



The Law  
Society

# Gender pay gap reporting: What can be learned from the 2020 snapshot?

December 2021



## Gender pay gap reporting: What can be learned from the 2020 snapshot?

The below analysis looks at the gender pay gap reports of over 40 of the largest law firms who have submitted gender pay gap data for the April 2020 pay period (the deadline for reporting was 5 October 2021). The purpose of the analysis is to assess what progress is being made and what can be learned to ensure that gender pay gap reporting is leading to action. The analysis follows on from guidance the Law Society produced in 2018 to encourage good practice by law firms in gender pay gap reporting<sup>1</sup>.

Despite women making up over 60% of new entrants to the solicitor profession since 1992 and representing over half of all solicitors since 2017, a relatively small proportion are reaching senior roles. In 2019, 31% of partners were women, 69% were men. Women are considerably less likely in each cohort to make partner than their male peers<sup>2</sup>. This is a key factor behind the gender pay gap in the profession and it was a focus of our Women in Leadership in Law programme<sup>3</sup> and the Women in Law Pledge<sup>4</sup>, which firms are encouraged to commit to.

### The purpose of gender pay gap reporting

The government introduced gender pay gap reporting in 2017. Since then, businesses with 250 or more employees have been required to submit their gender pay gap data to the National Gender Pay Gap Service. The regulation is based on evidence that increasing transparency and public accountability can be effective in driving organisational change towards greater equity, diversity and inclusion.

This published data is publicly available to:

- Government – to see what progress is being made across the economy ('accountability up'<sup>5</sup>),
- employees and employee groups – to hold the business to account ('accountability down'),
- individual job seekers – to make comparisons between individual potential employers,
- businesses – to inform their pay decisions and own internal work on closing their own gaps, and
- other stakeholders using the data – to make cross-sector comparisons, and to seek out better practices.

The data that must be reported and published is:

- the difference in mean and median hourly pay between all male and all female employees
- the proportion of men and women in each pay quartile
- the proportion of men and women receiving bonuses and the difference in the mean and median bonus pay received.

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<sup>1</sup> <https://www.lawsociety.org.uk/topics/regulation/gender-pay-gap-reporting-setting-the-standard>

<sup>2</sup> <https://www.lawsociety.org.uk/topics/research/diversity-profile-of-the-solicitors-profession-2019>

<sup>3</sup> <https://www.lawsociety.org.uk/campaigns/women-in-leadership-in-law>

<sup>4</sup> <https://www.lawsociety.org.uk/campaigns/women-in-leadership-in-law/tools/the-women-in-law-pledge>

<sup>5</sup> Cowper-Coles, M. Glennie, M. Mendes Borges, A. Schmid, C. (2021) *Bridging the gap. An analysis of gender pay gap reporting in six countries*. Commissioned by Thomson Reuters Foundation, Fawcett, Bowmans, The Global Institute for Women's Leadership, Kings College London. <https://www.kcl.ac.uk/news/uk-gender-pay-gap-reporting-has-no-teeth>

The comparisons must be based on a pay period that includes a snapshot date in April of each year.

Although not legally required, organisations are also encouraged to publish a narrative explaining the factors behind their gender pay gap.

### How gender pay gap reporting can drive change

Large businesses employ staff from multiple occupational groups<sup>6</sup>, with different qualifications, skill sets and potential career pathways. As such, the gender pay gap figures that must be published are crude headline indicators. However, they are simple, salient and comparable, key features of effective transparency measures<sup>7</sup>. It should be remembered that gender pay gap reporting is not an end in itself. It was designed to shine a light on discrepancies and, in doing so, to create pressure for change. It should trigger organisations to do more detailed work to understand and address the specific causes of the gender pay gaps in their workplaces.

There is some evidence from the wider economy to suggest that mandatory gender pay gap reporting may be having the desired impact. Those organisations just over the threshold for reporting have seen a significant narrowing in their gender pay gaps since 2017 compared to those just under the threshold.<sup>8</sup>

In 2018, the Law Society encouraged law firms to go further than the mandatory requirements. We recommended that all law firms should report on their gender pay gaps not just those over the 250-employees threshold. However, we found evidence of only a small number of firms below the threshold publishing data. We also recommended that partner remuneration should be incorporated in gender pay gap reports to reflect the full career pipeline for solicitors<sup>9</sup>. This provides firms and the sector with useful benchmarking data, enabling analysis and action at all levels, to tackle structural inequalities. Most firms include partners in their gender pay gap reports published on their own websites but do not include them in the data submitted to the National Gender Pay Gap Service as the regulation does not require it.

