

HM Revenue and Customs and Valuation Office Agency gender pay gap report 2018

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Introduction

As HMRC's Gender Champion and Chief People Officer I am pleased to publish our gender pay gap figures for the second time since the statutory reporting requirements were introduced in 2017.

We are doing this on behalf of HMRC as well as our agency, the Valuation Office Agency (VOA).

Transparency, reporting and monitoring are critical to tackling any inequality revealed through examining pay gaps. That is why we are publishing our data with a greater examination of our gender pay gaps, by including data for contractors.

We are looking at what is driving pay gaps, considering opportunities to change them and using this as a benchmark to improve. We are also taking time to recognise some of the great work we already do to develop our people. We continue to offer excellent flexible working arrangements, with even senior colleagues having the option to work part-time and were delighted to win this year's Business in the Community Gender Award in recognition of our work.

We are doing this in the context of our People Strategy, placing employee experience at the heart of our work to create and support an engaged, inclusive and empowered workforce. This will ensure we can navigate the changes and challenges we face to emerge as a strong organisation, supporting the Civil Service ambition to become the UK's most diverse employer.

We offer mentoring and coaching, as well as leadership skills training, to all our people to help everyone develop the skills they need to succeed. Our talent and development programmes include opportunities for colleagues in junior and first line management roles. Introducing sustainable, continuous career conversations, we want to ensure there are inclusive opportunities for all those with working flexible patterns or caring responsibilities and offer learning around life events, supporting everyone to continue developing their skills and knowledge.

We are raising awareness of the benefits to individuals and the business from job-sharing and part-time working, and will continue to educate our managers to understand individual needs, consider work-life balance and caring responsibilities, regardless of gender identity. Supporting smarter ways of working, we support women, and all colleagues, to progress their careers within HMRC.

Increasing the number of Senior Civil Service (SCS) roles outside London and developing regional career opportunities, alongside improved technology, means people can see opportunities to progress without having to consider extensive travel and impacts on caring responsibilities.

I also want us to foster an environment where we can talk openly about topics such as the menopause and support our colleagues, including implementing workplace adjustments to enable everyone to fully participate in work. While I am pleased that we are promoting good mental health and supporting those with mental health problems, we are also focused on increasing understanding around stress prevention and the need for early intervention.

This year our mean pay gap has decreased, and median gap increased slightly, though continue to be lower than the national median gender pay gap of 17.9%. These headline figures tell only a small part of the story, and we must consider the full demographics of our combined departments as we continually reform. This is important to ensure that we are tackling the real issues and not any preconceived ideas.

In publishing our pay gap data we should also look at ways to improve opportunities and pay to ensure equity for all our people. Pay is an important issue for many, not exclusive to gender and we have shared our plans on future work on pay linked to a review of working practices.

[Esther Wallington](#), Chief People Officer, HM Revenue and Customs.

Overview

In 2017, the government introduced world-leading legislation that made it a statutory requirement 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 relevant organisations to publish their gender pay gap by 30 March annually. This includes:

- the mean and median gender pay gaps

- the mean and median gender bonus pay gaps
- the proportion of men and women who received bonuses
- the proportions of male and female employees in each pay quartile

An equal pay gap will show any pay difference between men and women who carry out the same work, or equivalent work or work of equal value.

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.

HMRC and VOA supports the fair treatment and reward of all staff irrespective of gender.

HMRC and VOA gender pay gap report 2018

This report gives the gender pay gap data in HMRC and its agency VOA at 31 March 2018.

For ordinary pay we used a snapshot date of 31 March 2018. The relevant pay period was March 2018.

For bonus pay we captured data for the 12 month period between 1 April 2017 and 31 March 2018.

