

# Reward News

NorthgateArinso Reward Solutions Newsletter

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# Welcome to the Eleventh Issue of Reward News

Welcome to issue eleven of Reward News, keeping you up to date on the developments within NorthgateArinso Reward Solutions

We've added even more functionality to our Compensate Salary Planning tool to ensure your pay review runs as efficiently as possible. With these exciting new features Compensate Salary Planning will enable you to manage, budget and analyse the review process with even more ease; read more on page 4.

We're constantly enhancing our suite of Reward Solutions which is how our 'Flex in a Box' solution MyChoiceLite came to be established. If you're an SME and want big company benefits with a low finance and resource overhead then MyChoiceLite will be ideal for your business; read more on page 8.

Edinburgh City Council has recently finished implementing a new pay and grading structure and with the help of our Pay Modeller software, the council were able to effectively manage the project. The case study can be found on page 12.

With lots of other updates and exciting news features, we hope you find the newsletter of interest and please feel free to contact us regarding any of the content at [rewardinfo@ngahr.com](mailto:rewardinfo@ngahr.com)

# News and Training

## The Compensate Suite

Our job evaluation, salary benchmarking and salary planning modules have now been incorporated into a single suite, named 'Compensate'. The modules are specifically designed to give Reward Mangers a complete set of tools, enabling them to make strategic decisions and manage pay and reward more effectively and efficiently.

### Modules of Compensate

Modules	Previous Name
Job Evaluation	Evaluate
Salary Planning	Compensate
Salary Benchmarking	MarketRate

## Pay Modeller Education Sessions

The Comprehensive Spending Review and subsequent, sector specific announcements have placed severe pressure on all elements of pay and reward in the public sector. Our Pay Modeller tool has been widely applied throughout the public sector for organisations that need to design, cost and implement changes to pay and terms and conditions.

Pay Modeller can provide a focus for both HR and Finance teams.

### For HR:

- The development of options to introduce a more flexible working environment.
- Reducing the pay bill in a managed, focussed way avoiding kneejerk reactions to cutting jobs and key skills.
- Examining turnover assumptions to look at headcount reduction options in order to achieve financial goals.

### For Finance:

- Management information reporting to provide detailed year on year efficiency saving analysis, from optional changes to pay and reward.

We're running sessions on how our Pay Modeller software can be used to tackle cost saving targets. The dates of the sessions are below and will be run by one of our Senior Reward Consultants at our Chester office:

- 22nd June 2011
- 13th July 2011
- 14th Sept 2011

If you would like more information about the session or would like to book a place please get in touch on t) 01244 572733 e) [rewardinfo@ngahr.com](mailto:rewardinfo@ngahr.com)

## New Compensate Salary Planning Contract

Misys has recently decided to carry out their annual pay review using our online salary planning software.



For Misys, whose compensation team have to deliver a global review of compensation including incentive pay, it was an easy decision to move away from spread sheets to a single system accessed by mangers on the internet. Misys were able to replicate some very sophisticated approaches to their annual pay review in Compensate Salary Planning and save significant amounts of time, while maintaining control and complete visibility of the whole process.

# Compensate Salary Planning

With the first customers recently completing their salary review process, Compensate Salary Planning has certainly been put through its paces by a number of different organisations in various industries. This has produced valuable feedback resulting in developments on the system, ranging from minor tweaks to new modules.

## Recently Released New Features

### Target Curve Charts

The relationship between performance and pay is an important metric for organisations. Being able to view the performance of a team or company on a graph enables policy to be easily implemented and enforced.

The administrator configures the ideal line of the chart, when performing the pay increases managers can then see a line for their direct reports, and all employees below them, against the ideal. Added to the functionality of editing performance ratings during the pay increases this view is extremely useful to enforce both performance and pay policy, as the curve chart is a live view and will update when the rating is changed.



### View Target Fields

Based on feedback from customers we have enabled the suggested target and original target values to be displayed in the manager pay increase view.



### Dependant Pay Elements

When creating a budget, administrators can now add dependant pay elements such as bonus based on salary. Once added, the dependant pay element value is calculated based on the pay increase set by the manager, thereby simplifying data entry and increasing accuracy.

