

MACFARLANES

Pay gap

2024 report



Report figures taken at a statutory snapshot date of 5 April 2024.

The figures presented in this report have been rounded to two decimal points.

In this year's pay gap report we once again publish our gender, ethnicity and social mobility pay gaps. We also highlight a few of our key programmes delivered in 2024 that we hope will continue to help us make progress.

Gender

To mark International Women's Day 2024, we held a careers fair for female students from socially mobile backgrounds. So that students could chat to people from a range of roles and departments, we set up stalls for our Business Services teams, Lawyers, Paralegals and our Lawtech team. Around 100 students attended and had the opportunity to learn what it is like to work in a City law firm.

We also continued with our Legal Women's Network. In the first session we heard from Christine Armstrong, researcher on the future of work. Throughout the year, we delivered another three drop-in lunches: a session on professional confidence with our head of learning and development, an interactive workshop on the power of stretch in your career with Courageous Co, and a networking lunch to round off the year.



Ethnicity

In 2024, our work on race, ethnicity and cultural heritage was recognised twice by [Investing in Ethnicity](#) (IIE), the secretariat of the All-Party Parliamentary Group on Governance and Inclusive Leadership. Following completion of the IIE's Maturity Matrix, we were awarded 'exemplary employer' status, which is the highest level. The Matrix is a national benchmarking tool which assesses an organisation's ethnicity focused practices, policies and initiatives. Additionally, our REACH (race, ethnicity and cultural heritage) network was shortlisted and recognised in the top 15 network groups at the IIE annual awards.

Our REACH network continued to host a series of cultural drop-in lunches throughout the year which all Macfarlanes colleagues are welcome to attend. These lunches always have a traditional menu and an educational element, for example, we heard from a cultural historian during our Diwali and Bandi Chhor Divas lunch. In 2024, three faith community groups were introduced under REACH; we now have groups for our Christian, Jewish and Muslim colleagues. Our Muslim Faith Community group hosted our first communal Iftar where attendees, Muslim and non-Muslim, broke fast together.



Conversations about our culture

We began a new series of workshops called Conversations about our culture. This series picked up on themes coming out of previous firmwide initiatives, including the 2023 engagement survey, various round tables and our Conversations about race videos. The aim was to encourage open conversations across different roles, personality types and generations.

Workshops were delivered to each practice area and business services department, with content tailored to each team, prepared by those Partners and Directors. Our Director of Risk also covered guidance recently introduced by the SRA, which includes speaking up and raising concerns – an important part of an inclusive culture.

Social mobility

The impact of our training scholarship with Brunel University has continued to grow. This year our first cohort of scholars began their year in industry with us, we recruited our second cohort of scholars who completed a six-week summer internship, and we launched our scholarship for the third time in October 2024. Both current cohorts act as ambassadors for the programme at attraction events. The year in industry scholars work on active matters within their practice areas and they are embedding themselves into the firm by working collaboratively and getting involved in a variety of events.

Our bursary programme, which was launched alongside the scholarship, continues to provide financial support a wide group of students.

As part of our commitment to [PRIME](#), we have continued to develop the Macfarlanes Legal Academy (MLA). The MLA is a two-year school programme for 20 Year 12 students from socially mobile backgrounds each year. The February 2024 cohort took part in an experience week in the office, where they developed their professional skills, met their mentors, took part in a workshop with Brunel University and were welcomed to clients' offices to learn more about different industries. In October, they returned to the office for a workshop day where they developed their professional skills through mock interviews, networking and self-reflection.

We have continued our partnership with [upReach](#), a social mobility charity that connects university students from socially mobile backgrounds with work experience and empowers them to develop their employability skills and networks. This year, we have hosted in-person events and schemes including our professional experience week and mock assessment day, as well as virtual workshop sessions. Through this work we have reached 163 students this year.

The [Social Mobility Employer Index](#) is the leading authority on employer-led social mobility. It is an important benchmarking initiative that ranks Britain's employers on the actions they are taking to ensure they are open to accessing and progressing talent from all backgrounds. In 2024, we were delighted to be recognised as a top 15 employer, moving up 10 places in the rankings to number 13 as a result of our continuing social mobility efforts.



