



HM Revenue  
& Customs

# Gender Pay Gap Report 2017

HM Revenue and Customs (HMRC)



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## Introduction

As Gender Champion for HMRC I am pleased to be the first Chief People Officer responsible for publishing our gender pay gap figures under the new reporting requirements.

We believe that transparency, reporting and monitoring is an important step to tackling any inequality which is revealed through examining pay gaps. This is why we have published our data with a greater examination of our gender pay gaps to enable us to identify the areas that we are able to change in order to strive towards eliminating the gender pay gap.

We are taking this opportunity to look at what is driving them, consider our abilities to change them and to use this as a benchmark to improve the situation over the coming year. We are also taking the time to recognise some of the great work we already do to develop our people of all grades. We currently offer excellent flexible working arrangements, with even our most senior colleagues having the option to work part-time. We will continue to promote this flexible working attitude.

We also have a wide array of talent and development programmes, with some particularly aimed at lower grades. We also offer mentoring and coaching opportunities to help our people develop the skills they need to succeed. Leadership skills training is available to all our colleagues, not just those in senior management grades, and we will continue to encourage our people to take advantage of leadership training and skills development training.

I have pledged to raise awareness of the benefits to individuals and the business from job-sharing and part-time working, and I will ensure managers continue to be educated in understanding the individual needs of colleagues, taking into consideration work-life balance and caring responsibilities.

Our figures are lower than the national average gender pay gap of 18.1%. It must be remembered though that headline figures tell only a small part of the story and that we must consider the full demographics of our department to ensure that we are tackling the real issues and not any preconceived ideas of where there may be pay gaps.

We should recognise that as our workforce is made up of almost one third AAs and AOs we continue to invest in them; ensuring that they are paid the Living Wage, receive a higher than average London rate of pay and provide favourable terms and conditions which will always mean we have a headline gender pay gap figure bigger than other organisations.

In publishing our pay gap data we should also look at ways to improve opportunities and pay for all to ensure equity amongst our staff.

**Esther Wallington**

Chief People Officer, Her Majesty's Revenue and Customs

## Overview

Earlier this year, the Government introduced world-leading legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. Government departments are covered by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which came into force on 31 March 2017. These regulations underpin the Public Sector Equality Duty and require the relevant organisations to publish their gender pay gap data by 30 March 2018 (and then annually), including mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses; and the proportions of male and female employees in each pay quartile.

The **gender pay gap** shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

The gender pay gap is different to equal pay. **Equal pay** deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

This report fulfils the Department's reporting requirements, analyses the figures in more detail and sets out what we are doing to close the gender pay gap in the organisation.

# HMRC Gender Pay Gap report 2017

This report gives the gender pay gap data in HMRC as at 31 March 2017.

For salaries we used a snapshot date of 31 March 2017. The relevant pay period was our March payroll.

For bonuses we used the period 1 April 2016 to 31 March 2017, the 12 months before the snapshot date.

The Gender Pay Gap data supplied is correct for all staff in post with HMRC on 31 March 2017. The results are below at Annex B.

In HMRC there were 69,690 staff in post. Our gender balance at this date was:



Out of the 69,690 staff in post 298 staff are not on the officially published HMRC pay ranges. 251 staff are covered by TUPE regulations and a further 47 are on legacy Inland Revenue and Customs and Excise terms and conditions.

HMRC follows the standard public sector approach to pay and grading. All posts sit within one of nine levels (grades), and grades AO to SCS have an associated pay range consisting of a minimum and maximum rate. The AA grade consists of a single spot rate. Salaries are paid according to grade and annual pay awards within the grade are paid irrespective of gender.

Our headquarters are in London however HMRC have offices right across the UK. All grades with the exception of Director and Director General within the Senior Civil Service (SCS) have both a London and National pay range.

For pay purposes we are governed by public sector pay policy, which HM Treasury has overall responsibility for. This defines the overall parameters for civil service pay

uplifts each year in the pay guidance, to ensure that civil service pay awards are consistent with the government's overall objectives.

