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IN THIS ISSUE

Supplement: The future of default funds

Supplement: Health cash plans

LEADER

Gender pay gap is still shockingly large

This month, *Employee Benefits* has brought back the highly popular salary survey among reward and benefits professionals, as well as human resources folk heavily involved in benefits.

You can read all the details on page 22 (*Package deals*).

I would like to flag up two notable results. Firstly, the average basic salary has risen from £48,436 a year in 2009 (when we last ran this survey) to an average of £52,780 now. That is a 9% rise in four years.

What is interesting is that the gender pay gap on average salary has dropped from £16,000 in 2009 to £8,844 this year. There could be a number of reasons for this, but the bottom line is that the gap is still a huge 17%.

We in reward should know better and be working hard to purge such discriminatory behaviour.

Across all workers, sadly, the pay gap appears to be widening again. But at least it is lower than in our profession (a small comfort, I know). Last month, we discovered, via Office for National Statistics data, that the gender pay gap has risen to 10%, up from 9.5% in 2012. Meanwhile, research by global management consultancy The Hay Group shows the gender pay gap across Europe has increased to 10%, up from 7% two years ago.

"We in reward should be working hard to purge such discriminatory behaviour"

The second shocking statistic in our research is how little benefits professionals are contributing to their pensions. I am talking here about members of defined contribution schemes, where the average contribution is just 5% (with well over one-third of respondents contributing even less). Given that most receive employer contributions below 10%, there is clearly a big pensions gap too.

Again, I would have expected people working in benefits to practise what they preach when it comes to saving enough for a pension.

Or maybe these people love their job in benefits so much (and why wouldn't they?) that they will be happy to work well into their dotage? Either way, this should be an educated (if restricted by necessity) choice: work longer or save more.

So there are a few things to pop onto the new year's resolution list for 2014: first for yourself, then for your workforces.

May you all have a 2014 filled with blessings.

Debi O'Donovan, *Editor*
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LEGISLATION

Osborne increases share scheme limits

Jennifer Paterson

Chancellor George Osborne's 2013 Autumn Statement announced an increase in the investment limits on share schemes from April 2014.

The limits on sharesave will double from £250 to £500 a month, while the maximum value of shares an employee can acquire with tax advantages through share incentive plans (Sips) will increase by £300 a year, to £1,800 for partnership shares and £3,600 for free shares.

Phil Hall, specialist adviser at IFS Proshare, who has campaigned for an increase in share scheme limits since 2008, said: "We have put submissions in to the Treasury, campaigned in the press, or met Treasury officials. It has really only been in the last few months that we've received a positive response."

Malcolm Hurlston, chairman of the Employee Share Ownership (Esop) Centre, added: "This is a long-awaited bonanza for all the employee owners who have been neglected in the last few years.

"It has been around 20 years since the sharesave limit was increased. Many staff have been bumping against the ceiling for some time. The doubling is a very sensible move."

But although the industry has generally welcomed the Chancellor's move, some have expressed disappointment that the rise has not been future-proofed to take account of inflation.

Hall added: "There is nothing to say that, in future years, we won't be back to a similar position, where we've had, effectively, a year-on-year decrease.

"That is something we will push for, but we're very pleased that the Treasury has finally listened and made this overdue change."

The industry would also like to see the government introduce an incentive around company share option plans (Csops). Hurlston added: "If the government is really going to reach the low-paid and part-timers, only the promotion of Csops is going to achieve that."

Workplace share schemes were celebrated in November, with awards made by the Esop Centre and IFS Proshare. Winners of IFS Proshare Awards included BT Group, Burberry and Rio Tinto, while the Esop Centre recognised Edwards Group, IGas Energy and Pearson.

Several sharesave schemes reached maturity late last year. More than 14,000 B&Q and Screwfix staff shared a £15 million payout, and 7,000 Travis Perkins staff shared nearly £17 million.

Staff will be able to invest more in share schemes

How share scheme limits will change from April

- Sharesave limits will double from £250 to £500 a month.
- The maximum value of shares that an employee can acquire with tax advantages through share incentive plans (Sips) will rise by £300 a year, to £1,800 for partnership shares and £3,600 for free shares.

@ For a longer version of this story: bit.ly/JDda2x

HEALTH & WELLBEING

Employers focus on winter wellbeing initiatives for staff

Jennifer Paterson

The start of a new year gives employers a perfect opportunity to promote health and wellbeing benefits. The weather is cold, the effects of festive overindulgence are obvious, and the day dubbed Blue Monday, which this year falls on 20 January, is imminent.

James Dunningham, operations director at Health at Work, said: "This is a good time for employers to take advantage of new year's resolutions, the general motivation that people feel in January when they step onto the scales, and special offers in the wider community, such as discounted gym memberships and trials."

Many employers pre-empted employees' new year's resolutions by hosting winter wellbeing events towards the end of 2013.

Recruitment firm Goodman Masson hosted its third Winter Wellbeing Week in November. It included health checks, healthy-eating promotions and flu jabs.

Law firm Norton Rose Fulbright also hosted its inaugural wellbeing event in November as the first phase in a holistic health and wellbeing strategy.

Elsewhere, City and Guilds invited students from the London School of Beauty Therapy to provide a day of massages and manicures for its staff, and Roffey Park Institute launched wellbeing workshops provided by corporate wellness organisation The Tonic.

Key elements for a winter wellbeing event

- A benefits fair showcasing health and wellbeing offerings, such as gym membership, bikes-for-work and, health cash plans.
- On-site health checks, including cholesterol and blood-pressure tests.
- On-site fitness classes, such as yoga and pilates.
- On-site massages, reflexology and beauty treatments.
- Seminars covering topics such as sleep, personal resilience and health during winter.

@ For a longer version of this story: bit.ly/1bcg6bY

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INTERNATIONAL

Global growth drives expat perks review

Jennifer Paterson

A growing focus on emerging markets means many UK employers are looking to expand internationally while keeping benefits provision for expatriates up to scratch.

Lloyds Register, for example, is developing a centralised global mobility service across its international bases, which includes reviewing and benchmarking its HR services and benefits, such as its international private medical insurance and relocation package.

Doug Rice, director of Jelf International, said: "A number of independent organisations provide benefits benchmarking activities in various countries. If a particular client of Jelf's wanted to know what the benefits structure would be in Singapore, we could refer them to one of these organisations or to the network that we are part of."

Lloyds Register's centralisation process, which will be finalised by June 2014, will mark the first time many of its policies have been reviewed for eight years.

But Beverly Cook, managing director at Expacare, said flexible policies should be reviewed annually. "As workforces change, employers can change the benefits to suit the staff they have," she said.

Other employers that are focusing on aligning HR and benefits globally include GFK Group, which is to launch a global online HR, compensation and performance management tool, and BT Group, which has expanded the reach of its global pay review process to include 38,000 staff across 60 countries.

Global mobility issues will be one of the focuses at Employee Benefits Connect 2014, which takes place in London on 27 February.

Benefits need to be adapted for locations such as Singapore

Employers focused on global alignment

- Lloyds Register is developing a centralised global mobility service across its international locations.
- GFK Group is to launch a global online HR, compensation and performance management tool.
- BT Group has extended the reach of its global pay review process to include 38,000 employees across 60 countries.

@ See also *25% of expats not offered moving allowance* at: bit.ly/1jeV9a8

WORK-LIFE BALANCE

Shared parental leave could create issues for employers

Robert Crawford

The government has outlined how its incoming system of shared parental leave will work when it comes into effect in April 2015.

Under the new system, eligible working families will have more flexibility around balancing work and caring commitments. Parents will be able to be at home together or to work at different times and share the care of their child.

The government also announced that the system will include: capping the number of times staff can notify their employer to take parental leave; the right for each parent to have up to 20 days to support their return to work after shared parental leave; and aligning the notice periods for leave and pay for a parent taking paternity leave.

Although the system is aimed at providing greater flexibility for staff, some fear it could present problems for employers.

Julian Cox, employment lawyer at Fletcher Day, said: "The new rules will present a potential headache for employers. They will have to change their thinking for working families and will need to plan staff needs in more detail.

"In an effort to allay fears about the impact on businesses, appropriate notice requirements are built in to enable employers to plan for shared parental leave."

Employers' efforts to help parents return to work have also been called into question by research published late last year.

Figures published by parenting website Mumsnet in November found that 26% of the staff surveyed worked for an employer with no return-to-work policy. When asked what employers could do to be more family-friendly, the most popular response was to offer flexible-working arrangements.

Meanwhile, research by the Trades Union Congress, also published in November, ranked the UK last in Europe for providing working parents with well-paid leave following the birth of a child.

Its survey found that the European average for maternity leave is 43 weeks, compared with six weeks of statutory maternity pay at 90% of salary in the UK. Working mothers in the UK are also entitled to an additional 33 weeks' pay, but this is only at £136 a week. Just one in four women in the UK receive extra occupational maternity pay from their employer.

However, some employers have been recognised for embracing flexible working and creating a family-friendly workplace. Atkins, Barclays, Danone and Royal Mail Group were among the employers recognised in the Workingmums.co.uk Top Employer Awards.

