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financial recruitment

salary survey 2015

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INTRODUCTION & BACKGROUND

With many organisations continuing to adopt a more finance-led approach to their commercial activities, the demand for top talent is bound to fuel salaries.

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, Middlesex and South West London. We firmly 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 area, from SMEs to listed companies, and a variety of industry sectors including FMCG, manufacturing, retail, telecommunications and financial services. The detail is supplemented with Walker Dendle's own observations of the regional financial recruitment market and how the heightened demand for accountants to fulfil an assortment of roles – technical and commercial, temporary and permanent – will affect remuneration reward in 2015 and beyond.

As in previous surveys, we have explored job availability for accountants in the South East and the impact growth in job vacancies is likely to have on reward practice and how organisations will need to review remuneration packages to attract and retain key talent.

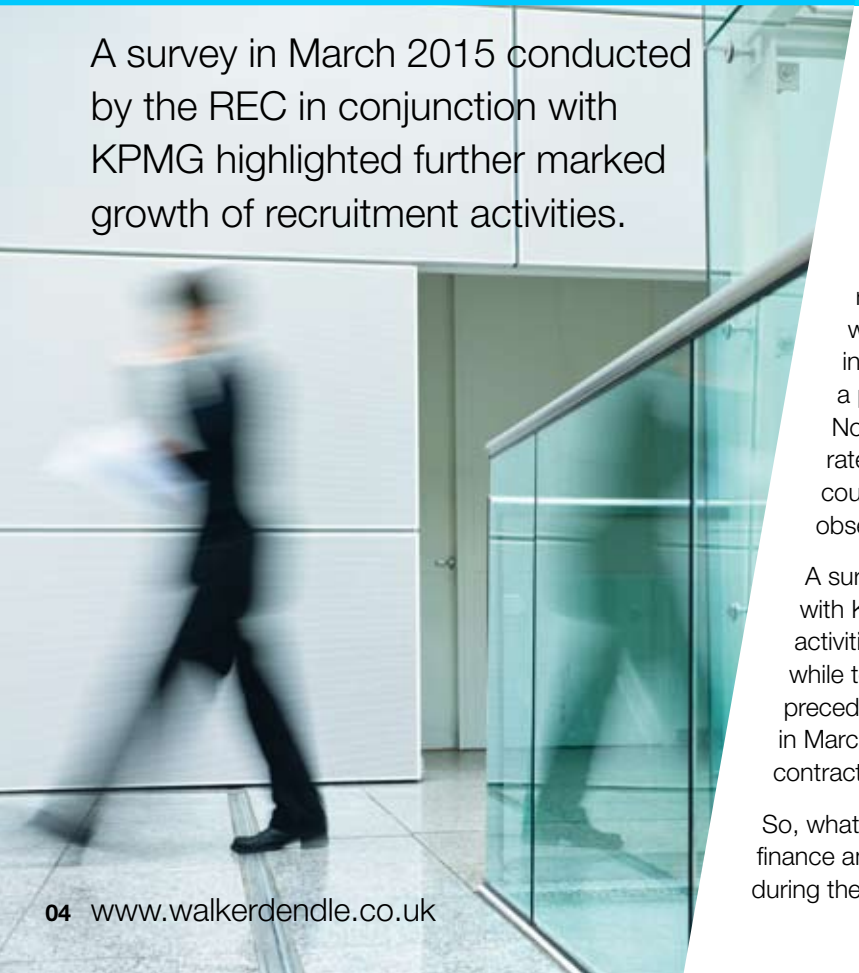
Recent data analysis here at Walker Dendle demonstrates that demand for staff was not only back on track by the end of last year, but was on a par with 2007/2008. New vacancies across most levels were up last December by almost 17% month on month and at the same levels as December 2007.

With many organisations continuing to adopt a more finance-led approach to their commercial activities, the demand for top talent is bound to fuel salaries. A recent announcement by reward experts, Paydata Ltd, suggested that 60% of organisations surveyed admitted to having to pay higher salaries to attract new recruits in 2014 and this will inevitably necessitate a review of current employees' pay and reward in 2015. In fact, the Prime Minister has recently appealed to employers to enhance payment settlements this year.

For a second consecutive year the Association of Professional Staffing Companies (APSCo)/Staffing Industry Analysts Annual Review of Trends 2014 corroborated the fact that the jobs climate improved month on month with the finance and accountancy sector continuing to look very robust indeed. With a 17% increase in the number of available permanent vacancies and a 30% hike in demand for temporary workers nationally, Walker Dendle's own analysis illustrated a fourfold rise in the number of permanent vacancies in Surrey, Middlesex and the South East in Q4 compared with the same period the previous year, together with double the demand for contract and interim staff.

