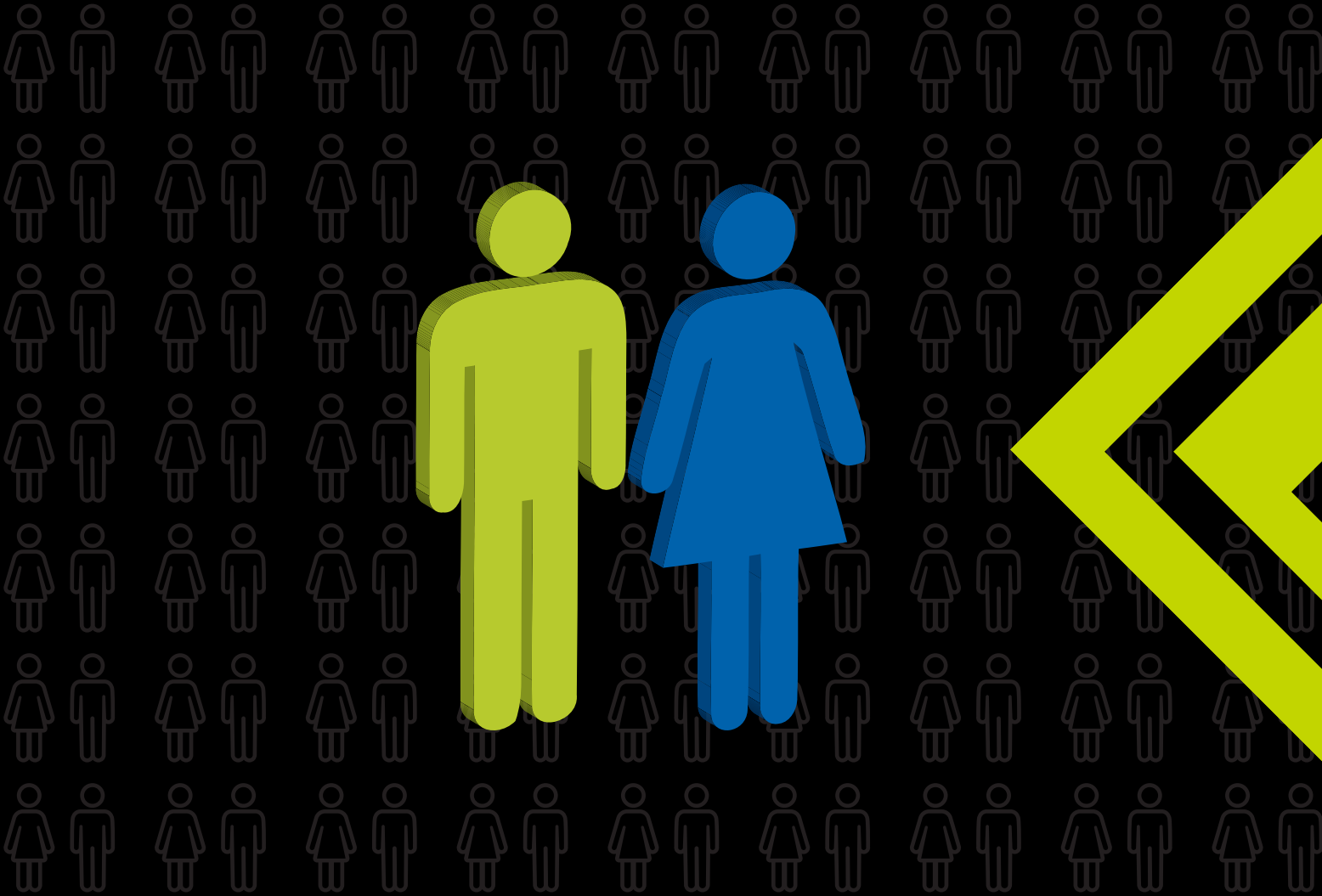




PENNINGTONS  
MANCHES  
COOPER

# GENDER PAY GAP REPORT



2020

**AS A FIRM, WE REMAIN COMMITTED TO REDUCING OUR GENDER AND ETHNICITY PAY GAPS. WE UNDERSTAND THAT BY INVESTING IN OUR COLLEAGUES AND ADDRESSING ANY IMBALANCES WE WILL NOT ONLY IMPROVE THE WELLBEING OF OUR PEOPLE, BUT ALSO FURTHER THE SUCCESS OF THE BUSINESS BY CREATING A DYNAMIC AND INCLUSIVE WORKPLACE. WE ACTIVELY ENCOURAGE INDIVIDUALITY AND STRIVE TO ENSURE THAT REGARDLESS OF PERSONAL CIRCUMSTANCE OR BACKGROUND, ALL EMPLOYEES DEVELOP TO THEIR FULL POTENTIAL.**

This is our fourth year of reporting and our first to include figures on our ethnicity pay gap. Whilst not compulsory, we welcome the opportunity to increase transparency in this area as this will help us to drive and measure progress.

