

Gender Pay Gap report - 2023

March 2024



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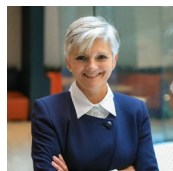


Introduction

The theme for this year's International Women's Day, 'Inspire Inclusion', is a helpful reminder that, at the heart of gender equality in the workplace are the human relationships we build and the impact and influence we have on each other, at all ages and stages of our lives and careers, whether as peers, role models, mentors, sponsors or allies. As a business, we are guided by our ED&I strategy and the targets within that, but, at a personal level, looking out for each other, creating an environment where colleagues feel safe to speak out, be themselves, seek support, and share their experience and insights is critical to ensuring that every woman is able to pursue her chosen career in the way and at the time that is right for her.

We have made some solid progress, reflected in our workforce, gender pay gap and promotion data, the improved gender balance within the partnership and senior leadership teams and, also, some gradual progress within the membership. We must, though, keep up and accelerate this momentum by challenging ourselves to learn continually from each other, being open to inspiration, as well as seeking out those with different perspectives to inspire us and to help inform the decisions we make - and the ambitions we form - during our lives at work.

As required, I confirm that the information in this report is true and accurate.



Virginia Clegg

Senior Partner

About the report

What is the pay gap?

- The gender pay gap measures the difference of the average hourly earnings between men and women (salary and bonus).
- This is different from equal pay, which is a separate legal requirement and focuses on whether men and women are paid equally for equal work.
- The UK has a median gender pay gap of around 7.7% (ONS – Apr 2023) while the FTSE 100 Directors gender pay gap stands at 70% (2022).

Approach to reporting

- As in previous years, we are including the gender pay and bonus gap figures based on employee data of DAC Beachcroft Services Limited, all of whom work either in DAC Beachcroft LLP or DAC Beachcroft Claims Limited, with a snapshot date of 5 April 2023.
- We are also publishing wider analysis, which includes the remuneration gap for members of DAC Beachcroft LLP (i.e. the equity partner group), even though it is not a legal requirement to report on these figures.
- Members do not receive salary, instead they receive a share of the firm's profits. The Law Society of England & Wales guidance was followed for calculation purposes.
- We also conducted additional analysis, which allowed us to explore the underlying factors which may affect the pay gap for employees, by performing regression analysis with various factors (e.g. location, job level, etc.). We refer to this additional pay gap as the "adjusted pay gap" and it is distinct from the reportable statutory pay gap, which is based on statutory reporting guidelines.



Mean

The **mean** figure is calculated using the average of hourly pay rate (or bonus amount) of all the men and women. The difference between the two is the mean pay gap. This can be affected by outliers.



Median

The **median** figure is calculated using the mid-point hourly pay rate (or bonus amount) of all the men and women when ranked in numerical order. The difference is the median pay gap. This is less affected by outliers.

Gender Pay Gap – Statutory reporting

Hourly Pay Gap

	2021	2022	2023	Change
Mean	25.5%	22.8%	21.6%	-1.2%
Median	22.3%	21.3%	20.7%	-0.6%

As at 5 April 2023, our employee base comprised 66% women and 34% men.

When analysing the four pay quartiles, there is a higher percentage of women in the lower quartiles, which reflects the fact that there are more women in roles with lower earnings, usually in roles in Business Support, e.g. 99% of secretarial colleagues are women when compared to men. There has been a slight decrease in the female representation in lower middle and upper middle quartiles year on year (-0.5% and -0.8%, respectively), but this has not had an impact as there is no pay gap for these quartiles. There is an increase in the upper quartile female representation (from 53.9% in 2022 to 54.9% in 2023) which resulted in positive movement to the pay gap.

The employee pay gap overall has decreased year on year in both the mean and median figures. The gap is mainly attributed to the fact that there are more women in support roles, where salaries tend to be lower compared to the senior fee-earning population. The statutory mean and median pay gap reduced by 1.2% and 0.6%, respectively, in 2023. This is a sign of a positive shift following key initiatives set in previous years, such as setting a target for female representation in the senior leadership groups. The gender balance of the leadership pipeline is encouraging; in 2023 women made up 72% of all senior associate/associate promotions, 53% of legal director promotions and 46% of salaried partner promotions.

