

# Gender Pay Gap Report 2019



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At Farrer & Co, we are committed to narrowing our gender pay gap. We have actively put measures in place to achieve this. It will take time for a significant impact to be seen. This report outlines our action plan and areas of focus, as well as reporting on the figures for the relevant period. The pay data is prepared as at 5 April 2019. For ease of comparison, we have included our 2018 figures in a separate column.

# Introduction

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This is our third gender pay gap report with pay data as at 5 April 2019. All the data including the 2018 comparison has been calculated using our new reporting tool GapSquare.

## The report is divided into four main sections:

**Section 1** of this report focuses on what would otherwise be our statutory obligations and includes some analysis of the data. Although statutory reporting has been suspended this year, we are following the format of what the obligations usually are for transparency and to allow for year on year comparison of results.

**Section 2** provides additional data to include partners. Although publishing 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 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.

**Section 3** outlines the findings.

**Section 4** sets out some of our current initiatives.

## Reminder of the difference between “gender pay gap” and “equal pay”.

### Gender pay gap

Gender pay gap falls within The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and 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.

### Equal pay

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.

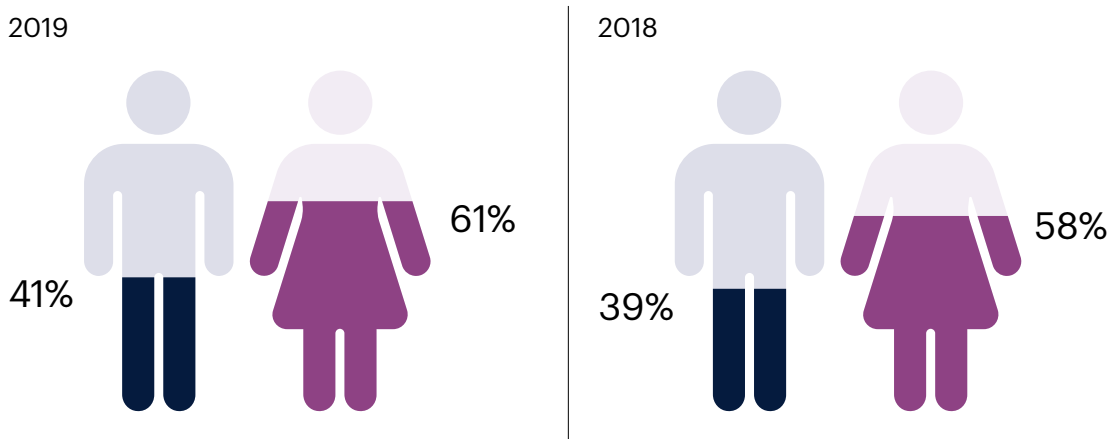
# Section 1: Employee data

(all relevant employees excluding partners)

## Pay and bonus gap

|                                    | 2019 | 2018 |
|------------------------------------|------|------|
| Mean <sup>1</sup> gender pay gap   | 18%  | 25%  |
| Median <sup>2</sup> gender pay gap | 34%  | 37%  |
| Mean bonus gender pay gap          | 47%  | 41%  |
| Median bonus gender pay gap        | 64%  | 55%  |

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



## Pay and bonus quartiles

Each quartile has its own separate pay and bonus gaps; comparing them shows what levels of pay and bonus present the key imbalances and breaks down the firm's overall pay and bonus gaps.

The lowest quartile is the group that is paid the least, and the highest quartile is paid the most. What the data shows for this year is that one in four females are high earners (in the upper quartile) and one in three females are low earners (in the low quartile).

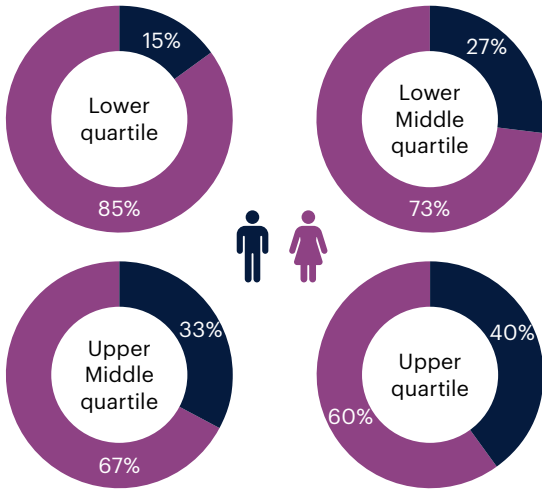
<sup>1</sup> The mean is the average of all the numbers in a data set. To calculate this, you add up all of the numbers and divide the result by how many numbers you are dealing with.

