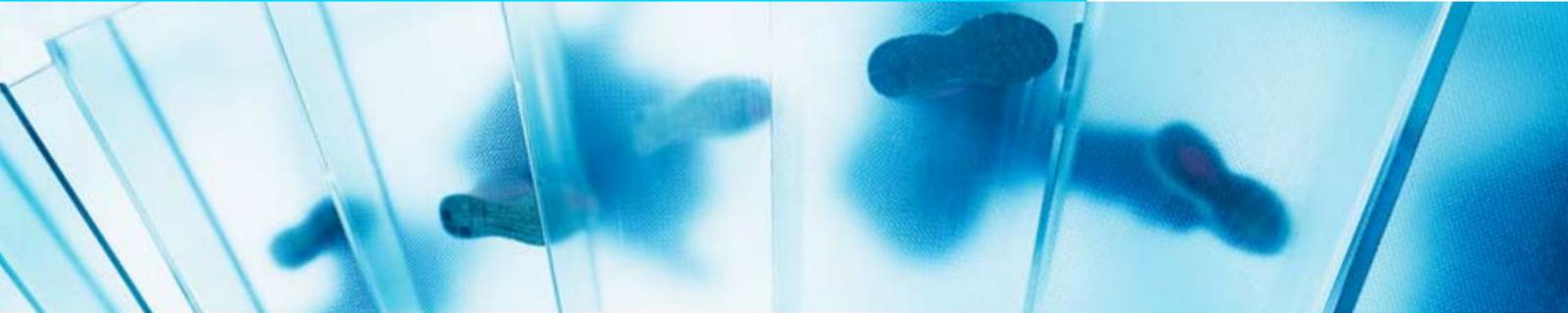


redefining

financial recruitment



salary survey 2016

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INTRODUCTION & BACKGROUND

It is no surprise that this phenomenal escalation in demand for finance professionals – both part and fully qualified – has intensified the increase in remuneration across the board.

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, pharmaceutical 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 2016 and beyond.

As in previous surveys, we have explored job availability for accountants in the South East, 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. Key points noted in the last Professional Recruitment Trends Survey of 2015 commissioned by APSCo were that the positive growth in both permanent and interim placements in the finance sector was, once again, leading the way across all sectors. Similarly the actual number of vacancies created in 2015. Therefore, it is no surprise that this phenomenal escalation in demand for finance professionals – both part and fully qualified – has intensified the increase in remuneration across the board.

The concept of 'total reward' encompasses all aspects of work that are valued by employees and includes elements such as training & development and flexible working practices in addition to the more traditional components – pay and benefits. It is now generally accepted that total reward is linked directly to Employee Value Proposition (EVP) and we aim to assist organisations in the region, hungry to attract and retain talent, to identify what is really valued by their workforce and to tailor their reward offering to achieve the most appropriate EVP. (Paydata.co.uk)

In the pages to follow we also seek to outline some of the features of the current labour market in Surrey and the South East and to highlight the impact that these attributes will have on overall reward and remuneration.



MARKET EVALUATION

Both recruiters and hiring managers alike hope for an influx of job hunters in 2016 to reinvigorate the market.

Research conducted by Staffing Industry Analysts for APSCO confirmed that by November 2015 the demand for permanent staff had climbed at its fastest pace in seven months with the rate of expansion in interim and contract appointments the sharpest in five months. However, it was also noted that the availability of suitably qualified candidates to fulfil the escalation in demand diminished as the UK, and the South East in particular, found itself in the deep clutches of the ongoing skills shortage. Such ferocious competition for finance and accountancy professionals has seen not only the salaries of permanent staff continue to escalate, but it was also noted that contract rates rose at their fastest pace in Q4.

The same commentary identified that the demand for professional staff remained considerably stronger in the private sector than the public sector and that this demand was more prevalent with permanent employees; although the contract market also saw a surge toward the close of last year. Interestingly the report indicated that the growth in demand was stronger in the North of England although demand in the South was still very much on the rise when compared to 2014.

The requirement for accounting and finance staff reported the second strongest growth against other categories with executive and professional coming in close behind. As these categories account for a sizeable proportion of staff in Surrey and the South East, where the number of actual permanent vacancies year on year was up by 60% in Q4 (Walker Dendle Financial Recruitment), it is no surprise that recruitment continued to pose a real challenge for businesses in the area once again.