Pay Quartiles:

The legislation requires us to identify our overall pay range, divide it into equal-sized quartiles and report on the percentage of men and women in each quartile.

Group	Mean Pay Males	Mean Pay Females	Pay Gap (mean)	Pay Gap (median)	Percentage of Males	Percentage of Females	Contribution to Pay Gap
Lower quartile	11.87	12.25	-3.17%	-4.76%	27.09%	72.91%	-3.04%
Lower middle quartile	17.57	18.01	-2.49%	-4.92%	30.26%	69.74%	-2.63%
Upper middle quartile	29.24	29.32	-0.27%	-1.5%	35.36%	64.64%	0.79%
Upper quartile	66.01	58.38	11.56%	11.55%	45.07%	54.93%	26.52%

Looking at discrete populations, there is no mean pay gap at legal director and senior associate level. However, when outliers are excluded the pay gap stands at 0.8% and 2.2%, respectively, in these two groups.

The adjusted pay gap, after adjusting for main factors, such as location, job level, tenure, etc. is 2.28%, which means that almost all of the mean pay gap can be explained by the data where job level is the largest contributor. This is a reflection of a higher proportion of male representation in the upper pay quartiles and a higher female representation in the lower pay quartiles. A higher proportion of male promotions to salaried partners contributed to maintaining the gap, with women making up 45% of the salaried partner population over the reportable period.

Gender Pay Gap – Statutory reporting

Bonus Gap

	2021	2022	2023	Change
Mean	58.5%	48.8%	48.3%	-0.5%
Median	00.0%	20.0%	25.5%	5.5%

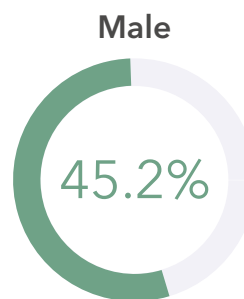
The mean bonus gap has decreased slightly year on year by 0.5% while the median bonus gap, which is not impacted by outliers, has increased since last year.

Our bonus gaps are driven by the fact that we have proportionately more women in areas of the business where lower amounts of bonuses are awarded, e.g. business support roles. We are also required to calculate the pay gap on actual bonuses paid, rather than a full-time equivalent amount, which further drives our bonus gap as we have significantly more female part-time colleagues than male. Additionally, in fee-earning roles where higher bonuses are paid (e.g. salaried partners), female representation is lower at 42% compared to 58% men.

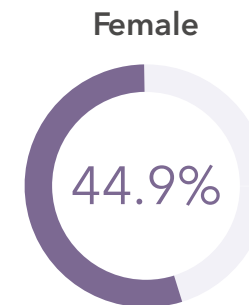
Bonuses vary greatly in amount as they are dependent on job level and type of role (fee earning vs business support) and when excluding a small number of high bonuses that are outliers, the mean is then 48.3% which is a reduction of 3.2% since 2020 (51.5%). These outlier bonuses are very small in number but have a significant impact on the gap.

In 2023, 44.9% of women received a bonus, compared to 45.2% of men. The reduction in the proportion of employees in receipt of a bonus is evident for both men and women across the firm, with the reduction in men being 2.1% greater than women. This firm-wide reduction is mainly attributed to the fact that there was a change to the bonus scheme for part of the fee-earning population, whereby additional financial metrics were included, which meant fewer of the fee-earning population achieved their targets to be eligible to receive a bonus. Additionally, in 2022 there were additional payments made to parts of the population (e.g. vouchers).

Proportion of female/male employees who received a bonus



This is a -33.7% decrease from 2022



This is a -31.6% decrease from 2022

Wider Analysis

Whilst not a statutory requirement, we outline below the “pay” and “bonus” gap data relating to the firm’s members (equity partners). For the purpose of this analysis, we have treated members’ profit share and return on capital as “pay” and merit awards as “bonus”. As at the snapshot date, members consisted of 24% women and 76% men. There was also 40% and 35% of female representation on Group and Executive Boards, respectively. As can be seen, the member mean pay gap has increased but this is mainly due to outliers. When excluding outliers, there is no material member pay gap. Similarly, there is no member bonus gap.