@ Read more on the new system of shared parental leave at: bit.ly/18wlSsZ

This month's trends

MPs: pay and pensions will be reformed

PENSIONS

MPS' pay and pensions to be reformed

From 2015, MPs will receive pay linked to average earnings, and a pension scheme on a par with other parts of the public sector.

http://bit.ly/1fbVeFT

UNITED RESPONSE sees 3.6% auto-enrolment opt-out

Only 52 of the charity care provider's 1,451 employees who were auto-enrolled on 1 October opted out of its stakeholder pension scheme, provided by Friends Life.

http://bit.ly/1h6VdV9

MCCARTHY & STONE raises pensions take-up by 45%

Since the home developer launched a workplace savings platform in 2010, pension scheme membership has risen from 202 to 293.

http://bit.ly/1c1je0u

PAY & BONUSES

LONDON UNDERGROUND drivers to get £350 bonus

The bonus payment is for working on Boxing Day, and follows industrial action by train operators on the last three Boxing Days.

http://bit.ly/1b2zN5X

ROYAL MAIL reaches pay settlement with union

The agreement, with the Communication Workers Union, includes pay increases totalling 9.1% over three years, a £200 lump sum payment and a new employee incentive scheme.

http://bit.ly/1bDOn98

QANTAS GROUP to freeze pay and bonuses for executives

The airline is introducing the changes as part of a bid to achieve total cost savings of A$2 billion (£1.1 billion) over three years.

http://bit.ly/1fqvXZe

COMPANY CARS & FLEET

LEICESTER CITY COUNCIL launches salary sacrifice cars

The scheme, operated by Tusker, includes motor insurance, servicing and maintenance, roadside assistance, tyres and glass, plus protection against redundancy and maternity leave.

http://bit.ly/19msEBo

85%

of employers are making changes to their benefits provision

http://bit.ly/1bvRbnX

HEALTH & WELLBEING

NORTON ROSE FULBRIGHT hosts wellbeing event

The event, which is the first phase of a holistic health and wellbeing strategy implemented by the law firm, included a healthcare benefits fair and a range of seminars for employees to attend.

http://bit.ly/1b2HMzV

DANONE uses health cash plan to cut PMI costs

Since the health cash plan was launched, 23% more staff have joined the organisation's private medical insurance scheme, and the overall cost of cover has fallen by 6%.

http://bit.ly/18IZVWG

ARCO wins award for health and wellbeing

The safety organisation's distribution centre provides staff with daily health tips, fruit and smoothies, and has introduced support groups for staff that want to stop smoking.

http://bit.ly/1bD1A0d

LONDON LUTON AIRPORT halves healthcare costs

Since it launched a health cash plan and hospital treatment insurance with Westfield Health, it has halved its healthcare costs and seen staff take-up rise to nearly 100%.

http://bit.ly/1j3l4Bz

Luton Airport: cash plan has taken off

NEW PRODUCT ROUND-UP

Online health assessment tool launched
The tool, provided by Healthy Performance, provides employers with real-time data as staff complete the assessments.

http://bit.ly/1d9ad1I

Zurich launches partner group life assurance
The product includes flexibility for the employer to set the value and number of benefits steps, up to a maximum of £250,000.

http://bit.ly/1h6RiYm

Standard Life launches SMEs auto-enrolment tool
The product, Good to go, includes online support to help advisers and employers at each stage of compliance, and claims to be able to help employers set up a pension scheme in six minutes.

http://bit.ly/1dbutzZ

InterGlobal enhances cancer cover on IPMI
The international medical insurer has removed previous limits and excesses for cancer cover from its UltraCare Standard, Select, Comprehensive and Elite plans.

http://bit.ly/1bLziBD

Denplan enhances product range
Its Lucent range will now cover dental implants as standard and has two new levels of cover.

http://bit.ly/1jXkMKB

Travis Perkins staff to share £17m sharesave payout

More than 7,000 employees will share nearly £17 million following the maturity of a five-year sharesave scheme on 1 December 2013.

This could amount to profits of up to £50,000 per employee after the home improvement organisation's share price rose by 50% over the past 12 months.

http://bit.ly/1fqyrHc

GLOBAL BENEFITS

LLOYDS REGISTER to centralise global mobility

The process, which it aims to finalise by June 2014, started with a move to align all its expatriate private medical insurance schemes.

http://bit.ly/1dxePze

SHARE SCHEMES

B&Q staff to share £15m share plan payout

Parent company Kingfisher Group's three-year and five-year sharesave schemes have matured, leading to an average gain of £6,867 per employee, for 1,278 staff at B&Q and 148 at Screwfix.

http://bit.ly/1eaKJX3

BURBERRY, BT AND RIO TINTO win share plan awards

IFS Proshare has handed out awards for best new share plan, best international share plan, most effective communication, and best overall performance in fostering employee share ownership.

http://bit.ly/1c1matP

EDWARDS GROUP awarded for share schemes

The manufacturer won 'Best employee share ownership plan (more than 1,500 employees)' at the Employee Share Ownership (Esop) Centre Awards 2013.

http://bit.ly/JfE1Ra

FLEXIBLE BENEFITS

REEVES & CO uses flex to manage acquisition

CLB Gatwick staff who are to join the accountancy firm will be able to select benefits through an additional enrolment window, which will open in January 2014.

http://bit.ly/IU2v1U

Wolseley: driving flexible benefits

26%

of respondents work for employers with no return-to-work policy after maternity leave

http://bit.ly/18IWL5o

WOLSELEY UK launches flexible benefits scheme

The scheme, Your Choices, offers a flex fund for all 6,200 employees, at 1% of salary, which can be used to buy additional benefits, be taken as cash, or both.

http://bit.ly/18ITKC1

VOLUNTARY BENEFITS

SOUTHCO MANUFACTURING launches online portal

The portal, provided by BHSF, has access to the organisation's voluntary benefits package and a new environmental benefit.

http://bit.ly/19mt7Ub

CHILDCARE & CARERS

BARCLAYS AND DANONE win family-friendly award

The Workingmums.co.uk Top Employer Awards recognised the employers for creating a family-friendly working environment.

http://bit.ly/1gvFdi1

Danone: family-friendly environment

EXCLUSIVE RESEARCH

Gender pay gap among HR professionals is £8,844

The average gender pay gap among HR and benefits professionals is £8,844, according to exclusive research by *Employee Benefits*. The *Salary survey 2014* found that male respondents earn, on average, a basic annual salary of £61,624, while female respondents earn £52,780.

http://bit.ly/1jXefQb or see page 22

33% of HR and benefits professionals received pay rises of 2-3% in the past year

74% of HR and benefits professionals receive cash bonuses

91% of HR and benefits professionals are members of workplace pension schemes

PEOPLE MOVES

Costa rewards Rackham

Costa Coffee has appointed Jo Rackham head of global reward. Her previous roles at the chain's parent, Whitbread, include head of HR projects, head of central HR, and head of reward and analysis.

Tui Travel appoints Cross

Tui Travel has appointed Robert Cross interim head of reward, UK and Ireland. His previous role was global head of reward at ESAB Holdings.

Watts joins Astellas Pharma

Astellas Pharma has appointed Julia Watts associate director of reward. She moves from her role as compensation and benefits manager, Europe, Middle East and Africa at Hess Corporation.

Woods moves to QinetiQ

QinetiQ has appointed Colin Woods group reward manager. Previously, his interim roles included compensation and benefits specialist at Novo Nordisk A/S, total reward subject matter expert at Ericsson and reward consultant at Proxima.

Young is pensions chief

Royal Bank of Scotland has appointed Carol Young pensions chief. Previously, she was pensions manager at Heineken UK and an investment consultant at Mercer.

Ford promotes Ashcroft

Ford Retail has promoted Sharon Ashcroft to HR director. She will oversee the organisation's HR function, which includes pay and reward, learning and development, and health and safety.

The latest information on legislation and tax issues affecting employee benefits, including the Chancellor's Autumn Statement, regulatory guidance on DC pensions, and disclosure requirements for executive reward

ADVICE FROM THE EXPERTS

Barbara Allen is a corporate partner at Stephenson Harwood

New disclosure regime for executive reward

The next annual general meeting (AGM) season will see quoted UK organisations reporting under the new remuneration regulations for the first time.

Under the new format, remuneration reports must include a letter from the chairman of the remuneration committee outlining any significant changes during the reporting year, a forward-looking policy report and an annual report on how the organisation's remuneration policy was implemented during the year.

The policy report, which must be voted on by shareholders at least every three years, must detail the employer's remuneration policy. Organisations must ensure it is comprehensive, yet sufficiently flexible to last. An organisation can only make payments that comply with its policy, so it should stress-test scenarios to see whether its policy is broad enough.

One challenging aspect is the use of discretion in relation to the different components of pay. Discretion may be key where an executive leaves or the organisation is taken over and the business wants to have scope to decide the quantum of any bonus or share awards.

Although the overall framework for the annual report on remuneration is broadly similar to previous requirements, more detailed information is needed and the regulations specify how to present it.

In setting their remuneration policy, employers must strike a balance between shareholders having sufficient information to take a view on how to vote, and retaining operational flexibility.

@ To read more advice from legal experts, go to: bit.ly/RYrvb6

LEGISLATION

What Autumn Statement means for staff benefits

Robert Crawford

Chancellor George Osborne announced changes affecting employee benefits in his Autumn Statement on 5 December 2013:

- From April 2014, the limits on sharesave schemes will double from £250 to £500 a month, and the maximum value of shares employees can acquire with tax advantages through share incentive plans will also rise: *bit.ly/JyZkhr*
- The rise in state pension age has been brought forward to 68 by the mid-2030s and 69 by the late 2040s: *bit.ly/IPJCxK*
- The basic state pension will increase by £2.95 a week from April 2014. By 2014/15, it will be about £8.50 a week higher: *bit.ly/19t3jWq*
- From January 2014, the Office for Tax and Simplification will introduce nine 'quick wins' for tax efficiencies on benefits: *bit.ly/1cMnv6l*
- Plans for a tax exemption on employer-paid healthcare on amounts up to £500 were confirmed. Tax relief will extend to exempt medical treatments recommended by employer-arranged occupational health services: *bit.ly/1kiwk8w*
- The fuel duty rise planned for 1 September 2014 was cancelled: *bit.ly/1k8uudg*
- An annual exemption from income tax on bonuses in employee-owned organisations will be introduced on amounts up to £3,600: *bit.ly/1dJ2Iz4*
- A public sector pay bill control will be piloted to replace the 1% cap on pay awards for some government organisations: *bit.ly/1gDiDnu*
- Employer national insurance contributions for under-21s earning less than £813 a week will be abolished from 6 April 2015: *bit.ly/ItXYnf*
- The Finance Bill 2014 will contain legislation to prevent high-earning non-domiciled employees avoiding tax via dual contracts. Currently, staff that are UK residents but work abroad have their foreign income exempt from UK income tax.

@ Read more about the changes to employee share schemes on page 5 or at: bit.ly/JDda2x

PENSIONS

The Pensions Regulator publishes DC code and guidance

The Pensions Regulator (TPR) has published regulatory guidance for defined contribution (DC) pension schemes.

The code, which came into effect on 21 November, sets out how pension trustees can meet the requirements of pensions legislation. It had been the subject of a consultation earlier in 2013.

