

CASE STUDY

The Law Society

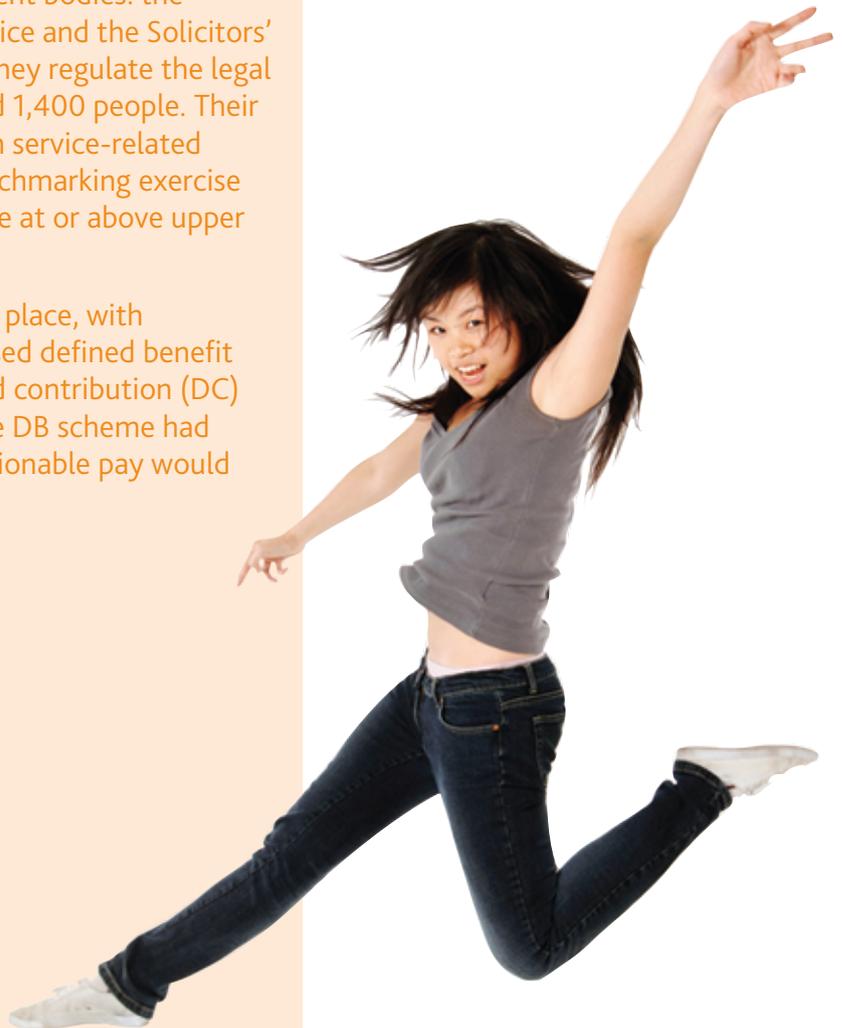
Moving on to a flexible total reward package



Hymans Robertson's work for the Law Society shows how we truly partner our clients, helping them undergo organisational transformation.

The Law Society comprises three different bodies: the Law Society, the Legal Complaints Service and the Solicitors' Regulation Authority. Between them, they regulate the legal profession in the UK, employing around 1,400 people. Their existing system of reward was based on service-related and RPI-based pay increases, and a benchmarking exercise had revealed that most employees were at or above upper quartile pay.

A two-tier pension arrangement was in place, with approximately 800 employees in a closed defined benefit (DB) scheme, and less generous defined contribution (DC) arrangements for other employees. The DB scheme had a large deficit, and any increase in pensionable pay would worsen the deficit.





In our eyes, it was the **relationship** that we built with the HR team at the Law Society, and the **focus** that they showed, that really paved the way for **success**

The Society wanted to modernise their pay and benefits across the three bodies by moving to the use of performance-related pay, which would reward performance rather than long service, and only pay upper quartile pay for upper quartile performance. Naturally, they also needed to keep the cost of any changes within their budget. With a unionised workforce, any changes would need to be carefully negotiated with the union.

The Society approached Hymans Robertson to help them introduce their new pay and bonus structure, and come up with and implement new benefits arrangements to close the gap between the DB and DC pension schemes.

■ ■ We developed an excellent working relationship with colleagues from Hymans Robertson. Their project management skills were very good – if I asked for something, I invariably got it. They adapted to my style of working. We worked well together sharing the highs and lows in a good natured manner and having a sense of humour helped. I would use them again without hesitation. ■ ■

Lorraine Jones, HRD director, the Law Society

HOW WE HELPED

To make the DC scheme more attractive, and close the gap between the DB and DC schemes, we worked with the Society to design a new contribution structure which would increase the maximum employer contribution available to employees. We then reviewed the DC market and drew up a shortlist of providers.

Having arranged a 'beauty parade' of providers for the Society and the group's employee forum, we provided criteria sheets to assist them during the selection process, and were there to support and guide them. With our help, they appointed a new provider that suited their needs and also charged less than half the annual management charge of the current provider. We also introduced income protection cover (funded by the Society) for all non-DB members, again with the aim of reducing the gap between DB and DC benefits.

One of the ways in which we felt the Society could move to a more modern approach to benefits, giving employees more choice, was by introducing a flex scheme. The flex scheme provided a significant source of value to employee's through savings in tax and National Insurance and the bulk buying power of the Society. Employee's were also awarded a fund of 3% of their basic pay, which they could take as cash or use to buy flex benefits, but did not count towards pensionable pay.



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To complement the flex fund, we sourced a range of online shopping vouchers, offering employees generous discounts at leading high-street stores, supermarkets and petrol outlets. We helped the Society introduce salary sacrifice, for as many of the flex benefits as possible, and also for the DB scheme. The Society used some of the employer National Insurance savings they made, to pay for the other changes, helping to keep their costs within budget.

Having designed the new arrangements, we then supported the Society in their negotiations with the union, helping to explain the value of the overall package and the benefits to all parties. We also developed a salary sacrifice savings calculator, to demonstrate to members the potential savings under the salary sacrifice scheme.

Once the package was agreed, the next step was to explain it all clearly to the Society employees. Our communications team went into action to design and implement a strategy to communicate the whole package in one go. This involved an in-depth communications campaign with personal statements, the construction and delivery of two websites, question and answer sheets about the new benefits, drop-in sessions, line manager training and member presentations.

RESULTS DELIVERED

It was highly satisfactory that all the changes were brought in within the Society's overall budget for pay and benefits. We designed the 3% flex fund so that it didn't count as basic pay, producing two important benefits for the Society: a significant saving in what would otherwise be an increase in DB liabilities, and no widening of their position as upper quartile payers.

Our carefully designed communications strategy led to nearly 100% take-up rate of the new terms and conditions, meeting the client's goal of service-related pay increases being replaced by performance-related pay. So far, 85% of employees have participated in the flex scheme, and we are delighted that the Society will be working with us in the near future to develop the scheme further.

In summary, we helped the Society move from a culture of long service pay rewards and rigid benefits, to a more modern culture of performance-related pay and employee choice, and reduced the gap between the DB and DC members. And we did it in a way that made the process as smooth as possible for the Society. The challenges were significant, but we were pleased to achieve a successful outcome.



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