



National Audit Office

# Diversity and Inclusion annual report 2022-23

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# Diversity and Inclusion annual report 2022-23

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.



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## Foreword by C&AG

This is the fourth National Audit Office Diversity and Inclusion (D&I) annual report I have introduced as Comptroller and Auditor General. We have continued to make good progress on our priorities although we have further to go to achieve our ambition of being an exemplar organisation for D&I.

We have completed the second year of our latest four-year D&I Strategy (2021–25) which is aligned to our wider corporate strategy (2020–25).

We continue to make sustained progress in building a strong pipeline of trainees from ethnic minority backgrounds, exceeding our targets in recent years. We will only realise the full benefit of this success if we can improve our retention of ethnic minority colleagues on qualification. We have recently agreed additional actions in our updated Race Equality Action Plan to help address this. We have also introduced our first ethnic minority sponsorship programme for those seeking to progress to senior levels in the organisation.

On social mobility, it is pleasing to see we improved our position on the national Social Mobility Employers Index, moving from 77th in 2021 to 55th in 2022. We continue to host highly successful work experience and summer internship programmes for students from less advantaged and ethnic minority backgrounds. Crucially, these programmes have proved to be effective routes into the NAO for talented people from varied backgrounds.

We have made sustained progress in female representation across the NAO, with females now making up just over half of our middle management cadre and a steadily increasing proportion of directors, now 36%, up from 26% in 2020. We are also on target to



Gareth Davies

close our gender pay gap by 2027. We are paying particular attention to encouraging applications for our entry-level programmes from female candidates, where we have seen lower numbers in recent years. We continue to create a workplace that supports flexible working where parents and carers are able to balance their work with the demands of their home lives.

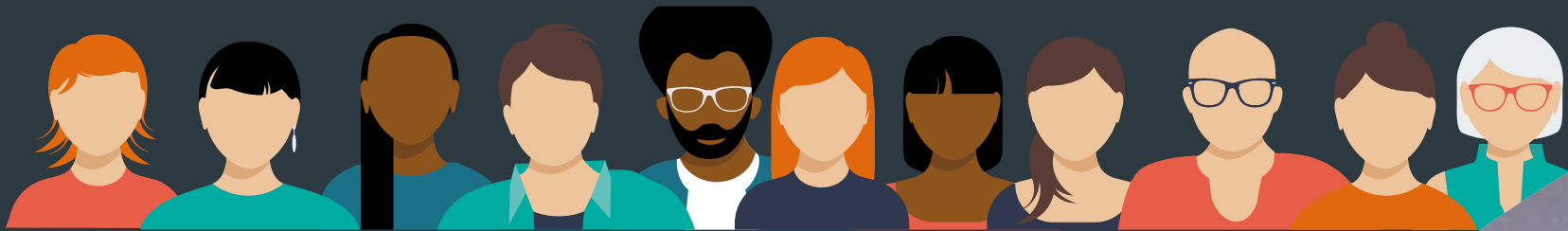
We have maintained our relatively high proportion of colleagues declaring a disability (15%) and have improved both our training in disability awareness and our system for managing workplace adjustments.

I would like to thank all my colleagues for their efforts this year. I look forward to continuing our work to make the NAO a truly equitable and inclusive organisation.

**Gareth Davies,**  
Comptroller and Auditor General



Who we are



Women

2020 (%)	2021 (%)	2022 (%)	2023 (%)
48	48	48	49

Ethnic minority

2020 (%)	2021 (%)	2022 (%)	2023 (%)
19	22	23	25

Individuals with a disability

2020 (%)	2021 (%)	2022 (%)	2023 (%)
12	12	15	15

Individuals who attended a state school

2020 (%)	2021 (%)	2022 (%)	2023 (%)
84	85	86 <sup>1</sup>	86

LGBTQ+

2020 (%)	2021 (%)	2022 (%)	2023 (%)
4.5	5.1	5.3	5.9

Age

	% of employees
16–19	1%
20–29	34%
30–39	27%
40–49	20%
50+	18%

Religion/belief

	% of employees
Christian	33%
Hindu	2%
Jewish	1%
Muslim	9%
Sikh	1%
Buddhist	1%
Other	2%
No religion	51%



Notes:

1. Correction note – this figure was incorrectly reported as 81% in our 2021-22 report.

2. The data is based on those who declare

# Highlights of the year

This section sets out key highlights from the year.

Improved our ranking in the 2022 Social Mobility Index, up 22 places to 55th.



Upskilled colleagues to support people with a disability through our disability awareness training.



Transferred our workplace adjustment information to an online system, improving our ability to support colleagues with a disability.



Continued to build a strong pipeline of trainees from ethnic minority and less advantaged backgrounds, as well as trainees with a disability.



Ninety-three per cent of our interns successfully passed their assessment and were offered a place on our graduate training programme, providing us with a strong pipeline of candidates from target groups.



Launched our first ethnic minority sponsorship programme, targeted at supporting the progression of colleagues to senior grades.



Further reduced our mean gender pay gap to 6.39%, down 1.87 percentage points on the past year, keeping us on track to eliminate any difference by 2027.



