



National Audit Office

Diversity and Inclusion Annual Report 2021-22





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Foreword

This is the third National Audit Office (NAO) Diversity and Inclusion (D&I) annual report I have introduced as Comptroller and Auditor General. I am encouraged by the tangible progress we are making towards our objective to make the NAO a genuinely diverse and inclusive place to work. We have further to go to fully achieve this ambition, but it is now a realistic and attainable prospect rather than a distant vision.

My confidence that we are on the right track is borne out of three key factors. First, we deliberately challenged ourselves to achieve highly ambitious targets on representation and are already ahead of the trajectory we set for the majority of these. Second, our work is benefiting from having greater insight drawn from the diverse backgrounds and experience of our people, and in particular the fresh talent we have drawn into the organisation over the past couple of years. Having a trainee intake where more than half of our new entrants are from an ethnic minority background and nearly one-fifth have declared a disability means that we are not only benefiting from diversity today but are also embedding this for our future. And third, we have greater confidence to take bold measures to further enhance our support for all of our people and eliminate any remaining barriers to their advancement, including our recent decision to implement a sponsorship programme for ethnic minority managers in support of their ambition to become directors of the future.

Increased diversity in who we are contributes not only to the breadth and reach of our work but also the quality of our engagements with stakeholders and our appreciation of the lived experiences

of service users and the wider public. We want our people to be representative of the society they serve and in doing so feel confident that they can be their true selves in the work environment.

As we continue to improve our representation against agreed targets, we will focus more heavily on the inclusion themes from our Diversity and Inclusion Strategy, which sets out our ambitions and priority actions through to 2025. This aligns fully with our wider corporate strategy and provides the framework for reviewing our progress. Holding ourselves to account, both internally through our reporting to our Diversity and Inclusion Operating Committee (DIOC), our Executive Team and our Board, as well as externally through this annual report, is a key element of our strategy. Being transparent and honest in our reporting, as well as being open to fresh ideas, contributes to developing the trust in our organisation and its leadership to ensure we are the best we can be.

There is much to be proud of in this annual report, but our achievements to date simply provide the foundations on which we can continue to build a fully inclusive organisation and realise our ambition of being a fantastic place for our people to work and develop a fulfilling career.

