethnic minorities to senior positions; creating a culture of fairness and inclusion; and building capability and skills to manage those with disabilities. Whilst promoting all aspects of diversity, our new strategy focuses on three characteristics – gender, ethnicity and disability – to enable us to make continued, sustainable progress over the next three years.

Supporting delivery of the strategy is a corporate D&I action plan and ‘cluster’ tailored action plans. These will be discussed regularly at accountability meetings to ensure D&I actions are implemented throughout the organisation and that we regularly and effectively monitor our progress.

Governance

In 2018 we reviewed how we govern D&I at the NAO. Our aims were to: streamline the process and establish a structure to support the delivery of the new D&I strategy; clarify accountabilities; foster a collaborative culture; and ensure staff had appropriate avenues through which to raise concerns.

The new governance structure includes a Diversity & Inclusion Strategy Group (DISG) involving all members of the leadership team and chaired by the C&AG; and a Diversity & Inclusion Operational Committee (DIOC), chaired by a member of the leadership team which includes representatives from all our diversity networks (disAbility, ethnic minority, generations, LGBT, religion and belief, social mobility and women’s), people directors, dignity at work leads, and human resources.

DISG is responsible for monitoring the implementation of the D&I strategy and ensuring the NAO meets its obligations under the public sector equality duty. DIOC has a consultative role to monitor progress against the strategy, recommend solutions to D&I issues, and provide assurance to DISG.

Pillar One

ROBUST PIPELINE OF DIVERSE TALENT

Over the past 12 months the NAO has focused on improving its trainee recruitment process and continuing to ensure equality in our promotion and appraisal processes.

Diversity in our recruitment

Following an external review of our trainee selection and assessment process and building on an already diverse cadre, we have introduced a number of changes to further enhance the diversity of our trainee intake. These include:

- updating our numerical reasoning test to minimise any negative impacts, particularly for those from ethnic minority and lower socio-economic backgrounds;
- moving to future focused and role-based scenario interviews, placing less emphasis on an individual's past experience and more on their potential;

- strengthening our attraction strategy and on-line presence to reach candidates from under-represented groups, for example, hosting a virtual career stand for those who would find it challenging to attend traditional career days, visiting a wider range of non-Russell Group universities, and liaising with stakeholders including career advisors, teachers and parents/guardians; and
- actively managing our candidate pipeline to encourage a greater proportion of women to progress their applications.

We will evaluate the impact of these changes following the conclusion of our 2019 graduate campaign and consider if any additional measures are needed to further promote equality. In addition, we continue to attend and present at key events to raise our profile and reach a more diverse audience. In 2018 we sponsored the Women in the City Afro-Caribbean Network (which aims to connect and support ambitious black women) and an award for the BASE competition (Institute of Chartered Accountants in England and Wales annual business and accounting competition), both of which provided opportunities to present to a diverse range of participants and to network with students and parents.

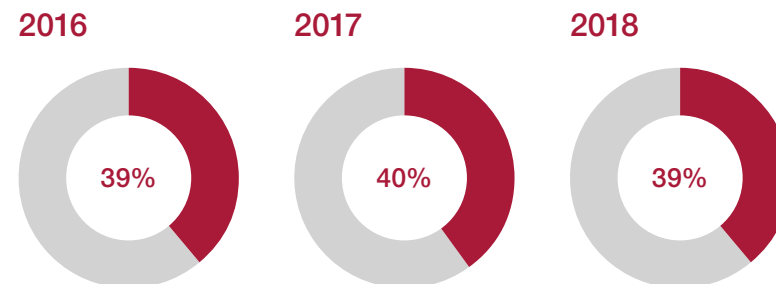
Gender

We have found it challenging to consistently achieve gender balance in our trainee intake. Consistent with firms in the accounting sector, we continue to attract fewer women applicants, with women making up 39% of those applying for our 2018 graduate programme. Our final intake of 48% women in 2018 reflects the higher success rate women have in progressing through the selection process.

