



salary survey 2014

walkerdendle

INTRODUCTION & BACKGROUND

As a leading independent consultancy with a vast amount of local and industry knowledge, Walker Dendle's salary survey is seen by finance and human resource managers alike as an authoritative overview of recruitment practices in Surrey & South West London.



As in previous years, we believe that this report presents informative and detailed information on staffing trends and remuneration packages available to finance professionals and that its readers will find the content both enlightening and useful.

The source data has been taken from a review of compensation packages across a diverse range of organisations in the region, from SMEs to FTSE100 companies, and a variety of industry sectors including FMCG, manufacturing and production, retail, telecommunications and financial services. The detail is supplemented with Walker Dendle's own observations of the financial recruitment market over the past five recessionary years and how the now heightened demand for labour, both temporary and permanent, will affect remuneration, reward and retention in 2014.

As always, we have explored job availability for accountants in the South East and the impact that growth in the job market is likely to have on reward practice and how organisations will need to review remuneration packages to attract and retain key talent. With many organisations adopting a more finance led approach to becoming accretive, the need to attract the best talent will, no doubt, have a direct impact on compensation and benefits.

This time last year we predicted a heightened demand for finance professionals throughout 2013, but this forecast proved to be a little ambitious as the UK faced a triple dip recession. However, a report in the last few weeks of 2013 from KPMG (REC and

KPMG Report on Jobs) confirmed that, at long last, demand for staff was beginning to escalate, with growth in new vacancies reaching heights not seen since 1998. This, coupled with declining candidate availability (the sharpest rate of decline since 2007), was bound to have an impact on salaries and we witnessed almost unprecedented acceleration in gross pay by Q4 of 2013. With continued skills shortages, particularly in the field of accountancy and finance, we would expect salaries to continue to be on the rise in 2014. In fact, hiring managers have cited accounting and finance as being the top functional area which threatens to pose the greatest recruitment challenge in the future.

In comparison to 2012, the APSCO (Association of Professional Staffing Companies) & Staffing Industry Analysts Annual Review of Trends 2013 confirmed that the permanent and interim jobs climate improved month on month with the finance and accountancy sector driving this demand. Walker Dendle's own analysis illustrates a 23% rise in the number of vacancies in Surrey and the South East in Q4 compared with the same period the previous year, with private sector demand showing a stronger trend than in the public sector.

In 2013, we saw, as predicted, continued escalation for key commercial finance skills – cross-functioning business partnering skills and techniques and decision support experience – all still

focussing on sales, marketing and promotions activity, margin accretive strategies and stakeholder management.

Nor has there been any let up in the call for technical expertise such as SOX/IFRS/IAS/USAAP and global (complex, multi-currency) consolidation. In fact, there is now an unprecedented demand for technical staff in both the Group Reporting and Compliance/Risk space brought about by a) the number of US owned businesses in the Surrey/London area and b) the heightened focus on compliance as corporate governance comes under more and more scrutiny by government departments such as HMRC.

International exposure, language skills, virtual team working, expert IT and relevant sector experience have all emerged as “must haves” in 2013.

With a much more positive outlook for the economy in 2014 and a feel good factor not experienced in over five years, the challenge for employers remains how to use a variety of tools in order to establish and promote a holistic approach to their benefits package which needs to be aligned to both individual and business needs. Rewards schemes will need to be fair, robust and yet flexible enough to meet the needs of all stakeholders – in other words to reflect the true value of the role as well as the individual and collective achievements.

MARKET EVALUATION

In Surrey and the South East there were, for a second year in succession, pockets of employment growth, with a high proportion of manufacturing and production, retail and other private sector businesses reporting an increase in demand for accountancy and finance functional staff.

By October 2013 demand for permanent staff increased by 15% and temporary and contract staff by almost 10% on the previous year – indicative of the good health of the sector – and we see no evidence of a let up in the financial recruitment drive as we move into the New Year.

Throughout 2013, and reaching a peak by Q4, the market experienced an acute skills shortage brought about by a number of factors:

- Lower graduate intake by accounting firms and commercial organisations alike since 2008/2009 has resulted in fewer newly qualifieds and yet the local demand for this category remains unabated.
- Counter offers by first and second tier professional firms to their newly qualifieds, with highly competitive remuneration packages and the promise of fast track careers/professional development, are proving appealing to a group that would have traditionally sought a commercial move upon achieving full qualification.
- A lack of confidence amongst potential candidates – a general perception that there is too much risk, or too few exciting commercial opportunities – has definitely resulted in fewer good candidates actively seeking a job move in recent months.
- “Luxury Buying” – in 2013 employers demonstrated little appetite to train and instead sought highly skilled, well-qualified candidates with the potential to “hit the ground running”.

