

Total reward – How to get started

Introduction

This resource addresses a number of questions around the total reward approach and takes councils through the main issues they need to think about when introducing total reward.

1. **Developing a business case**
2. **Analysing the existing package**
3. **Elements within total reward**
4. **Design stage**
5. **Implementation**
6. **Communication and employee engagement**
7. **Measuring and reviewing total reward**

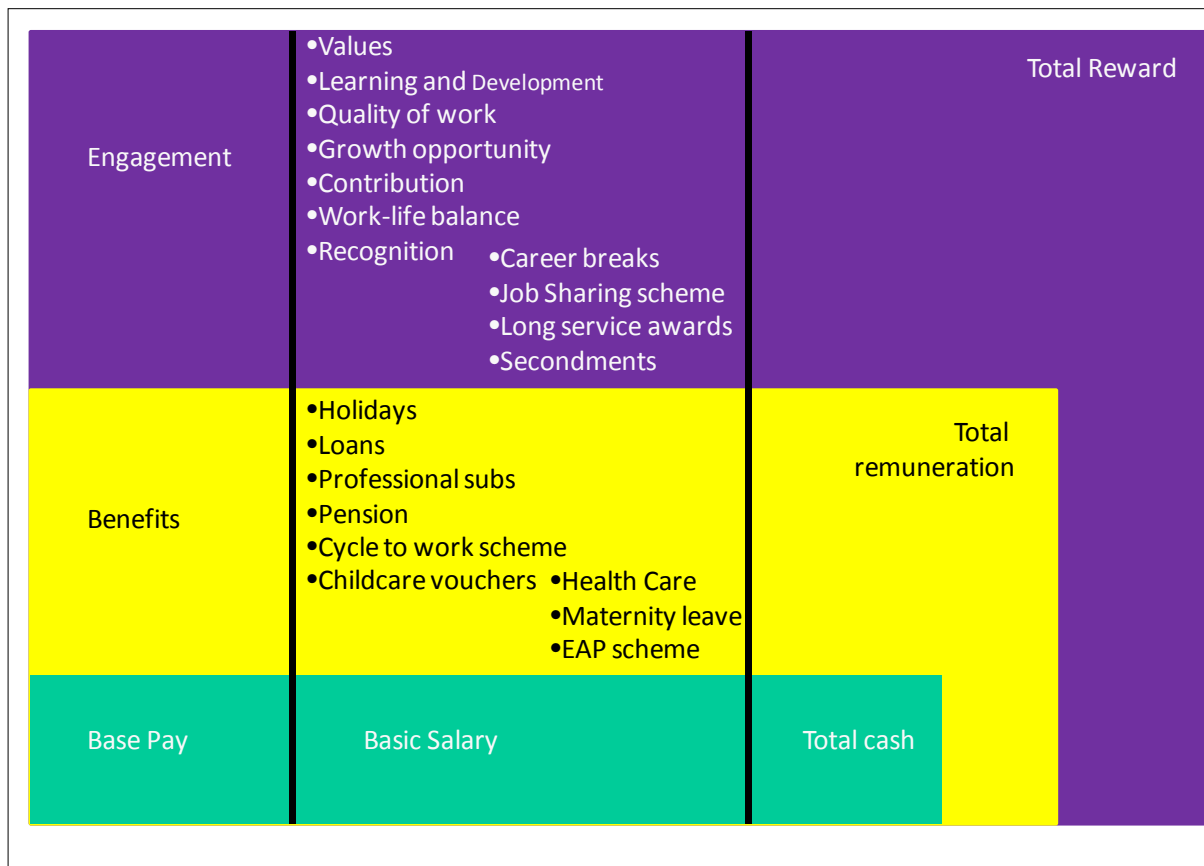
This is not a complete A to Z guide, but distils the experience of a number of councils who have been through all or part of this process. Total reward is not a new concept, and LGE has decided to publish this now as it offers the benefits of hindsight and considers how total reward can assist with employee engagement and improve organisational performance in light of the financial challenges councils face.

