



JOHNSTON  
CARMICHAEL

Where sharp minds meet

# Johnston Carmichael Gender Pay Gap Report

**2019 & 2020**

## Foreword (Andrew Walker CEO)

The past 12 months of my tenure as Chief Executive has presented a unique set of challenges with profound implications for the future; abruptly dislocating staff from the offices and disrupting the traditional ways in which we serve our clients. However, in equal measure this period has also served as an urgent catalyst to reimagine our potential and how we should strive to be better.

Our vision remains to be the firm of choice in all markets, with trusted advisors, famous for the expertise of our people and the quality of our work. Whilst I have a long-held belief that meritocracy should be the defining characteristic of our profession, it is equally clear that there are obstacles which have traditionally inhibited progression within the profession. That said, as I look to my own team at Johnston Carmichael, I am proud of the increasingly high representation of capable females in leadership roles and the funnel of talent emerging.

Johnston Carmichael's commitment to equality, diversity and inclusion in the workplace is not only a matter of good practice, but it makes business sense as a driver to realising our vision. The changes that have been forced upon us by the pandemic have shown us that working flexibly works. We have also become even more acutely aware about how our colleagues juggle the various priorities in their lives and this has only reinforced my view that people should be trusted to do their job and judged on their output and performance.

Our action plan for the next 12 months in continuing to tackle the gender pay gap reflects the operating plans we already have in place to achieve our strategic goals. This is summarised under three key strands (recruitment, retention and progression). Our commitment for the year ahead will be to continue to monitor these actions as indicators of whether this is steadily and sustainably closing the gender pay gap for us, as a firm of the future.

### 1. Recruitment

We acknowledge the need for high-quality data to identify the drivers of our gender pay gap. This allows us to target actions and therefore deliver the most effective results. This year we have focussed on improvements to our systems, policies and processes to lay the foundations for evidence-based decision-making and operational consistency. We have introduced equality and diversity monitoring processes as part of our recruitment and attraction strategies. This allows us to monitor the effectiveness of our attraction and recruitment strategies to the widest pool of talent and we will begin to monitor progression experiences throughout the firm to better understand any disparities.

By extending monitoring regimes to ethnicity, sexual orientation, disability and socio-economic background, we will also better understand how to nurture diverse talent within Johnston Carmichael. We believe that a diverse workforce will innovate our service offerings and improve our understanding of the marketplace and our clients and help support a diverse and inclusive culture at Johnston Carmichael.

During 2020, we embarked on a major exercise in developing a competency framework. This work now allows us to structure interviews against competency criteria, to reduce the risk of unconscious bias. We remain focussed on investment into our Early Careers programmes to

ensure they are fit for the firm of the future and create learning experiences accessible to all.

## 2. Retention

We will continue to build upon our workplace flexibility and resist a complete return to pre-pandemic work practices. People can flex their hours and be trusted to do their job with a focus on results and delivery. We will continue to explore increased atypical working arrangements such as annualised hours contracts.

The pandemic has also initiated a further review of the effectiveness of our management and leadership development programmes. Further work will be undertaken during 2021 to fully launch the JC Academy, as an internal programme of blended learning for the development of all employees. It is anticipated the blended learning approach will remove the obstacles of external training programmes for those with caring needs and allow the universal investment in training for all our teams.

## 3. Progression

Over the past year, we have increased scrutiny on performance management with a renewed emphasis on a balanced scorecard approach. This incorporates both core competencies applicable to the role and aligned to the firm's strategy, as well as evidence of values and behaviours. Our continued focus on objective setting and appraisal will ensure an evidence-based approach to reward and progression across the firm. This is routinely calibrated across our business lines, guarding against self-assessment and unconscious bias unduly influencing final scoring. As a professional services firm, our over-arching commitment to quality is a key measure of performance via the Internal Excellence strand of our balance scorecard. This will gain increasing momentum over the next 12 months and be more tangibly linked to reward, again removing likelihood of unconscious bias.

Since 2019, the Nominations Committee now make recommendations on all Director and Partner candidates to the Board using the assessment of suitability and performance against the balanced scorecard. We believe this is a significant step, not only in engendering a culture of high performance within the firm as a whole and reinforcing our values, but also in removing any barriers to progression for any high-performing talent within the firm.

We are mindful that with the opportunities of more flexible working, there are also challenges to ensure that those working from home remain visible and their successes recognised. In order to ensure our firm's connection to remote workers and visibility is retained, we have kicked off a series of cross functional working groups to identify strategies to mitigate against these issues.