### **Reported gender pay gaps for 2020**

Across the UK, over 10,000 businesses and public bodies submitted their gender pay gap data covering the 2020 snapshot date by 5 October 2021<sup>10</sup>. Across all organisations reporting to the National Gender Pay Gap Service, the average gap in men and women's mean hourly pay was 14.0% and in median pay it was 12.6%.

A very small proportion of law firms fall within the mandatory reporting requirement as law firms are predominately small and medium-sized businesses. A search on the National Pay Gap Service on the names of the largest 50 law firms<sup>11</sup> revealed that 42 firms had submitted

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<sup>6</sup> ONS tool to look at pay differences by occupation (and a range of other factors) can be found at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021>. This tool reports that on an individual solicitor level, women earn 3.4% less than men (£23.47 per hour compared to £24.30 respectively).

<sup>7</sup> Chapter 13, 'Increasing Transparency' in What works: Gender Equality by Design by Iris Bohnet (2016)

<sup>8</sup> <https://blogs.lse.ac.uk/businessreview/2021/03/29/uk-gender-pay-gap-reporting-a-crude-but-effective-policy/>

<sup>9</sup> [Gender pay gap reporting: Setting the standard for the profession | The Law Society](#)

<sup>10</sup> <https://gender-pay-gap.service.gov.uk/viewing/search-results?t=1&search=&y=2020&orderBy=relevance>

<sup>11</sup> Not all law firms submitting a response use or include the SIC code for solicitors (SIC69102), which makes it difficult to make robust comparisons.

a gender pay gap report for April 2020. (Note: foreign law firms with offices in the UK are not required to submit gender pay gap reports.) Among these 42 firms, the average gap in mean hourly pay was 20.3% and for median hourly pay it was 32.4%. For the majority of firms, this does not include partner pay.

### Comparisons over time

By looking at the largest law firms who submitted reports covering the April 2017 snapshot date and the latest April 2020 snapshot date, we can assess to what extent there has been progress since gender pay gap reporting began. Across the 41 largest law firms submitting data in both 2017 and 2020, there was a slight decrease in the average gender pay gap based on the mean for these firms of -1.38%. The average gap in median pay saw a 0.8% increase over the four-year period.

The pandemic could have had an impact on the 2020 figures. If firms furloughed staff at the end of March 2020, they would have reduced headcounts at the snapshot date in April. This may have impacted on the mean and median earnings calculations, making data less directly comparable to the previous year.

The April 2021 snapshot data is likely to be further impacted by the pandemic as there is evidence that women's careers have been disproportionately affected<sup>12</sup>. Recently published earnings data from the ONS shows that the national gender pay gap has widened between April 2020 and 2021, from 7% to 7.9%, although the long-term trend remains downward. ONS guidance recommends focusing on the longer term rather than just year-on-year changes<sup>13</sup>.

### Number of firms reporting a decrease

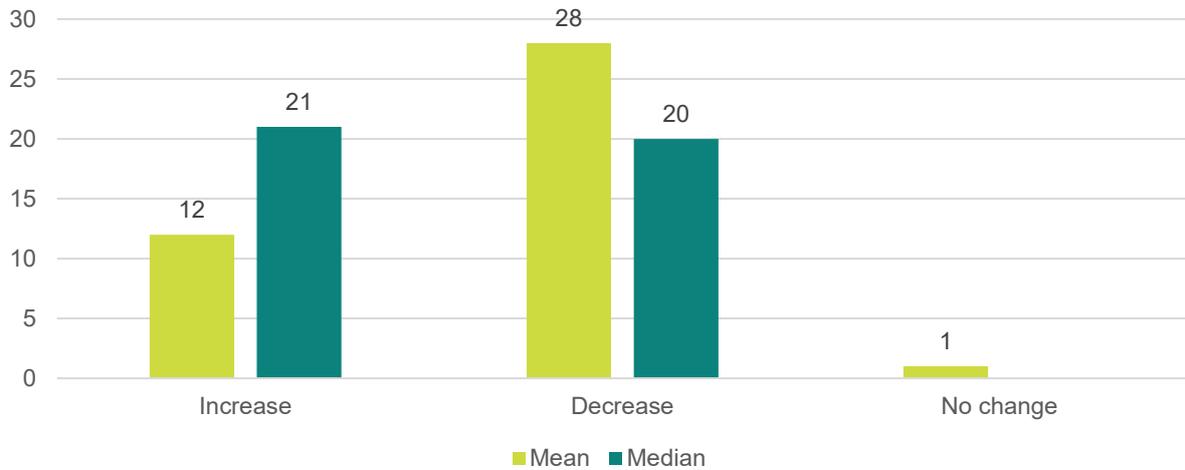
More interesting perhaps is to look at the number of firms which saw a decrease in their gender pay gap over the four-year reporting period. Twenty eight out of the 41 law firms, saw a decrease in their mean gender pay gap based on hourly pay, 12 firms experienced an increase, and one firm saw no change. Based on the median, 20 firms experienced a decrease, and 21 firms saw an increase in their gender pay gap.