Progress

In 2024:

- Six lawyers were promoted to the Partnership, of which 33% were women.
- As a result, as at 5 April 2024, 24% of our Partners were women and 3% were from an ethnic minority background.
- There were 12 promotions to Senior Counsel, 67% of which were women and 25% were from an ethnic minority background.
- In Business Services, at Director level, female representation now stands at 71% and ethnic minority representation is 43%.
- There were two promotions to “Head of” roles, both of which were women.

We know that continued focus and momentum is key. Our [action plan for 2026 partnership targets](#) continues to shape our strategy and during 2024 we published our [three year update report](#).



Luke Powell

Managing Partner

Who is included in the data?

Alongside the statutory employee gender pay gap figures (calculated on an actual pay basis as set out in the legislation), we include additional calculations for our Partner, Associate and Business Services groups. Please see page 8 for a fuller explanation of how we are calculating these figures this year.

How is pay gap different to equal pay?

It is important to highlight that the pay gap is a measure that shows the difference in “average” pay between two groups of employees e.g. men and women, and does not take into account workforce composition or job roles. It is not the same as equal pay, which addresses the differences between employees in equivalent roles carrying out equal work – something that the firm fully adheres to through continual monitoring and checks that are built into our reward processes throughout the year. Please see the last page of this report for a full explanation of the calculations performed and key definitions.

Statutory reporting

Employee gender pay gap

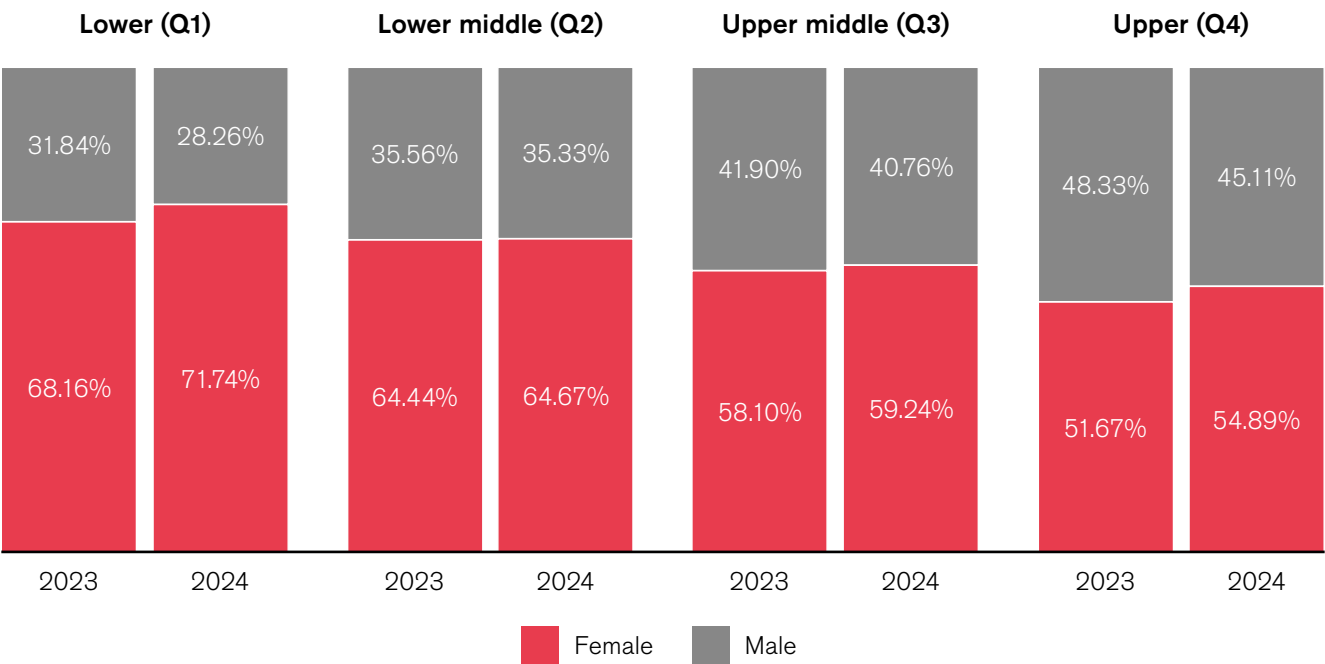
This section shows the difference between the average hourly pay at 5 April 2024 for all male and all female employees, regardless of their seniority.

