

Review of Pay and Grading at ONR

Office for Nuclear Regulation
September 2019



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1

Introduction

Introduction

Context of the review

Office for Nuclear Regulation (ONR) have engaged PwC to review their approach to pay and grading to ensure that it remains fit for purpose and will enable them to deliver on their 2020-2025 strategy.

Purpose of this paper

This paper seeks to review ONR's pay structure, grading structure and provide a high level review of related systems and policies. In addition, we also seek to provide a perspective on the overall employment proposition of working at ONR, taking into account all aspects of the reward package.

As part of this review we have outlined what we believe should be the key areas of focus for ONR in improving the pay and grading structure for the longer term based on our assessment. We have also provided options for change aligned with each element of our review. We have outlined the benefits and considerations of each option and provided our recommendation on which interventions would be most suited to ONR's set of circumstances and support deliver on organisational objectives.

Methodology and data







As part of this review PwC have gained employee insights on the current state of pay and grading through a number of senior stakeholder interviews as well as an all employee focus group. In order to gain further insight on the functioning of the pay and grading at ONR, we have undertaken analysis on ONR's job structure, people and pay data in order to develop detailed insights from data visualisations. Where necessary, we have compared ONR's practices to relevant market practice to provide perspective on how well the pay and grading systems at ONR are currently functioning.

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Executive summary

Executive summary: Elements for review

Our review of pay and grading at ONR shows that fundamentally, systems are working well and enabling ONR to deliver on its organisational purpose as required. Whilst we did not uncover any extremely urgent concerns within our review PwC have determined a number of areas that ONR should consider developing or review in further detail to ensure that the pay and grading system remains fit for purpose in the longer term.

Element of review	PwC Assessment	Commentary	Recommendation for change
Operation of grading structure		<ul style="list-style-type: none"> Largely functioning well with some isolated areas for development (band 2 to 3 distinction, additional clarity between requirements between job specialisms, band 3 to 4 distinction in non technical roles) <p><i>Note: PwC have undertaken a high level review only. This could be an area of further investigation</i></p>	<ul style="list-style-type: none"> Develop a clear articulation of grade definitions to ensure that employees and managers understand the distinction. This can be further supported by competency framework and career pathway development
Operation of pay structure		<ul style="list-style-type: none"> Pay policy is consistently adhered to. It broadly supports required attraction and retention but means that a large proportion employees are “stuck” at the top of their band, unable to progress pay This is likely to cause significant issues in the medium term with up to 80% of employees at the top of the band within 5 years Potential to consolidate bands recognising the need for flexibility 	<ul style="list-style-type: none"> Implement a reviewed methodology of moving employees through pay bands to moderate progression and allocate pay budget with more control Consolidation of some pay bands
Performance management		<ul style="list-style-type: none"> Current system and policies are broadly fit for purpose Room for continued improvement of manager capabilities in this area Opportunity to create perceptions of greater transparency and consistency in goal setting and PM outcomes 	<ul style="list-style-type: none"> Greater consistency to be driven through moderation of both goal setting and end of year performance Continued upskilling of Managers
Recognition		<ul style="list-style-type: none"> More value could be leveraged through greater utilisation of employee recognition systems e.g. Enhancement of current team recognition and development of individual recognition systems 	<ul style="list-style-type: none"> Redesign of current recognition system including individual and team elements
Employee perceptions of EVP		<ul style="list-style-type: none"> EVP is strong with employees valuing the work and purpose of ONR Opportunity to refine and articulate EVP to ensure full package value is appreciated by workforce 	<ul style="list-style-type: none"> ONR should at least undertake an activity to re-articulate the current EVP strengths Further considerations around re-framing and the EVP
Reward policies		<ul style="list-style-type: none"> Reward policies are generally aligned with expected market practice with some areas for consideration aligned with the broader review 	<ul style="list-style-type: none"> No distinct recommendations although ONR should ensure policy remains cohesive after applying changes outlined above

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Detailed findings

Focus group and executive interview insights: What's working

We found general consensus between the views of executives and employees on the strength areas of the pay and grading offering at ONR highlighting that **the fundamental areas of the employee value proposition are working**. A summary is provided below:

Areas of focus	Executive interview and employee perspective
 <p data-bbox="407 525 610 558">High retention</p>	<ul data-bbox="865 401 1777 682" style="list-style-type: none">○ ONR are able to retain skill effectively. Employees typically only leave when they reach retirement○ Broad perception that base pay rates are sufficient given that employee turnover rates are minimal○ Perception that employees value the overall proposition including breadth of experience offered, high calibre colleagues, valued pension etc.○ We note however that development and articulation of the EVP could increase the value people place on wider package elements
 <p data-bbox="407 839 778 872">Training and development</p>	<ul data-bbox="865 808 1734 901" style="list-style-type: none">○ Training and development is held in high regard as it is funded by the industry○ Employee knowledge and skills are seen as leading in the industry
 <p data-bbox="407 1139 778 1172">Nature of the organisation</p>	<ul data-bbox="865 1075 1744 1229" style="list-style-type: none">○ Employees perceive ONR as a great place to work and enjoy working with high quality colleagues○ Employees are motivated by the purpose of the organisation○ The nature of the work is also considered to be of great interest and possibly the core tenet of the current employee value proposition

Focus group and executive interview insights: Areas for focus

The table below outlines the areas for improvement gathered from our engagement activities alongside information obtained from the data analysis performed as well as market practice.





Areas of focus	Employee	Executive	PwC findings from analysis
Lack of clarity in grading structure	<ul style="list-style-type: none"> Grading structure considered inconsistent particularly across corporate support vs. others Lack of understanding in what it means to be in each grade 	<ul style="list-style-type: none"> Recognition of inconsistencies and complexities in some areas Overlap in accountabilities across grades 2 and 3 	<ul style="list-style-type: none"> Job Evaluation outcomes for Corporate Support were broadly in line with other Specialisms across all Bands For the roles PwC received job descriptions for, we noted an overlap in bands 3 and 4* job evaluation outcomes
Unclear and inconsistent career progression	<ul style="list-style-type: none"> Lack of clarity around career progression and promotions Dissatisfaction in below inflation pay rises 	<ul style="list-style-type: none"> Desire to increase lateral moves to obtain broader experience 	<ul style="list-style-type: none"> Overlapping pay ranges and specialisms sitting across multiple bands in various positionings
Recognition	<ul style="list-style-type: none"> Perception that ONR does not regularly recognise contributions or show gratitude 	<ul style="list-style-type: none"> No system in place to reward individual exceptional performance Team awards are low value and underutilised 	<ul style="list-style-type: none"> Engagement at focus groups suggests that recognition awards are in fact valued, particularly in certain teams
Lack of pay progression	<ul style="list-style-type: none"> Employees sitting at the top of pay ranges year-on-year Lack of clarity around pay progressing Dislike and distrust of CPP 	<ul style="list-style-type: none"> Agreement that employees often bunched at top of pay bands 	<ul style="list-style-type: none"> 39% of the population are currently at the top or above max of band with approx 20% of individuals at the top of the bands having less than 5 years tenure
Bonus	<ul style="list-style-type: none"> Low value placed on bonus Dissatisfaction with level of leadership annual bonuses and pay increases 	<ul style="list-style-type: none"> Acknowledgement that bonus quantum is not meaningful Challenging to use bonus to incentivise 	<ul style="list-style-type: none"> For those that received bonuses, the average was 2.90% of salary
Poor performance management	<ul style="list-style-type: none"> Distrust of Performance Management and dislike of system Inconsistent outcomes driven from different CDM approaches No value placed on outcomes 	<ul style="list-style-type: none"> Current perception that performance management has little impact Managers unable to distinguish ratings A lack of poor performance conversations 	<ul style="list-style-type: none"> The majority of the population (63%) receive a "Met" outcome and less than 1% of population receive a "Not met" outcome 90% of employees said they understood the role and responsibilities of their CDM in the employee engagement survey
Flexible working	<ul style="list-style-type: none"> Inconsistency in application of flexible working practiced Significant differences in treatment depending on manager 	<ul style="list-style-type: none"> General comfort with most wellbeing policies 	<ul style="list-style-type: none"> 85% of employees said flexible working options are available to them in the employee engagement survey

* PwC only received job descriptions for both Band 2 and 3 in Conventional Health and Safety and Corporate Support Specialisms. Hence, comments around overlapping accountabilities for these grades cannot be assessed at this stage.

Key:
 Data in line with focus area
 Data out of line with focus area

Policy review key findings

Our high level review of ONR's policies related to reward, benefits and performance management show overlap with the key themes found from analysis conducted from different lenses (data analytics and employee engagement). Key findings are outlined as follows:

Themes	Findings
 <p data-bbox="401 454 521 485">Base pay</p>	<ul data-bbox="857 439 1663 499" style="list-style-type: none"> ○ Consideration for whether there is room to consolidate any of the numerous pay ranges currently in operation
 <p data-bbox="401 625 486 656">Bonus</p>	<ul data-bbox="857 582 1765 699" style="list-style-type: none"> ○ Consideration to review bonus policy, including desired market alignment, eligibility, performance criteria / what behaviours it should drive and size of award as currently the recognition of the award is valued rather than amount
 <p data-bbox="401 796 741 828">Performance management</p>	<ul data-bbox="857 768 1765 856" style="list-style-type: none"> ○ Consideration to enhance moderation practices to include vertical as well horizontal review to support employee trust in the PM system ○ Potential increase in frequency and fluidity of employee CDM interactions
 <p data-bbox="401 968 614 999">Benefits offering</p>	<ul data-bbox="857 925 1731 1042" style="list-style-type: none"> ○ Consideration could be made to broaden benefits offering to include a wider range of provision ○ Potential to increase the flexibility employees have in determining their rewards packages

Our analysis shows general alignment with market practice in terms of the reward policies that ONR has in place. However, there are a few key areas for consideration identified including; **simplification of base pay ranges**, **re-establishing the purpose of bonus** and consideration for **increasing the span and flexibility of the overall benefits** and reward offering.

