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Thank you for joining us!

# This webinar will start shortly

🛡️ **HR & Compliance Center**

🧩 **Compensation Planning**

# HR and reward priorities

Presented by:

Sheila Attwood, Senior Content Manager, Brightmine

January 2025
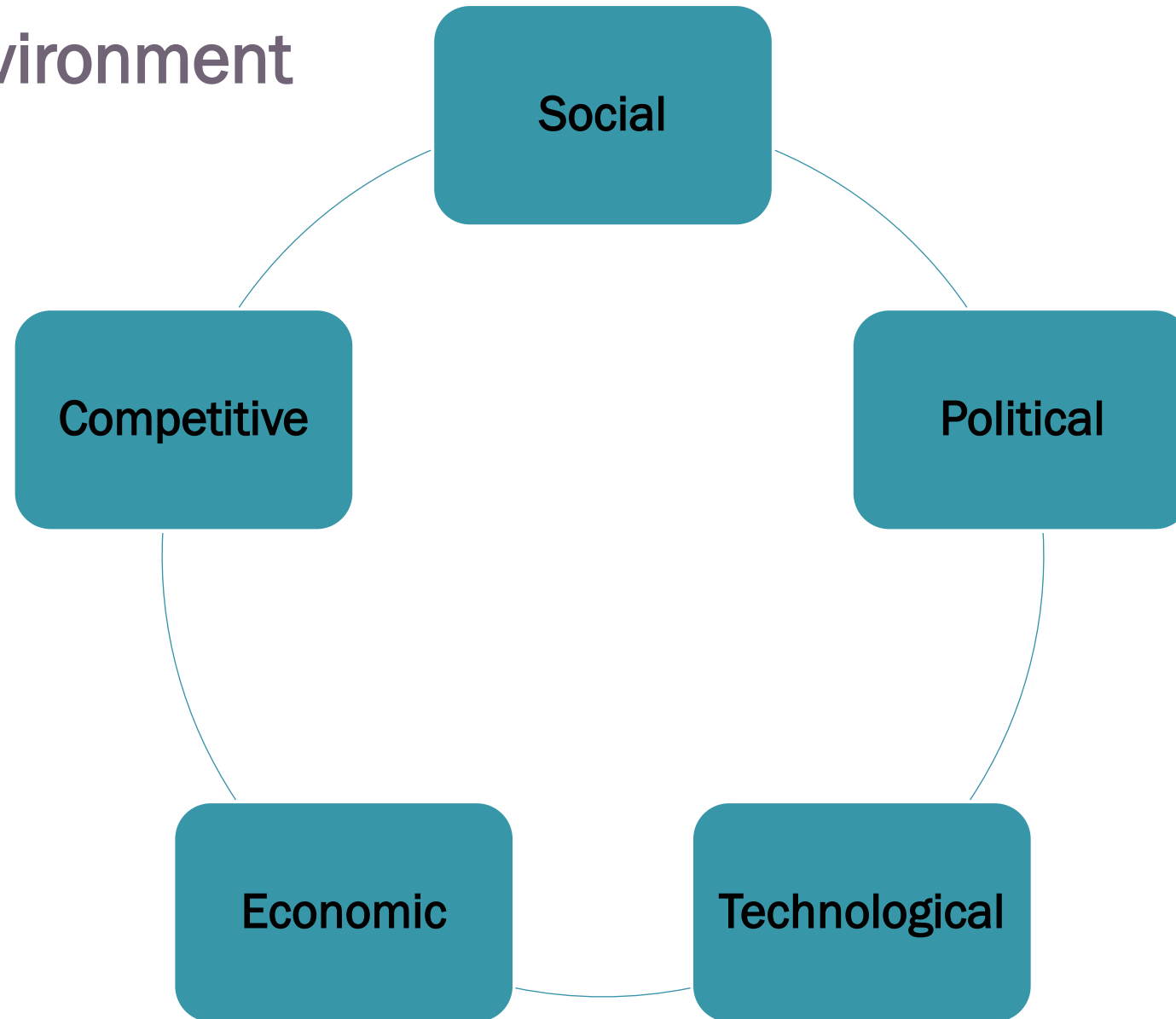
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**Sheila Attwood**
Senior Content Editor
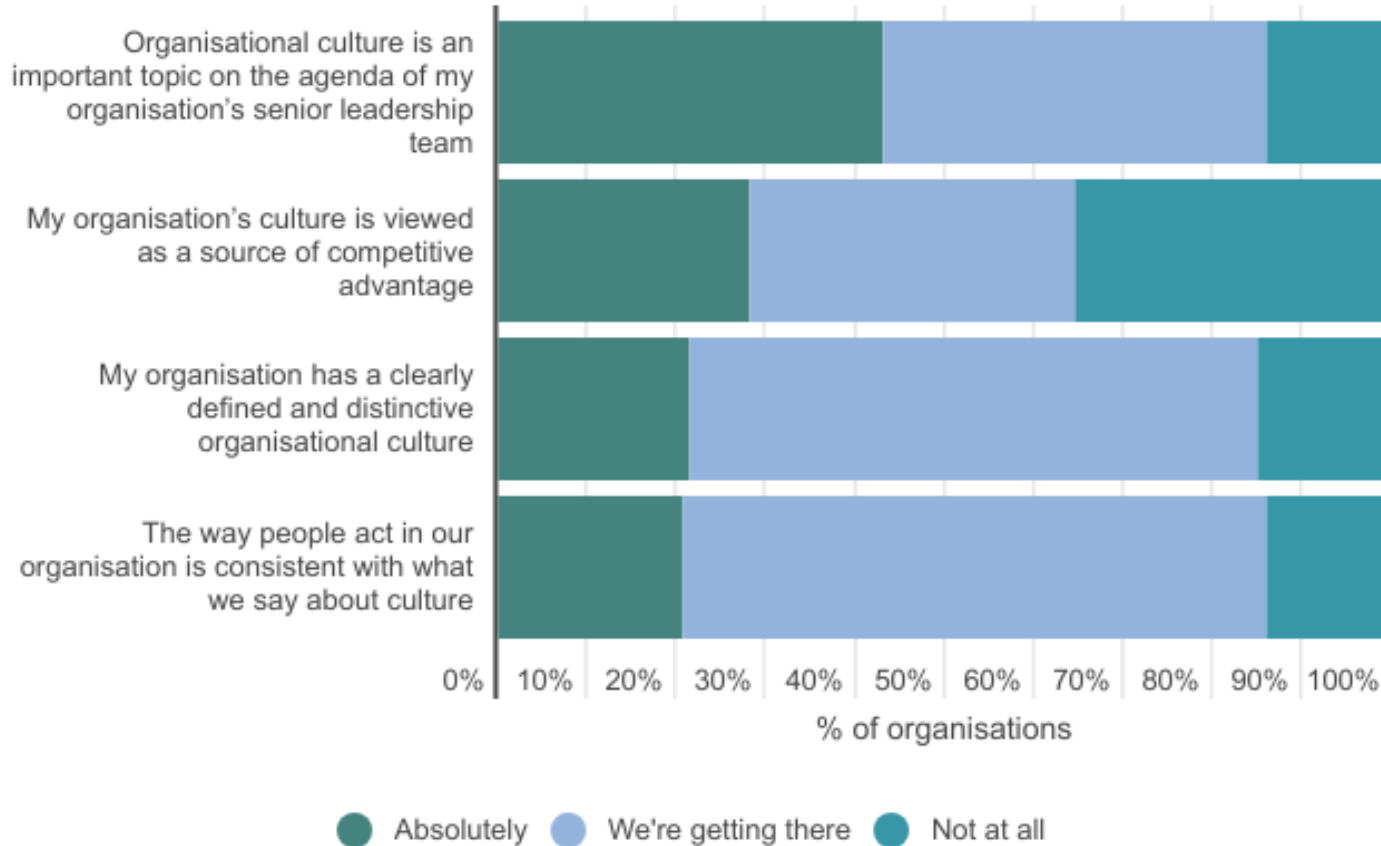sheila.Attwood@brightmine.com

- Employer practice surveys

- Podcasts

- Webinars

- Commentary and insights articles

- Pay settlement data

# CONDITIONS

# External environment



Social

Political

Technological

Economic

Competitive

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# Internal workplace environment



Organisational culture is an important topic on the agenda of my organisation's senior leadership team

My organisation's culture is viewed as a source of competitive advantage

My organisation has a clearly defined and distinctive organisational culture

The way people act in our organisation is consistent with what we say about culture

