

Gender Pay Gap Report 2021



At Farrer & Co, we are committed to narrowing our gender pay gap. The pay data is prepared as at 5 April 2021. For ease of comparison, we have included our 2020 figures in a separate column.

Introduction

This is our fourth external gender pay gap report. We are committed to narrowing our gender pay gap and have actively put measures in place to achieve this, which we set out in this report.

All of the data has been calculated using our reporting tool GapSquare, and our previous gender pay reports are available on our website.

The report is divided into three main sections:

1. Section One of this report focuses on our statutory obligations and includes some analysis of the data.
2. Section Two provides additional data and analysis, including partner data. Although partner data is not a statutory obligation, being as open and transparent as we can be are values we live by and reporting on all aspects of the gender pay gap is a demonstration of this. We believe that reporting on and seeking to address ways to narrow and eventually eliminate (where possible) the gaps are important measures by which the firm will be viewed by its partners, employees, and clients.
3. Section Three provides details of the firm's current initiatives and actions since our last report.

Before we take each section in turn, it is important to remember the difference between "gender pay gap" and "equal pay".

Gender pay gap information falls within The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which came into force on 6 April 2017. The regulations require all employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between male and female employees.

By contrast, equal pay is the right to be paid the same level of pay for "like work", work rated as equivalent and work of equal value; whereas the gender pay gap is the difference in average pay and bonuses received by male and female employees within a workforce, irrespective of their role, responsibilities, or seniority.

Section 1: Employee data (all relevant employees excluding partners)

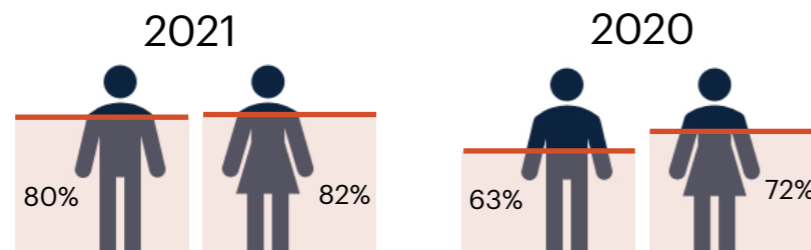
Employees pay and bonus gaps

	2021	2020
Mean pay gap	21%	24%
Median pay gap	23%	34%
Mean bonus gap	54%	49%
Median bonus gap	33%	59%

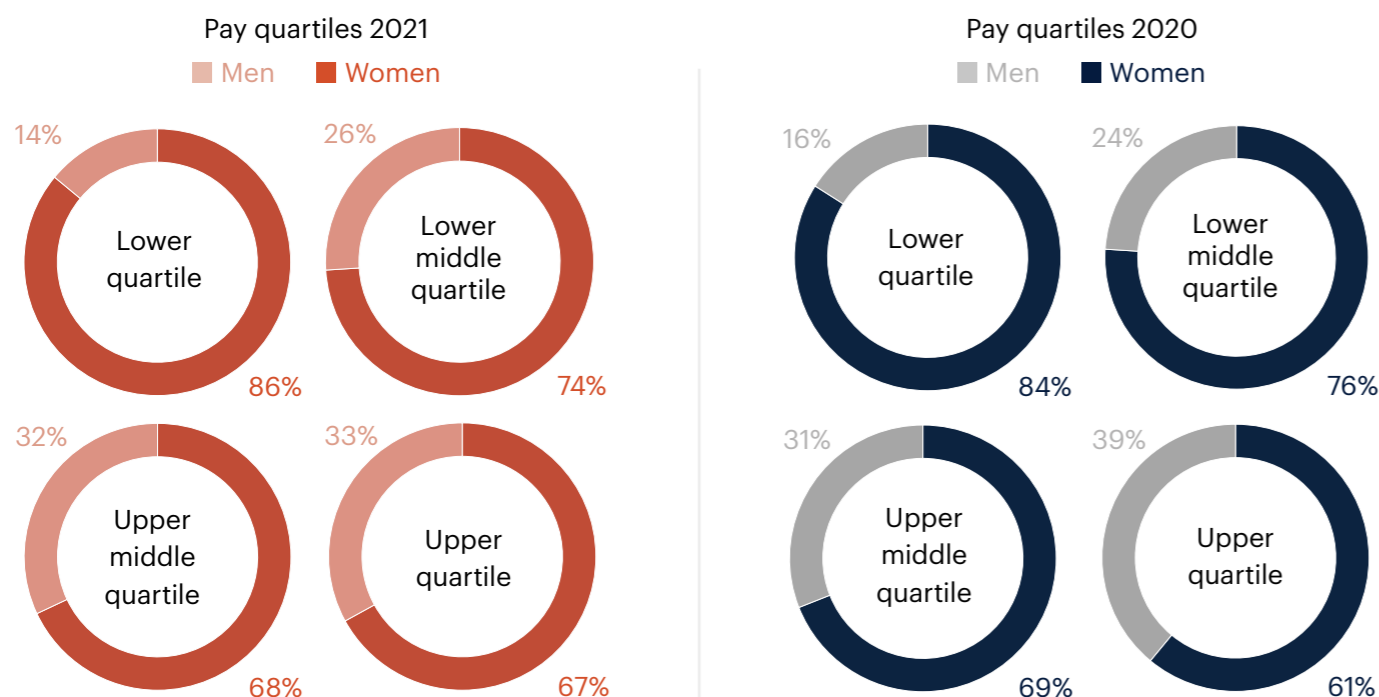
The *mean* is the average of all of the numbers in a data set. To calculate this, you add up all of the numbers and divide the result by how many numbers you are dealing with.