Returned to in-person recruitment events, including targeting a wide range of universities to attract students from diverse backgrounds.



Introduced a new measure in our regular people survey to strengthen our understanding of how connected and included our colleagues feel.



## Key challenges

This section sets out the areas where we have not made the progress we had planned this year.



Our ethnicity and disability pay gaps have widened, primarily as a consequence of our positive trainee recruitment outcomes.



Our representation targets for ethnic minorities at all post-qualification levels have not been met, in part because of resignation rates.



We fell short of our target for women entrants to our graduate and apprenticeship training programmes in 2022, although we have achieved significant improvements in our 2023 campaign.




Having introduced parental occupation as the most accurate measure of social mobility we need to improve declaration rates to enable robust analysis and monitoring against this indicator.

## Our Diversity and Inclusion Strategy 2021–25

We launched our four-year Diversity and Inclusion Strategy in 2021. Designed to support us in making a step-change in how we develop and recognise our talent, the Strategy is closely aligned to our Organisational Development Plan. It is underpinned by our corporate value of ‘inclusion and respect’ and is built upon the following four priority areas.


1.



Proactively strengthening the diversity of our pipeline

- Enhance the career experience of our ethnic minority colleagues
- Establish a fully accessible, disability-inclusive workplace
- Value different ways of working and respect individual needs


2.



Maximising the potential of all our people

- Foster a culture of personal growth and tailored careers
- Blend behavioural change with inclusive people processes
- Support people to be inclusive empathetic leaders and colleagues


3.



Building a culture of inclusion and respect

- Appreciate and value identity in all its forms
- Provide opportunities for people to connect and expand their perspectives
- Cultivate a culture where we remain open and curious to learn about others

4.



Setting clear ambitions and holding ourselves to account

- Set challenging and transparent targets using real-time data to track progress
- Report progress against our strategy through the DIOC\* and our Executive Team
- Monitor and take action on feedback our people give us through regular people surveys

\* Diversity and Inclusion Operational Committee (DIOC)



# Priority One

## Proactively strengthening the diversity of our pipeline



A diverse workforce helps us to understand the challenges our clients and service users face and provides us with flexibility to adapt to the complex and dynamic environment in which we operate.

Diverse representation at all levels of the organisation is a core building block in realising our ambition to be an exemplar employer.

We continue to strengthen the diversity of our pipeline by attracting talent to our training programmes from a diverse range of universities, and through our internship and work experience programmes focused on ethnic minorities and those from less advantaged backgrounds.

“

The experience was enjoyable and valuable. It gave me an opportunity to gain practical experience to develop key professional skills. This experience will no doubt be the stepping stone to my future career.

”



## Trainee recruitment

### Graduate recruitment

Returned to on campus recruitment after two years of virtual careers fairs. In 2022-23 we attended 15 on-campus events, including seven non-Russell Group Universities. We specifically selected universities with a high proportion of undergraduates from our target groups. This included Birmingham and Brighton which have a higher female population (58% and 61% respectively) and Queen Mary University London which has a higher number of students from ethnic minority and less advantaged backgrounds.

Held our first in-person trainee induction since 2019. This brought together graduates and apprentices from both our London and Newcastle offices, which enabled them to network and get to know each other.



### Apprenticeship programme

Hosted a webinar to promote our apprenticeship (school leaver) programme. This was attended by 200 students and parents. The aim was to attract students who may not have considered the NAO's programme. Forty-seven per cent of the attendees were female students and 54% from an ethnic minority background. Our webinar highlighted the benefits of our programme and gave an overview of the recruitment process.



### Internship programme

Integrated a stronger learning and development offer into our paid summer Internship Programme. In 2022 we welcomed 15 students to our internship programme across our London and Newcastle offices. Interns spent the majority of their time working within host teams on financial audit and value for money projects. All the students chose to participate in our assessment centre to join our graduate scheme and 93% were offered places. Feedback showed the value participants gained, with one student commenting that:

“The experience was enjoyable and valuable. It gave me an opportunity to gain practical experience to develop key professional skills. This experience will no doubt be the stepping stone to my future career.”





Work experience programme

Ran a paid work experience programme for those from less advantaged backgrounds. The Access Accountancy work experience programme continues to support our focus on social mobility, providing those from less advantaged backgrounds the opportunity to experience working in a professional organisation. To enhance accessibility, and remove any financial barriers, we made the decision to establish this as a paid programme, giving us greater reach to our target group.

Trainee pipeline

Recruited 45% ethnic minorities and 15% trainees with a disability to our 2022 graduate intake. This was higher than our March 2025 targets of 40% and 14%. We fell short of our 50% gender target, dropping from 47% in our 2021 campaign to 38% in 2022. This is a challenge all graduate employers in our sector face. This reflects the Institute of Chartered Accountants in England and Wales data which shows that in 2021, 46% of the students were female. However, in response we have been working closely with our recruitment partners to increase the gender diversity of our trainee intake and we are well on track to improve this figure for our 2023 campaign.

Case study

Access Accountancy work experience programme

In October we hosted ten Year 13 students in various teams. The students had the opportunity to experience what it is like to work in a professional organisation and gain insight into the important and unique work we do at the NAO. Of the ten students, six made the decision to participate in an assessment centre and five were offered places on our apprenticeship programme.

