

Top firms stand by gender pay carve-out

By Max Walters

26th February 2018

Top firms have defended their decision to exclude partners from mandatory data on gender pay gaps amid mounting concern that the policy renders reports on many major City employers meaningless.

The Advisory Conciliation and Arbitration Service and the Government Equalities Office have set a deadline of 4 April for businesses with 250 or more employees to report specific figures about their gender pay gaps.

A handful of law firms have reported their figures so far; including Link-laters, which reported a gap of 39.1% in median salaries. However, firms responding to Gazette enquiries said partners would not be included on the grounds they are not employees.

The policy of excluding partners looked set to become a political issue last week when Inga Beale, chief executive of Lloyd's of London, said that it provided a 'carve-out' for a senior, highly-paid, mainly male group. Labour MP Caroline Flint said that omitting top City earners' salaries is 'distorting our ability to see what the gap is'.

Equity partners at top City firms can earn in excess of £1 million every year, A high percentage of the partnership – in most cases more than 70% – is male.

The Government Equalities Office declined to comment on whether it was considering broadening the reporting requirement. Currently, only salaried partners have to be included.

Tony Williams, principal of legal consultancy Jomati and a former managing partner of magic circle firm Clifford Chance, said that likening partners to other employees was akin to comparing apples to bananas. 'As a partner, you are a proprietor and cannot be considered in the same light as an employee. Although remuneration can be very high you have to be prepared that it could also fall significantly.'

Separately, Law Society Group, which includes the Law Society and Solicitors Regulation Authority, last week reported a median gender pay gap of 5.6% in 2017.

Available Online: <https://www.lawgazette.co.uk/news/top-firms-stand-by-gender-pay-carve-out/5064978.article>