Gareth Davies
Comptroller & Auditor General



Who we are

Women

2020 (%)	2021 (%)	2022 (%)
48	48	48

Ethnic minority

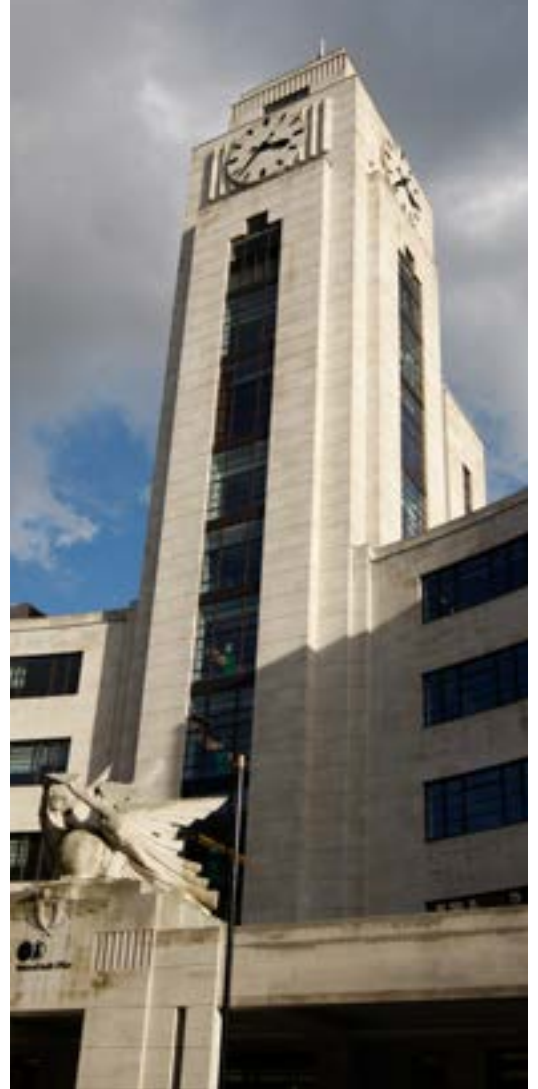
2020 (%)	2021 (%)	2022 (%)
19	22	23

Individuals with a disability

2020 (%)	2021 (%)	2022 (%)
12	11	15

Individuals who attended a state school

2020 (%)	2021 (%)	2022 (%)
84	85	81



Highlights for year 2021-22

2021-22

We have met, and in some instances exceeded, the majority of our interim targets on representation, particularly at more senior levels

We published our new D&I Strategy 2021–2025, which sets out clearly our ambitions under four key themes. This is supported by specific equality action plans covering race, disability and social mobility.

Our 2021 trainee intake was our most ethnically diverse to date, with 53% of new trainee entrants being from an ethnic minority background. We also recruited high proportions of trainees with a disability and those from less advantaged backgrounds.

We have met, and in some instances exceeded, the majority of our interim targets on representation, particularly at more senior levels. Thirty-five per cent of our directors are women, 8% are from an ethnic minority background and 12% have a disability.

Building on the success of last year's pilot we relaunched our diversity mentoring programme with a greater number of partnerships covering a broad range of protected characteristics.

We expanded our pay gap reporting to cover disability in addition to gender and ethnicity. Our mean disability pay gap was 2.2% and our median disability pay gap was zero. We also recorded reductions in both our gender and ethnicity gaps, in line with our targets.

Our people survey results show that ethnic minority staff have higher scores on engagement than white colleagues, while our score on fair treatment increased from 6.7 to 7.3 over the course of the year.¹

¹ Scores out of a maximum of 10.

53%

of new trainee entrants being from an ethnic minority background

35%

of our directors are women (up from 26% in 2020)

8%

of our directors are from an ethnic minority background (up from 5% in 2020)



NEXT PAGE
Our strategy



Our Diversity and Inclusion Strategy 2021–2025

In 2021 we launched our new four-year Diversity and Inclusion Strategy designed to support us in making a step-change in how we manage our talent. Underpinned by our corporate value of 'inclusion and respect' we are focused not only on ensuring we recruit colleagues from a broad range of backgrounds, but that we create an environment where all colleagues feel confident to be themselves and view the NAO as a fantastic place to work and develop their careers.

The D&I Strategy is set out under four key themes, which are reflected in the actions we are taking.

1 Proactively strengthen 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

Priority one: proactively strengthen the diversity of our pipeline

A diverse workforce which reflects the community we serve ensures that we understand the challenges our clients and their service users face and means we can better adapt to the dynamic and complex environment in which we operate. Having diverse representation at all levels of the organisation is a core building block in realising our ambitions to be recognised as an exemplar employer. We have made positive progress in improving diversity by taking an inclusive approach to recruiting, promoting and cultivating our talent.

Raised our visibility at diverse recruitment events, which has helped secure a high proportion of ethnic minority candidates applying to our graduate scheme, representing 48% of candidates in 2019-20 and 50% in 2020-21.

Consistently applied our new recruitment protocols including building diverse interview and assessment panels, introducing improved training for assessors and taking a rigorous approach to candidate shortlists. Between April 2020 and March 2022 36% of our new recruits (excluding trainees) were from an ethnic minority background, 46% were women and 13% had a declared disability. Among our graduate trainees a higher proportion of ethnic minority candidates secured offers of a place on our scheme than in previous years, making up 53% of all new graduate entrants in 2021.

Strengthened our internship and work experience programmes, which focus on students from ethnic minorities and less advantaged backgrounds. In 2021 we expanded these programmes to include our Newcastle office and expanded the numbers who took part. All of the 17 students on our summer internship programme were offered a place on our graduate programme and these will be joining us in September 2022.