The guidance provides information, education and assistance on standards of governance and behaviours that relate to delivering good member outcomes.

It aims to protect retirement savers and ensure their money is invested into schemes that are well run in their interests. Employers could incur enforcement action if they fail to comply with the new standards.

Nick Cook, senior consultant at Towers Watson, said: "This is an important step in addressing governance, but it is important that trustees do not view it as a 'tick the 31 boxes and move on to something else' exercise."

In 2014, TPR plans to review DC schemes' compliance with pensions legislation and will publish a template 'comply or explain' governance statement that DC trustees can use to tell scheme members, the employer and TPR whether they meet the regulator's six principles and 31 quality features for DC schemes.

@ Read also *Regulator launches public sector pensions consultation* at: bit.ly/1bcgirK

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Co-operative Flexible Benefits is recommending parents use childcare vouchers, which are an alternative way to pay for childcare. **A family with two working parents using childcare vouchers can save over £1,800 per annum towards childcare costs.**

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We're part of The Midcounties Co-operative – the largest independent co-operative in the UK – and proud to be in the Sunday Times 25 Best Big Companies to Work For. We believe in working together to achieve benefits for all, to make our communities better places to live and work.

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employee benefits CONNECT

Hurry up if you want to book a place at one of this year's top events in reward and benefits, Employee Benefits Connect, which takes place at London's Park Plaza Westminster Bridge Hotel on 27 February

Top 10 themes that will be covered

Meet UK benefits experts and business futurologists to discuss cutting-edge trends and issues during a one-day conference and roundtable workshops. Topics covered will include:

- How the benefits manager's role is evolving.
- What impact will 2014 tax changes have on salary sacrifice?
- Retaining talent with a limited budget during a changing economy.
- Evolving technology: future view of how benefits will be delivered.
- What is ahead for salary sacrifice car schemes?
- Dealing with cancer in the workplace.
- Why senior management need to take workplace stress seriously.
- Integrating pensions auto-enrolment into your HR strategy.
- The future of the workplace.
- Making the most of global recognition schemes.

The full conference and workshop programme can be viewed online and places can be booked at *www.employeebenefitsconnect.co.uk*

- *Employee Benefits Connect will take place on 27 February at London's Park Plaza Westminster Bridge Hotel.*

Employee Benefits Connect will launch in New York, US on 25 March 2014. Register to attend at http://totallyexpat.com/new-york-eb-connect/

Google and B&Q to share expertise

Leading benefits directors from top employer brands will take part in Employee Benefits Connect on 27 February at London's Park Plaza Westminster Bridge Hotel.

The one-day conference aims to inspire innovation among delegates by giving a future view of employee benefits strategy and the marketplace.

By taking just a day out of the office, delegates will be able to hear thought leaders such as Caroline Adam, director regional rewards at Blackberry; Oli Husemeyer, international project manager at Google; Janet Mckenzie, reward manager at B&Q; and Sara Harper-Holton, HR director at Weight Watchers UK.

There are four themed streams of conference sessions, each chaired by benefits professionals from Coca-Cola, Novae and the Chartered Institute of Personnel and Development.

- *The full conference programme can be viewed online and places can be booked at www.employeebenefitsconnect.co.uk*

Benefits suppliers and advisers to play key part

Experts from Aon Hewitt, Benefex, Bupa, Capita, Cigna, Hymans Robertson, Lorica, SG Fleet, Westfield Health, Zenith and Zurich will be running roundtable workshops or conference sessions on key topics during the event.

The exhibition attached to the conference will showcase a wide range of benefits suppliers and advisers, including Ase Corporate Eyecare, BHSF, Co-op, Cycle Solutions, Generali, Hot Frog, Incorpore, JLT, Lifescan, Tastecard, The People's Pension, Sodexo and Xexec.

- *Register to attend at www.employeebenefitsconnect.co.uk*

@ www.employeebenefits.co.uk/events

There's still time to enter the Employee Benefits Awards 2014, which now offer a choice of 22 categories

Don't miss the new deadline for entries

Friday 17 January is the extended deadline for the Employee Benefits Awards 2014, so there is still time to submit your entry.

We will not accept entries past this date, so make sure you don't miss out. All the information you need to enter, along with the category details and entry forms, is available at *www.employeebenefitsawards.co.uk*.

There are 22 categories to enter, so there is sure to be one to recognise your hard work.

Workplace stress has risen up the agenda, but can be tricky to tackle. Have you launched an employee assistance programme? Have you taken steps to rehabilitate staff back into the workplace after a stress-related absence? If so, the award for 'Best stress management' could give you the recognition you deserve.

Or, if you have taken steps to educate staff about financial matters to improve their financial wellbeing, the category for 'Best financial education strategy' could be for you.

And if your organisation operates across two or more countries, or has many expatriate staff, the accolade for 'Best international or expatriate benefits' could be within your reach.

Also, if you are a provider, consultant or adviser that has worked with clients on such projects, you can enter them for an award.

EMPLOYEE BENEFITS AWARDS 2014 CATEGORIES

BEST STAFF TRAVEL POLICY
Most effective travel strategy for business and perk car drivers

BEST HEALTHCARE AND WELLBEING BENEFITS – SMALL EMPLOYER
Most effective healthcare and wellbeing strategy for employers with fewer than 1,000 staff

BEST HEALTHCARE AND WELLBEING BENEFITS – LARGE EMPLOYER
Most effective healthcare and wellbeing strategy for employers with more than 1,000 staff

BEST STRESS MANAGEMENT
Most effective stress management strategy

BEST PENSIONS AUTO-ENROLMENT STRATEGY
Most effective strategy to comply with pensions auto-enrolment legislation

BEST PENSIONS COMMUNICATIONS
Most effective pensions communications strategy

BEST DC PENSION DEFAULT INVESTMENTS
Most effective defined contribution (DC) pension default investment strategy

BEST FINANCIAL EDUCATION STRATEGY
Most effective use of financial education and workplace savings

MOST MOTIVATIONAL BENEFITS
Most effective motivation or incentive strategy

BEST FLEXIBLE BENEFITS PLAN
Most effective use of a flexible benefits plan

BEST VOLUNTARY BENEFITS
Most effective use of a voluntary benefits plan and staff deals

BEST EMPLOYEE SHARE SCHEMES
Most effective all-employee share scheme strategy

BEST INTERNATIONAL OR EXPATRIATE BENEFITS
Most effective reward or benefits strategy for staff based outside the UK

BEST BENEFITS COMMUNICATIONS – SMALL EMPLOYER
Most effective benefits communications strategy for employers with fewer than 5,000 staff

BEST BENEFITS COMMUNICATIONS – LARGE EMPLOYER
Most effective benefits communications strategy for employers with more than 5,000 staff

BEST WORK-LIFE BALANCE STRATEGY

BEST TOTAL REWARD STRATEGY
Most effective total reward strategy

BEST TOTAL REWARD STATEMENTS
Most effective use of total reward statements

BEST ALIGNMENT OF BENEFITS TO BUSINESS STRATEGY
Most effective alignment of benefits strategy to business strategy

BEST PAY AND BONUS STRATEGY
Most effective pay, bonus and commission strategy

MOST ENGAGING BENEFITS PROPOSITION
Most effective use of benefits within an employee engagement strategy

BENEFITS TEAM OF THE YEAR

EMPLOYEE BENEFITS PROFESSIONAL OF THE YEAR

Pay and auto-enrolment strategies recognised

The Employee Benefits Awards 2014 feature several new categories.

For example, if you have restructured pay levels, benchmarked salary levels, taken steps to ensure equal pay, restructured bonus schemes or introduced performance-related pay, we have introduced the category 'Best pay and bonus strategy'.

And to recognise all the hard work employers have invested in auto-enrolment, we have introduced the category 'Best pensions auto-enrolment strategy'.

Employers are encouraged to enter initiatives they have introduced during the past year, as well as successful longer-running benefits strategies.

Find all the information and enter at www.employeebenefitsawards.co.uk

@ email us at **eb.editorial@centaur.co.uk** with your views

Lovewell's Logic

Debbie Lovewell-Tuck looks at the need to encourage staff health and wellbeing all year

Healthy pursuits can fight winter blues

During the winter months, the temptation to indulge in stodgy comfort food and glasses of red wine lounging beside roaring fires can often be hard to resist. All too often, good intentions around exercise and healthy eating go out of the window with a promise to be good when the weather improves.

The winter months might not seem the best time to launch or promote health and wellbeing initiatives, but research by Bupa and the Centre for Economics and Business Research has found that staff with poor health and a lack of motivation cost the UK £6 billion last year, so employers could be missing a trick if they limit wellbeing activity to the summer.

The study of 5,000 workers found that 29% of respondents said they are unable to concentrate at work because of poor health, while 37% are experiencing stress and pressure due to ill-health and staff absence. Yet, despite such findings, 41% of respondents perceive wellbeing to be all talk and no action in their organisation.

With the study also indicating a rise in stress in some parts of the UK, wellbeing initiatives, such as encouraging staff to exercise or providing on-site classes or activities, could lift moods.

The winter's seasonal conditions could actually be used as a selling point: after all, who doesn't love a snowball fight or ice skating?

And, if you've taken steps to manage stress in your organisation using health and wellbeing initiatives, why not enter 'Best stress management strategy' in the Employee Benefits Awards 2014?

Follow Debbie Lovewell on Twitter: @DebbieLovewell

LINKEDIN DISCUSSION BOARD

In her leader column for the December 2013 issue of *Employee Benefits* that looked back at 2013, Debi O'Donovan, editor of *Employee Benefits*, noted how interesting it is to see more focus on staff wellbeing.

@ Interesting to see you talk about wellness being on the up. The two areas we see increasing levels of activity and spend are anything that relates to more agile and smarter working, and anything that helps talented women.
Ben Black, managing director of My Family Care

@ Very pleased the impact of our ageing demographic on employee wellbeing is being recognised and acted upon. What we are seeing now, with the evolution of new employee benefits, is to not only deal with, but reap rewards from, the ageing workforce challenge.
Christopher Minett, managing director of The Positive Ageing Company and AgeingWork

Financial education will rise up the agenda in 2014

Last year was full of challenges and I can see plenty of activities ahead in 2014.