Definition of total reward

Total reward is the term adopted to describe a reward strategy bringing together all the investments an organisation makes in its workforce (e.g. pay, pensions and learning and development), with everything employees value in working for an organisation, such as flexible working and career opportunities. It goes beyond base pay by highlighting the range of benefits within the employment package that underpins the organisation's culture and organisational objectives. It promotes and encourages employee engagement, which in turn improves organisational performance. Its aim is to give all employees a voice and choice on the total reward offerings, and enhance the psychological contract between employer and employee. Total reward is a **long-term approach**, which does not need to be theoretically complex. It can be based on incremental rather than on radical change and does not have to include all the monetary values of the employment package from the outset for it to be of benefit to both employer and employee. It can be introduced in a gradual and relatively inexpensive way, by understanding what employees' reward preferences are and effectively communicating what is already in place.

Total reward describes a range of monetary and non-monetary rewards, which can assist councils in promoting and enhancing their reputation as a great place to work. Councils already have a great deal to offer and total reward helps ensure employees fully value the totality of their employment package.

The model below illustrates the breadth of a total reward approach:



Model: Buckinghamshire County Council

What do employers need to be aware of?

The success of a total reward approach relies upon, both the organisation clearly communicating what it is trying to achieve through corporate objectives, and the ability of line managers to actively engage and motivate their teams. A total reward approach is a tool which can assist with engaging the workforce; it will not in itself engage people, unless managers know what engagement really means and more importantly apply it in their day to day activities.

While total reward as a philosophy emphasises all aspects of the employee proposition, pay remains the foundation on which everything else is built. It continues to be a key consideration for employees joining an organisation. Highlighting other elements of the employment package does not mean employees will forget about their base pay, which needs to be fair and equitable. Once base pay is perceived to be fair by employees, communicating the value of the more intangible elements of the employment package can help to bring about higher levels of engagement, improve recruitment and retention and – ultimately – increase productivity.

- Engaged employees are 20% more productive than average-performing employees (Towers Watson).

- Engaged employees in the UK take an average of 2.69 sick days per year; the disengaged take 6.19 days (Gallup).

Research carried out by the Institute of Employment Studies also shows that people leave 'managers not organisations'. High quality line management focussed on supporting, coaching and motivating employees is integral to the success of any organisation. A total reward approach can only be truly successful if line managers are fully engaged with and promote the scheme positively on a regular basis.

Providing a positive workplace, which fosters trust and commitment, offers individual growth and development and empowers people to do a good job, will contribute to both the health and well-being of an individual and the effectiveness of an organisation. Communication of the opportunities available to employees through relevant policies, such as flexible working, can also be achieved using the total reward approach.

A note of caution. When designing and implementing a total reward package, it is worth spending some time on assessing potential risks councils could encounter, if the total reward offering was to be ill-received. What impact could this have on morale? By planning and involving employees and trade unions from the outset, such risks can be greatly minimised.

For more detailed information, please visit the websites below:

[Managing people through transition](http://www.idea.gov.uk/idk/core/page.do?pagelId=15684250)

<http://www.idea.gov.uk/idk/core/page.do?pagelId=15684250>

[Promote well-being at work](http://www.lge.gov.uk/lge/core/page.do?pagelId=4954386)

<http://www.lge.gov.uk/lge/core/page.do?pagelId=4954386>

[Employee engagement](http://www.idea.gov.uk/idk/core/page.do?pagelId=8407163)

<http://www.idea.gov.uk/idk/core/page.do?pagelId=8407163>

The equality dimension, employment law and benefits

Equality

Councils need to ensure that the provision and management of benefits do not discriminate and fully meet with equality and diversity legislation. Councils are reminded to carry out an equality impact assessment on the totality of the total reward offering and its corresponding policies. It is important to define who has access to the scheme or different elements of it. For example a fixed term employee can have access to some elements, but not others depending on the length of their contract. From 1 October 2011, agency workers must have access to some benefits such as the provision of car parking or crèche facilities, but would be excluded from entering the pension or sick pay schemes.

Employment Law and benefits

Councils also need to be aware that certain benefits on offer to employees are an ongoing entitlement and must continue during maternity leave, such as child-care vouchers. This will have financial implications and how this is to be treated is best set out in the council's own policies. Consideration also needs to be given in terms of how benefits need to be dealt with when employees are absent on short-term and long-term sickness or take unpaid leave. Care needs to be taken on how benefits are applied, as there is potential for discrimination on disability or sex for example.

Councils will need to honour the **contractual agreements**

(<http://www.lge.gov.uk/lge/core/page.do?pagelId=147313>) in place to ensure there is no breach of contract.

