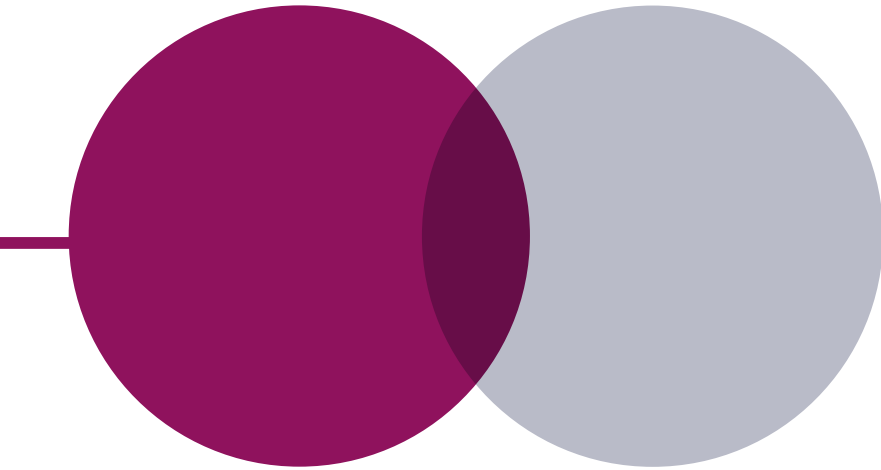





National Audit Office



# The National Audit Office diversity pay gap report – 2023

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by the  
National Audit Office  
FEBRUARY 2024



We are the UK's  
independent  
public spending  
watchdog.

We support Parliament  
in holding government  
to account and we  
help improve public  
services through our  
high-quality audits.

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.

# The National Audit Office diversity pay gap report – 2023

## Introduction

We want the NAO to be a fantastic place to work for all our people.

A healthy, engaged workforce where all colleagues feel they belong and are valued and respected for the talents they bring is central to our people strategy. We achieve our best work when we are representative of the communities we support. We also take seriously our legal obligations under the Equality Act 2010.

In 2021, we published a four-year Diversity & Inclusion Strategy, which sets out our plans and priorities to build a diverse and inclusive space where all colleagues can thrive and achieve their potential. The majority of the strategy is being delivered under three key action plans related to race equality, disability and social mobility, with progress monitored against clear targets. We track our progress through a combination of data and insights drawn from key metrics and the lived experience of our people. Our annual pay gap report is an important part of this.

Since 2017 the NAO has made an annual declaration of our gender pay gap as required by legislation. Whilst reporting on other diversity pay gaps is not mandated, in 2020 we made the decision to voluntarily publish data on our ethnicity pay gap which we have done using the recommended government methodology published in May 2023. We also decided to publish data on our disability pay gap from 2021 onwards. Our motive for doing so is to offer transparency to our staff and the wider public and to hold ourselves to account for eliminating pay gaps where these are identified. It also forms part of our wider ambition to be an exemplar organisation for diversity and inclusion.

## Gender Pay Gap

**Mean gap = 4.44%** (a reduction of 1.95 percentage points from 31 March 2022)

**Median gap = 2.41%** (a reduction of 3.05 percentage points from 31 March 2022)

Mean and median bonus pay gap: **not applicable**  
(the NAO does not operate a bonus scheme)

Proportion of males and females receiving a bonus: not applicable: **not applicable**  
(the NAO does not operate a bonus scheme)

### Proportion of males and females in each pay quartile (2022 figures in brackets)

Quartile	Females (%)	Males (%)
Lower	47% (48%)	53% (52%)
Lower middle	51% (52%)	49% (48%)
Upper middle	50% (47%)	50% (53%)
Upper	43% (42%)	57% (58%)

## Ethnicity Pay Gap

**Mean gap = 15.36%** (an increase of 0.87 percentage points from 31 March 2022)

**Median gap = 24.78%** (an increase of 5.54 percentage points from 31 March 2022)

Mean and median bonus pay gap: **not applicable** (the NAO does not operate a bonus scheme)

Proportion of ethnic minority and white staff receiving a bonus: **not applicable** (the NAO does not operate a bonus scheme)

### Proportion of ethnic minority and white staff in each quartile (2022 figures in brackets)

Quartile	Ethnic minority (%)	White (%)
Lower	40% (35%)	60% (65%)
Lower middle	23% (20%)	77% (80%)
Upper middle	21% (18%)	79% (82%)
Upper	15% (14%)	85% (86%)

**Mean Pay gap by ethnic background**

Gap between White staff and Asian staff: **17.47%**

Gap between White staff and Black staff: **12.01%**

Gap between Black staff and Asian staff: **6.21%**

**Median Pay gap by ethnic background**

Gap between White staff and Asian staff: **28.17%**

Gap between White staff and Black staff: **18.94%**

Gap between Black staff and Asian staff: **11.39%**

**Disability Pay Gap**

**Mean gap = 5.05%** (a reduction of 0.95 percentage points from March 2022)

**Median gap = 0.99%** (a reduction of 2.26 percentage points from March 2022)

Mean and median bonus pay gap: **not applicable** (the NAO does not operate a bonus scheme)