## Employee Details

An update to the employee details page now gives a fuller view of the employee not just the data held. A summary of Budgets and Curve charts are displayed along with the employee's hierarchy above and below. Where the employee resides in the hierarchy is now editable allowing changes to be made without the need for the organisation chart.

## Moving Organisation Structures

We know that no organisation is fixed; employees leave, get promoted or move around for various reasons. In order to make Compensate Salary Planning as flexible as your organisation we have introduced the ability to move employees during a live budget. Through the organisation chart, administrators can move employees between teams and the total (new, proposed and original) will be updated for all teams affected.

## Web Service Application Programming Interface (API)

The web service API allows data from Job Evaluations to be transferred to and from any HRIS without the need for human intervention once configured. The service transfers user and job data from HRIS to Compensate Salary Planning and passes back to HRIS the evaluated information relating to the job grade and score. This interface has already been integrated into euHReka (NorthgateArinso's SAP based HRIS) making for an 'out of the box' solution for our euHReka customers.

## Single Sign On (SSO)

So that Compensate Salary Planning doesn't become another application for users to remember log in details for, we have simplified the sign in process based on known credentials. Already integrated into Microsoft Active Directory, we are working with customers to have multiple options such as SAML (Security Assertion Markup Language) and OpenSSO.

# New Features Coming Soon...

NGA's aspiration is for Compensate Salary Planning to become one of the leading compensation applications on the market and in order to achieve this ambition the following major developments are planned for release before May 2012.

### Job Description Module and Job Evaluation workflow

This new module will allow job owners to create a job description and it will be authorised through workflow. Once authorised, specific sections of the job description can be selected to be displayed in the questionnaire during evaluation, giving the evaluators all the information they require. Job Evaluation workflow will make it easy to configure steps of authorising an evaluated job by configuring the next person to review and approve thus making evaluation committees very simple to set up and be specific to individual jobs.

### Equal Pay Reports

By integrating our standard EPR report into Compensate Salary Planning it will become much easier to monitor Equal Pay issues arising from a salary review as it happens.

### Incentive Plans

In addition to the current incentive plan functionality, which allows customers to create bonus, short term and long term incentive plans as scripted fields, this new module will allow the customer to create incentive schemes with outputs to cash or share, with the ability to include or exclude from the salary increase process.

Due to the complexity of this development a phased project release similar to Compensate Salary Planning will be adopted with early adopter sought for phase 1.




## NHS CPC Drive is the Salary Sacrifice Car Scheme that is making inroads in to the NHS



CPC Drive is a NHS salary sacrifice scheme that allows Trusts to offer their employees the opportunity to drive a brand new fully maintained car.

The scheme has already been launched in several Trusts in the UK, including Leeds Partnerships NHS Foundation Trust and Queen Elizabeth Hospital King's Lynn NHS Foundation Trust and is proving a huge success. Other Trusts are currently in the process of implementing the scheme or are actively considering it for their employees.

The scheme operates via a salary sacrifice arrangement that allows employees to benefit from tax and National Insurance savings and fleet discounts as well as driving a brand new fully maintained and insured car for 3 years - all at a monthly cost substantially less than a private lease arrangement.

The outstanding motoring package means employees only need to add fuel and oil! All vehicles come with servicing and maintenance, fully comprehensive motor insurance including for a partner, annual road fund licence, European Breakdown Cover, replacement tyres and even early termination insurance to cover

events such as resignation and redundancy. The scheme also has the benefit of being available to existing NHS company car drivers, who are also able to access the scheme although they cannot use it for business purposes.

The recent increase in VAT and higher fuel costs are another reason why NHS CPC Drive is such a welcome addition to employees as the cars on the scheme can give excellent savings through fuel consumption, for example, a diesel engine SEAT Ibiza on the scheme with an mpg of 80.7 could give you a monthly fuel saving of £67.89 per month versus a diesel vehicle with 38mpg. That's a saving of £814.68 per year.

The combination of benefits delivered through the system is an attractive proposition to NHS employees who have been keen to explore the online car finder. Once an employee has a salary sacrifice car the online tools allow them to manage other aspects of the scheme like the electronic expenses system.