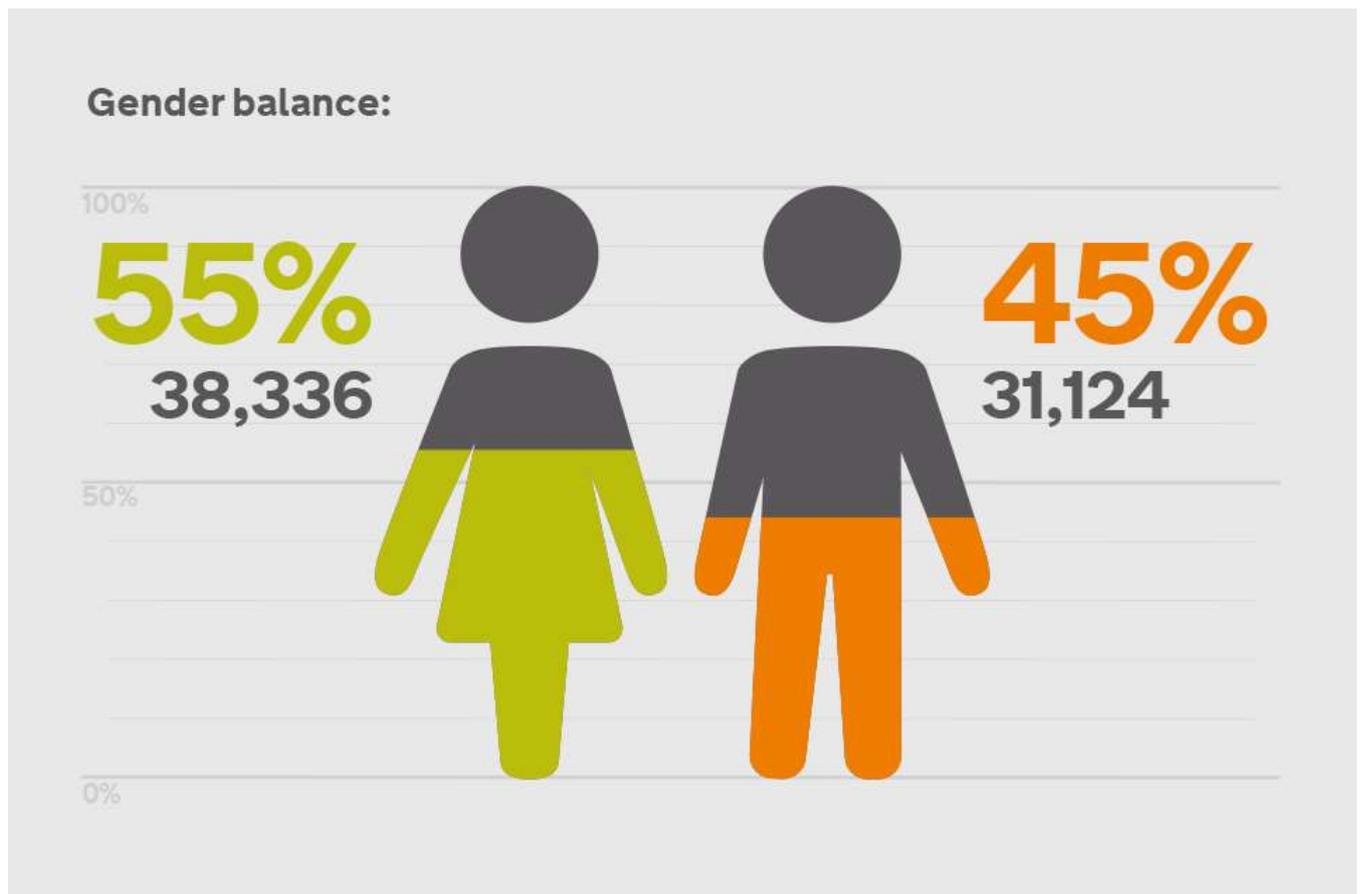
The gender pay gap data supplied is correct for staff in post with HMRC and VOA on 31 March 2018. The results are below at Annex B.

Since 2017, HMRC and VOA decreased its workforce by 3,974 to 69,460, with the largest decreases in our junior grades - a 19% drop in Administrative Assistant (AA) and 8% drop in Assistant Officer (AO).

