

The gender pay gap

Report 2020



ArmstrongWatson[®]
Accountants, Business & Financial Advisers

...we're with you.

We continue to strive to be the best accountancy and financial services firm to work for, and do business with. At Armstrong Watson our people culture is at the heart of everything we do and we pride ourselves on creating an environment that enables not disables our people and for us to be a true meritocracy.

This year's report shows that there has seen a 2% increase in our mean gender pay gap but the median gender pay gap has narrowed by 5%. These figures are driven by the way the average of mean and median are calculated. Our gender pay figure is driven by a concentration of women in middle management, senior & assistant level posts. I am proud to confirm that we have 41.5% women paid in the higher pay quartile.

We fully support increased transparency in this area – and that this transparency and explanation is important for existing and future Armstrong Watson colleagues.

Although the world of work is continuing to evolve and move away from the perception of the male breadwinner model, women continue to do more part time work and take more responsibility for the caring duties at home. We are committed to enabling our colleagues to balance all aspects of their lives and encourage flexible working to all colleagues.

We appreciate that a gender pay gap could imply unfairness in relation to pay practices; however we are confident that our pay gap is driven by the spread of female in 3 out of 4 pay quartiles, in addition to Armstrong Watson being made up of over 65% female colleagues.

I know we offer a great experience for females, which we demonstrated with the recruitment of a Tax Director called Becky Bowness who had previously worked in New York & London for one of the big 4 accountancy firms.

I am proud that a quarter of our total income as a business is delivered by our female lead partners.

We continue to invest in training and development across the firm, with 25% of our colleagues undertaking some form of formal qualification. Between April 2018 and April 2019 we recruited 33% females into our ACA programme. We have further invested in the talent pipeline a number of AAT trainees in 2019, with 72 % of those recruited being female.

At Armstrong Watson we encourage our colleagues to have personal development plans along with us having clear steps for promotion. Our salary bandings for all job roles further strengthen our quest to ensure all colleagues have the same opportunities and access to fair pay regardless of any characteristics such as gender.



A handwritten signature in black ink, appearing to read 'Paul Dickson', with a stylized flourish above the name.

Paul Dickson

Chief Executive & Managing Partner
Armstrong Watson LLP

GENDER PAY REPORT 2019

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we are pleased to publish our annual gender pay gap report, based on the snapshot data (as at 5th April 2019, and bonuses paid between 6th April 2018 and 5th April 2019).

How we calculate the gender pay gap

The gender pay gap compares the average pay of men and women. It's about listing salaries of men and women (ranked from lowest to highest) and calculating the mean/ median in each list. The gender pay gap is the % difference between these two figures.

Our headline figures



mean
gender
pay gap



median
gender
pay gap



of male
employees
receive a
bonus



of female
employees
receive a
bonus

Our gap indicates the extent to which women earn on average less than men.

Pay quartile by gender

QUARTILE	MALE	FEMALE
UPPER	58.5%	41.5%
UPPER MIDDLE	28%	72%
LOWER MIDDLE	22%	78%
LOWER	22%	78%



mean gender
pay bonus gap



median gender
pay bonus gap

The mean pay gap is the difference between the average hourly pay of men and women.

The median pay gap is the difference between the mid points in the range of hourly rates of men and women.

The pay quartiles show the split of men and women in each quartile of our workforce. The UK current pay gap is 17.3%, this fell from 17.8% in 2018 and from 25% in 2000.

Understanding our pay gap

The gender pay gap will persist until there is an equal spread of both genders in each pay quartile above, so an equal spread of males and females in all roles across the firm.

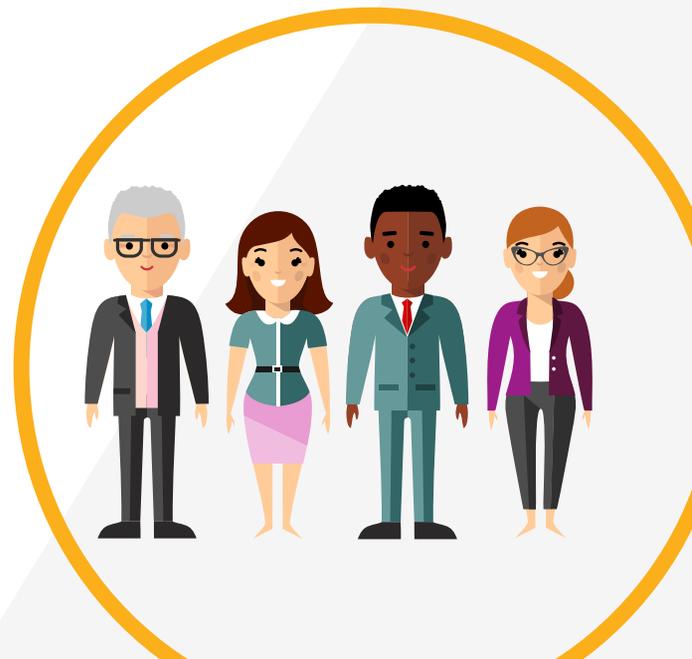
In our firm, women make up 68% of our workforce. Having a predominately female workforce means that even small fluctuations in the male workforce could have a significant impact on our gender pay gap. If we saw an increase in the number of men working in role paid within the lower quartile – Armstrong Watson gender pay gap would reduce dramatically. In recruiting for roles within this quartile – we regularly find that more women apply. Our values are driven by our commitment to meritocracy, so as a business we would not employ a man – where there is a more experienced female candidate, merely to support us to bring our gender pay figure down. This would clearly be a discriminatory practice.

