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# Johnston Carmichael Gender Pay Gap Report

**2021 & 2022**

## 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 5 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 5 April).
- Mean and median bonus gender pay gap (considers bonus pay received in the 12 months leading up to 5 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).

This report covers our April 2021 and April 2022 gender pay gap analysis. As of April 2021 63% of our employees were female and 37% male. In April 2022 61% were female and 39% male.

## Gender pay gap within the firm

Within all reporting categories an improvement can be seen in April 2021 & April 2022 compared with previous reporting years. Overall, this demonstrates our continued commitment to closing the gap in the pay received by men and women for doing work that is of the same or a similar value. The median gender pay gap remains at a level where we recognise there is a need to continue our efforts to close the gap.

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 employees. The gender pay gap itself does not take into account differences in role. The lower pay quartiles in the firm generally relate to employees carrying out administrative roles, the majority of whom 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

## 1. 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.

## 2. 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.

## 3. Pay quartiles

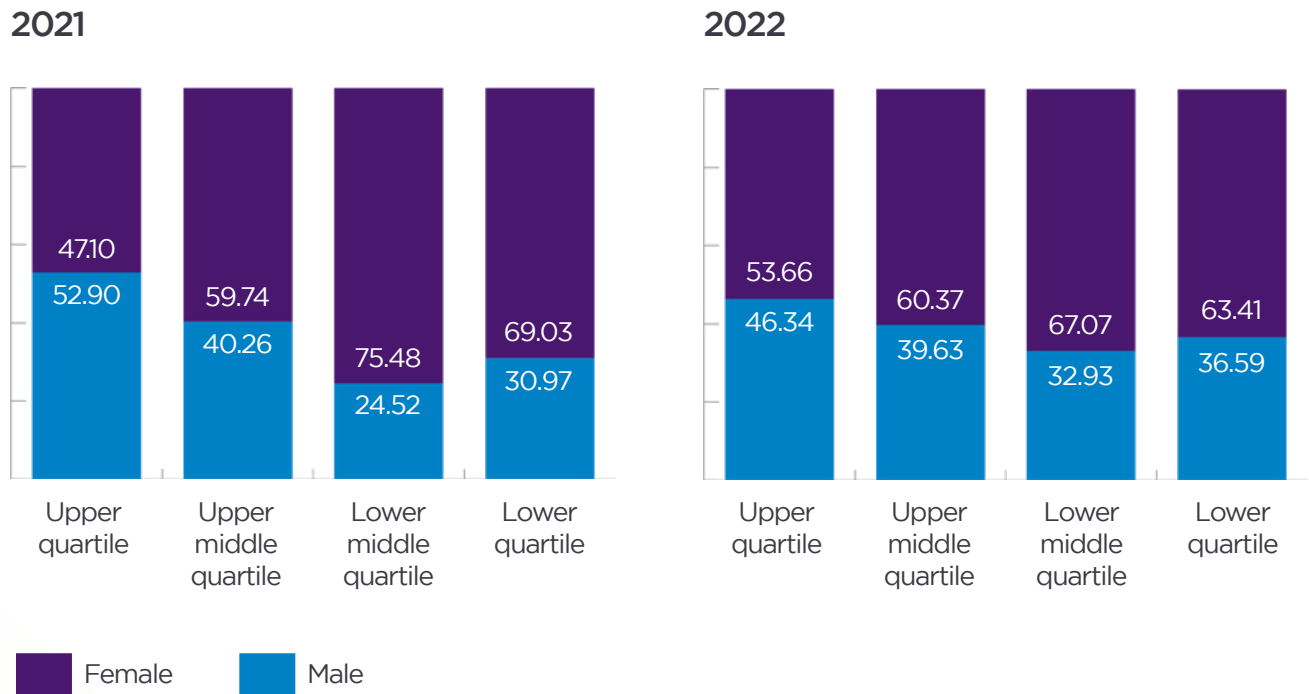
The firm splits the organisation into four pay bands (upper quartile, upper middle, lower middle, and lower quartile) based on hourly pay rate.