The *median* is the numerical value which sits between the top 50% of the population and the bottom 50%. To find the median, you list all of the values in descending order to find the number that sits in the middle.

Proportion of men and women receiving a bonus payment (excluding partners)



These charts show the percentage by gender in each of the pay quartiles (salary plus bonus on an FTE basis) across the employee population (excluding partners).



Analysis in brief (employee data)

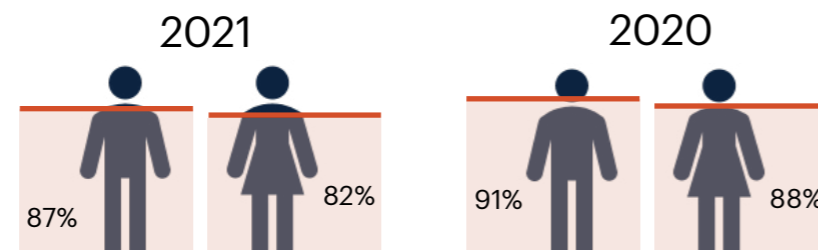
- On a mean basis, our pay gap has reduced by 3% and the median pay gap has reduced by 11%.
- Analysis of the pay gap quartiles reveals that the biggest contributor to the overall mean pay gap is the upper quartile. Within the middle quartiles the pay is quite balanced or favours women. This suggests that the pay gap will reduce over time through promotion.
- The representation of women has improved in the upper quartile; however, women are joining that quartile at the lower end through promotion. There has also been an increase in women joining the firm in the lower quartiles.
- The mean bonus gap has increased by 5% since last year and this can be attributed to the impact of one or two bonuses at the higher end of the scale.
- The median bonus gap has decreased substantially from 59% to 33%. This improvement is due to a change to the firm's bonus scheme to align with our one firm ethos – Trainees, Practice Assistants (95% of whom are female) and Business Services Bands A & B (63% of whom are female) are eligible to receive a firm bonus in addition to a personal bonus.
- It is important to note that bonus gaps appear more significant than pay gaps because the regulations require that the bonus gap is calculated on the actual figure rather than on a full time equivalent (FTE) basis. Our bonus payments are pro-rated in accordance with the number of hours worked and are based on a percentage of base salary.
- The proportion of women receiving a bonus remains higher than men, however the average female bonus is lower. This can be explained by the following combination of reasons:
 - Significantly more women in the firm work part-time (as at 5 April 2021 92% of part-time employees in the firm are female), therefore the figures for women are disproportionately affected. We are encouraging flexibility primarily to assist with wellbeing and achieving work life balance. We are keen to support more men to balance their work and home lives in this way.
 - A higher percentage of men receive a bonus in the upper quartile, whereas a higher percentage of women receive a bonus in the lower, lower middle and upper middle quartiles. The upper quartile is therefore the biggest contributor towards the mean bonus gap.