Experienced hire

Analyst campaign

Completed three rounds of recruitment to our analyst pipeline in 2022-23, recruiting 18 new starters of which 39% were female and 18% from an ethnic minority background. We are concerned at the low proportion of females recruited through these campaigns which is in contrast to female representation across both the Analyst and Senior Analysts grades which stands at 52%. We are also developing measures to improve our intake of analysts from ethnic minority backgrounds.

Experienced hire

Attracted diverse candidates to our Audit Principal grade, supporting diversity in our more senior roles. In 2022-23 we recruited 25 audit principals from the external market, of which 48% were from an ethnic minority background and 28% were female. In our corporate service grades we recruited 25 Band 2s over the year, with ethnic minority colleagues representing 58% of the intake.

Promotions

Of all those promoted, a high proportion were females. We have delivered a number of internal promotion campaigns during the year, including promotions to audit manager of which 63% were female, 33% were ethnic minorities, and 17% declaring a disability.

Awards

Shortlisted for a Public Finance Award for diversity, in recognition of our work on recruitment. This included our new recruitment and promotion protocols, which are now fully embedded in our internal attraction and selection processes, and are focused on delivering diverse outcomes from our campaigns.



# Priority Two

## Maximising the potential of all our people



We seek to maximise the potential of all our colleagues, actively addressing barriers to progression and supporting equality in all aspects of our people practices from allocation of work through to opportunities for development and promotion. We focus on supporting our people to be inclusive, empathetic leaders and colleagues, offering fully integrated training so that inclusion is a fundamental part of everyone’s role.

### Case study

#### Disability awareness training

The disability awareness workshops increased understanding and confidence around disability. They explored different types of disabilities, including neurodiverse conditions, and how they can impact in the workplace.

The trainer shared good disability etiquette, and explored the workplace adjustments that can be made to accommodate different working styles and how to better support people with specific needs.

More than 110 colleagues attended the training with one colleague reflecting:

“

It has made me consider how I can be more inclusive in my thinking so as to not create barriers for people with disabilities.

”

## Disability

**Introduced a new workplace adjustments process (WPA)** to improve how we support colleagues with disabilities. The new process will provide greater understanding and transparency around WPA and encourage more open conversation around meeting individual needs.

**Developed a disability toolkit** aimed at building confidence in requesting and delivering WPAs. It includes information and guidance on the WPA process and how to manage the WPA conversation.

**Delivered disability awareness training** to improve knowledge and understanding of disabilities (visible and invisible), explore how workplace adjustments can support people with specific needs, and highlight how small changes can help to create a disability-inclusive culture.

**Strengthened our Accessibility Group.** Working with colleagues across the business (including Digital Services, Learning & Development, Communications and HR) we created an IT Accessibility Group, which meets each month. Over the past year the Group has focused on reviewing and improving accessibility of our software and learning and development platforms. The Group has also contributed to the testing of our new Audit Transformation Programme and worked closely with our Digital Team to ensure colleagues with assistive technology were supported during the recent laptop rollout.

## Race equality

Ethnic minority representation in senior positions is increasing more slowly than anticipated. Having seen an initial improvement in ethnic minority representation during 2020–2022, further progress towards our 2023 targets has proved challenging. We are currently significantly behind our targets at senior levels, with 9% ethnic minorities at Executive Director/Director and 16% at manager levels against our 2023 targets of 15% and 21%.





This has largely been driven by challenges in retaining ethnic minorities in post-qualification grades, with ethnic minorities more likely to resign than white colleagues. We have updated the Race Equality Action Plan to include key actions to address retention, including tailored career conversations and active engagement in development and career progression through informal mentoring from our leaders.

**Launched the NAO’s first sponsorship programme.** We were excited to launch our first ethnic minority sponsorship programme in September 2022 which aims to support ethnic minority colleagues to progress into senior roles. The programme pairs ethnic minority managers with executive directors who act as champions to help progress their careers.



Case study

Ethnic minority sponsorship programme

The ethnic minority sponsorship programme pairs ethnic minority managers with executive directors who act as champions to open up professional networks, provide leadership insight, and identify opportunities that are crucial to helping progress their careers.

At the launch event, participants were joined by Pamela Hutchinson OBE, Global Head of Diversity and Inclusion at Bloomberg. Pamela provided a fascinating insight into her own experiences during her long career, as well as useful advice and insight for both the sponsors and participants of the programme.

Initial feedback on the sponsorship programme has been positive with one participant sharing:

“Participating in the ethnic minority sponsorship programme significantly improved my exposure and interaction with senior executives and has helped me to clarify my own career goals, challenges and trajectory, learn from someone who has succeeded and also benefit from their network of contacts and opportunities.”

Social mobility

**Improved our Social Mobility Index ranking, up 22 places from 77th in 2021 to 55th in 2022.** Our improved position reflects the effort and focus we have placed on social mobility, driving progress through our Social Mobility Equality Action Plan (SMEAP) and working closely with the social mobility network to amplify our impact. Other organisations who were placed in the Top 75 include: PwC UK (4th), Civil Service Fast Stream & Early Talent (19th), Department for Transport (41st), and National Grid (71st).