It is important not to confuse the Gender pay gap with unequal pay (where men and woman are paid a different hourly rate for the same role). Our gender pay gap does not mean that we discriminate against women. The gender pay gap is not purely a result of pay practices, but other practices, for example, the high number of women in roles that fall into three out of the four pay quartiles. As there is a wide range of salaries for women and a higher concentration of women in the lower quartiles this drives the gender pay gap figure. The firm is proud that we have a high volume (41%) of women in the most senior salaried roles in the firm.

We are confident that any gender pay gap does not stem from paying men and women differently for the same or equivalent work.

- We continue to carry out extensive pay and benefits reviews once a year.
- We continue to benchmark job roles and pay grades to ensure a fair structure.
- We continue to complete succession planning in all service lines, so to help us ensure career development across the firm, regardless of gender.
- We are looking at ways to actively promote new roles via more diverse advertising platforms to promote us as an employer of trust amongst members of the BAME community, working parents and females.
- We promote two-way communication for all levels of colleagues through various platforms.

We adhere to the principle of equal opportunities and equal treatment for all employees, which is evident in our workplace culture.



Comparison to last year's results

In comparison to our results last year, the upper and upper middle quartiles have seen very little difference (1% variation) and we have again seen an increase in our lower quartile for males, from 17% to 22% due to the recruitment of male students.

The mean gender pay bonus gap has stayed the same and there has been a slight decrease in the median gender pay bonus gap which now sits at 81%. There has been an increase in both the number of male and female colleagues receiving bonuses. There has been a more significant increase for men however there is no particular rationale as to why more male colleagues have received bonuses. It is important to note the bonuses include the new colleague's bonuses we offer to colleagues who introduce new colleagues to us and also the Introduction and referral of new clients' commission payments. All of these schemes are available to both our male and female colleagues.

The PWC Women in Work Index 2019 says that there have been continued steps to improve gender equality in the world of work albeit that progress has been slow however the UK rose to 13th place.

The data included in this report does not include the majority of our partner's population, as partners are not classified as employees. Our salaried partners are included in the data.

At Armstrong Watson we pay employees equally for the work they do, regardless of sex, race, religion or belief, age, marriage or civil partners, pregnancy/maternity, sexual orientation, gender reassignment or disability.

Armstrong Watson has a diverse and inclusive environment, an environment where you can bring all your whole self to work and be treated equally with your peers. An environment where employees feel included and respected regardless of any "differences" you may have to those around you. These "differences" could be visible demographics like gender, race, age, a visible disability, but also, and less visible traits such as sexual orientation, personality type, background and education. Armstrong Watson believes an employer who is committed to diversity and inclusion is far more likely to drive great client service and thus stronger results.

We understand the importance of finding a balance between work commitments and family life and through our flexible working, smart working and family friendly leave we try to support our colleagues to find that balance. Our flexible working arrangements include part time working, term time working, school hours, home working, annual leave purchase and annualised hours. Around 26% of employees at Armstrong Watson currently have a formal flexible working arrangement (an increase from 17% from last year), 10.5% of those working part time are males (an increase from 2.5% from last year).

What our employees say

Claire Nixon
Audit & Assurance Manager



Following the birth of my son last year I realised that working full time was no longer going to be the best option for me and my family. The Partners were extremely accommodating of my request to work part time, even allowing me the flexibility to phase my return to work. On returning to work a lot of thought was given to ensuring that my workload was adjusted to reflect my revised hours. I have also had to take time off to look after a poorly child and the Smart Working policy has allowed me to flex my hours to avoid having to take unpaid leave.

Although a three day week is the best option for me right now, I feel happy knowing that should I wish to increase my hours in future this is an option available to me. Equally I am confident that should my circumstances change and I needed to change my work pattern – the firm would do their best to accommodate my request.



Susan Wilkinson
PA/Office Manager

After much thought and a little trepidation, in early 2019 I decided that having worked for over 30 years full time I would like to reduce my hours and so now, in general, I don't work on Wednesdays. This decision was made partly due to the fact I am closer to retirement than I would like to publicly acknowledge! Strangely, at first I felt a bit guilty not being at work mid-week (however, this feeling didn't last for more than a couple of weeks!).