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<sup>12</sup> <https://www.lawgazette.co.uk/profiles/how-the-covid-19-pandemic-has-affected-women/5107695.article>

<sup>13</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021>

Changes to large firm's mean and median gender pay gap, 2017-2020  
(n=41 firms)

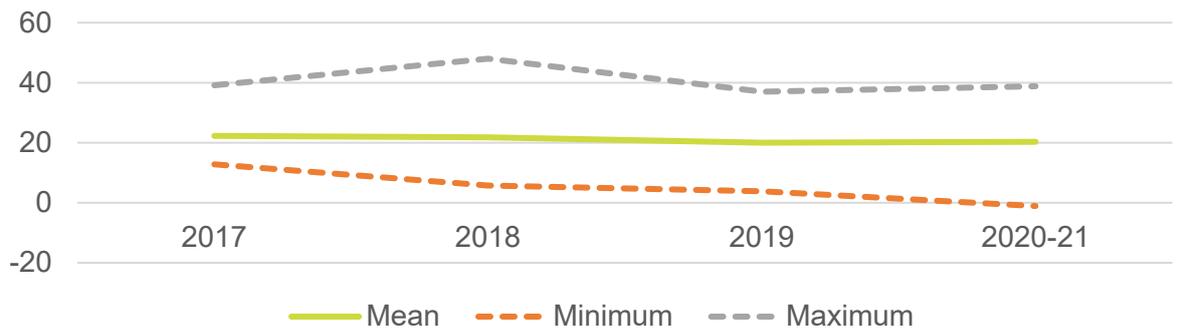


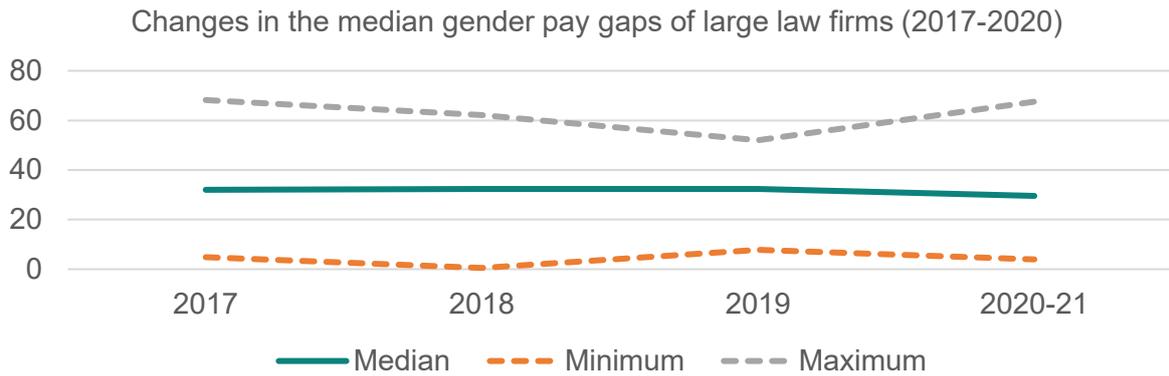
Minimum and maximum pay gaps reported

The range of pay gaps reported by the 41 largest law firms has shifted downwards slightly. The highest reported mean and median pay gaps in 2020 are lower than those reported in 2017. In 2017, the highest mean gender pay gap was 39.1%, in 2020 it was 38.8%. The highest median gap in 2017 was 68.2%, in the 2020 snapshot the highest median was 67.5%.