<sup>2</sup> 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.

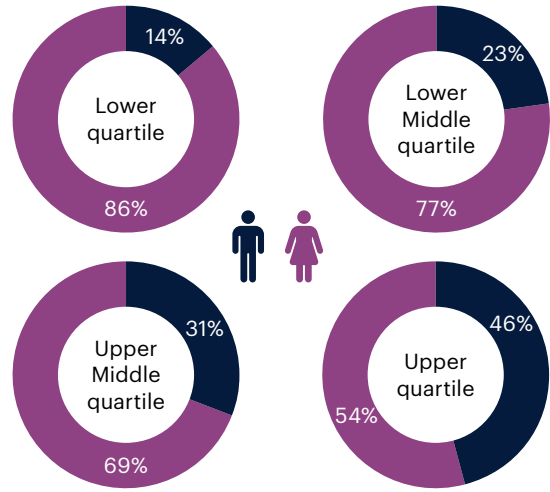
### Pay Distribution

The table below shows the distribution of men and women in each of the pay quartiles across the employee population (excluding partners).

Pay quartiles 2019



Pay quartiles 2018

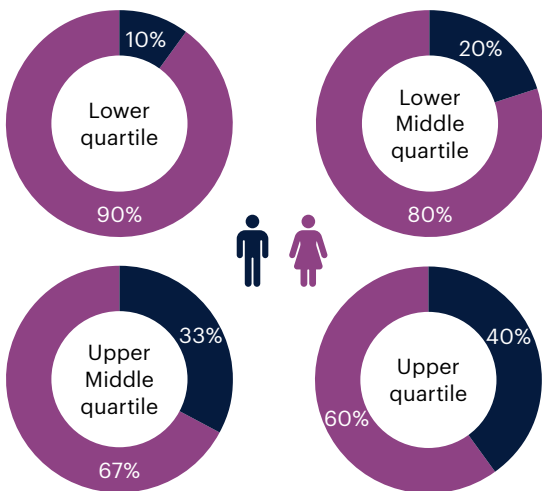


- The mean gender pay gap in the lower quartile is -2.2% in favour of women
- The mean gender pay gap in the lower middle quartile is 2.69%
- The mean gender pay gap in the upper middle quartile is -5.78% in favour of women
- The mean gender pay gap in the upper quartile is 14.72%

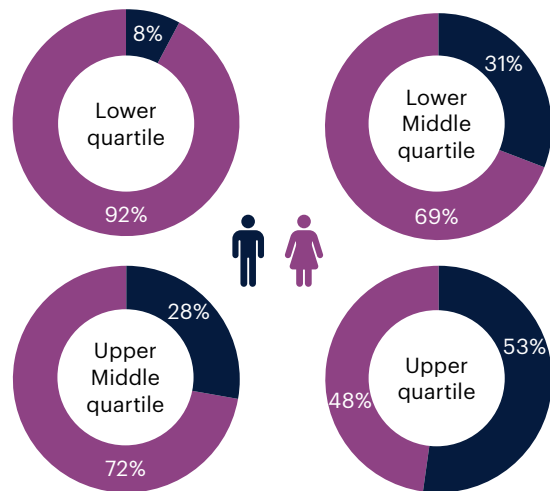
### Bonus Distribution

The table below shows the distribution of men and women in each of the bonus quartiles across the employee population (excluding partners).

Pay quartiles 2019



Pay quartiles 2018



- The mean gender bonus gap in the lower quartile is 15.49%.
- The mean gender bonus gap in the lower middle quartile is 6.95%
- The mean gender bonus gap in the upper middle quartile is -10.62% in favour of women.
- The mean gender bonus gap in the upper quartile is 24.65%.