Improved gender and ethnic minority representation at senior grades supported by a clearer focus on diversity in our promotion processes and more targeted career discussions with under-represented groups. We will continue to create opportunities at senior levels as more experienced directors progress to retirement and will implement a sponsorship scheme in 2022 to support ethnic minority managers whose ambition is to progress to director.

Focused on ethnic minority progression by taking a more targeted and consistent approach to embrace the potential of our ethnic minority colleagues to reach manager and director level. We have seen the following increased representation as a result:

- Director: **5% in 2020 increasing to 8% in 2022**
- Manager: **10% in 2020 increasing to 16% in 2022**
- Trainee: **28% in 2020 increasing to 38% in 2022**

CASE STUDY

Summer Internship Programme

In 2021 we expanded our summer internship programme, focused on students from ethnic minorities and less advantaged backgrounds, to include our Newcastle office. For the second year running, we ran a successfully adapted remote programme, teaching key skills and providing a rich, first-hand experience of working in a professional environment. Participants in the programme had the opportunity to learn about our financial audit and value-for-money work and meet a variety of people from across the organisation. To round the programme off we asked the interns to design and present ideas to the Comptroller and Auditor General (C&AG) on what would make a good internship programme in 2022. All students went on to be offered a place on our graduate scheme. Here a couple of the interns discuss their key highlights from the programme.

“The ability to do the internship during the summer when lots of other companies cancelled their internships. I got to work on two different teams in two different departments, so I got to work on different tasks. Got to meet lots of staff from a variety of positions and learnt about their roles and the structure of the company.”

“I was able to gain experience in areas I had never gained before due to the levels of responsibility we were given. Everyone was really friendly and open to talking to me and helping me progress. Great line manager and buddy system.”



Priority two: maximising the potential of all our people

If we are to realise our ambition of being truly diverse at all levels of our organisation, we need to support all of our people to maximise their potential and be the best they can be. In doing so we need to actively address barriers to progression, whether real or perceived, and consider all aspects of our people practices, from the fair allocation of our work through to how we maximise performance and develop potential. Creating the right environment has been a key focus of our Organisational Development Plan.

People management

Revised our performance management framework to place a greater focus on developing the strengths and potential of our people, aligning performance and talent management conversations to our corporate values (including 'inclusion and respect'), and defining clear and flexible role profiles suited to an inclusive organisation.

Provided high-quality career conversations through our new performance coaches, which are focused on individual needs and ways of working. This includes a focus on personal development plans and tailored careers to provide a better balance between individual aspirations and business need.

Race equality

Developed a set of allocation principles, to provide greater transparency and access for our ethnic minority staff to good-quality, high-profile work and development opportunities. Recent data suggest no disparity between the allocation of ethnic minorities and white colleagues to career-enhancing audits.

Secured agreement for the first NAO sponsorship programme aimed at ethnic minority managers to make the progression to director. Improving in this area remains a key challenge, with current representation at director level of 8% being below our March 2022 target of 11%.

Disability

Launched our four-year Disability Equality Action Plan in April 2021 with an ambition to build an organisation which is confident in how it supports colleagues with disabilities, offers equal access to roles and ensures our systems are accessible to all.

Progressed an initiative to ensure workplace adjustments are better recorded and more accessible by converting the process into an online system and transitioning to an approach that is managed by the individual's performance coach. This will improve engagement and understanding of individual needs and how they can be accommodated in the working environment.

Enhanced focus on the accessibility of our corporate systems by establishing an Accessibility Working Group to review and conduct a gap analysis on existing software and put in place guidelines to ensure IT accessibility will be considered in all future tenders for software and IT systems.

Published inclusivity standards for training events and learning materials to improve the way we communicate and engage across the NAO at an individual, team and organisational level.

Social mobility

Published our Social Mobility Equality Action Plan to support our aspiration to be a socially mobile organisation. The Plan, developed in collaboration with our Social Mobility Network, provides a framework under which we can focus our resources and monitor progress.