# Online Expenses Management

The majority of NHS Trusts currently use paper based expenses management systems. To many Trusts this represents a significant spend area which could be much better controlled.

NHS CPC Drive is an integrated, online fleet management solution ([www.cpcdrive.nhs.uk](http://www.cpcdrive.nhs.uk)) In partnership with CPC Drive, NorthgateArinso now provide an online expenses management solution, which is designed to more effectively control employee expenses.

## Key Features

- Provides a single Portal approach for all Trust related expenses
- Online, secure, web based system available both via N3 & any internet connection
- Automated authorisation notifications
- Highlights exceptions to the Trusts expenses policy
- Enhanced audit capabilities for Grey Fleet management – Driving licence, MOT, Tax
- Extensive reporting functionality
- User friendly system

## Key benefits

### Improved Claims Accuracy

- Better validation of claims.
- Postcode to postcode mileage capture.

### Reduced Admin and Processing Costs

- Users put data directly into system.
- Workflows to streamline authorisation.
- System is integrated with ESR.

### Claims Cost Reduction

- Studies have shown online tracking can deliver a 5-10% reduction in claims value.
- Reduces fraudulent claims by 10 - 20% through improved control of expense limits and more efficient approval processing.

## Environmentally Sustainable Metrics

- Online reporting allows admin and time saving efficiencies, which in turn offer environmental benefits.

## Duty of Care

- Greatly assists in Trusts meeting Duty of Care obligations

Significant savings can be made by running expenses electronically. For example Postcode mapping capability provides the potential to reduce day to day expense mileage costs by between 10 and 13% as claims accuracy increases.

The CPC Drive one single portal approach for salary sacrifice for cars, lease car purchase and expenses processing focuses Trusts on all aspects of travel related cost management through one single solution providing powerful management reporting and expense management forecasting techniques.

## Example Savings

### A Trust with 3,700 employees

- Staff travelled 4.2 million miles in one year
- 2,208 claims a month

The value claimed in expenses for this period was **£2.3 million**

500+ drivers travelled in excess of 3,000 business miles per annum.

**Converting these saved the Trust at least £107,000**

127 drivers claimed regular user payments but didn't claim enough miles to qualify for regular user allowance.

**Addressing this issue saved £82,000**

To find out more about the Online Expenses solution for the NHS, please visit our website:

[http://www.northgatearinso-reward.co.uk/online\\_expenses](http://www.northgatearinso-reward.co.uk/online_expenses)

# Flex in a Box - MyChoiceLite is here!



As previewed in the last issue of Reward News, NorthgateArinso Reward Solutions have now launched our Flex in a Box solution, MyChoiceLite.

The concept is simple. MyChoiceLite is a pre configured box of benefits that employers can roll out to their employees easily and cost effectively. It facilitates and manages the salary sacrifice process, as well as communicating all benefits available via an online portal and Total Reward Statement capability.

Whilst available to all clients we believe that this simple approach to benefits will appeal to employers in the 100 – 500 employee space particularly. This tends to be the size of organisation where a completely bespoke flexible benefits package may be too expensive or time consuming to design and implement.

Salary sacrifice is a central plank of the MyChoiceLite solution. Salary Sacrifice generates a return on investment when an employee gives up the right to some of the cash remuneration due under their contract of employment, in return for the employer providing a non-cash employee benefit. This return on investment results in significant tax and NI savings for both the employer and employee and has become a significant catalyst for the continued growth in the flexible benefits market.

#### **MyChoiceLite includes the following:**

- Access to discounts and offers which will make employees' salaries go further
- Access to salary sacrifice benefits which can release funds for the employer and help employees save money
- Promotion of the total reward package to improve return on reward investment

- Provision of benefit information to enhance employee engagement
- Ability to show employees their true worth and highlight the real investment that is being made in them.

In addition, MyChoiceLite can potentially be set up on a cost neutral basis with minimal implementation effort required from the employer. It is provided as a basic, off-the-shelf solution to keep costs down, but with the ability to be bespoke if required.