Benchmarking validation

PwC have carried out a high level benchmarking exercise by Grade and work types in order to validate historic benchmarking carried out by Korn Ferry in 2017. The 2017 Benchmarking report uses three work types - Nuclear, Admin and Corporate. However, the report does not outline which ONR individuals align to each benchmarking category. Therefore PwC have made assumptions, outlined below.

The text in the below table outlines the positioning of median salaries as per the 2017 Korn Ferry benchmarking report - with the colours indicating alignment to PwC benchmarking outcomes as per the below key:

Key:

PwC outcomes align to KF	↓ PwC outcomes lower than KF	↑ PwC outcomes higher than KF
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	Nuclear		Corporate		Admin	
	Base Salary	Total Cash	Base Salary	Total Cash	Base Salary	Total Cash
Band 1	Above UQ	Above UQ ↓	Below LQ ↑	Below LQ	-	-
Band 2	Above UQ	Above UQ	LQ-M ↑	LQ-M	-	-
Band 3	Above M	Above M	LQ-M	LQ-M	-	-
Band 4	Above M	Above M ↑	M-UQ ↓	LQ-M	M-UQ ↑	M-UQ ↑
Band 5	-	-	-	-	M-UQ ↑	M-UQ ↑
Band 6	-	-	-	-	M-UQ ↑	M-UQ ↑

Findings:

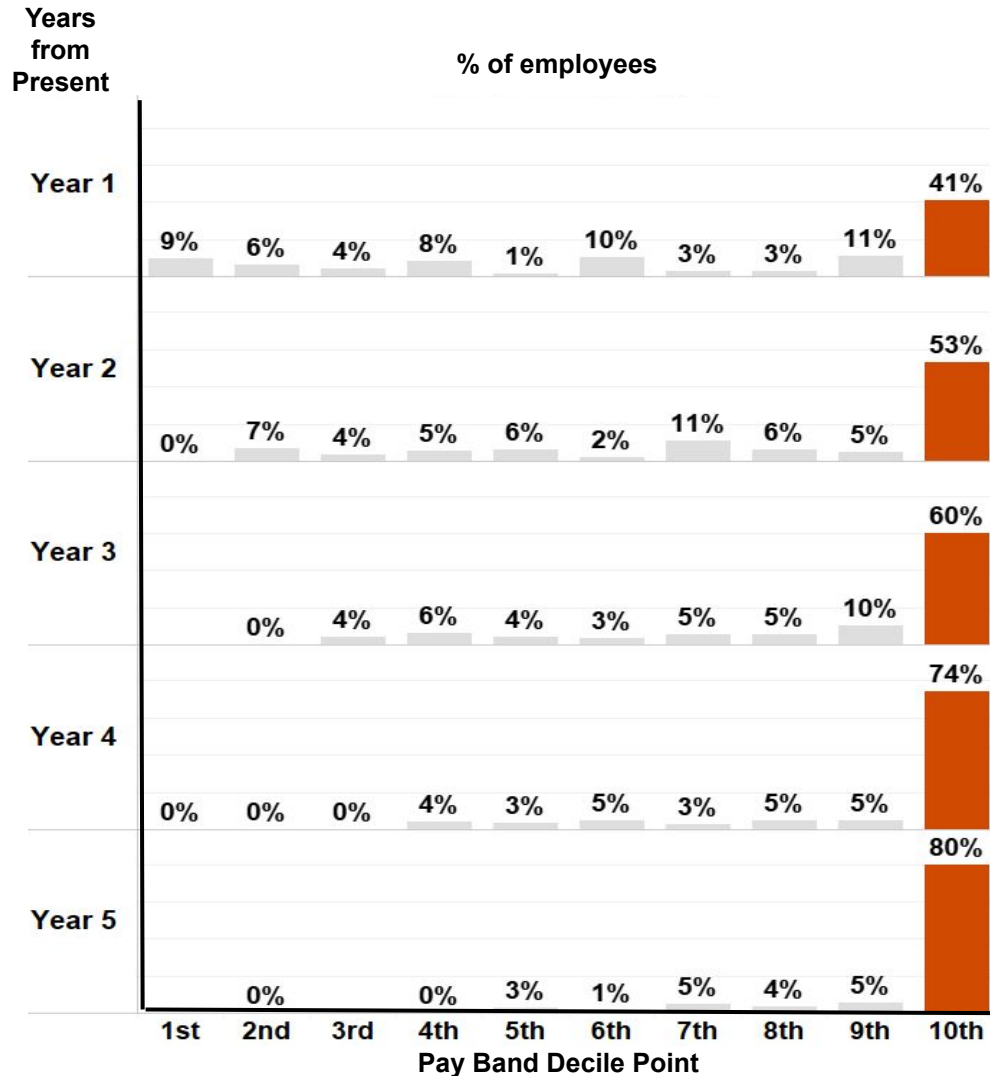
- Our review shows **general validation for the market positioning outlined in the 2017 Korn Ferry benchmarking** report across Nuclear and Corporate populations
- For the **Admin population**, PwC carried out benchmarking against general industry and a not for profit peer group. We found above Upper Quartile outcomes across all grades for both comparator groups. However, ONR was more closely aligned to not for profit pay, which was higher. This suggests that **ONR could consider reducing paycales for these roles** and still maintain favourable positioning vs market.

Notes:

1. PwC benchmarking data is sourced from Xpert HR

Band positioning: Flow rate modelling

PwC has carried out some high level indicative flow rate modelling to understand where within the pay bands individuals will sit at in future years. Whilst only high level modelling has been carried out, this identifies a potential risk area for ONR.



The graph shows the proportion of employees that sit at each decile of their respective pay bands.

It shows that if employee pay continues to increase at a rate of c.4% per year, after 5 years 80% of employees will sit at the top of the pay band.

Assumptions

- The workforce receives a standard 4% pay increase - however this 4% is capped so that an individual will never progress beyond what their pay band maximum is
- Pay ranges increase by 2% per annum
- Modelling has been carried out based only on the incumbent population - and does not include any assumptions around leavers or joiners.

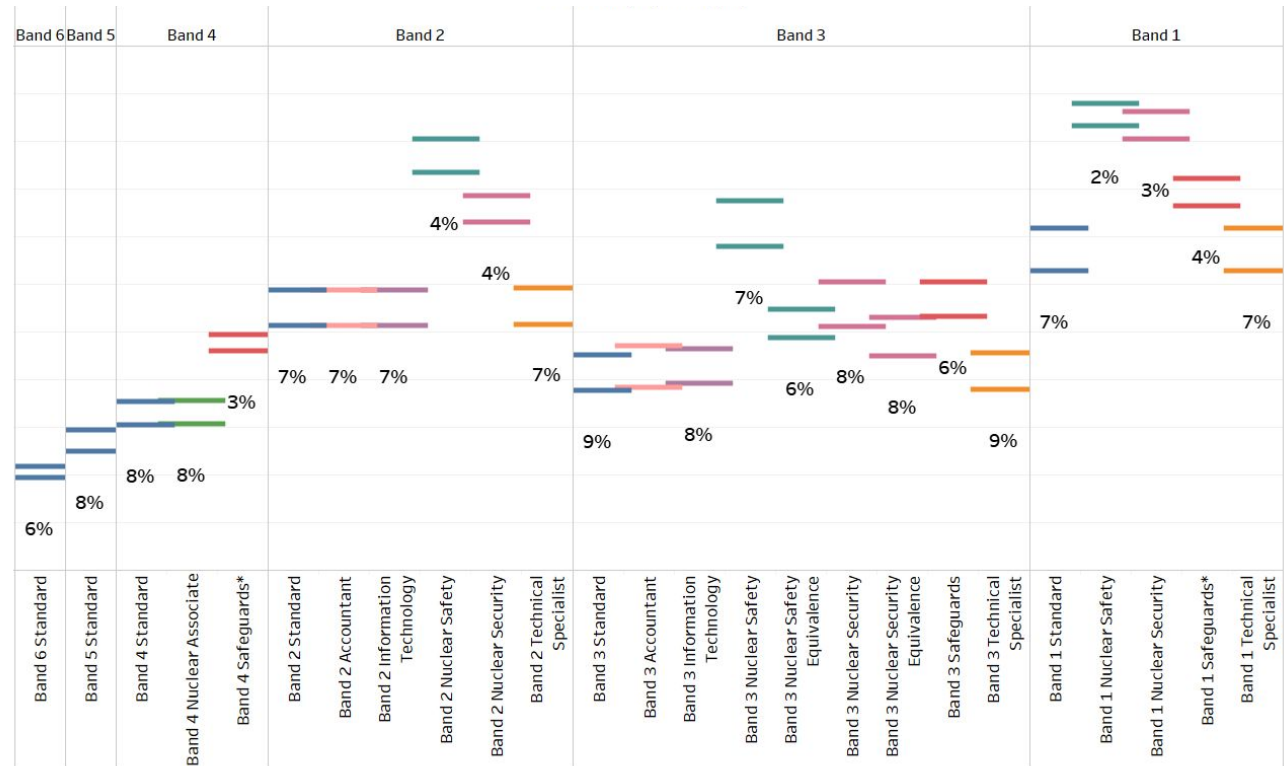
Pay range considerations

Currently ONR policy provides up 30 different pay bands - of which incumbent employees are currently mapped to 25. A number of considerations arise mainly due to the number of pay ranges and structure. These areas are explored below where further pay range structure suggestions are detailed in the next section.