Our gender balance at this date was:

	Female	Male
Percent of workforce (2018)	55%	45%
Percent of workforce (2017)	56%	44%

	Female	Male
Number of staff in post (2018)	38,336	31,124
Number of staff in post (2017)	40,837	32,597



Out of the 69,460 staff in post as at 31 March 2018, some staff have reserved rights to alternative pay arrangements:

- 8 staff are protected by TUPE regulations
- 37 are on legacy Inland Revenue and Customs and Excise terms and conditions
- 322 have opted to remain on the previous pay band system in VOA

Basic pay

HMRC and VOA follows the standard public sector approach to pay and grading.

For pay purposes we are governed by public sector pay policy, for which HM Treasury has overall responsibility. 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.

All posts sit within one of 9 levels (grades). The AA grade consists of a single spot pay rate and grades AO to SCS have a pay range consisting of a minimum and maximum annual rate of pay. This is known as basic pay and forms the basis for the annual pay awards, which are irrespective of gender.

All HMRC and VOA grades with the exception of Director (SCS2) and Directors General (SCS3) within the SCS have both a London and national pay range.

Dependant on the nature of the work undertaken in certain roles, additional allowances or supplements may also be paid, which together with basic pay forms the annual salary.

VOA also has one further local intermediate pay zone, which has been recorded within the national pay range for anonymity purposes, due to the relatively small numbers involved.

In HMRC, the annual pay award currently comprises 2 elements:

- a consolidated award paid to all staff (subject to performance)
- a non-consolidated, non-pensionable award linked to exceptional performance against objectives

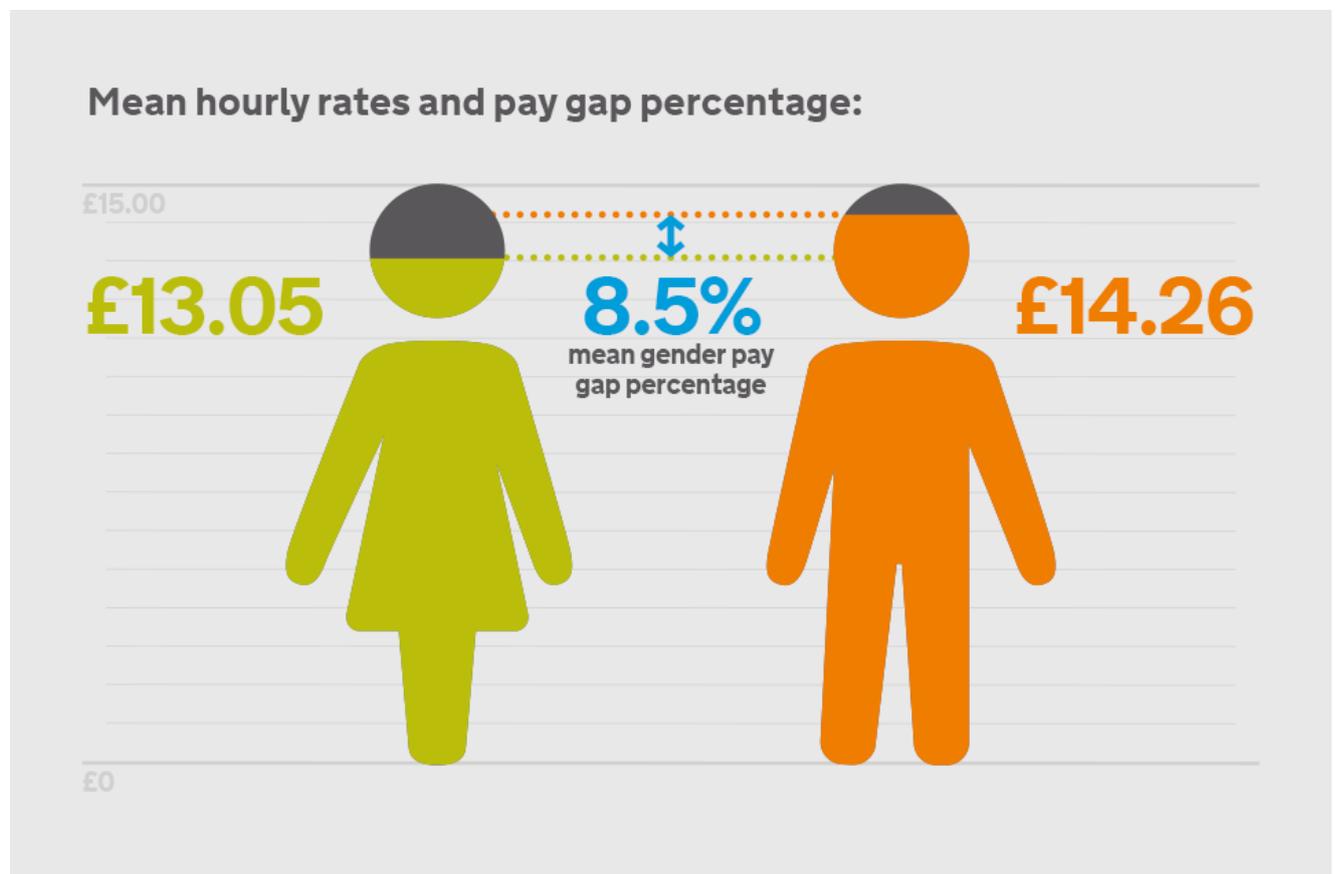
In VOA, the annual pay award currently consists of a consolidated award paid to all staff (subject to performance).