	2017	2018	2019	2020	2021	2022
Mean pay gap	23.53%	21.03%	29.27%	21.38%	20.01%	12.63%
Median pay gap	28.65%	29.04%	31.91%	28.74%	24.32%	12.83%
Mean bonus pay gap	68.10%	72.77%	69.76%	36.04%	12.96%	28.28%
Median bonus pay gap	60.00%	70.00%	25.00%	6.54%	0.00%	10.57%
Bonus achievement - female	26.58%	21.27%	17.39%	21.53%	99.01%	96.01%
Bonus achievement - male	25.50%	22.86%	9.49%	11.34%	94.81%	94.32%

The proportion of employees receiving a bonus in 2021 is higher than in previous years for both men and women due to universal 'thank you' awards. In 2022 a universal 'winter' award was also paid and given to those appointed at the time of payment, therefore it did not include those staff who had not yet joined the firm. These may not be repeated each year. However, we are working to ensure that our bonus structure, as with our salary structure, remains fair and works to reduce the gender pay gap.

## 4. Pay quartiles by gender (%)

This graph shows our workforce divided into four equal sized groups based on hourly pay rate. 'Lower quartile' includes the lowest paid 25% of employees and 'upper quartile' covers the highest paid 25%.



A quartile is one of four equally sized groups when you divide a selection of numbers that are in ascending order into four. The lower quartile is the lowest group. The upper quartile is the highest group.

The figures in this table have been calculated using the standard methods used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

## Why do we have a gender pay gap?

Legally, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

We are committed to equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability.

The pay gap is driven by the largest proportion of women being in the two lower quartiles, and the largest proportion of men in the two upper quartiles. For example, when looking at the 2021 data this will be affected by the fact that 91% of men, and 81% of women, are in chargeable roles and there is a greater proportion of chargeable roles in the higher pay quartiles (96% of the upper pay quartile) than the lower pay quartiles (76% of the lower pay quartile). When separated by chargeable status, the mean pay gap reduces to 18.11% for chargeable and 18.49% for non-chargeable roles, and the median pay gap reduces for chargeable roles to 19.73%. However, the median pay gap for non-chargeable roles is 28.71% due to many females in more junior administration roles.

## Action plan to reduce the gender pay gap

We recognise we need to continue our efforts to close the gap and have a range of measures in place to support this.

### 1. Balanced scorecard

Since 2019, our Nominations Committee makes recommendations on all Director and Partner candidates to the Board using the assessment of suitability and performance against a 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.

### 2. Recruitment

Rather than relying solely on interviews, there are an increasing number of vacancies where we ask candidates to perform activities which are job specific. This is used to assess their suitability for the role.

Structured interviews are a good way to ensure that the process is fair and avoids biases influencing the selection process. Our competency-based question library is used during the selection process. We encourage our agency partners to supply non gender specific CV's. Furthermore, we do not ask applicants to specify their gender when applying directly to us.

When conducting our early careers selection, applicants are selected using a uniform telephone screening process where the same questions are asked of all candidates in a predetermined order and format. A situational based framework is used. The responses are graded using a standardised criterion. This makes the responses comparable and reduces the impact of unconscious bias.

### 3. Flexible working

We have continued to develop our family friendly policies through the introduction of full hybrid working. This has allowed many to achieve a positive blend of home and office working. We encourage line managers to be flexible in their approach to how often colleagues need to be in the office and when they can take leave, although this is not always possible in some areas of our business due to statutory deadlines. We also allow employees to adjust start and finish times and take time off in lieu.

### 4. Pay and benefits

We have recently undertaken a full review of our pay and benefits to ensure it is fair and competitive when compared to the marketplace, the results of which will be incorporated into the 2022 pay review. New benefits offerings are being introduced in 2022. We want to ensure that all of our employees are rewarded fairly and have access to benefits that encourage flexibility and work/life balance.

As part of this we have also reviewed our salaries for our Graduate and JC Futures (school leavers) employees to ensure these are competitive and, importantly, attract as wide a range of talented people from different backgrounds to our firm.

### 5. People and Culture Forum

We have established a People and Culture Forum with representation from across the firm. This forum has a number of subgroups including Gender Equality, LGBTQIA+, and Wellbeing. In fact, our Gender Equality group submitted a proposal to our review of pay and benefits, for revisions to our Parental Leave policy. This has resulted in an increase in Parental Leave pay.

The purpose of the forum and its subgroups is to encourage engagement from across the firm on issues that matters to our employees, encouraging innovation and ultimately, continuous improvement in our workplace culture.

Individually these initiatives will not remove the gender pay gap, but over time our aim is for this collective approach, including other initiatives not yet launched, will continue our progress in closing the gap.



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5 October 2022

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