What are the considerations for change in the current design?

- **Number of pay ranges** - Not aligned with typical market practice where we typically see organisations operate as few pay ranges as possible.
- **Overlap** - Across these bands, there are significant areas of overlap with some almost entirely aligned.
- **Narrow ranges** - The width of the bands ranges from 2% to 9% either side of the mid point - as indicated on the graph these narrow bands leaves little room for pay progression (without promotion) in some roles. In the market, bands typically have a range of 10-15% around a market aligned mid-point to allow sufficient progression through band.
- **Transparency** - Lack of transparency around use of “supermax” is driving a perception of unfairness in pay due lack of transparency as to why pay ranges for jobs with different skill sets vary. Whilst this is clear to HR, more could be done to articulate clearly to the organisation.
- **Prohibits mobility** - Distinct ranges for each role type does not support cross specialism mobility.



Pay band minimum, maximum and supermax






Although there are a significant number of pay bands at ONR compared to typical market practice, by compressing them ONR might lose the ability to reflect the required nuances in pay driven by varied skill sets.

Market practice allowances comparison (1 of 2)

Key





-  = very aligned
-  = partially aligned
-  = not aligned

Whilst there is broad alignment between ONR allowance practice and market best practice, there are some areas where it is possible to create more structure and process in how allowances are applied. The table below sets out information on key allowances currently in operation at ONR and comparison to current market practice.

Allowance	ONR practice	Market practice	Market alignment
Recruitment allowance	Premium used upon recruitment in addition to paying maximum of salary pay range for certain roles. Used only in ad-hoc situations for specialist skills.	Best practice is for organisations to utilise a clearly defined policy around which skills/roles they are prepared to apply recruitment allowances for, which is typically justified by organisational strategy. Even where a recruitment allowance is applied, organisations will still typically seek to pay within the band for the role.	
London weighting/location allowance	For employees working permanently within the Greater London Assembly, a weighting allowance is paid in addition to base salary. London weighting is paid monthly with salary, is pensionable and reckonable for tax and NI contributions and is not counted when calculating overtime or pay on promotion.	Common practice for public sector to provide London weighting allowance c.£2,000 - £4,000 depending on whether it is inner or outer London. In the private sector it is more common for organisations to offer different pay ranges based on location rather than an additional weighting.	
One-off qualification	£1,000 one-off payment upon completion of each stage of CIMA and TOPCIMA qualifications. £1,000 one-off payments upon completion of certificate and diploma level of CIPFA, and additional £1,500 payments following final test of competence and post grad diploma in finance and leadership.	It is common for organisations that rely on a steady flow of certain skills sets to reward attainment of these skills. This can be either in the form of one-off payments or promotion into a higher pay band. Awards vary depending on role grade but for entry level positions they typically range from £500 to £2,500 or an uplift of 10-20% of base salary. It is less common for organisations to offer additional allowances for qualification in skills that are not central to their functioning or not scarce in the market.	

Note: Some related payments are covered in the policy review e.g. overtime and are therefore not covered as part of this allowance review

Market practice allowances comparison (2 of 2)

Allowance	ONR practice	Market practice	Market alignment
Responsibility allowance / Temporary Duties Addition (TDA)	<p>Paid at the higher of :</p> <ul style="list-style-type: none"> - 10% of substantive salary, or - Equivalent to the difference between your base substantive salary and pay range minimum for the higher band temporarily being covered. 	<p>Aligned with market practice in offering at least equivalent of entry level pay of the higher band the employee is temporarily working in.</p> <p><i>During PwC's employee engagement, it was suggested that this type of allowance is not always awarded consistently meaning it is sometimes associated with a perception of unfairness.</i></p>	
Secondment allowance	<p>An allowance paid to employees with specialist skills for completing a distinct period of work.</p> <p>Currently being paid to the Cyber Security team to until 2020 December who are required for their roles which are core to the business during this period.</p>	<p>This type of allowance isn't highly prevalent in the market.</p> <p>Typically in the market the employee will retain their usual rate of pay on secondment (except for in some instances when significant additional responsibility is taken on) and the organisation will typically cover any additional costs incurred by the individual.</p> <p><i>Whilst the type of secondment allowance ONR currently apply isn't typical practice, as long as it is operated within a set of clear guidelines for a specific purpose, there is no reason to cease its operation. However, ONR may want to consider the impact on employees of removing the allowance after a long period of time.</i></p>	
Retention allowance	<p>An allowance for employees who possess skills which would command a premium in the market and are core to the operation of ONR.</p>	<p>Best market practice is for organisations to adhere to a clearly defined policy around what skills/roles the business is prepared to use these additional retention payments for.</p>	
On call allowance	<p>£384 one-off Duty Officer allowance payment for a weekday (4 nights), or a £393 one-off allowance payment for a weekend (3 nights).</p>	<p>It is common for employees who need to be on call during anti-social hours to be rewarded with an on-call allowance.</p> <p>In the public sector typical weekday "on call" values range from £40 - £120 with additional call out payments varying from 1.5x to 2x daily rate.</p>	

Note: Some related payments are covered in the policy review e.g. overtime and are therefore not covered as part of this allowance review

4

Options for change

1. Options for change: Grade structure

Currently six core grades (plus Executive grades) as well as an equivalence grade, bridging the gap between bands 4 and substantive band 3. Current employee perception is that there is a lack of clarity between responsibilities across grades (specifically between bands 2 / 3) and a lack of understanding of the relative size of nuclear and non-nuclear Inspector roles. Job evaluation analysis also suggests some overlap in job size between band 3 and 4 roles.

← Least change

→ Most change

Clarification of current grading structure

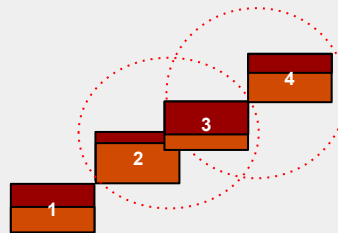
Levels	Description
1	Control of teams and managers, oversight of projects, communications with stakeholders
2	Budgeting and team control, project oversight, communications
3	Completion of all work to high standard, team work
4	Timeliness and budgeting, completion of all work

1 - 2 months from design to implementation

- Develop a set of clear grade level descriptors outlining expectations and accountability at each ONR level
- Update all relevant materials e.g. JDs, performance management materials, Manager training etc.
- Descriptors to be used both within HR and to support communications with managers and employees about careers, performance and progression

- + Provides clarity around role scope and responsibilities
- + Creates clarity for career progression and supports Managers in performance conversations
- Does not review scope of individual outlier roles

Targeted grading review



2 - 3 months from design to implementation

- Grading review targeted on identified areas of concern
- Review of JD's to ensure they reflect role responsibilities and responsibilities of target areas accurately

- + Supports in future proofing the grading structure and tightens up identified risk areas
- + Focuses review ensuring efficiency and maximum impact from outputs
- Does not address any other potential underlying grading inconsistencies not detected within our initial review

Full grading review

Levels	Description
1	Control of teams and managers, oversight of projects, communications with stakeholders
2	Budgeting and team control, project oversight, communications
3	Completion of all work to high standard, team work
4	Timeliness and budgeting, completion of all work

4 - 6 months from design to implementation

- ONR to undertake a full grading review and job cataloguing activity in order to understand and document all of the roles required in the organisation

- + Future proofs whole grading structure
- + Documented structure and development of refreshed communication materials (level descriptors, JDs etc)
- Most time consuming and requires participation across the organisation

PwC view:
Recommendation for ONR to at least clarify the current grading structure to ensure clarity on accountabilities and responsibilities by level. Particular consideration should be made to whether band 3 equivalence should be formalised or whether the differentiation in skills can be dealt with just through pay.

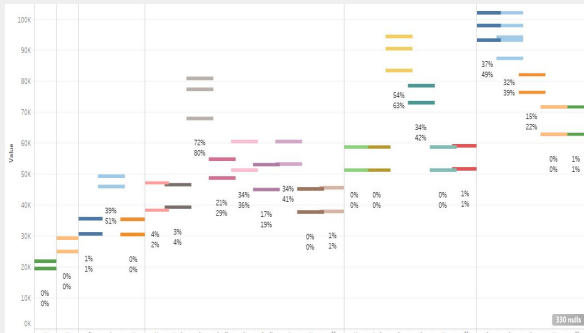
2. Number of pay ranges

As iterated in earlier slides, currently ONR policy provides up to 30 different pay bands - of which incumbent employees are currently mapped to 25.

