



Regional Pay in the Legal Sector

Summary Report March 2026

Executive Summary:

Regional Pay Practice in the Legal Sector

This survey highlights current practice relating to regional pay, where it is working well and the challenges presented through its application.

Six key themes emerged from our analysis:

- **Lack of clear articulation of regional pay policy creates challenges for transparency & application of pay** – the absence of a clearly communicated policy & approach means in practice pay is harder to manage and discrepancies in approach can creep in, leading to equal pay risks.
- **Locality has more influence on pay for business services roles and junior fee earners.** Senior roles are typically more mobile and often negotiate individually making standardised regional factors less commonly applied to reward.
- **Regional Pay differentiation is applied by most respondents with an uplift to salary more commonly used than regional pay ranges.** The risk with this approach is that if uplifts are not managed consistently by location, inconsistencies can creep in, resulting in pay inequity.
- **Post pandemic ways of working is creating paralysis in regional pay decision making.** Over half of the respondents to the survey indicated they were undecided about whether to adjust or review their regional pay strategy in the near future. Most respondents currently align pay to a contracted office because this provides a consistent and transparent basis for compensation, but this can limit access to wider talent pools and make it harder to compete for scarce or highly specialised skills.
- **There is a desire to create nuanced regional pay strategy** that reflects financial measures, type of work but lack of data insights limit the ability to do this.
- **Market data to inform regional pay decisions remains challenging to find for several locations,** meaning a variety of sources need to be referenced to make decisions that are regarded as robust and relevant.

What next?

This report is designed to share similarities and differences in pay practice, providing both reassurance in approach compared to peers but also to spark debate and action. We hope you find it useful in considering your own regional pay practice as part of your wider reward strategy.

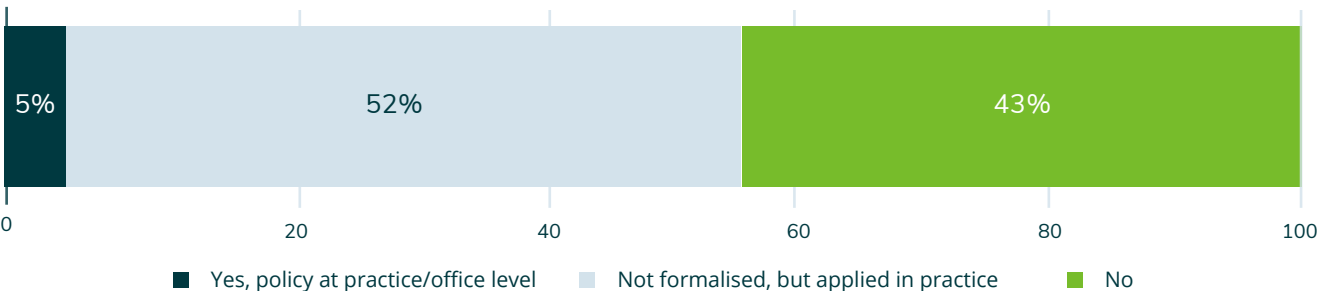
With tangible experience of supporting organisations in the legal sector to benchmark, review and revise pay structures and pay practice, Innecto can work with you to explore how your pay strategy supports your strategic direction and ensure you are driving the desired outcomes.