An impending headache for hiring managers, then, as straightforward economics kick in. Where demand is high and supply low, the outcome is an inevitable rise in price and it has become apparent that salary and bonus packages are set to escalate in 2014. Whilst any increase in budget is unwelcome, most finance managers who have found the need to recruit in the last few months will most certainly be concerned about the lack of suitably skilled applicants. There is no doubt that the acute skills shortage of 2013 threatens to become chronic in 2014 and our independent research shows that, by close of play in 2013, the average time taken to fill a job was over 90 days. This in itself represents a huge cost to business as key roles remain unfilled due to a lack of suitable candidates.

What's the solution? It will be a while before the graduate intake of 2013 qualifies so, in addition to offering the most competitive remuneration, employers will be required to engage with the recruitment process more, to think creatively when hiring staff and, most importantly, to demonstrate more flexibility on the requirement. Focussing less on technical skills and experience and more on attitudes and potential will not only open up the field, but will undoubtedly offer a higher return on investment in the medium to long term.



As the UK welcomes a healthier economic climate, the fair weather will not come without its challenges, one of which will be how to manage total spend on base and variable pay whilst promoting competitive remuneration as the primary means to attract and retain key talent.

REWARD MANAGEMENT

Unsurprisingly, the economic difficulties of the past few years have highlighted a desire on behalf of employers to shift focus from fixed to variable pay as a means of offering competitive reward whilst managing permanent headcount overheads. Findings from the CIPD's most recent Annual Survey Report on Reward Management suggest that an ideal split is seen as 80:20 or even 70:30 with the aim of directing more financial reward to the gifted and talented. In reality, current statistics show that the separation is closer to 90:10, with fixed pay still forming the lion's share of the remuneration package.

40% of respondents across all sectors see market rates as the single most important factor in determining salary bands for management levels, although with budgetary pressures still prevalent in 2013 the ability to pay was cited by a similar proportion of organisations.

Over half of the companies canvassed operate performance related incentives which might include bonuses and merit pay rises for individual reward and profit share for group schemes, and 50% forecast an increase in aggregate spend in 2014. The return of pay rises was responsible for an increase in total spend on both base and variable pay just as decreasing headcount is still seen as an effective way to reduce the budget. However, over half of the companies invited to contribute forecast no change in the overall spend.

Private sector companies, in particular the manufacturing and production sectors, favoured individual reward and incentive to keep abreast of market competition.

More than 25% of firms have share or Long Term Incentive (LTI) schemes in place with share options for both employees and executives. The most prevalent employee benefits include pension schemes, additional holiday (over and above 25 days), compassionate leave and death in service assurance. Whilst a fifth of organisations already use flexible benefits schemes as part of a holistic rewards package, a further fifth indicated that they plan to introduce flex-bens in 2014.

Transparency in an organisation's methodology to its rewards policies was considered highly desirable and encouragingly 70% of companies confirmed that this approach was already in place. A concern, perhaps, is that the balance prefers a more secretive approach.

Over a third of employers have already adopted auto-enrolment into an occupational pension, usually making payment into a defined contributions scheme, but many others have yet to make necessary changes to their pension arrangements in order to comply with regulatory requirements by 2015. Just over 12% of employers have introduced a salary sacrifice to fund this change in pension law.

(Source: CIPD Reward Management Annual Survey Report 2013)

REMUNERATION RANGES

SENIOR FINANCE ROLES

Position	Permanent basic salary range per annum (£)
Finance Director (including Group & Divisional Levels & Internal Audit)	90,000 – 150,000+
Financial Controller (including Group & Divisional Levels & Head of Finance)	65,000 – 90,000
Financial Planning & Analysis Manager (including Commercial Manager & Business Controller)	65,000 – 90,000
Finance Manager	55,000 – 65,000
Senior Accountant (including Group roles & Internal Audit)	50,000 – 65,000