Gender pay gap

	2024 hourly pay gap	2023 hourly pay gap	Variance
Mean	14.51%	13.55%	+0.96%
Median	43.05%	40.58%	+2.47%

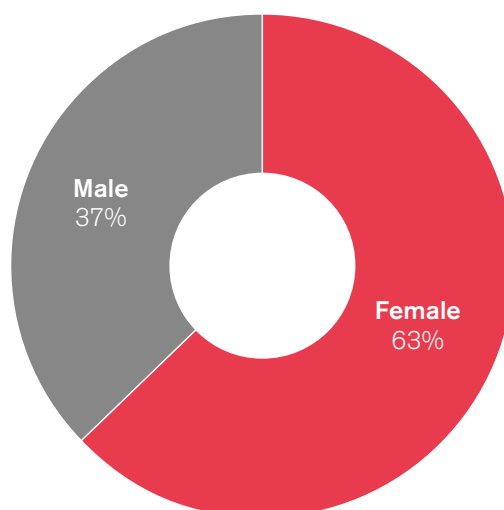
Our gender pay gap is primarily driven by the shape of our business. We have a higher percentage of women in our Business Services and PA teams, where the market rate for salaries is generally less than for qualified fee earning roles.

Gender pay quartiles (actual pay)



Macfarlanes gender split

As at the reporting date of 5 April 2024, across the firm we had a split of 63% female employees to 37% male employees. This is a similar split to previous years.



Employee gender bonus gap

95% of our employees received a bonus last year.

Proportion of males and females who were paid a bonus

	2024	2023	Variance
Female	93.93%	95.86%	-1.93%
Male	95.64%	91.87%	+3.77%

Bonus gap

	2024	2023	Variance
Mean	29.56%	35.89%	-6.33%
Median	26.06%	28.75%	-2.69%

The legislation states that *actual pay received* is used in the bonus calculation instead of a full time equivalent (FTE). This has created a higher gap than if we had used the adjusted FTE figures as we have more women than men in part time roles, whose bonus is pro-rated to reflect their working pattern. In 2024, 85% of women were working full time compared to 96% of men.

Additional voluntary reporting

In a partnership structure, which includes both Partners and employees, applying the Government’s pay gap methodology requires us to exclude Partners from the reporting (as they are not employees). However, for clarity we publish our additional pay gap data below to include Partners in the calculations.

Our approach to additional pay gap calculations for this 2024 report

Partners receive a share of the firm's profits at various points in the year. Therefore, to enable us to compare the Partners' earnings with the rest of the firm for the purpose of this additional pay gap reporting, we use the hourly rate for both Partners and all employees, based on total earnings.

- For Partners, this is the annual profits for the 12 months to 31 March 2024.
- For employees, total earnings comprise two components; their annual salary at 5 April 2024 plus any performance and firmwide bonus paid during the relevant period.

Following feedback from some of our colleagues, this year we are moving to fully adjusted pay figures to account for working patterns and extended periods of leave. So, for example, for someone who works on a part time basis (in 2024, this was 15% of women compared to 4% of men) their total earnings are now incorporated more usefully within the broader context i.e. their bonus is no longer pro-rated according to their working pattern.

Gender pay gap analysis

Combined Partner and employee pay gap

	2024	2023
Mean	69.61%	70.10%
Median	35.94%	49.07%

This gap is a result of significantly higher levels of remuneration received by Partners compared to the rest of the firm and the smaller number of female Partners, particularly senior female, Partners. As at 5 April 2024 we had 96 Partners - 23 were female (24%) and 73 were male (76%).