Our annual pay award currently comprises two elements:

- A consolidated award paid to all staff (subject to performance)
- A non-consolidated award linked to exceptional performance against objectives.

Bonus payments are made to staff in HMRC in a variety of ways. An element of this is based on end of year performance as described above. Some is based on in year performance.

The values of both consolidated and non-consolidated pay awards are negotiated with our recognised trade unions, and is subject to HM Treasury and Ministerial agreement. We do not negotiate individual awards, and our pay system takes no account of gender or any other protected characteristic.

## Gender Pay Gap data

There are 1,326 entries which were excluded from Hourly Rate calculations as they were not a “full pay relevant employee” for all of March 2017. This is because they were either not being paid or were on reduced, statutory or nil pay at any point during March.

For quarterly pay range information 17,091 staff were in each quartile.

### Base Pay



The mean hourly rate for women is £12.76

The mean hourly rate for men is £13.94

Mean gender pay gap is 8.4%



The median hourly rate for women is £10.87

The median hourly rate for men is £12.37

Median gender pay gap is 12.2%

The distribution of our workforce drives our mean and median figures, whilst we have a very diverse workforce we do still have a large number of our female workforce in the lower pay grades. It should be noted however that the gender mix of our Executive Committee on 31<sup>st</sup> March 2017 was 6 males and 5 females.

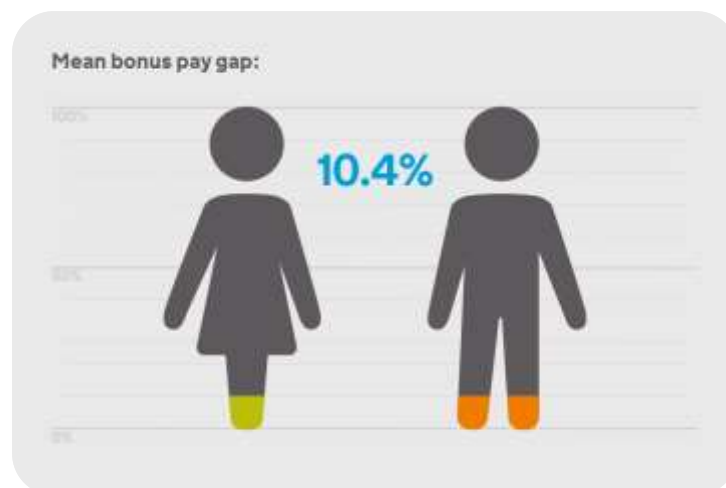
We analysed our GPG results in more depth and found that the differences reduce, sometimes quite markedly, when considered by our National and London pay areas (at Annex C) and for each grade (at Annex D).

HMRC recruitment and promotion policies are based on fair and open competition.

We are committed to offering roles on flexible working patterns, including a range of options such as part-time working, alternative working hours, home working and enhanced shared parental leave.

## Bonus pay

The structure of our workforce also influences our mean bonus gap, which is 10.4%.



We know our bonus systems are all gender neutral by design. However a large female workforce in the lower pay grades drives our mean bonus gap, in the same way it does our gender pay gap.

The bonus gap is affected by two main factors:

- All end of year performance payments are paid according to grade with higher values paid to staff in higher pay grades to reflect the work they carry out.
- The legislation requires the inclusion of year-end performance bonuses which have been pro-rated for staff who work reduced hours, of which 80.9% of whom are women.



At HMRC we are proud to enable our staff to work alternative working patterns including reduced hours if it suits their lifestyle. However this does therefore impact our mean bonus gap.

When considering the median being 0% it is due to the large number of Simply Thanks that we issue (73% of all bonuses) and these are of low values from £10-£30

We are committed to the principle of Equal Pay for all employees. We have pay and conditions of employment that do not discriminate unlawfully and are free from bias by ensuring that equal pay is in place for like work, work rated as equivalent and work of equal value. We use a job evaluation system to assess the relative value of jobs across the organisation, and this provides evidence in support of the allocation of each job within our grading structure.