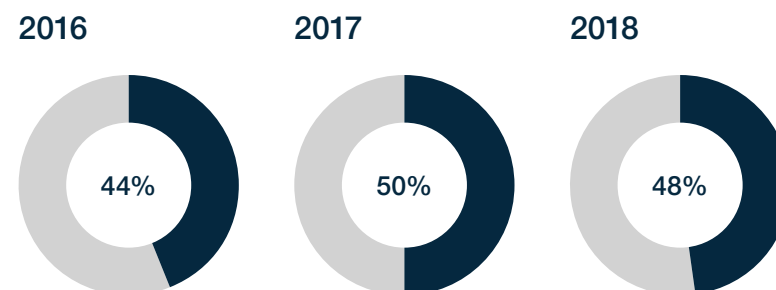
To improve the proportion of women joining the scheme we have started to engage more actively with women during the process to encourage them to progress their applications, and we consider both the gender and ethnicity balance of candidates at each assessment centre. We will be reviewing the impact of these changes at the conclusion of the 2019 campaign.

Women applicants and joiners to our graduate programme 2016-18

Applicants



Joined



Ethnicity

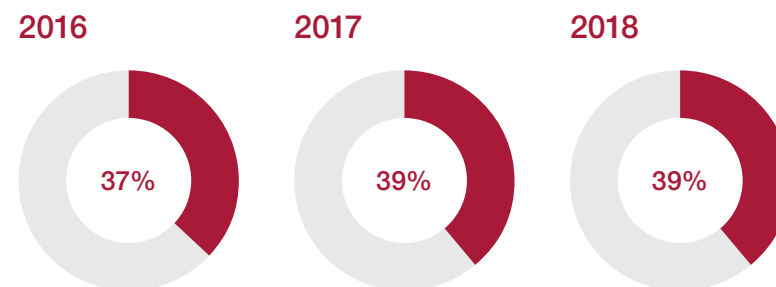
Applications from Black Asian and Minority Ethnic (BAME) candidates to our graduate programme have increased steadily, from 37% in 2016 to 39% in 2018. We have, however, found it difficult to maintain a consistent graduate intake, which has fluctuated between 21% and 31% over the same period.

In 2018 we recruited 30% BAME candidates to our graduate programme (31% in 2017); this was despite a less successful 2017 BAME internship scheme, which in previous years has made a significant contribution to the ethnic diversity of our graduate programme. Whilst we were able to maintain a good BAME intake through our mainstream attraction and selection process, we will continue to monitor the effectiveness of the internship programme. Encouragingly, we have offered places on our 2019 graduate programme to nine of the twelve interns from our most recent internship programme.

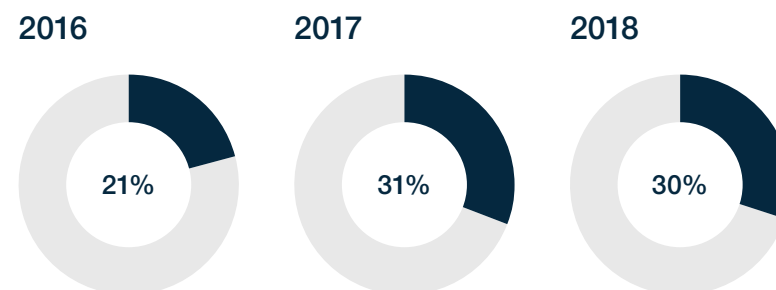
In 2018 we introduced a new numerical reasoning test as part of our assessment process to reduce adverse impact, particularly on candidates from ethnic minority and lower socio-economic backgrounds.