% of organisations

● Absolutely  ● We're getting there  ● Not at all

Learning and development

Comms and transparency

Culture and values

Recognition

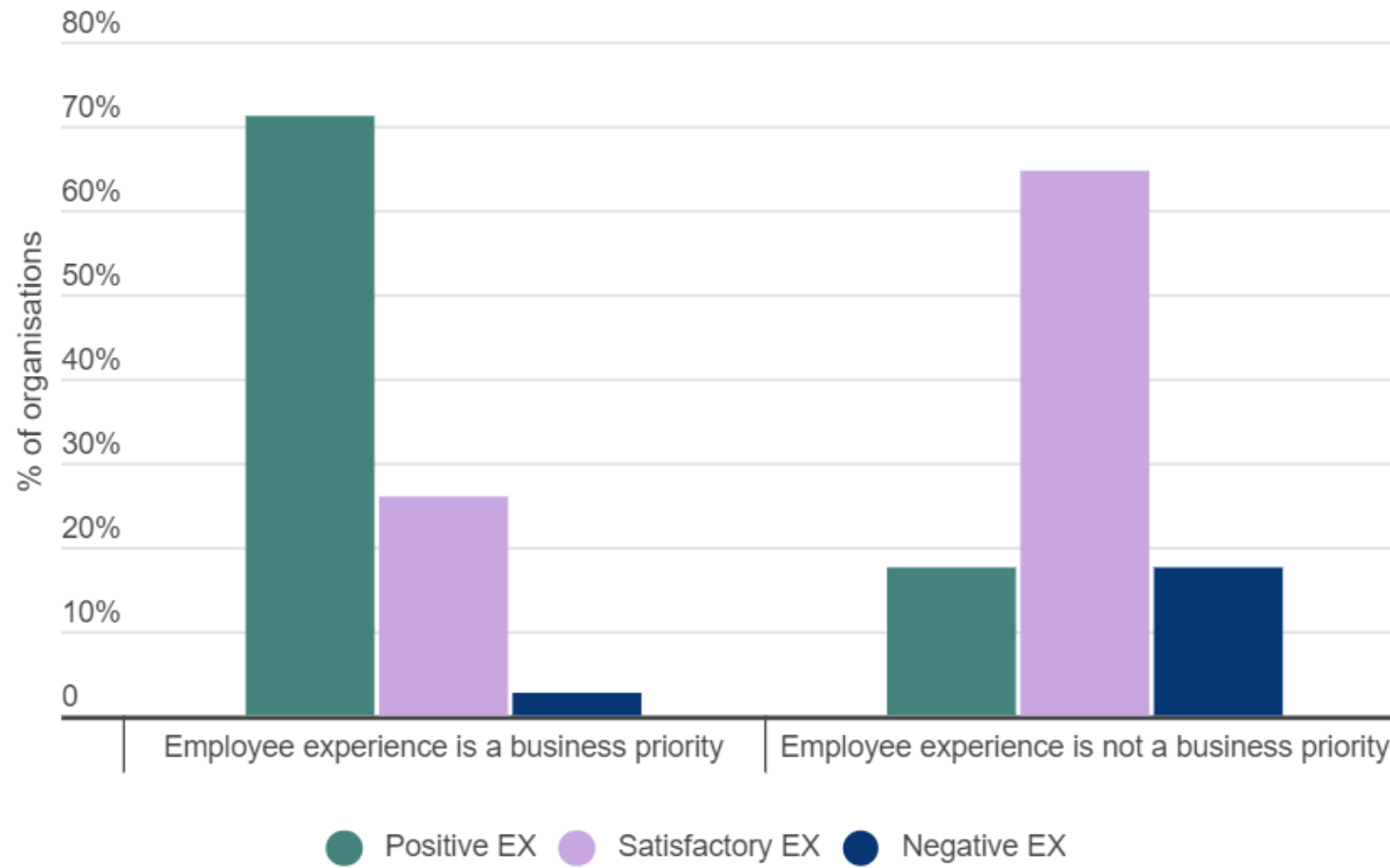Performance management

DEI

Employee feedback

Flexible working

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# Employee experience

# Priority 1: Employment law changes

**Confirmed**
- Sexual harassment
- NICs, NMW
- Statutory rates – maternity, paternity, sick pay
- Neonatal care leave and pay

**Proposed**
- Employment Rights Bill
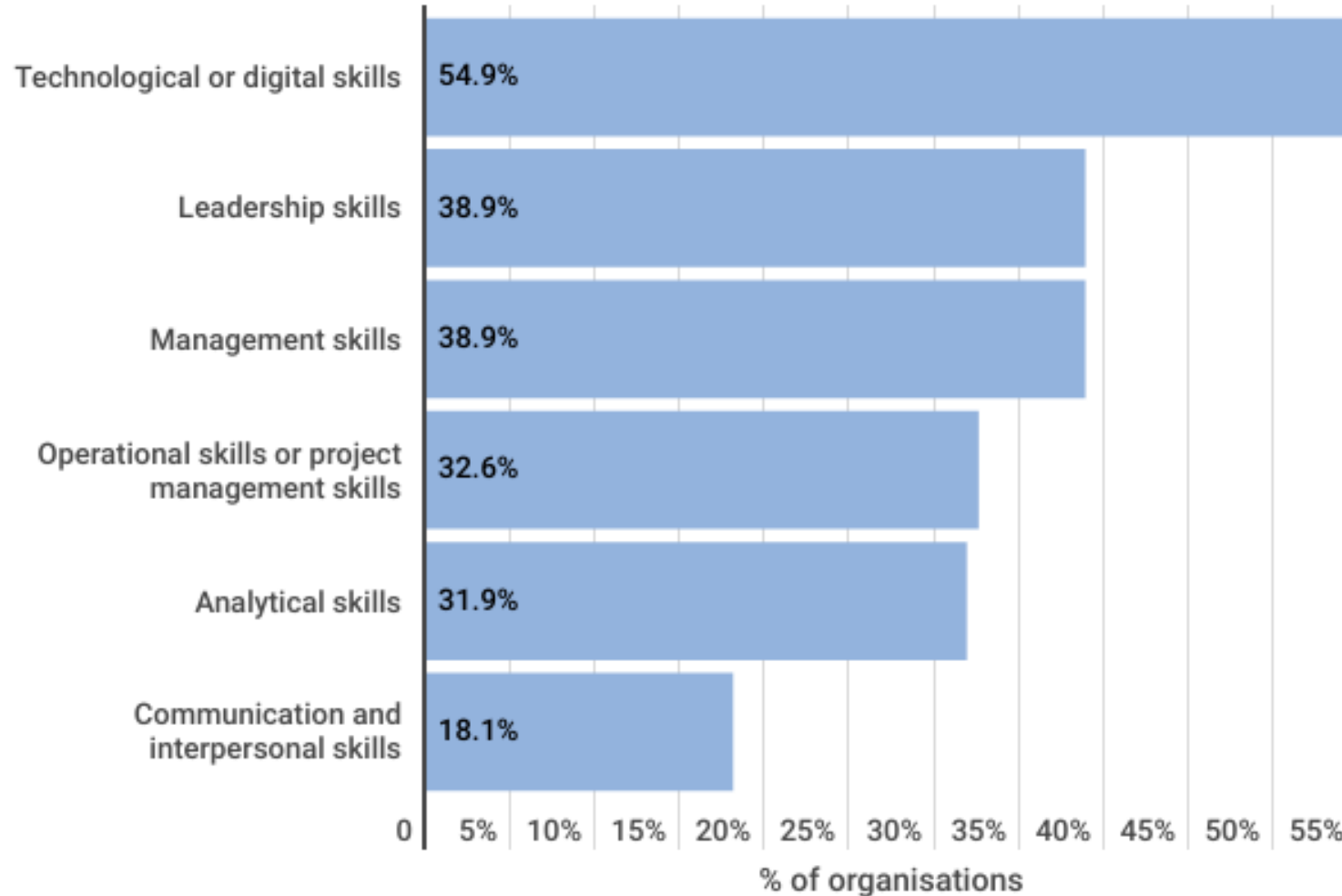- Ethnicity and disability pay gap reporting