Introduced parental occupation as a more accurate indicator of social mobility. Our declaration rate for this new measure is currently at 40% and we are taking actions to further improve disclosure. Our intention is to make this our main measure of social mobility and include it in our targets and reporting.

Entered the Social Mobility Index for the first time, where we were ranked 77 out of 203 organisations that completed the Index, recognising the effort and focus we have placed on social mobility. The report highlighted some areas for improvement, which we have integrated into our Social Mobility Equality Action Plan.

Ran our first Social Mobility Week in January 2022 during which we welcomed speakers from the Social Mobility Commission, Social Mobility Foundation and Access Accountancy. Conversations stimulated dialogue on the current outlook for social mobility in the UK and how Covid-19 has impacted social mobility.

CASE STUDIES

Neurodiversity in the workplace:

To support the creation of a more neurodiverse-friendly workplace a number of staff who have neurodiverse conditions have been running highly successful interactive sessions in which they share their experiences, both personal and work-related. The sessions have been run for all grades across the NAO, from trainees through to senior leaders, and attendees have learnt about neurodiversity beyond stereotypes and common misconceptions. Positive feedback has shown how beneficial staff have found these sessions in raising awareness and opening up dialogue on neurodiversity.

Disability Week:

In 2021 we ran our first Disability Week, during which we launched our 'People Like Me' campaign, a series of personal stories told by disabled colleagues to break down stigma and normalise the conversation around disability. The week culminated in a webinar highlighting the importance of disability inclusion and the economic contribution disabled people make to the workplace and the economy.

Reflecting back on the week Elaine Lewis, Executive Director and Champion of the DisAbility Network, wrote:

“I have found this week both thought-provoking and inspiring. It has given us an important opportunity to recognise the huge contribution that disabled colleagues make to the success of the NAO and reiterate our commitment to ensuring we are an accessible and inclusive workplace.”



Priority three: building a culture of inclusion and respect

Inclusion goes further than ensuring we have diverse representation and create fair opportunities for all. We have been working hard to create an environment where our people feel wholly accepted as unique individuals and are proud of the value they bring to our organisation. We continually seek to grow our experience of others and are prepared to question our own prejudices and beliefs, remaining open to other perspectives and ideas.

Continuous programme of events recognising and celebrating diversity, which included a panel event discussing diversity on boards, Dr Leroy Logan giving an insight into the Metropolitan Police and NAO colleagues sharing their experiences of Ramadan. These foster greater understanding of difference and provide the opportunity for connecting with others, expanding personal perspectives.

We have revised our approach to Equality Impact Assessments, creating clear guidance and ensuring transparent accountability and reporting. Consistent application of our revised approach provides a framework for us to consider fairness and inclusion across all areas of significant change.

Improved scores on fair treatment from our people survey, with an increase from 6.7 to 7.3 over the past 12 months. People are also generally positive that their opinion is valued, 7.5 (up from 7.2), and that we take situations of misconduct seriously, 7.4 (up from 7.2). Our corporate value of being an inclusive and respectful organisation also scored 7.3.

Moved to a hybrid pattern of working informed by the views of our people and their individual circumstances and needs. Our new ways of working support inclusion by taking a blended approach, mixing time at our offices with time at client sites and time working from home. Our approach is guided by the key principles of outcomes, trust and accountability.

CASE STUDY

Diversity Mentoring Programme

In 2019 we launched our first Diversity Mentoring Programme focused on developing inclusive leaders who challenge their own thinking and look to better understand those with whom they work. With the success of the pilot, we launched a second expanded programme in December 2021, which paired senior leaders with mentors from across the business and from diverse groups. Here are some comments from a few participants which reflect their experience of the Programme and the insight they gained through it.