Partner pay gap

	2024	2023
Mean	32.81%	29.94%
Median	62.79%	15.79%

Associate pay gap

	2024	2023
Mean	-0.86%	5.90%
Median	-0.93%	7.42%

During the reporting period, 57% of our Associates were female and 43% were male.

Business Services (excluding PAs) pay gap

	2024	2023
Mean	-2.40%	0.72%
Median	6.82%	9.32%

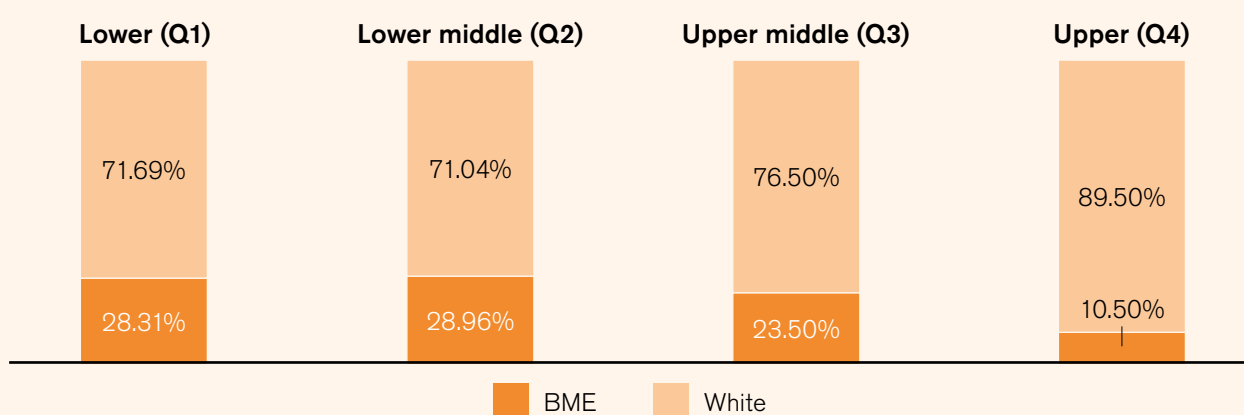
We have no male PAs, therefore we have excluded the PA population from this breakdown to ensure that the most meaningful data is analysed.

Ethnicity pay gap analysis

Our ethnicity data is based on a response rate of 98%. For the purposes of this report, we have grouped this data into black and minority ethnic (BME) and white.

At 5 April 2024, 23% of the firm identified as BME, 30% of our Trainees identified as BME and 24% of our Directors and Head of Departments roles identified as BME.

Ethnicity FTE Pay Quartiles 2024 (all firm)



Combined Partner and employee pay gap

	2024	2023
Mean	67.82%	68.85%
Median	40.42%	42.73%

Partner pay gap

	2024	2023
Mean	27.70%	6.62%
Median	63.79%	5.08%

Associate pay gap

	2024	2023
Mean	4.89%	11.42%
Median	5.71%	11.92%

During the reporting period, 21% of our Associates identified as BME and 79% identified as white.