## Actions

HMRC supports the fair treatment and reward of all staff irrespective of gender. We have pay and conditions of employment that do not discriminate unlawfully and are free from bias by ensuring that equal pay is in place for like work, work rated as equivalent and work of equal value. HMRC use a job evaluation system to assess the relative value of jobs across the organisation, and this provides evidence in support of the allocation of jobs within our grading structure.

- **Talent and development programmes**

We recognise that our staff don't all want the same things from their careers, however, we aim to provide everyone with opportunities to be the best they can be and to progress, whether to more senior roles, or other roles in HMRC or the civil service. To support this, we will continue to encourage staff to benefit from the variety of programmes we have across the department such as Future Leaders Scheme, Leap, Embrace, Ascend, Fast Stream, and comprehensive Tax programmes.

- **Flexible working**

As part of our Transformation programme, and moving to Regional Offices, we will continue to support staff who wish to work more flexibly, across all grades. Most roles are available as job-share, reduced hours, or flexible working patterns.

- **Equal Pay Audit**

Continuing work on the regular equal pay audit to assess all areas of possible improvement

- **Performance Management**

Carry out a thorough and robust review of the performance management system within HMRC to establish areas for improved development, engagement, and productivity.

## Calculations

Our calculations followed the legislative requirements<sup>1</sup>, and we confirm the data reported is accurate. All staff who were deemed to be full paid relevant employees were included, however contractors were not, as the vast majority were not in scope according to the regulations, or there was insufficient data, however, we aim to include this data for future calculations.

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<sup>1</sup> <https://www.gov.uk/guidance/gender-pay-gap-reporting-make-your-calculations> (Accessed 1 November 2017)

# Annex A

## Workforce Demographics

Women are over-represented in more junior grades, where pay is lower, and under-represented in more senior grades.

### HMRC Data

Grade (increasing seniority)	Number of men (% of men who work in this grade)	Number of women (% of women who work in this grade)	% Female
AA/AO	10520 (34.3%)	18054 (46.3%)	63.2%
EO	6916 (22.5%)	9265 (23.7%)	57.3%
HEO/SEO	8878 (28.9%)	8349 (21.4%)	48.5%
Band T	1263 (4.1%)	874 (2.2%)	40.9%
Grade 7/6	2899 (9.4%)	2317 (5.9%)	44.4%
SCS	203 (0.7%)	152 (0.4%)	42.8%
Total	30679	39011	56.0%

When the grade make up is compared to the Civil Service overall it can be seen that HMRC have a comparable workforce.

Grade (increasing seniority)	Number of men (% of men who work in this grade)	Number of women (% of women who work in this grade)	% Female
AA/AO	62,688 (34%)	86,861 (40%)	58%
EO	48,308 (26%)	62,463 (29%)	56%
HEO/SEO	51,003 (27%)	47,846 (22%)	48%
Grade 6/7	22,566 (12%)	18,801 (9%)	45%
SCS	2,466 (1%)	1,771 (1%)	42%
Total (including those with unknown grade)	193,100	226,380	54%

# Annex B

## 2017 HMRC Overall Gender Pay Gap Results

		%
1. Mean gender pay gap - Ordinary pay		8.4%
2. Median gender pay gap - Ordinary pay		12.2%
3. Mean gender pay gap - Bonus pay in the 12 months ending 31 March		10.4%
4. Median gender pay gap - Bonus pay in the 12 months ending 31 March		0.0%
5. The proportion of male and female employees paid a bonus in the 12 months ending 31 March:		Male 52.2%
		Female 54.1%
6. Proportion of male and female employees in each quartile.		
Quartile	Female %	Male %
First (lower) quartile	54.2%	45.8%
Second quartile	66.8%	33.2%
Third quartile	54.1%	45.9%
Fourth (upper) quartile	47.4%	52.6%