Hourly Pay Gap

	Mean Pay	Change from 2020	Median Pay	Change from 2020
Employees	21.6%	-3.7%	20.7%	0.2%
Members	6.10%	2.5%	0.10%	-2.3%
Employees & members	45.7%	-2.8%	24.7%	0.4%

This year, we have again combined the employee and member data to produce an overall firmwide pay gap. It shows a 2.8% reduction in the mean pay gap when compared to 2020 (when we last combined the data sets). There is a slight increase in median pay gap of 0.4% compared to 2020 (24.3%); this is mainly attributed to greater male representation in salaried partners with higher earnings.

Bonus Gap

	Mean Bonus	Change from 2020	Median Bonus	Change from 2020
Employees	48.3%	-3.2%	25.5%	4.9%
Members	-6.40%	-9.8%	14.30%	-14.3%
Employees & members	66.1%	0.2%	37.8%	7.6%

The combined bonus gap has increased from 2020 both in mean and median terms. Again, this is mainly attributed to higher male representation in direct employed roles with higher bonus awards. The number of these bonuses may be small, but due to their value have a significant impact on the bonus gap.

Wider Analysis (cont'd)

A further helpful analysis, illustrating the impact of the workforce distribution, is that of the pay gaps without the effect of the predominantly female business support and secretarial populations.

This analysis reveals smaller gaps than the firmwide data and some of which are in favour of women (those expressed as a negative percentage in the table below).

Female representation is high in the fee-earning population (61%), however, there is still room for improvement in female representation in the higher-paid roles, such as salaried partners, where the split between women and men is 45% / 55%, respectively, as at February 2024.

Pay gap analysis by category of lawyer

Job Category	Mean Pay Gap	Median Pay Gap
Salaried Partner	3.00%	5.90%
Legal Director	-6.60%	0.80%
Senior Associate/CSG Associate	-1.50%	2.20%
Associate	4.10%	3.20%
Solicitor/Chartered Legal Executive	9.60%	13.90%

Male/Female representation in lawyers



Workforce profile by gender / role

This section looks beyond the snapshot date and reflects our current workforce profile as at February 2024.

The overall composition and shape of the firm remains broadly unchanged, namely 66% of the population fee earning, 34% working in business support and 70.0% of business support colleagues are female. We have, though, seen an increase in the percentage of female salaried partners, which now stands at 45% (up by 3.7% since 2021 and high for the legal profession), further boosting the gender balance of our pipeline for senior leadership roles. Female representation in the membership has also increased and is now up to 24% as at February 2024. These are positive changes, but we know that there is more progress to be made to see the male/female fee-earning ratio (40/60) more closely reflected in the partnership and senior leadership pipeline.

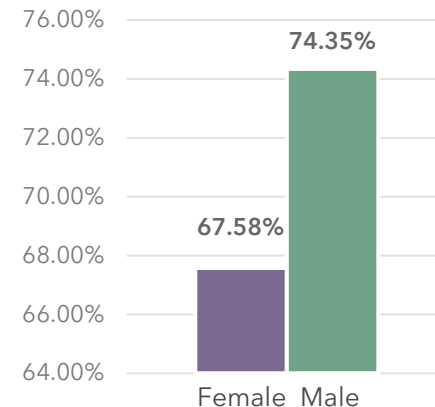
Percentage of member population who are male/female



Percentage of salaried partner population who are male/female



Percentage of female and male population who are fee earners



Percentage of population fee earning / business support



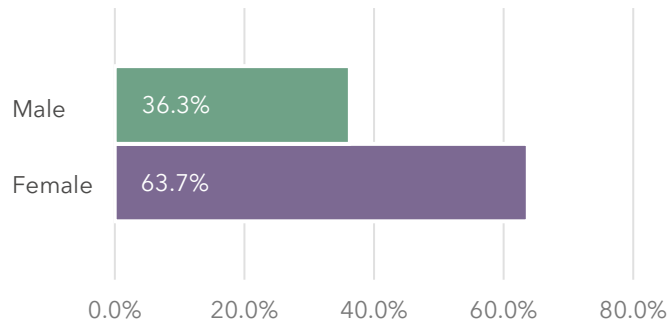
Percentage of Business Support population who are male/female