**Myth**
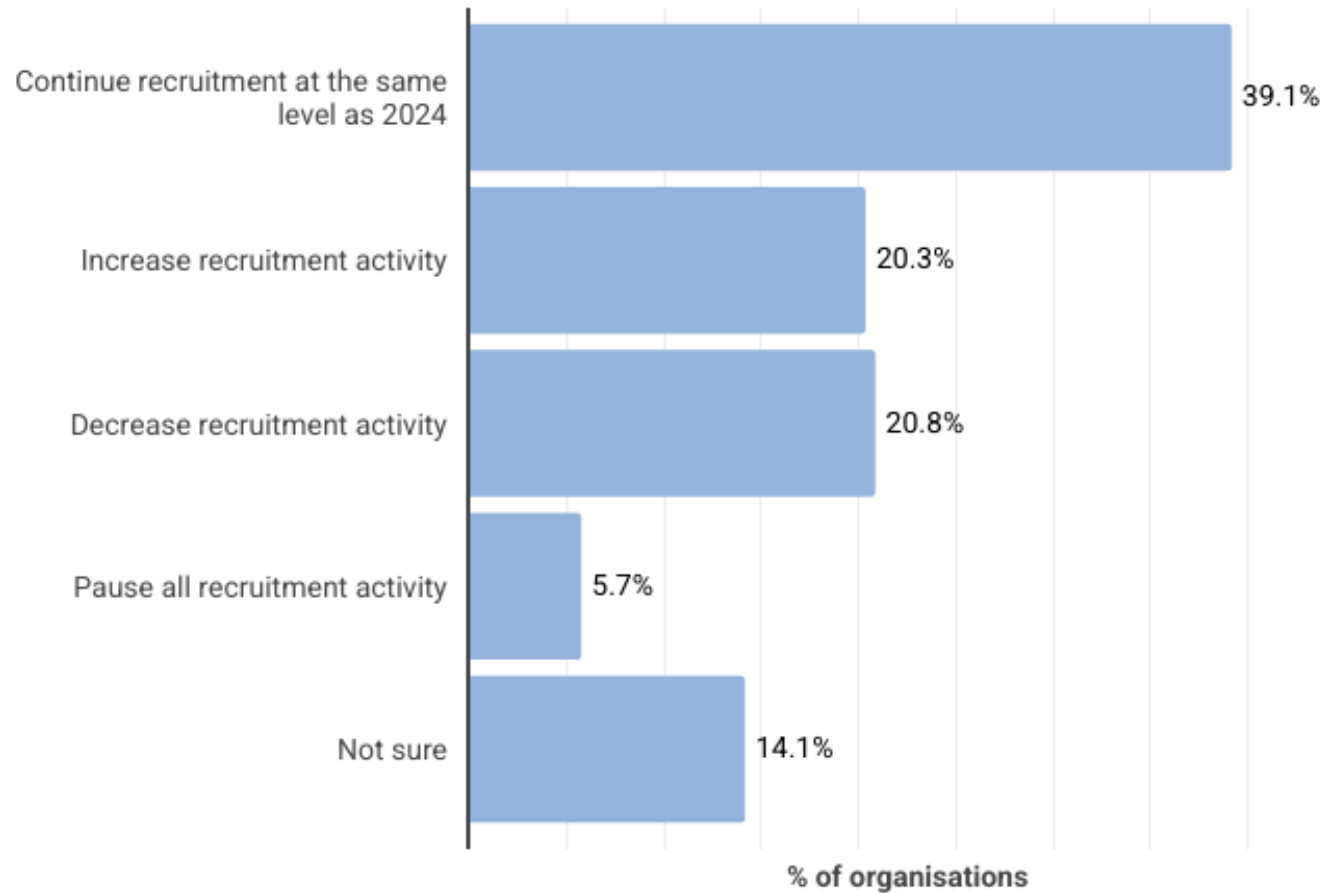- Ban on zero-hours contracts
- Automatic right to flexible working

# What this means for HR

| | Actions |
| --- | --- |
| Sexual harassment | Start with a risk assessment; check policies; think about culture; training |
| Maternity, paternity, sick pay | Use to calculate rates from April 2025 |
| NICs and NMW | Model impact of NICs and NMW increases now. |
| Neonatal care leave and pay | From April 2025. Introduce a policy/policy changes; training line managers; employee awareness activities |
| Ethnicity and disability pay gap reporting | Start with data collection |
| Employment Rights Bill | Numerous… |
| Unfair dismissal | Recruitment processes; onboarding and probation policies |
| Zero hours contracts | Identify individuals who may be entitled to stronger rights to begin the process of assessing the impact of the change and whether the zero-hours contract model remains viable for you as an organisation. Address misconceptions with workers. |
| Flexible working | Review flexible working policies; training for those hearing flexible working requests. Await code of practice (and legislation) |

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# Priority 2: Workforce optimisation – recruitment and restructuring



| Skill | % of organisations |
|---|---|
| Technological or digital skills | 54.9% |
| Leadership skills | 38.9% |
| Management skills | 38.9% |
| Operational skills or project management skills | 32.6% |
| Analytical skills | 31.9% |
| Communication and interpersonal skills | 18.1% |

% of organisations

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# Current recruitment and redundancy activity



Continue recruitment at the same level as 2024 — 39.1%
Increase recruitment activity — 20.3%
Decrease recruitment activity — 20.8%
Pause all recruitment activity — 5.7%
Not sure — 14.1%

% of organisations

**57.9%** made redundancies in last 12 months

**24.1%** currently in a redundancy process

**28.6%** planning redundancies in next 12 months

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# Actions taken in last 12 months to avoid redundancies

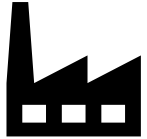| | % of organisations |
|---|---|
| Not replacing leavers | 68.1% |
| Freezing or reducing recruitment for new positions | 59.6% |
| Reviewing budgets in other areas of the business | 53.2% |
| Redeployment or retraining of employees | 51.1% |
| Offering flexible working eg part-time/jobshare | 25.5% |
| Not using contractors or freelancers | 21.3% |
| Pay award freezes | 21.2% |
| Reducing or stopping bonus payments | 19.1% |
| Offering voluntary redundancy or early retirement | 17.0% |
| Reducing or banning overtime | 12.8% |
| Offering sabbaticals | 8.5% |
| Reducing no. of days/hours of work | 6.4% |
| Implementing a lay-off or short-time working | 4.3% |

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# Workforce planning

| Where the business is going | What the business needs to do |
| --- | --- |
| **Estimate future workforce demand:** The numbers and skills of people in different workforce groups that the business will require in the future. Uncertainty may affect this view of future demand. | **Identify gaps and action areas:** A workforce plan can be expressed as a summary of action areas, often for different workforce groups. Action areas are most frequently concerned with adjusting workforce supply to meet likely future demand. Some demand-supply gaps require more fundamental changes in work design or employment strategy. |
| **Assess future workforce supply:** The people available to meet future demand. Future needs can be met from inside the organisation (your existing workforce and how you develop them) and outside (people who may be hired or employed by someone else). Likely losses of current staff need to be taken into account. | **Take action:** Action areas need to be taken forward through more detailed and specific action plans and accountabilities. This stage often requires further investigation and consultation as part of process or intervention design. |
| | **Monitor and evaluate:** Action plans need to be tracked and adjusted, based on an evaluation of the impact of any action taken. Using data to track impact is where workforce planning meets the evolving field of people analytics. |

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# Retention initiatives

| | |
|---|---|
| Employee wellbeing initiatives | 73.5% |
| Taking action on the findings from employee engagement surveys | 65.6% |
| The onboarding process | 64.6% |
| Taking action on the findings from exit interviews or leavers data | 64.6% |
| Line manager training | 64.6% |
| Pay and benefits | 57.7% |
| Fostering a culture of recognition | 57.1% |
| Career development opportunities | 54.0% |
| Offering hybrid or flexible working options | 51.3% |
| Enhanced communications from senior managers/leadership | 47.1% |
| Employee engagement initiatives | 46.6% |
| Ensuring job descriptions are accurate representations of the role | 46.0% |
| Counter offers provided to key employees who hand in their resignation | 13.2% |

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# What this means for HR

Address skills shortages
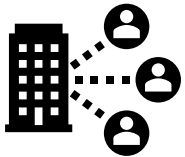
New talent

Recruitment processes, methods and channels
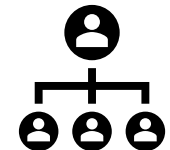
Restructures/re-sizing