← Least change

→ Most change

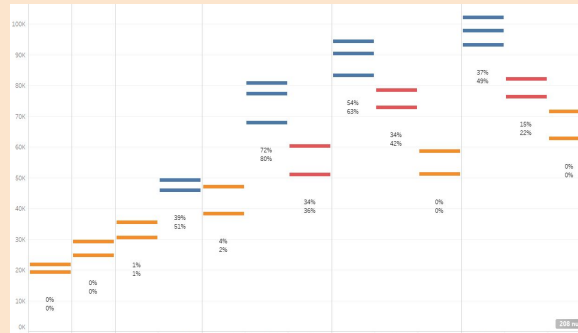
Specialism defined pay bands



- Additional pay bands to ensure each Band / Specialism combination has a band

- + Current pay bands are operating with minimal issue
- + Enables ONR to achieve optimal value for money as all roles have market-informed pay bands
- Increases administrative pressure to operate, benchmark and review
- Current perception of lack of pay alignment across Nuclear and non-Nuclear populations will continue

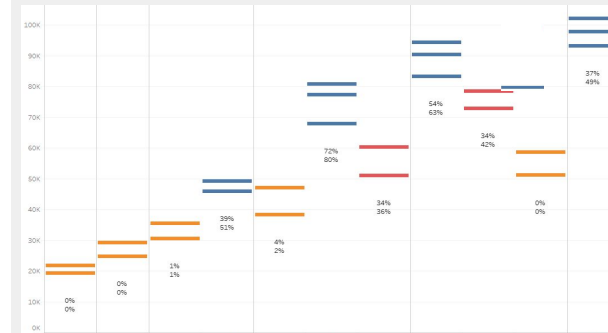
Combine easy to merge bands



- Consolidate pay bands with minimal differences, such as Standard and Technical Specialist pay bands

- + Greater simplicity would reduce administrative pressure
- + Fewer pay bands supports transparency for employees
- + Could reduce pay differentials between Nuclear and Non-Nuclear populations
- Combining bands could reduce value for money as roles no longer benchmarked individually
- Rationalised bands may not reflect skill set pay rates

Easy to merge bands + rationalise band 1



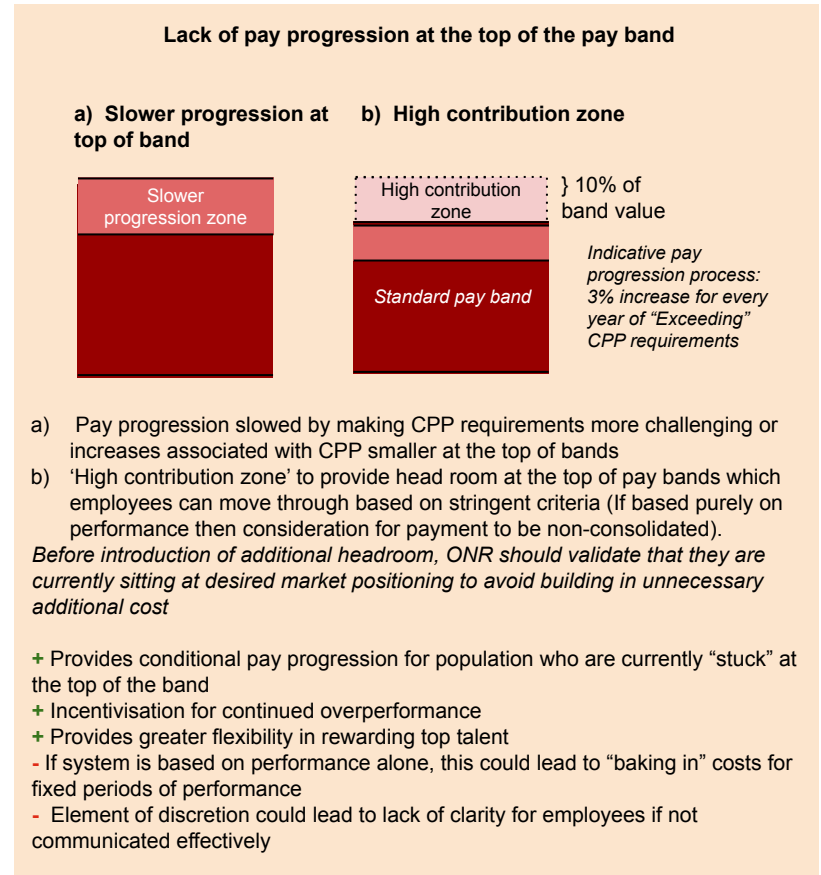
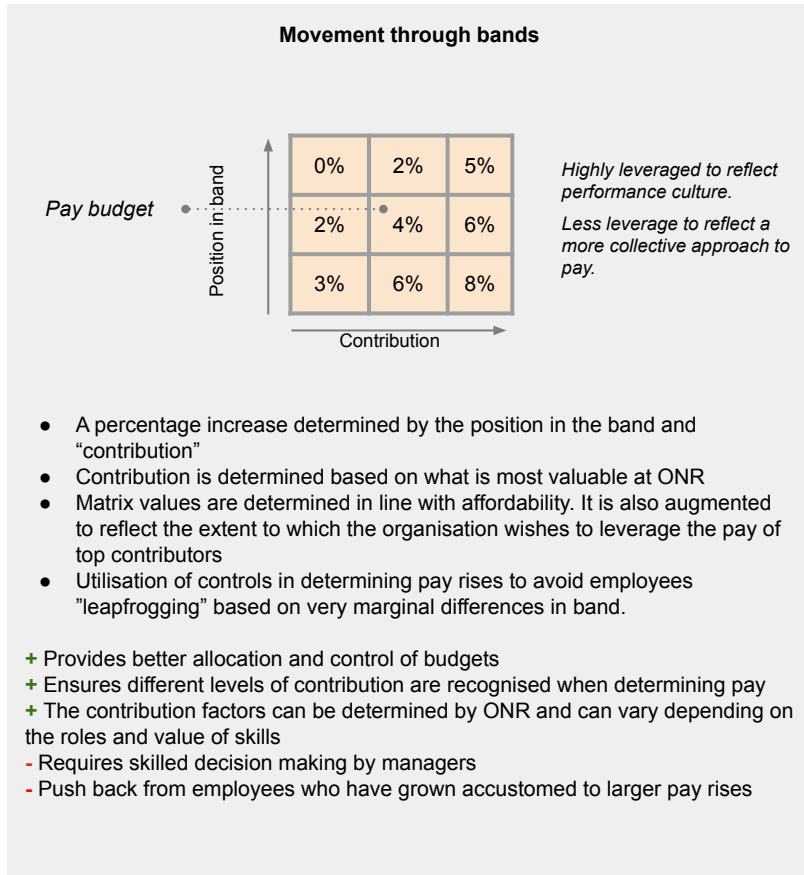
- In addition to combining easy to merge bands create a consolidated pay range for band 1 employees

- + Supports alignment across Leadership roles - One ONR
- + Fewer pay bands allows for greater simplicity and transparency and ease the administrative burden
- Increases pay bill costs
- Would lead to increased earning opportunities for some of those at the top of the organisation, which could cause perceived unfairness

PwC view:
PwC would primarily recommend that the principles pay band design is based upon are clearly communicated in order to increase transparency and trust in the pay system from an employee perspective. A rationalisation of pay bands could help to offer further clarity and transparency around pay and would be relatively easy to implement.

3. Recommendations for change: Pay progression

Currently annual uplifts are applied as “steps” based on a demonstration of competence for those below band maximum. Current progression process is resulting in uplifts of up to 10% annually meaning employees progress to the top of the band (which is treated as a rate for the job) relatively quickly. Many new recruits come in to ONR at or near the maximum of the pay band. Further progression is therefore constrained for many employees.

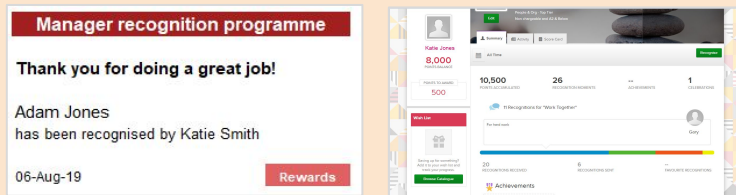


PwC view:
PwC recommend introducing greater control over pay progression than the CPP system currently provides. This will alleviate the issue of many employees at the top of the band in the longer term. In the short to medium term, an additional zone for those that contribute significantly to ONR could also be considered.

4. Other considerations for change: Recognition

We know employees at ONR value the recognition element of the annual bonus process. Depending on employee grade, this element is often more valued than the monetary aspect of the award. It's reported that the current recognition system is underutilised, used with inconsistency and doesn't reward individual instances of performance by employees.

Individual recognition programmes



- Introduction of an individual recognition programme in order to provide timely recognition aligned with ONR's values and behaviours outside of the annual performance management programmes
- A variety of methods can be applied. However, current leading practice is to utilise an all employee type system which allocates a 'fund' to everyone in the organisation to distribute for awards. Additionally, this may be done through a social media type platform so that awards are visible and instant

- + Supports reinforcement of organisational values and behaviours
- + Provides timely and meaningful reward
- + Potential to involve all employees

Re-design of team awards



- Consideration to reinvigorate team award programme at ONR, creating greater visibility with new branding and all employee communications
- Encourage all employee participation in nominating teams for good work aligned with ONR values and behaviours
- Monitor uptake to encourage consistent use across the organisation

- + High impact driven from relatively small budget
- + Can be used to support team building
- + Supports reinforcement of organisational values and behaviours

PwC view:
PwC understands that recognition programmes are currently underutilised at ONR. As they are a relatively low cost way of increasing engagement, driving values and behaviours and fostering a sense of team, our recommendation is for ONR to revise and reinforce the current system. We understand employees value individual recognition, however, in reality much of ONR's work depends on teams. We therefore recommend re-designing the current system using a blend of the options outlined above - the following page provides more detail as to how a scheme could operate in practice.