One thing that has become critical is the provision of financial education in the workplace and ensuring that the right offering is there to ensure that financial planning will underpin employees' career and retirement planning.

I think we will really see education form a key part of being an employer of choice and linking directly to motivation and engagement. We will see development become more of a key part of the recruitment and retention tool.

We will also see individuals looking at employers' personal and professional development offering when they are choosing where to work. Generation Z is starting to enter the workforce and will bring a new angle to looking at reward: higher levels of student debt, higher cost of living, higher expectations of a career. Just what will they want to see in the reward package?

The importance of branding and communicating the reward package will also be an ongoing theme, plus the ability to make this an extension of organisational values. I expect to see some innovative reward package branding in 2014.

Ian Hodson is reward and benefits manager at the University of Lincoln

Staff motivation must be a priority in NHS

Predictions of a hard winter, talk of pay freezes, controversy over the salaries of senior National Health Service (NHS) managers, and the push for seven-day working means staff motivation and morale is a growing issue for the NHS.

HR professionals in the NHS must examine how to get the best value out of their employee benefits and incentive budgets.

Managers can do more to promote excellent work with non-cash rewards, and length-of-service awards to boost employee motivation.

NHS trusts that do not make motivation a priority will suffer high turnover and absenteeism, leading to poor patient care.

Kuljit Kaur is head of business development at The Voucher Shop

Healthcare trusts have key attractions

It was good to see the virtues of healthcare trusts highlighted in December's *Buyer's guide to healthcare trusts*. For employers, the flexibility offered by a trust arrangement is key.

A trust can be employer-branded, covering treatment that might be too expensive from an insured solution. Alternatively, the healthcare benefit can be packaged to mimic an existing insured solution, for example to ease the transition from insured to trust-based arrangements.

A trust structure may appear daunting but, with the right advisers and governance, the work involved is minimised. But be mindful of the legal context of the employment relationship, which can become blurred when the benefit feels like it is being brought in-house.

Clear lines of communication can prevent expectations being set by the employer that might, in the worst-case scenario, turn into contractual obligations, which the trust may not be able to satisfy. It may also minimise the risk to staff relations that could arise where treatments are perceived to have been turned down by the employer.

Paula Hargaden is a senior associate at Burges Salmon.

From the **frontline**

Pulling the right levers in reward

Duncan Brown looks at the mechanisms to boost productivity and pay

"We haven't got some magic lever (to pull) in the Treasury that says 'increase wages'." That was how Treasury minister Sajid Jarvid expressed civil servants' frustration with the debate following the Chancellor's Autumn Statement.

Rather than welcoming the upward revision to national economic growth forecasts for 2013 (1.4%) and 2014 (2.4%), much of the post-statement debate focused on the cost-of-living issue and who shares in that growth, with the Institute of Fiscal Studies showing the average employee earns £1,600 less in real terms than they did at the last election.

The week before, US President Obama had labelled rising inequality "the defining issue of our time" and cited a much higher minimum wage as a lever he wanted to pull. A report that week from the Organisation for Economic Co-operation and Development, *Divided we stand*, showed that the richest 10% earn nine times the income of the lowest decile of earners across the major economies, with a ratio of 12 times in the UK, where inequality has risen more quickly than in any other country since 1985.

The jobs economist John Philpott pointed to a key driver of this, and our lamentable productivity performance, at a Civil Service Employment Policy seminar on reward strategies, the so-called 'hollowing out' of UK employment. Most jobs growth is occurring in the elementary, low-skilled service and high-skilled management and professional jobs, while the middle-skilled (and class) jobs are suffering the most significant reductions.

Yet, as he pointed out, these trends are not just caused by arbitrary market forces.

When I started in HR in the motor industry, practices such as skills-based pay and job enrichment were the norm: developing people's skills, growing their jobs and promoting from within, improved performance and productivity far beyond the additional pay costs involved.

I worked on the *Agenda for Change* pay reforms and on creating a 'skills escalator' in the NHS. Yet many employers seem to have forgotten how to use these tools, with their productivity and employees' living standards suffering as a result.

> "The results are evident in narrow, low-paid and frustrating jobs"

Fifty years ago, in *Organisational development: strategies and models*, Richard Beckhardt defined the managerial role as "fully mobilising the energy of the organisation's human resources towards achieving the organisation's performance objectives" and "organising the structures of work and jobs, systems and relationships".

HR functions spend lots of time on the first of these, which we now call engagement, yet seem to have abandoned the latter to IT and project management professionals. The results are evident in narrow, low-paid and frustrating jobs, and de-humanised work processes.

Reward and benefits professionals need to rediscover and regain control of job and organisation design and reinstitute essential levers, such as skills-based pay, to help improve employee productivity and, thereby, also address widening inequality and declining social mobility.

Follow Duncan on Twitter: @duncanbhr

TWEET ABOUT THE FORMULA FOR AN ADEQUATE PENSION

In response to deputy editor Debbie Lovewell-Tuck's December feature, *How much do staff need to contribute for a comfortable retirement?*, Phil Rixon, senior reward manager at Ladbrokes, tweeted:

@PCRixon: "Retirement recipe by @DebbieLovewell in @EmployeeBenefit is a 2013 lightbulb moment for me: [defined contribution] pot = house value. Complex message made simple!"

TOP 10 MOST VISITED STORIES ON THE WEB*

1	Autumn Statement: Basic state pension to increase by £2.95 a week
2	Abercrombie staff entitled to guaranteed payments
3	Review of the 2013 benefits landscape
4	How to measure workplace stress
5	How the Autumn Statement will impact employee benefits
6	How much do staff need to contribute for a comfortable retirement?
7	Autumn Statement: Government to extend tax exemption on employer-paid healthcare
8	London Luton Airport halves healthcare costs
9	HM Revenue and Customs wins tax avoidance case
10	Danone uses health cash plan to cut PMI costs

*Ranked by the number of page impressions from 15 November to 13 December

THE MONTH IN NUMBERS

£2.95 a week: the increase of the basic state pension from April 2014 (see page 10)

£8,844 the average gender pay gap of HR professionals (see page 22)

33% of HR and benefits professionals received pay rises of 2-3% in the past year (see page 22)

This month's big question:

How will changing state pension ages affect employers' strategies?

The Chancellor's recent announcement of bringing forward the rise in the state retirement age came as no surprise to HR professionals. In fact, he did not go far enough.

On 11 December 2013, the Office for National Statistics released an update to its projected mortality figures, predicting that girls born in 2013 would live to, on average, 94 years of age, with boys still living slightly shorter average lives.

The statistics also show that more than one-third of those born in 2013 are expected to reach the age of 100, 30 years after the updated retirement age. Future Chancellors will clearly have to revisit this issue frequently.

What does this mean for employers? On the employee benefits side, it will impact our cost models for health-related benefits and retirement savings, but those are small and incremental changes. More fundamentally, it will require us to get used to longer career tenure, and later retirement of people in their 60s and even into their 70s and beyond. This has an impact on job design, career structures, salary progression, and learning and development.

This can be seen as an exciting prospect, of creating an employment proposition that attracts and retains a workforce with broad skillsets and deep experience in the workplace. There will also be employees who have seen many of the fads and fashions of management come and go over their careers.

This makes them somewhat immune to the normal propaganda of staff communications and eager to participate in an authentic conversation about the business. Time to grow up, you might say. About time too, I say.

Simon Nash is HR director at Carey Olsen

My compensation and benefits career has been spent in professional services organisations in the financial and technology sectors. There, proposed increases to the state pension age will not have an impact on the retirement plans of many employees.

Our employees are relatively high earners and most take part in the organisation's pension scheme. So, as they approach their 60s, most should have savings, investments and assets, and should have built up a fairly substantial pension.

I say 'should' because this is hypothetical. Technology is a young sector, which employed enthusiastic young adults in the 1980s and 1990s. Even these early tech-sector employees are typically only in their 40s or 50s now. In 10 years of working in the technology sector, I don't think I've seen a UK employee retire.

The assets that our employees will have later in life means they should have a fair amount of flexibility around their retirement plans, and I would expect many to go and demonstrate their competence in a different way later in their careers; for example, as independent consultants or contractors, perhaps working part time.

Once they get to a point where they feel they have accumulated sufficient retirement income, the main driver of their decision to eventually stop working and 'retire' is likely to be based on opportunities, what they feel like doing with their time, health, or other priorities. It won't be the date at which their retirement income is 'topped up' with the state pension, so small changes to the state pension age will not alter some organisations' pension strategies.

Ian Wright is director of compensation and benefits at The Attachmate Group

The state pension was originally designed with the expectation that it would be paid out for five years. With all of us living longer, the state pension is no longer affordable on its current terms. For those of us in the industry, the rise in the state pension age was confirmation of the inevitable, but was it expected by the public?

The Pensions Advisory Service takes more than 80,000 calls and online enquiries each year, and 15% of them are people looking at retirement. Many people are still talking about the retirement ages of 60 and 65, which suggests there is a mismatch between their expectations and reality.

When they reach the old state pension age, they may discover that they do not have sufficient pension or savings to retire.

This is a big issue for employers. With the age discrimination rules, employers could find they have an ageing workforce, with people working because they have to, rather than want to. What will this do to productivity? What will it do to morale? How hard will it be for employers to manage this situation?

Employers need to think about how to avoid this situation. Providing information and guidance to employees is essential, and it does not have to be expensive. The Pensions Advisory Service provides free information and guidance to the public, and employees are the public. This raises employees' awareness of the deferred remuneration they are receiving by way of pension contributions and gives them reasonable expectations on what they need to do if they want to retire at the old state pension ages.

Michelle Cracknell is chief executive of the Pensions Advisory Service

Do you agree with these views? Join the discussion by searching for the **EmployeeBenefits** group on LinkedIn

Overcoming obstacles is rewarding experience

Jonathan Sparham, head of HR operations at Novae Group, says there are parallels between his passion for dog showjumping and the professional challenges he faces in HR management

Jonathan Sparham, head of HR operations at insurance underwriter Novae Group, spends his downtime with his three-year-old daughter, Polly, or showjumping with his Spanish water dog, Nela. And he insists there are parallels between canine showjumping and working in HR.