Section 2: Partner data

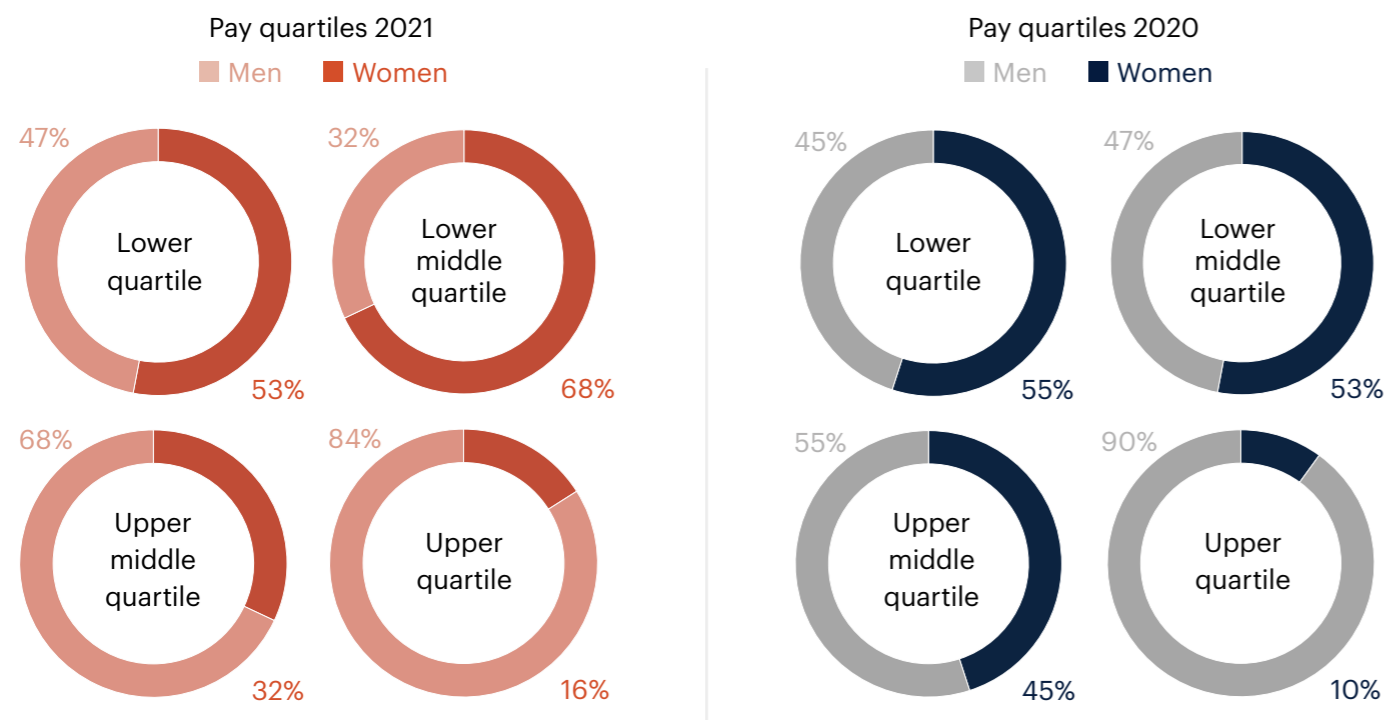
Partners pay and bonus gaps

	2021	2020
Mean pay gap	41%	39%
Median pay gap	54%	46%
Mean bonus gap	-3%	10%
Median bonus gap	-7%	11%

Proportion of men and women eligible partners receiving a bonus payment



These charts show the percentage by gender in each of the pay quartiles (salary plus bonus on an FTE basis) across the partner population.