4. Other considerations for change: Recognition worked example

In the diagram below, we set out an example of a year-round recognition scheme delivered through an external platform to embed and recognise exceptional behaviour. Any recognition scheme implemented could be designed in a way to ensure it does not appear as being performance related - and hence impact on ONR's budget for such pay.

Embedding a culture of daily recognition

- All employees, either individually or as a team are eligible to make nominations and receive awards
- Thank you cards / e-cards will be available for all employees to say thank you to those who go above and beyond on a day to day basis
- Could be delivered by an app

Monthly recognition awards

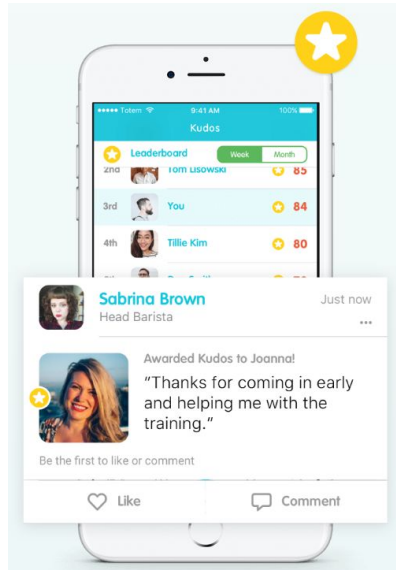
- £50 retail vouchers awarded to 400 employees across the business based on top-down and peer-to-peer nominations
- All nominations reviewed by line manager



Annual celebration of ONR stars

- Monthly recognition award winners shortlisted to be awarded one of 8 star awards at year end worth £1,000 for living and breathing the One ONR principles.
- Stars could be individuals or teams.
- Year end event to celebrate shortlist and winners in each categories
- Internal communications on winners as outstanding examples of ONR's values being delivered

Totem recognition app:



Illustrative cost:

Award	Frequency	Annual Cost
£50 retail vouchers	200 monthly awards	£120,000
£1,000 cash	10 annual awards	£25,000
Event to celebrate shortlist and winners in each category	Year end	£15,000

5. Other considerations for change: EVP development

There are many elements of strength within the overall employment proposition at ONR which we feel could be leveraged to a greater extent through reframing the EVP.

Strengthen communication of current EVP



- Reinvigorated approach to communication of current EVP at ONR to emphasise the strength and value of the current reward offering
 - Delivered through a series of images and purpose led statements in a campaign led over a variety of platforms both internally and externally facing; including impactful 1-pager info-graphics, development of “key messages” for Manager conversations, etc
- + Articulates EVP in a highly impactful intervention with relatively low cost implications
- + Boosts the extent to which employees are aware of and hence value current offerings
- Does not address areas of the EVP which could be reviewed or emphasised
- One size fits all approach

Re-imagine the focus of EVP



- Opportunity to change the shape and emphasis of the offering - e.g. ability to promote flexibility or ONR as a place to develop skills which are transferable in the market rather than “a job for life” which is arguably the current perception
 - Consideration should be paid to how best relate to the employee demographics who bring the required skills through the EVP e.g. Grad recruits etc, with potential to segment the EVP offering
- + An EVP which is re-imagined to target the required employees into the organisation
- + Would help to future-proof ONR’s attractiveness as an employer - by communicating an EVP that is attractive to “millennials” and competitive against likely future talent competitors
- Re-imagined EVP may not appeal to long-term employees who provide the stability ONR needs to deliver on mission

PwC view:
Further to the total reward statements ONR have delivered, further communication would also underpin a number of our other recommendations for change within this paper and maximise the perceived value of reward for employees. Specific examples are outlined on the following page.

5. Other considerations for change: EVP communications detail

EVP communications are typically most impactful when they occur as part of a **carefully planned and joined-up campaign of interventions**. The below provides a **menu of different activities** that could be used to communicate the EVP as part of a programme of interventions over a determined period of time (e.g. 12 months):

Comms campaign activity	Description	Channel(s)
Infographics	Impactful images and diagrams to provide key information for current employees, including values by element of reward, high-level overview of key EVP components that ONR wants their employees to be aware of, e.g. information around training and development or wider benefits, information on EVP offerings targeted for different stages in the employee journey.	Email/online/handouts
Town halls	Team meetings to provide employees with information about different components of the EVP. This channel gives members an opportunity to ask questions and find out detailed information	Face to face
Manager conversations	ONR to ensure that Managers understand key EVP messages and are equipped to discuss the options available to employees during coaching discussions.	Face to face
Animation videos	Short animation videos to explain ONR's EVP and how this could be felt at different stages of the employee life cycle / career. This could also be communicated externally and used as a recruitment material	Email/Intranet (Portal)
Online portals and tools	A consolidated portal with information on the EVP and how it applies to different employees. It will need to be easily accessed by all employees regardless of location, easy to navigate and have clear signposting. It may also contain interactive tools which allow individuals to model aspects of the EVP and the benefit it provides based on current life circumstances or potential future circumstances.	Portal
Banners	Email signature banner that represents the key sentiment information from the EVP. Provides a visual prompt internally and promotes ONR externally.	Email

6. Other considerations for change: Performance management

ONR use a three factor rating system within an annual PM cycle. Whilst the mechanics and policy of the PM system appear to be fit for purpose at ONR, there is a sense of dissatisfaction from employees in how it is applied. Key issues reported include; general lack of consistency in application (depending on manager / org. area), lack of clarity on career progression for non-technical roles.

Defining the purpose of PM and role of the CDM



- Clarification on what the PM system should drive at ONR
 - Based on this, ONR may wish to review some aspects of the PM system and related resources, e.g.
 - Review number of performance levels and guideline used to segment the workforce
 - Development of pathways for career progression and indicators for development
 - Articulation of full spectrum of training and development opportunities
 - In addition, ONR should continue ensure common understanding among CDMs of different performance levels and ensure consistency in how performance conversations are held
 - Continued roll out of a syllabus of training
- + Consistent experience for employees and greater confidence in the PM system
 - + Better quality of coaching
 - + Maximise value from performance management for ONR and ensure delivers best outcomes for employees
 - + Enables better discussions with employees on career development
 - Potential perception of increased workload for CDMs
 - Career pathways may highlight limited opportunities in some families
 - Requires some spend to achieve desired outcomes

Moderation



- Review current moderation process to ensure that a consistent guidance and methodology is being applied vertically and horizontally throughout the organisation
 - At least light touch moderation should be made across performance goal setting for the year to ensure they are consistently used across ONR
 - In applying values and behaviours goals, they should underpin how people deliver their work ensuring consistent conduct of all at ONR
 - Setting of “core” behavioural competencies which are consistent for all roles and additional competencies which should apply to different roles depending on skill areas involved
- + Greater consistency in how employees are measured
 - + More robust performance management outcomes
 - + Greater trust from employees
 - Challenge in setting fair value and behaviour objectives for niche roles
 - Increased time commitment

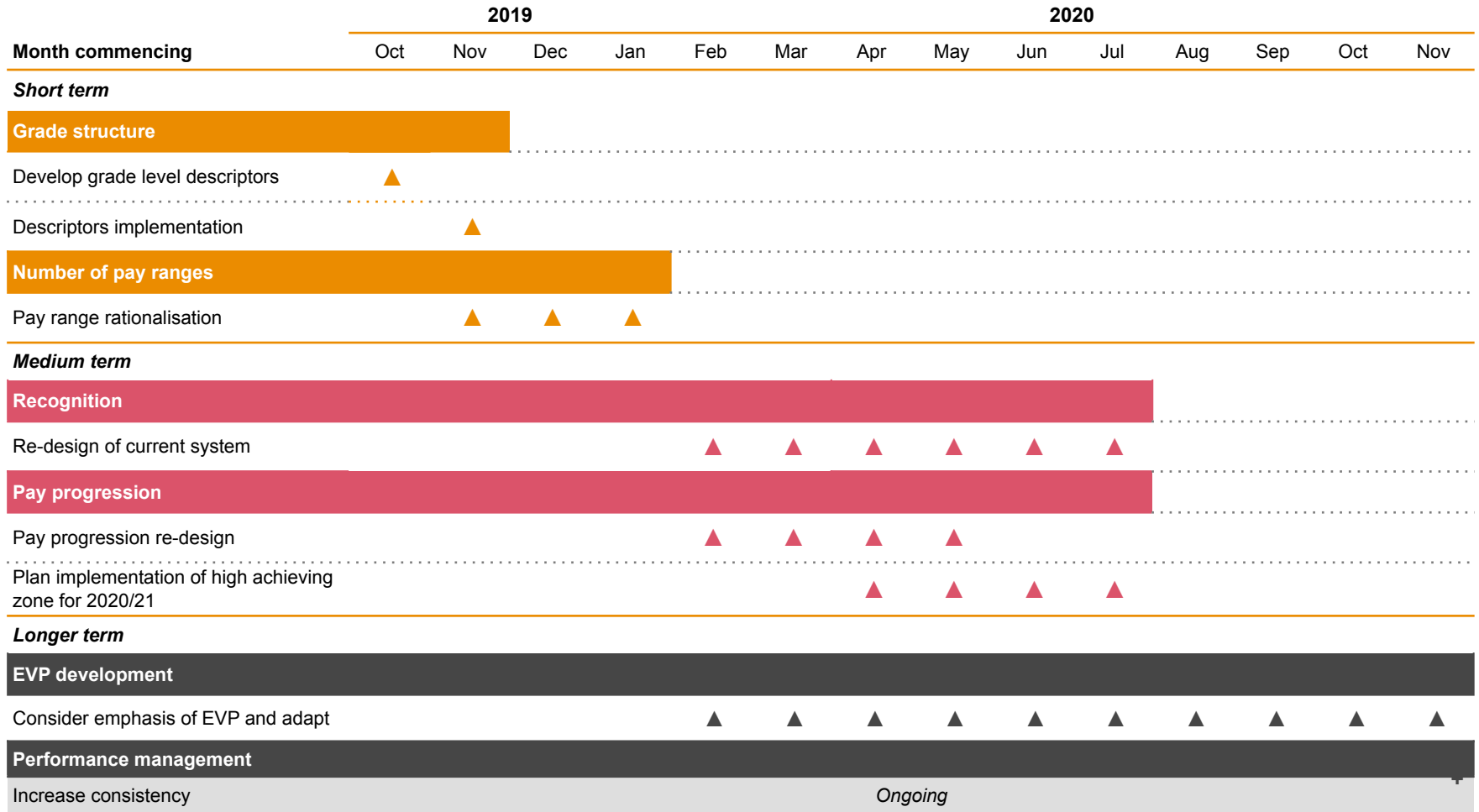
PwC view:
PwC’s main recommendation is to create a greater sense of consistency in how goals are set, assessed and how careers are progressed. CDMs need to be able to clearly and convincingly explain performance ratings to employees.