You're working as part of a team with someone that is a bit unpredictable," he says. "You've got these obstacles to get past, and you always have to think about how you're positioning yourself in terms of tackling these in the best way.

"Employee populations are similar. You may think everything is going smoothly, then there is a hiccup that can throw you off course. Keeping in touch with the business and the pulse of what is going on is tricky, especially when there isn't necessarily a single voice for all employees."

Sparham started his HR career at Procter and Gamble (P&G) in 1999, where he was tasked with moving 1,500 expatriate employees into a global business centre in Geneva, Switzerland. "It was very complex, in terms of understanding [benefits] packages, the impact of taxes, and then dealing with the human aspect of how employees react when they move from one country to another," he says. "It was a great experience and great grounding."

A role in compensation and benefits design at P&G followed, and then a similar post at paints and coatings producer Akzo Nobel and a Spain-based role with customer management organisation Convergys' DuPont division. "I was looking at the blueprinting of benefits plans through Europe for DuPont, and looking at how we could automate a lot of those plans," he says.

Sparham returned to a global mobility role at Unilever in 2009, after which he moved to American Express, where he managed the organisation's UK benefits, including its flexible benefits renewal and pension auto-enrolment process.

Financial education

"One of the biggest projects was financial education for employees," he says. "I worked with the Money Advice Service on providing face-to-face presentations at all the sites in the UK. That was a natural way into auto-enrolment and getting people thinking about pensions."

Novae Group is the smallest organisation at which Sparham has ever worked, with 270 staff, and this is his most generalist HR role yet after years of working in relocation and expatriate benefits for large multinationals.

"Working in relocation, I got quite a lot of experience of seeing all these different things in miniature," he says. "But this role is a bit broader, because I am looking at the whole organisation rather than particular individuals.

"I quite enjoy it, because you can actually influence the way one set of communications can feed into another.

"A number of interesting strategic projects are taking place at the moment, and HR is playing a pivotal role in enabling the business to succeed in these. The organisation recognises that its most important asset is its people, and is true to its word in terms of a principled approach to managing the workforce.

"It walks the walk, and isn't restrained by the bureaucracy that much larger organisations often have." **Jennifer Paterson**

CURRICULUM VITAE

February 2013-present head of HR operations, Novae Group

August 2010-September 2012 benefits manager, EMEA, American Express

January 2009-August 2010 international mobility process manager, Europe, Unilever

March 2007-December 2008 benefits manager, Convergys Spain

April 2006-February 2007 compensation and benefits manager, Akzo Nobel

January 2004-February 2006 compensation and benefits programme design manager, Procter and Gamble

July 1999-January 2004 relocation and expatriate services, compensation and benefits, Procter and Gamble

Q&A

How would you describe yourself?
I like building relationships with people and understanding what motivates them. It's only by building these relationships that you get the most out of them.

What is your favourite benefit?
The share incentive plan (Sip). It builds a genuine sense of ownership and buy-in from employees. Employees talk about the share price and how projects may impact the business overall. It is a great engagement tool, and with such a generous plan (buy one, get two free) and high participation (75%), it's easy to understand why.

What are your hobbies?
I spend a lot of time with Polly, my (nearly) four-year-old. She's highly entertaining at the moment. She just talks and talks. My other big passion is showjumping with my dog.

Categories to enter

- Best staff travel policy
- Best healthcare and wellbeing benefits – small employer
- Best healthcare and wellbeing benefits – large employer
- Best stress management
- Best pensions auto-enrolment strategy
- Best pensions communications
- Best DC pension default investments
- Best financial education strategy
- Most motivational benefits
- Best flexible benefits plan
- Best voluntary benefits
- Best employee share schemes
- Best international or expatriate benefits
- Best benefits communications - small employer
- Best benefits communications - large employer
- Best work-life balance strategy
- Best total reward strategy
- Best total reward statements
- Best alignment of benefits to business strategy
- Best pay and bonus strategy
- Most engaging benefits proposition
- Benefits team of the year

- Employee benefits professional of the year
  (nominations only to eb.editorial@centaur.co.uk)

EXTENDED ENTRY DEADLINE:
17th January 2014

WEALTH at work
KNOWLEDGE | EXPERIENCE | OPPORTUNITY

Westfield Health
Harder working health cover

ENQUIRIES

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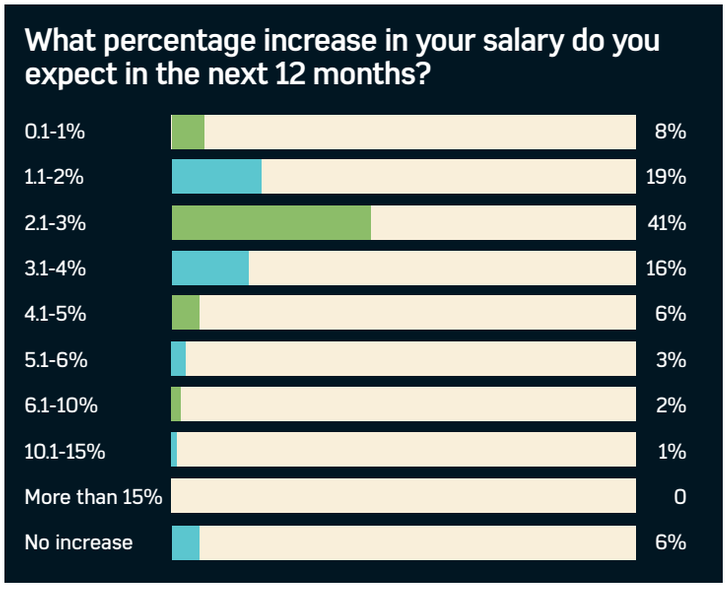
Anna Walder
Senior Events Coordinator
020 7970 4734
anna.w@centaur.co.uk

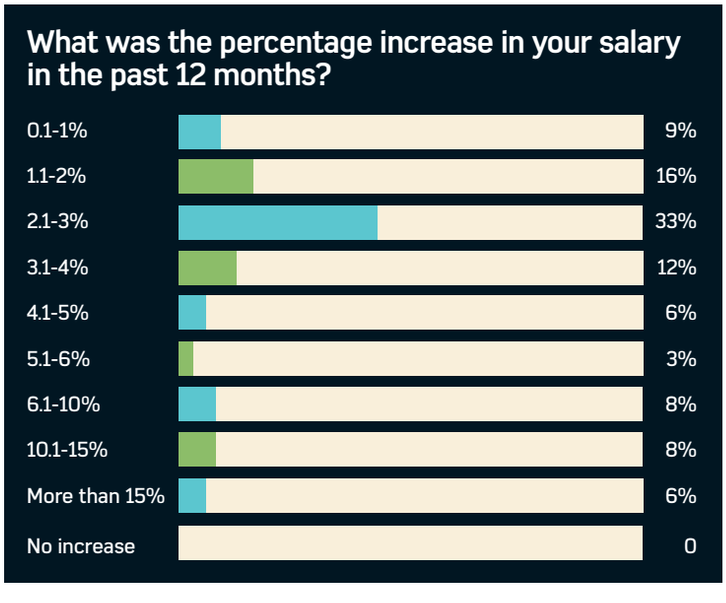
Sponsorship
Jessica Garland
Business Development Manager
020 7943 8063
jessica.garland@centaur.co.uk

PACKAGE DEALS

How do HR and benefits professionals' own reward and perks compare? **Jennifer Paterson** analyses *Employee Benefits*' latest *Salary survey*

Employee Benefits' Salary survey has captured the reward trends arising from a post-recessionary UK economy, among HR and benefits professionals with responsibility for managing benefits and reward in their organisations. For our 2014 research, *Employee Benefits* surveyed 361 employees about their own benefits packages, salary and pension arrangements. Respondents' job titles ranged from HR officers through to pensions managers, heads of international reward and benefits directors. The majority (89%) of respondents were from the private sector.





Source: Those responsible for reward and benefits for staff in their own organisation who had a salary review in the past 12 months (238)

One-third of HR and benefits professionals received 2-3% pay rise

One-third (33%) of HR and benefits professionals received pay rises of between 2.1% and 3% in the last 12 months, according to the *Employee Benefits Salary survey 2014*.

Pay rises in this percentage bracket were most common among the 238 respondents who answered the question about pay rises received in the last year.

The survey also found that one in six (16%) respondents received a slightly lower pay rise of between 1.1% and 2%, and 12% received a pay rise of between 3.1% and 4%.

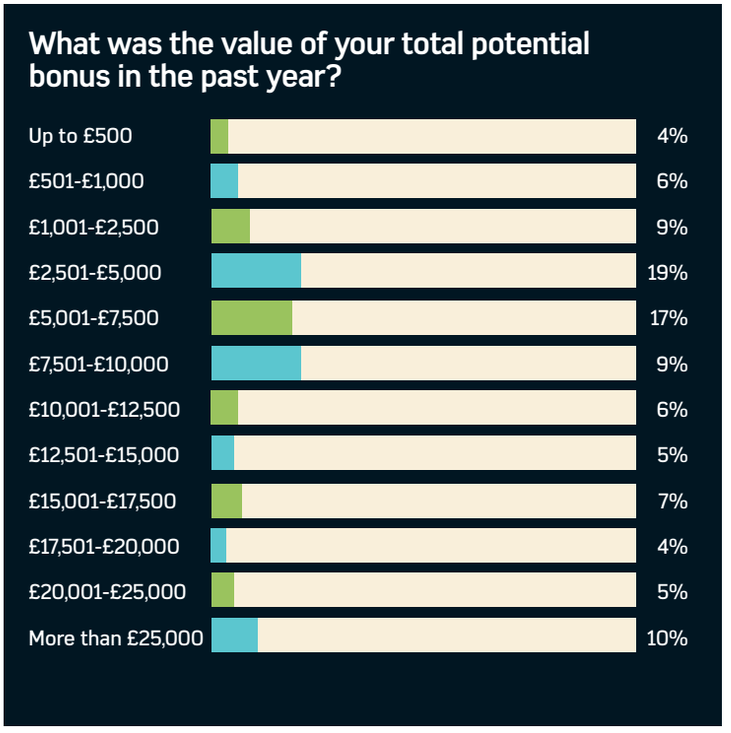
Respondents are optimistic about pay rises in the coming year, with 41% expecting to receive one, although 6% do not expect one.