Since May 2019 I have spent virtually every Wednesday catching up with old friends – some of whom I haven't seen for years - and I have laughed a lot (with them not at them). I've been to the cinema more, read lots of books and now have resumed serious walking on a regular basis. Also, I've found that shops, museums and art galleries are really quiet on Wednesdays so it's a good way to avoid the crowds. On the downside, obviously my income is lower but what reducing my hours has done for my mental health has made up for this – I am so much happier. It's been really good to be able to free up my weekends from routine chores if I want to. I can also have a late night on a Tuesday as I don't have to get up at 6.00am the next day! My work/life balance is so much better than I had imagined and I can thoroughly recommend it.

Kathleen Byrom
Accounting Senior



My family always comes first for me and AW has been really helpful and understanding of this. When my daughter was ill or I was without childcare I was able to use my flexible working and take my laptop home and work from the comfort of my home knowing that I could still look after my little one. I was still able to meet the deadlines and get everything done that needed to get done even if it was in between potty training. This has really helped keep the stress levels down knowing AW is there for me.



Mel Cullen
Accounting Senior

I have been with Armstrong Watson since 1994 initially working at the Head Office in Carlisle. Following the birth of my son in 2010, I returned to work in 2011 to a working pattern and hours that fitted around my childcare. When my daughter was born in 2012, I again changed my working days to create the best work-life balance.

As the children have grown, and moved through nursery to school, Armstrong Watson have been so understanding and supportive in allowing me to fit my professional career around my family. My working day is now 9am to 3.00pm which allows me to spend time dropping the kids off and collecting them for school.

I am very fortunate to be part of a firm that cares about the well-being of their staff so much, and do whatever they can to incorporate their personal requirements without any fuss. I feel a valued member of the team and motivated to do the very best that I can. In my opinion, they really do deliver on the core values they promote.

Faith Vescovi
Restructuring, Recovery & Insolvency Administrative Assistant



It's coming up to 15 years since I joined Armstrong Watson.

I have been fully supported throughout my journey with the firm. In recent times due to a variety of personal reasons the opportunity came in our family to foster my partner's brother's baby boy.

I cannot thank Armstrong Watson enough; they have been more than supportive enabling us to be able to do this. My Service Line Partner gave me all the support I needed which included time off for meetings prior to the baby's arrival. Once the long wait with court proceedings was through, I was able to take an unpaid 12 month career break to enable me to be mum and ensure the baby settled in and got the best start in life. The support also continued on my return to work as I have been very lucky to now only be working a 2 day week until he gets a bit older.

How do we currently support equal access to opportunities?

- We continue to promote Smart Working throughout the organisation for all our colleagues, recognising that we have many colleagues who value a flexible approach to working hours and work location
- At Armstrong Watson we have pay scales for all of our teams and to appoint into roles within those bands
- We continue to advertise all roles internally to ensure that all our colleagues have equal access to new opportunities
- We also advertise all roles as part time and full time so that it appeals and is more accessible to a wider 'audience'
- Continue to train and upskill to avoid any unconscious bias in recruitment
- Our pay review process incorporates the outcome employees' annual appraisal. We measure colleagues on output, not inputs such as working hours
- We are committed to delivering to our employees "best employer bar none" and for us this includes helping both men and women achieve their personal and professional aspirations, and ensuring that we understand personal circumstances and goals of our all colleagues and deliver "we're with you"
- All appraisals ask questions in regard to individuals' career progression aspirations
- We monitor employee engagement and continually work to improve employees experience of Armstrong Watson
- We encourage all colleagues to train and develop and promote internal and external training opportunities
- We hold annual assessment centres when recruiting for our student intake to assess a range of skills - balancing areas which male and females are known to operate strongest in
- We review all data regarding any colleagues who leave our employment to identify any trends in relation to age/gender.

Our commitments:

We have committed to the following actions to help reduce our pay gap further:

- We launched and continue to promote formal succession planning across all service lines at Armstrong Watson, helping to identify where our employees are & what we can do to support them achieve their career aspirations
- We launched and continue to promote our family friendly pack's providing clear information for those needing to take time off to expand their families
- We are looking at more diverse advertising platforms to promote us as an employer of trust with minority groups
- We support the let's talk about flexible working
- We target our recruitment efforts asking candidates what sort of life they want to live, so we can help candidates to achieve the lifestyle they are aiming for
- We target recruitment to support those returning from a career break
- To continue to work with schools and colleges to dispel any myths reinforcing that accountancy is a traditional/ male dominated profession.

We confirm that Armstrong Watson LLP gender pay gap calculations are accurate and meet the requirements of the Regulations.



Paul Dickson - Chief Executive & Managing Partner