

The logo for Brown & Co is displayed within a horizontal bar. The bar is split into two colors: green on the left and maroon on the right. The text 'BROWN & CO' is written in white, with 'BROWN' in a bold, sans-serif font and '& CO' in a serif font. A vertical maroon bar is positioned to the left of the horizontal bar.

BROWN & CO

Gender Pay Gap 2022/23

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Introduction.

April 2022 marks the first time we have been legally required to publish our gender pay gap. We have; however, been monitoring our gender pay gap since the government introduced the measure in 2017 and since then have been actively striving to improve it. This report shows Brown&Co has both a gender pay and gender bonus gap, but this is largely as we employ more female staff in support/administration roles. This repositioning metric doesn't reflect our equal pay analysis and statistics within staff tiers through the Firm.

The Partnership are committed to improving gender equality throughout our Firm and the HR team have introduced several measures to do this. Gender pay gap reporting provides us with an additional tool to monitor our employee data, which aids us to address any disparity and helps deliver our commitment to gender equality.

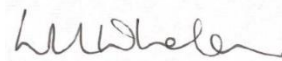
The government's initiative on the gender pay should not be confused with equal pay. Men and women have been entitled to equal pay for equal work since 1970, when the Equal Pay Act was introduced, but since The Equality Act in 2010 the provisions have been widened to cover an 'equality of terms'. Broadly this means a person must not get paid less compared to someone of the opposite sex for doing the same or equivalent work for the same employer and this includes all forms of remuneration and applies to other contractual terms, such as leave entitlements and benefits.

Diversity is essential for businesses today. We recognise the importance of this to our current staff, potential recruits, and clients alike. Improving our gender pay gap is the cornerstone to diversity, leading to greater employee engagement, which leads to higher levels of collaboration, productivity, improved retention meaning lower recruitment costs, attracting talent, enhanced company reputation both internally and externally.



Charles Whitaker – Managing Partner

For and on behalf of Brown & Co – Property and Business Consultants LLP



Lisa Whelan - HR Director

For and on behalf of Brown & Co – Property and Business Consultants LLP

The gender pay gap reporting explained.

The UK government requires all employers with 250 or more employees to annually report their gender pay gap. Private firms, such as Brown&Co, must use a snapshot date of 5 April. We must report and publish our gender pay gap information by 4 April of the following year and include a written statement.

The government describes gender pay as ‘the difference between the average (mean or median) earnings of men and women across a workforce’¹.

All salaries are calculated using hourly pay and only employees who fit into the government’s criteria of ‘relevant’ employees are taken into account (for B&Co’s figures this excluded Partners and any agency/temporary worker).

There are 6 elements which must be reported on:

- percentage of men and women in each hourly pay quarter
- mean (average) gender pay gap using hourly pay
- median gender pay gap using hourly pay
- percentage of men and women receiving bonus pay
- mean (average) gender pay gap using bonus pay
- median gender pay gap using bonus pay

The gender pay gap reporting should not be confused with equal pay. Men and women have been entitled to equal pay for equal work since 1970 when the Equal Pay Act was introduced. In The Equality Act 2010 further provisions were introduced to widen the cover of ‘equality of terms’. Broadly this means a person must not get paid less compared to someone of the opposite sex for doing the same or equivalent work for the same employer, including all forms of contractual terms; remuneration, bonus, entitlements and benefits. We pay equal pay, but we have a gender pay gap because we do not have an equal number of men and women in each quartile.

¹ Taken from <https://www.gov.uk/government/collections/gender-pay-gap-reporting> [Accessed 8 November 2022]

Glossary of terms.

Mean pay gap

The mean (average) gender pay gap figure uses the hourly pay of all full-pay employees to calculate the difference between the mean (average) hourly pay of men, and the mean (average) hourly pay of women. A mean (average) involves adding up all the numbers and dividing the result by how many numbers were in the list². The pay figure calculated includes pay, car allowance, bonus and commission of full pay relevant employees.

Mean bonus gap

The mean (average) gender bonus gap figure uses the bonus and commission amounts to calculate the difference between the mean (average) bonus pay of men, and the mean (average) bonus pay of women. The bonus used to calculate includes bonus and commission payments of relevant employees.