5

Next steps

Next steps

Below are the key areas for ONR to address and indicative timelines and orders in which they may want to address these.



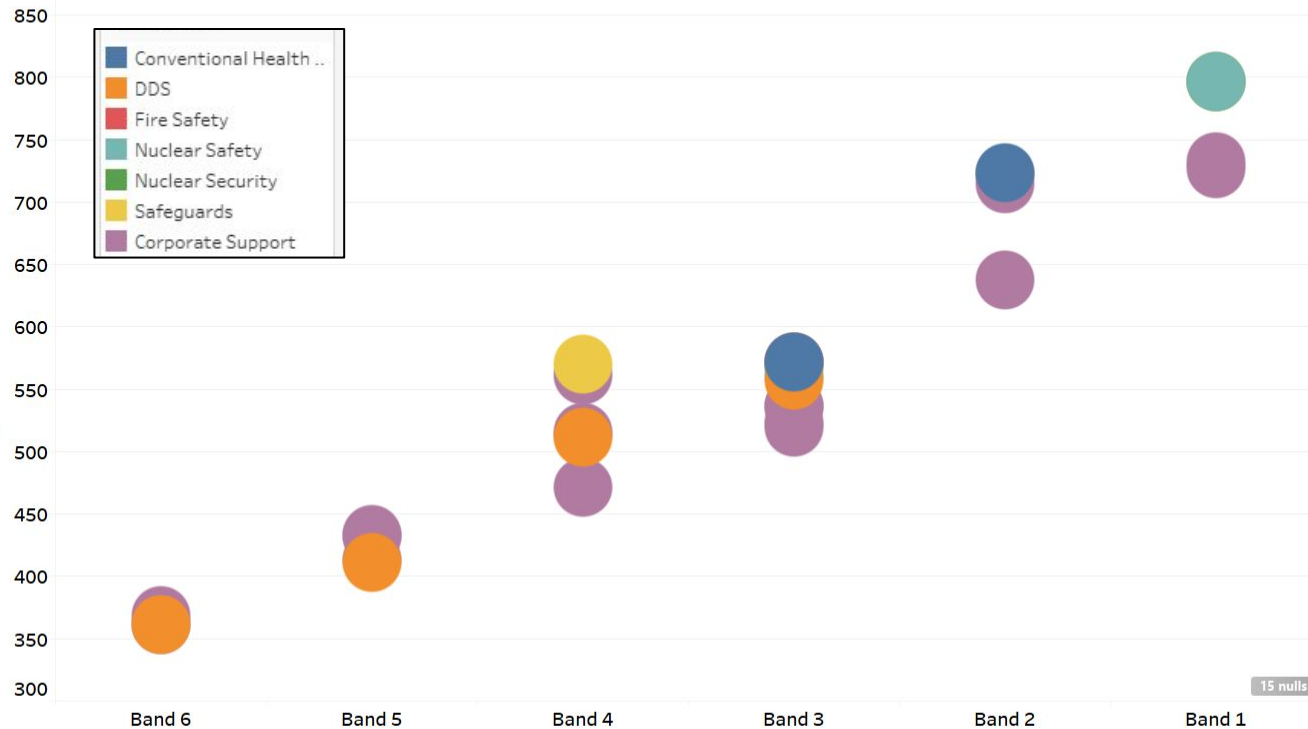
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Appendix

1. Data analytics outputs
2. Benchmarking
3. Policy review detailed findings

Appendix 1. Pay and Grading analytics findings: Job Evaluation outcomes

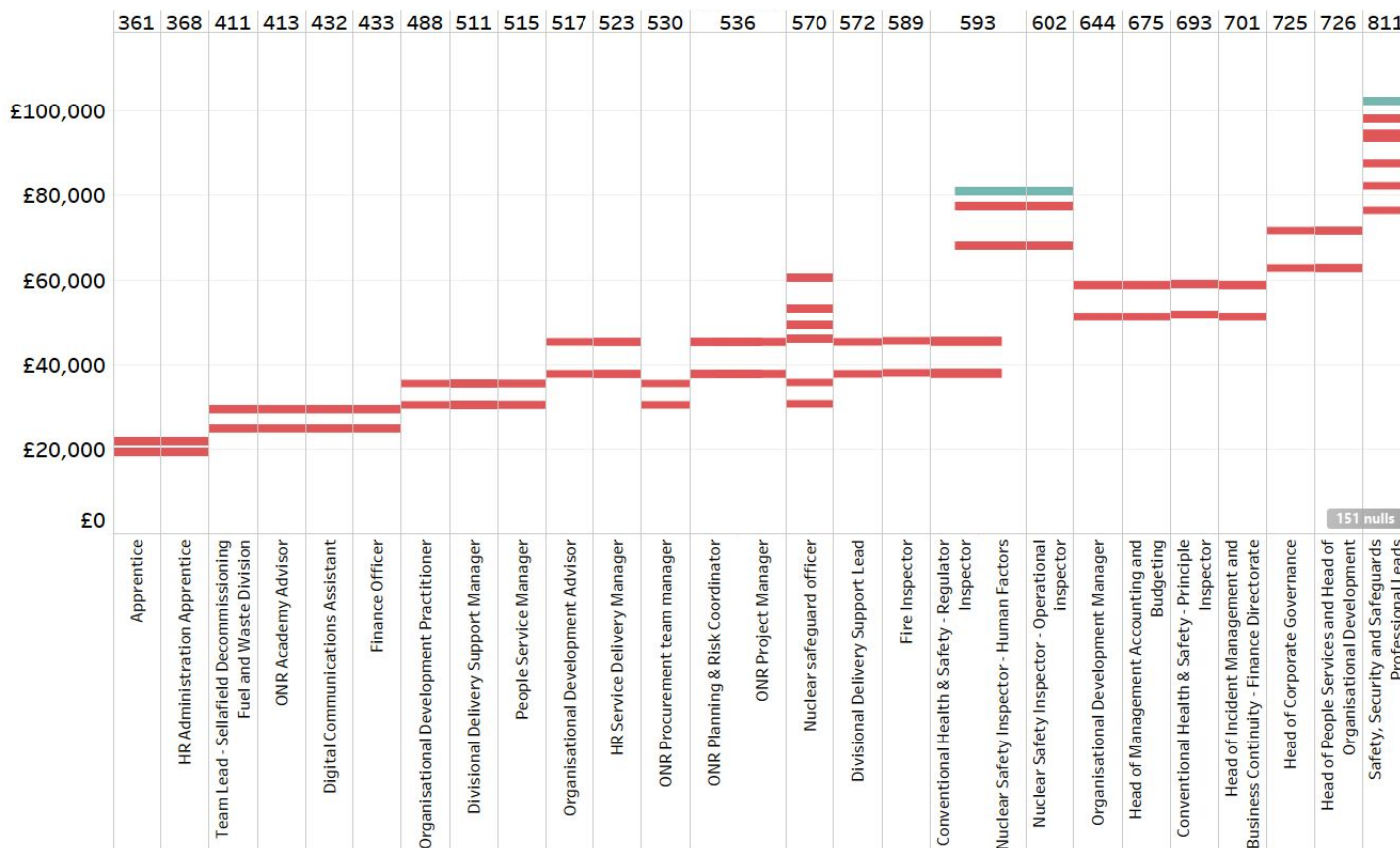
The below graph shows an overview of PwC Job Evaluation outcomes for the roles ONR shared job descriptions for, split by Band and with colour indicating which Specialism the role sits under.



Generally Job Evaluations are increasing by grade - but there is a notable overlap across Bands 3 and 4, which could suggest that some roles are misgraded or that certain job descriptions are not fully capturing the role content and leading to a lower job evaluation score. Engagement suggested that there was overlap in responsibilities across Bands 2 and 3 but this is not corroborated by the above outcomes. However, it is worth noting that PwC only received Job Descriptions across both Band 2 and 3 for Conventional Health and Safety and Corporate Support roles - and it is possible there is overlap in the other Specialisms.