BAME applicants and joiners to our graduate programme 2016-18

Applicants



Joined



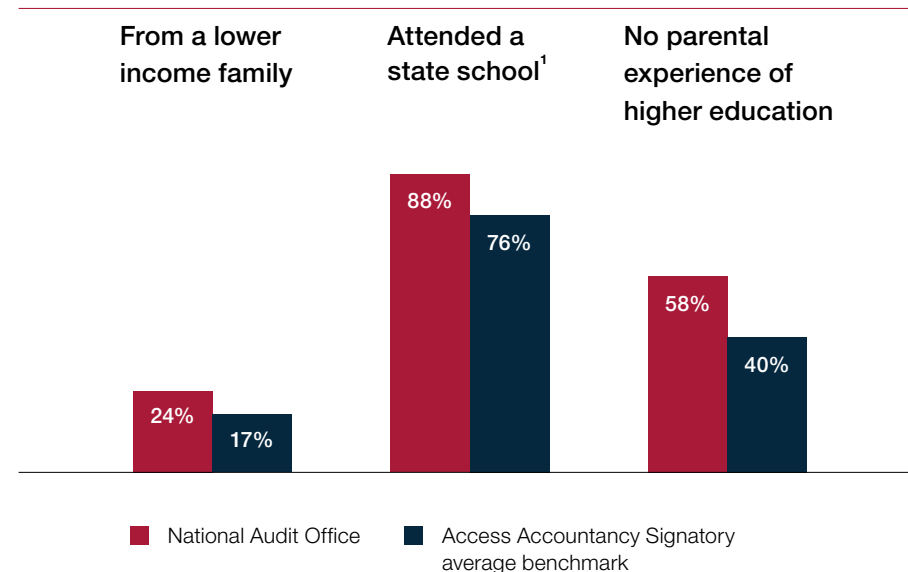
Social mobility

We have started to build a picture of issues facing staff from lower socio-economic backgrounds through the inclusion of social mobility questions in our people survey and our diversity data. Current declaration rates across the office are 55%. To improve these rates and provide more meaningful data we are running a disclosure campaign in 2019 encouraging people to update and complete their diversity information.

Social mobility is supported internally through our internship and work experience schemes, as well as our social mobility employee network.

As founding members of Access Accountancy¹ we support the improvement of social mobility more widely in the profession and submit social mobility data on an annual basis for external benchmark analysis by Bridge Group.² Our 2018 results (based on 2017 trainee data) indicated that the NAO performed very well against other signatory organisations in attracting and converting applicants to our graduate scheme across all three measures. Whilst this is encouraging, we remain realistic that our position against the average may fluctuate year-on-year given the relatively small size of our trainee intake.

Applicant rates from lower socio-economic groups to our 2017 graduate programme



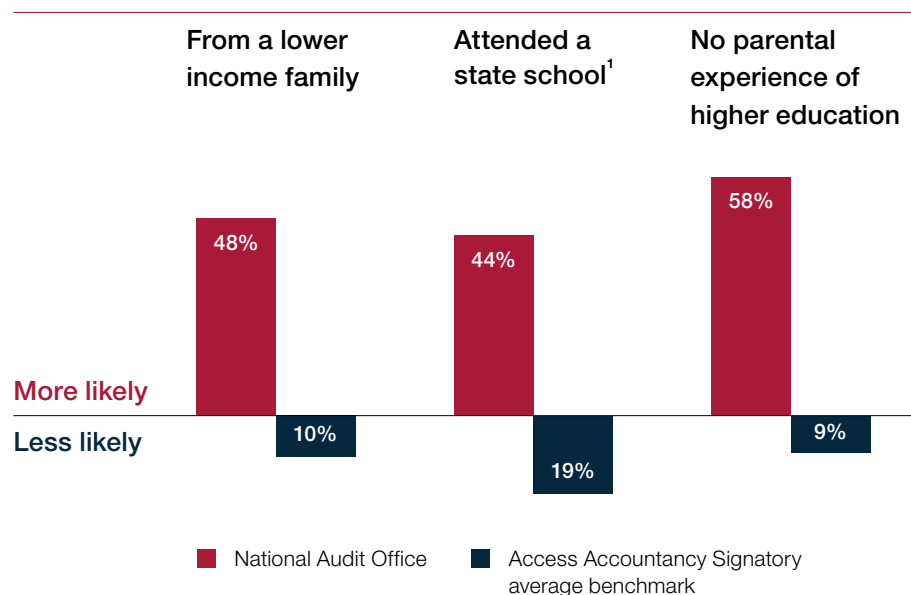
Note

¹ State schools include selective state schools.