Median pay gap

The median gender pay gap figure is the difference between the hourly pay of the median full-pay relevant man and the hourly pay of the median full-pay relevant woman. The median for each is the man or woman who is in the middle of a list of hourly pay ordered from highest to lowest paid. A median involves listing all the numbers in numerical order. If there is an odd number of results, the median is the middle number. If there is an even number of results, the median will be the mean of the two central numbers³. The pay figure calculated includes pay, car allowance, bonus, and commission of full pay relevant employees

Mean bonus gap

The median gender bonus gap figure is the difference between the bonus pay of the median full-pay relevant man and the bonus pay of the median full-pay relevant woman. The median for each is the man or woman who is in the middle of a list of hourly pay ordered from highest to lowest paid. The bonus used to calculate includes bonus and commission payments of relevant employees

Relevant employee

This refers to everyone on our payroll.

Full pay relevant employees

Everyone who received their full, standard pay in pay period (April 2022). This means not those on maternity leave or those receiving Statutory Maternity Pay. Not those receiving sick pay or statutory sickness pay.

Ordinary pay

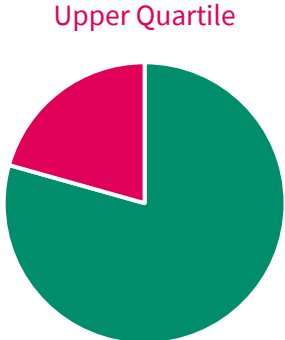
This includes basic salary, car allowance, childcare vouchers, holiday buyback, salary sacrifice pension and travel allowance. It doesn't include mileage or mobile phone reimbursements or deductions at source, e.g. normal pension contributions.

² Wording from <https://www.gov.uk/guidance/making-your-gender-pay-gap-calculations> [Accessed 8 November 2022]

³ Wording from <https://www.gov.uk/guidance/making-your-gender-pay-gap-calculations> [Accessed 8 November 2022]

Our results: percentage of men and women in each hourly pay quarter.

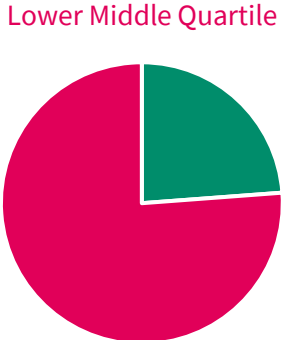
The hourly pay for both men and women arranged from the lowest to the highest, divided into 4 equal quartiles (divided as evenly as possible) and then the proportion of men and women is calculated for each quartile.



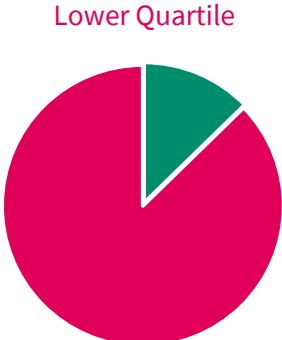
79.4% - male
20.6% - female



53.9% - male
46.1% - female



23.8% - male
76.2% - female



12.7% - male
87.3% - female

Our results: mean and median gender pay gap using hourly pay.

Our results show that, using these government calculations, there is a gender pay gap in favour of our male employees; however, this was likely to be the case given the high percentage of men in our upper quartiles, as show on the previous page, compared with the higher percentage of women in our lower quartile.

The calculations, whilst accurate, do not provide a true reflection of our policy on pay and bonus and our commitment to equal pay within this context.

Our mean hourly pay gap

35.8%

Our median hourly pay gap

41.1%

Of the employees that qualify under the 'relevant pay' criteria, as of 5 April 2022, 149 or 58% of employees are female and 107 or 42% are male.

As a professional services firm, the lower paid roles that fall in our lowest pay quartile, are administrative and are predominantly applied for and therefore secured by women. This seems unlikely to change significantly over the next few years meaning our figures will therefore reflect that the average pay for women at Brown&Co is less than the average pay for men. Over the past 5 years, a significant remodel of our flexible working practices and culture driven by our Human Resources team has been undertaken to ensure that our senior professional roles are more available and attractive to female staff, with the objective of retaining and attracting more female staff to senior roles.

Our results: percentage of men and women receiving bonus pay.

At Brown&Co fee-earning staff earn bonuses based on the fee income or profit they bring to the Firm, in addition to this, on occasion we also pay out a discretionary bonus to all staff to reward them for their hard work and loyalty.

As a professional services firm our fee-earning staff who earn bonuses make up most of the middle and upper quartile of employees. The lower quartile staff are non-fee earning in administration, apprenticeship and trainee roles. As reported earlier, we have more men employed in the mid and upper quartile roles than we have females, so it was inevitable that our bonus pay gap was going to be sizeable.

