

# Gender Pay Gap Report 2022



At Farrer & Co, we are committed to narrowing our gender pay gap. The pay data is prepared as of 5 April 2022. For ease of comparison, we have included our 2021 figures in a separate column.

## Introduction

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This is our fifth 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 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, we choose to include this as it better reflects the overall gender balance of the whole firm. 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 men and women.

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 men and women within a workforce, irrespective of their role, responsibilities, or seniority.

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

## Employees pay and bonus gaps

	2022	2021
Mean pay gap	22%	21%
Median pay gap	26%	23%
Mean bonus gap	29%	54%
Median bonus gap	52%	33%

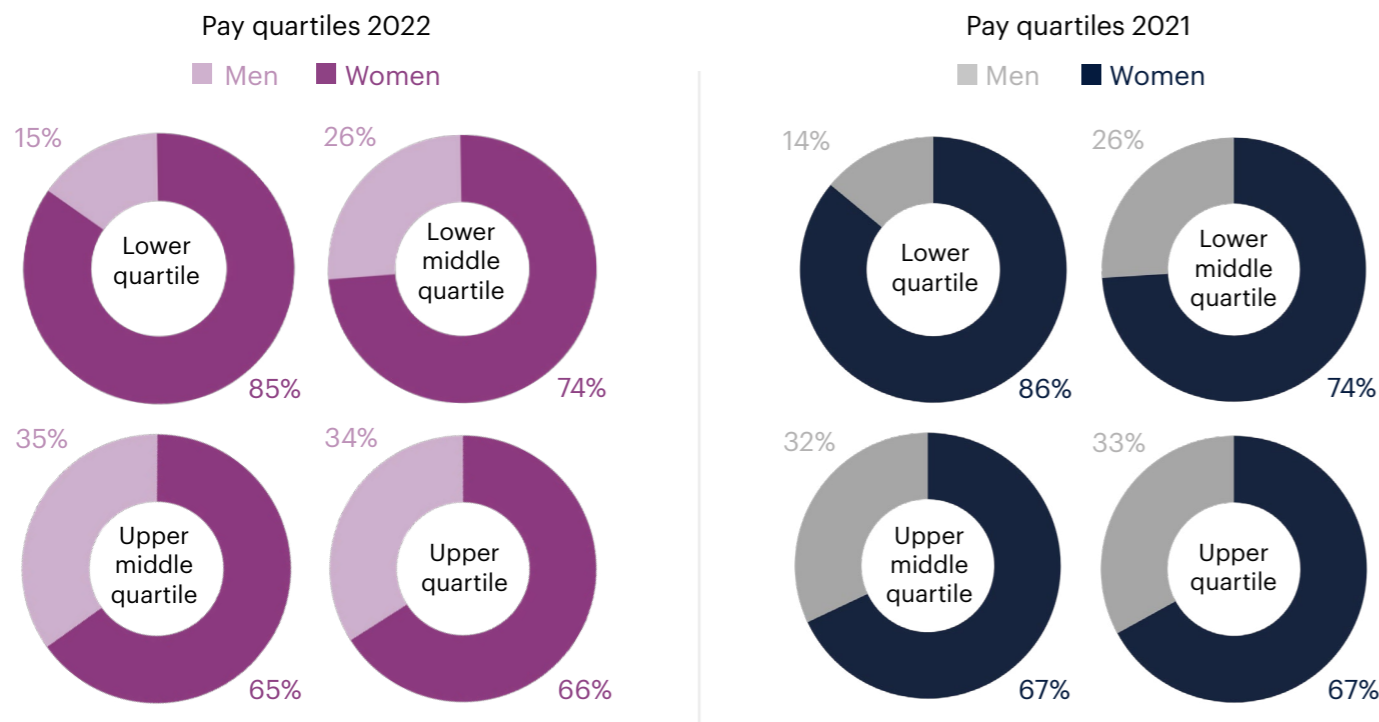
The *mean* is the average of all of the numbers in a data set. To calculate this, you add up all of the numbers and divide the result by how many numbers you are dealing with.

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 increased by 1% and the median pay gap has increased by 3%.
- 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, it is quite balanced or favours women.
- The representation of women has remained higher than men in all four quartiles; however, women are joining each of the quartile at the lower end through promotion. The representation of men among the lower pay quartiles remains significantly lower than women.
- The mean bonus gap has reduced significantly by 25% since last year and this can be attributed to the higher bonus earners of last year leaving the scheme.
- The median bonus gap has increased from 33% to 52%. This can be attributed to a higher proportion of women in the lower and lower middle pay quartiles, and we hope for this to reduce over time in part through promotion.
- 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 calculated on a percentage of base salary.
- The proportion of women receiving a bonus remains higher than men, however the average bonus for women is lower. This can be explained by the following combination of reasons:
  - Significantly more women in the firm work part-time (as of 5 April 2022 94% of part-time employees in the firm are women); therefore, the figures for women are disproportionately affected. We continue to actively promote 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. Bonus entitlement levels are more likely to be smaller at the lower quartiles compared to our overall percentage at the upper quartiles. The upper quartile is therefore the biggest contributor towards the mean bonus gap.

