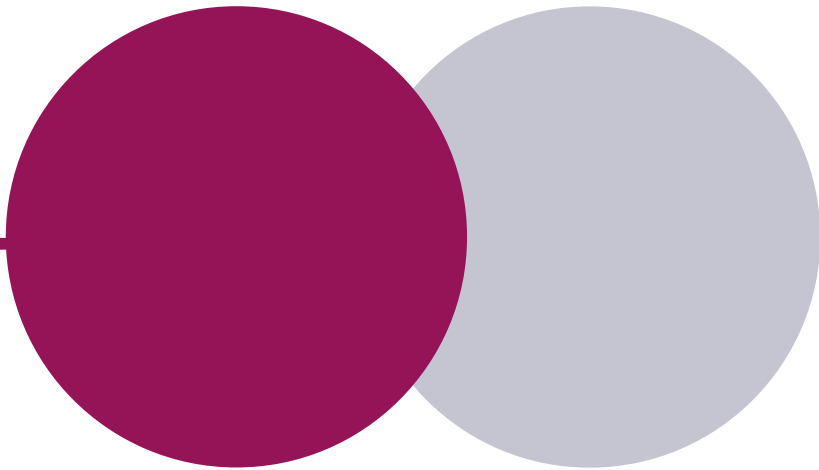




National Audit Office



CORPORATE

The National Audit Office diversity pay gap report – 2024

by the
National Audit Office
FEBRUARY 2025



**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 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.

The National Audit Office diversity pay gap report – 2024

Introduction

We want the National Audit Office (NAO) to be a fantastic place for our people to deliver great work and build their careers.

A healthy, engaged organisation where all colleagues feel they belong and are valued and respected for the talents they bring is central to our people strategy. A workforce that comprises a wide range of backgrounds, perspectives and experiences enables us to better understand the needs and perspectives of the organisations, taxpayers and service users that our work affects. We also take seriously our legal obligations under the Equality Act 2010.

We are in the final year of a four year Diversity and Inclusion Strategy. Over the strategy, our achievements have included developing action plans to target specific groups who are under-represented; increasing our talent pipeline at junior grades; and improving female representation at senior levels. Next year we will publish a new strategy building on our aims and including where we want to see more progress. We track our progress through a combination of data and insights drawn from key metrics and the experiences 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. While 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.

Gender Pay Gap

Mean gap = 1.65% (a reduction of 2.79 percentage points from 31 March 2023)

Median gap = 0% (a reduction of 2.41 percentage points from 31 March 2023)

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** (the NAO does not operate a bonus scheme)

Proportion of males and females in each pay quartile (2023 figures in brackets)

Quartile	Female (%)	Male (%)
Lower	48 (47)	52 (53)
Lower middle	49 (51)	51 (49)
Upper middle	49 (50)	51 (50)
Upper	45 (43)	55 (57)

Ethnicity Pay Gap

Mean gap = 14.54% (a reduction of 0.82 percentage points from 31 March 2023)

Median gap = 19.06% (a reduction of 5.72 percentage points from 31 March 2023)

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 (2023 figures in brackets)

Quartile	Ethnic minority (%)	White (%)
Lower	39 (40)	60 (60)
Lower middle	25 (23)	75 (77)
Upper middle	24 (21)	76 (79)
Upper	15 (15)	85 (85)

Mean Pay gap by ethnic background (The numbers for Mixed ethnic background and Other ethnic background are smaller than the minimum recommended for publication and so have not been included in this report.)

(2023 figures in brackets)

Gap between White staff and Asian staff: **16.43 (17.47%)**

Gap between White staff and Black staff: **12.48% (12.01%)**

Gap between Black staff and Asian staff: **4.51% (6.21%)**

Median Pay gap by ethnic background (The numbers for Mixed ethnic background and Other ethnic background are smaller than the minimum recommended for publication and so have not been included in this report.)

(2023 figures in brackets)

Gap between White staff and Asian staff: **21.63% (28.17%)**

Gap between White staff and Black staff: **18.40% (18.94%)**

Gap between Black staff and Asian staff: **3.96% (11.39%)**

Disability Pay Gap

Mean gap = 1.49% (a reduction of 3.56 percentage points from March 2023)

Median gap = 0.00% (a reduction of 0.99 percentage points from March 2023)

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 (2023 figures in brackets)

Quartile	Disabled (%)	Non-disabled (%)
Lower	15 (16)	85 (84)
Lower middle	18 (16)	82 (84)
Upper middle	16 (18)	82 (82)
Upper	13 (11)	88 (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 male and female (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 “from ethnic minorities groups,” 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. We therefore also publish more detailed monitoring on pay gaps for different ethnic backgrounds, including White, Asian and Black ethnic backgrounds. As noted above, the numbers for Mixed ethnic background and Other ethnic background are smaller than the minimum 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

We are delighted that our mean gender pay gap is less than 2% and that our median pay gap is 0%, keeping us on track to eradicate our gender pay gap by 2027. We are also pleased to have achieved the same on our disability pay gap.

Our next steps are to continue with our progress of keeping this reduction on track and building an inclusive environment for all our people.

Our biggest area of focus on our pay gaps is to reduce our ethnicity pay gap, both overall and across different groups. While our median ethnicity pay gap reduced by 5.72 percentage points overall, there was little movement in our mean pay gap.

We are committed to improving the diversity of our workforce for the future. Most of our recruitment is of more junior grades; as we improve the diversity of our new recruits, this has the effect of widening, rather than narrowing, the pay gap in the near term.

Forty-two percent of those recruited to our 2023 graduate intake and 25% of those joining our apprenticeship scheme were from ethnic minority groups and we increased the diversity of our analyst population with 50% of new recruits in 2023-24 from ethnic minority backgrounds. We are pleased with this progress to improve the diversity of our pipeline in junior grades and are focused on improving retention and progression of colleagues to more senior levels.

Our aim is to improve the diversity of staff at all levels of the organisation and to create an inclusive workplace where colleagues want to stay, progress and develop. These are key pillars of our current diversity strategy, and success in these areas will, as a consequence, reduce our pay gaps.

The actions we have taken in support of this aim include the following.

- Improved ethnic minority retention, although it still remains a focus area, particularly at post qualification stage. Over 2023-24 we have seen a reduction in the retention gap between white and ethnic minority senior auditors from 39% to 19%.
- Reviewed our work allocation process to ensure all staff have an equal opportunity to lead on our most high-profile and challenging work.
- Undertook a review of our recruitment process for the Analyst campaign, including reviewing the job specification and reshaping roles to encompass a broader, more generalist scope. This adjustment expanded our reach to a more diverse talent pool, resulting in increased interest from diverse groups, including females and ethnic minorities.
- Undertook a review of our internal promotion process, which included supporting candidates by sharing interview themes in advance and encouraging mock interviews to support their preparation.
- Introduced Executive Director one-on-one conversations with newly qualified staff. The purpose of these is to give junior colleagues the opportunity to discuss their career development and aspirations with a senior member of staff.
- Successfully completed the NAO's first ethnic minority sponsorship scheme. Since taking part in the scheme, two colleagues have been promoted to Director.
- Updated our workplace adjustment process to improve how we support colleagues with 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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