The lowest mean gender pay gap reported in 2017 was 12.8%, in 2020 one firm had a mean gender pay gap that was -1.1% (in favour of women). Similarly, the lowest median pay gap was 4.8%, for the 2017 snapshot date this figure was 3.9%.

Changes in the mean gender pay gaps of large law firms (2017-2020)

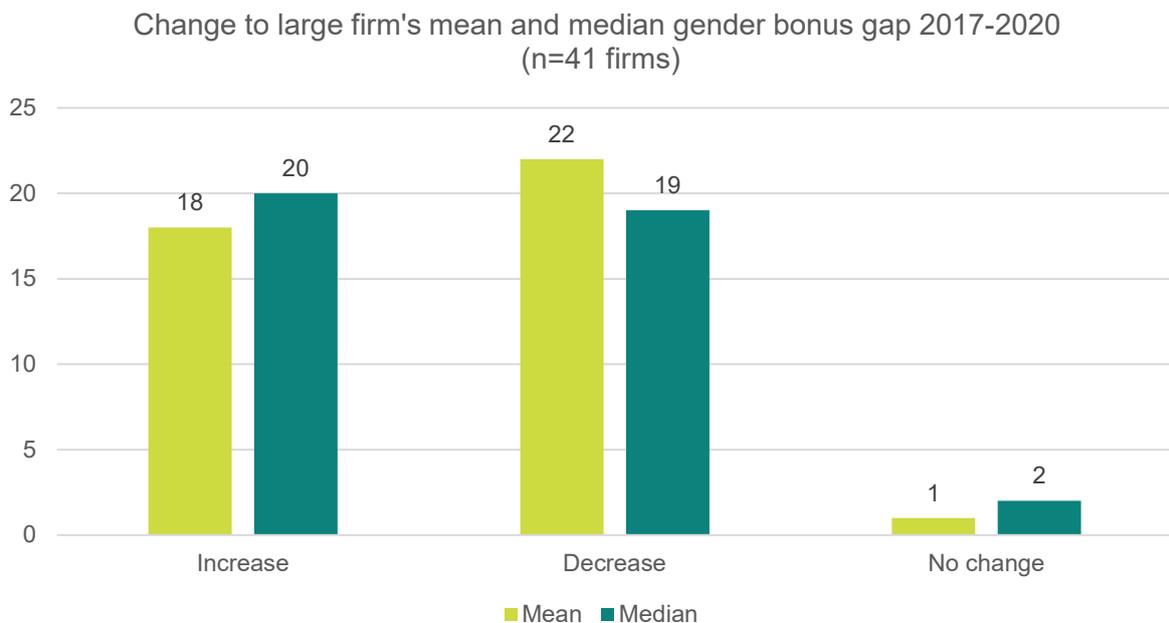




### Gender bonus gaps

On average, the largest law firms reported a similar proportion of men (58.3%) and women (59.6%) received bonuses in the pay period covering the April 2020 snapshot date<sup>14</sup>, however, on average, men received bonuses that were of higher value. The average gap between the value of men's and women's bonuses in 2020 was 39.4% based on the mean, the median was 38.3%. This was a larger bonus gap compared to all reporting organisations across the economy where the average difference in the mean value of the bonuses was 15%, and for the median it was 3%.

Twenty-two out of the 41 firms reported a decrease in their mean bonus pay gap between 2017 and 2020, 18 firms experienced an increase and one firm saw no change. Nineteen firms saw a decrease in their median bonus pay gap, whilst 20 firms reported an increase, two firms experienced no change. There was a decrease in both the average reported difference in mean bonus pay (-2.2%) and median bonus pay (-0.3%).



<sup>14</sup> Across all employers reporting, on average 37% of men and 35% of women had received a bonus. The mean difference in the value of the bonuses was 15%, the median was 3%.

As with hourly pay there was a shift downwards in the range of bonus pay gaps. The highest mean bonus pay gap in 2017 was 73.8%, whereas in 2020 the highest mean reported was 68.9%. The highest median bonus pay gap in 2017 was 83%, and in 2020 that had also reduced, to 79.9%. In both 2017 and 2020, the lowest mean bonus gap reported was 0%. In 2017, the median bonus gap was 0%, in 2020 the lowest reported was -29.7% (in favour of women).

