

RESOURCE PACK

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FAIR WORK
FAIR REWARD

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Llywodraeth Cymru
Welsh Government

HOW TO REWARD YOUR EMPLOYEES FAIRLY

As an employer, you know that rewarding workers fairly and treating them with dignity and respect is the right thing to do. Research has consistently shown that unfair work has a detrimental impact on employees' physical and mental wellbeing. But as well as the obvious benefits for your employees, there's also a clear business imperative for organisations to introduce Fair Reward policies.



Here are just some of the ways in which Fair Work can benefit our economy, productivity and general business performance:

- A workforce that is fairly rewarded, engaged and valued is likely to lead to better workforce morale, understanding and commitment to the business and its objectives.
- Providing fair work for your employees, with decent pay, terms and conditions can help your business to recruit and retain talented workers and reduce the costs of staff turnover.
- Workers who are treated well at work are more likely to be productive and committed.
- Being known as an employer who pays your staff fairly and offers good benefits will boost your reputation.
- Fairly rewarding your employees will reduce the likelihood of in-work poverty and employee absence.

WHAT CAN I DO AS AN EMPLOYER TO ENSURE MY STAFF ARE REWARDED FAIRLY?

So you understand what Fair Reward is, and know how it could benefit your business and employees, but what steps can you take to make it a reality in your organisation?

Here are some practical things to consider:

➤ **Ensure you are paying all workers at least the Real Living Wage (RLW)**

People all over Wales are facing real challenges at the moment over cost of living, making it more important than ever for employers to commit to the Real Living Wage.

We understand that businesses are facing huge financial pressures too, so committing to extra spend on staff salaries may not seem feasible. But uplifting pay to the Real Living Wage will not only make a big difference to your employees' lives, it can also help with attracting and retaining talented staff, saving your business money in the long run.

Whereas the Government-set 'National Living Wage' applies to people 23 years old, and is set as a percentage of median earnings, the Real Living Wage applies to everyone over 18 years old and is set by an independent calculation according to the cost of living, based on a basket of goods and services.

There are currently around 500 Real Living Wage employers in Wales, covering over 120,000 employees¹. However, with 223,000 people in Wales still earning below the Real Living Wage, we need more employers to follow suit.²

➤ **Commit to achieving Living Wage Foundation accreditation**

If you are already paying your employees the living wage, make sure others know you are by getting Living Wage Foundation accreditation. The positives are clear, with 93% saying they have benefitted from RLW accreditation, 86% saying it has improved the reputation of their business, and 75% saying it has increased motivation and retention rates for employees.³

¹ www.livingwage.wales

² Senedd Research. *The 'real' Living Wage and fair work: What are the latest developments?* Senedd Research. (Online] 18 November 2021)

³ Cardiff University, Cardiff Business School. *The Living Wage Employer Experience*. 2017

› Be aware of any discrepancies in what you are paying staff and take steps to address them

Only large UK employers are legally required to disclose pay data, such as by gender, but as a Fair Work employer, it's important to track any pay gaps in your organisation and introduce steps to reduce them. The good news is that gender pay gap in Wales has dropped from 17.5% in 1997 to 5% in 2021 but there is still more that can be done⁴. The ethnicity pay gap between White and Ethnic Minority Groups in Wales was 1.4% in 2019, but for specific Ethnic Minority Groups we know that this gap is likely to be much larger⁵.

› Introduce financial education for employees

According to the UK Financial Conduct Authority, 67% of employees are currently struggling financially, and the stress caused by this can have a detrimental impact on both their own health, productivity and business performance⁶.

By introducing basic financial training and education for your employees, you can help them to learn how to manage their daily finances, and reduce some of the stress associated with their money worries.

› Think about extra financial benefits you can bring in to help your staff

Remember that Fair Reward relates not only to rates of pay but also to other terms and conditions, including sick pay, maternity and paternity pay, occupational pension and benefit schemes. It includes fair evaluation of work and transparency in calculation and distribution of pay and benefits.

There are all sorts of ways to improve staff rewards and make a real difference to their financial security, aside from simply increasing salaries. Could you consider introducing a workplace share scheme or improving the pension scheme, for example, or ensuring above-statutory provision for sickness pay, maternity and paternity pay and annual leave?

Maybe you could offer to cover some upfront work expenses that employees might not be able to afford, e.g. travel costs for new employees, to address the barrier of moving from benefits to work?

Finally, using workforce data and employee engagement, it's worth targeting any additional financial support towards your lower income and vulnerable employees to ensure that your employee benefits help those who need them the most.

⁴ Office for National Statistics. Gender pay gap in the UK: 2021. ONS. [Online] 26 October 2021. [Cited: 6 March 2022]

⁵ Office for National Statistics. Ethnicity pay gaps: 2019. Office for National Statistics. [Online] 12 October 2020. [Cited: 06 March]

⁶ www.centreformentalhealth.org.uk

A smiling man with a shaved head, wearing a red polo shirt and a green apron, is holding a tablet computer. He is standing in a grocery store aisle, with shelves of products and bags of produce visible in the background. The image is framed by a red border.

TOOLKIT

FAIR REWARD

We've prepared these handy resource packs – one for each Fair Work principle – to help you on the path to becoming a Fair Work employer.

The first step is to ensure your staff are fairly rewarded. There's a wealth of online tools and resources to help you implement this principle across your organisation but knowing how to navigate your way through all the information can be a challenge so we've compiled some of the most useful ones here:

Business in the Community - Cost of Living Action Plan for Businesses

This helpful guide sets out a series of practical steps that businesses can take to help tackle the cost of living crisis, in a way that will benefit both employees and the business itself. With tips and toolkits designed to improve the financial wellbeing of employees, help businesses understand and take action on any pay gaps, and know who is most in need of support, the action plan explains why and how businesses can make a real difference.

Find out more [here](#).

CIPD – Employee Financial Wellbeing: A Practical Guide

Providing practical advice to HR practitioners and employers of all sizes and sectors on how to take action to promote and support their employees' financial wellbeing, this guide includes five critical steps to developing an effective policy.

Find out more [here](#).

AON UK - Financial Wellbeing Gap Analysis

This helpful tool is designed to help employers conduct a Financial Wellbeing Gap Analysis within their business. It will benchmark their provision against their competitors/peers, identify any missed opportunities in their financial wellbeing strategy, highlight next steps for optimising their financial wellbeing offering and model how financially resilient their employees are.

Find out more [here](#).

CIPD - Pay Fairness & Pay Reporting Factsheet

This factsheet covers pay fairness, including high and low pay, and equal pay for equal work. It also looks at pay reporting, outlining what must currently be disclosed under UK law, as well as what might be required in future. It also explains the benefits of publishing pay narratives, through which employers can show that they're trying to pay their workforces fairly.

Find out more [here](#).



Contact us to speak 1-2-1 with a specialist adviser about how your business can realise its Fair Work ambitions and take steps towards becoming a more equal, diverse, and inclusive employer.

Call Business Wales on 03000 6 03000 or visit **Fair Work | Business Wales Skills Gateway (gov.wales)** for further information, free advice and support.

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