**Introduced parental occupation as a measure of social mobility in our people survey.** Our intention is to make parental occupation the preferred measure of social mobility across all our reporting. We introduced parental occupation into our staff diversity profile in January 2022 and have more recently included it in our people survey. We still have work to do to increase declaration rates, which currently sit at 53% for our internal staff data.

**Produced a social mobility guide,** which provides information on social mobility, talks about why having a socially inclusive workplace is important, and includes advice and guidance on how to be a more inclusive manager.

Coaching faculty

**Introduced parental and menopause coaching.** Having reviewed staff needs, the NAO coaching faculty strengthened its offering by highlighting the availability and benefits of parental and menopause coaching. Trained coaches now help parents successfully manage the journey to and through parenthood, as well as supporting staff who face challenges during menopause.

Newcastle office move

In spring 2023, our Newcastle colleagues moved to a new office location. We put diversity and inclusion at the heart of our planning and design to create an office space that meets different needs. We also ensured that supporting and improving workplace adjustments in the new space was central to the plans. This included installing induction loops (including portable loops) for staff and guests, avoiding polished floor surfaces with a reflective finish, and providing tonal contrast to glass doors to assist colleagues who have a visual impairment. We installed adjustable height monitors in meeting rooms and ensured information panels on doors are at a height suitable for wheelchair users. To accommodate religious practice, we have a multi-faith room with a Wudu foot bath.





# Priority Three

## Building a culture of inclusion and respect



Inclusion and respect are at the heart of how we operate. We have been working hard to create an environment where our people feel accepted as unique individuals and are proud of the value they add to our organisation. By doing this we bring a richer perspective to our work, benefit from wider insights and deliver better outcomes for our stakeholders and the wider public.

### Case study

#### Diversity mentoring programme

Our diversity mentoring programme, first launched in 2019, speaks directly to our D&I Strategy and Organisational Development Plan (ODP), which aim to foster a more inclusive culture. The programme pairs senior mentees with mentors from a background different to their own. The relationship increases understanding of others, challenges unconscious thinking, and encourages participants to see things from a different perspective.

Analysis of our second diversity mentoring cohort showed the value that both mentors and mentees gained from being part of the programme. One of our mentors said:

“

It really built my confidence in sharing my perspectives and ideas with a senior colleague one-to-one.

”

Mentees have practically applied learnings from their mentoring relationship to the way they work. One of our mentors commented that they were impressed with

“

the way my mentee thought about practical actions to take forward that we had discussed in our conversations.

”

When asked what they are doing differently as a result of being part of the programme, a mentee responded:

“

It has made me willing to discuss diversity issues more widely even if I feel uncomfortable doing so. It has helped to put myself in other colleagues’ shoes.

”

In summary, mentors and mentees have built trusting relationships in which mentors have felt empowered and confident to speak openly about their experiences. Mentees have gained new understanding and perspectives which they have applied to the way they work and interact with others.

## Diversity mentoring programme

**Promoted a better understanding of different cultures and backgrounds** through our second diversity mentoring programme. Our end of programme review found:

- 82% of our mentors described the programme as a positive experience;
- 76% of mentors said they felt empowered to speak openly and honestly about their workplace experiences with their mentee;
- 69% of the mentees reported they understand their mentor’s lifestyle or culture differences to a greater extent as a result of the programme; and
- 75% of mentees said they developed a trusting relationship with their mentor.

We have since launched our third programme and have expanded the opportunity to include audit managers.

### Flexible working/ways of working

**We operate a hybrid model guided by our ways of working principles.** This means a flexible approach between our offices, client sites and home. The expectation is that we all spend at least two days a week in our offices or at client sites.

## Education and awareness

**Improved cultural awareness and encouraged diverse conversation** by hosting regular events and celebrations throughout the year. Some of the events we ran are included below.

### National Inclusion Week

Hosted four events during National Inclusion Week attended by more than 230 people. Sessions included: a webinar on how to be an active bystander; a seminar on allyship; and a talk from Javed Khan (previously Chief Executive Officer of Barnardo’s), who reflected on how we need to be open to making mistakes and sitting with the uncomfortable to achieve cultural change.

### Case study

#### Joint working between our disability lead and disAbility Network chair

Collaboration between the D&I Team and the disAbility Network is essential to delivering the Disability Equality Action Plan (DEAP). These two teams work closely together with the shared aim of making the NAO a great place to work where everyone feels welcome and valued. The HR disability lead, meets regularly with the chairs and sponsors of the disAbility Network and has built a relationship of trust and mutual respect. The Network is a vital conduit to identifying workforce concerns around disability and D&I issues. The meetings that are held allow for diversity of thought, which enables the development of DEAP actions that will benefit individuals and the NAO as a whole. The disAbility Network has been crucial to helping to improve performance in line with our agreed DEAP objectives by giving feedback on the effectiveness of our actions.



