



White Paper: How is the coronavirus pandemic shaping HR and Reward in 2020?

2020 HR and Reward Trends in Housing Associations

Introduction

Employers have had to address profound challenges since March of this year, reflected in the information we have collected both anecdotally and through our latest Business Insight surveys. This white paper provides an overview of trends both within the Housing Association sector and across the whole of the UK.



TIM KELLETT
Director, Paydata

Having customers as diverse as housing associations, charities, professional associations institutes, house builders, utilities companies and care providers means we have seen and heard a wide range of issues.

Since the last global recession of 2008, Paydata has observed cautious levels of pay increases, which have stayed around two per cent. Pay increases within the sector had buoyed to 2.5 per cent on average over the last couple of years, but this has reduced once again to two per cent. Within the sector, since pay awards were largely already agreed and being implemented before COVID-19, with many having an April pay review, most have proceeded as planned.

Pay awards continue to reduce in all sectors, but out of those organisations who operate summer pay awards, half say that it is too early to tell if there will be a delay and a quarter are predicting a delay of three to six months. The reduction in the size of pay awards prior to the current situation could be attributed to a worsening economic outlook and caution around the impact of Brexit.

The majority of employers understandably predict a reduction in revenue/income, employee productivity and morale in the next 12 months. However, the view within the sector is more positive. The exception is the employer's ability to operate business-as-usual, which most within the sector expect to decrease. Less than one in five sector employers expect to have difficulties recruiting and retaining people in the next 12 months (the lowest figures we have seen since the financial crisis in 2008/2009).

The vast majority of employers have business continuity plans in place to deal with exceptional circumstances and the extraordinary times we are currently experiencing. Almost four out of every five employers have involved HR in formulating their response to COVID-19, indicating the crucial role of HR in managing talent and workforce planning, that is at the heart of delivering business as usual for organisations.

HR believes that the current situation greatly influences how employees view their employer. Four in every five employers believe their employees are satisfied or very satisfied with their organisations' response to COVID-19. We anticipate that this will have a long-term effect on an organisation's ability to retain employees once this crisis has passed and that they will be defined by the working relationship and support they offer individuals during these challenging times.

I hope that you find the following insights helpful. We hold a wealth of historic reward trends information and regularly collect updated information on current practices and future predictions. So if you need more detail or further reward or HR support, please do get in touch with me on **01733 372671** or via timk@paydata.co.uk.

Best wishes and stay safe,
Tim

2020 HR and Reward Trends in Housing Associations

The following insights are based on preliminary results from Paydata's spring UK Reward Management Survey, which is still open for contributions.

We currently have around 150 responses to the survey, 19 of which are from Housing Associations. This data is supplemented by multiple sources, including our pay database and information gathered directly from our customers who subscribe to market intelligence on pay awards and HR practices, including our Housing Association Salary Survey.

If you would like to discuss any aspect in further detail, we would welcome your views – call us on **01733 391377**.

Managing extraordinary circumstances and the impact of COVID-19

The coronavirus pandemic has had a profound impact on the UK's workforce. Following the introduction of a UK-wide lockdown, people were told to work from home where possible, self-isolate and avoid social contact. Businesses had to close their doors, remain operational through a remote workforce or swiftly introduce public health policies if they needed to stay open. Employers are still navigating how to operate during the pandemic and the disruption has been felt globally.

HR'S ROLE IN BUSINESS CONTINUITY PLANNING

Housing Associations report a slightly higher than average rate of having contingency plans in place, as **94 per cent** have a formal business continuity plan in place. This is in contrast to the average across all sectors, where 88 per cent have a formal business continuity plan in place.

HR professionals in this sector have also been slightly more involved in formulating plans. **82 per cent** have been very involved in formulating plans, in contrast to the 79 per cent average across all sectors.

The **vast majority of employers have business continuity plans in place** to deal with exceptional circumstances.



THE LEVEL OF SUPPORT EMPLOYERS OFFER EMPLOYEES WILL DEFINE ORGANISATIONS

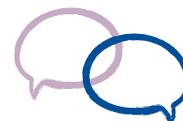
The majority of organisations feel that their response to the current situation will influence employee opinion of them as an employer. 96 per cent across all sectors compared to 100 per cent of Housing Associations feel that it will extremely or very much influence their employees' perceptions of them.

100%



of **Housing Association** employers believe their response to COVID-19 will **influence employee opinion** of them.

96%



of **all sector** employers believe their response to COVID-19 will **influence employee opinion** of them.