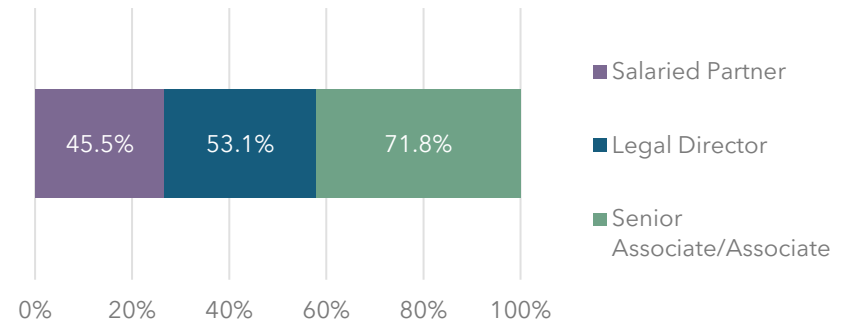
Talent pipeline

Monitoring the potential and actual impact of decisions about recruitment, lateral hires, promotions and development opportunities plays an important part of the work towards our senior leadership target, described in more detail in this report. In the past financial year (FY23), 46% of salaried partner promotions and 72% of senior associate/associate (CSG) promotions were female and women represented 64% of all promotions. Since May 2023 (FY24), 60% of all promotions were women, comparing more favourably to the female fee-earning population, being 68% of all fee-earning colleagues (as presented in the workforce profile in the previous page).

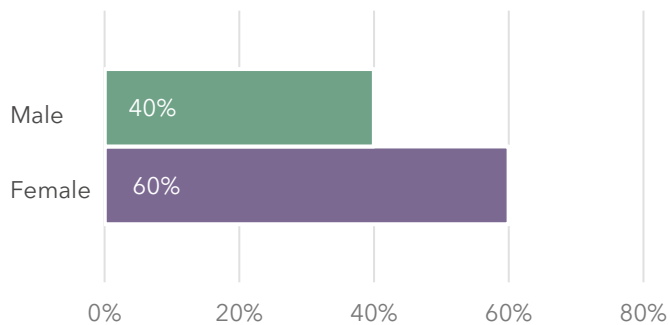
Promotions FY23 (May 22 - April 23)



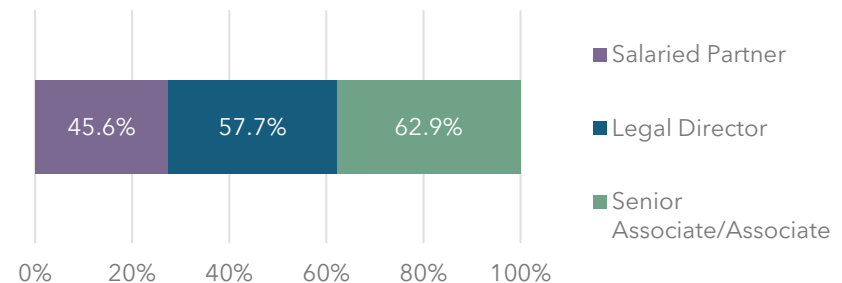
Female Promotions FY23



Promotions FY24 (May 23 - Jan 24)



Female Promotions FY24



Closing the gap

Gender balance within the higher-paid roles in our business is critical to attract and retain the talent we need to sustain our growth and to deliver against our strategy. More women in higher-paid roles will also help to reduce our gender pay gaps. We recognise the need for an ever more inclusive workplace which can accommodate colleagues' responsibilities and choices at different stages of their lives and careers. Our response is therefore, necessarily, multifaceted:



Monitoring the gender balance of our talent pipeline

We aim for greater gender balance throughout our business and, in particular, within our senior leadership and within the membership.

Across DACB globally, including members, 38.95% of the partnership is female. In UK & Ireland, we see a more balanced pipeline, with 45.38% female salaried partners.

As for future leaders, 50% of the participants of our current Developing Leaders Programme are women.