### Anti-bullying Week

Whilst our data indicates a low proportion of our colleagues reporting bullying or harassment, we are not complacent and continue to regularly monitor this data. We ran a week-long anti-bullying campaign raising awareness of the support available to those who may experience or witness bullying. We posted blogs from our Executive Team showing the importance we place on treating people with respect and dignity and reinforcing our zero tolerance towards bullying and harassment.

### People survey

We see a variation in our engagement scores across ethnic groups, with many of our Asian and Black African colleagues scoring higher than the average (see Appendix Two). Colleagues scored an average of 7.2 out of 10 to the statement ‘People from all backgrounds are treated fairly at National Audit Office’; however, there are differences between groups and we aim to improve these. Females scored marginally lower (7.2) than males (7.3), those with a disability scored significantly lower (6.7) than those without a disability (7.4), and our ethnic minority colleagues scored lower (7.1) compared with White British colleagues (7.3).

To further strengthen our understanding of how connected and included our colleagues feel we have introduced a new question to the people survey: ‘I feel connected to my NAO colleagues’, which scored 7.0.

## Our staff networks

We have seven staff networks, all of whom are represented on our Diversity and Inclusion Operational Committee (DIOC) and support our wider D&I agenda.

### DisAbility Network

During the year the DisAbility Network worked closely with the NAO’s mental health first aiders and HR to help dispel the stigma around mental illness. Together they ran sessions during Mental Health Awareness Week 2022 and Time to Talk Day 2023, sharing hints and tips for managing stress and promoting wellbeing.

They have contributed to NAO-wide discussions on disability awareness, ways of working and workplace adjustments and help run the NAO’s Carer Support Community.

### Ethnic Minorities’ Network

In keeping with the theme for Black History Month, ‘Time for Change: Action Not Words,’ network members nominated and acknowledged people at the NAO who have made a notable difference to ethnic minority inclusion. The network also invited Judith Ibukunlayo to share her lived experience and actions which individuals and organisations can take to make a visible change.

The network hosted a session to showcase ethnic minority staff who have worked in Private Office and supported members to prepare for internal promotions by connecting them with senior staff who offered advice and guidance.

A key piece of work has been to facilitate conversations with network members to better understand ethnic minority retention and compile anecdotal information which fed into a refresh of the REAP.

### Generation’s Network

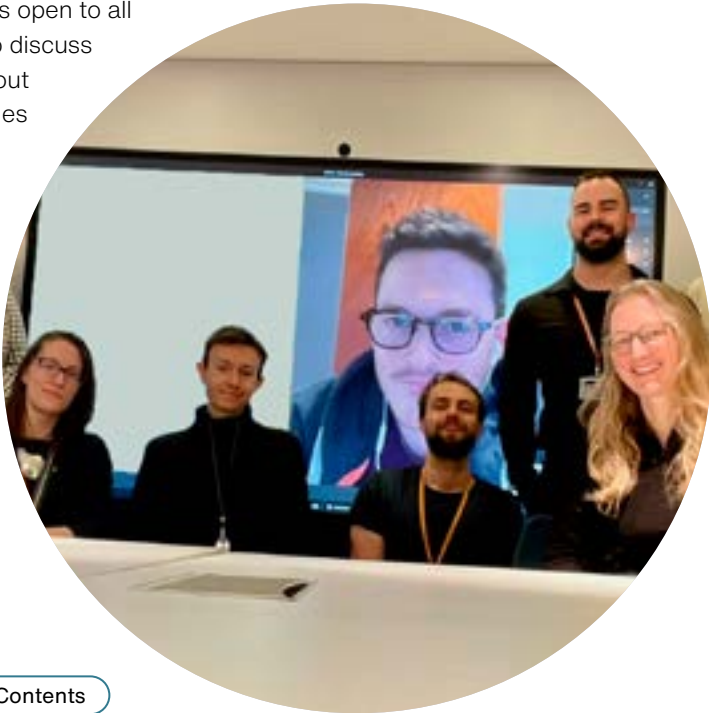
During National Carers’ week in June 2022, the Generations Network collaborated with the DisAbility Network to put on a week of events. This included a round table discussion with our counterparts at Parliament and Network Rail about how best to support carers in the workplace, a panel discussion open to all colleagues at the NAO, and a visiting speaker from a large carers’ charity.

The network also held a festive corner in December, which brought people from across all generations together to try their hand at a wide range of festive crafts.

### LGBTQ+ Network

This year the LGBTQ+ Network ran two workshops drawing on insights and experiences from staff in all levels across the organisation, to renew the network’s purpose and values. These workshops helped determine a refreshed strategy for supporting colleagues’ welfare and professional development, through social events, increased visibility, inclusive messaging, and collaboration with other networks.

To improve visibility and understanding, the network has spoken at internal events, published personal blogs, hosted events open to all colleagues to discuss and learn about LGBTQ+ issues and provided staff with rainbow lanyards.



### Case study

Blogs are written by network members sharing personal stories

Below is an extract of a blog about visibility and sharing their experience at the NAO as part of National Coming Out Day.

“

About a month ago, I wrote a short blog reflecting on my first year, here at the NAO. I spoke about feeling confident to be my authentic self at work, and the strength I got by working in an environment that celebrates equality, diversity and exclusivity. This is why I was keen to be involved in the LGBTQ+ Network as soon as I joined the NAO, and as an openly gay man, to share my personal stories and experiences with others.