# Priority 3: Leader and manager development



Right amount of HR activities delegated — 44.0%

Too many HR activities delegated — 1.9%

Not enough HR activities delegated — 51.5%

Not sure — 2.6%

% of respondents

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# What to delegate

Managing absence

Performance

Grievances
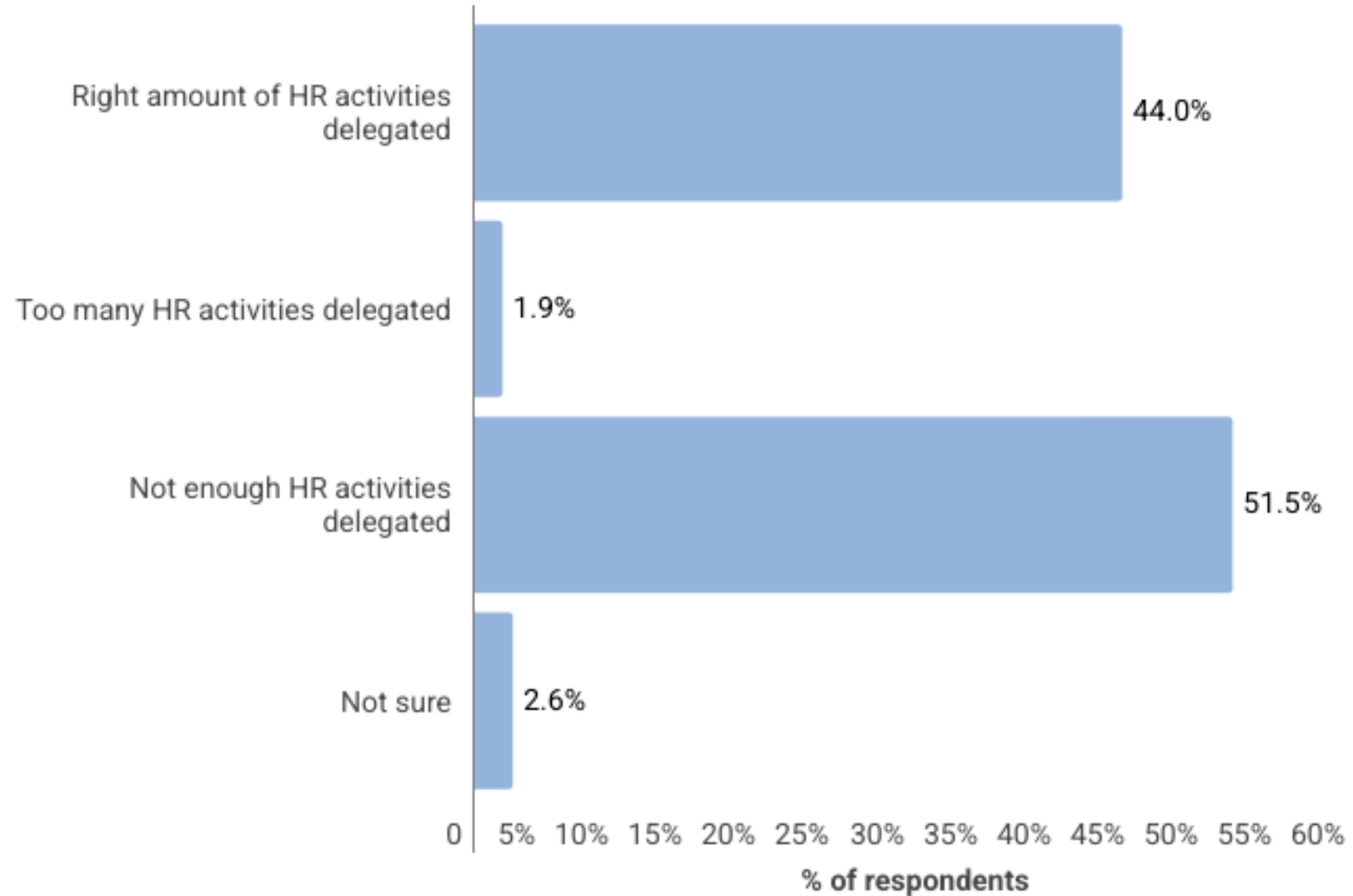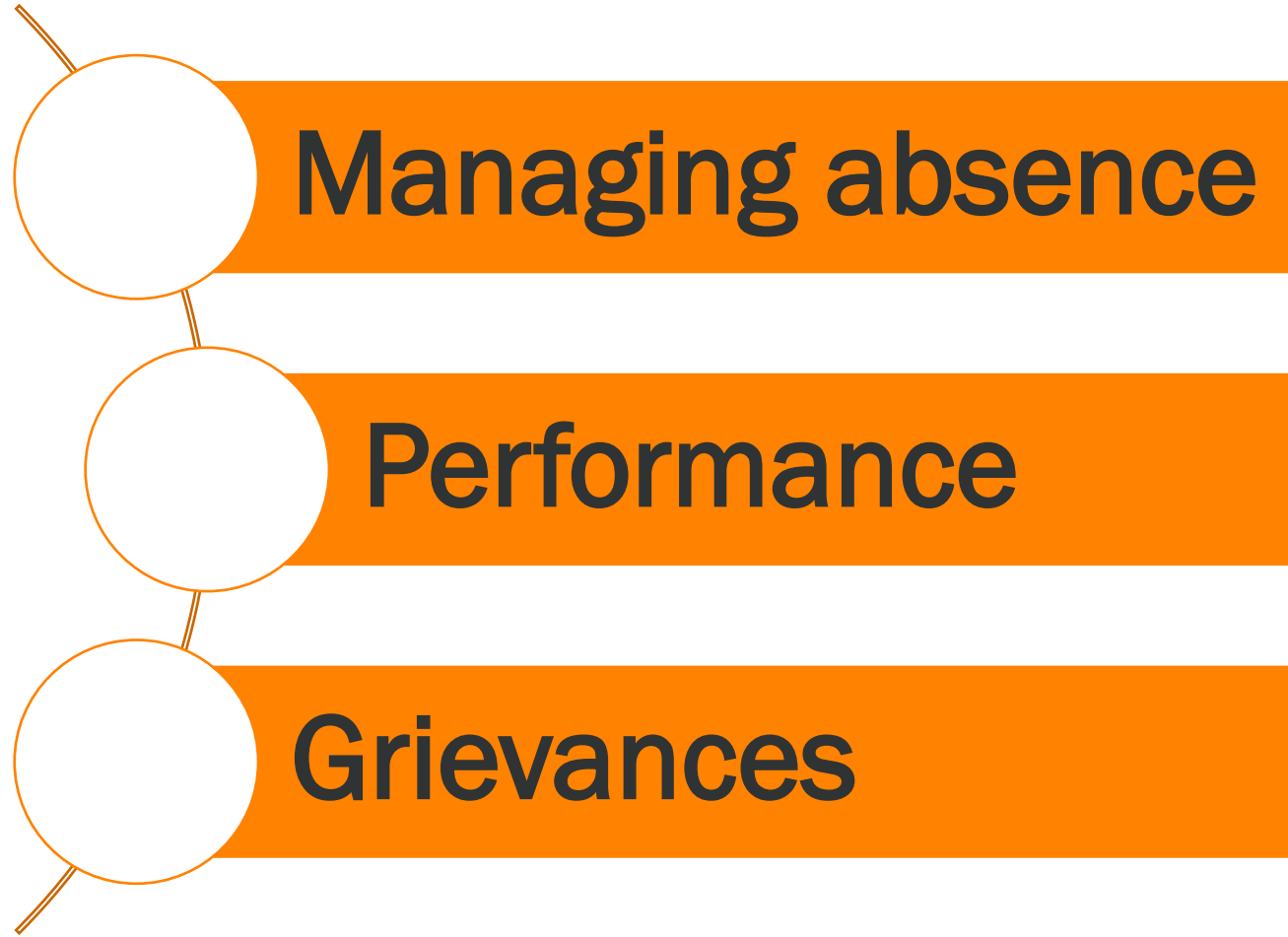
# Poll question: Line managers in my organisation have the skills to take on these tasks successfully

- All are capable of meeting the organisation's needs in these areas

- Most line managers have the necessary skills

- Line managers mostly need to develop skills in these areas

- We have a lot of work to do to upskill line managers

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# What this means for HR

| Communication | | |
|---|---|---|
| Training | Coaching | HRIS |

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# Priority 4: Enhancing employee wellbeing



Chart: % of organisations

- A business priority: integral to the company's mission or purpose — 27.6%
- Important: deserves close attention for its strong impact on business outcomes — 47.9%
- A necessary task: must be maintained to support effective function of the organization — 20.7%
- Not important: ranks very low on the priority list compared to other tasks — 3.7%

% of organisations

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# What this means for HR

- Workload

- Work-related stress

- Employee experience and engagement

- Work-life balance

- Flexible working

- Respect at work

# Priority 5: Reviewing reward packages

For each reward element:

- What is its purpose?

- How does it support the business?

- How does it support the broader HR strategy?

- How do we measure its effectiveness; and what can we do to make it more effective?

