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Permanent Secretary


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Rt Hon Nicky Morgan MP
Treasury Select Committee Chair

Via email only

18 December 2017

Dear Nicky,

HM TREASURY: GENDER PAY GAP, 2016-17

As promised in my letter of 27th November, I attach the Treasury's gender pay gap report, which we are publishing today.

As required by the legislation, the report sets out consolidated figures covering staff in HM Treasury (HMT) itself and also the Government Internal Audit Agency (GIAA), the Debt Management Office (DMO) and the National Infrastructure Commission (NIC). We are also publishing the figures for HM Treasury alone.

The headline figures are that the Treasury group has a mean pay gap of 7.1 per cent, and a median pay gap of 13.7 per cent.

For HM Treasury alone, the figures are 3.4 per cent (mean), and 14.6 per cent (median).

Across the whole civil service, the comparative figures are 8.7 per cent (mean) and 9.7 per cent (median).

The reason for the pay gap is not that men and women are paid differently for doing the same work. Rather, it is that we have more men than women in senior positions, and more women than men at more junior levels. This has been a matter of concern for some time, and something we have been trying to address (with some success: in the Treasury, women now make up 43.4 per cent of our senior civil service (SCS), up from 40.2 per cent two years ago).

The figures we are publishing today also show that we have a particular problem with bonus payments, where in 2016-17 the mean gap for HMT was 20.7 per cent and the median gap was 10.0 per cent. This is well above the civil service average. (The figures are higher still for the broader Treasury group, including the agencies, at 33.5 per cent and 20.0 per cent, reflecting a more unequal distribution of bonuses in the agencies than in the Treasury.)

The main reason for this gap is that bonuses are higher for senior staff than for junior staff; and, in 2016-17, men in senior grades were more likely than women to be paid bonuses. For the Treasury's SCS in 2016-17 the male/female split was 71/29 for end-year bonuses, and 69/31 for in-year bonuses.

This is something we have addressed this year, when we scrutinised our decisions on bonuses very closely to ensure that we were treating men and women equally and fairly, and avoiding any unconscious bias in our assessments. This year (in 2017-18 to date) the male/female split for the Treasury's SCS is 55/45 for end-year bonuses, and 50/50 for in-year bonuses.

We are also taking action to improve the representation of women in the department, particularly at senior levels: through our recruitment, through our talent development programmes, and through our senior appointments. Since March we have a 50/50 split across the group of directors and directors general. Our aim is to achieve a 50/50 split at all levels in the department by 2020. That is the main action we need to take to close the gender pay gap.

Taking all this into account, I hope that the figures we report next year, in respect of 2017-18, will show further progress.

Yours,
Tom.

Tom Scholar