MARKET EVALUATION

A survey in March 2015 conducted by the REC in conjunction with KPMG highlighted further marked growth of recruitment activities.



With the acute skills shortage really biting hard towards the end of 2014, recruiting became, once again, the biggest challenge that organisations in Surrey and the South East faced with the length of time to fill each post escalating to 62 days on average. For some niche skills, such as high level technical accounting – IFRS, USGAAP – the timeframe was well over 120 days in some instances. In response to the conundrum of the cost of unfilled vacancies, we witnessed a marked improvement in the demand for interim cover and, in Q1 2015, a quarter of clients looking to fill a permanent position sought an immediate temporary solution. Notably the impact of this on part and newly qualified contract rates was a sharp rise; at the lower end of the scale candidates could double their pay, whilst little or no real increase was observed at senior financial controller/director ranking.

A survey in March 2015 conducted by the REC in conjunction with KPMG also highlighted further marked growth of recruitment activities. Permanent placements rose at a considerable tempo, while temp revenue was recorded at a five month high in the preceding period. Additionally, average salaries increased further in March 2015 – the strongest since last September – and agency/contract worker compensation also rose at a robust pace.

So, what factors have contributed to the acute skills shortage in finance and accountancy? Inevitably the combination of downsizing during the recession, most notably in the first two to three years (2008

to 2011) will have significantly reduced the volume of available candidates now. This was coupled with drastic cutbacks in professional training, both in professional services and in industry, resulting in fewer graduates entering the sector. So, as the UK economy continues to recover, particularly in London and the South East, the primary target for recruitment in the area has been candidates with proven experience – the 'luxury buy'. Unsurprisingly counter offers and 'buy backs' have been increasingly prevalent, fuelling further the remuneration debate as firms fight to retain their knowledge base with highly competitive compensation and reward packages.

By mid 2014 candidate confidence had returned with more applicants actively considering a career move. However, this was still not enough to counterbalance the limited number of highly qualified and experienced contenders on hand and by Q1 of 2015 confidence diminished once again in the run up to the General Election. With summer almost upon us, we do not envisage any real improvement in candidate availability until Q3 or Q4, if at all.

With little in-house training and development, candidates need to be attracted away from competitors, with the net result that salaries for new recruits rose steadily in 2014 and there is no indication that this trend will abate in 2015. The recent survey by Paydata Ltd confirmed that demand is fuelling recruitment salaries, most notably hitting middle management and professional roles such as finance and accountancy, especially in the South East, and the result is an increasingly candidate driven market. There is no doubt that the pressure to recruit and retain top talent is having an impact on driving up pay – both at the point of hire, and also at salary review. The Bank of England's Monetary Policy Committee (MPC) signalled in February 2015 that pay settlements were likely to be higher in 2015 than in the previous year and we were not surprised to discover that further pay freezes are expected to be a thing of the past across the region.

So the theme over the coming year for employers based in London and the South East will be increasing recruitment and retention pressures as employment growth continues and, with no anticipated softening in labour demand, the chronic skills shortage will place huge strain on remuneration budgets. As a result, although inflation remains low and actual pay settlements awarded to the existing workforce have been relatively subdued in the past twelve months, recruitment salaries continue to increase.

REWARD MANAGEMENT: THE STATISTICS

Job vacancies, permanent and temporary, rose to a five month high in March 2015 signalling strong demand for professional staff.

- Whilst pay reviews in 2015 so far have been in the region of between 2% and 3%, those employers who are not offering increases are in a very small minority of less than 2%. Some sectors, including construction, are paying between 3% and 4% in response to current recruitment and retention issues. Similarly businesses located in London and the South East are generally paying more than those situated elsewhere in the UK.
- The format of pay review is under pressure as the economy strengthens with high performing individuals receiving more competitive awards.
- Private sector firms continue to drive much of the predicted growth in employment prospects (38%) with similar employment growth in the services sector remaining robust.
- 44% of SMEs reported being more positive about employment prospects in 2015, compared to 15% of large organisation and corporates.
- 8% of employers predicted growth in staffing levels in the next twelve months compared to just 2% anticipating a decrease. (Source: Manpower Employment Outlook Survey, Q2 2015)
- Job vacancies, permanent and temporary, rose to a five month high in March 2015 signalling strong demand for professional staff.