# What this means for HR

- Basic salary reflects ongoing contribution, performance and responsibilities of the job

- Bonus rewards individual achievement and enables employees to share in success

- Executive reward recognises the roles of executives in achieving business targets

- Benefits are market competitive, may support the organisation's values (for example caring for the environment or being family-oriented), and may offer choice and flexibility to employees

- Job evaluation and grading supports career development and the alignment of personal and organisational objectives

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# REWARD

# Priority 1: Pay equity, fairness and transparency

| EU | US |
|---|---|
| • Gender pay gap reporting, gradually extended to employers with more than 100 employees; follow-up for gaps of at least 5% <br> • Pay level or range in job ad <br> • Can't ask for pay history <br> • Criteria for pay levels and progression <br> • Pay levels for same work/work of equal value <br> • No pay secrecy clauses | • Starting salary range in job posting <br> • Pay range after interview (including promotions) <br> • Pay range on conditional job offer on request <br> • General description of benefits and other compensation <br> • Pay range for current position |

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# Trends from the US



Horizontal bar chart titled "% of organisations":

- Including salary ranges in job postings: 69%
- Providing salary expectations to job candidates: 60%
- Training managers: 36%
- Explaining the decision-making process behind pay to employees: 31%
- Communicating with employees about compensation strategy: 31%
- Other: 5%
- None of the above: 12%

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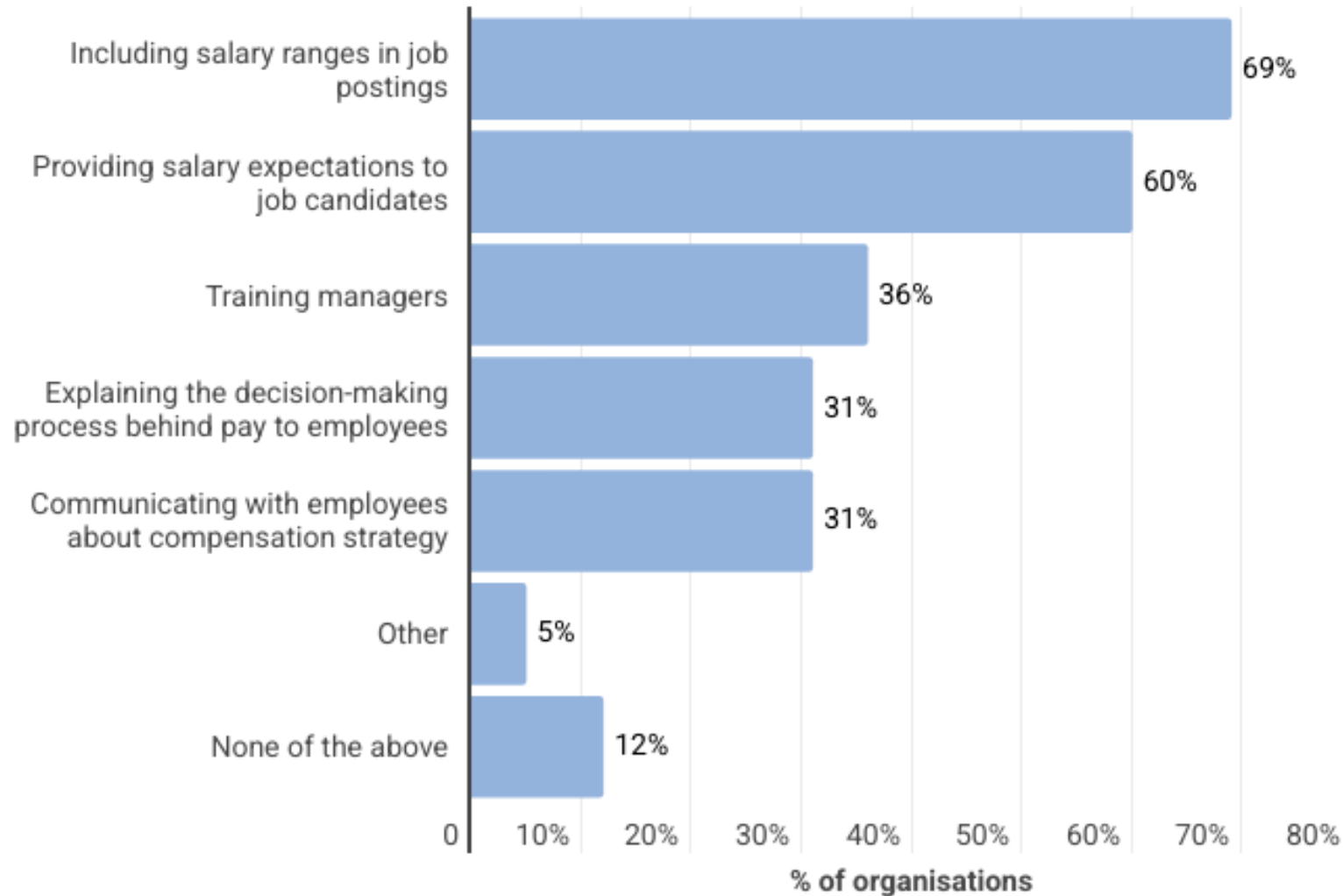
# Performance-related pay monitoring



Horizontal bar chart titled "% of organisations":

- Grade or job level: 48.2%
- Gender: 36.1%
- Race/ethnicity: 15.7%
- Age: 8.4%
- Work location (eg hyrbid or remote): 8.4%
- Work pattern: 7.2%
- None: 38.6%

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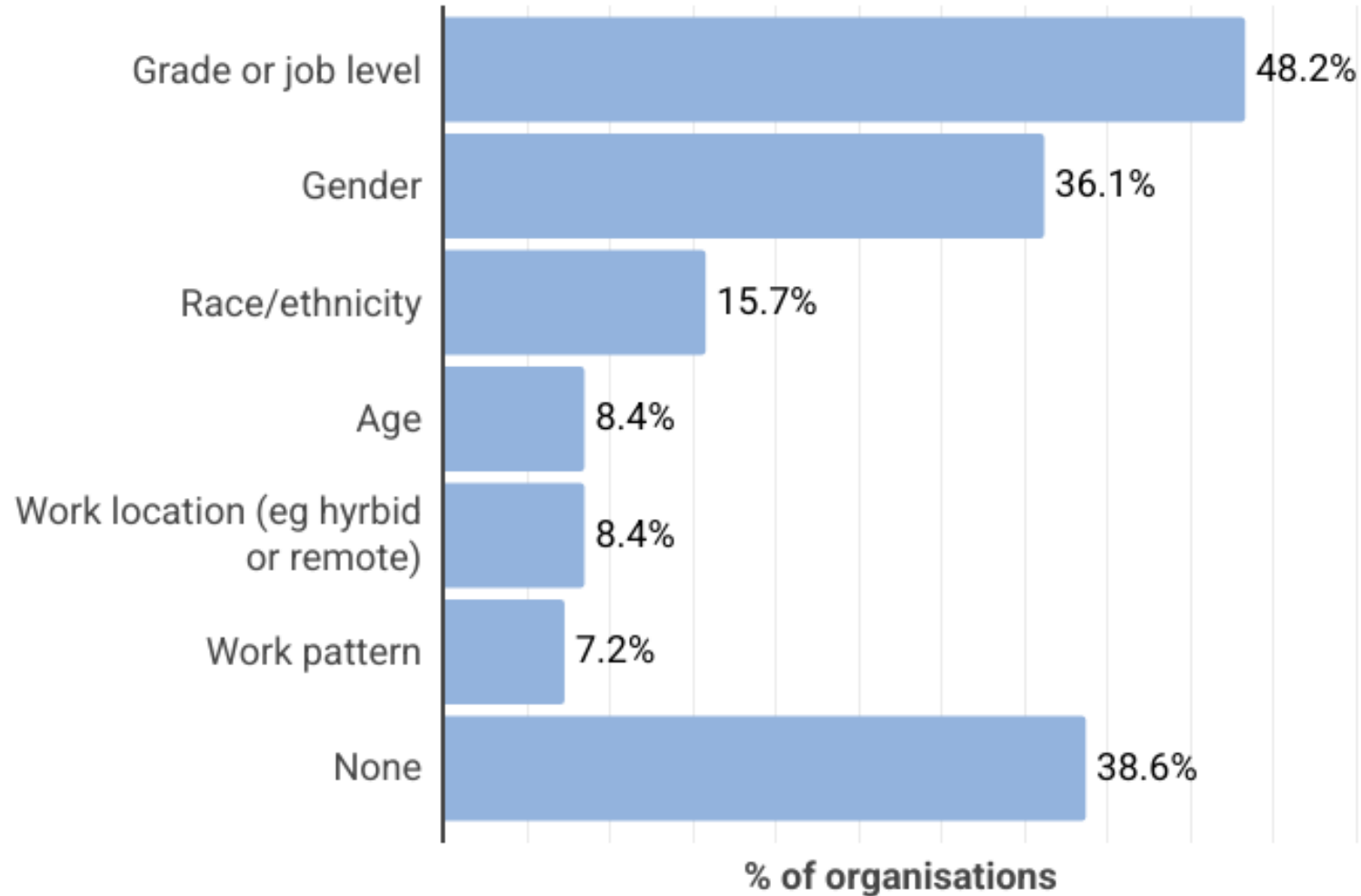
# Priority 2: Recognising performance



Chart: Recognising performance

| | Annual pay review | Non-consolidated bonus payments | Commission-based or other incentive payments | Share-option scheme | Profit-related pay |
|---|---|---|---|---|---|
| All organisations | 56.5% | 41.5% | 30.6% | 12.9% | 12.2% |
| Private-sector services | 57.8% | 43.1% | 36.3% | 16.7% | 11.8% |
| Manufacturing and production | 48.4% | 38.7% | 19.4% | 6.5% | 16.1% |
| Public sector | — | 35.7% | 14.3% | — | 7.1% |