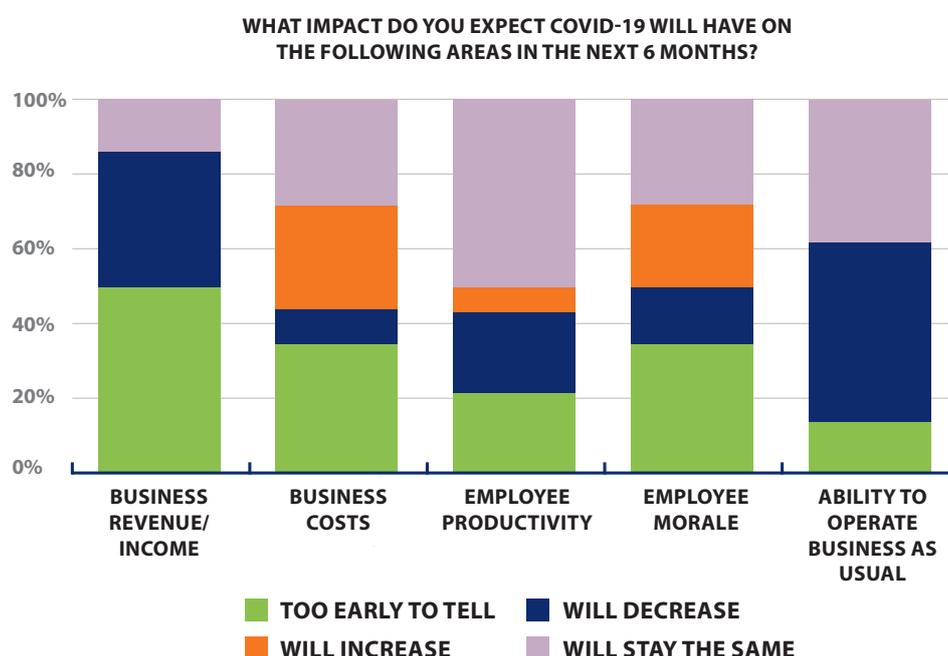
THE IMPORTANCE OF A HOLISTIC APPROACH TO WELLBEING

So far in this pandemic, **nearly half** of respondents across all sectors think that their **employees feel very satisfied with their organisation's response**. For Housing Associations, this is closer to a third. However, the total of employers who feel their employees are very satisfied or somewhat satisfied is equal for Housing Associations to all sectors (88 per cent).

IMPACT ON THE INDUSTRY

Some employers believe there may be more stability in the Housing Association industry than in other sectors. Whilst other employers mostly predict that revenue/income, business costs, employee productivity and employee morale “will decrease”, **employers in this sector are more cautious**, either mostly predicting that these “will stay the same” or that it is “too early to tell”.

The only exception to this is business’ ability to operate business as usual, where the sector is in step with other industries that largely predict this ability will decrease.



Steps employers are taking to reduce the impact of COVID-19

The furlough scheme was designed to avoid a rush of redundancies in the wake of businesses having to close to contain the pandemic. Working out how best to access and implement this scheme has been a key priority for HR. Communicating sick pay entitlement has also been an important way of ensuring employees are clear on how they can plan their finances during the pandemic.

REMOTE WORKING

Facilitating **working from home** where possible has been a **top agenda item for employers**, where in many cases they have had no prior experience of working like this or on such a scale. Flexible hours have been offered to ease the challenges of juggling childcare responsibilities with work.

HARNESSING TECHNOLOGY

Cancelled face to face meetings and events have been replaced by video calls and conferences, harnessing the power of technology to overcome the obstacles currently facing business operations.

SAFE WORKING ENVIRONMENTS

Where remote working is not possible, ensuring that employees feel safe and secure in their working environment has been critical. Installing anti-bacterial products and communicating healthcare advice has been central to this, in addition to installing screens at checkouts and enforcing social distancing guidelines in production settings. Similarly having a **clear policy on self-isolation** and encouraging this where appropriate has been an important approach to **minimise the risk to colleagues**.

Recruitment and Retention Challenges

1 in 5

Less than 1 out of every 5 employers within the sector expect to have **difficulties recruiting and retaining people** in the next 12 months.



EXPERIENCE: LOOKING BACK

Over the last 12 months, **32 per cent** of UK Reward Management Survey respondents report having faced challenges in retaining people and 42 per cent reported difficulties in recruiting people, which are similar levels to those reported across all sectors.

EXPECTATIONS: LOOKING AHEAD

36 per cent of employers in the industry state they expect **employee turnover to stay the same** in the next 12 months, in line with 32 per cent of employers across all sectors anticipating steady levels. However, 36 per cent of employers expect employee turnover to reduce in the next 12 months, in sharp contrast to 78 per cent of respondents to our UK Reward Management Survey last year.