¹ www.accessaccountancy.org

² <http://thebridgegroup.org.uk>

Success rates of applicants from lower socio-economic groups to our 2017 graduate programme



Note

¹ State schools include selective state schools.

Progression of women and BAME

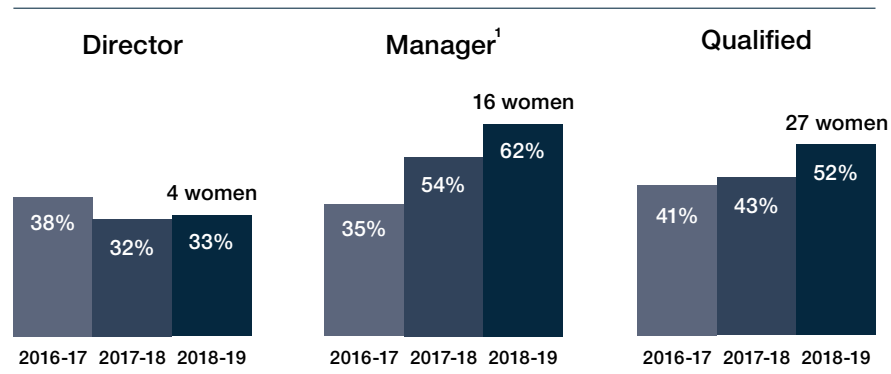
Improving diversity at senior levels is a key focus of our D&I strategy. To make real, sustainable change we have decided to prioritise our resources to support the progression of women and BAME colleagues. Despite this focus, all under-represented groups remain important to us and many of the actions set out in our D&I strategy should improve equality for all.



Career progression

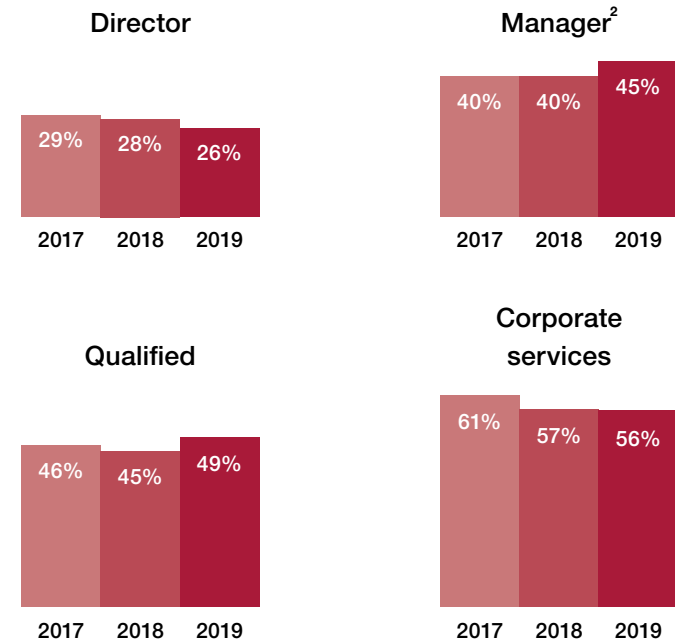
We have made some progress in strengthening the gender diversity of our pipeline to middle management level, with a higher proportion of women applying for promotion. However, women have been less successful than men in securing promotion, and we continue to face challenges in the progression of women to our most senior levels. In 2018 three men and one woman were promoted to director, leading to a slight reduction in the percentage of women at senior levels. Over the same period we have externally recruited three women and three men to manager level and above.

Women applicants for promotion 2017-19



Note
¹ Including corporate services band 1 managers.