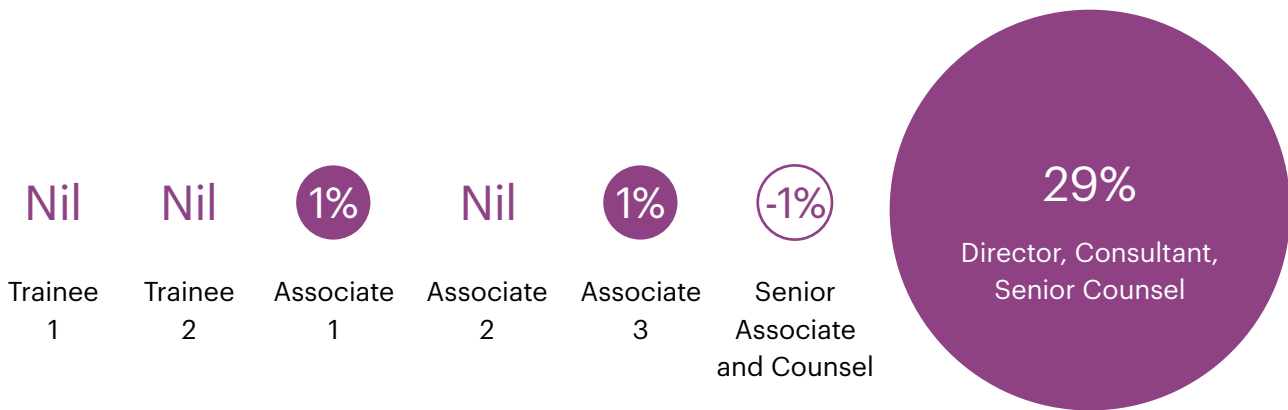
**Pay and bonus gaps broken down by job category**

The table below shows the pay and bonus gaps (excluding salary sacrifice) across employees' job categories (excluding partners)

|                             | Total | Fee Earners<br>(excluding partners) | Secretaries | Business Services<br>(excluding secretaries) |
|-----------------------------|-------|-------------------------------------|-------------|--|
| Mean gender pay gap         | 23%   | 10%                                 | -2%         | 7%   |
| Median gender pay gap       | 35%   | 5%                                  | 1%          | 6%   |
| Mean bonus gender pay gap   | 47%   | 34%                                 | 6%          | 16%  |
| Median bonus gender pay gap | 64%   | 45%                                 | 10%         | 14%  |

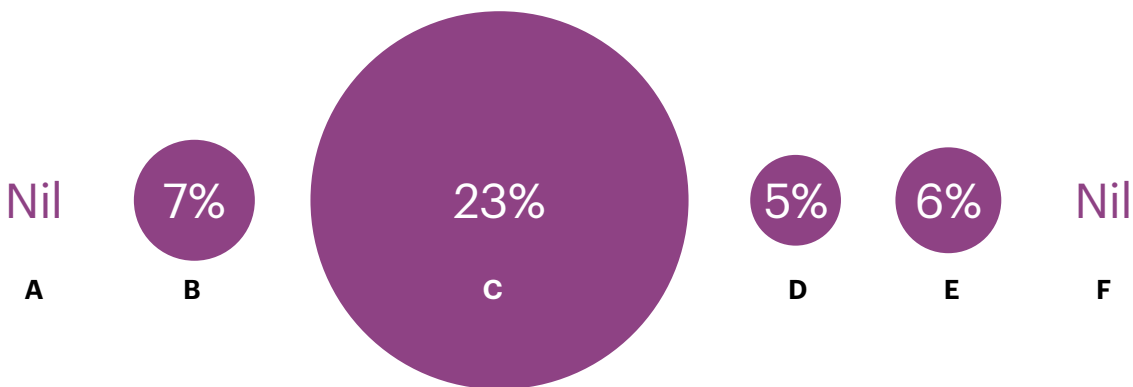
**Fee earner pay gap broken down by roles**

Fee Earner Roles with the mean percentage pay gap (excluding salary sacrifice)



**Business Services pay gap broken down by role level**

Business Service Roles with the mean percentage pay gap (excluding salary sacrifice)