## Section 2: Partner data

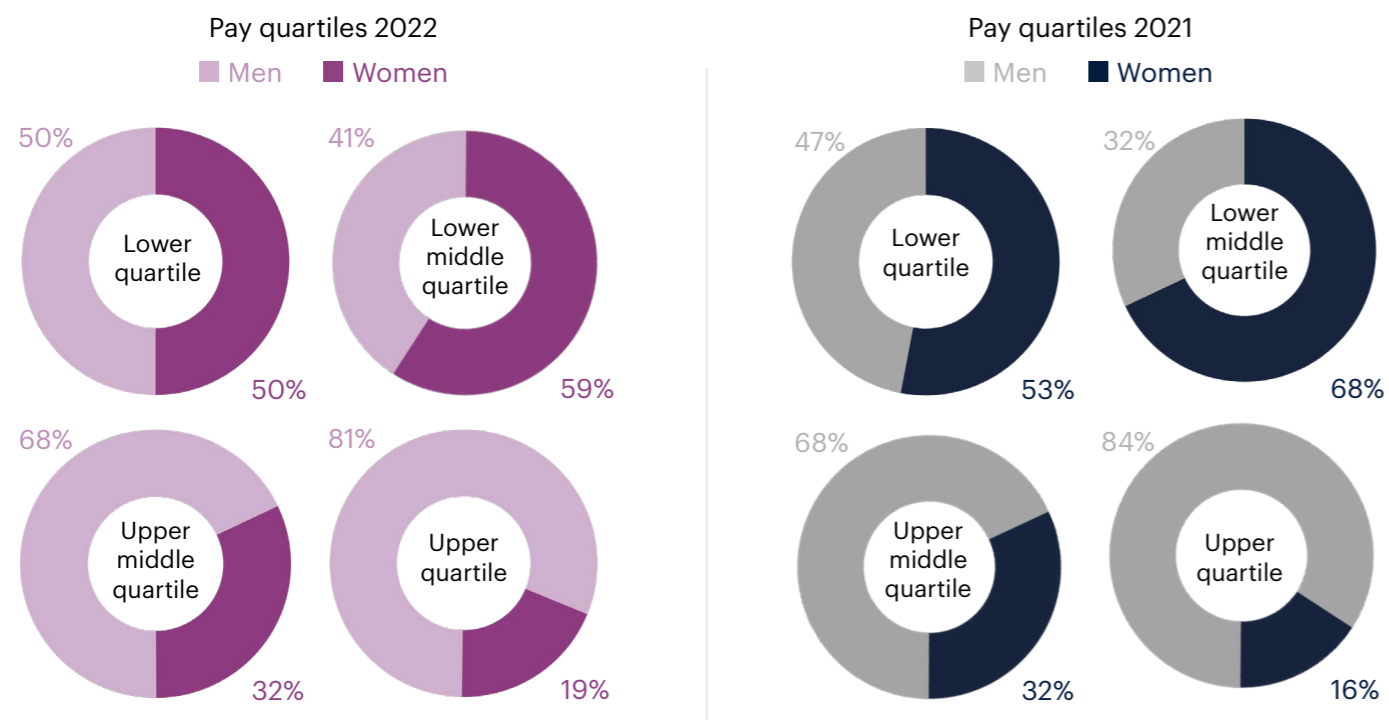
### Partners pay and bonus gaps

	2022	2021
Mean pay gap	34%	41%
Median pay gap	35%	54%
Mean bonus gap	5%	-3%
Median bonus gap	6%	-7%

### 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 of 5 April 2022, the partnership is 44% women, which represents a 2% increase from last year.
- The mean pay gap for partners has reduced to 34% since last year. This is due to the gender breakdown at different levels within the partnership. We continue to build the pipeline of women leaders: 47% of those promoted to the partnership in the last five years (up to and including May 2022) are women.
- We continue to see an increase of women in the upper quartile, and we continue to see progress towards a more equal distribution in the lower and lower middle quartiles.
- The median for partners who are women continues to sit at the top of the lower middle quartile and the median for partners who are men is in the upper middle quartile.
- If we look at the pay gap for partners excluding full equity partners, it drops to 6.3% on a mean basis (compared to 10% last year) and -1.7% on a median basis (compared to -5% last year). This reflects the improvement of women representation in the partnership (44%) as at April 2022; however, we continue to have a higher proportion of men at the equity level.
- When we compare our pay gap for partners to 2018 data, we can see improvement in the mean and median pay gaps.

### Whole firm analysis

The median pay gap has increased by 1% this year. We continue to have a larger proportion of men in the upper middle quartile.

The mean bonus gap has reduced by 16% compared to last year, and we attribute this to the change in figures seen in the employee data.

	2022	2021
Mean pay gap	53%	55%
Median pay gap	22%	21%
Mean bonus gap	34%	50%
Median bonus gap	38%	37%

## Section 3: Current initiatives and actions since our last report

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In May 2022, the firm appointed a new Senior Diversity & Inclusion Manager, with their key focus to develop the firm's new 3-year Equity, Diversity, and Inclusion strategy. This will be launched in May 2023.

The firm remains committed to improving our gender pay gap, and we believe that 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, is the way in which this will be achieved. 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 Equity, Diversity & Inclusion strategy.

We undertook a complete reward review in late 2021 and from May 2023 we are making several changes to our career structures to make them clearer for progression, and to our bonus schemes.

Last year, we introduced policies to further support our people including Fertility and Reproductive Health Support, Domestic Abuse Support, Menopause Support and Pregnancy Loss Support. This year, we have taken practical steps taken to support those policies, including the following actions:

1. We have continued to embed and support our agile and hybrid working framework. We hope that over time, as the hybrid and agile working policy is further embedded into the firm, we see a rise in the number of men who take up more flexible and part-time working options.
2. We continue to provide a privacy/breastfeeding room to support those parents returning to work who are still breastfeeding their children.
3. A new partnership with Grace & Green to supply free period products throughout our offices for those who may need them.

Under our new strategy, our internal networks have undergone some structural changes to give them more autonomy and responsibility. Our gender equity network will continue its work supporting our ED&I and HR team to deliver meaningful and practical improvements in how the firm addresses this area.

We continue to draw on the expertise of external organisations and are proud to continue our corporate memberships with Working Families and Worklife Central.

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

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