## WHAT IS THE GENDER PAY GAP?

The gender pay gap is defined as the difference in the average hourly wage between men and women across a workforce. It is important to acknowledge that it is not an assessment of pay differences between men and women who hold the same roles – we are dedicated to equality in pay and have robust strategies in place to ensure that individuals in equivalent positions are paid fairly.

The gender pay gap is illustrated through two key metrics: the mean gender pay gap, calculated as the percentage difference between the average male and female salaries, and the median gender pay gap, which is the percentage difference between the median salary of male employees and that of female employees.

Where a pay gap exists, it is representative of the make-up of our workforce and the imbalance of males and females at the most junior and senior levels of the firm. We have continued to identify strategic priorities to address the pay gap; measuring and reporting on our progress against these actions helps to promote a diverse workforce representative of the profession.

## HOW ARE WE REDUCING THE GAP?

We recognise that there is still work to be done in tackling some of the disparities in our workforce composition, which, while exacerbated by the pandemic, we have a continuing responsibility to address. Nonetheless, there have been encouraging signs of improvement in some areas and we will be looking to capitalise on this progress going into our fifth year of reporting.

As noted in previous years, the partnership structure of the firm impacts the availability of senior management roles: this year's report also takes into account our 2019 merger with Thomas Cooper and does not include those who were on furlough leave due to the Covid-19 pandemic. HMRC guidance is to exclude employees who are paid less than their usual basic pay, which includes those on furlough leave under the Coronavirus Job Retention Scheme, from the mean and median hourly pay gap calculations.

The past twelve months brought positive developments to our remote working offering – this is directly relevant to the ongoing effort to reduce our gender pay gap as we have been able to increase flexibility in location and hours worked and provide further support to those with caring responsibilities (who during the pandemic have predominantly been women). We are also moving in the right direction in terms of minimising the gender imbalance at the upper levels of our workforce: there has been a notable shift in the structure of our management board with the appointment of two female members in 2020/21. Since 2017, twelve women have been promoted to partner, representing 67% of all partner promotions over this time period. In addition, we have seen a 96% increase in females promoted year on year.

Last year, we set out key targets aimed at reducing the gender pay gap. These included, among others, the introduction of a parents and carers network, streamlining partner performance and remuneration, and working to increase diversity in our recruitment strategy. Through analysing our performance in this regard, we have identified five strategic areas, set out in this report, on which we will be focusing our efforts moving forwards. We will regularly assess the impact of our work in these areas, which will assist us in delivering on our commitment to inclusivity and fairness at every level of the organisation.





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# OUR FIGURES AT A GLANCE



## PAY DATA

2020	CHANGE	2019
MEAN HOURLY PAY: 18.7%	 11.0%	MEAN HOURLY PAY: 7.7%
MEDIAN HOURLY PAY: 16.9%	 26.9%	MEDIAN HOURLY PAY: -10.0%
<small>MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2020.</small>		<small>MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2019.</small>

Both our mean and median pay gaps have increased since 2019 - this can be attributed to a number of factors. Our workforce has seen a 50% increase in the number of males who have retired from partnership and become employed consultants and the data takes into account our merger with Thomas Cooper, whose workforce had a higher proportion of males. Additionally, 70% of those who took furlough leave at the original snapshot date were female, meaning that they were not included in the metrics as per the Government guidance on reporting. There

has also been a 5% reduction in full pay relevant employees due to the exclusion rules relating to those on parental leave or other absence: in total, 76% of those excluded from the data collection on the snapshot date were women. However, the greatest contributory factor continues to be the make-up of our workforce with more males occupying senior paid roles compared to females. Whilst we are making progress with more women being promoted to senior roles, it will take some time before this is reflected in our results.

## BONUS DATA

2020	CHANGE	2019
MEAN BONUS: 37.7%	 11.7%	MEAN BONUS: 49.4%
MEDIAN BONUS: 0%	 0.6%	MEDIAN BONUS: -0.6%
<small>MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2020.</small>		<small>MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2019.</small>

Although relatively high, our mean bonus pay gap has continued to reduce year on year. As we are obliged to report on bonus figures received rather than FTE, the gap is caused in part by the existing structure of our organisation: 32% of women who received a bonus were working part time, which typically results in a lower financial payment. The gap is also impacted by a number of men in senior roles who received a higher value payment.

WHERE NEGATIVE FIGURES ARE SHOWN, THIS INDICATES THE GAP IS IN FAVOUR OF WOMEN.

## PROPORTION OF EMPLOYEES RECEIVING A BONUS

2020	CHANGE	2019
MEN: 30.2%	▼ 40.5%	MEN: 70.7%
WOMEN: 33.0%	▼ 44.4%	WOMEN: 77.4%

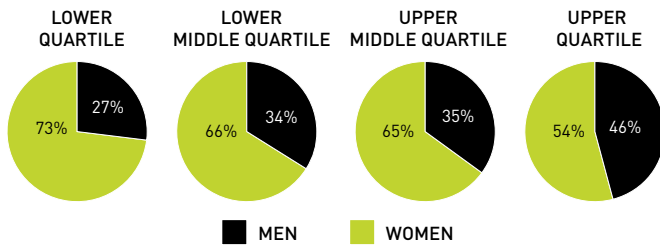
THE FIRM'S BONUS SCHEME IS OPEN TO ALL EMPLOYEES.