With many businesses struggling to fill permanent vacancies quickly, it was inevitable that the demand for interim cover grew whilst the actual availability of people to fill temporary roles fell at its sharpest rate for eighteen years, thus pushing up the cost of hiring interim cover. The tightening of the labour market witnessed in 2015, particularly toward the close of the year, saw very few sectors or disciplines remaining immune from the effects of the ongoing skills deficiency. It is still unclear whether the diminishing pool of talent is due to the lack of training opportunities on offer early in the recession or an underlying lack of confidence in the global economy preventing candidates coming to market, or a combination of both factors. In any event, both recruiters and hiring managers alike hope for an influx of job hunters in 2016 to reinvigorate the market.

According to the latest APSCo survey, salaries for professionals have held steady throughout 2015 as UK employment levels reached a new high and the strong demand for staff looks set to continue well into 2016 – and beyond – supported by a buoyant finance sector. So the ongoing theme over the coming year for employers based in Surrey and the South East will be increasing recruitment and retention pressures as employment growth continues. With no anticipated softening in labour demand, the chronic skills shortage will place huge strain on remuneration budgets and, as the economic recovery in the UK continues to gather momentum and resists the external influences of global economies, the reward agenda remains as challenging as ever.

REWARD MANAGEMENT: THE STATISTICS & KEY POINTS

The overall demand for staff continued to increase in 2015 with private sector permanent staff recording the most rapid growth overall.

- The finance sector is driving growth with a year on year expansion in permanent placements of 16% and 6.7% in temporary placements. Actual permanent vacancies are up by 16% and interim jobs by 34%.
(APSCo Recruitment Trends November 2015)
- By Q4 of 2015 salaries for accountants had improved by 1.1% when compared to 2014.
(APSCo Recruitment Trends November 2015)
- The Net Employment Balance which measures the proportion of employers that expect to increase staffing levels against those that expect to decrease levels, has increased from +25 to +29. (CIPD Labour Market Outlook Summer 2015)
- Employment growth will remain robust in the private sector with service sector employment intentions strengthening, but contracting in the manufacturing sector. The healthy employment outlook remains more positive amongst SMEs than larger corporates. (CIPD Labour Market Outlook Summer 2015)
- Although there was a temporary slowing in output in Q1 and Q2 of 2015, indicators of labour demand remain strong and, although the number of vacancies relative to the size of the workforce fell slightly in the summer of 2015, the ratio remains above the pre-recession average, suggesting that employment growth will rebound in 2016. (Bank of England Inflation Report August 2015)

- With the employment rate the highest since records began in 1971, the slowing in employment growth may be as a direct result of companies finding it increasingly difficult to recruit new and suitably skilled employees as labour market conditions tightened in 2015. (Bank of England Inflation Report August 2015)
 - The unemployment rate has fallen by over 2% since 2014 and is now close to the Bank of England's equilibrium rate. However, reports of increasingly widespread skills shortages indicated that whatever spare capacity remained was diminishing. (Bank of England MPC Minutes October 2015)
 - The Net Employment Outlook for 2016 stands at +4% with 7% of employers expecting to increase staffing levels in 2016. (Manpower Employment Outlook Survey Q4 2015)
 - Accounting and finance led a broad-based expansion in 2015 with private sector permanent staff recording the most rapid growth overall, although executive and professional levels signaled the slowest growth. (REC/KPMG Report on Jobs October 2015)
 - Whole economy pay grew in 2015 by 3.2%, with private sector pay revealing a more rapid increase of 3.8%, partly due to strong growth in bonuses. (Bank of England Inflation Report August 2015)
 - Starting salaries for new permanent placements continued to increase in 2015 as the demand for suitably skilled and qualified staff outstripped the limited supply. (REC/KPMG Report on Jobs October 2015)
 - Wage growth strengthened throughout 2015, a genuine reflection of the tightening of the labour market in the UK. However, there were further encouraging signs that productivity growth was continuing to recover. (Bank of England MPC Minutes October 2015)
 - Indications from a recent Paydata review suggested that pay review budget levels revealed an interquartile range of 2% to 3%, a mean value of 2.65% and that pay freezes appear to be symptom of the past amongst private sector employers.
 - Wage growth is expected to continue to rise reflecting the narrowing of the labour market slack and the pickup in productivity growth in the UK although the impact of the National Living Wage, announced in the Summer Budget 2015, is estimated to be small. (Bank of England Inflation Report August 2015)
 - The predicted pay settlements average long term forecast for pay awards in 2016 is 2.6%, up by 0.2%. (Croner Reward – Pay Awards & Forecasts August 2015)
 - Half of employers surveyed expect 2016 pay review budgets to be aligned with those set in 2015 although 20% of employers anticipate an increase in budget. (Paydata UK Reward Management Survey Autumn 2015)
- (Source: Paydata Ltd, PAYstats Labour & Market Statistics – October 2015 Quarterly Edition)