The values of the pay awards are negotiated with our recognised trade unions, and are subject to HM Treasury and ministerial agreement.

Gender pay gap data

There are 860 entries which were excluded from hourly rate calculations as they were not a 'full pay relevant employee' for the entire month of March 2018. This is because they were either not being paid or were on reduced, statutory or nil pay at any point during March.

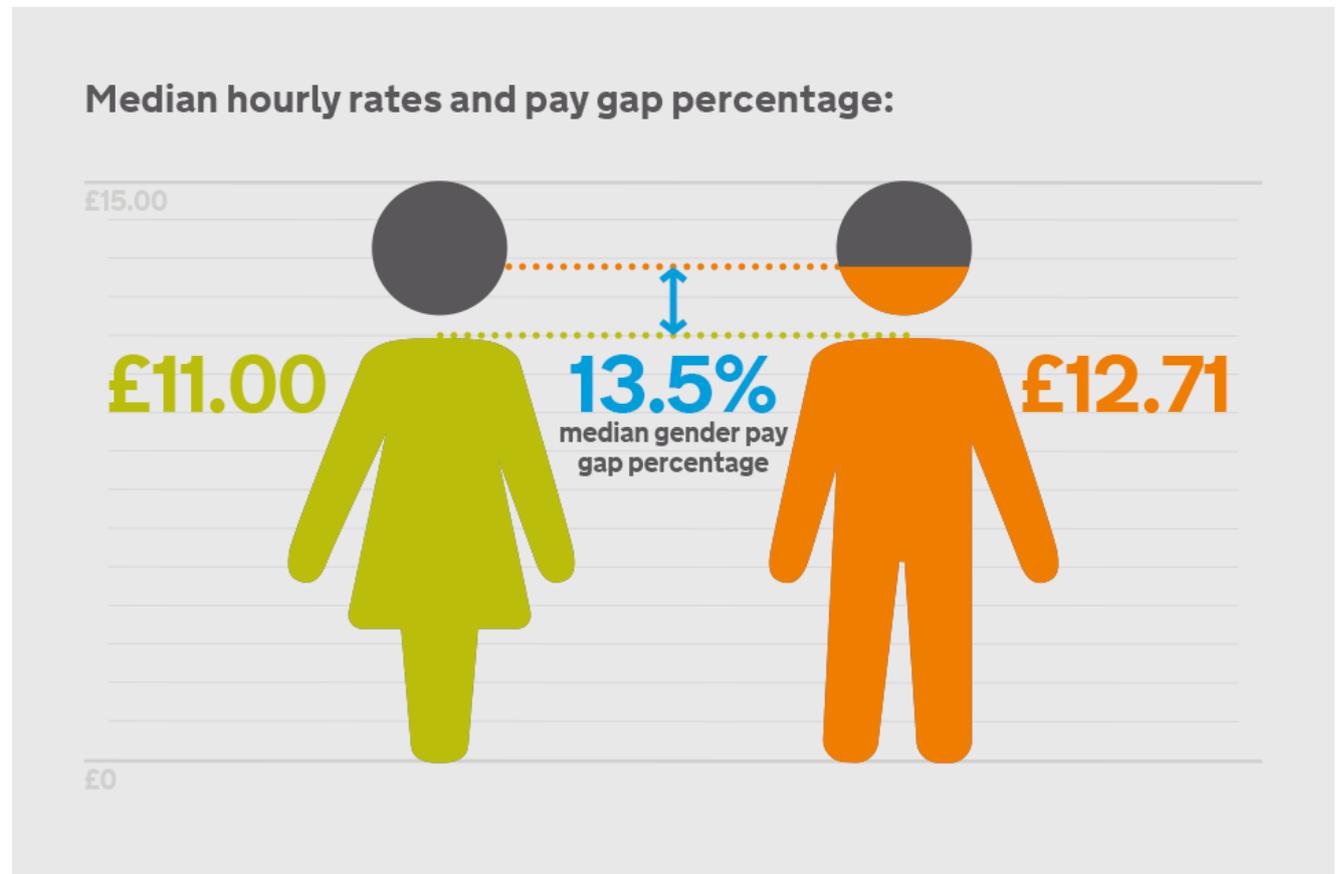
Hourly rate of pay 2018



The mean hourly rate for women is £13.05

The mean hourly rate for men is £14.26

Mean gender pay gap is 8.5%



The median hourly rate for women is £11.00

The median hourly rate for men is £12.71

Median gender pay gap is 13.5%

Hourly rate of pay 2017

The mean hourly rate for women is £12.80

The mean hourly rate for men is £14.06

Mean gender pay gap is 8.9%

The median hourly rate for women is £10.89

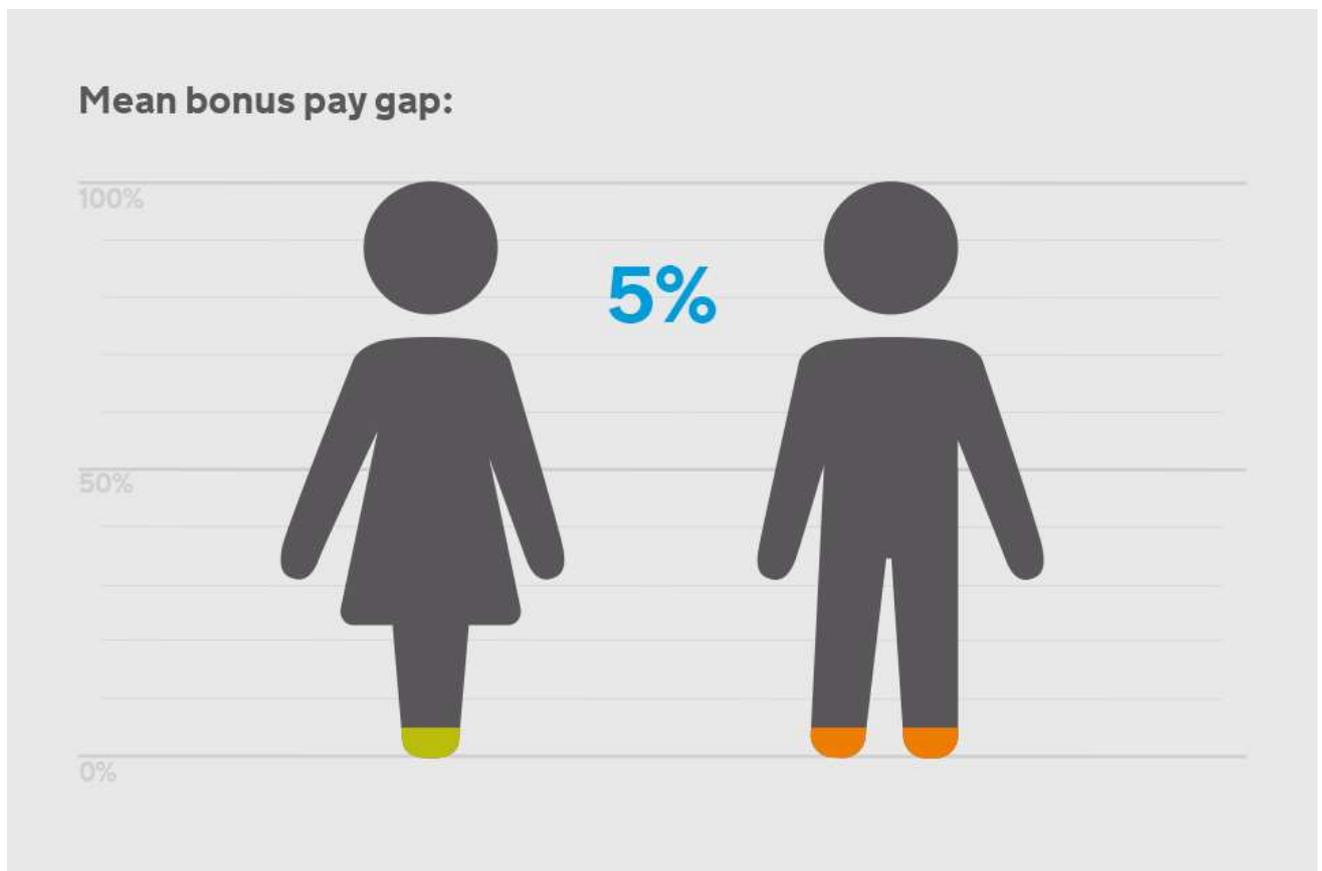
The median hourly rate for men is £12.45

Median gender pay gap is 12.5%