The decrease in the number of employees receiving bonuses is due to no firmwide bonus being awarded in September 2019. A firmwide bonus was awarded in 2017 and 2018. The proportion of women who received a bonus is slightly higher than the proportion of men, which is representative of our overall population.

## PAY QUARTILES

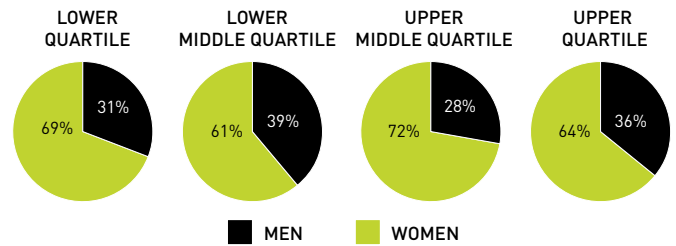
2020

### PAY QUARTILES



2019

### PAY QUARTILES



GENDER DISTRIBUTION ACROSS THE FIRM IN FOUR EQUALLY SIZED GROUPS.

The overall composition of the firm is 64% female and 36% male, which is broadly represented across all quartiles (with the exception of the upper quartile). To address the imbalance in the lower quartiles, we are seeking to encourage more men to apply for junior roles. In the upper middle and upper quartiles, we have seen an increase in the percentage of men and a decrease in the percentage of women. While the ratio of women to men in the upper quartiles still remains in favour of women, as noted above the increase in males in the upper quartiles has been influenced by our merger, the number of male consultants and furlough.

## PARTNER PAY DATA

2020	CHANGE	2019
MEAN HOURLY PAY GAP: 9.7%	▼ 2.6%	MEAN HOURLY PAY GAP: 12.3%
MEDIAN HOURLY PAY GAP: 15.8%	▲ 1.7%	MEDIAN HOURLY PAY GAP: 14.1%

THESE FIGURES ARE BASED ON PROFIT SHARE ALLOCATION FOR THE YEAR ENDING 31 MARCH 2020 AND 31 MARCH 2019 RESPECTIVELY AND, WHILE NOT DIRECTLY COMPARABLE WITH OUR EMPLOYEE DATA, PROVIDE AN INDICATIVE PICTURE.

We have seen a reduction in our mean gender pay gap at partner level and a slight uplift in our median hourly pay gap. 100% of new partners and associate directors hired externally in 2020 were female.

## FIRMWIDE GENDER PAY GAP

2020	CHANGE	2019
MEAN HOURLY PAY GAP: 41.5%	▲ 2.3%	MEAN HOURLY PAY GAP: 39.2%
MEDIAN HOURLY PAY GAP: 29.4%	▲ 9.8%	MEDIAN HOURLY PAY GAP: 19.6%

THESE FIGURES COMBINE PARTNER PROFIT SHARE ALLOCATION WITH EMPLOYEE PAY DATA AND AS SUCH HAVE BEEN COMPILED BASED ON TWO DIFFERENT PAY STRUCTURES.

Both the mean and median pay gaps across all roles at the firm have increased slightly year on year, but as mentioned above there are a number of contributory factors at employee and partner level that affect this.

## ETHNICITY PAY GAP

2020
MEAN HOURLY PAY GAP: 23.5%
MEDIAN HOURLY PAY GAP: 33.3%

This is our first year of recording and publishing our ethnicity pay gap data, which is an important initial step. Work to increase the number of employees who report their ethnicity as Black, Asian or Minority Ethnic (BAME) is a significant area of focus for us as a firm, and early indications are positive: for example, our graduate recruitment intake of BAME trainees for the year 2020/21 has increased and we are collaborating with RARE Recruitment to drive further improvement. The introduction of a new HR system has also enabled us to capture more accurate data to help provide insight into our population.

## LOOKING FORWARD

We have created a targeted plan for the future, made up of five principal pillars, which places an emphasis on achieving results in a number of important areas. Meaningful change will take time, which is why we are committed to implementing and assessing quantifiable actions that we believe will make the greatest difference over the longer term.

LEADERSHIP:	RECRUITMENT:	TALENT MANAGEMENT:	INCLUSIVE CULTURE:	EMPLOYEE ENGAGEMENT:
<p>ESTABLISH PAY GAP STEERING COMMITTEE TO MONITOR PROGRESS.</p> 	<p>REVIEW RECRUITMENT PROCESSES AND PROMOTE OUR NEW AGILE WORKING POLICY.</p> 	<p>INCREASE CAREER DEVELOPMENT SUPPORT FOR FEMALE EMPLOYEES.</p> 	<p>REPORT ON AND ADDRESS PAY GAPS BY SEXUAL ORIENTATION, AGE AND ETHNICITY.</p> 	<p>SHOWCASE THE FIRM'S CULTURE TO ATTRACT AND RETAIN TALENT.</p> 

WE CONFIRM THAT THE DATA IN THIS REPORT IS ACCURATE AND HAS BEEN CALCULATED ACCORDING TO MANDATORY REQUIREMENTS.



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