Appendix 1. Pay and Grading analytics findings: Job Evaluations and Pay Bands

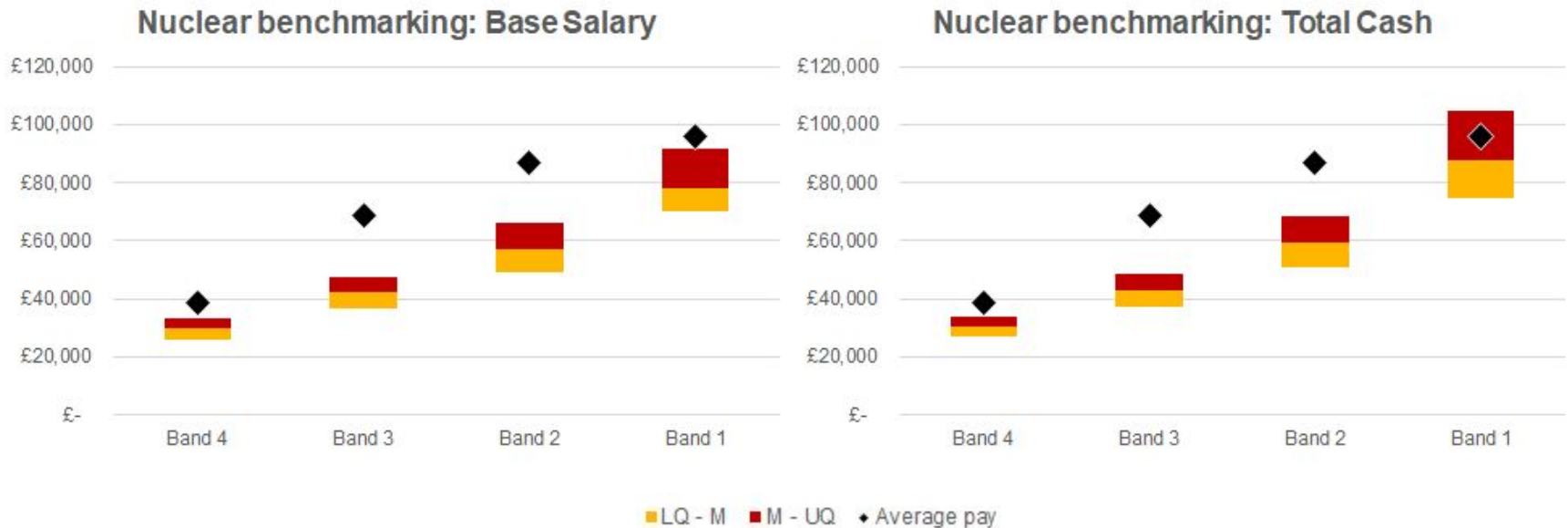
The below graph shows an overview of Pay Bands mapped against PwC Job Evaluation outcomes. The red lines indicate the pay band minimums and maximums and the numbers along the top of the graph indicating the JE scores.



For the lower value salaries, pay bands seem to reflect the relative role size as determined by the PwC JE scores. However, further up the organisation - and in particular when the "Nuclear premium" is introduced, there are areas where pay bands do not increase in line with JE scores.

Appendix 2. Benchmarking: Nuclear population

PwC have carried out a high level benchmarking exercise by Grade and Specialism in order to validate the benchmarking exercise conducted by Korn Ferry in 2017. The below provides an overview of ONR average pay per grade for the “Nuclear” population - which PwC have defined as being all those who sit in Nuclear Safety, Nuclear Security or Safeguards Specialisms.

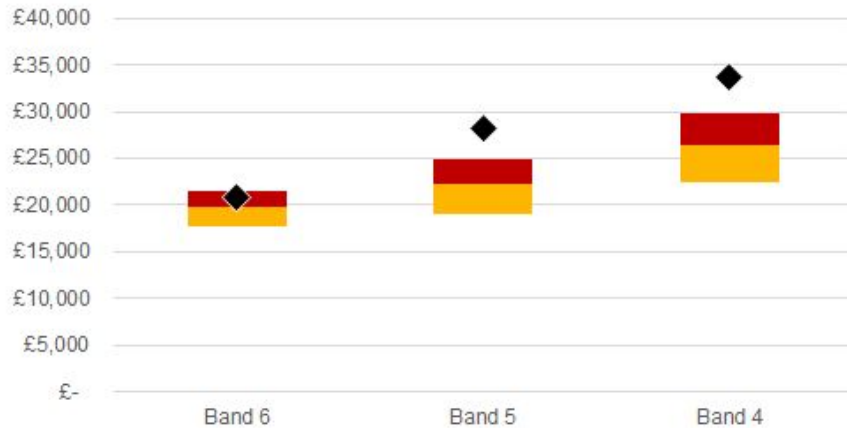


For Base Salary, the populations at ONR are comfortably above the Upper Quartile of the Nuclear comparators, suggesting that ONR is achieving its strategy. When looking at the picture of Total Cash, the gap between Upper Quartile and ONR average pay closes slightly - to the extent that at Band 1 pay is less than the Upper Quartile of the market. This is due to relatively low bonuses being paid at ONR - given its Civil Service constraints - whereas in Industry there is more free reign. However, it can be said that ONR pays broadly above the Upper Quartile of the market for Nuclear roles.

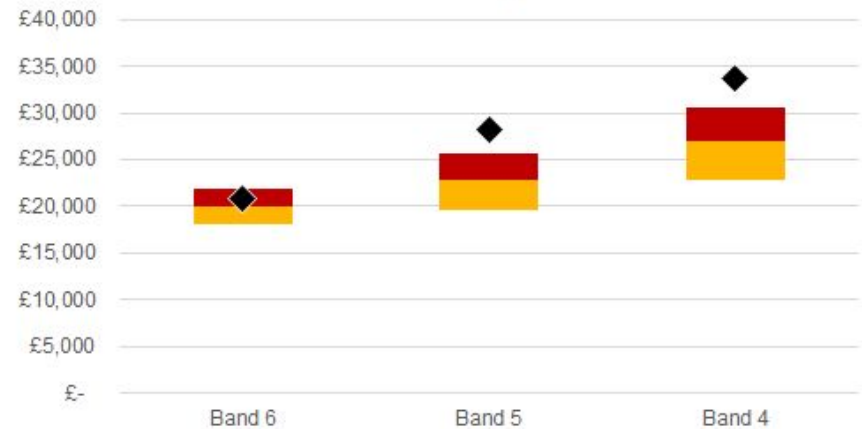
Appendix 2. Benchmarking: Admin population

The below provides an overview of ONR average pay per grade for the Admin population - which PwC have defined as being all those who sit in DDS Specialism. The peer group used for this benchmark is General Industry.

Admin benchmarking: Base Salary



Admin benchmarking: Total Cash



■ LQ - M ■ M - UQ ◆ Average pay

Given the low value of bonuses at this grade in these types of roles, there is limited difference between Base Salary and Total Cash market data. For Band 4 and 5, ONR incumbents sit comfortably above the Upper Quartile - whereas in Band 6 they are just above the median

Appendix 2. Benchmarking: Corporate population

The below provides an overview of ONR average pay per grade for the Corporate population - which PwC have defined as being all those who sit in Corporate Support, Conventional Health and Safety and Fire Safety Specialism. The peer group used for this benchmark is Corporate roles, including roles such as Internal Communications, Finance, HR, Procurement.



Against Corporate comparators, ONR's incumbents sit between Lower Quartile and Median. To some extent this could be reflective of location - as market data will include London comparisons - and the public sector nature of the roles. However this does appear out of line with the reward strategy across the rest of the organisation.

Appendix 3. Reward policy review

The table below details ONR's current policy on reward, progression and performance management, as well as comparing to current market practice is in each of these areas.

Key



Policy area	ONR practice	Market practice	Market alignment
Base Pay			
Pay bands	Six levels of pay band currently operated at ONR, although there are up to nine variations of each pay band depending on the work area that staff are assigned to within the organisation.	<p>It's common for organisations to provide a level of variation in pay ranges based on skills required in different job families and the internal and external market rates associated with those skills.</p> <p>Best market practice would be to only apply varied rates of pay ranges, where common ranges cannot accommodate the required level of variation.</p> <p><i>Consideration for whether there is room to consolidate any pay ranges currently in operation.</i></p>	
Market comparators	<p>A mix of public sector and nuclear industry competitors used for benchmarking.</p> <p>We understand that the same market reference point is used for all roles.</p>	<p>Best practice is to consider the talent market for each skills group separately when determining the relevant external market reference point for comparison e.g. market for attracting talent from and losing talent to, the internal strategic importance of skills, target market pay percentile etc</p>	
Pay progression	<p>Competency Pay Progression (CPP)</p> <p>Permanent employees who are not at the maximum salary of their respective band and have 6 months service are eligible.</p> <p>Staff who apply for CPP, must provide evidence that they have increased their level of competence in the relevant areas to receive the uplift. CDMs then assess evidence.</p> <p>To apply, employees discuss with CDM at mid-year review, who will consider the viability of an employees application.</p> <p>Pay may also be increased as a result of promotion which is covered in further detail on the following page.</p>	<p>Pay is reviewed on an annual basis with organisations typically distributing budgets for increases based on employee contribution throughout the performance year, the relevant capability / skills they bring to the role or both of these aspects.</p> <p>Many organisations also operate an off-cycle system which is used to address any pay issues halfway through the performance year, making the required adjustments.</p> <p><i>Aligned with market in that progression is aligned with the level of skill that an employee can demonstrate within the role. May wish to consider how pay increase decisions are aligned with budgets and skill pipeline requirements.</i></p>	