Women representation 2017-19¹

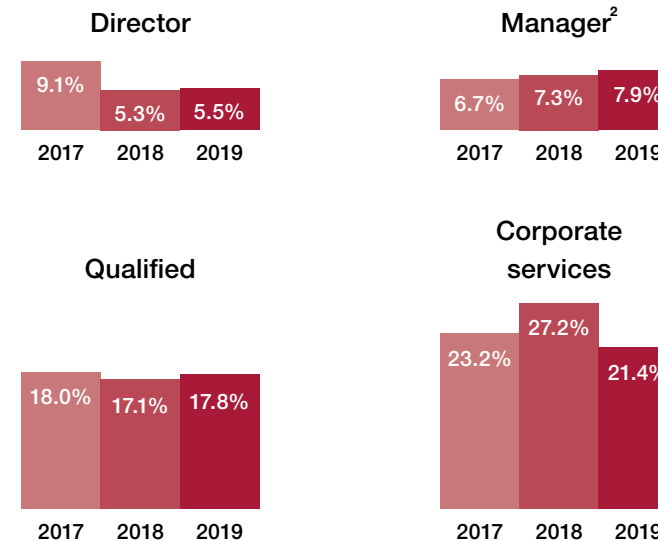


Note
¹ Data as at 31 March.
² Including corporate services band 1 managers.

Our work to improve gender balance has been reflected in our gender pay gap results, published in March 2019. We reported a mean gender pay gap of 9.9% and a median pay gap of 11.2%, both lower than the figures reported as at March 2017 (mean 10.6% and median 11.3%). These figures are positive indicators of early progress and are part of a longer-term strategy to close the gap further over coming years. We are currently exploring additional ways to support women to progress, including mentoring, enhancing flexibility in job roles, and designing tailored portfolios that maximise career potential. Our ambition is to achieve gender balance across all grades. This includes our corporate services team, which has a higher proportion of lower paid roles and in 2019 had 56% women (61% in 2017).

Our overall BAME representation has remained relatively static over the past few years, and is an area we would like to make more progress in. Since 2017 we have seen a marginal increase in BAME representation at manager level but have struggled to achieve consistent improvement at director grade. As at 31 March 2019 8.1% of our senior management team (which includes Executive Leaders and Directors) were BAME. We will continue our efforts to improve progression of BAME colleagues, and have run workshops to identify barriers, working closely with the Ethnic Minority Network to understand challenges and how best to address them.

BAME representation 2017-19¹



Note

- 1 Data as at 31 March.
- 2 Including corporate services band 1 managers.

Performance management

We have continued to improve our performance management and appraisal process, consistently applying the challenger role across all moderation discussions to ensure fair, evidence-based decisions are made. We have also taken action to ensure that we allocate our work, including our most challenging opportunities, on a fair and equal basis. As a result, over the past two years, we have seen parity in the distribution of the higher performance rating by gender and ethnicity.

We continue to recruit a higher proportion of women onto our two talent programmes targeted at managers (Leaders programme) and qualified staff (Emerging Leaders programme). These programmes aim to support the accelerated development of talented colleagues to more senior organisational roles. Our 2018 Emerging Leaders and Leaders programmes achieved 50% and 78% women representation respectively. Encouragingly, BAME candidates made up 24% of the 2018 Emerging Leaders programme. This compares to 18% BAME staff who currently occupy the qualified grade. There was one BAME applicant for the 2018 Leaders programme, which in part reflects the relatively small proportion of BAME staff in the Manager grade (7.9%) and they were successful in achieving a place.

Looking ahead

Over the next year our intention is to continue to promote sustainable growth in the diversity of our talent pipeline. This will be achieved through evaluating the impact of the changes we have made to our trainee selection process and supporting the progression of women and ethnic minorities to senior positions.

Areas of focus will include:

- considering whether we need to take further actions to ensure a balanced intake of graduate trainees, for example by replacing our competency based application questions with a future focused situational test;
- exploring the use of further unconscious bias training specifically aimed at recruitment assessors in advance of recruitment campaigns;
- encouraging active identification and support for diverse talent at a cluster level, including access to accelerated development opportunities, talent programmes, and promotion campaigns;
- consulting on the introduction of a mentoring scheme to support women and ethnic minorities to progress their careers at the NAO; and
- structuring job roles and work portfolios to provide greater opportunities for those who may wish to work more flexibly.

Pillar Two

CULTURE OF FAIRNESS AND INCLUSION

During the year we have continued to raise awareness of diversity and improve the way we recognise and value difference in those we work with. We need to continue to promote and embed inclusive behaviours in order to develop an inclusive and collaborative culture.

