

Gender Pay Gap Report 2017



Summary

Kreston Reeves is pleased to share our Gender Pay Gap Report and findings for 2017. We recognise and value the opportunity we have as an employer to continue to effect real change both within our firm and across the wider industry, to address the social and cultural challenges that have driven historic gender inequality.

We also recognise that Gender Pay relates to the difference between pay for men and women across the total workforce, which differs from Equal Pay which compares rates of pay for the same job role, or work of equal value. For over 100 years Kreston Reeves has been an equal opportunity employer offering equal pay, terms and conditions to all employees as standard - knowing that our people make us who we are.

1. Background to the Gender Pay Gap

In 2015, the UK average pay for men was greater than that for women – a national ‘gap’ of 19.2%, with a slight fall to 18.1% nationally in 2016. There are a multitude of social, organisational and cultural factors contributing to this gap.

The Government sought to address the issue by introducing voluntary gender pay reporting. However few organisations took a proactive approach in voluntarily publishing under the ‘Think, Act, Report’ Initiative – a scheme encouraging organisations’ voluntary commitment to gender equality in the workplace. In 2010 the Equality Act (Gender Pay Gap Information) Regulations 2016 outlined mandatory requirements for all employers with more than 250 staff to publish information about their gender pay gap, including:

- the difference in the mean average hourly pay of men and women, expressed as a percentage;
- the difference in the median average hourly pay of men and women, expressed as a percentage;
- the proportion of men and women who received a bonus payment in a 12 month period;
- the difference between the men’s and women’s mean bonus payment over the 12 month period, expressed as a percentage;
- the difference between the men’s and women’s median bonus payment over the 12 month period, expressed as a percentage; *and*
- the number of men and women in each of the four quartile pay bands, based on the employer’s overall pay range.

The final regulations were brought into effect in April 2017. Kreston Reeves has analysed our information based on data taken from the April 2017 pay period. This data enables us to establish what our gender pay gap is presently; where we stand in relation to the national average and the market; and to identify proactive steps we can take to address any issues identified.

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2. Our figures

The data below, taken as at 5th April 2017, shows the firm's findings in comparison to the regulatory Gender Pay criteria, having been calculated using the standard methodologies in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The key figure for comparison is the median hourly pay gap, highlighted.

Gender Pay Gap	%
Difference in median hourly rate of pay	17.6%
Difference in mean hourly rate of pay	16.5%

Gender Bonus Gap	%	% after skewing removed – See: (2)
Difference in mean Bonus Pay	32.2% See:(1)	26.5%
Difference in median Bonus Pay	4.7%	0%
Men who received a bonus	56%	
Women who received a bonus	57%	

Pay Quartile Band	Male % employees	Female % employees
Upper	53%	47%
Middle Upper	46%	54%
Lower Middle	33.3%	66.7%
Lower	32%	68%

Note (1): this reflects the fact that the data was taken from the bonus paid in August 2016, at which point the firm had only been merged with Spofforths for 2 months.

Note (2): the original data included 'skewing' for a male senior role who soon after converted to become a Partner (business owner), which if excluded reduces the **median bonus gap to 0%**.

3. What does this mean?

3.1 Overall composition

In Summer 2016 two successful accounting and business services firms (Kreston Reeves and Spofforths) merged to become a top 25 UK accountancy firm, based across South East England (specifically in Kent, Sussex and central London). Within our combined firm we have a **majority of female staff (59%)** who are in the main revenue earning, providing a wide range of accounting services from forensics to audit, financial planning to tax; together with in-house corporate teams including HR, Finance, Marketing, IT and Payroll. As a government accredited training firm, a significant proportion of our staff are in junior to middle tier roles undertaking associated qualifications, **55% of all staff are under the age of 35**. We have minor differences of contractual hours and working patterns between our London office and those in Kent and Sussex, reflecting the central London environment. Within the staff base we have 14% on formalised part time working contracts for reduced hours; and above this we have a significant number of informal/non-contractual arrangements for flexible working.