Business Services pay gap

	2024	2023
Mean	6.61%	9.19%
Median	2.22%	2.19%

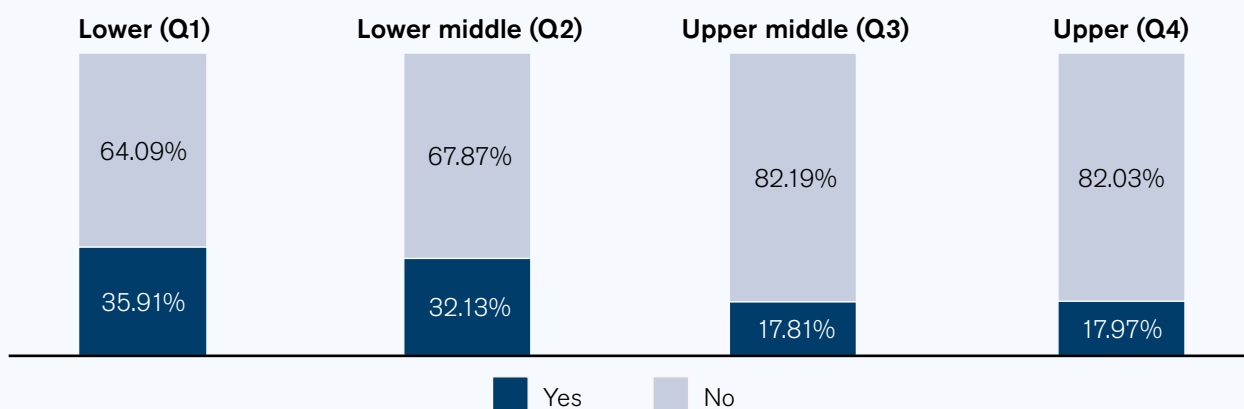
Social mobility pay gap analysis

Socio-economic background is nuanced and involves the cumulative layering of several different personal experiences.

When determining someone's socio-economic background within the firm, in addition to the category recommended by the Social Mobility Commission (the occupation of the main earner in the household at the age of 14), we also consider further indicators to build a more comprehensive picture of someone's experience. These indicators include: receipt of pupil premium, refugee or carer status and needing to be employed in a job during term time.

Our response rate is 98.8% and based on these responses, as at 5 April 2024, 26% of the firm, including Partners, is socially mobile.

Social Mobility FTE Pay Quartiles (all firm)



Combined Partner and employee pay gap

	2024	2023
Mean	36.03%	30.25%
Median	50.62%	45.40%

Associate pay gap

	2024	2023
Mean	-3.24%	-4.74%
Median	-3.70%	-1.46%

Partner pay gap

	2024	2023
Mean	-0.84%	14.35%
Median	0.00%	11.11%

Business Services pay gap

	2024	2023
Mean	12.73%	19.66%
Median	4.35%	1.36%

Definitions and calculations

- **Ethnic minority:** Partners and employees who have reported their ethnicity as black, Asian or minority ethnic.
- **Quartiles:** all relevant employees are ranked from the lowest earners in the firm to the highest earners and then divided into four equal parts ("quartiles"). Taking gender as an example, the percentage of men and women in each of the quartiles is then calculated. Quartiles are useful for highlighting any patterns of pay distribution.
- **Mean and median:** using gender as an example, the median average is the number in the middle. It shows the difference between the middle earning male and the middle earning female of a group i.e. the 'typical' difference. The mean figure is what is often described as the 'average' - adding together the hourly rate of each male employee and each female employee and dividing the totals by the number of male and female employees respectively.
- **Negative gap (-%):** a negative percentage figure indicates a pay gap in favour of women, ethnic minority or socially mobile people.
- **Pay gap:** a measure that shows the difference in 'average' hourly rate of pay between two groups of employees (for example men and women) which does not take into account workforce composition or job roles. These figures are not the same as equal pay calculations, which analyse the differences in pay between employees in similar job roles doing 'equal work'. We undertake rigorous reviews of our reward practices to ensure that we adhere to the equal pay legislation. Our pay gaps are driven by the current shape of our business.
- **Reporting:** two sets of calculations set out in our report; statutory figures and additional reporting.
- **Statutory:** every UK employer with more than 250 staff is required to report annually on a number of data points using the snapshot date of 5 April each year. This includes the median and mean gender pay gaps, the difference in average bonuses and the share of men and women in each pay quartile. Full time equivalent (FTE) figures are used for employees' salaries. However, the reporting legislation states that for the bonus calculations based on gender, we need to report on actual bonus pay. As a business with a partnership structure, our Partners are not employees and are therefore removed from the statutory reporting.
- **Additional:** To give a more accurate picture, we publish additional data including overall figures for the firm (including partners) and break downs by Partner, Associate and Business Services. We also publish our ethnicity and social mobility figures. For this additional reporting we use annual FTE earnings figures as Partners are remunerated differently and do not receive a salary and bonuses.



Macfarlanes LLP

20 Cursitor Street London EC4A 1LT

T +44 (0)20 7831 9222 | F +44 (0)20 7831 9607 | DX 138 Chancery Lane | [macfarlanes.com](https://www.macfarlanes.com)

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