QUALIFIED FINANCE ROLES

Level	Permanent basic salary range per annum (£)
ACA/CIMA/ACCA Qualified with 3–5 years PQE	65,000 – 75,000
ACA/CIMA/ACCA Qualified with 1–3 years PQE	55,000 – 70,000
ACA/CIMA/ACCA Newly Qualified/Passed Finalist	45,000 – 55,000

PART QUALIFIED ACCA

Level	Permanent basic salary range per annum (£)
Professional Level	35,000 – 45,000+
Fundamentals Level	28,000 – 35,000

REMUNERATION RANGES

PART QUALIFIED CIMA	
Level	Permanent basic salary range per annum (£)
Top CIMA	40,000 – 45,000+
Strategic Level	35,000 – 40,000
Managerial Level	35,000 – 38,000
Operational Level	28,000 – 35,000
Certificate Level	To 28,000

SENIOR INTERIM & CONTRACT	
Position	Interim rate range per day (£) PAYE
Transitional/Change Manager	500 – 1,000+
Finance Director	500 – 750+
Financial Controller	400 – 500
Financial Planning & Analysis	350 – 500
Finance Manager	200 – 350
Senior Accountant	200 – 250
Part Qualified	100 – 200

BENEFITS & ALLOWANCES

Overall, recent research seems to demonstrate that provision of benefits is increasing and becoming more universal; in other words, less dependent on seniority or length of service. Interestingly, employee training and career development is also now being bundled up in total reward with study leave and coaching/mentoring schemes seen as widespread.

Whatever an organisation's offering to its employees, there has still been little change to the typical suite of benefits offered to employees and executives.



Typical benefits

- Pensions Benefits – contributory/non-contributory
- Bonus Scheme – based on personal and/or company performance
- Company Car/Car Allowance
- Financial Benefits – Occupational Pension/Discounted Household & Holiday Insurance
- Share Options – executive or employee
- Health Benefits – Private Dental/Eye Care/Private Medical Insurance/Life Assurance/Medical Screening
- Study Support/Training & Career Development
- Coaching & Mentoring Programmes
- Enhanced Maternity/Paternity Leave
- Paid Bereavement Leave
- Flexible Working Hours
- Subsidised Restaurant/Cafe and/or Free Refreshments
- Leisure/Lifestyle Benefits – Gym Membership/Childcare Vouchers/On site Crèche/Discounted Shopping/Increased Holiday Entitlement
- Season Ticket Loan
- Cycle2Work Scheme
- Give As You Earn/Save As You Earn
- Social/Team Building Events
- Sabbaticals

BENEFITS & ALLOWANCES

SUMMARY OF KEY FINDINGS IN UK REWARD MANAGEMENT

Types of Bonus & Incentive Schemes	% of respondents 2013	% of respondents 2012
Merit Pay Rise	56	56
Individual Bonus	60	67
Individual Non-Monetary Recognition Award	35	34
Combination Scheme	49	40
Defined Contribution Pension Scheme (DC)	55	64
Defined Benefit (DB)	28	22
Contribution to Personal Pension Scheme	25	23.5
Flexible Working	44	69
Voluntary Affinity Benefits	15.5	25
Flexible Benefits	20	24

Top Six Long Term Incentives	% of respondents 2013
Executive Share Option Scheme	41
Company Share Option Plan	36
Share Incentive Plan (SIP)	33
Save As You Earn (SAYE)	26
Executive Deferred Annual Cash-Based Bonus	23
Executive Restricted/Performance Share Plan	21

Top Six Universal Benefits	% of respondents 2013
Paid Bereavement Leave	93
Pension Scheme	84
Training Career/Development	83
Enhanced Annual Leave (25 days +)	73
Death in Service/Life Assurance	69
Christmas Party/Lunch	67

(Source: CIPD Annual Reward Management Survey Report 2013)

CONCLUSION

From the recent research and statistics, it is inevitable that pay progression will feature across the board into 2014 and beyond as organisations continue to attract and retain the very best talent. The question will be what key drivers and methodology will businesses employ to ensure that the balance between budget control and competitive reward is met. Last year showed that the most common method to determine pay awards was by using a combination of individual performance (71%), competencies (65%) and market rates (64%) with length of service featuring some way down the list of criteria. With a chronic skills shortage looming, particularly in accounting and finance, it will be interesting to see if emphasis shifts closer towards market rate as more employers enter the race for top talent in 2014.

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