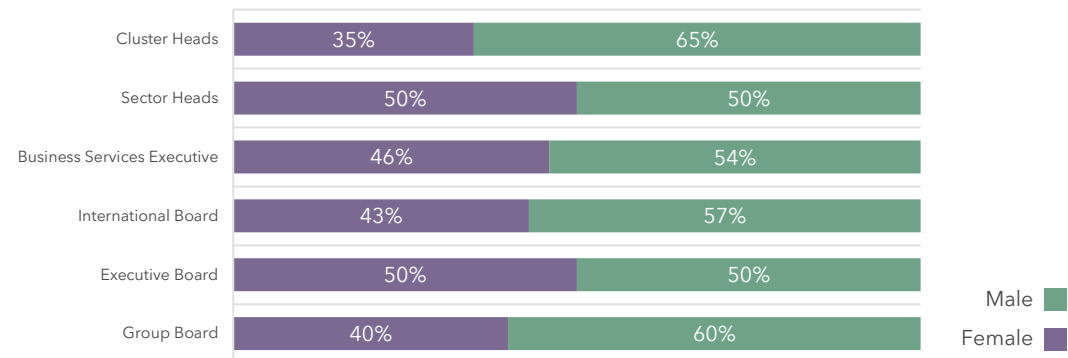


Senior leadership - gender balance target

We set ourselves a target of 40% of our senior leadership team being female by 2025, up from 33% in November 2021.

As at the end of March, 43% of the senior leadership team is female, including women in the roles of Senior Partner, Chief Finance Officer, HR Director and Head of Insurance.

Current composition of senior leadership team



Closing the gap (cont'd)



Women's leadership development

In support of the gender aspects of our ED&I strategy, and to understand potential barriers to career progression, we concluded roundtable discussions with female salaried partners in 2023, supported by Nigel Montgomery and Virginia Clegg, Executive and Board Sponsors for Gender Equality, together with other senior leaders in the business and supported by Women+, our women's network.

In particular, the discussions have informed the ongoing planning around female leadership development, such as mentoring, coaching, access to and networking with senior leaders and development workshops, recognising and working to make the most of gender-related tendencies and trends. We will be launching the resulting DACB Women's Leadership Programme in FY25.



Reconnect

Through Reconnect, our returners programme, we encourage and support the return to private practice of lawyers who have taken extended careers breaks, including time out to raise a family, which has traditionally impacted women disproportionately.

We have recently worked in partnership with Career Returners to deliver a Support Programme for a group of lawyers (predominantly women) considering a return to the law after a number of years out of the law, all of whom have applied to participate in our Reconnect programme.



Flexible working

We know how critical flexible working is to the majority of colleagues and their families, including colleagues with caring responsibilities. We operate a flexible working policy, known as Flex Forward, which allows colleagues more control of how, when and where they do their best work. We also advertise all jobs with the Working Families strapline, "Happy to Talk Flexible Working".

Closing the gap (cont'd)



Transitioning back to work from Maternity Leave

We understand the importance of supporting women effectively as they prepare to take maternity leave and, as they return from a period of maternity leave, to ensure a smooth transition back to work in a way that enables returning colleagues to pick up and continue with their chosen career path.

We have in place a refreshed network of Back to Work mentors, namely colleagues who have experienced the challenges of transitioning back into work, who have volunteered to mentor a returning colleague. We are continually looking at ways to help make the return an ever more positive experience, such as improving access to information, enhanced training of Back to Work mentors and line managers and adjustments to fee targets for the first four weeks back.



Menopause Pledge and policy

DACB has signed the Menopause Pledge and a new menopause policy has been introduced. The purpose of the policy is to raise awareness of the menopause and its impact in the workplace, encourage open conversations between line managers and colleagues by breaking the stigma and taboo surrounding talking about the menopause, and direct colleagues to relevant advice and assistance.

Creating and sustaining an inclusive culture in which all colleagues, irrespective of their background or personal identity, can play to their strengths and achieve their potential, enjoy a healthy balance of interesting work and life beyond work, and be fairly recognised and rewarded, is very much at the heart of our People Strategy.

Lucy Rogers, HR Director



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