Please find below detailed information on some of the issues raised above, should you wish to explore them further.

- **Salary sacrifice and childcare vouchers during maternity**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=126098>)
- **Age discrimination**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119663>)
- **Sex discrimination**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119759>)
- **Agency Workers Directive and Agency Workers Regulations**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=1192366>)
- **Part time workers discrimination**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119735>)
- **Fixed term employees discrimination**
(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119699>)

Implementing total reward – How do I go about it?

1. Developing a business case

Elected members and senior managers clearly need to support the implementation of a total reward approach, and this requires putting together a sound business case. When setting out your business case, ensure that you are clear about what you want to achieve. Ask yourself why you want to introduce total reward and how you can measure the results. In many councils these indicators will already form an integral part of the HR strategy.

Do you want to

- underpin the delivery of outstanding customer service?
- become an excellent employer?
- attract and retain additional talent?
- develop existing talent?
- increase employee engagement and productivity?
- offer a work-life balance and create a healthy work environment?
- provide a workplace where people enjoy coming to work?
- contribute to the efficiency savings councils need to achieve?

Once you are clear on the desired outcomes, you will need to check whether or not the reward strategy complements the HR strategy. Does it support and underpin what the organisation is trying to achieve or does it need changing?

Who do I need to involve?

You cannot do this alone, and nor should you expect to. You will need assistance at various stages in the process from:

- elected members and senior management, who need to 'buy-into' the change at an early stage;
- local trade unions and staff representatives;
- colleagues within HR, who can provide specialist knowledge on recruitment, training and development, legal issues such as equal pay, diversity and employment contracts;
- line managers, who will be responsible for the implementation and day-to-day management;
- employees themselves, after all, the aim of total reward is to increase the engagement and performance levels of employees, thereby improving organisational performance; organisations often find that the process of asking employees for their views on reward, motivation and work actually increases levels of engagement;
- you may want to obtain outside assistance, particularly if your department is already operating at the limit of its capacity, or if there are areas of knowledge which the organisation does not have readily at hand;
- a project manager.

2. Analysing the existing package

Before considering the design and implementation of a total reward package, councils should assess their existing approach to pay, benefits and tangible rewards. A health check of all the appropriate HR policies and processes in place should be carried out, to ensure those policies support the values the council wishes to promote. Furthermore, it generally involves consultation with employees, managers and trade unions about both the content and communication of the existing package. Exit interviews can also provide a source of data, as finding out why people have decided to leave can reveal important 'gaps' in what the organisation is offering. Does the current reward policy underpin what the organisation wants to achieve? Are employees generally satisfied with the range of monetary and non-monetary benefits? Could the design stage simply involve 'repackaging' the existing items and devising a more effective communication strategy?

Look at the demographics of your workforce and check whether the take-up of benefits is different in various parts of the organisation. Consider whether you need to make changes to the existing offering. For example, is what is on offer linked to the needs of employees? If you have a young workforce they are more likely to be interested in say music vouchers, whereas older employees may value the pension scheme more.

This consultation process is very important, as the value of any total reward package is ultimately determined by employee perception. And, as with any new initiative, taking a collaborative approach should aid employee buy-in.

3. Elements within total reward

The beauty of the total reward approach is that councils can build upon the existing offerings at any time and include whatever they decide underpins the culture they want to create most. Every council is unique, which is why copying a model which worked for one organisation - even one which is very successful - may not work for your council. Tailor it to the needs of your council.

Please find a list of the various components which form part of the total reward offering.

- 3.1 Pay
- 3.2 Local Government Pension Scheme (LGPS)
- 3.3 Non-Cash rewards & recognition
- 3.4 Employee benefits (Flexible and Voluntary benefits)
- 3.5 Buying and Selling Annual Leave
- 3.6 Total remuneration statements (TRS)

Each element or aspects of a comprising element can be introduced individually, as a step by step approach or implemented simultaneously as a comprehensive package. It depends on what is right for your council.

If you wish to explore these elements further, please refer to Appendix 1.

4. Design stage

Following consultation, councils may decide to introduce new benefits or policies. It is important to ensure that any new element included within the total reward approach is aligned with the corporate strategy.