Steady employee turnover rates in this sector are supported by the fact that only 11 per cent are anticipating retention problems and 22 per cent recruitment difficulties. This is in contrast to 21 per cent and 28 per cent, respectively, across all sectors.

RECRUITMENT AND RETENTION HOTSPOTS BY LOCATION AND JOB DISCIPLINE

Within the Housing Association sector, no specific roles were singled out as a particular recruitment and retention challenge. Across all sectors, there is a continuous struggle with care and nursing roles.

The pandemic has meant that data on the gender pay gap will not be collected this year to ease the burden on HR staff responding to the crisis, but it will be interesting to see if this puts a greater focus on the results reported in 2021. We hope that the momentum and gains made to close the gender pay gap continue to be built on, as equality across the workforce will be a long-term challenge that needs incremental change year on year to be achieved.

STRATEGIES TO ADDRESS RECRUITMENT AND RETENTION CHALLENGES

Employers are adopting a variety of measures to tackle recruitment and retention issues as they arise. Across all sectors, some are reporting that recruitment freezes may operate depending on the success of easing lockdown measures and returning to work. Turnover is set to naturally slow, but retention is an important consideration for businesses given the cost to businesses in re-recruiting talent post-pandemic.

ACTIVELY LISTENING TO EMPLOYEES

Employers are eager to ensure that reward and recognition remains competitive. **Training** that supports career development and **benefits reviews; values-based recruitment** to ensure that people feel that they 'belong' and are part of the organisation's culture; and evaluating **exit interviews** are important elements to assess when considering whether reward strategies are truly delivering value to employees.



Training



Values-based recruitment



Benefits reviews



Exit interviews

Non-cash benefits have been steadily rising in recent years, in response to a greater focus on employee health that encompasses **financial, physical and mental wellbeing**. Engagement driven by shared values, such as volunteering opportunities that are aligned to the purpose of an organisation, are increasingly offered e.g. community development. Similarly, **mentoring** to support development and financial guidance in the form of Employee Assistance Programmes are increasingly popular.

EXTERNAL PERCEPTIONS

Strengthening an organisation's employee value proposition was increasingly a hot topic before the outbreak of coronavirus. Employer responses to the pandemic and whether employees have been adequately supported will contribute to how the employer is perceived in the long-term.

Accessing more diverse talent pools is a key strategy adopted by organisations across all sectors. Greater use of technology to facilitate virtual meetings and access systems may achieve this in the near future, as organisations are reporting that home working may be more accepted, enabling them to access a greater range of candidates who value flexibility.