3.2 Gender Pay Gap

As set out above, the 2016 national median gender pay gap was 18.1%. The median figure is used by the Office for National Statistics (ONS), since it is the best representation of the typical difference between the genders, as it is not distorted by the small number of very high earners. **At 17.6%, the firm's median gender pay gap is 0.5% lower than the national average, and compares most favourably with the wider accounting and financial sector.**

Kreston Reeves is proudly balanced – our results directly relate to our composition and fundamental approach to equality, with 59% female workforce to 41% male. The composition of each team varies between one another, based on the requirements of the function and the typical external market for that industry. Kreston Reeves does not, nor has ever positively discriminated, as our HR practices are based on fundamental principles of equal pay for equal work, and in selecting the best candidate for the job. In recruitment and selection, Kreston Reeves make no reference to gender or any other personal characteristics of existing or potential job holders, nor in determining role remuneration – employment offers and subsequent salary or bonus reviews are based on merit and achievement.

Salaries for students are consistent for each qualification, and salaries for qualified roles are determined by the specific specialist or technical requirements of the role, and the contemporary labour market. We are completing a period of harmonisation for existing terms and conditions or practices, wherever they currently differ between the two firms.

In regard to internal consistency, Kreston Reeves is committed to the principle of equality, inclusion and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil

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partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. We have a clear approach of paying employees equally for the same or equivalent work, regardless of their gender (or any other characteristic set out above). As such, we have implemented consistent grading across the merged firm and a firm-wide approach to annual performance review, necessary to ensure a fair structure.

3.3 Gender Bonus Gap

The **proportion of bonus awarded is identical for both sexes** – 56% of men at Kreston Reeves received a bonus in the 12 months up to April 2017, and 57% of women. Once staff have completed a qualifying period, all employees receive an annual remuneration review of salary. This is based on performance and market conditions, with a standardised approach to cost of living increases. A discretionary bonus is also considered once a year, based on organisation and individual performance.

Kreston Reeves also paid the same total bonus amount for men and for women. The difference between the average male and female bonus was 32.2%: this reflects the fact that the data was taken from the bonus paid in August 2016 at which point the firm had only been merged with Spofforths for 2 months. The proportion of staff previously employed by former Kreston Reeves received the bonus at this stage, whilst the total number of staff overall as at April 2017 was considered for the calculation. Pre-harmonisation the average male bonus was £990, and the average female bonus was £671 again reflecting the historical social prevalence of males in more senior roles. We can already see significant positive variance in next year's data as we apply a consistent approach across the merged firm following harmonisation, including a number of senior female roles at Senior Manager and Director level.

3.4 Salary Quartiles

As 59% of all Kreston Reeves staff are female, 3 of the 4 salary quartiles are dominated by a higher proportion of female staff. It is only in the top quartile where the split is more even, with 53% men to 47% women.

This is representative of comparable organisations and the wider external labour market. Across the UK economy as a whole, historically men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while women are more likely than men to be in front-line roles at the lower end of the organisation. In addition, men are more likely to be in technical or specialist roles, which attract higher rates of pay than other roles at similar levels of seniority. Women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid. Since our data was taken, we have welcomed a number of senior female roles into Kreston Reeves and expect to see a positive variance in next year's figures for the upper salary quartile. The firm has also invested in talent management initiatives where we are developing our next generation of partners and leaders.

4. How does Kreston Reeves compare with other organisations?

Nearly all organisations have a gender pay gap, and while we are pleased that at 17.6% Kreston Reeves's own 'gap' is below the national average, we recognise the need to improve this further.

- Kreston Reeves is **0.5% lower than the median gender pay gap for the whole economy** (according to the November 2016 ONS Annual Survey of Hours and Earnings (ASHE) figures).

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- Likewise, Kreston Reeves is **0.8% lower than the mean gender pay gap for the economy** at 16.5% compared to the national 17.3%.

We are by no means complacent. In addition to the actions outlined below we are keen to keep abreast of further information from the accounting and finance sector, with a view to encouraging further positive progress within the industry.

5. Actions and next steps

Whilst our 'gap' compares favourably with the whole UK economy and the accounting sector, as an accredited training firm and an employer of choice in the accounting and business services industry, we recognise that we have an important role to play in proactively driving change initiatives within our organisation which further improve gender diversity and working practices for women. We are also committed to influencing our sector, fellow organisations, partners and suppliers to do everything possible to reduce the gap across the industry for future generations.