(Source: REC/KPMG Report on Jobs, April 2015)

- Income from salaries is expected to increase by at least 3.5% and disposable incomes by 3.7% as inflation remains low. (Source: EY ITEM Club Quarterly Forecast, January 2015)
- The strength of pay growth in the private sector of 3.5% in Q4 2014 reflected payment of stronger bonuses than anticipated. (Source: Bank of England MPC Minutes, March 2015)
- No businesses surveyed expected to award pay increases of less than 1%, whilst no participants expected to award more than 5%.
- The narrowing of labour market slack since 2013 has pushed up pay and will continue to do so over at least the next 12 months with wage settlements being noticeably higher in 2015 than 2014. (Source: Bank of England, inflation report 2015)
- According to the Office of National Statistics (ONS) average earnings in February 2015 increased by 2% compared to the same period the previous year, with an increase on January of almost 1%. The change in the private sector was even higher at 3%.
- Sectors showing the strongest growth in vacancies registered include manufacturing, FMCG, transport & logistics, wholesale & retail, telecommunications and property & construction.
- Almost two thirds of respondents felt that the number of people receiving bonuses would be static, with one sixth indicating that the number will increase.
- 50% of businesses believed the size of the bonus would equate to that paid out in 2014, whilst 20% felt the payment would increase.
- Bonuses reflect seniority and maximum bonus levels are approximately twice on target levels.
- Just over half of companies surveyed indicated that they had experienced difficulty in recruiting in the last 12 months with significant factors at play here including location, industry sector, organisational level and discipline.
- Over 50% of companies reported offering new recruits competitive salaries which conflicted with those paid to existing employees.

(Source: Paydata Ltd, PAYstats Labour & Market Statistics – April 2015 Quarterly Edition)

REMUNERATION RANGES

SENIOR INTERIM & CONTRACT	
Level	**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	250 – 350
Senior Accountant	250 – 300
Part Qualified	200 – 250

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)	70,000 – 90,000
Financial Planning & Analysis Manager (including Commercial Manager & Business Controller)	65,000 – 90,000
Finance Manager	55,000 – 70,000
Senior Accountant (including Group roles & Internal Audit	55,000 – 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	50,000 – 55,000

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

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

BENEFITS & ALLOWANCES

Whilst there has been very little overall change in the range of benefits on offer in the past five years or so, it is accepted that employees attach different degrees of importance to a particular benefit at differing times of their lives and dependent upon their own personal or family situation. According to UNUM, the UK's leading financial protection insurer, 36% of employees confirm that their benefits featured highly in their decision to stay with an employer.

It is therefore imperative that employers provide a comprehensive, relevant and well-communicated benefits package to ensure that they attract the cream of employees at the point of recruitment, but also to help them retain happy, committed and productive workers. When initiating or reviewing a benefits suite, businesses need to consider the demographic of their workforce and provide a remuneration package that can help plan for the future, but will also offset some everyday expenditure for the employee.

Typical benefits offered

- 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/Café 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

In addition to the obvious offering, some companies are already looking to the US for inspiration on supplementary 'perks' such as games rooms (pool, darts, music & video and even a climbing wall!), juice & granola bars, massage, yoga & pilates sessions and company outings. Other 'freebies' might include free make up and spa sessions, film and magazine subscriptions, customised shoes and tickets to sporting fixtures, to name but a few.

As the war for talent in Surrey and the South East intensifies, it will be interesting to establish whether such perquisites make their way into mainstream reward packages, as companies with cash to burn continue to compete to attract and retain the very best that the local market has to offer!

SUMMARY OF KEY FINDINGS IN UK REWARD MANAGEMENT

Types of Bonus & Incentive Schemes	Top Six Long Term Incentives	Top Six Universal Benefits
Merit Pay Rise	Executive Share Option Scheme	Paid Bereavement Leave
Individual Bonus	Company Share Option Plan	Pension Scheme
Individual Non-Monetary Recognition Award	Share Incentive Plan (SIP)	Training Career/Development
Combination Scheme	Save As You Earn (SAYE)	Enhanced Annual Leave (25 days+)
Defined Contribution Pension Scheme (DC)	Executive Deferred Annual Cash-Based Bonus	Death in Service/Life Assurance
Defined Benefit (DB)	Executive Restricted/Performance Share Plan	Christmas Party/Lunch
Contribution to Personal Pension Scheme		
Flexible Working		
Voluntary Affinity Benefits		
Flexible Benefits		

(Source: CIPD Annual Reward Management Survey Report)

CONCLUSION

With the positive outlook for the UK economy in 2015, especially for London, Surrey and the South East, there is no doubt that the immediate challenge for employers in the area will be 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 with both individual and business needs. With inflation still under control and the cost of living relatively subdued, our prediction is that salaries will still need to become more competitive to attract talent, and that overall rewards will need to be not just fair, robust and flexible enough to meet the needs of all stakeholders, but also possibly more creative and varied to satisfy the imagination of a new generation of employee.

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