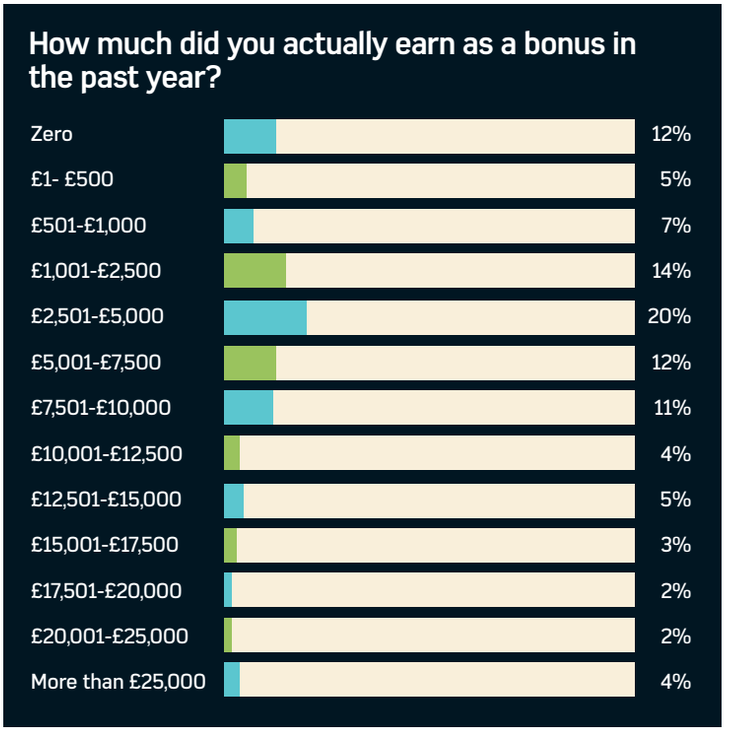
Three-quarters received a cash bonus in the last 12 months

Almost three-quarters (74%) of HR and benefits professionals received a cash bonus in the last 12 months.

The survey found that bonuses are most commonly linked to the performance of respondents' organisations (89%), followed by personal performance (74%) and team or departmental performance (12%).

Most respondents (20%) received a bonus worth between £2,501 and £5,000 last year, with just 4% receiving the highest bonus of more than £25,000, despite 10% having had the potential to earn a bonus of this size. However, a greater proportion of respondents (12%) received no bonus at all.





Source: Those responsible for reward and benefits for staff in their own organisation who receive a cash bonus (215)

Gender pay gap is £8,844

The average gender pay gap among HR and benefits professionals is £8,844. Male respondents earn an average basic annual salary of £61,624, compared with female respondents' average basic salary of £52,780.

The job with the most pronounced gender pay gap is benefits/reward director or head, with a £17,461 difference in salaries. Benefits and reward managers had the smallest pay gap, with men in these roles averaging £478 a year more than their female counterparts.

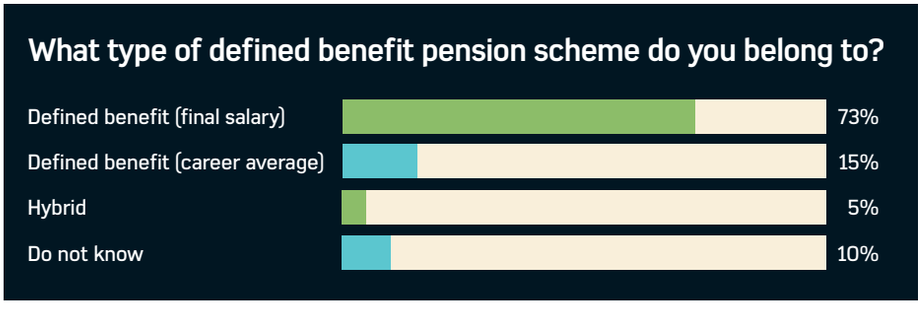
The only gender pay gap weighted towards female respondents was among benefits and reward officers. Men in this category earn an average basic salary of £29,501, which is £1,026 less than women.

The pay gap reflects the gender gap in the survey response rates: more women (68%) responded to the research than men (32%). The overall average salary stands at £55,698.

What is your basic annual salary (excluding allowances and bonuses)?

JOB TITLE	ALL	MALE	FEMALE
Overall average	£55,698	£61,624	£52,780
Benefits/reward director/head	£84,167	£93,383	£75,922
International compensation and employee benefits/reward manager/director	£75,596	£76,786	£75,001
HR director	£69,286	£78,572	£64,643
Pensions manager	£63,959	£73,001	£57,501
Benefits/reward manager	£55,344	£55,662	£55,184
HR manager	£43,838	£45,455	£43,282
Benefits/reward analyst	£33,182	£34,688	£32,322
HR administrator/officer	£31,563	£40,001	£26,501
Benefits/reward officer	£30,313	£29,501	£30,527

Source: Those responsible for reward and benefits for staff in their own organisation (294)



Source: Those responsible for reward and benefits for staff in their own organisation who belong to a defined benefit pension scheme (74)

91% in a workplace pension

Almost all (91%) HR and benefits professionals are members of an employer-provided pension scheme. Three-quarters (75%) of respondents to the survey are active members of a defined contribution (DC) scheme, while 27% are active members of a defined benefit (DB) plan. Among DB members, 73% are in a final salary scheme, 15% are in a career-average scheme and 5% are in a hybrid plan. A remarkable 10% do not know what type of DB plan they are in.

5% is most common DC contribution level

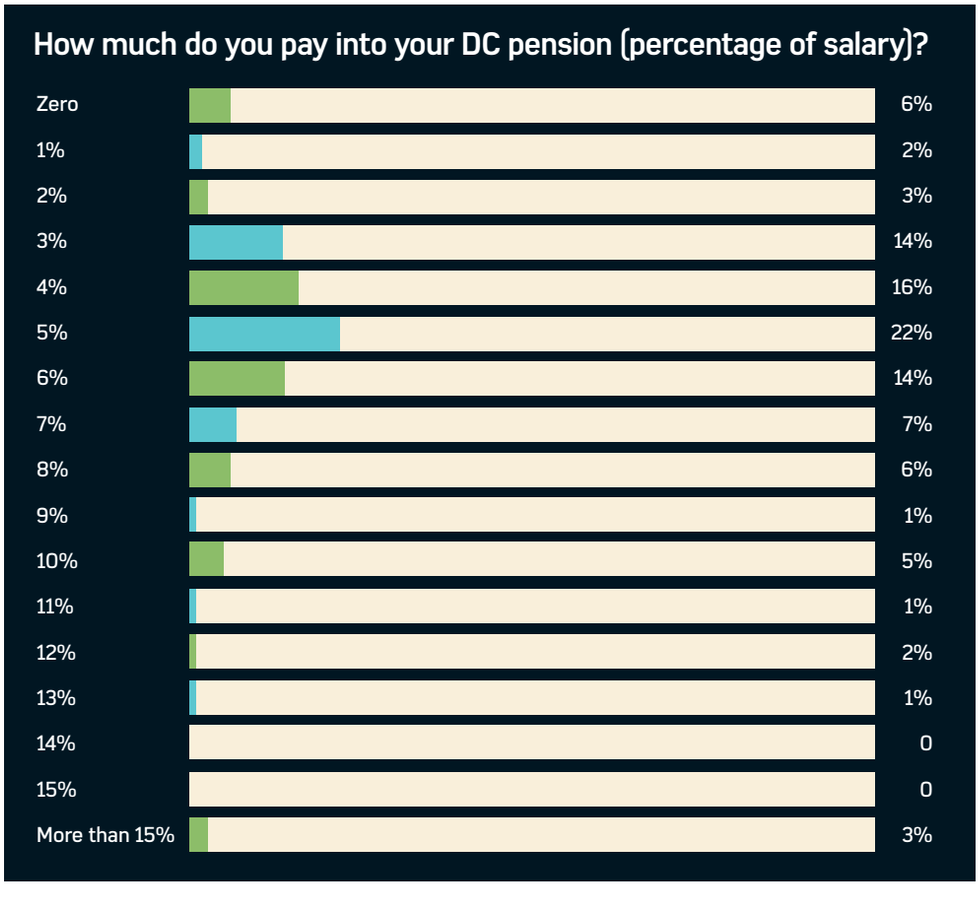
The most common pension contribution level for HR and benefits professionals who are active members of defined contribution (DC) pension plans is 5% of salary. The survey also found that 9% pay in 10% or more of salary.

Under auto-enrolment legislation, current minimum contribution levels are set at 1% for employees and 1% for employers. But from 2017, contributions will gradually rise, which may be a shock for the 6% of respondents who currently pay nothing into their DC scheme.

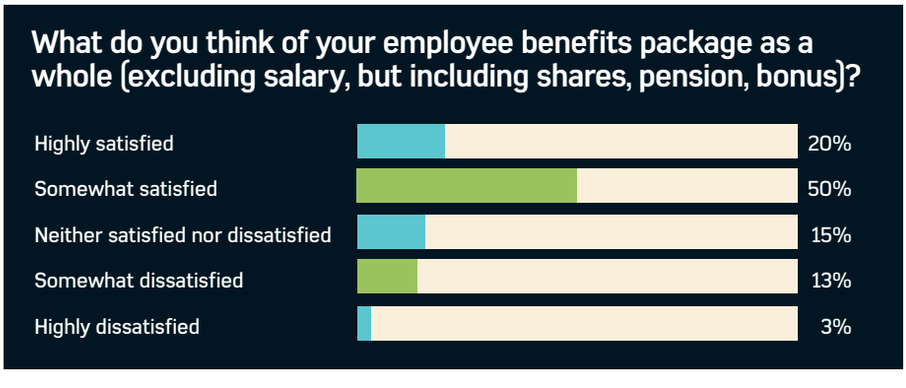
Three-quarters (75%) of respondents are members of a DC pension scheme, with the majority (59%) being members of a group personal pension (GPP) plan, 18% members of trust-based money purchase plans, and 13% members of a stakeholder pension.