The analysis stage may also reveal that different elements are valued by different parts of the workforce. For example parents may value a flexible working policy, or employees nearing retirement may place a higher value on their pension. Some councils may decide the best approach for them is to make an up-front investment and engage an outside supplier to implement an employee benefits scheme as part of their benefits offering. Others may decide it is more appropriate to introduce a non-cash reward and recognition scheme. Such schemes are likely to have low set-up costs and if done well can engage and motivate employees just as much.

When designing a total reward package, councils should typically seek to provide a comprehensive offer that has elements which appeal to all groups of employees. It is important to decide from the outset, who you want to target within your workforce. Is it more important to achieve a high take-up rate across the board, or offer benefits to certain groups within the workforce which are of high value to them? You may have low take-up rates for childcare vouchers, and feel people don't value this, but of course employees without children won't be interested, whereas those with children will find this benefit very important.

When deciding what fits your council best, you will need to involve finance colleagues to understand what your budget is. Introducing employee benefits can bring savings, such as employer's National Insurance savings. Find out whether or not any such savings, can be used to enhance the total reward offering or whether or not they will be moved into the overall corporate budget. Consult with payroll, tax and pension managers to ensure you are fully aware of all the processes, so that there will not be any unforeseen consequences later. You will also need to be very clear about who can take advantage of which benefits since there will be different issues for different parts of the workforce e.g. Teachers buying and selling annual leave.

Speak to a number of **suppliers** (<http://www.employeebenefits.co.uk/cgi-bin/organisation.cgi>) to find the best solution for you. Your procurement colleagues, professional networks or other councils may be able to assist with finding the right supplier. Explore whether or not a consortium contract might get you the best deal,

i.e. piggy-backing onto a contract will save money, but it may not be tailored enough for you.

5. Implementation (see point 3 for elements within total reward)

You will need to have a clear idea about how you want to implement total reward. What is the best approach in terms of your organisational culture and what is likely to give you the greatest success?

- Will it be a 'big bang' approach?
- Will you carry out a pilot first and then launch it to the rest of the organisation?
- Do you want to roll it out on a team by team basis?
- Is it 'merely' communicating the existing package in a more effective way?

It is quite common to pilot a new total reward offering on a selected group of employees to gain feedback before rolling it out to all. If, on the other hand you decide you want to introduce a comprehensive new package – incorporating diverse elements, such as employee benefits and/or a new flexible working policy, you may wish to consider a phased implementation.

6. Communication and employee engagement

Evidence shows that even if you offer the most attractive and expensive rewards, it can fail to engage employees if it is not communicated well. Total rewards, employee benefits, performance related pay and many of the most popular reward trends all place an increased emphasis on employees to understand and support how their pay and rewards are determined. Yet one recent CIPD survey states:

- 70 % of HR professionals reported that few of their employees understood their reward strategies and policies;
- 56 % felt that their reward communications were not effective;
- 43 % did not believe that employees understood how their pay linked to their performance.

The Hay Group also reports that 44 % of employers are making changes to their reward communication as a result.

The communication strategy needs to be able to deliver the message on what the desired organisational behaviours are and how they will be rewarded. This can be reinforced through creating an employer brand. The CIPD defines the employer brand as a set of attributes and qualities – often intangible – that makes an organisation distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform best in its culture. Therefore, communicate what you want to be known for as an employer and what you are offering employees in terms of rewards and experience. Keep the promises you

make to both existing and potential employees. In considering your communications and branding approach you may want to think about;

- winning hearts and minds,
- promoting what feels good about work,
- providing a range of examples that will be of interest to different parts of the workforce.

7. Measuring and reviewing total reward

Putting together a benefits package that delivers a return for councils as well as keeping employees engaged and motivated is the ultimate outcome. One reason why employers shy away from measuring benefits success is that it can be difficult to decide what needs to be measured. Councils will have to identify what success means. For instance, is it a 100% take-up of a particular benefit? Just getting agreement on what should be measured with the key decision makers can be challenging.

Why measure at all?

There are several reasons why councils should be measuring the success of their total reward offering. To start with, it can help fine-tune the benefits they offer. For example, if a large number of employees are taking out private medical insurance or health cash plans through the employee benefits scheme, councils could introduce benefits such as health assessments and gym membership to tap into employee's appetite for health-related benefits.