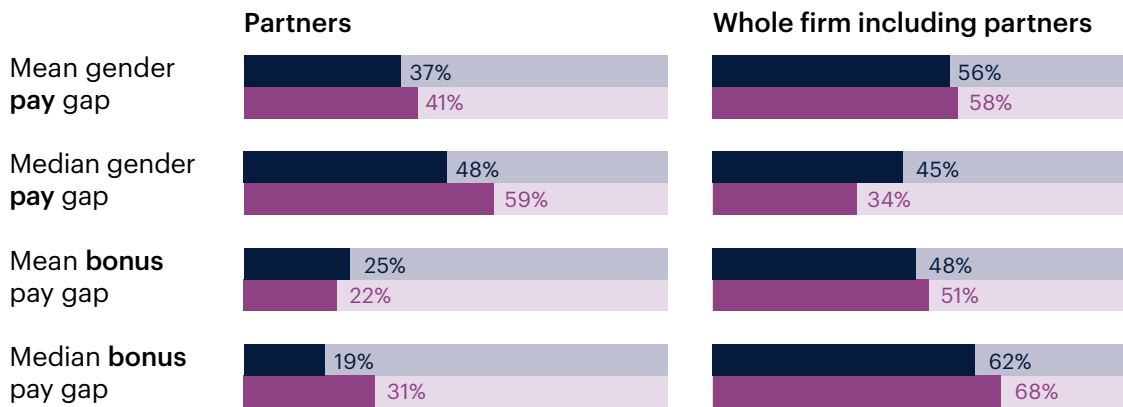




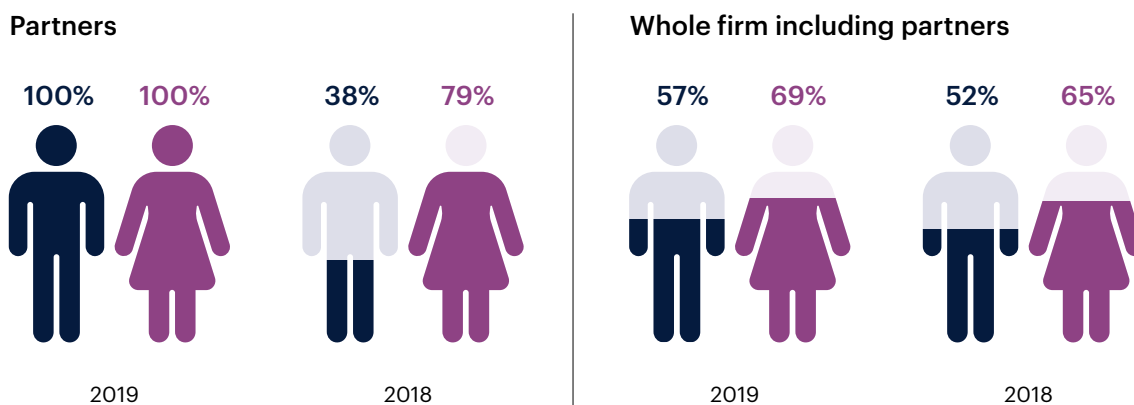
# Section 2: Partner<sup>3</sup> data

## Pay and bonus gaps

● 2019 ● 2018



## Proportion of males and females receiving a bonus.<sup>4</sup>



The table below shows the pay quartile distribution by gender across the partners only and the whole firm including all partners.

|                       |        | Partners |      | Whole firm including partners |      |
|-----------------------|--------|----------|------|-------------------------------|------|
|                       |        | 2019     | 2018 | 2019                          | 2018 |
| Lower quartile        | Male   | 42%      | 42%  | 18%                           | 17%  |
|                       | Female | 58%      | 58%  | 82%                           | 83%  |
| Lower middle quartile | Male   | 68%      | 61%  | 33%                           | 29%  |
|                       | Female | 32%      | 39%  | 67%                           | 71%  |
| Upper middle quartile | Male   | 63%      | 53%  | 33%                           | 32%  |
|                       | Female | 37%      | 47%  | 67%                           | 68%  |
| Upper quartile        | Male   | 89%      | 91%  | 59%                           | 61%  |
|                       | Female | 11%      | 9%   | 41%                           | 39%  |

<sup>3</sup> Partner data including Equity where applicable.