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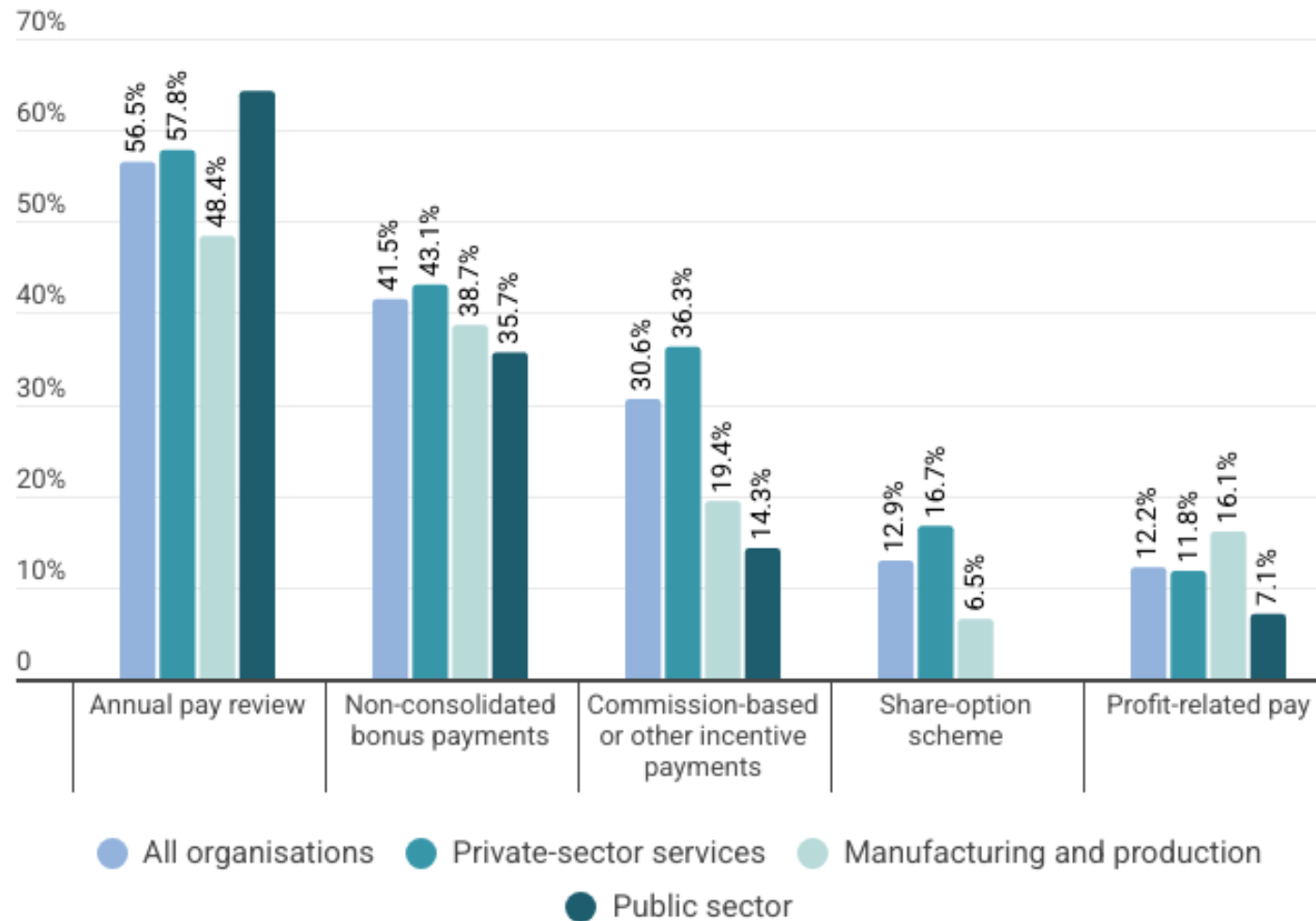
# Aims of performance-related pay



Encourage high performance culture
Motivate employees
Reward high performance
Improve retention
Improve organisational performance
Align reward with business objectives
Improve individual performance
Equity - not rewarding poor performers

0  10%  20%  30%  40%  50%  60%  70%  80%

% of organisations

● Objective  ● Most important objective

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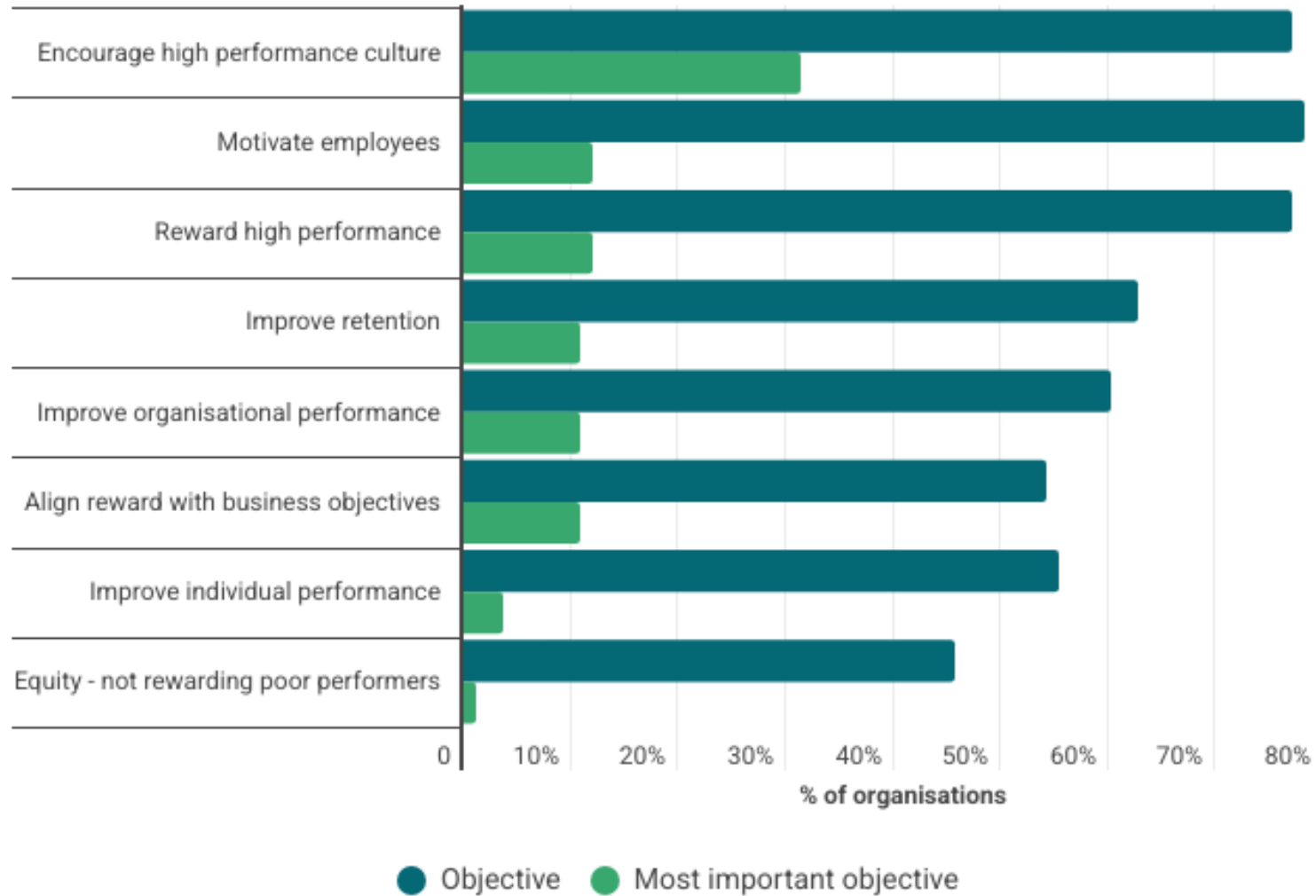
# Performance-related pay challenges



| Challenge | % of organisations |
|---|---|
| Subjective/inconsistent judgments by line managers | 50.6% |
| Lack of transparency/poor communications with employees | 36.1% |
| Not enough differentiation between pay rises for different levels of performance | 36.1% |
| Process is too time consuming/cumbersome | 33.7% |
| Too little focus on training and development needs | 31.3% |
| Difficulty in measuring individual performance | 31.1% |
| Perceived lack of fairness by employees | 24.1% |
| Failure to reflect importance of team performance | 20.5% |
| Inadequate performance management process | 20.5% |
| Moderation of performance ratings is not effective | 15.7% |
| Failure to reinforce organisational objectives | 13.3% |
| Process does not reflect organisational culture | 6.0% |
| None | 8.4% |

% of organisations

# Priority 3: Managing competitiveness through benchmarking

Purposes of pay data:

- Establish salaries for new jobs

- Determine salary levels for recruitment

- Inform annual pay review budgets

- Inform annual pay review decisions

- Inform pay decisions through the year for individual cases

- Establish salary ranges for salary scales

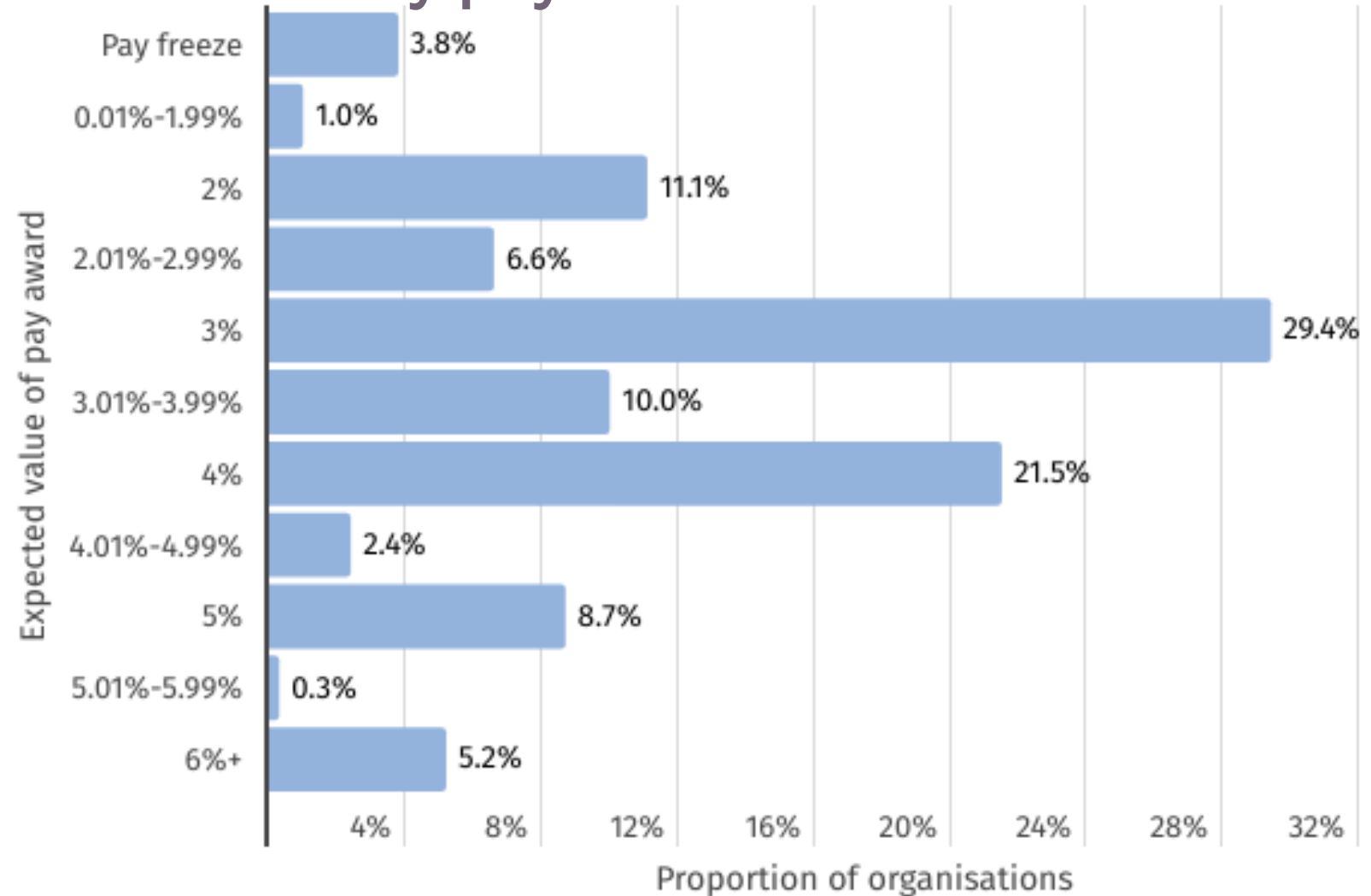- Change salary structures

- Identify pay trends

Source: Reward Management - Michael Rose

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# Forecasts – whole economy pay awards

"There will be a pay rise" 96.3%

Median pay award forecast 3%

Interquartile range of forecasts 3% - 4%

Expected value of pay award

| Category | Proportion of organisations |
|---|---|
| Pay freeze | 3.8% |
| 0.01%-1.99% | 1.0% |
| 2% | 11.1% |
| 2.01%-2.99% | 6.6% |
| 3% | 29.4% |
| 3.01%-3.99% | 10.0% |
| 4% | 21.5% |
| 4.01%-4.99% | 2.4% |
| 5% | 8.7% |
| 5.01%-5.99% | 0.3% |
| 6%+ | 5.2% |

Proportion of organisations

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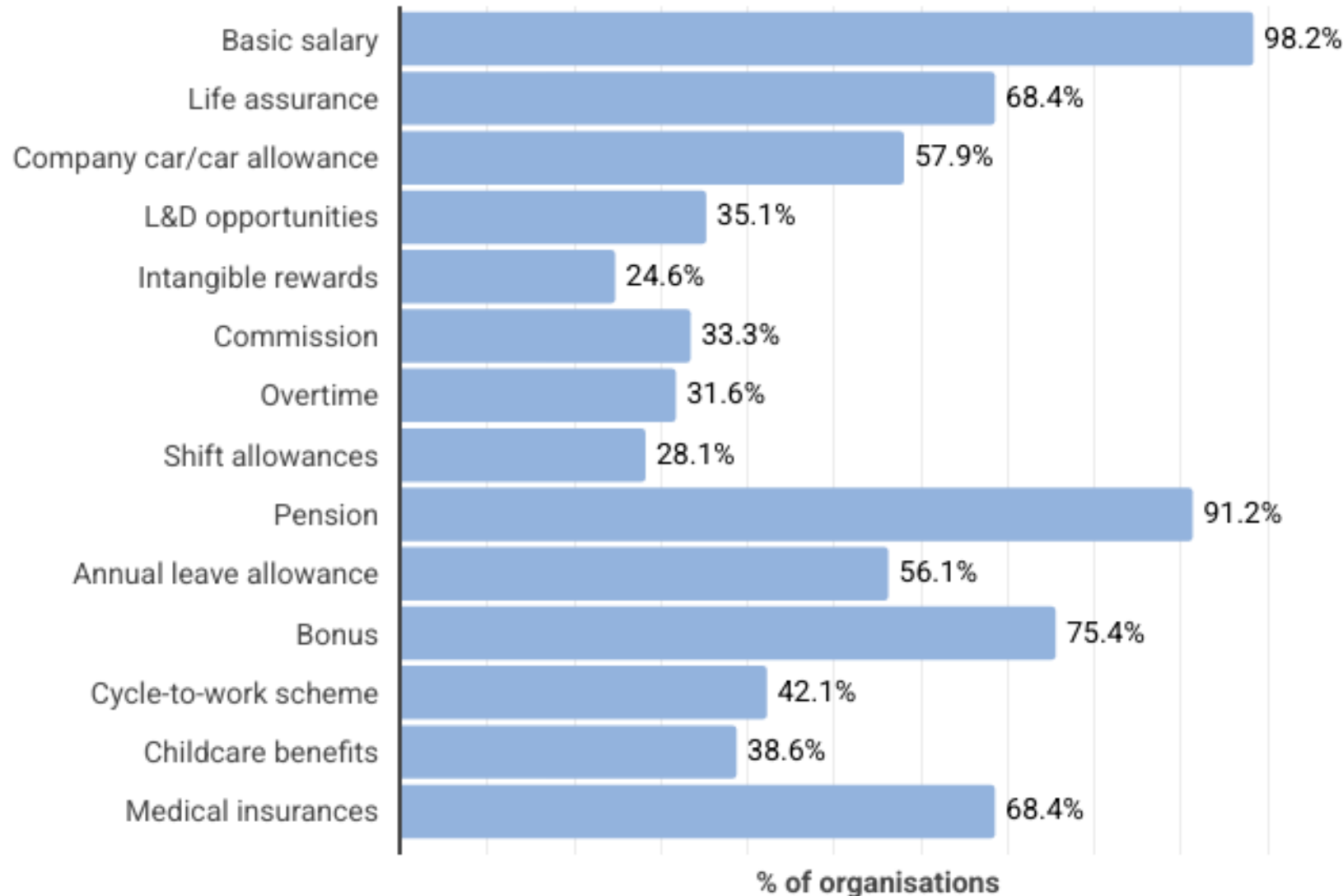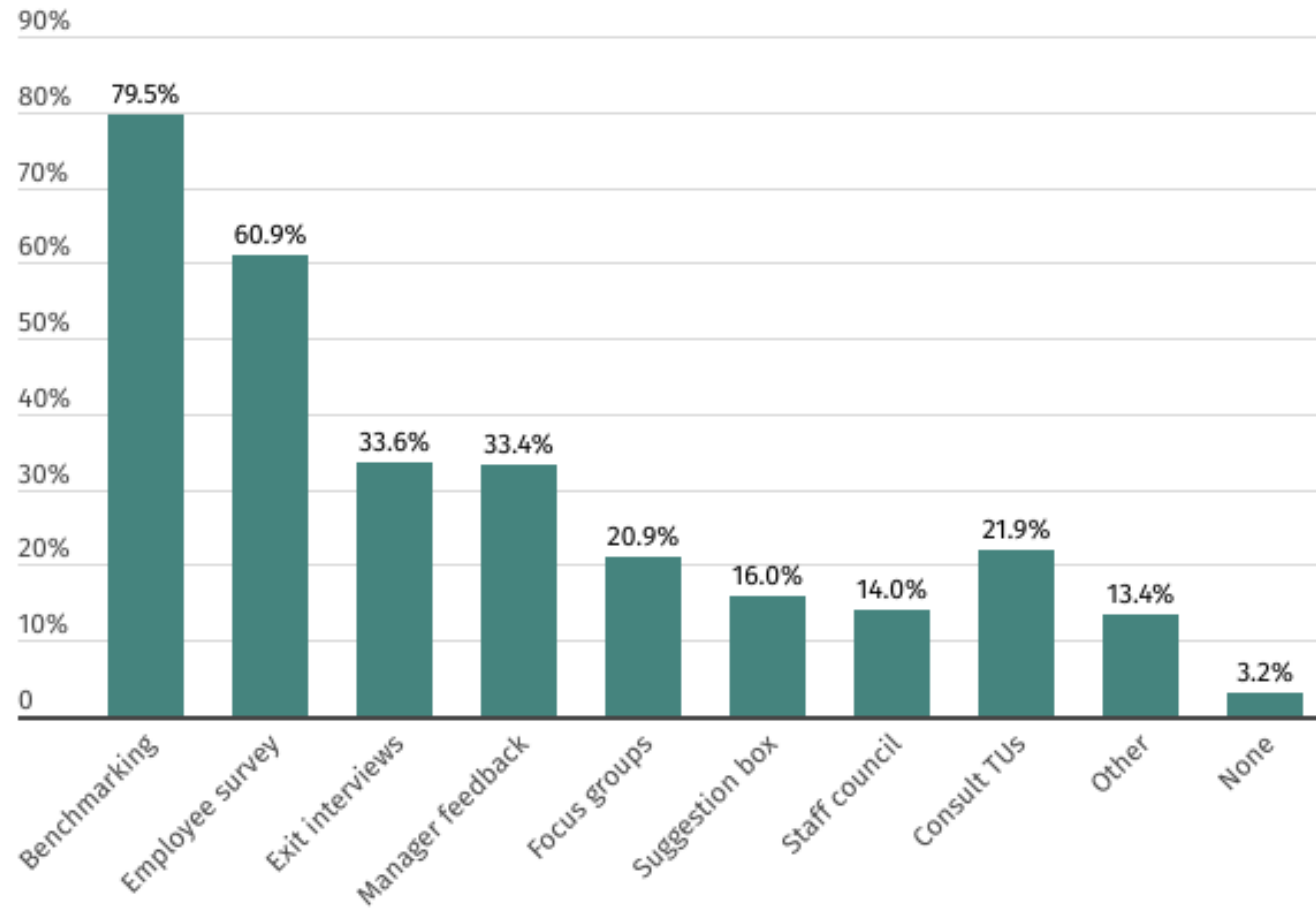
# Poll question: How does your organisation plan to respond to the NICs increases?