Proportion of disabled and non-disabled staff receiving a bonus: **not applicable** (the NAO does not operate a bonus scheme)

**Proportion of disabled and non-disabled staff in each quartile (2022 figures in brackets)**

Lower	16% (15%)	84% (85%)
Lower middle	16% (15%)	84% (85%)
Upper middle	18% (17%)	82% (83%)
Upper	11% (11%)	89% (89%)

*Quartiles are calculated by dividing a list of all relevant employees ranked by salary into four equal parts and then calculating the percentage of men and women (for gender reporting), ethnic minority and white staff (for ethnicity reporting), and disabled and non-disabled staff (for disability reporting) in each quartile.*

## **Data reported on and terminology used**

Since 2021, we reported our ethnicity pay gap by comparing the average pay of white (including white minorities) and ethnic minority colleagues. This allows us to make comparisons each year of the overall position and to therefore track progress at a high level.

We are, however, conscious of the inherent limitations that can arise from using a single, broad term to incorporate all colleagues who are ethnic minorities, not least that this can mask differing experiences and disadvantages which affect specific groups or indicate that progress is being made without this being true in all cases. We are committed to ensuring all colleagues are treated fairly, feel supported and valued, and have an equal opportunity to develop their careers at the NAO. This year, in line with new government guidance on reporting on ethnic pay gaps, we are publishing more detailed monitoring on pay gaps for different ethnic backgrounds including White, Asian and Black ethnic backgrounds. The numbers for Mixed ethnic background and Other ethnic background are smaller than the maximum recommended for publication and so have not been included in this report.

We also refer to disabled and non-disabled staff. Again, we know that these terms are not universally preferred and that they do not encapsulate the full diversity of people's experiences. Part of our commitment to build a fully inclusive organisation is the recognition that each of us is unique and brings our own experiences and perspectives to life and work.

























## **Progress and next steps**

The main cause of our pay gaps is the proportion of staff in senior grades. We are very pleased with the good progress we have made in recent years in improving female representation at senior levels and our Diversity and Inclusion Annual report for the period to end of March 2023 showed that 46% of all staff at or above the Manager grade were female. Continued reductions in our mean and median pay gaps for gender gives us confidence that we will meet our target to reduce these gaps by our target date of 2027.

Over recent years we have focused on improving the representation of ethnic minorities and disabled colleagues in our trainee pipeline with very positive figures for our graduate and school leaver intakes. As of March 2023, 42.5% of our trainees were from an ethnic minority background and 15.1% have declared a disability. Although this will impact our pay gap in the short term, as these grades are lower paid, we are pleased with our progress and the assurance it provides us that we are an attractive employer for a diverse range of graduates. Our ongoing focus will be to improve representation at more senior levels and support our junior staff progress through the organisation.

This year in addition to analysing the pay gap between white and ethnic minority staff, we have looked specifically at comparisons of staff from Asian and Black ethnic background. This data has shown us at the largest pay gap is between White and Asian staff at 17.47% at the mean and 28.17% at the median. This is impacted by the proportion of trainees from Asian backgrounds which is 27.8%. Black staff are less well represented at all levels of the organisation and so attracting Black applicants to our roles will be a key area of focus as well as supporting the retention and progression of staff when they join.

The table below sets out our staff representation across all grades as of 31 March 2023, showing the percentage of women, ethnic minorities, and people with a disability in senior leadership, middle management and other grades.

	Senior leadership		Middle management		Other grades		National Audit Office total	
Women	 37	 36	 51	 48	 49	 49	 49	 48
Ethnic minority	 9	 10	 16	 16	 29	 27	 25	 23
Disability	 13	 11	 10	 10	 16	 16	 15	 15

● 2022-23 ○ 2021-22

Our aim is to be an exemplar employer and to support the progression and experience of our staff. To achieve this, and consequently reduce our pay gaps, we are taking forward the following actions:

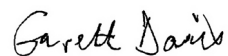
- Supporting the progression of female colleagues through sponsorship and inspiring role models.
- As part of a wider review of our pay framework, we introduced a new grade between our post qualification grade of Senior Auditor and our management grade of Senior Audit Manager. This has enabled us to offer earlier progression to qualified staff and to increase diversity at more senior levels. 16.67% of those promoted were from ethnic minority backgrounds which was in line with the candidate pool.
- Launched an ethnic minority sponsorship programme targeted at supporting the progression of colleagues to senior grades.
- Updated our 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.

- Achieved Disability Confident Level 3, giving us a firm platform to build on.
- We are revising our process for workplace adjustments to improve understanding of the needs of disabled colleagues and how these can be accommodated in the working environment.
- We are taking forward a project improving our approach to occupational health and how we agree and implement reasonable adjustments.

### **Written statement**

I can confirm that the NAO's gender pay gap calculations are accurate and meet the requirements of the Regulations.

Our ethnicity and disability pay gaps, while not covered by specific regulations, have been calculated using a similar methodology.



**Gareth Davies**



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