The data councils collect can also indicate how they could improve the way benefits are communicated. As part of an employee survey, councils could provide a list of benefits and ask employees which benefits are already on offer and which new benefits they would like to receive. This will often throw up some anomalies, with employees unaware of all the benefits they receive, either not picking them in the first exercise or asking for a benefit that the council already offers. This information can help councils target communications and make their benefits package more successful, but it can also be a valuable communication tool in its own right, reminding employees about their employment package.

There is also a more fundamental reason why councils need to measure the success of benefits – without data, councils cannot show whether benefits are effective. There are a number of statistics that can be used to help determine the success of a benefits package. These can include benefits take-up, employee engagement, absence levels and the National Insurance savings made through a salary sacrifice scheme.

3. Elements within total reward

3.1 Pay

The way pay is structured serves as a powerful communicator to both employees and the public's view of councils' values and should be linked to business objectives.

A council's reward strategy needs to assert the importance of fair and non-discriminatory pay. Of course, it also needs to reflect the external market for recruitment and retention purposes, and links between performance and pay will be a consideration for most, but fairness is just as important as engaging your employees. Hay research shows that in the wake of the financial crisis, return on investment, cost control, risk and engagement have emerged as the key concerns driving change in reward. Their study examined how organisations – from the board down – are looking to their reward programmes to deliver the performance they need. However, the option of paying more for retention or performance is often no longer available and employers are focusing more on intangible rewards (such as motivational leadership, challenging work and career development) to boost engagement.

Councils may want to consider a review of their strategic approach to pay and reward in light of the challenges ahead. The National Joint Council for Local Government Services national agreement (aka the Green Book) offers councils a framework to develop their own approaches to pay and progression according to their strategic priorities. For example it gives individual councils a great deal of discretion over pay rates so they can be adjusted to the local labour market. In addition there is nothing in the Green Book that precludes the introduction of performance related pay, nor is there anything that stops councils from withholding increments, as long as this is objectively justified. Of course councils exploring such options will need to involve Trade Union colleagues locally.

If after reviewing your reward strategy you conclude that your pay structure is still suitable and relevant, it may just be a case of communicating and reinforcing what you already have in place in a different way.

E-guide on **Equal Pay** (<http://www.lge.gov.uk/lge/core/page.do?pagelId=147308>)

3.2 Local Government Pension Scheme (LGPS)

The local government pension scheme is provided to employees by authorities who pay a large part of the cost of providing the excellent range of benefits, so it is a most valuable part of the employment package.

There is a great deal of scrutiny about the value of public sector pensions at present and there will inevitably be further reform of the existing scheme. Ideally the total reward approach would enable an employer not only to be able to highlight the value of the pension scheme, but even trade off other aspects of the reward package. Many employers in the private sector show the employer's percentage contribution to the pension scheme in their total remuneration statements. However, the LGPS is a final salary (Defined Benefit) pension scheme and not a money purchase (Defined Contribution) scheme. Showing the employer's percentage contribution to a Defined Benefit scheme would give employees potentially misleading information as, unlike in a Defined Contribution scheme, the amount of the employer's pension contributions from year to year have no material effect on the level of the employee's pension.

Councils contribute to the pension fund administered by their local pension fund administering authority. There are 89 funds in England and Wales. Every three years, there is a valuation of each of the pension funds at which an actuary sets the employer's pension contribution rate for the following three years. The employer's contribution rate could increase or decrease depending on the funding level of the fund at the time of the valuation. If the fund's assets relevant to its liabilities have gone up, the employer's contribution rate can be reduced; and if the fund's assets relative to its liabilities have gone down, the employer's contribution rate can be increased. The danger in showing the employer contribution rate on the total remuneration statement is that the employee might think that when the employer rate goes up they will get more pension and when it goes down they will get less pension. Neither is true as the amount of the employer's contribution does not affect the benefits that will be paid to the employee. The amount the employee will be entitled to is defined in the scheme rules and is not dependent on the amount of contributions paid.

Showing the employer contribution on the total remuneration statement might also be misleading when an employee is thinking of applying for a job with another authority.

Example:

Authority A contributes 11% to their pension fund and this stated on a total remuneration statement.

Authority B contributes 23% to their pension fund and this stated on a total remuneration statement.

If Mrs. C considered moving from Authority A to Authority B and all pay and benefits are exactly the same apart from the pension contributions, her assessment would be that her employment package with Authority B is better, and she should move.