- Reduce pay award budgets
- Freeze or reduce hiring
- Reduce or remove employee benefits
- Delay or avoid enhancing employee benefits
- Limit bonuses
- Pass costs onto customers (eg through price increases)
- Restructure or reorganise teams
- No actions/will absorb costs

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# Priority 4: A focus on total reward



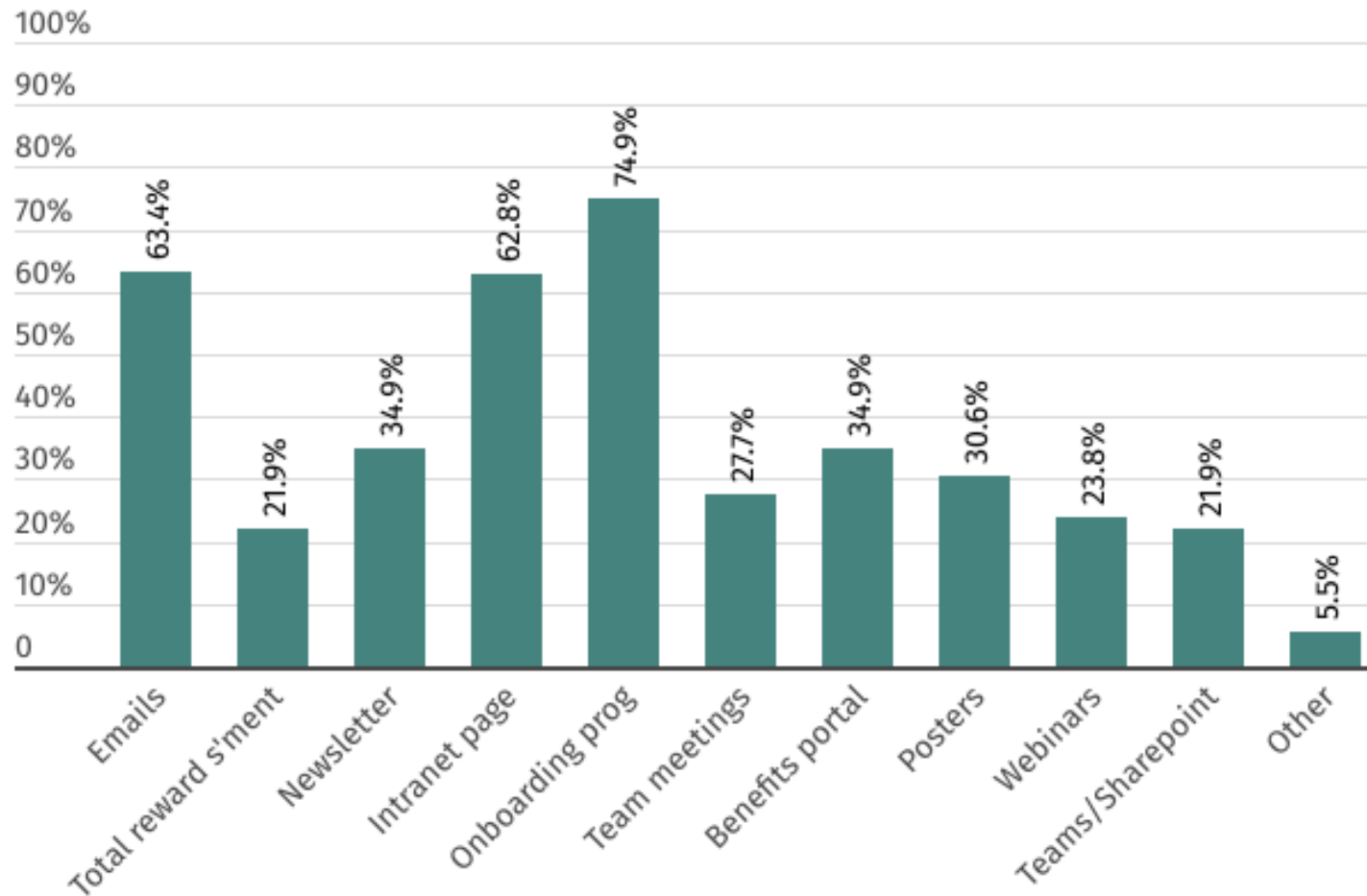| Category | % of organisations |
|---|---|
| Basic salary | 98.2% |
| Life assurance | 68.4% |
| Company car/car allowance | 57.9% |
| L&D opportunities | 35.1% |
| Intangible rewards | 24.6% |
| Commission | 33.3% |
| Overtime | 31.6% |
| Shift allowances | 28.1% |
| Pension | 91.2% |
| Annual leave allowance | 56.1% |
| Bonus | 75.4% |
| Cycle-to-work scheme | 42.1% |
| Childcare benefits | 38.6% |
| Medical insurances | 68.4% |

% of organisations

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# Gathering views

# How does your organisation ensure employees know the full benefits package available to them?



Bar chart showing percentages:
- Emails: 63.4%
- Total reward s'ment: 21.9%
- Newsletter: 34.9%
- Intranet page: 62.8%
- Onboarding prog: 74.9%
- Team meetings: 27.7%
- Benefits portal: 34.9%
- Posters: 30.6%
- Webinars: 23.8%
- Teams/Sharepoint: 21.9%
- Other: 5.5%

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THANK YOU!