



The Paydata UK Reward Management Survey continues to track what is happening in the world of reward. With each passing edition of the survey we have seen a reasonably consistent picture in terms of pay and pay awards. As ever the survey comes at a time that is politically turbulent after an unexpected general election and as the UK enters its Brexit negotiations.

The spring 2017 edition had a record response of over 170 organisations, taking part across a range of industries and sectors, employing around half a million people in total.

+ Pay

The median predicted level of pay reviews had decreased by 0.5 per cent in 2016 from 2.5 per cent - a consistent level it had stayed at for some time. It remained at two per cent throughout 2016 and has continued at this level so far for 2017 (as predicted in our autumn survey).

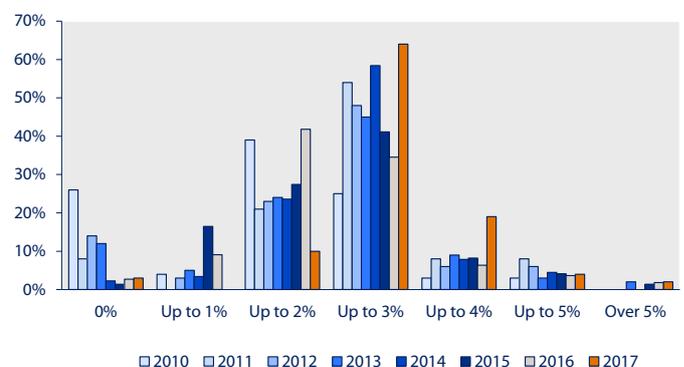
Whilst the pay review increases of two per cent is a smaller category this year, there has been a shift to the higher levels of pay review increases.

The number of organisations having an increase of up to four per cent has tripled.

The trends we have seen over the past five years have generally continued:

- The prevalence of pay freezes has declined;
- The most common budgetary increase for organisations over the years has been two to three per cent;
- Budgets of over five per cent continue to be rare.

Our pay review budget is or is likely to be...



+ Bonuses

Almost two-thirds of organisations expect the number of people receiving bonuses in 2017 to be unchanged from 2016. Nearly half of the respondents expect the size of bonus payments to be the same. However, a quarter of organisations noted it was too early to tell the number of people that would be receiving bonus payments and one third agreed it was too early to tell the size of these payments, suggesting that a large proportion are still in the bonus planning stage.

There are some consistent themes:

- Bonuses reflect seniority, with significant variations between directors and other employees.
- The actual or expected payments are generally close to the on-target levels, suggesting that performance is in line with targets; and
- Initial analysis suggests there are significant differences between sectors.

Maximum bonus levels continue to generally be twice the on-target levels. The on-target levels have continued the trend we saw in Spring 2016 – they are somewhat higher than they were in earlier years, especially for senior roles.

+ Recruitment and Retention

The latest survey indicates that retention and recruitment is finely balanced between organisations as to whether this issue imminently affects them.

Commercial, engineering, IT and construction again top the list of roles that present recruitment and retention challenges. At the other end of the scale, corporate, retail and scientific roles are the least likely to experience recruitment and retention challenges. This may be largely a reflection of the mix of sectors represented by respondents.

Organisations were split as to whether they offered new recruits salaries that conflicted with those paid to existing employees. Of those organisations who were offering more, half of those offered up to 10 per cent more, with five per cent offering over 50 per cent more in certain circumstances.

+ Gender Pay Reporting

This new legal obligation is a key concern for employers. 55 per cent of respondents already measure differences in gender pay, whilst 42 per cent do not. 70 per cent of organisations do not report on gender pay at all, with 18 per cent publishing data internally and only six per cent publishing data externally.

Respondents flagged some of the issues that may come into play with gender pay reporting, including:

- Logistical challenges: the under-representation of women in some sectors and roles, and the challenge of gathering data to accurately report;
- Methodology: the distribution of genders across organisational levels and grades, especially the under-representation of women in senior roles and the definition of “pay” in the regulations. Also, how other payments such as bonuses, maternity pay, backdated pay awards, etc. are handled; and
- Interpretation and communication: meaningfully narrating what the gender pay gap means in context. There was concern that superficial interpretation could be misleading and damaging, creating a false impression of pay inequality.

+ Apprenticeship Levy

We asked respondents about their reaction to the levy introduced in April 2017 – 44 per cent were neutral, with 16 per cent negative and 13 per cent uncertain. Only 28 per cent had a generally positive reaction.

Respondents anticipated the effect of the levy would be quite balanced in terms of whether the number of apprentices will increase or not, but 24 per cent were still unsure of the effect on apprenticeship numbers

Whilst typical starting salaries for apprentices varied greatly amongst respondents, they appear to be a positive investment for employers in general, with an average 90 per cent retention rate once the apprenticeship is complete.

A full report of the Paydata UK Reward Management Survey findings is available free of charge for participants. To register to take part in future editions of the survey, visit www.paydata.co.uk