However, the reality is that Mrs. C would receive the same pension regardless of what each authority contributed into her pension scheme.

LGE consulted with a selection of pension fund managers and asked them what they felt would be the most accurate and meaningful way for authorities to show employees the value of the pension element within the total reward package. The consensus view was that authorities should include the data from the Annual Benefit Statements produced by their pension fund administering authority. It was felt that any other type of illustration would have to be prefixed with so many caveats that the information would become meaningless.

LGE has produced leaflets that can be used to communicate to employees the benefits of being a member of the LGPS and what a valuable part of their employment package the scheme is.

[Is the LGPS for me?](http://www.lge.gov.uk/lge/aio/3767572)

(<http://www.lge.gov.uk/lge/aio/3767572>)

[Promotional Guide on LGPS](http://www.lge.gov.uk/lge/core/page.do?pagelId=119598)

(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119598>)

[Brief guide to the LGPS](http://www.lge.gov.uk/lge/core/page.do?pagelId=119596)

(<http://www.lge.gov.uk/lge/core/page.do?pagelId=119596>)

3.3 Non-cash rewards and recognition

In order to be most effective in motivating employees, the reward has to be seen as meaningful and motivational by the recipient. Examples of non-cash rewards include thank you letters, employee of the month awards and these can be positive tools for motivating employees at low cost.

Different types of rewards can be used to acknowledge a whole range of positive behaviours shown by employees, which could range from high attendance levels, hitting long-term targets or coming up with innovative ways to improve the efficiency of the organisation.

When deciding what to reward and how to reward employees, it is important to ensure that the benefits are inclusive for all employees. E.g. a bottle of wine may not be appropriate in councils that have a high level of Muslim employees. Offering an evening meal out might not be good for parents with childcare responsibilities.

Councils will need to ensure that all incentives are managed in a non-discriminatory way, and that targets and measures are not disadvantaging particular employee groups.

*“People respond to something that costs little or nothing, and that something is called recognition.”
(Ed Lawler, 1993).*

3.4 Employee benefits (Flexible and Voluntary benefits)

There are a whole range of flexible and voluntary benefits available and these can be either paid for by the employer or the employee. Many organisations also refer to such benefit offerings as their Flexible Benefits scheme and can include:

- Private Medical Insurance
- Dental Insurance
- Travel Insurance
- Give as you earn
- Leisure and retail vouchers
- Cash-back schemes
- Child care vouchers
- Buying and selling leave

The main reasons for introducing an employee benefits scheme continue to be;

- attraction and retention of employee,
- recognising the diverse needs of the workforce,
- creating savings through a salary sacrifice scheme and
- greater awareness of the benefits offering leading to improved employee engagement.

Employee benefit schemes can also help organisations manage the impact of other harder changes they may need to make, such as low pay awards. Employee benefits should be branded in such a way that they are an extension of the organisation's values, to achieve the greatest success. Councils should analyse what their values are, and then ensure the benefits scheme reflects those.

Employee benefits allow councils to offer their employees a variety of reward options which employees can select from, to complement their personal circumstances. Setting up voluntary benefits schemes can cost councils very little, whilst at the same time being attractive to employees because of the savings they can make through discounts on products, services and leisure activities. In order for them to be seen as a valuable benefit, they need to be negotiated and offer better savings than can be achieved on the High Street.

There are also savings to be made for councils if the employee opts to sacrifice part of their salary in return for a tax-efficient benefit, such as childcare vouchers. It is advisable to consult a tax expert and get sign off from your local HMRC office if you are planning on offering a [salary sacrifice scheme](http://www.lge.gov.uk/lge/aio/56091) (<http://www.lge.gov.uk/lge/aio/56091>). This will avoid any costly tax and National Insurance penalties. The savings on National Insurance contributions that would otherwise have had to be paid on the amount sacrificed may even enable councils to cover the cost of a provider to administer and help communicate the employee benefits scheme.

Councils can either use the benefit of a third party provider to put a plan in place or negotiate ad-hoc discounts for employees with local shops or facilities. Providers can also monitor schemes for employers and act as a contact point for employees, therefore helping to relieve some of the administrative pressures from councils.

Salary sacrifice and childcare vouchers during maternity

(<http://www.lge.gov.uk/lge/core/page.do?pagelD=126098>).

