

Compensation Recommendation Rationale

Prepared By: Compensation Analyst, Total Rewards (with GenAI drafting assistance) **Review Cycle:** February 2027 Annual Compensation Review **Organisation:** Northbridge Advisory Partners **Date:** 12 February 2027 **Classification:** Internal — Confidential

Executive Summary

This review cycle covers five employees across Data & AI Advisory and Management Consulting. Three employees require compensation adjustments totalling **£17,500**, which falls within the approved budget envelope of £48,000. The primary themes are market realignment (three employees have compa-ratios at or below the 0.90 threshold) and a peer equity correction (one Level 3 employee was missed in the prior review cycle, creating an 11% gap against a comparable peer). One employee (EMP-089) requires no adjustment, and one employee (EMP-041) is recommended for deferral due to recent hire date.

Adjustment Detail

EMP-063 — Level 3 (Senior Consultant, Management Consulting)

- **Current Compensation:** £74,000 (base only; variable compensation of £6,200 confirmed verbally by the Practice Head but not recorded in HRIS)
 - **Recommended Adjustment:** +£8,000 (10.8% of base)
 - **New Compensation:** £82,000 (base)
 - **Benchmark Position:** Compa-ratio moves from 0.90 to 1.00 against Level 3 P50 (£82,000)
 - **Rationale:** EMP-063 was missed in the April 2026 review cycle due to a department transfer during the Q3 2025 restructure (Current Compensation Records, Note 3). With a "Strong" performance rating and 3.8 years tenure, the employee is paid 10% below the benchmark midpoint. Additionally, comparing EMP-063 (£74,000 base) against EMP-041 (£68,500 base + £5,200 variable = £73,700 total), the peer equity gap between these two Level 3 employees is within tolerance only because EMP-041 has 0.5 years tenure. However, EMP-063's base-only figure of £74,000 vs. the internal band midpoint of £80,000 (Internal Equity Guidelines, Section 2.1) represents a 7.5% shortfall. This adjustment requires HR Director sign-off as it exceeds the standard 8% cap (Internal Equity Guidelines, Section 4.2).
 - **Priority:** Critical — Below Threshold compa-ratio combined with Strong performance and missed prior review cycle.
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EMP-017 — Level 2 (Associate Consultant, Data & AI Advisory)

- **Current Compensation:** £53,100 (base £49,000 + variable £4,100; note: the Practice Head submitted a revised variable figure of £4,800 on 06 February, which would raise total to £53,800 — this recommendation uses the HRIS extract figure of £53,100 as the baseline)
- **Recommended Adjustment:** +£5,500 (11.2% of base)
- **New Compensation:** £54,500 base (projected total with current variable: £58,600)
- **Benchmark Position:** Compa-ratio moves from 0.89 to 0.98 against Level 2 P50 (£60,000)
- **Rationale:** EMP-017 has a "Strong" performance rating with 2.3 years tenure and sits 11% below the benchmark midpoint (Benchmark Comparison: £53,100 total vs. £60,000 P50). The employee falls below the 0.90 compa-ratio threshold (Internal Equity Guidelines, Section 3.2). The recommended adjustment of £5,500 brings the compa-ratio to 0.98 using the current variable figure. If the revised variable figure of £4,800 is confirmed, the post-adjustment compa-ratio would be 0.99. This adjustment exceeds the standard 8% cap and requires HR Director sign-off (Internal Equity Guidelines, Section 4.2).
- **Priority:** High — Below Threshold compa-ratio with Strong performance.

EMP-112 — Level 1 (Analyst, Data & AI Advisory)

- **Current Compensation:** £39,300 (base £36,500 + variable £2,800)
- **Recommended Adjustment:** +£4,000 (11.0% of base)
- **New Compensation:** £40,500 base (projected total with current variable: £43,300)
- **Benchmark Position:** Compa-ratio moves from 0.89 to 0.98 against Level 1 P50 (£44,000)
- **Rationale:** EMP-112 sits 11% below the benchmark midpoint with a "Meets" performance rating and 1.1 years tenure. The employee received an off-cycle market adjustment of £1,500 in October 2025 (Current Compensation Records, Note 5), which brought the base from £35,000 to £36,500 — but this interim measure did not close the full gap. The recommended adjustment brings the compa-ratio to 0.98. The off-cycle adjustment is factored into the current base per Internal Equity Guidelines, Section 4.3. This adjustment exceeds the standard 8% cap and requires HR Director sign-off.
- **Priority:** Medium — Below Threshold compa-ratio with Meets performance (lower priority than Strong-rated employees per Internal Equity Guidelines, Section 3.2).