A photograph of three people standing in front of a row of green lockers. On the left, a man with a beard and short brown hair, wearing a dark blue long-sleeved shirt and dark trousers, is smiling and looking towards the woman in the center. The woman in the center has long brown hair, is wearing a white sleeveless top and white trousers, and is looking towards the man on the right. The man on the right is a Black man with a beard, wearing a light blue button-down shirt and dark trousers, and is smiling. The background is a plain grey wall. The floor is made of light-colored square tiles.

“ Taking part in both programmes has really opened my eyes to some of the issues faced by my colleagues, in both their personal and professional lives. I’ve been humbled by how open they’ve been in talking about their experiences and struck by what this means for how we translate our ambitions into a truly inclusive culture.”
(Mentee)

“ I really valued my time in the Diversity Mentoring Programme as a chance to meet with other people within the organisation (both other mentors and mentees). It was important to me to be able to share my experiences with my mentee and we had some really interesting discussions about both diversity but also our wider experiences of work and life.” (Mentor)

Priority four: setting clear ambitions and holding ourselves to account

Our ambitions will not be realised unless we have clear targets and measures in place to monitor our progress and have the confidence to hold ourselves to account, both internally and externally, for delivery against them. We have set ourselves ambitious targets, which we report against on a monthly basis, and provide open access to all staff on our diversity data. This degree of transparency ensures that all of our people are aware of our progress against our ambitions and recognise the personal contribution they can make to creating a fully inclusive working environment.

Reinforced our ambition in key areas through development of three detailed action plans covering race, disability and social mobility. These plans provide a framework to focus resource and achieve sustained improvement across key areas.

Monitored and challenged our pace and direction of change reporting into our DIOC and our Executive Team, who provided regular input into how to best address the D&I issues we face.

Reviewed progress against the targets we set to reflect our commitment to being recognised as an exemplar employer in D&I. Targets are set over the four-year period of our D&I Strategy through to 2025 and have been broken down into interim yearly targets to aid reporting on progress. Our performance against our targets is summarised in the data at Appendix One.

Expanded our transparency around pay gaps to include our first disability pay gap alongside our existing gender and ethnicity pay gaps.

- Disability pay gap – **mean of 2.2% and a median pay gap of zero.**
- Gender pay gap – **a reduction in our mean and median pay gaps to 8.26% and 6.39% respectively. (31 March 2020; 9.99% and 7.04% respectively).**
- Ethnicity pay gap – **a reduction in our mean and median pay gaps to 12.76% and 18.04% respectively. (31 March 2020; 13.36% and 19.75% respectively).**

Instilled greater transparency in the way we work and how we share our activities and progress. This has included:

- inclusion of D&I items in the C&AG's weekly newsletter to staff;
- publishing, in full, the agenda and minutes of our quarterly DIOC meetings;
- providing easy access to real-time data through the Diversity Dashboard and people survey; and
- redesigning our D&I pages, providing an informative platform to regularly engage and update people.

CASE STUDY

Diversity Dashboard:

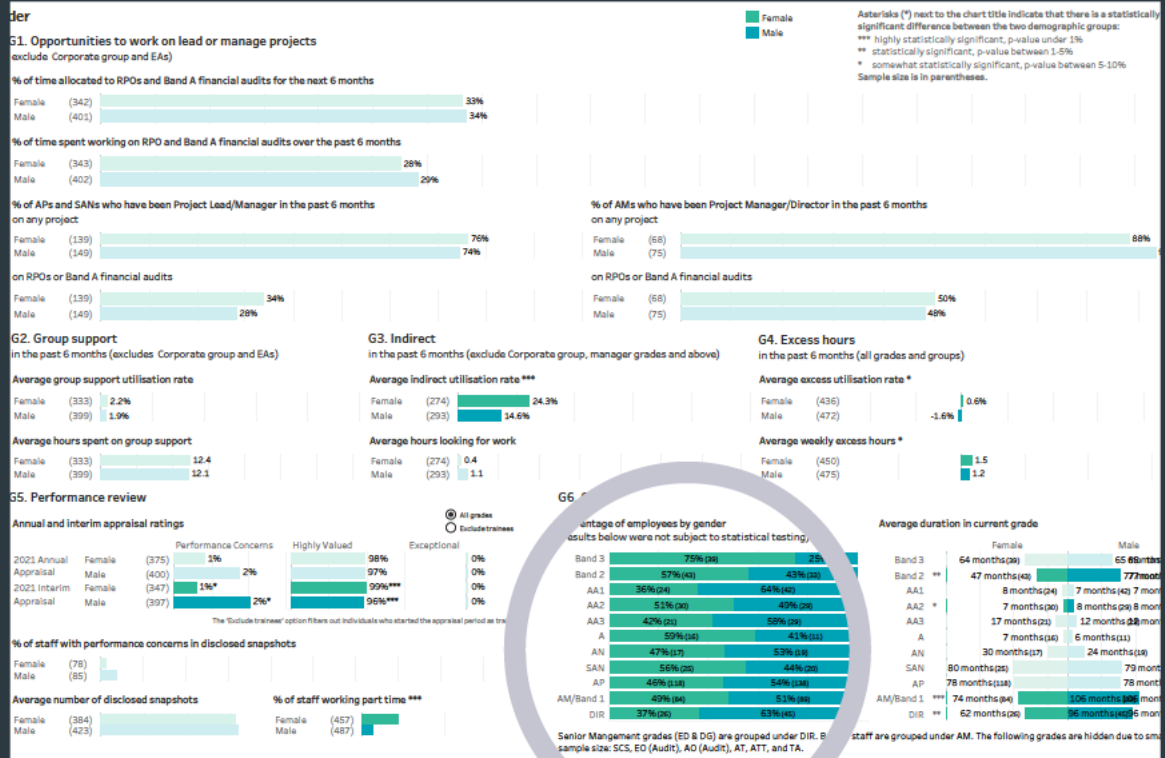
To help us take a data-led approach to improving diversity and inclusion we created a Diversity Dashboard, which provides real-time insight into protected and other characteristics, including ethnicity, disability, gender and social mobility. The dashboard compares various measures to assess differences in experience or outcomes, highlighting where these are statistically significant. The dashboard is an effective way of ensuring we remain focused on our longer-term targets by providing a tool to regularly monitor progress and it has now been made accessible to all staff through our office intranet. At each of its meetings DIOC reviews the dashboard and discusses actions to improve outcomes as necessary. The dashboard has supported positive change in several areas, including equality in career allocations where initial data suggested women and ethnic minorities were receiving more limited opportunities to lead projects.



Networks – the work of DIOC is supported by our seven staff diversity networks: disability, ethnic minorities, LGBTQ+, generation (all age), religion and belief, social mobility and women's. The networks play a key role in developing our approach to a range of D&I areas and deliver a variety of activities, helping us to celebrate and recognise different cultures and backgrounds.

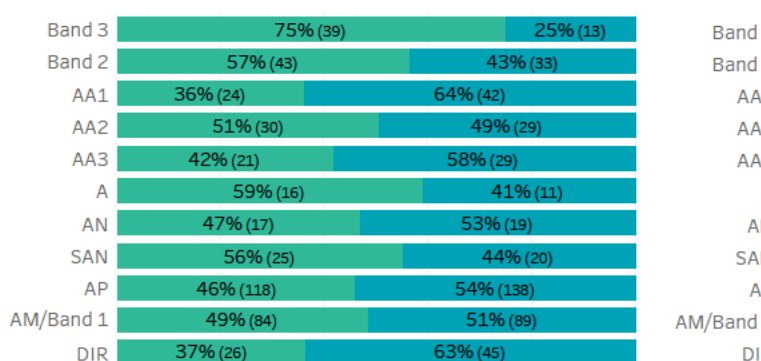


Diversity Dashboard



G6. Grade

Percentage of employees by gender
(results below were not subject to statistical testing)



Senior Management grades (ED & DG) are grouped under DIR. Band 1 staff are grouped under AM/Band 1. The following grades are hidden due to small sample size: SCS, EO (Audit), AO (Audit), AT, ATT, and TA.