### Representation in pay quartiles

Women make up the largest share of employees in each pay quartile in the law firms covered by this analysis. They are particularly over-represented in the lower pay quartiles, but representation falls in the upper pay quartile. Since pay gap reporting began in 2017, there has been some progress towards a more even distribution. Overall, the average percentage of women in the lower, the lower middle and the upper middle pay quartiles decreased slightly, while the percentage of women in the top pay quartile increased by 1.6%.

For large firms, pay quartiles cover a broad group of employees. Just looking at the representation of men and women in the pay quartiles may not be sufficient to help identify where there are inequities in progression, higher relative drop-out rates or specific barriers for women. Looking at differences in representation by narrower pay bands (such as deciles) or by grades or roles is likely to be more useful in understanding differences in progression and prioritising interventions at key career transition points.

### Narratives in gender pay gap reports

The narratives accompanying law firms gender pay gap reports can be grouped into three categories.

1. Some law firms showed how the business was taking action to respond to specific issues identified through the analysis of their pay gap data.
2. Others listed a wide range of diversity and inclusion activities aimed at creating a more inclusive culture and addressing under-representation of women at senior levels, but it was not clear how it directly related to specific issues identified through the firm's analysis of gender pay gap data.
3. A minority of firms explained the reasons why women earned less than men on average, for example, as a result of current pay policies or because of workforce structure, but did not provide evidence of action being taken to change this outcome.

A recent report analysing gender pay gap reporting regimes in six countries by the Global Institute for Women's Leadership and the Fawcett Society criticised the UK approach for having "no teeth" because it did not require action to narrow the pay gap.<sup>15</sup>

Voluntary guidance produced by Government Equalities Office has set out four steps to developing an action plan,<sup>16</sup> which includes:

1. analysing the data to diagnose what specifically is driving the gender pay gap in your organisation
2. consulting and engaging with senior staff and employees
3. monitoring and evaluating your actions and revising your plan
4. allowing enough time for all the above steps to take place.

From the narratives in law firms' gender pay gap reports, it was possible to identify some commonalities in relation to the use of data, engaging with staff and HR or pay policies in

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<sup>15</sup> <https://www.kcl.ac.uk/news/uk-gender-pay-gap-reporting-has-no-teeth>

<sup>16</sup> [https://gender-pay-gap.service.gov.uk/public/assets/pdf/action-plan-guidance.pdf?\\_ga=2.81009623.1195323146.1636483435-808695287.1612544638](https://gender-pay-gap.service.gov.uk/public/assets/pdf/action-plan-guidance.pdf?_ga=2.81009623.1195323146.1636483435-808695287.1612544638)

those law firms with the largest decrease in the mean or median pay gaps over the four-year period.

1. Greater transparency and accountability than required by law. For example:

- reporting more detailed gender pay gap data, such as. looking at gender pay gaps at different levels of the business (partners, associates, business services) and in different locations
- evidence of monitoring the profile of lateral hires and promotions
- ‘accountability up’ – signing up to national and industry standards, forums and awards (for instance, the Law Society’s Women in Law Pledge, Legal Innovation Awards, National Inclusion Standards, Corporate Equality Index, *The Times*’ Top 50 Employers for Women, FT Diversity leaders or Working Families).

2. Evidence of engaging staff at all levels. For example:

- engaging with staff networks or employee resource groups on the gender pay gap and communicating with all staff on gender equality (‘accountability down’)
- taking an intersectional approach
- sponsorship of women
- reverse mentoring
- leadership programmes
- improved networking opportunities across the business.

3. Reported steps to ensure equity in HR or pay policies. For example:

- ensuring recruitment decision makers are diverse and well informed
- scrutiny around work allocation
- review of policies to ensure they do not disadvantage any group
- review of bonus allocation, such as. moving away from chargeable hours to the wider role of the lawyer.

It was unclear from the narratives of law firms whether the actions or approaches were being evaluated to identify what was most effective in narrowing the gender pay gaps, so actions could be revised and improved.

The Government Equalities Office has been working with large employers to develop evidence-based insight into the practical steps needed to close the gender pay gap. They make a distinction between actions which have been effective in reducing the gap, actions with promising results, and actions with mixed results.