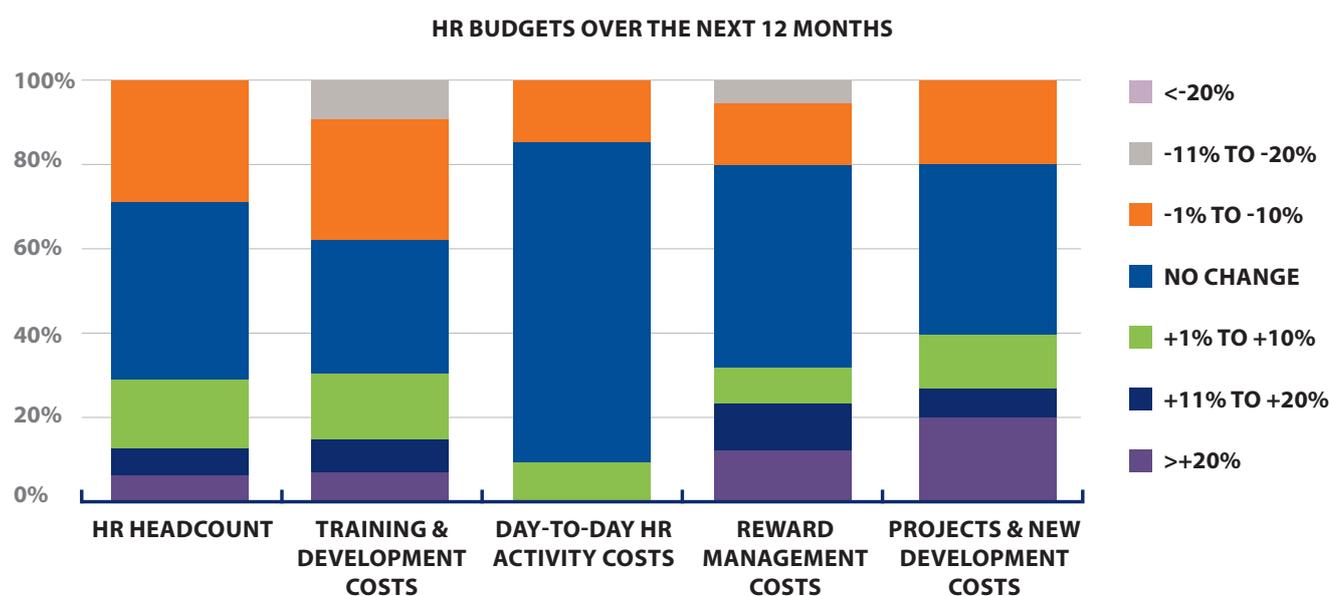
HR ANALYTICS

Data insights feature heavily in recruitment policies. Many organisations are keen to make greater use of recruitment systems that are responsive and monitor potential candidates so that vacancies can be filled quickly with those who have proactively and speculatively got in touch, as opposed to more rigid processes currently in place for some.

HR Budgets

Employers are anticipating that HR Budgets will be impacted over the coming 12 months.

HR budgets are largely predicted to either remain the same or reduce by up to 10 per cent. However, around **20 per cent** expect certain areas such as **training and development costs** and **projects and new development costs** to **increase**. These show potential growth opportunities in businesses who are using this period to focus on people development and holistic growth plans.



How will COVID-19 shape the future of HR and Reward?

HR predicts that **lessons that can be learnt** from the situation we are all dealing with including:

- More flexible / remote working
- Streamlining processes
- Better use of technology
- Cross-skilling of employees



Lessons learnt: how this period influences HR practices

THE IMPORTANCE OF REMAINING RESPONSIVE

Many customers report that companies are now **better set up for flexible and remote working** because of the **'new normal'** that we have all had to adjust to in such a short timeframe. The importance of business continuity plans have also been underlined by the pandemic, as businesses had days, not weeks, to respond to the events that led to the lockdown.

Changes that would usually have taken months had to be achieved overnight when lockdown measures were introduced. The pressure on businesses to respond has led to a raft of creative approaches being introduced by employers who have needed to remain agile as the situation evolved quickly, with the daily government briefings introduced in March.

The increase in remote meetings and more online functionality means that this widespread remote working experiment may lead to long-term changes in the way we work. The majority of employers are welcoming this **shift in culture**, accelerating the workforces' digital skills, gearing everyone up for increased remote meetings and bringing training needs into focus.

WEATHERING THE STORM WITH PROACTIVE PLANNING

Organisations are trying to use this period of uncertainty to step back and **proactively plan/streamline processes**. Some employers are undertaking organisational design reviews to assess how people work, reinforcing the importance of workforce management during a time that is proving very busy for HR professionals.

We would also caution that the widespread and enforced experiment with flexible working has occurred in the most challenging conditions possible. Families have had to work around one another with schools and nurseries being closed, and each individual copes differently with the stress of these challenging times. Many employees have reported the difficulty of achieving a successful work-life balance in this period. Getting this balance right requires open communication on both sides of the employer and employee relationship. Successfully supporting the wellbeing of a remote workforce is a key consideration that needs to be established by every business who makes greater use of remote working.

ESTABLISHING A NEW AND SUSTAINABLE WORK-LIFE BALANCE

The environmental benefit of reducing commutes where possible is an opportunity for businesses to contribute to carbon neutral commitments and reduce pollution. This also has the ancillary effect of making more efficient use of office space, which could lead to reduced overheads for businesses. However, this raises the challenge for HR of maintaining employee engagement and upholding employee wellbeing across remote workforces. Technology can help alleviate this by ensuring employees remain connected and collaborative.

Conclusion

This paper was prepared to help inform discussion around HR and reward trends that will be pivotal over the coming months to help employers maximise the value of their HR strategy as lockdown measures are gradually eased.

COVID-19 is shaping the outlook on recruitment, retention and HR budgets and the approach of organisations has never been more critical. Organisations who support their employees with clear communication throughout this period will allay concerns and safeguard wellbeing for individuals throughout this difficult period.

There are some key lessons that all organisations are learning right now that will shape the collective experience of returning to work post-pandemic. Harnessing technology and remaining agile will be key to navigating ongoing challenges during this time.



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HAVE YOUR SAY



Contribute your views and experience by taking our ten-minute UK Reward Management Survey. **Receive a free, anonymised report into the practices of fellow HR professionals** and their response to the coronavirus pandemic.

Paydata is a reward management consultancy committed to making lives better at work.

We are a leading source of UK salary data and provide the expertise, insights and tools to help HR professionals manage their pay and reward practices. Our consultants strive to create meaningful and secure employment that can unlock the full potential of your employees.

We will work closely with you to understand your business challenges, your culture and identify exactly what it takes to attract, retain and motivate your key people.

To discover more and to discuss your requirements, please contact us today on **+44 (0)1733 391 377** or visit **www.paydata.co.uk**.