	Total Staff
Female	39,011
Male	30,679
<b>Total</b>	<b>69,690</b>

## Annex C

### 2017 HMRC Gender Pay Gap Results by Location

		% - London	% - National		
1. Mean gender pay gap - Ordinary pay		7.0%	6.8%		
2. Median gender pay gap - Ordinary pay		7.8%	4.0%		
3. Mean gender pay gap - Bonus pay in the 12 months ending 31 March		4.9%	8.5%		
4. Median gender pay gap - Bonus pay in the 12 months ending 31 March		0.0%	-12.5%		
5. The proportion of male and female employees paid a bonus in the 12 months ending 31 March:	Male	45.6%	53.8%		
	Female	47.0%	55.3%		
6. Proportion of male and female employees in each quartile.					
Quartile		Female %	Male %	Female %	Male %
First (lower) quartile		55.5%	44.5%	54.6%	45.4%
Second quartile		51.4%	48.6%	67.9%	32.1%
Third quartile		46.8%	53.2%	54.4%	45.6%
Fourth (upper) quartile		42.6%	57.4%	50.2%	49.8%

Total Staff	London	National
Female	5,059	33,853
Male	5,145	25,407
<b>Total</b>	<b>10,204</b>	<b>59,260</b>

## Annex D

2017 HMRC Gender Pay Gap Results by Grade		% - AA	% - AO	% - O	% - HO	% - BT	% - SO	% - G7	% - G6	% - SCS
1. Mean gender pay gap - Ordinary pay		2.4%	-4.1%	-1.0%	1.3%	1.5%	3.3%	0.0%	-0.1%	1.9%
2. Median gender pay gap - Ordinary pay		-13.0%	-6.6%	-0.9%	-2.6%	6.4%	1.6%	-1.2%	-0.2%	3.7%
3. Mean gender pay gap - Bonus pay in the 12 months ending 31 March		16.4%	-3.5%	-3.1%	2.5%	-24.0%	-6.5%	-11.0%	-23.1%	11.7%
4. Median gender pay gap - Bonus pay in the 12 months ending 31 March		0.0%	-50.0%	-50.0%	-7.1%	-266.7%	-8.0%	-18.5%	-84.5%	37.5%
5. The proportion of male and female employees paid a bonus in the 12 months ending 31 March:	Male	42.3%	45.7%	51.2%	58.2%	42.2%	63.9%	60.5%	61.5%	40.9%
	Female	48.6%	47.6%	57.1%	61.8%	36.3%	70.0%	62.4%	64.9%	45.4%

## Annex D (Cont)

### 6. Proportion of male and female employees in each quartile.

Quartile	AA		AO		O		HO		BT		SO		G7		G6		SCS	
	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %
First (lower) quartile	46.5%	53.5%	54.1%	45.9%	50.8%	49.2%	46.2%	53.8%	47.3%	52.7%	47.4%	52.6%	44.7%	55.3%	41.7%	58.3%	46.5%	53.5%
Second quartile	46.0%	54.0%	53.9%	46.1%	52.1%	47.9%	49.0%	51.0%	42.2%	57.8%	53.5%	46.5%	44.0%	56.0%	39.2%	60.8%	46.5%	53.5%
Third quartile	76.6%	23.4%	66.8%	33.2%	63.7%	36.3%	53.1%	46.9%	40.2%	59.8%	51.2%	48.8%	48.4%	51.6%	41.3%	58.7%	33.7%	66.3%
Fourth (upper) quartile	50.6%	49.4%	78.5%	21.5%	61.1%	38.9%	46.1%	53.9%	32.9%	67.1%	37.9%	62.1%	44.1%	55.9%	41.7%	58.3%	43.7%	56.3%

Total Staff	AA	AO	O	HO	BT	SO	G7	G6	SCS
Female	939	17,115	9,265	5,889	874	2,460	1,719	598	152
Male	759	9,761	6,916	6,179	1,263	2,699	2,048	851	203
<b>Total</b>	<b>1,698</b>	<b>26,876</b>	<b>16,181</b>	<b>12,068</b>	<b>2,137</b>	<b>5,159</b>	<b>3,767</b>	<b>1,449</b>	<b>355</b>