REMUNERATION RANGES

SENIOR INTERIM & CONTRACT	
Level	Interim rate range per day (£)
Transitional/Change Manager	500 – 1,000+
Finance Director	600 – 950+
Financial Controller	450 – 550+
Financial Planning & Analysis	400 – 550
Finance Manager	300 – 400
Senior Accountant	300 – 350
Part Qualified	200 – 300

SENIOR FINANCE ROLES	
Level	Permanent basic salary range per annum (£)
Finance Director (including Group & Divisional Levels & Internal Audit)	80,000 – 150,000+
Financial Controller (including Group & Divisional Levels & Head of Finance)	75,000 – 90,000
Financial Planning & Analysis Manager (including Head of FP&A, Commercial Manager/Controller & Business Controller)	75,000 – 90,000+
Finance Manager	60,000 – 75,000
Senior Accountant (including Group roles & Internal Audit)	60,000 – 70,000

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	60,000 – 75,000
ACA/CIMA/ACCA Newly Qualified/Passed Finalist	50,000 – 60,000

PART QUALIFIED ACCA

Level	Permanent basic salary range per annum (£)
Professional Level	35,000 – 47,000+
Fundamentals Level	28,000 – 35,000

PART QUALIFIED CIMA

Level	Permanent basic salary range per annum (£)
Strategic Case Study	45,000 – 50,000+
Strategic Level/Managerial Level	35,000 – 45,000
Operational Level/Certificate Level	28,000 – 35,000



There remains in the UK very little overall variation in the range of benefits on offer and it is accepted that employees attach different degrees of importance to a particular benefit at differing times of their lives, dependent upon their own personal or family situation. By looking at reward in a holistic way, organisations can create a bespoke Employee Value Proposition (EVP) that will appeal to the needs of key talent.

According to Paydata, total reward can be grouped into four main categories: remuneration, benefits, personal growth and the work environment. Employers can offset each category against another to establish the most appropriate and appealing EVP for its workforce. By analysing what is really valued by its employees, an organisation can develop a relevant and meaningful reward strategy. By investing adequate time and effort into understanding what an organisation's employees value most and communicating effectively what is on offer through mediums such as total reward statements, employers will not only strengthen their EVP, but will ensure that their workforce is highly motivated, committed and engaged.

It is imperative that employers provide a comprehensive, relevant and well-communicated benefits package.

The range of traditional and tangible benefits offered to employees and executives includes:

- Bonus Scheme – based on personal and/or company performance
- Company Car/Car Allowance
- Share Options – Executive or Employee
- Pensions Benefits – Contributory/Non-Contributory
- Financial Benefits – Occupational Pension/Discounted Household & Holiday Insurance
- 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

Source: CIPD Reward Management Annual Survey Report 2015

It is, therefore, imperative that employers provide a comprehensive, relevant and well-communicated benefits package to ensure that they attract the cream of the talent pool at the point of recruitment, but also to help them retain happy, committed and productive employees. 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 guarantee a stimulating working environment with ample opportunities for personal and professional growth.

CONCLUSION

As the UK economy remains robust and in good shape for the foreseeable future, and given the fact that the demand for experienced finance professionals in Surrey and the South East continues to outstrip demand by a long way, the war for top talent is as intense as ever. Organisations seeking to attract and retain key personnel will need to focus on their Employee Value Proposition and will need to develop and maintain a total reward offering, tailoring elements to create a truly bespoke rewards package. It is essential that such a reward strategy makes clear the aims of the various compensation and benefits elements, integrates them coherently and advises employees on what they can expect to receive, when and why.

Even with a comprehensive and well-devised total reward package, it is inevitable that pressure on recruitment budgets in Surrey and the South East will continue to increase in 2016 as employers compete to attract the very best talent that the region has to offer. Starting salaries will need to be highly competitive in the first instance to appeal to the most sought after candidates and this will, in turn, require further benchmarking internally.