Data in the dashboard is updated daily therefore slight differences may exist between the cut of the dashboard and the gender representation data in the report which is taken as at 31 March 2022.

While this image presents our gender dashboard we have similar dashboards for ethnicity, disability, age, social mobility and work pattern.



Appendix One

Graduate recruitment campaigns

Graduate campaign 2018 to 2021 female applicants and offers

	2018 campaign (%)	2019 campaign (%)	2020 campaign (%)	2021 campaign (%)
Applicants	39	47	43	45
Offers	50	40	56	48
Accepted	48	42	48 ²	47

Notes

1 Offers and accepted figures include interns.

2 2020 campaign data refer to actual joiners as opposed to accepted offers.

Source: Financial force

Graduate campaign 2018 to 2021 ethnic minority applicants and offers

	2018 campaign (%)	2019 campaign (%)	2020 campaign (%)	2021 campaign (%)
Applicants	39	48	48	50
Offers	29	23	33	57
Accepted	30	23	42 ²	58

Notes

1 Offers and accepted figures include interns.

2 2020 campaign data refer to actual joiners as opposed to accepted offers.

Source: Financial force

Graduate campaign 2018 to 2021 applicants receiving income support

	2017-18 (%)	2018-19 (%)	2019-20 (%)	2020-21 (%)
Applicants	21	24	30	31
Offers	21	24	41	31
Joiners	21	18	46	35

Note

1 Excludes those who did not declare or were unsure.

Source: Financial force

Graduate campaign 2018 to 2021 candidates who received free school meals

	2017-18 (%)	2018-19 (%)	2019-20 (%)	2020-21 (%)
Applicants	17	19	25	24
Offers	19	14	25	29
Joiners	19	9	33	38

Note

1 Excludes those who did not declare or were unsure.

Source: Financial force

Graduate campaign 2018 to 2021 candidates who attended a state school¹

	2017-18 (%)	2018-19 (%)	2019-20 (%)	2020-21 (%)
Applicants	83	87	85	88
Offers	72	85	83	95
Joiners	72	83	86	89

Notes

1 Includes state selective and state non-selective.

2 Excludes those who did not declare, were unsure or who attended university outside of the UK.

Source: Financial force

Characteristics of new joiners following external recruitment campaigns between 2020 to 2022

	Director (%)	Manager ¹ (%)	Other grades (%)	Total (%)
Female	67	36	47	46
Ethnic minorities	33	40	39	36
People with disabilities	0	18	13	13
Social background (state school education)	100	56	91	88
Total number recruited ²	3	11	96	110

Notes

1 Including corporate services Band 1 managers.

2 Total number recruited records individuals not percentages.

Source: Financial force

Representation data

Representation of women 2019 to 2022

	2019 (%)	2020 (%)	2021 (%)	2022 (%)
Executive Team	29	43	50	50
Director	26	26	32	35
Manager ³	45	48	47	48
Qualified ⁴	50	50	49	48
Trainee	43	45	46	44
Corporate services ⁵	57	60	61	63
Total	46	48	48	48

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.

Source: Financial force

Representation of ethnic minorities 2019 to 2022

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

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.