3.5 Buying and Selling Annual leave

Councils in general are committed to assisting employees with achieving a healthy balance between their work and personal lives, and offering employees the option to buy and sell annual leave can support this.

It is important that all benefits on offer are fair and transparent. If councils can objectively and reasonably justify that access for some employee groups cannot be granted because of service delivery needs or the nature of their employment contract, then this is acceptable. For example teachers cannot be granted access to buying and selling annual leave, due to the nature of their contract, work and the impact it would have on service delivery.

In order for this scheme to be successful however, the working environment needs to be one of trust between the employee and the line manager. Employees and line managers will need to act responsibly and reasonably when requesting to buy additional annual leave. There should be a discussion around the impact on the service delivery as well as the employee's needs. It is advisable that line managers are familiar with the scheme, and ensure it is applied in a fair and transparent manner across their team and the organisation. Developing a clear policy, which is perceived to be fair by all, around how it should be applied will help in making this a successful scheme.

The law around annual leave

Under the [Working Time \(Amendment\) Regulations 2007](#)

(http://www.opsi.gov.uk/si/si2007/pdf/uksi_20072079_en.pdf) the statutory minimum annual leave entitlement from April 2009 is 5.6 weeks including public holidays (or 28 days per annum for those working a five-day week, pro-rata for part-time workers).

So when deciding how many days leave your council will allow employees to buy or sell, you will need to take account of the contractual leave as well as the statutory leave. Employees must not be allowed to sell leave that takes them below the statutory annual leave entitlement.

Tax implications around buying and selling annual leave

[Buying Annual Leave](#) (<http://www.lge.gov.uk/lge/aio/56091>)

Employees who buy annual leave need to be made aware that this will reduce their gross pay, which in turn reduces the amount of tax and National Insurance contributions they need to make. In addition to this the employer will also make savings on the tax and National Insurance contributions they make for those employees.

Selling Annual Leave

Employees who sell annual leave must be made aware that this will increase their gross pay, which in turn increases the amount of tax and National Insurance contributions they need to make. In addition to this the employer will also need to pay more tax and National Insurance contributions.

Employees in the LGPS

Buying and selling annual leave will not impact on an employee's pensionable pay and therefore the pension contributions s/he makes, are based on the annual salary paid for the job prior to the buying or selling of annual leave.

Part –timers

Any annual leave bought or sold by part-time employees will need to be applied on a pro-rata basis.

Buying and selling annual leave has benefits for both the employee and the employer. Both benefit from potential savings. The savings a council can achieve by offering such a scheme could be either offset against the council's overall corporate or team budget or be re-invested in refining and delivering more under the total reward approach. Clearly each council will have to decide with their management team and finance department what is right for them.

Please note time away from work could have an impact on service delivery and cost councils in other ways.

3.6 Total remuneration statements (TRS)

Total remuneration statements outline the monetary value of traditional benefits such as salary, pension contributions and private medical insurance schemes. They are personalised statements and enable employers to raise awareness of the investment they make in their employees. Councils may simply decide to produce total remuneration statements without making any changes to the existing employment package.

The cost of providing total remuneration statements will vary depending on the size of an organisation, the number of sets of terms and conditions, the format of delivery (paper or on-line) and the accessibility and quality of data. Total remuneration statement can be a good starting point in terms of the overall total reward approach.

There will be a one-off implementation cost and an ongoing cost per employee involved with providing total remuneration statements, which need to be considered.

The production of such statements can be challenging for the following reasons:

- they can be costly to implement in terms of IT systems set-up and can be resource intensive (this is dependent on the size of your organisation and the quality of your data);
- it may be difficult to provide on-line statements for a large proportion of employees who are not office based
- the data presented to employees needs to be 100% accurate, therefore a thorough data cleansing exercise with linked resource requirements will need to be factored into the process
- in the current financial climate where the value of the employment package is likely to stay the same or go down in real terms, remuneration statements could act as a disincentive, unless you continue to focus on the positive elements;
- highlighting to younger employees, how much they are contributing to the pension scheme may not be perceived as a benefit and,
- stating the LGPS employers' pension contribution rate does not accurately reflect the actual benefit the employee will receive at retirement and could be wrongly interpreted.

Councils who are considering this approach will need to be careful about how they express the value of the local government pension. Please note advice under the LGPS section.