Appendix 3. Reward policy review

Policy area	ONR practice	Market practice	Market alignment
Promotion/Transfers			
Promotion	<p>For the technical cadre of employees ONR run annual Band 3 to 2 promotion panels to reflect a more fluid grading approach and the development of staff, post-warrant, to level of Principal Inspector (Band 2).</p> <p>For other roles, specific promotion to post competitions are run. A 10% increase is awarded for promotion or employees are placed on the minimum of the higher salary band, whichever is the greater.</p> <p>Within Bands 1 - 6 on a standard or specialist pay range the opportunity is an increase on existing consolidated pay of 10%, or a move to minimum of the new pay range, whichever is greater.</p> <p>In the eventuality that an individual is promoted by two bands then salary is capped at minimum of new band.</p>	<p>It is common practice for formal promotion processes to be conducted annually, although some organisations also run “off-cycle” promotions where there is a particularly strong case for promotion at intervals between the main annual process</p> <p>Typical pay uplift upon promotion is very broadly around 10% of base salary based upon industry and affordability. However, uplifts related to attainment of significant experience/qualification or step in a career can attract higher increases.</p>	
Bonus			
Eligibility & Opportunity	<p>All employees in Bands 1 - 6 or within the Senior Civil Service equivalent bands are eligible to receive a bonus based on performance. In reality around a third of employees will receive a bonus in each performance year.</p> <p>Public sector policy enables 0.5% of total pay bill to be used for non-consolidated performance bonus payments. The payments are paid based on band, and for 2018 ranged from £1,100 to £1,600 for all employees and higher levels for senior staff.</p>	<p>In general industry, it is common for employees above manager level to receive some element of variable pay. Bonus opportunity generally starts at between 5-10% of base salary and increases with seniority or ability to impact outcomes. Payment outcomes depend on in year performance.</p> <p>In the public sector, it is common for bonuses to be nominal amounts if awarded at all.</p> <p><i>Consideration to review bonus policy, including desired market alignment, eligibility, performance criteria / what behaviours it should drive and size of award</i></p>	

Appendix 3. Reward policy review

Policy area	ONR practice	Market practice	Market alignment
Performance management	<p>Performance is evaluated against the delivery of agreed objectives and demonstration of ONR behaviours. There are three ratings: Exceeded, Met and Not Met.</p> <p>Mandatory mid year review and end of of year review must be held to discuss performance with Development Manager.</p> <p>Final performance rating is agreed at end of year moderation panel. If marked not met, need to undertake a performance improvement plan. If staff achieve exceeded they receive a bonus.</p>	<p>Despite a number of organisations adopting ratingless approaches to PM, typical practice is still for organisations to utilise performance rating scales consisting of 3 to 5 points.</p> <p>PM outcomes are still commonly used to guide variable pay or base pay increase decisions and should be moderated both horizontally and vertically across the organisation to ensure consistent outcomes.</p> <p>As a minimum, organisations will hold a full year and mid-year reviews although best practice is to hold more fluid, progression based conversations throughout the year.</p> <p><i>Consideration to enhance moderation practices as well as frequency of employee CDM interactions.</i></p>	
Pension			
Defined Benefit Final Salary (Closed to new participants)	<p>The DB schemes previously used by the Civil Service, paid out an income based on how much employees earned when they retired, rather than the pension value being defined by contributions to the scheme.</p> <p>Employee contributions are paid based on pensionable earnings, toward the cost of providing the pension. These range between 4.60% and 8.05%.</p>	<p>Defined benefit (DB) pension schemes remain prevalent in the public sector but are rare in the private sector, with defined contribution (DC) provision being much more common. Many organisations in the private sector have closed their DB schemes and also stopped an employee's ability to accrue under the old schemes.</p> <p>DC provision varies across sectors, with Financial Services and Utilities companies typically offering the most generous structures. Median DC employer contributions are 5% and employee contributions are 3%. Matching contribution structures are common in which the employer matches (or matches with an enhancement) the contribution an employee opts to make (subject to a cap on the maximum employer contribution).</p> <p><i>Whilst employee contributions are broadly aligned with market, employer contributions are much higher than typically seen in general industry and at the top end of what is typically provided in the public sector.</i></p>	n/a
Defined Benefit Career Average Earnings (Active scheme)	<p>Since August 2007, employees have been automatically enrolled into the CARE scheme. The pension scheme itself provides numerous other benefits, including partial retirement, or early retirement with a reduced pot, injury, ill health and death benefits.</p> <p>Employee contributions are paid based on pensionable earnings, toward the cost of providing the pension. These range between 4.60% and 8.05%.</p> <p>Employer contributions are paid based on individual salary. These range between 26.6% and 30.3% for Bands 1-4.</p>		

Appendix 3. Reward policy review

Policy area	ONR practice	Market practice	Market alignment
Benefits			
My lifestyle scheme	<p>This scheme offers discounts on a range of services and products including vouchers to high street stores.</p> <p>It also includes the launch of a cycle to work scheme which is popular with staff. You can also operate Give as You Earn (GAYE) charitable giving through the scheme.</p>	<p>There is a trend in the market towards consolidation of benefits into an allowance which can be drawn down from fixed pay allowing the individual to have greater flexibility in their benefits choices.</p>	
Childcare vouchers	<p>For staff who joined ONR before 4 Oct 2018 they can use part of their gross salary to obtain vouchers, which provides tax and National Insurance savings. Any staff who joined after this date are ineligible for this and must use the Tax-Free Childcare Government scheme.</p> <p>Staff can purchase up to £55 per week if they joined the scheme up to 5 April 2011, regardless of what rate of tax they pay. If they joined the scheme after this date, only £55 can be claimed a week if they pay basic rate income tax, £28 if they pay higher rate and £25 if they pay the additional rate of 45%.</p>	<p>In private industry flexible benefits often extends to include healthcare provision, pension and the ability to buy and sell annual leave.</p> <p><i>Consideration could be made to broaden benefits offering and as well as the flexibility employees have in determining their rewards packages.</i></p>	
Memberships	<p>ONR will pay membership fees for up to two professional bodies, with an average cost to ONR of £150 per person.</p>	<p>It is common practice for most professional organisations to support in paying fees for one relevant professional body or multiple professional bodies where this is essential for the role.</p>	
Salary advances	<p>Can apply for salary advances for numerous cases (travel, holiday, religious events) which is subsequently recovered from salary. Any outstanding amount is payable immediately if employment ceases.</p>	<p>Salary advances are rarely available as a cash payment other than in the form of travel loans and cycle to work schemes.</p>	
Leave and flexible working			
Flexible Working	<p>ONR staff at Bands 1-6 work a standard week of 37 hours over 5 days regardless of role or site. There are a range of flexible working patterns available, including part time, condensed hours (eg standard hours worked over shorter number of days) and flexibility to work from home.</p>	<p>Depending on the nature of work, it is increasingly common practice for some form of flexible working to be in place.</p>	

Appendix 3. Reward policy review

Policy area	ONR practice	Market practice	Market alignment
Leave and flexible working cont.			
Overtime/ TOIL	<p>SCS band workers are not compensated for additional hours worked. Advanced approval to work overtime is required by managers in Band 4 and above. The level of compensation which you are paid for overtime in certain cases, increases as you move through the Bands. Bands 1-2 for example receive weekend overtime at the exact rate of hours worked, whereas Bands 3-6 receive 1.5 times hours worked on Saturday and 2 times on Sundays.</p> <p>Part time staff can claim 'excess hours' rather than 'overtime', up to a maximum of 37 hours per week (inclusive of contracted hours).</p> <p>Permission for TOIL should be authorised before hours are worked. Bands 3-6 all qualify for TOIL under usual working circumstances. Bands 1-2 will only qualify for TOIL under 'exceptional circumstances'.</p>	<p>The use of overtime tends to be industry specific. It's most common for employees who are remunerated through hourly rates of pay.</p> <p>In the professional services industries overtime payments are broadly uncommon. However in the public sector, overtime is typically only awarded where there is a business case to justify it.</p>	
Holiday	<p>Offer 25 days annual leave to new staff and this is increased by 1 day per year to 30 days and 8 days for Bank Holidays and 1 day for the Queen's Birthday. In addition, staff that transferred across into ONR retain the right to 0.5 day leave in lieu of previous entitlement to privilege days as civil servants. Annual leave entitlement is often fed back as a particularly attractive element of our overall offer by new recruits.</p>	<p>Most organisations offer between 20 and 25 days of annual leave.</p> <p><i>Progression to 30 days after 5 years service is generous compared to the general market.</i></p>	

Appendix 3. Reward policy review

Policy area	ONR practice	Market practice	Market alignment
Other relevant awards cont.			
London weighting allowance	<p>If you work permanently within the admin area covered by Greater London Assembly, the band will receive a weighting allowance.</p> <p>London weighting is paid monthly with salary, pensionable and reckonable for tax and NI contributions and is not counted when calculating overtime or pay on promotion.</p>	<p>Common practice for public sector to provide London weighting allowance. In the private sector it is more common for organisations to offer different pay ranges based on location.</p>	
Long service award	<p>From 1 April 2018 - Staff who achieve 30 years qualifying service will be entitled to a one-off award of 3 days annual leave, and one-off 5 days annual leave for staff achieving 40 years qualifying service.</p>	<p>Common practice across all sectors to award increased annual leave aligned with long service.</p>	

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