Since our merger in Summer 2016, the firm has been focused on the continuing positive integration. One significant aspect of this has been the creation and implementation of 'one firm culture and values'. Proudly designed by our staff, our relaunched values define who we are and how we do things here. They reflect our attitudes and behaviours and represent a promise of quality, personal service and commitment to our clients, communities and colleagues. These values speak directly to our attitudes towards diversity and inclusion:



- ✓ **Understand** - Look at the big picture and put yourselves in other people's shoes
- ✓ **Look ahead** - Anticipate the future and plan for it
- ✓ **Make it personal** - Adapt how we work to fit different people's needs
- ✓ **Be crystal clear** - Ensure people know what's going on
- ✓ **Be human** - Treat others as you yourself would like to be treated

To further improve gender diversity in the wider sector the firm is continuing to support various measures, outlined below. None of these initiatives alone will eradicate the gender pay gap - and it may be several years before some have any impact at all. We recognise that our scope to act is limited in some areas - for example employers have little direct control over the subjects that individuals choose to study or the career choices that they make.

Kreston Reeves does not practice positive discrimination; however we recognise our important role in leveraging our influence in the market, to further increase our engagement with education to dispel myths around the sector, and to encourage female students towards and continuing with a career in accounting and business services. In the meantime, Kreston Reeves is committed to reviewing on an annual basis the progress we are making to reduce and close the gender pay gap.

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<p>Improve the gender balance by supporting female talent</p>	<ul style="list-style-type: none"> • Continue to write and share thought piece articles on our approach to women in the accounting and business services sector, promote the voice of our female champions, and foster participation in external women’s networks. • Continue to develop leadership development programmes, coaching and mentoring which support growth of female talent to fill senior positions. • Continue to proactively engage in outreach with learning communities and establishments (universities and schools for example) to raise awareness of accounting and business services careers, encouraging women to adopt paths and education which create more future talent in the sector labour market.
<p>Promote agile and flexible working</p>	<ul style="list-style-type: none"> • Implement our reviewed maternity and paternity provisions as part of our harmonisation of terms and conditions, post merger. We will continue to communicate our benefits provisions to potential new employees. • Sign up to the ‘Working Forward’ initiative – a nationwide campaign by the Equality and Human Rights Commission supporting pregnant mothers and new parents. • Continue to encourage any issues relating to flexible working to be raised and addressed via the Staff Forum.
<p>Further actions</p>	<ul style="list-style-type: none"> • Continue to embed our ‘Culture and Values’ – reminding staff of expectations regarding respectful and inclusive behaviours, including those relating to diversity and having in place effective escalation channels. • Monitor HR management information (quantitative and qualitative data), specifically for workforce composition, recruitment, promotions, working patterns, leavers, and returners from absence. • Continue to review recruitment and sourcing practices e.g. unconscious bias awareness and monitoring gender composition on interview panels and candidate pools. • Measure staff views on this area through staff surveys and Forum feedback, and monitor progress over time. • Continue to celebrate female achievements, communicate and share good news stories.

Any further initiatives communicated throughout the year will be reported via HR and on the firm’s intranet. The information contained within this report is true and accurate.

Nigel Fright
Managing Partner

Jessica Damms
HR Director

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Kreston Reeves have made every effort to ensure accuracy at the time of publication (March 2018). Information may be subject to legislative changes. Recipients should note that information may not reflect individual circumstances and should, therefore, not act on any information without seeking professional advice. We cannot accept any liability for actions taken or not taken as a result of the information given in this publication.

Kreston Reeves LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk for the UK and www.cro.ie/auditors for Ireland, under reference number C001541365. A list of members' names is available at our registered office and details of the licensing bodies for our insolvency practitioners "can be found at our website.

Kreston Reeves LLP is registered in England and Wales with registered number OC328775. Registered office: 37 St Margaret's Street, Canterbury, Kent CT1 2TU.

Further details can be found on our website at www.krestonreeves.com.

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