Key Findings

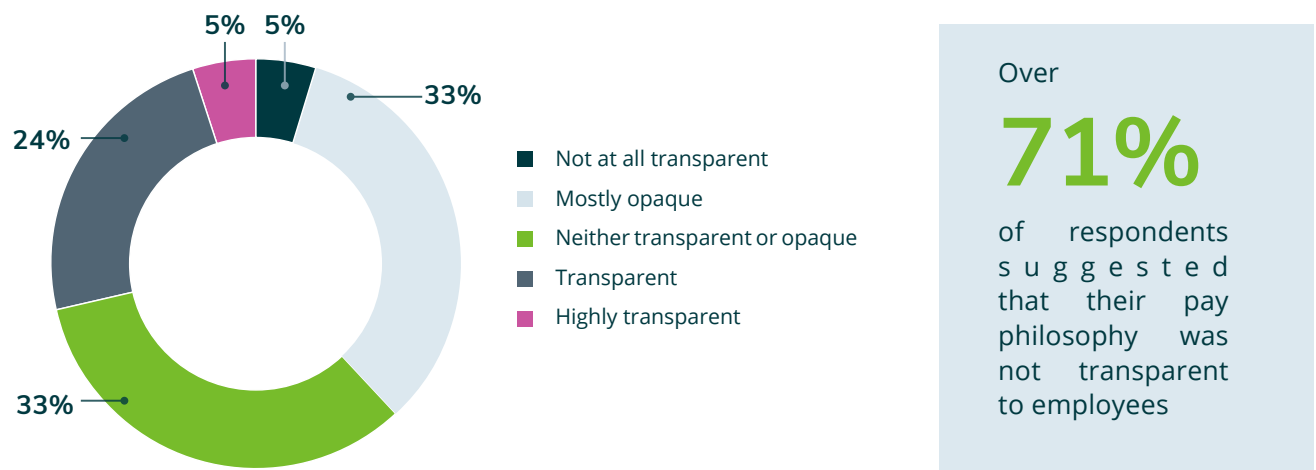
Summary of statistics

Do you have a formal written policy on regional pay?

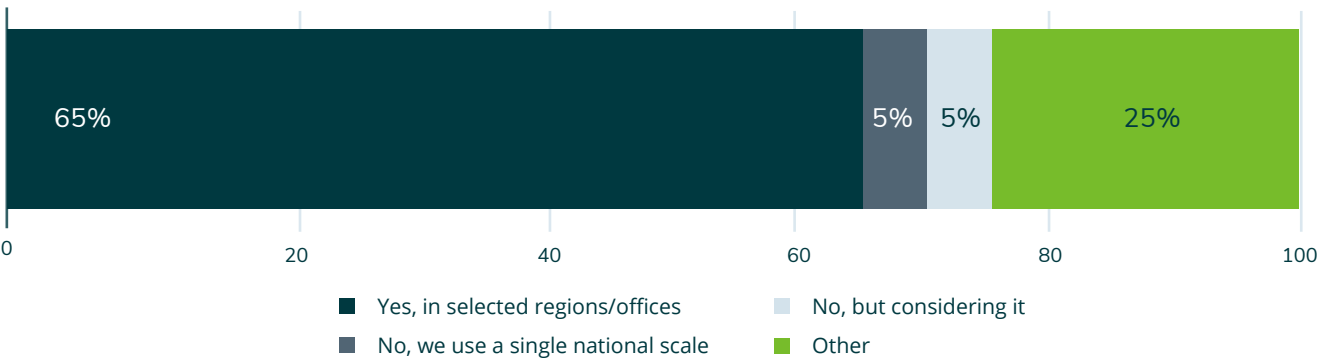


95% of respondents indicating they do not have a formal written policy when it comes to regional pay

How transparent are you with your employees regarding your pay philosophy?



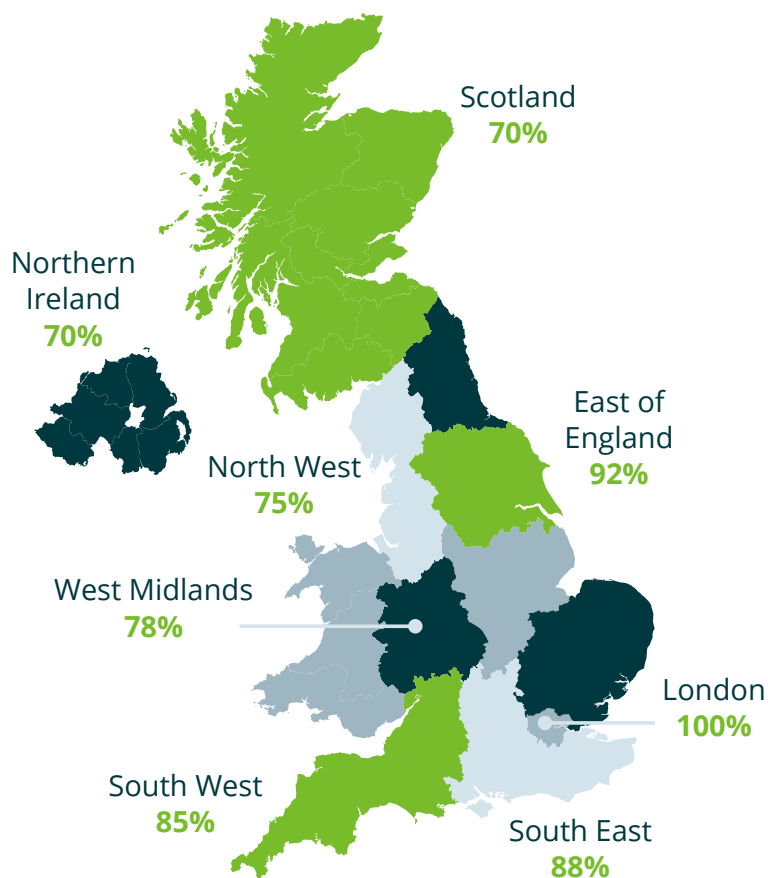
Do you differentiate pay by geography?