”



### Religion and Belief Network

The Religion and Belief Network has been involved in numerous activities over the past year. These have involved, engaging with new trainees, as part of the Graduate Jamboree, running a fortnightly programme of Bible studies and hosting office-wide activities to increase understanding of Ramadan including promoting an office-wide fast event.

### Social Mobility Network

The Social Mobility Network has continued to support the objectives of the SMEAP. The network launched a mentoring service to provide new joiners from a less advantaged background with an opportunity to discuss their challenges with a more experienced colleague from a similar background.

They also produced an information pack for performance coaches and assignment managers to raise awareness of the types of challenges those from less advantaged backgrounds might face at work, and how they can be supported to overcome those challenges. A reader commented:

“

It made me think about issues I've not previously considered.

”

### Women's Network

The Women's Network have hosted events including a talk for International Women's Day by Professor Gina Rippon, who dispelled assumptions about gender differences and the human brain. The network also hosted a panel discussion with Dame Fiona Reynolds (Chair of the NAO Board) and NAO colleagues who shared inspirational stories of their leadership journeys. They discussed how to tackle everyday sexism, women's health and what makes for a truly inclusive workplace.

One of its key focus areas has been on raising knowledge and awareness of menopause through running training for line managers, hosting workshops for those going through menopause and creating a Menopause Matters support page.

### Dignity at Work Leads

For those who have experienced or witnessed inappropriate behaviours the Dignity at Work (DAW) Leads offer informal, confidential, and supportive conversations. During the year they raised their visibility through speaking at group meetings and have run training to ensure all DAW Leads feel confident and equipped in their role.

During Anti-bullying Week the DAW Leads posted a blog drawing attention to the learning resources the NAO has available and have supported the recent round of anti-bullying and harassment training.





# Priority Four

## Setting clear ambitions and holding ourselves to account



Continued and sustained progress requires ongoing commitment and reinforcement of our Diversity and Inclusion Strategy. To keep us on track we have ambitious targets which we report against monthly.

We are transparent with our data and this ensures that all our people are aware of our progress against our ambitions and recognise the personal contribution they make to creating an inclusive working environment.

### Reporting

- Monitor and report our diversity data in a number of ways. This includes:
- live data available through our Diversity Dashboard, which can be accessed by all our colleagues;
  - monthly reporting to the Executive Team and Board through the balanced scorecard;
  - quarterly reporting to the DIOC; and
  - annual reporting through our Diversity and Inclusion annual report and NAO annual report and accounts.

## Meeting our targets in 2022-23

- Set challenging and ambitious annual and five-year targets across our key areas of focus. These are closely monitored, with quarterly reporting on progress into DIOC and the Executive Team. As of 31 March 2023:
- female representation across the NAO is in line with our annual target of 49% and we have increased the proportion of women in senior leadership roles (37%) and middle management grades (51%);
  - disability representation exceeds our target – 15% (2 percentage points higher than the target) with 13% of senior leaders having a declared disability;
  - improved ethnic minority representation from 23% to 25%, although this is not yet at our target of 29%;
  - exceeded our annual ethnic minority graduate recruitment target of 40%, although we have fallen short in achieving full gender balance;
  - 88% of our graduates who joined us attended a state school, hitting our target of 86%; and
  - 86% of our colleagues attended a state school.

Despite some progress against targets, we are conscious that we face a number of challenges in retaining ethnic minority colleagues once they progress to our post-qualified grades. This is impacting middle and senior management representation and will be a focus over the year ahead.

## Pay gaps

- Reduction in our gender pay gap** from a mean of 8.26% in 2021 to 6.39% in 2022. If we continue to progress at this rate, we will reduce the gap to the 4% target by March 2025 and are on track to close the gap by 2027.
- This will be helped by implementation of a new pay framework in 2023, which will provide staff with guaranteed pay progression to their pay range mid-point. This will help ensure pay gaps do not emerge. As part of the implementation of the new framework we are also taking action to address historic pay gaps which have been created by depressed pay awards over the recent years.
- The median gender pay gap is 5.46% (a reduction of 0.93 from 31 March 2021). Our figure is substantially lower than the top 20 accountancy firms. Research in 2021 showed the top 20 firms to have a median figure of between 15% and 20% (*ICAEW Insights*, Oct 2021). Our figure is also marginally below the occupational wide data which shows women earn 6.6% less than men who are chartered and certified accountants (Office for National Statistics, April 2022).
- Increase in our ethnicity pay gap.** While our ethnicity pay gap fell from 13.36% in 2020 to 12.76% in 2021, it widened to 14.5% in 2022, higher than the March 2022 target of 12%. The widening of the gap was anticipated due to the high proportion of ethnic minorities recruited to our trainee grades. Our ability to close the gap is dependent on improving retention and progression of ethnic minority candidates to more senior levels.
- Increase in our disability pay gap.** Following our first year of reporting and a relatively low pay gap of 2.2% our mean disability pay gap has increased to 6.0%, largely due to the high proportion of trainees recruited in 2021 who had a declared disability.