#### **MyChoiceLite manages the following benefits as standard:**

- Pension
- CCV
- Bikes for Work
- Buy and sell holiday
- Discounted retail cards
- Discounted travel savings
- Non payroll deducted voluntary benefits package

All benefits contained within MyChoiceLite are preselected to allow you to benefit from economies of scale with the exception of pension benefits where we are unable to offer investment advice.

MyChoiceLite will also communicate non flexible benefits (up to 3) and include them on the Total Reward Statements issued to employees.



## Communication

The success of a flexible benefits scheme is almost entirely down to effective employee communication.

To help organisations with the communication we provide a suite of standard communication material. The MyChoiceLite site will be branded with the organisation's logo, as will all the communication material as detailed here.

To find out more about MyChoiceLite, please email [rewardinfo@ngahr.com](mailto:rewardinfo@ngahr.com) or call us on 01244 572722

## E-shots

A series of three E-shots are provided to allow a pre-launch communication campaign to be delivered electronically. The message on the E-shots will be kept very simple, giving some basic, initial, "teaser" information about the MyChoiceLite scheme. Main objective is to help drive activity from the time the flex window opens to right the way through to close date.

## Benefit portal

The benefit portal provides employees with comprehensive information on the benefits provided in the MyChoiceLite solution. The portal has a separate page for each benefit with a brief overview explaining to employees the value that each benefit can provide. The employee can then access comprehensive, easy to understand information about how the benefits work, key features or more specific information/frequently asked questions.

The benefit portal will be available to staff all year round for benefit information, not just when the flexible benefit enrolment window is open, and it can also be used pre contract to give new employees information about the benefit package before they join the organisation.

## Posters

A series of three posters are also available to provide offline communication. These are ideal for organisations where a proportion of employees may not have access to the internet or email in the workplace.

"MyChoiceLite is a simple "in a box" solution that will appeal to customers who have previously shied away from implementing full flexible benefits package. This product is not a replacement for our flagship service MyChoice but simply offers an alternative solution aimed at a slightly smaller client looking to deploy a high quality service at a cost effective price."

# Police Pay at a Crossroads?

In October 2010, The Home Secretary asked Tom Winsor (former Rail Regulator) to undertake an independent study of Police Pay and conditions. The first part of the review was to look at short term improvements and the second to look at longer term reform.

## The key objectives were:

- Use remuneration and conditions of service to maximise officer and staff deployment to frontline roles where their powers and skills are required.
- Provide remuneration and conditions of service that are fair to, and reasonable for, both the taxpayer and police officers and staff.
- Enable modern management practices in line with practices elsewhere in the public sector and the wider economy.

## The first part of the report was published in March 2011 with some key recommendations:

- People should be paid for what they do, the skills they have and are applying in their work, and the weights of the jobs they do.
- People should be paid for how well they work.
- A single police service – distinctions in pay and other conditions of service between police officers and staff should be objectively justified.
- Arrangements should be simple to implement and administer.
- A phased introduction of reform

Without going into the micro detail of the quick wins that Winsor has recommended, the summary recommendations above would suggest some key strategic Reward issues for the 43 Police Forces across the country. Although the majority of Winsor's analysis focuses on uniformed roles, his reforms also include all Police Staff roles. These account for 40% of the Police headcount and are under Local terms and Conditions. Police Staff roles include Scenes of Crime Officers, Police Community Support Officers (PCSO's) as well as typical support roles such as Finance, HR and IT.

## From Winsor's recommendations two key areas stand out:

- Progression based pay on performance
- An approach which fits a Single Police Service.

It is interesting that in the Unison response to the report (A Unison Pay And Conditions Strategy To Improve Police Performance) the focus is more on the Police Staff as this is where the majority of their membership is. Their key views on the two elements above are that they are prepared to explore a competency based approach to pay progression, however they are opposed to performance based approaches as the current PDR system is discredited and under resourced. More importantly, and with significant implications for Police HR teams across the service, the Unison report strongly recommends one Job Evaluation scheme for all Police Staff across all forces.

If either of the above recommendations from either side are progressed, significant planning, process design and systems will be required to ensure the smooth implementation, operation and monitoring of the approach.

If pay is linked to performance or contribution, PDR processes need to be monitored and managed effectively to ensure equality and fairness in the approach. Reward management and reward systems will become more of a need where pay progression is no longer based on time served increments.

