



The Paydata UK Reward Management Survey continues to track what is happening in the world of reward. It builds on the information we have collected since 2009. This time around the survey has captured the views of HR and Reward professionals, as we increasingly come to terms with the outcome of the referendum on the UK's membership of the European Union.

The autumn 2016 edition attracted responses from nearly 140 organisations, across a range of industries and sectors, employing around 440,000 people in total. The following summary shows some of the highlights.

### ⊕ Pay

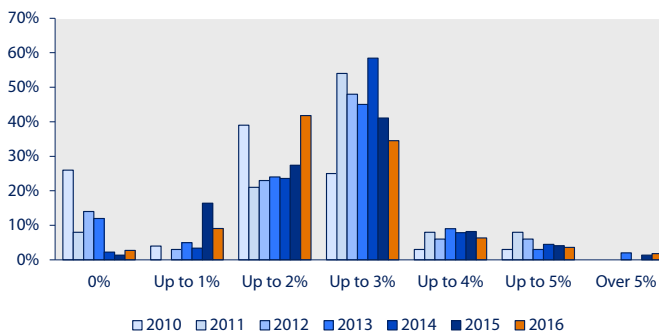
As we have seen in previous years, pay reviews are front-loaded each year with two-thirds of reviews scheduled for the first six months.

Almost all respondents (94 per cent) reported that their reviews have been, or are due to be, at the usual time of year.

The trends we have seen over the past seven years have generally continued;

- The prevalence of pay freezes has declined and continues to do so;
- The median level of pay reviews is expected to remain at two per cent through 2016 and 2017;
- Budgets of over four per cent continue to be few and far between; and,
- The most common budgetary increase has gradually moved from between two to three per cent to between one and two per cent.

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



## ⊕ Bonuses

Over half of all organisations (57 per cent) expect the number of people receiving bonuses in 2017 to be unchanged from 2016 and slightly less than half (46 per cent) expect the bonus levels to also be the same. Views on increases or decreases, in both the size and number of bonuses, are fairly evenly balanced.

Bonus levels are broadly similar to those reported 12 months ago. The usual pattern is for the most senior roles to attract the highest bonuses and to offer considerably higher potential than those generally available for other employees. The actual or expected payments suggest that organisations are generally performing in line with targets.

## ⊕ Impact of Brexit

Organisations and their HR teams are still coming to terms with the potential impact of the UK's decision to leave the European Union.

In light of the lack of definitive detail available at present, it is hardly surprising that a significant proportion of people do not yet have a clear view on this. Of those that assessed the influence, the overwhelming judgement was that there would be little change.

The areas that appear to be considered most likely to be influenced were skills and labour shortages and the employment of young people such as apprentices, technicians and graduates.

## ⊕ Preparing for gender pay reporting

More than half (57 per cent) of organisations indicated that they currently measure differences in gender pay. This is an increase from 12 months earlier, when this figure stood at 44 per cent. Of those that do, most (76 per cent) do not report on it. Some (19 per cent) publish the data internally but very few (3 per cent) currently do so externally.

Almost half of respondents (49 per cent) do not anticipate any problems or issues arising from the implementation of the gender reporting regulations. A third (37 per cent) think it is too early to tell what will happen and only one in seven (14 per cent) anticipate problems.

The concerns tended to centre on a few issues:

- The interpretation, and subsequent communication, required to put any gender pay gap into context;
- The need for good quality data and a robust methodology, in order to properly interpret the results; and
- The corrective action required to address any pay gap issues.

We asked what stage organisations are at with their preparations for gender pay reporting. Most were at the planning or pre-planning stage and few had already completed the necessary preparations.

## ⊕ National Living Wage

The National Living Wage (NLW) came into force in April 2016. It is set to reach around £9.00 an hour by 2020. Inevitably the higher NLW gets, the more employers are impacted by it as it gradually impinges on their lowest paid employees.

Of those organisations that indicated they were already taking steps, or were expecting to do so, increasing productivity and restructuring base pay are strategies already being used.

So far relatively few organisations have passed on the increased cost to customers. That appears to be consistent with the continuing low level of inflation. The signs are that this is only a short-term approach and consumers are going to feel the effect in the medium to longer term as the NLW rises.

A full report of the findings of the Paydata UK Reward Management Survey is available free of charge for participants.

To register to take part in future editions of the survey, please sign-up via our website [www.paydata.co.uk](http://www.paydata.co.uk)