# Appendix One

## Graduate recruitment campaigns\*

\*Campaign refers to those starting trainee scheme in September of each year

### Female applicants and offers to our graduate campaign 2018 to 2022

	2018 campaign	2019 campaign	2020 campaign	2021 campaign	2022 campaign
	(%)	(%)	(%)	(%)	(%)
Applicants	39	47	43	45	41
Offers	50	40	56	48	37
Joiners	48	42	48 <sup>1</sup>	47	38

**Note**  
<sup>1</sup> 2020 campaign data refer to actual joiners as opposed to accepted offers

### Ethnic minority applicants and offers to our graduate campaign 2018 to 2022

	2018 campaign	2019 campaign	2020 campaign	2021 campaign	2022 campaign
	(%)	(%)	(%)	(%)	(%)
Applicants	39	48	48	50	54
Offers	29	23	33	57	47
Joiners	30	23	42 <sup>1</sup>	58	45

**Notes**  
<sup>1</sup> 2020 campaign data refer to actual joiners as opposed to accepted offers  
<sup>2</sup> Offers and accepted figures include interns

## Graduate programme campaign 2018–2022 – candidates who received income support

	2018 campaign	2019 campaign	2020 campaign	2021 campaign	2022 campaign
	(%)	(%)	(%)	(%)	(%)
Applicants	21	24	30	31	27
Offers	21	24	41	31	35
Joiners	21	18	46	35	30

**Note**  
<sup>1</sup> Excludes those who did not declare or were unsure

## Graduate programme campaign 2018–2022 – candidates who received free school meals

	2018 campaign	2019 campaign	2020 campaign	2021 campaign	2022 campaign
	(%)	(%)	(%)	(%)	(%)
Applicants	17	19	25	24	27
Offers	19	14	25	29	24
Joiners	19	9	33	38	18

**Note**  
<sup>1</sup> Excludes those who did not declare or were unsure

## Graduate programme campaign 2018–2022 – candidates who attended a state school<sup>1</sup>

	2018 campaign	2019 campaign	2020 campaign	2021 campaign	2022 campaign
	(%)	(%)	(%)	(%)	(%)
Applicants	83	87	85	88	89
Offers	72	85	83	95	88
Joiners	72	83	86	89	88

**Notes**  
<sup>1</sup> Includes state selective and state non-selective  
<sup>2</sup> Excludes those who did not declare, were unsure or who attended university outside of the UK

External recruitment campaigns 2020–23

	Director	Manager <sup>1</sup>	Other grades	Total
	(%)	(%)	(%)	(%)
Female	67	32	48	47
Ethnic minorities	33	21	38	37
People with disabilities	0	11	12	11
Social background (state school education)	100	69	94	84
Total number recruited	3	19	214	236

Notes

1 Including corporate services Band 1 managers

Representation data

Representation of women 2019–2023<sup>1,2</sup>

	March 2019	March 2020	March 2021	March 2022	March 2023
	(%)	(%)	(%)	(%)	(%)
Executive Team	29	43	50	50	50
Director	26	26	32	35	36
Manager <sup>3</sup>	45	48	47	48	51
Qualified <sup>4</sup>	50	50	49	48	47
Trainee	43	45	46	44	41
Corporate services <sup>5</sup>	57	60	61	63	66
Total	46	48	48	48	49

Notes

1 Data as at 31 March.

2 Excludes those who did not declare.

3 'Manager' includes corporate services Band 1 managers.

4 'Qualified' Includes senior analysts and analysts.

5 'Corporate services' include Band 2 and 3

Representation of ethnic minorities 2019–2022<sup>1,2</sup>

	March 2019	March 2020	March 2021	March 2022	March 2023
	(%)	(%)	(%)	(%)	(%)
Executive Team	29	29	33	33	33
Director	6	5	8	8	6
Manager <sup>3</sup>	8	10	14	16	16
Qualified <sup>4</sup>	18	16	17	19	18
Trainee	28	28	34	38	43
Corporate services <sup>5</sup>	22	27	30	28	37
Total	19	19	22	23	25

Notes

1 Data as at 31 March

2 Excludes those who did not declare

3 Including corporate services Band 1 managers

4 Including senior analysts and analysts

5 Corporate services Band 2 and 3

Pay gap data

Gender pay gap 2020–2022

	2020	2021	2022
	(%)	(%)	(%)
Mean	9.99	8.26	6.39
Median	7.04	6.39	5.46

Ethnicity pay gap 2020–2022

	2020	2021	2022
	(%)	(%)	(%)
Mean	13.4	12.8	14.5
Median	19.8	18.0	19.3

Disability pay gap 2020 –2022

	2020	2021	2022
	(%)	(%)	(%)
Mean	n/a	2.2	6.0
Median	n/a	0.0	3.3



# Appendix Two

## Performance against targets

### Representation

#### Gender

	Actual March 2023	Target March 2023	Target March 2025
	(%)	(%)	(%)
Office-wide representation	49	49	50
Senior management <sup>1</sup>	37	38	45
Manager representation <sup>2</sup>	51	49	50