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. HMRC and VOA have individually analysed and published their gender pay gap results in more depth and both organisations have found that the differences reduce dramatically when detailed by grade.

Bonus pay

The structure of our workforce also influences our mean bonus pay gap, which sits at 5.0% (9.1% in 2017).



At HMRC and VOA 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 pay gap.

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

Bonus payments are made to staff in a variety of ways. In HMRC, end-of-year and in-year awards are paid, though end-of-year awards were phased out in 2018. In VOA, bonuses are paid solely for in-year performance.

While our bonus pay gap figures are affected by small value Simply Thanks bonuses, the comparison above with last year's figures shows that the change isn't directly caused by the inclusion of contractors this year, as this group is excluded from receiving a Simply Thanks bonus.

The bonus gender pay gap is affected by 2 main factors:

- all HMRC end-of-year performance payments are paid according to grade with increasingly greater amounts paid to people 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 55% are women

Actions

We have pay and conditions of employment which are gender neutral by design with a view to ensuring that men and women are paid the same for doing like work, work rated as equivalent or work of equal value. Our recruitment and promotion policies are based on the Civil Service principle of fair and open competition.

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, accessibility of our offer is at the heart of our thinking around our talent and development programmes.

Internally, we are reviewing our Spring, Leap and Ascend programmes to develop a more regionally based offer rather than single location residential event. Across government we are working with CS Talent to increase the regional offer for the centrally-run Future Leaders Scheme and Senior Leaders Scheme programmes and we are also joining up with Other Government Departments (OGDs) to explore additional opportunities to create cross departmental networks outside London.