Inclusion and fair treatment

Through our annual People Survey we continue to monitor the views of our staff regarding how they are treated in the workplace. Our 2018 People Survey indicated that 76% of people feel the NAO respects individual difference (unchanged on 2017), and 68% felt valued for the work they do (up from 66% in 2017). In contrast, fewer people felt fairly treated (down three percentage points to 76% in 2018), and there has been a marginal increase in bullying and harassment scores to 5% and 6% respectively (one percentage point higher than 2017), and a two-percentage point increase in discrimination scores to 8% in 2018. While these scores remain better than Civil Service benchmarks, we realise the need to step up our efforts to ensure people feel that they are being fairly treated.

The new D&I strategy has a focus on creating a culture of fairness and inclusion. This includes actions to; improve equality in people decisions; encourage and reward inclusive leadership; remove bias in the workplace; and build confidence to call out and challenge inappropriate behaviour.

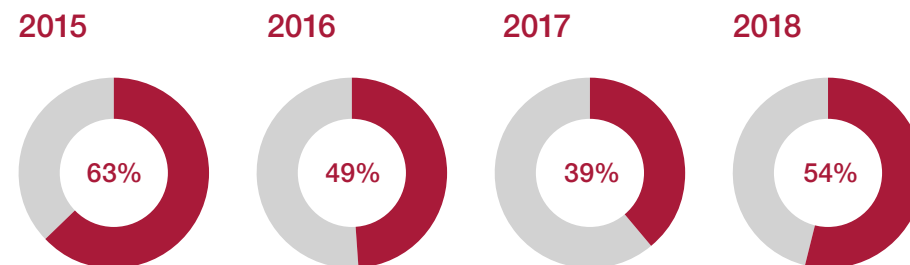
Alongside this we need to promote and maintain the profile of our Dignity at Work (DAW) leads who are trained to offer informal, confidential support to those who have experienced or witnessed inappropriate behaviour. In 2018 more people felt able to take action to resolve situations involving unfair treatment (54% in 2018 compared with 39% in 2017); however, this is still lower than the peak of 63% in 2015 which followed the launch of our DAW leads.

Over the past 12 months the DAW leads have:

- Run practical scenario-based sessions to raise awareness and start conversations around inappropriate behaviour
- Hosted internal workshops on unconscious bias, bullying and sexual harassment

2018 People Survey Data

I sought resolution to unfair treatment



Disability confident workplace

In close collaboration with our disAbility network we have continued to explore how we can enhance the workplace experience of disabled colleagues, ensuring workplace adjustments are effective, and that we are building line manager skills and confidence in managing colleagues with a disability.

We have made less progress than we would have liked against our disability action plan (put in place following a review by the Business Disability Forum) and will refocus on delivering our top priorities over the next year.

Positive actions we have taken include:

- engaging with the wider Civil Service to understand current best practice around workplace adjustments;
- reviewing our current workplace adjustments process with a view to updating this to an online system offering greater flexibility and sharing of information;
- running a number of seminars covering topics such as stammering and neurodiversity; and
- hosted external speakers who have shared their experience of disability in the workplace.

Mental health awareness

A number of events and activities hosted by our mental health first aiders have encouraged conversations about mental health and raised awareness of making the workplace a safe and supportive environment for all. We have:

- held regular mindfulness sessions to encourage mental wellbeing and several wellbeing lunchtime walks;
- encouraged conversations around mental health through involvement in the Green Ribbon Campaign, led by the Lord Mayor's Appeal;
- hosted an external speaker on mental health in the LGBT community;
- run a 'This is me' poster campaign which shared colleagues' experiences of mental health; and
- published a series of well received blogs, including colleagues' personal stories.

Our employee networks

As well as working with the disAbility network we have supported our other employee networks. This has included establishing a seventh network, our Generations Network, whose prime objectives are to promote age equality and fairness and raise the profile of age-related issues. As with our other employee networks, the Generations Network has a Leadership Team sponsor to champion network issues at a senior level, and a people director partner to help embed change at an operational level.