- Notes**
- 1 Senior management includes executive directors and directors
  - 2 Manager representation includes audit managers and corporate services Band 1 managers
  - 3 Data as at 31 March

#### Ethnicity

	Actual March 2023	Target March 2023	Target March 2025
	(%)	(%)	(%)
Office-wide representation	25	29	35
Senior management <sup>1</sup>	9	15	20
Manager representation <sup>2</sup>	16	21	30

- Notes**
- 1 Senior management includes executive directors and directors
  - 2 Manager representation includes audit managers and corporate services Band 1 managers
  - 3 Data as at 31 March

#### Disability

	Actual March 2023	Target March 2023	Target March 2025
	(%)	(%)	(%)
Office-wide representation	15	13	14
Senior management <sup>1</sup>	13	12	14
Manager representation <sup>2</sup>	10	12	14

- Notes**
- 1 Senior management includes executive directors and directors
  - 2 Manager representation includes audit managers and corporate services Band 1 managers
  - 3 Data as at 31 March

#### Graduate recruitment

	2022-23 Starters	Target March 2023	Target March 2025
	(%)	(%)	(%)
Gender	38	50	50
Ethnicity	45	38	40
Disability	15	12	14
Social mobility (state school education)	79	86	88

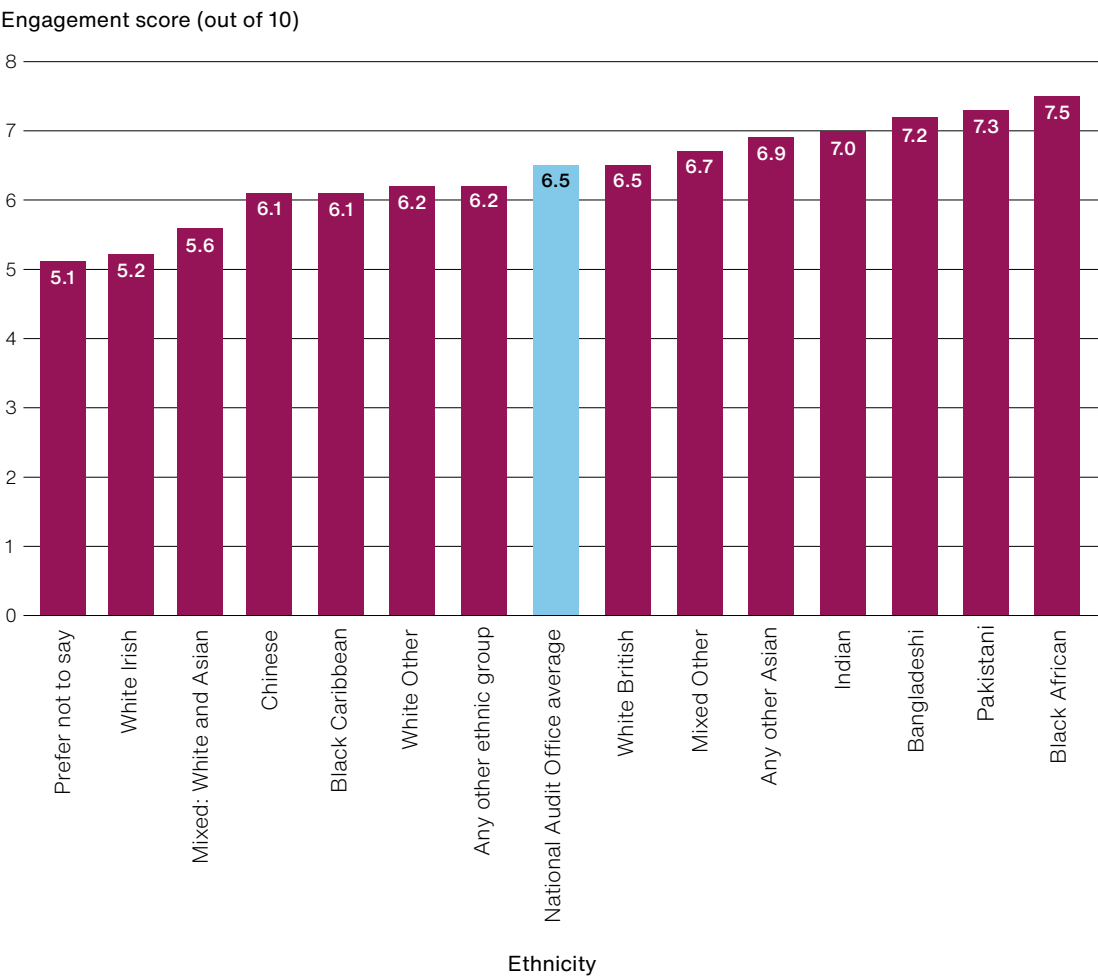
#### Mean pay gap

	Actual March 2022	Target March 2022	Target March 2025
	(%)	(%)	(%)
Gender	6	6	4
Ethnicity	15	11	8
Disability	6	n/a	zero

People survey – staff engagement scores

People survey – staff engagement scores (March 2023)

People survey data shows that most of our ethnic minority colleagues score higher engagement scores



Source: National Audit Office data from Employee Engagement Survey carried out in March 2023







National Audit Office