## Declaration

I confirm, on behalf of the Johnston Carmichael Board, that the gender pay gap calculations are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Andrew Walker, Chief Executive

## Background

Gender pay gap legislation requires employers in the United Kingdom with 250 employees or more to calculate and publish on an annual basis gender pay gap data. The gender pay gap is expressed as a percentage of male earnings (e.g. women earn x% less than men). This is based on figures taken on the 5th of April each year. The specific information we are required to publish is:

- Mean and median gender pay gap (based on an hourly rate of pay at 5th April)
- Mean and median bonus gender pay gap (considers bonus pay received in the 12 months leading up to 5th April)
- Proportion of men and women receiving a bonus payment
- Proportion of men and women in each quartile pay band (looking at the proportion in 4 pay bands when we divide our workforce into four equal parts).

In March 2020, the Government Equalities Office and the Equality and Human Rights Commission issued a joint press release stating that employers would not be obliged to report their gender pay gap data for the 2019/20 reporting year, in light of Covid-19 pressures. Employers were further given a suspended deadline until October 2021 for reporting. Notwithstanding the extended reporting deadlines, as part of Johnston Carmichael's commitment to transparency in pay gap reporting, and given this is a snapshot of data, we have sought to voluntarily illustrate our gender pay gap data for both 2019/2020 and 2020/2021 now, to maintain the momentum of progress we are making in this regard.

## Gender pay gap within our sector and our firm

Whilst we have focussed efforts in ensuring that men and women are paid equally for doing work that is the same or a similar value as a legal principle, the median gender pay gap within Johnston Carmichael remains at a level where we as a firm need to continue in efforts to close the gap. Comparing year on year figures since reporting began in 2018, it is however pleasing to note that progress in reducing the gap is now being demonstrated, and improvements are being made, most notably in the median difference in bonus pay. This provides reassurance that the measures we are putting in place are starting to yield real results.

The accounting and finance industry has been traditionally considered male-dominated, although recent analysis by the Financial Reporting Council on behalf of the six UK Chartered Accountancy bodies indicate females now account for 50% of students, and 30% of Members. This is reflected in the shifting dynamics within our own firm, with significant increases in the number of females as Senior Managers, Directors and Partners within the firm.

Our gender pay gap data covers the entirety of our employee workforce, from professionally qualified positions at varying levels of post qualification, to those training toward qualification and administrative staff. The gender pay gap of itself does not take account of differences in role. The lower pay quartiles in the firm generally relate to non-professional staff, the majority of which are female.

We will continue to use the figures from the gender pay gap to form part of the evidence base in shaping our strategic priorities for the period ahead. This data is in recruitment and succession planning, performance appraisal analysis and early careers support to ensure that continued action is taken which reduces the gaps, with the aim that everyone can develop and sustain successful and varied careers with us.

## Understanding the figures

### Gender pay gap vs equal pay

A gender pay gap is a measure of the difference between the average earnings of men and women. This means that it compares pay among a whole workforce, regardless of the type or level of work they do. Equal pay is our statutory duty as an employer to give men and women equal pay for equal work. Equal pay has been a legal requirement since the Equal Pay Act was introduced in 1970 and this is reviewed by job profile routinely and as part of our salary review exercises annually.

### Gender pay gap as a mean v median average

In order to establish the mean gender pay gap, wages of all male and female employees are added and then divided by the total number of employees. The pay gap is the difference between the mean figures for men and women, which is reported as a percentage. The median gender pay gap is calculated by listing all male and female employees' wages from highest to lowest and comparing the number that sits in the middle for each gender. This doesn't account for age, previous experience or differences in job roles.

### Pay quartiles

The firm splits the organisation into four pay bands (upper quartile, upper middle, lower middle and lower quartile) based on hourly earnings (including bonuses) and demonstrates the gender split of each of those bandings.