Other activities during the year which have raised awareness and understanding of particular characteristics include;

- The women's network, in collaboration with the generations network, hosted an external speaker who delivered a session on menopause, providing guidance on how to have confident conversations with colleagues,
- The generations network published a blog to raise awareness of loneliness and how it can affect people at any stage of their lives
- The religion and belief network brought people together in a remembrance prayer for those who lost their lives in the New Zealand terrorist attacks
- The LGBT network hosted an external speaker on mental health in the LGBT community
- The social mobility network shared personal stories to raise awareness of barriers faced by those from lower socio-economic groups and ran open sessions to develop networking skills

Looking ahead

Over the next year we will concentrate on developing a culture based on inclusive leadership, ensuring staff feel supported to challenge inappropriate behaviour, and on improving the engagement of our disabled colleagues.

Areas of focus will include:

- working with our learning and development colleagues to promote inclusive leadership and collaborative behaviours;
- maintaining the visibility of our DAW leads and ensuring staff feel comfortable and supported to challenge inappropriate behaviour;
- implementing a reverse mentoring scheme for senior leaders, pairing with those from under-represented groups to develop an understanding of the perspectives of individuals who don't share the same characteristics;
- updating our workplace adjustments process and guidance, establishing a more flexible online system; and
- introducing a D&I dashboard to assist management in identifying issues, focusing resources, and monitoring the impact of management action.

DIVERSITY IN OUR WORK

Whilst the NAO's new D&I Strategy focuses on the equality, diversity and inclusion of its people and internal working environment, highlighting inequalities across diverse groups in relation to the provision of public services remains an important part of our value for money (vfm) studies. The Public Sector Equality Duty (2011) requires public bodies to advance equality for all individuals when: shaping policy; designing, procuring and delivering services; and in relation to their own employees.

Sponsored by an executive leader we have put in place a number of mechanisms to ensure we can identify any inequality across diverse groups in our outward facing studies. This includes awareness raising with staff, support during study development, and proactive review of all agreed priority outputs to identify whether there is a significant equality, diversity and inclusion dimension to consider.

During 2018/19, a selection of studies which benefited from this approach include the following:

Study

[Supporting Disabled People to Work](#)

Equalities, diversity and inclusion issues raised

Our report on Supporting Disabled People to Work examined interventions to support those with disabilities or barriers to work, and progress towards the government's aims to reduce the disability employment gap.

[Improving Children's and Young People's Mental Health Services](#)

Our report on *Improving Children's and Young People's Mental Health Services* examined the Government's plans to improve access to services for children and young people in need of mental health support. The report highlighted the large number of children who cannot currently obtain these services and evaluated progress towards the Government's aims for reaching more young people.

[The Motability Scheme](#)

The Motability Scheme enables eligible disabled people to choose to exchange certain mobility allowances paid by the Department for Work & Pensions and Ministry of Defence for the lease of a new car, powered wheelchair or scooter.

Our report looked at the service provided to those eligible for the scheme, and the governance and operations of the scheme.

[The Roll-out of Universal Credit](#)

Our report on *The Roll-out of Universal Credit* looked at the impact of the support available to vulnerable claimants. We found that some claimants had struggled to adjust to Universal Credit and had suffered difficulties and hardship during the rollout. In particular the Department was unable to identify the needs of vulnerable claimants and tailor the support they needed.

[The Apprenticeship Programme](#)

This report reviewed the performance of the Apprenticeship programme with regard to characteristics such as ethnicity, disability, disadvantage, gender, age and geography. We found that the Department for Education's targets for widening participation among under-represented groups, covering ethnicity and disability, are unambitious, and it has no targets relating to gender. We also found that the proportion of new apprentices from disadvantaged areas has declined and the Department is not meeting this target.

[Handling of the Windrush Situation](#)

Our report on the *Handling of the Windrush Situation* sought to increase transparency on what happened to migrants who came to the UK between 1948 and 1973 and looked at how problems with the Home Office's information management and management of immigration casework may have contributed to the situation.

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