EMP-089 — Level 4 (Principal Consultant, Data & AI Advisory)

- **Current Compensation:** £109,500 (base £97,000 + variable £12,500)
- **Recommended Adjustment:** No adjustment
- **Benchmark Position:** Compa-ratio 1.01 against Level 4 P50 (£108,000) — Mid-Range
- **Rationale:** EMP-089 falls within the acceptable compa-ratio range of 0.95–1.10 (Internal Equity Guidelines, Section 3.2) with a "Meets" performance rating. No equity gap or market misalignment is identified. The legacy Mercer Grade M4 reference (Current Compensation Records, Note 4) has been mapped to Level 4 under the Northbridge banding structure; no grade-related adjustment is needed.
- **Priority:** N/A — No action required.

EMP-041 — Level 3 (Senior Data & AI Consultant, Data & AI Advisory)

- **Current Compensation:** £73,700 (base £68,500 + variable £5,200)
- **Recommended Adjustment:** Defer to mid-year review (September 2027)
- **Benchmark Position:** Compa-ratio 0.90 against Level 3 P50 (£82,000) — at the Watch threshold boundary
- **Rationale:** EMP-041 was hired on 14 July 2026 and has completed only six months of service. Under Internal Equity Guidelines Section 4.1, employees with less than six months of service at the review effective date should be assessed on a case-by-case basis "considering the offer benchmark at time of hire." The hire date offer was benchmarked at the time of the HR06 offer process and accepted. The Performance Review Pack (from HR11) shows mixed results — two goals rated Meets, two Partially Meets, and one Below — with a moderate development priority. The compa-ratio of 0.90 sits at the Watch threshold (not Below Threshold), and the six-month tenure does not meet the standard eligibility criterion for a mandatory adjustment. Recommendation: reassess at the September 2027 mid-year review when 14 months of tenure and a full annual review will be available.
- **Priority:** Deferred — Recent hire with Watch-level compa-ratio and mixed performance.

Budget Impact

| Item | Amount |
|-------------------------------|----------------|
| EMP-063 adjustment | £8,000 |
| EMP-017 adjustment | £5,500 |
| EMP-112 adjustment | £4,000 |
| Total recommended cost | £17,500 |
| Approved budget envelope | £48,000 |
| Budget remaining | £30,500 |

All recommended adjustments fall within the approved budget envelope. No phased implementation is required. The remaining £30,500 is available for the other departments in scope (Management Consulting and Risk & Compliance Advisory practice-wide reviews, which are not covered in this employee subset).

Methodology Note

Compensation data was extracted from the Northbridge HRIS compensation module (extract date: 05 February 2027) and compared against the Radford Professional Services Compensation Survey — United Kingdom, Q2 2025 edition. Compa-ratios were calculated as total compensation divided by the benchmark P50 for each employee's role level. Equity gaps were assessed using the Internal Equity Guidelines v2.1 thresholds (0.90–1.10 acceptable range, 8% peer tolerance). Recommendations were validated against the approved budget envelope of £48,000.

Limitations noted:

- The benchmark data is from Q2 2025. If market rates have moved upward since the survey date, the compa-ratios in this analysis may overstate employees' relative market position.
- EMP-063's variable compensation is not recorded in the HRIS. The compa-ratio for this employee uses base salary only, which understates total compensation if the £6,200 discretionary bonus is recurring.
- The benchmark data for Level 5 (Practice Director) uses carried-forward figures from Q4 2024 due to survey suppression. No Level 5 employees are in this review subset, but this limitation should be noted for future cycles.

Approval Required

| Adjustment | Approval Needed | Reason |
|--------------------------|-----------------|---|
| EMP-063: +£8,000 (10.8%) | HR Director | Exceeds 8% standard cap (equity correction) |
| EMP-017: +£5,500 (11.2%) | HR Director | Exceeds 8% standard cap (equity correction) |
| EMP-112: +£4,000 (11.0%) | HR Director | Exceeds 8% standard cap (equity correction) |

Appendix References

- Benchmark Comparison Matrix (internal working document — Step S2)
- Equity Gap Analysis (internal working document — Step S3)
- Budget Allocation Parameters (Finance Partner memo, 28 January 2027)
- Performance Review Pack (HR11 output for EMP-041)
- Current Compensation Records (HRIS extract, 05 February 2027)
- Internal Equity Guidelines v2.1 (effective 01 January 2026)

AGASI AiOS — Sample material. For illustrative purposes. All data is fictional.