## **Evidence-based actions for employers<sup>17</sup>**

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<sup>17</sup> Government Equalities Office, Reducing the gender pay gap and improving gender equality in organisations: [Evidence-based actions for employers.pdf \(gender-pay-gap.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/612211/Evidence-based_actions_for_employers.pdf) (2017)

Effective actions	<ul style="list-style-type: none"> <li>• Include multiple women in shortlists for recruitment and promotions</li> <li>• Use skill-based assessment tasks in recruitment</li> <li>• Use structured interviews for recruitment and promotions</li> <li>• Encourage salary negotiation by showing salary ranges</li> <li>• Introduce transparency to promotion, pay and reward processes</li> <li>• Appoint diversity managers and/or diversity task forces</li> </ul>
Promising actions	<ul style="list-style-type: none"> <li>• Improve workplace flexibility for men and women</li> <li>• Encourage the uptake of Shared Parental Leave</li> <li>• Recruit returners</li> <li>• Offer mentoring and sponsorship</li> <li>• Offer networking programmes</li> <li>• Set internal targets</li> </ul>
Actions with mixed results	<ul style="list-style-type: none"> <li>• Unconscious bias training</li> <li>• Diversity training</li> <li>• Leadership development training</li> <li>• Performance self-assessments</li> <li>• Diverse selection panels</li> </ul>

### Next steps for law firms

Arguably, four years is still a short-time frame to assess whether gender pay gap reporting is making a difference, however, the intention of introducing greater transparency was to speed up the closing of pay gaps. Four years of reporting has given HR teams and businesses sufficient time to learn how to gather and analyse their data, get a better understanding of the composition of their workforce, and understand what strategies or initiatives are most likely to influence change. We would expect and hope to see the pace of change increasing over subsequent years. This analysis by the Law Society is intended to provide some useful benchmarking data and insights, enabling firms to assess their approaches so far and learn from their peers.

The deadline for reporting gender pay gap data in 2022 is likely to revert to April. This data, with its snapshot date of 5 April 2021, will be more heavily influenced by the pandemic. There is wide concern that gender equality in the profession has taken a step backwards<sup>18</sup>. The amount of unpaid 'home production' increased as schools and nurseries closed and much of this fell upon women. For some women, this meant changes to paid working hours and responsibilities, which although it was a welcome accommodation at the time, may have longer term career implications. The flip side might be that changing gender roles in the home, starting to be realised pre-pandemic, continue at pace<sup>19</sup>, supported by wider access to and take up of hybrid and flexible working practices and more equal parental leave schemes.

<sup>18</sup> [https://www.unwomen.org/en/news/stories/2020/9/feature-covid-19-economic-impacts-on-women?utm\\_source=dlvr.it&utm\\_medium=facebook](https://www.unwomen.org/en/news/stories/2020/9/feature-covid-19-economic-impacts-on-women?utm_source=dlvr.it&utm_medium=facebook)

<sup>19</sup> <https://voxeu.org/article/covid-19-and-gender-gaps-latest-evidence-and-lessons-uk>

As we go into the fifth year of gender pay gap reporting, firms and organisations should consider the progress made since their first reports, the lessons learned, and the challenges and opportunities presented by the pandemic. Action plans should be put in place to narrow gender pay gaps over the next five years, with monitoring of progress and reviews happening on a yearly basis.

### Recommendations

There is a range of guidance available from the Law Society and the Government Equalities Office to assist with reporting and action planning.

This analysis specifically points to law firms and organisations needing to:

- ensure they are looking beyond the headline median, mean and pay quartile figures that must be reported and carrying out further analysis to understand the causes of pay gaps in their organisation so they can tailor action to address them
- reflect on progress in the first four years – soon to be five years – of reporting, evaluating the impact of actions taken to progress gender equality over that period and learning and revising plans for improved progress
- consider the impact of the pandemic and changes to ways of working on gender equality and to what extent it has added a sense of urgency or provided opportunities to accelerate change
- be strategic and long-term in their approach, setting objectives to improve gender equality and women's representation at senior levels over the next five years – for example, using the annual pay gap reports to monitor and review progress against those plans.

### Note: A technical recommendation

In future, when reporting to the National Pay Gap Service, law firms are advised to use the SIC 69102 (Solicitors) code. This will enable easier benchmarking within the sector. Most firms have used this code in the past, however, some have submitted under alternative SIC codes.