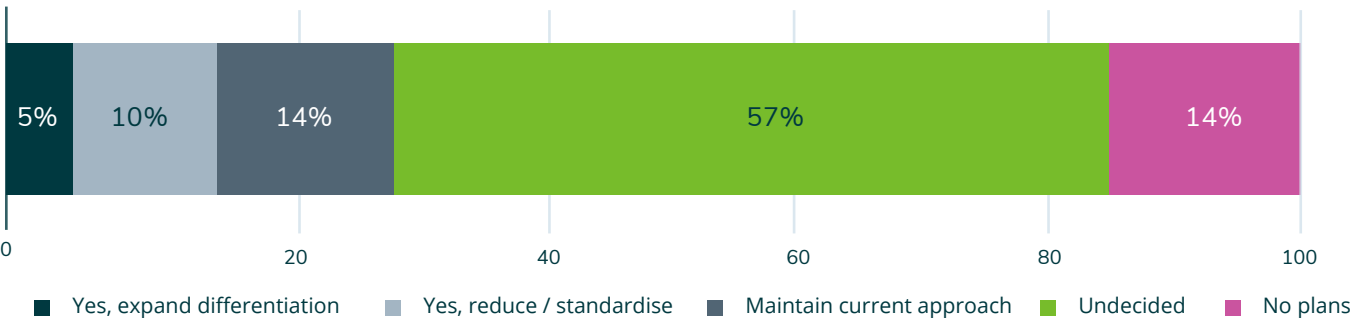
The majority of firms who participated, who have **more than one** office location, do differentiate pay by geography

Key Findings | Summary of statistics

The legal market typically applies **reduced variance** from London when compared to ONS data, particularly for southern and eastern regions.



Are you planning to adjust / review your regional pay strategy in the next 12-24 months?



Over half of the respondents to the survey indicated they were undecided about whether to adjust or review their regional pay strategy in the near future

In Summary

The legal sector, as with general regional pay trends across the UK, faces pay differentials that are entrenched, with London continuing to outpace all other regions due to its concentration of high value roles & clients. Despite wage growth occurring nationally, our experience from working with clients across a variety of sectors highlights a general desire amongst HR & Reward professionals for **simpler pay frameworks** to help manage pay transparency and the impact of hybrid and flexible working.

The reality is that the rationale is not quite there, with gaps caused by regionality having **barely narrowed in recent times**, and consequently structural factors like industry mix, labour market strength and cost of living differences continuing to shape outcomes. Cities such as Manchester, Bristol and Glasgow are emerging as stronger competitors, yet average salaries are still below London's premium, particularly for junior level roles, impacting talent mobility. Early career workers in weaker labour markets for example often face notable pay penalties, reinforcing ongoing talent migration toward higher pay cities. Meanwhile, growing expectations for pay transparency are pushing employers to justify regional pay differences more rigorously.

Whilst the general trend within the legal sector based on this report is to retain regional pay differentials when it comes to pay, for now anyway, there are factors that firms can work on to ensure their practice remains fair and consistent:

- Develop and implement written pay policies that detail how pay differs by location & why – being clear about the why and how this will be managed with regards to ongoing pay consistency for HR to oversee, but also supports conversations with potential and new employees.
- Review your pay approach in line with your strategic direction and talent mobility objectives – a one size fits all approach to location pay may not be appropriate. Define your peer groups and market stance to determine the position in the market and regional factor to be applied.
- Leverage a range of data sources to determine the true picture – market data provided via industry pay surveys is the ideal, but where this falls short, recruiter insights and ONS data bring additional lenses to help make decisions.
- Seniority of role can impact your approach with regional factors less relevant as roles become more senior and more mobile.
- Keep your policies under review as ways of working continue to evolve.

Survey Methodology

This report is based on research conducted by Innecto Reward Consulting in partnership with People In Law, focusing on regional pay practice in the legal sector. It explores how law firms manage regional pay and what challenges they face.

The survey ran during January and February 2026, gathering insights from 21 leading UK and international law firms with a specific focus on UK pay practice. Responses were drawn from professionals with direct oversight of reward – spanning HR, Reward and people functions covering both Fee earning and Business services roles. The survey explored:

- Regional pay strategy & communication
- Application of regional pay – who it applies to and how it works in practice
- The challenges associated with regional pay practice
- Future of regional pay

We also drew on verbatim responses and Innecto experience from working with clients in the sector to add further context. Firms participating in the survey varied by size and location providing a differentiated and representative snapshot of current practice in the legal sector.



Thank you to all participants

micelmores

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