Percentage of women who received a bonus

22.2%

Percentage of men who received a bonus

58.9%

Of the employees that qualify under the 'full pay relevant' criteria, as at 5 April 2022, 147 or 58% of employees are female and 107 or 42% are male.

Our results: the mean and median gender pay gap using bonus pay.

The mean bonus gap is calculated as the gap between the average male bonus payment and the average female bonus payment.

The median bonus gap is the midpoint difference, so sorting the male bonus payments from lowest to highest and finding the midpoint, then sorting the bonus payments paid to females, from lowest to highest and finding that midpoint and then working out the percentage difference. In our case, the midpoint male bonus returned a figure, but the midpoint female was £0.00 (due to us employing more females than males, and due to most females being in non-bonus receiving roles), so the gap is 100%.

A percentage result above zero indicates a gap in favour of men, a percentage result below zero, a minus result, indicates a gap in favour of women.

Of the employees that qualify under the 'full pay relevant' criteria, as at 5 April 2022, 147 or 58% of employees are female and 107 or 42% are male.

Our mean bonus pay gap

82.2%

Our median bonus pay gap

100%

Explaining the results.

A gender gap in pay or bonus emerges when there are more women than men in lower paying roles. A gender pay or bonus gap does not mean that employees are paid differently.

The good news is the average UK gender pay gap is decreasing⁴, remaining at just under 15%.

In many Firms, including ours, more women work part-time than men and of those women more of them work in roles which have lower hourly rates.

We are an equal opportunities employer, but the reality is that substantially more women than men apply for the roles covered by our lower pay bands, such as administration-based roles, as the diagram below shows:

Divisional partners, associate partners, and senior management

83% - male
17% - female

Associates and senior associates

57% - male
43% - female

Graduates and newly qualified professionals

35% - male
65% - female

Business support, administrators, apprentices, and trainees

3% - male
97% - female

⁴ Statistics can be found at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022> [Accessed 8 November 2022]

What we are doing to improve our results

We have started to implement measures to improve these results and will continue to prove our commitment to closing the gender pay gap. A few of our most recent improvements have been:

Bonus payments

Our bonus gap highlighted that we have to design a bonus structure that considers the many non-fee earning staff (and therefore, traditionally the non-bonus earning staff) to communicate the value all employees, regardless of role, to the Firm. To address the matter quickly, we are paying an annual cost of living bonus to the lower earning staff in the Firm, this will be paid monthly until March 2023.

Hybrid working policy

Our flexible working offerings were strong, with staff enjoying arrangements such as part time, term time, compressed hours, job sharing etc.; however, we did not offer hybrid working (a mixture of in office and remote working) before the pandemic. The pandemic has significantly hastened our hybrid working policy, an unexpected beneficial outcome for our Firm. We have found we can still work productively and collaboratively, as well as continuing to provide exceptional service to our clients whilst working remotely from time to time, and this in turn has meant a positive impact on our flexible working culture and ensure staff are able to maintain a good work and homelife balance.

Family leave policy improvements

We have relaunched our family leave policies, with enhanced maternity and paternity pay with hope of ensuring many more of our staff return to work from a period of family leave feeling ready to do so and on terms that suit them.

Holiday allowance

With effect from January 2022, we increased the annual leave allowance for all staff, in addition to our popular holiday buy-back scheme.

Promotions gap analysis

This April, 57% of all promotions awarded were to females and we will continue to monitor our promotion gap.

Our measurable objectives.

One change which will take longer to address in the macro environment is how to encourage more females into the professional and rural advisory services industry and how to ensure they remain in this career. This would go some way to ensure more women reach Partnership level, or higher management roles or have a seat at 'the table'. The steps we have committed to take, in the next 12 months, in order to reduce our gender pay and bonus gaps are:

Ensure proportional promotions

Our graduate cohort is currently made up of 23% males and 77% female but female representation across our promotional structure reduces towards the higher end of the structure. We will be launching initiatives to support, mentor and promote more females.

Take the bias out of recruiting

There are several ways we are addressing this, from how we design the job, the language we use in advertising, labelling a role as flexible, and anonymising CVs. With the long term aim of increase the diversity of employees at all levels, not just gender.

Invest in line managers

Provide unconscious bias training to improve attitude and approach towards HR policies, such as flexible working and family leave enhancements.

Collect and apply a gender lens to a wider range of metrics

We believe a quantitative, data led approach, underpinned by qualitative results, metrics, and targets which we communicate to the Firm and embed in our culture will, in time, provide us with improved results, by looking at these through a gender lens we hope to improve a wide range of aspects, including our gender pay and bonus gap.