Should Winsor agree with Unison's view that one Job Evaluation scheme be used for all forces this has much wider implications as a project. One scheme underpinning one pay and grading structure will move the Police Staff towards the NHS agenda for change approach and go some way to creating a single Police Service; however if each force is asked to implement the same scheme independently this will be a similar approach to the Local Government implementations of Single Status which will result in localised pay structures, local interpretations of the scheme and local pay.

*In the current financial climate can the Police force afford to implement a new Job Evaluation scheme or for the future of a Single Police Service can they afford not to?*

**Watch this space - the second part of Winsor's report is due this month.**



# VAT and National Insurance increases, perhaps not such bad news...

Introducing salary sacrifice benefits can be used to your advantage by releasing funds for employers and helping employees save money. In other words the increase in VAT and NICs actually means more savings.

The current economic situation looks like 2011 is going to be another tough year for employees and employers. We saw VAT increase from 17.5% to 20% in January and National Insurance contributions (NIC) will increase from 12.8% to 13.8% in April, meaning that both employee and employer spending power will be reduced.

However, by introducing salary sacrifice benefits both of these increases can be used to your advantage by release funds for employers and helping your employees save money, in other words the increase in VAT and NICs actually means more savings.

For example if you introduce a Bikes for Work scheme and if the VAT savings are being passed back to the employee, the employee will save an additional 2.5%, meaning a basic rate tax payer could potentially save up to 41% on the high street cost of a bike. And, with effect from April the employer will now save 13.8% rather than the current 12.8% savings on NICs.

Or, if you have a pension scheme set up whereby contributions are made via salary sacrifice an organisation with 1000 employees, an average employee pension contribution rate of 5%, an average salary of £25,000 and a take up rate of 60%, could see employer NIC savings of £103,500.

Salary sacrifice benefits can often be set up on a cost neutral basis, with minimal effort and providing they are well communicated they can be used to deliver a positive message about maximizing spending power which can aid employee engagement or motivation. Effective communication will also ensure take up rates are high.

**... there has never been a better time to implement salary sacrifice benefits.**

NB With any salary sacrifice scheme the employees must be seen to irrevocably forego legal entitlement to part of their cash remuneration due under his or her contract of employment, in return for the employer providing a non-cash benefit. This is done by varying the terms and conditions of the employee's contract of employment. Employers must ensure they know what they are doing and, if they don't, they should seek independent advice.

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# Pay modelling crucial to The City of Edinburgh Council implementation of Single Status

The City of Edinburgh Council implemented the national Single Status agreement within a Modernising Pay package of terms and conditions in October 2010. This included the implementation of a new pay and grading structure for over 15,000 employees.

Central to the process was an extensive pay modelling activity using NorthgateArinso's Pay Modeller solution.

Data from the job evaluation exercise in combination with payroll data, was fed into Pay Modeller and used to create detailed cost projections, which in turn were used as part of overall department budget activity. Management reports were also produced at a more detailed level for directors of each service area to examine the individual outcome of the exercise.

The pay modelling work was completed by the Council's in house Finance team, but with direct support from NorthgateArinso's Senior Reward Consultants. This support included detailed design and modelling of many scenarios filtered down to the final solution.

Alasdair Black, the Council's Finance Manager, found Pay Modeller to be a very effective solution: "It gave the Council an excellent feel for the costs of the new pay structure and the impacts on certain groups of staff, as well as overall projections. It also provided assurance that departments will remain within budget as the new pay structures are rolled out.

"It's easy to redefine report criteria and run reports quickly. This reporting functionality provided very useful during discussions with trade unions about proposed changes to grade boundaries, and enabled us to provide information at an individual employee level."

"Pay Modeller has ensured excellent transparency as the Council has been able to demonstrate the fairness of the changes to specific groups, such as part timers, males, females, and so on."

"The solution itself is very user friendly and, with the excellent training and support provided by NorthgateArinso, we were able to get up and running with Pay Modeller very quickly. Its usability and comprehensive features mean that it was heavily relied on within the Council as the main tool for making projections and producing reports about pay for the Project."