### Gender pay gap in hourly rate as percentage of Men's pay \*



	Mean	Median
2019	29.27%	31.91%
2020	21.38%	28.74%

\* Difference in hourly rate of pay

## Gender pay gap for bonuses as a percentage of Men's pay

	Mean	Median		Mean	Median
2019	69.76%	25%	2020	36.04%	6.54%

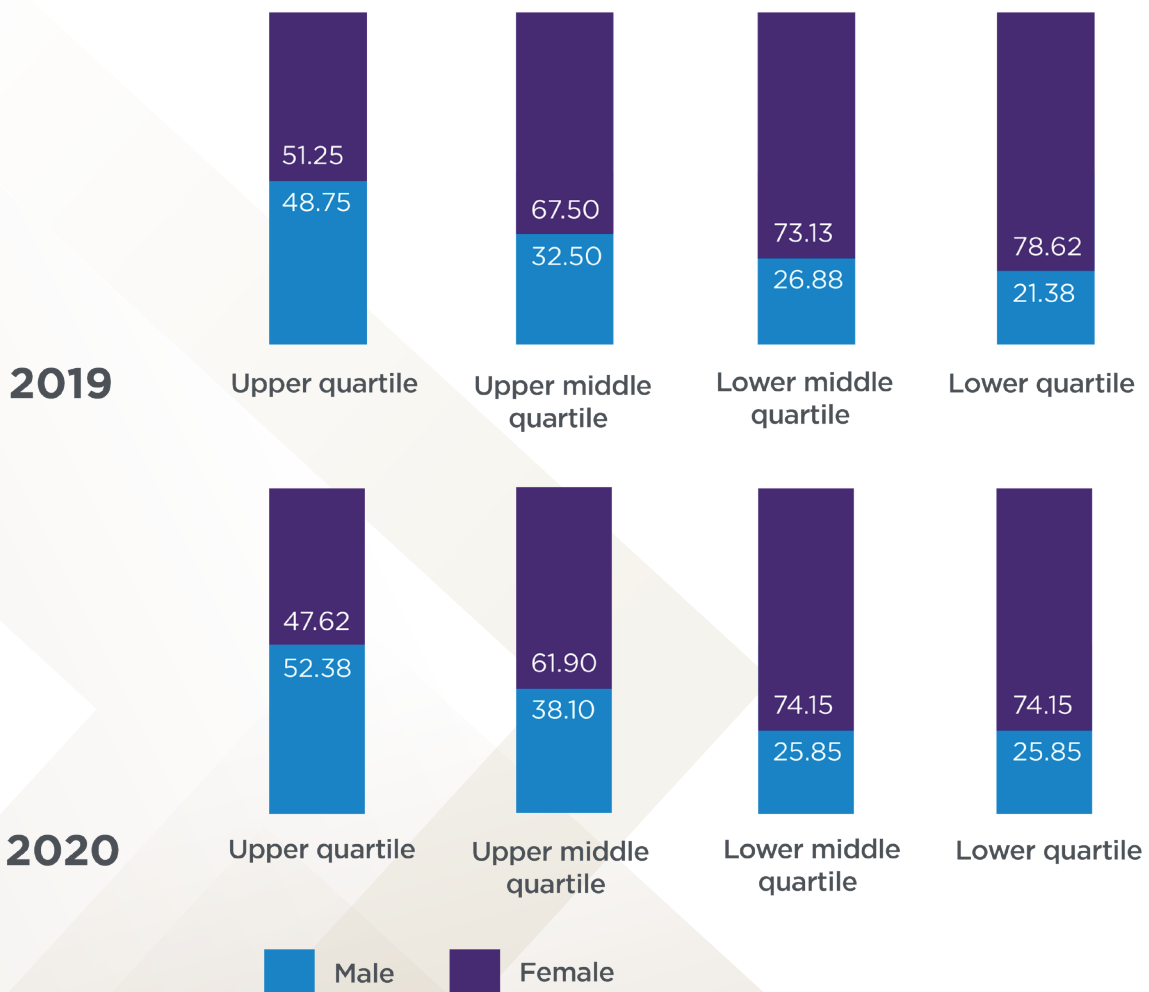
### Proportion of Males who received bonus pay



### Proportion of Females who received bonus pay



### Pay quartile (%)



**Aberdeen**  
01224 212222

**Dundee**  
01382 411790

**Edinburgh**  
0131 220 2203

**Elgin**  
01343 547492

**Forfar**  
01307 465565

**Fraserburgh**  
01346 518165

**Glasgow**  
0141 222 5800

**Huntly**  
01466 794148

**Inverness**  
01463 796200

**Inverurie**  
01467 621475

**London**  
0203 7144 350

**Perth**  
01738 634001

**Stirling**  
01786 459900

**JOHNSTON**  
**CARMICHAEL**



Member of **PKF** International

Johnston Carmichael is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

This has been published for information purposes only by Johnston Carmichael Chartered Accountants and Business Advisers. The contents of this document are not a substitute for, legal or professional advice. The law may have changed since this was first published and all possible care has been taken in the completion of this email and article(s), readers should seek tax advice based upon their own particular circumstances.