Analysis in brief (partner data)

Pay analysis

- As at 5 April 2021, the partnership is 42% female; a 1% increase from last year.
- The mean pay gap for partners has remained significant at 41% and has increased slightly since last year. This is due to the gender breakdown at different levels within the partnership. We continue to build the pipeline of female leaders: 53% of those promoted to the partnership in the last five years (up to and including May 2021) are women.
- Whilst a large increase in the proportion of women in the upper quartile is positive, this effect has been offset by an increase of women in the lower middle quartile which has contributed to a higher median pay gap.
- The median female partner continues to sit in the lower quartile and the median male partner is in the upper middle quartile.
- If we look at the pay gap for partners excluding full equity partners, it drops to 10% on a mean basis (compared to 15% last year) and -5% on a median basis (compared to 30% last year). This reflects the improvement of female representation in the partnership (42%); however, we continue to have a higher proportion of men at the equity level.

Bonus analysis

- In contrast to the partner pay gaps, the partner bonus gaps are in favour of women. Last year, the bonus gap (in favour of men) in the partnership had almost halved from 2019.
- The gap in favour of women can be explained by the higher percentage of women receiving a bonus in the upper quartile this year, compared to last year when a higher percentage of women received a bonus in the lower quartile.

Whole firm including partners

The median pay gap has reduced by 17% this year. A larger proportion of women moving into the upper middle quartile this year is the biggest contributor to the narrowing of this gap.

The median bonus gap has substantially narrowed by 34% compared to last year, and we attribute this to the change to the firm's bonus scheme.

	2021	2020	2019
Mean pay gap	55%	54%	55%
Median pay gap	21%	38%	36%
Mean bonus gap	50%	50%	51%
Median bonus gap	37%	71%	67%

Section 3: Current initiatives and actions since our last report

In December 2020 we shared our 3-year Diversity & Inclusion strategy with the firm. As part of that, we have been updating our diversity data with a view to publishing other pay gap data in the future.

This year we launched a new HR system and aim to use this to improve the detail of our diversity data. The firm is committed to increasing the diversity of its workforce by recruiting, developing, reward, promoting and retaining the most talented people.

We are committed to continuing to develop our policies and practices and act where possible to reduce our gender pay gap. We believe this requires a holistic approach, looking at all aspects of our people strategy, from recruitment through to work allocation and promotion, supported by internal networks and external partnerships. Below we set out a summary of just some of the steps we have taken and continue to take in this regard. Improving gender equality and ensuring career progression is open to all is a key part of the firm's Diversity & Inclusion strategy.

Our people policies are assessed for gender impact and in 2021 that included introducing gender neutral terminology.

We recognise that language reflects and influences attitudes, behaviours and perceptions and that the words we use have the potential both to promote and hinder equality and inclusion. With that in mind, we have developed and implemented our own firm-wide best practice guidance on gender-neutral language. We have established points of contact across the firm to support everyone in their use of inclusive language.

This year, we have introduced policies to further support our people including Fertility and Reproductive Health Support, Domestic Abuse Support, Menopause Support and Pregnancy Loss Support. We have enhanced pay during maternity, adoption and shared parental leave and removed restrictions from shared parental leave, both of which we hope will encourage greater take up by men. We have long supported flexible and part time working at the firm and actively encourage its take up, by all. Our new agile working framework supports agility of location and, along with our existing flexible working policy, we think it will benefit women and men in balancing their work and other commitments.

Our women's network acts as a representative voice on gender issues. For example, this year, some of its members reviewed and fed back on relevant HR policies being introduced. The network also chaired a panel discussion to mark International Women's Day, discussing ways in which women in different roles across the firm have faced and challenged biases.

We wish to ensure we are continuously abreast of best practice and that we draw on the expertise of external organisations: our corporate memberships of Working Families and Cityparents will enable us to continue to do this. We use the Working Families "Happy to talk flexible" strapline to signal that all of our roles can be done in a flexible or agile way.

We confirm that the data in this report is accurate to the best of our knowledge and belief.



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