It is surprising that 5% of respondents who know they are in a DC pension do not know what type of scheme it is, given that HR and benefits professionals are expected to support staff through auto-enrolment with financial education and communication exercises.

Less worrying is the fact that just 2% of respondents do not know how much their employer contributes to their pension.



Source: Those responsible for reward and benefits for staff in their own organisation who belong to a DC pension scheme (197)



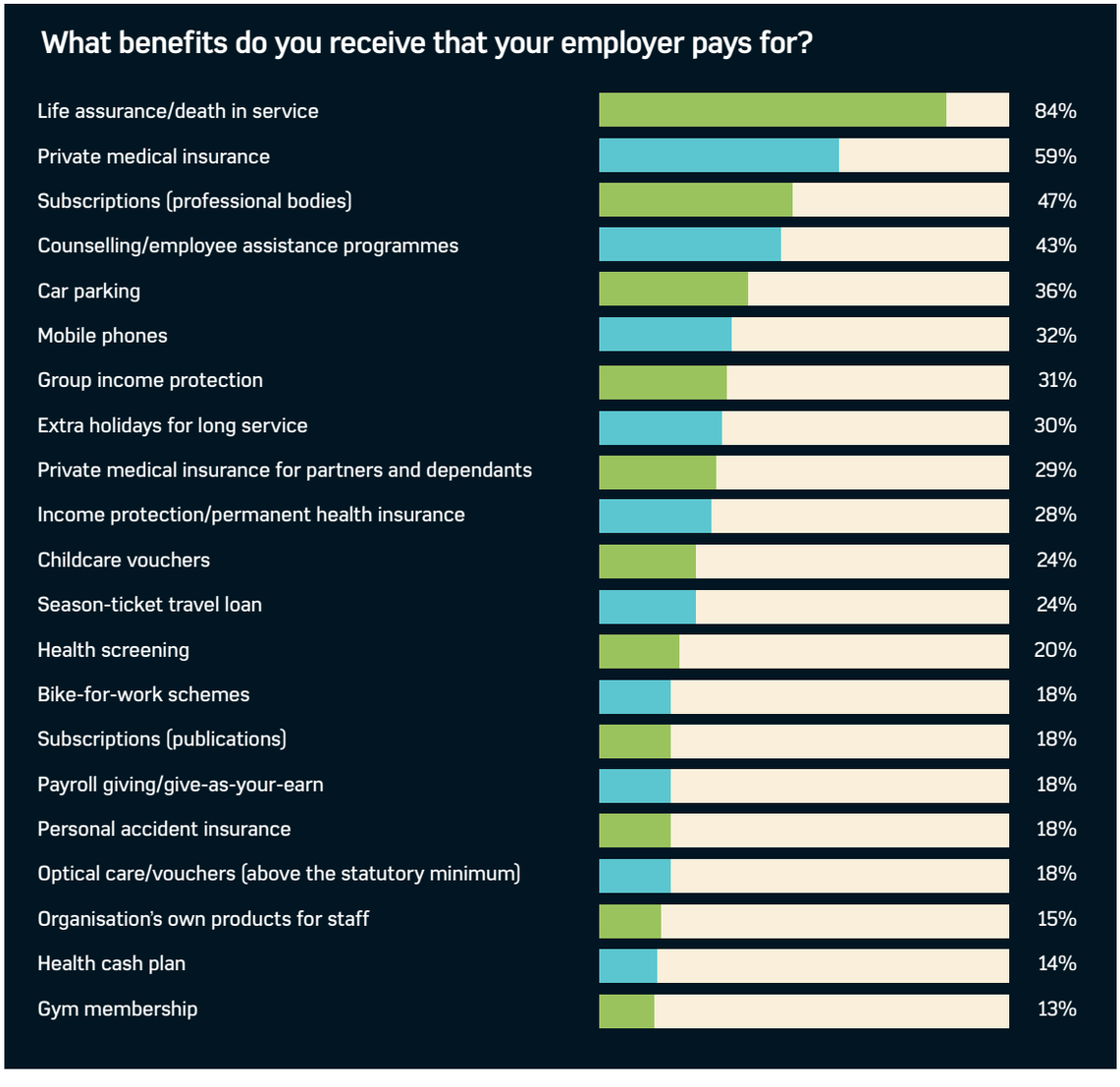
Source: Those responsible for reward and benefits for staff in their own organisation (283)

20% very satisfied with perks

Just one in five (20%) HR and benefits professionals are highly satisfied with their own benefits package. The survey found that 50% are somewhat satisfied, 15% are neither satisfied nor dissatisfied, 13% are somewhat dissatisfied and 3% are highly dissatisfied.

However, more than one-third (39%) said they value their benefits package.

Just over one in five (21%) suggested more benefits need to be provided, while slightly more (22%) would prefer benefits to be more flexible so they can be tailored to their needs.



Source: Those responsible for reward and benefits for staff in their own organisation (275)

Life assurance is the most popular benefit

The most common employee benefit provided to 84% of respondents is life assurance/death in service.

This is in addition to salary, bonuses, pensions, share schemes and company cars.

The survey found that life assurance is followed by private medical insurance schemes (59%), subscriptions to professional bodies (47%), employee assistance programmes or counselling (43%), car parking (36%), mobile phones (32%), and group income protection (31%).

For more findings from the *Salary survey*, visit: **www.employeebenefits.co.uk/resource-centre/research**

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FEELING LOW

Mental health problems are becoming more common among employees, and employers need to adopt a sympathetic support strategy, says **Tynan Barton**

Nearly one-fifth of adults (19%) in the UK experience anxiety or depression, according to the Office for National Statistics' *Measuring National Wellbeing* programme, which published the results of a household survey in June 2013. This finding, together with the depressing effect winter can have on some employees, means employers need to consider mental health within their healthcare strategy.

Staff suffering from depression can harm an organisation's productivity and sickness absence rates, but mental health can be a difficult subject for employers to broach.

Anne Payne, co-founder of psychological health consultancy the Validium Group, says: "What does the organisation, HR and the line manager do as a first intervention point? Often there is little knowledge and little confidence.

"It is about encouraging employees to talk, to avoid making assumptions and to respect the [affected] employee's confidentiality and the way they feel about this particular illness."

"We ask managers to look out for the psychological, physical and social symptoms"

Doctor Mark Winwood, Axa PPP Healthcare

Recognise symptoms

Nevertheless, employers must understand and recognise symptoms of depression among staff, and keep lines of communication open.

Depression can range from psychological to physical and social symptoms, including tearfulness, anxiety, weight loss or gain, a lack of interest in social activities or hobbies, to more serious symptoms, such as self-harming.

Doctor Mark Winwood, clinical director for psychological health at Axa PPP Healthcare, says: "One of the most important things is the role of managers in trying to assist staff. We normally ask managers to look out for some of the psychological and physical symptoms, but also some of the social symptoms."

However, staff must also take responsibility for their own health and wellbeing. Employers can provide online resources to help them do so, as well as signposting useful resources.

An online programme often includes a health or stress assessment that helps staff find trouble spots in their lives. But this is just the first step, says Doctor Katie Tryon, head of clinical vitality at PruHealth. There must also be an appropriate response, so if an issue is raised, the employee can get help anonymously.

"Online tools, such as cognitive behavioural therapy tools, have proved very effective," says Tryon. "The uptake is better if employees don't feel they have to disclose that they're receiving help. A lot of employers follow that up with employee assistance programmes (EAPs)."

An EAP can support staff that are struggling in the workplace and those that are off sick. The Validium Group's Payne says: "It can offer immediate intervention. Within a few days of making the initial call, the individual could be sitting with a counsellor, receiving support and unravelling what they are tussling with."

An EAP can also be a source of training and support for line managers who may have concerns about an employee.

However, any staff suffering from clinical depression will require more extensive management and will need to be referred on to other relevant healthcare benefits, if available.

Axa PPP Healthcare's Winwood says: "If an employer has an EAP that can link in to private medical insurance cover, or can direct [the employee] towards an area that might have adequate National Health Service cover, then that's a really good programme." EB

IF YOU READ NOTHING ELSE, READ THIS...

- **One in five adults in the UK experience anxiety or depression.**
- **Line manager training and online assessment tools can help employees to manage their depression.**
- **A support programme to address depression can integrate all an employer's healthcare benefits.**

@ Read also *How employers should manage workplace stress* at: bit.ly/18FQ2ZY

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NOW HEAR THIS

Auto-enrolment may be complicated, but communication should be kept simple, says **Robert Crawford**

Pensions auto-enrolment legislation, under which employers must automatically enrol all eligible staff into a workplace pension scheme between October 2012 and April 2017, sets organisations the challenge of engaging employees with the process.

Before communicating the details of how auto-enrolment will work and making sure staff understand its implications, employers must choose the right communication methods to achieve their intended outcomes.

Samantha Healey, communication consultant at Shilling, says employers must know the best way to make staff respond. "Every culture is different," she says. "Employees in different locations and different job roles will respond differently to different forms of communication."

The *Employee Benefits/Capita Pensions research*, published in June 2013, found that online portals, emails and letters sent directly to staff and printed booklets are popular methods of communication, but a large proportion of employers (78%) rely on their pension provider to communicate to staff.

Darren Philp, head of policy at B&CE, provider of The People's Pension, says these methods are effective in engaging staff if they are simple in design and clean, clear and precise. "Employees don't want masses of

CASE STUDY **UNITED RESPONSE**

Extra time helped to get the message across

Social care provider United Response postponed auto-enrolment to allow more time to communicate to its workforce.

Many of the organisation's 3,500 employees were already in its stakeholder pension scheme, but a further 1,451 were auto-enrolled on 1 October, postponed from its staging date in July 2013.

Diane Lightfoot, director of communications and fundraising at United Response, says: "We did our first briefing in April. We knew we would postpone, so we had six months to prepare our staff. We created a special edition of our monthly briefing for employees."

This introduced the idea of auto-enrolment, told staff what it would mean for them and set out a list of questions and answers in an attempt to pre-empt further questions from employees.

"We thought through the sorts of things employees would have been thinking and pre-empted those as much as possible and made the communications simple and relevant," says Lightfoot.

"We wanted to give as much notice as possible to ease staff through the transition and communicated regularly. We also produced a briefing presentation that the HR team took around the country to various meetings at different levels."