<sup>4</sup> The 2018 figures were calculated differently by using a larger data set which skews the percentages. The calculations for 2019 and beyond will be using a more illustrative data set for partners which means for this data only we will not be using the GapSquare tool.

# Section 3: Findings

## Employee Data

### General analysis

In both the pay and bonus quartiles, one in four females are in the upper quartile and one in three are in the lower quartile.

Our total mean and median pay gaps have narrowed since the last report.

Our mean and median bonus gaps are wider than the equivalent pay gaps. One of the main reasons for this is the impact that part-time working has on bonus gaps. The bonus gap appears significant because of the requirement to report on actual bonus payments rather than the full-time equivalent (FTE). Nonetheless, the bonus gap has widened since the last report. We believe this can be explained by looking more closely at the employee job categories (see below).

The proportion of men and women receiving a bonus is influenced by the employee's eligibility to participate in the bonus scheme based on the bonus scheme rules. While the proportion of women receiving a bonus remains higher than men, the average female bonus is lower than the average male bonus. This can be explained by the following combination of reasons.

- As mentioned above, the regulations require that the bonus gap be reported on the actual figure rather than FTE basis. Our bonus payments are pro-rated in accordance with the number of hours worked and based on a percentage of base salary. As significantly more women at the firm work part-time (as at 5 April 2019 89.32% of part-time employees in the firm are female) the figures for women

are disproportionately affected. We are encouraging flexibility primarily to assist with achieving work life balance and wellbeing. We would like to support more men to balance their work and home lives in a similar way. If we look at bonus figures on an FTE basis, the mean bonus gap for all employees drops by nine percentage points to 38% and for fee earners only the bonus gap drops from 34% to 25%.

- Women make up a large percentage of the lower and lower-middle pay quartiles, and as a result the FTE bonus amounts are lower.
- As mentioned in our last report, we changed the firm's bonus scheme to align with our one-firm ethos – from the firm's 2019/2020 financial year, all secretaries (96% of whom are female) will now be eligible to receive a firm bonus in addition to a personal bonus. We anticipate that this will have a positive impact on the mean and median bonus gaps in subsequent reporting years.

### Job Category Analysis

Across the three job categories (fee earners (excluding partners), secretaries and business services), the pay gaps have all narrowed from the previous year. However, the bonus mean and median have widened in the fee earner category. We believe the fee earner change is due in part to the wide range of roles within the fee earner job category from trainees to senior counsel (the latter of which includes senior equity partners who have retired from the partnership and others who are not partners, but who are paid partner-level salaries). The bonus mean and median have also widened in the secretary category. More positively, the bonus gaps for



business services have narrowed.

On closer analysis of fee earner roles, the data show that there is between a 0% and 1% pay gap in the levels from trainee to Senior Associate and Counsel. It is particularly pleasing to note that at Associate 2 there is no gap - this represents a 5.5 percentage point improvement since last year. The most significant change from last year's data is at the Director/Consultant/Senior Counsel level. It is worth bearing in mind that a single equity partner retiring from the partnership and joining this category could represent as much as 3% of the gap.

Whilst the pay gap figures for secretaries have improved the bonus data shows a widening of the gaps which we believe is the result of the impact of part-time working patterns and long term family leave which only applied in this reporting year to the female secretaries

We have seen some positive change in the business services roles pay and bonus gaps and we hope that this trend continues

A closer analysis of the business services population by Band shows that two Bands have remained the same, one has narrowed and one (Band C) has widened by 6.5 percentage points and this is because of the gender make-up within the pay quartiles of the band.

There is no data for this reporting year for business service Bands A and F because the Bands consist only of women.

## Partner Data

### General analysis

We have used the same methodology to produce the mean and median pay data for our partners as we have for our employees

As at 5 April 2019, 38% of our partners are women.

The mean gender bonus gap for Partners has narrowed since we last reported. The percentage of men and women within the partnership receiving a bonus is 100%, however, there is a bonus pay gap in favour of male partners.

The partner pay and bonus gaps are representative of the fact that there are more male partners at the senior end than female. The equity partner population accounts for 24 percentage points of the total 41% pay gap within in the full partnership. 79% of our equity partners are men. If we look at the pay gap for partners excluding full equity partners, it drops to 15% on both the mean and median basis.