Through this work our aim is to provide an offer that is accessible to all our people and that recognises the challenge for colleagues with caring responsibilities to otherwise participate.

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.

Wellbeing

Raising awareness of work-life balance and caring responsibilities, regardless of gender identity. We want to foster an environment where we can talk openly about health concerns, providing support to our colleagues and managers.

Performance management

Following the review of the performance management system we have introduced the new approach to performance and development conversations in July 2018 within HMRC. This will improve areas of development, engagement, and productivity. We also trialled the provision of in-year bonuses and rewards with some business areas and we now need to gather and compare the results.

SCS locations

We are actively increasing the number of SCS roles outside London and therefore developing career opportunities across the regions. We currently have 3 SCS roles filled by job share, and this is always considered as part of our vacancy planning process at SCS level.

Calculations

Our calculations followed the [legislative requirements](#) and we confirm the data reported is accurate. All staff who were deemed to be full pay relevant employees were included in the gender hourly pay gap calculations. This includes 207 contractors for the first time.

Annex A

Workforce demographics

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

HMRC and VOA 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	10,052 (32.3%)	16,965 (44.3%)	69.3%
EO	7,071 (22.7%)	9,254 (24.1%)	59.9%
HEO/SEO	9,592 (30.8%)	8,964 (23.4%)	47.7%
Band T	657 (2.1%)	326 (0.9%)	33.2%
Grade 6/7	3,381 (10.9%)	2,578 (6.7%)	43.3%
SCS	225 (0.7%)	174 (0.5%)	40.6%
Contractor (non-grade equivalent)	140 (0.4%)	67 (0.2%)	32.3%

Total	31,118	38,328	55.2%
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Note: 14 people who were not assigned a grade have been excluded from this table.

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

2018 Civil Service 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	63,465 (32%)	84,814 (37%)	57%
EO	47,806 (24%)	62,295 (27%)	57%
HEO/SEO	53,705 (27%)	52,442 (23%)	49%
Grade 6/7	24,500 (12%)	21,110 (9%)	46%
SCS (centrally managed only)	2,598 (2%)	1,973 (1%)	43%
Total (including those with unknown grade)	198,420	231,655	54%

Annex B

2018 HMRC and VOA combined gender pay gap results

	%
Mean gender pay gap - ordinary pay	8.5%
Median gender pay gap - ordinary pay	13.5%
Mean gender pay gap - bonus pay in the 12 months ending 31 March	5.0%
Median gender pay gap - bonus pay in the 12 months ending 31 March	-16.7%
The proportion of male employees paid a bonus in the 12 months ending 31 March	59.2%
The proportion of female employees paid a bonus in the 12 months ending 31 March	59.2%

Proportion of male and female full pay relevant employees in each quartile.

Quartile	Female %	Male %
First (lower) quartile	54.3%	45.7%
Second quartile	64.4%	35.6%
Third quartile	54.0%	46.0%
Fourth (upper) quartile	47.2%	52.8%

Total staff

Female	38,336
Male	31,124
Total	69,460

2017 HMRC and VOA combined gender pay gap results

	%
Mean gender pay gap - hourly pay	8.9%
Median gender pay gap - hourly pay	12.5%
Mean gender pay gap - bonus pay in the 12 months ending 31 March	9.1%

Median gender pay gap - bonus pay in the 12 months ending 31 March	0.0%
The proportion of male employees paid a bonus in the 12 months ending 31 March	54.3%
The proportion of female employees paid a bonus in the 12 months ending 31 March	55.6%

Proportion of male and female full pay relevant employees in each quartile.

Quartile	Female %	Male %
First (lower) quartile	54.6%	45.4%
Second quartile	66.0%	34.0%
Third quartile	53.8%	46.2%
Fourth (upper) quartile	46.7%	53.3%

Total staff

Female	40,837
Male	32,597
Total	73,434