Source: Financial force

Pay gap data

Gender pay gap 2020 and 2021

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

Ethnicity pay gap 2020 and 2021

	2020 (%)	2021 (%)
Mean	13.36	12.76
Median	19.75	18.04

Disability pay gap data 2020 and 2021

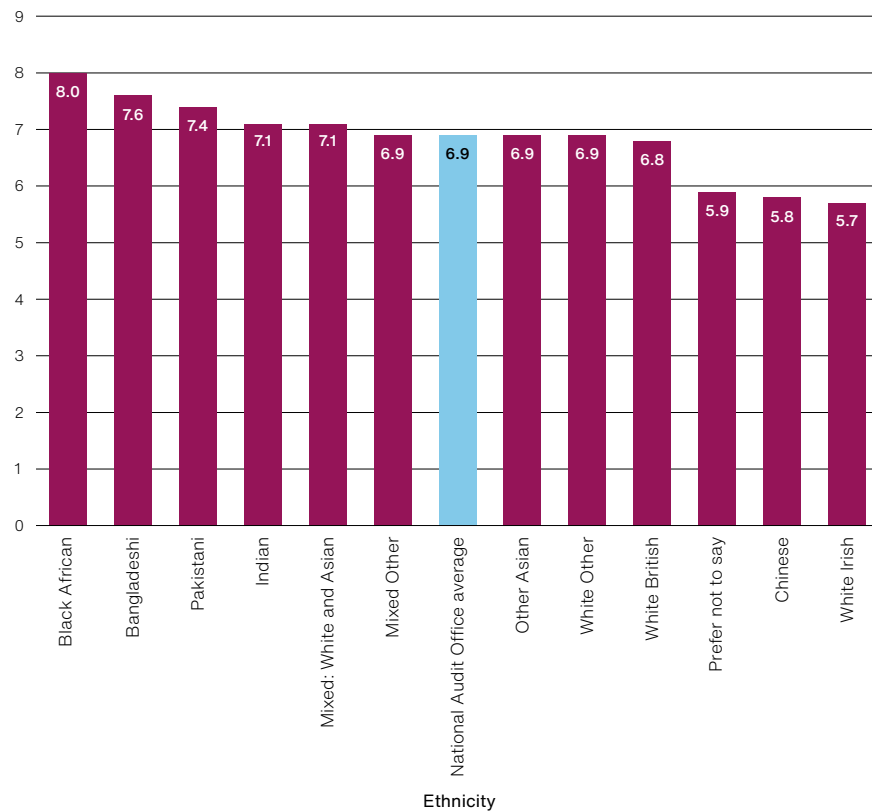
	2020 (%)	2021 (%)
Mean	NA	2.2
Median	NA	0

People survey – staff engagement score

People survey – staff engagement scores

People survey data by ethnicity show the majority of ethnic minorities rate their engagement level higher than the average

Engagement score (out of 10)



Source: National Audit Office data from Peakon Survey downloaded, April 2022

Appendix Two

Performance against targets

Representation in the workforce

Female

	Actual March 2022 (%)	Target March 2022 (%)	Target March 2025 (%)
Office-wide representation	48	49	50
Senior management representation ¹	36	36	45
Manager representation ²	48	49	50

Notes

1 Senior management includes executive directors and directors. Data as at 31 March.

2 Manager representation includes audit managers and corporate services.
Band 1 managers.

Source: Financial force

Ethnic minorities

	Actual March 2022 (%)	Target March 2022 (%)	Target March 2025 (%)
Office-wide representation	23	25	35
Senior management representation ¹	10	11	20
Manager representation ²	16	16	30

Notes

1 Senior management includes executive directors and directors. Data as at 31 March.

2 Manager representation includes audit managers and corporate services.
Band 1 managers.

Source: Financial force



Disability

	Actual March 2022 (%)	Target March 2022 (%)	Target March 2025 (%)
Office-wide representation	15	12	14
Senior management representation ¹	11	11	14
Manager representation ²	10	12	14

Notes

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

Source: Financial force

Graduate recruitment

	Actual 2022 (%)	Target 2022 (%)	Target 2025 (%)
Female applicants	42	50	50
Ethnic minorities	53	37	40
Disability	17	12	14
Social mobility (state school education)	84	85	88

Note

- 1 Data as at 31 March.

Source: Financial force

Mean pay gap

	Actual 2022 (%)	Target 2022 (%)	Target 2025 (%)
Gender	8	7	4
Ethnicity	13	12	8
Disability	2	NA	0

Note

- 1 Data as at 31 March.

Source: Financial force