We have analysed the gender breakdown at different levels within the partnership. Since our last report, we have 2% more women in the upper quartile of the partnership. In the five years up to and including 1 May 2019, 63% of those promoted into the partnership have been women. In the two years up to and including 1 May 2019, two of the five partners promoted into the equity partnership have been women.

# Section 4: Current initiatives and actions since our last report

The following efforts have been and continue to be made to improve gender equality in the firm and to ensure that the opportunities for career progression are seen by and available to all.

## Promotion and Work Allocation Practices

As part of our continued investment in removing bias from our decision making, we have held and will continue to make available unconscious bias training for all members of the firm. We have held unconscious bias training for all members of the firm. We also ran a session for leaders to highlight the various types of bias potentially affecting promotion and work allocation decisions. This session was subsequently augmented with a [Tool Sheet for Leaders](#) on unconscious bias. The tool sheet gives tips for minimising any potential bias related to career development and performance appraisals and selection including promotions, work allocation and business development opportunities.

## Gender Pay Gap Working Party

The Gender Pay Gap Working Party was formed after we published our first Gender Pay Gap Report. It has created an action plan for the firm's work to narrow the gap. The objectives set for the firm by the working party can be described in terms of career trajectory or progression:

- Ensuring that we attract the best, diverse talent;
- Supporting all our people to achieve their potential (both inside and outside work);
- Supporting a return to work after periods of absence and on a flexible basis; and
- Removing any inadvertently undermining systemic practices to otherwise transparent performance management and progression measures.

These objectives and the groundwork done by the working party form part of the firm's diversity and inclusion strategy 2020-2023, which will be available on the intranet this financial year.

The firm has also invested in Gapsquare, a tool to help us better monitor and address our gender pay gaps. This is now in place and will allow us to report on the gender as well as other areas such as ethnicity pay gaps and equal pay more regularly to the Management Board and Departmental Managing Partners/Business Services Directors and to agree on regular and focussed actions to address the gaps.

## HR Policies

Policies continue to be reviewed. Several have been revised to align more clearly with our gender balance and equality efforts. Since the last report, significant changes to all the family related leave policies were implemented including increasing the enhanced portion of pay during maternity and adoption and shared parental leave; increasing the amount of paternity leave; removing some restrictions from shared parental leave to enable greater flexibility and take-up; changed the terminology of the family leave policies to be gender-neutral.

### Women's Network

Following International Women's Day last year, the Management Board approved the launch of a Women's Network. The network is intended to be an inclusive network open to all. Following a launch event seeking opinions of members of the firm, it was decided that the network's initial objectives would be to work to support an inclusive working environment and to change workplace culture for the better. The network is also intended to be a representative voice to the Management Board on gender equality issues and encourages participation from Gender Allies. It will also collaborate with the existing D&I Forum and our other internal networks. A committee of the Women's Network will be formed, made up of representatives across the firm, to drive forward the objectives of the network.

### Recruitment

We continue to conduct structured interviews to minimise the impact of any potential bias. We have reviewed our questions and removed any questions about current salary to ensure that we do not perpetuate the societal trend of women's salaries being lower.

### Flexible Working

We are very proud of the level of flexible and part-time working the firm has supported over the years. Although it remains that many more women work part-time than men – in fact there was an increase in the percentage (from 85% to 89%) of part-time employees who are female. In the last financial year, seven men have started flexible working and since April this year four men have had

formal flexible working arrangements agreed and two have reduced their hours. We recognise the benefits to our people, our clients and our business. We work to ensure that flexible and smart working is an integral part of our culture. The continued investment in technology has enabled a more seamless, agile culture to have traction.

### Family friendly initiatives and external alliances

There is a strong internal Working Parents network as well as parental transition coaching open to any parent on leave and within 24 months of their return to work.

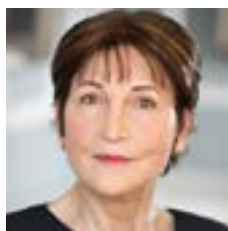
The firm continues its external alliances with Working Families and Cityparents, both of which provides the firm and all employees the support and tools to balance the needs of working parents and a high-performing workplace.

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We confirm that the data in this report is accurate.



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