The feedback from those communications showed staff were confused, which prompted United Response to reinforce its auto-enrolment messages.

Lightfoot adds: "By working with our provider, Friends Life, we kept repeating and reinforcing the message that this was going to happen by putting up posters in the workplace. We also used literature and imagery that was tailored to employees and didn't jar, frighten or look odd to them."

Its HR and payroll teams were trained up to deal with enquiries, but there were surprisingly few. "Communications were simple, relevant and tailored, and we pre-empted as much as possible," says Lightfoot. "We kept it short and simple and used different types of communication."

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graphics or pages and pages of information, but stuff that resonates with them to encourage them to think about their pension and retirement," he says.

The timing of communications can be crucial. David White, managing director at Creative Auto Enrolment, says trying to engage employees too far ahead of an employer's staging date can leave them failing to remember important details.

"Telling employees that things are coming up and to watch out for them in emails a month in advance is just the right length of time," he says. "Any longer and employees will forget."

Employers may be tempted to communicate the bare minimum of information about auto-enrolment, but many make a concerted effort ahead of staging. The *Employee Benefits/ Capita Pensions research* found that 84% of employers give staff as much information about auto-enrolment as possible, which can ease the pressure on payroll and HR.

Every method

Richard Wilson, senior policy adviser at the National Association of Pension Funds (NAPF), says: "Some [employers] have gone for every possible method of communication to get the message out there, in order to have the minimum number of staff asking questions.

"If employees voluntarily join [the pension scheme] because of all of the communication in the months prior to auto-enrolment, this would greatly help an organisation when its staging date arrives."

Face-to-face communication can ensure staff are fully engaged with auto-enrolment because it enables them to ask questions. But many employers are restricted in doing this because of a lack of resources.

Shilling's Healey says: "Scheme members want face-to-face communication, but that is not always feasible, so a good way round this is [using] videos of the pensions department or HR managers answering questions."

Face-to-face communication can be more effective when combined with other methods. The NAPF's Wilson says: "No two workforces are the same. Having a range of different communications is more likely to have a wider impact, but certainly face-to-face remains the gold standard, if it can be done."

Simple, repeated communication around auto-enrolment reduces the risk of employees opting out and becoming less engaged with the process. B&CE's Philp says: "Giving an employee a 30- or 40-page disclosure document with lots of information about pensions is just not going to engage them. Break it down into bite-sized chunks and tell employees what really matters."

Technology has also helped to communicate auto-enrolment. Online pension calculators and personalised text messages are among the tools that are helping to engage staff.

The NAPF's Wilson says some employers are really embracing technology. "They are making communication available on smartphones because they know more and more employees access the internet via their phones," he says. "It's an efficient way of getting the communications out there."

B&CE's Philp says more needs to be done to uncomplicate pension communications. "I think making it simpler, communicating with employees in a simple way with simple contexts, should help engagement," he says.

But whatever method is used to communicate with staff, getting them engaged in auto-enrolment and their workplace pension is just the first step towards thinking long term about their retirement plans.

Shilling's Healey says: "It's an ongoing process and an exercise that doesn't just happen once. It's about planning and thinking about people long term, such as the key messages around saving and helping employees towards that end goal." EB

Auto-enrolment legal requirements

An employer must automatically enrol any eligible jobholder who is not already a member of a qualifying pension scheme with the organisation, either from the auto-enrolment date or from the end of the postponement period. Communications must include:

It is important to note that to comply, all employers must complete registration with The Pensions Regulator, giving details about their auto-enrolment process.

Source: The Pensions Regulator

IF YOU READ NOTHING ELSE, READ THIS...

- **When communicating auto-enrolment, employers must remember their audience, make it relevant and start early, using various communication methods.**
- **Communications must be tailored to individual employees.**
- **Technology is a key factor in engaging staff.**

@ Read also *Auto-enrolment tips for smaller employers from larger firms* at: bit.ly/1bGFXgl

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SPOILT FOR CHOICE

Employers should not offer their workforce too many pension funds to choose from or staff may fail to engage with the scheme, says **Clare Bettelley**

There is a gaping hole in most employees' retirement savings pots, but that does not necessarily mean employers need to offer a greater range of investment funds.

The Pensions Regulator's (TPR) principles for investment governance of work-based DC pensions require employers to look at the number of investment funds they offer staff, and consider how the number of funds on offer may affect scheme members' ability to make effective investment decisions.

TPR also requires employers to offer an adequate range of investment options that reflects the expected risk tolerances and requirements of scheme members, and consider how these options might change as employees approach retirement.

But employers face a number of challenges to meet these requirements. Firstly, the definition of 'adequate' is anyone's guess, as is the appropriate number of funds to offer. Then there is anecdotal evidence that many staff are still unengaged with their workplace pension despite the introduction of auto-enrolment.

According to the Office of Fair Trading's *Defined contribution workplace pensions market study*, published in September 2013, some studies on behavioural economics have raised serious doubts about employees' ability to make strategic investment decisions.

Andrew Cheseldine, a partner at actuarial consultancy Lane, Clark and Peacock, says employers should limit the choice of funds. Speaking at the National Association of Pension Funds' annual conference in October, he said employers that offered too much fund choice actually dissuaded staff from investing.

He cited research, *Choice proliferation, simplicity seeking and asset allocation*, by Sheena S Iyengar, professor of business at Columbia Business School and Emir Kamenica, professor of economics at the University of Chicago Booth School of Business, published in April 2010, which found that offering just one fund resulted in 75% of employees joining a pension scheme, whereas offering 58 funds resulted in just 62% joining. The research was based on the US pension scheme, 401k.

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Evidence suggests that the greater the choice of pension funds, the less engaged employees are in the scheme.**
- **Staff in market sectors such as financial services will be more engaged.**
- **Many employers just want to get through auto-enrolment and not spend too long considering fund choice.**

Adverse reaction

Cheseldine said: "By definition, [employers] can see that the more funds they have, the fewer [staff] join the pension scheme. That's about as adverse a reaction as they can get."

Darren Philp, head of policy at pensions provider B&CE, says: "We've tried to make it simple by offering six fund choices. We didn't want to overwhelm employees with complexity because if employers bewilder staff with choice, they are less likely to engage.

CASE STUDY **MARRIOTT HOTELS**

Limited fund choice suits employees

Marriott Hotels' auto-enrolment staging date was April 2013, but it postponed auto-enrolling its 8,000 full-time staff until 1 July with the help of its adviser, Berkeley Burke, which also manages the organisation's private medical insurance and group life assurance.

Sarah Newsome, manager, employment law/compensation and benefits, Marriott Europe at Marriott Hotels, says: "Fund choice was a factor because we didn't want a provider that had hundreds of different funds. We wanted to make sure there was an array of funds, but not a mass of them that caused confusion.

"Anyone I know who is involved in pensions says there is so much choice, and unless you are an absolute expert, it is very difficult for staff to make that choice. I would imagine many employees opt for the default automatically because they just don't know where to start looking when there's a huge array of choice."

Marriott first considered eight pension providers for auto-enrolment, then whittled these down to three before choosing B&CE. Newsome says: "It was the fact that there were six funds. It's a much more limited selection, which I think is an advantage to our employees."

Newsome and her team have created a comprehensive communications strategy to underpin Marriott's auto-enrolment programme.

Before its staging date, this involved Newsome presenting webinars for hotel-based general managers and leadership teams. She then sent bespoke presentations for them to deliver at town hall meetings, detailing what the regulations meant and how they affected employees.

Each employee also received a personalised letter from Marriott Hotels and B&CE explaining the ramifications of auto-enrolment.

Berkeley Burke also spelt out the organisation's strategy at each of the group's 55 hotels.

The results speak for themselves: Marriott's opt-out rate is about 7%.

Newsome advises other employers to consider the demographics of their workforce before deciding on a fund range. "We have a mixed demographic, so we wanted a simpler approach to make it easier for our whole population to understand, but still give choice for those who wanted it," she says.

"Auto-enrolment is about harnessing inertia, so employers are trying to get staff saving without them having to make big decisions."

Philp says employers should focus on ensuring their default fund is fit for purpose, rather than on fund choice, because most staff will select the default fund. "If you overwhelm people with choice and over-complicate it, they are likely to switch off because they haven't got the capacity to make that decision," he adds.

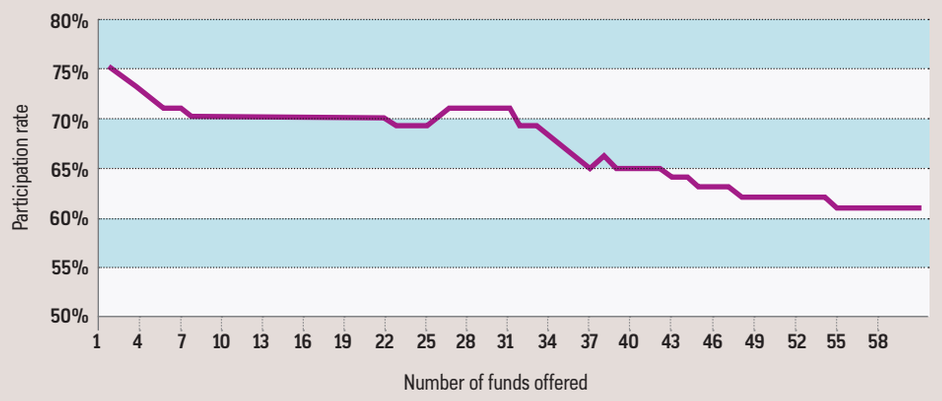
Britt Hoffmann, head of UK defined contribution (DC) at pensions adviser P-Solve, says: "From our experience, it is clear that most employees rely on their trustees or their employer to get it right for them."

Hoffmann says most employers have a minority of staff who are relatively active investors, but that does not mean competent investors. "There is a group of employees, typically 5% of members, that tends to be more active, but we find they are making quite strange choices, either choosing investments too late or making switches at the wrong time, and we think a lot of that is down to the fact that while they might be financially literate, they may not be investment literate," she says.

But this is not the case in all market sectors. For example, many staff working in financial services are likely to be better educated about pensions and may also be more likely to manage their investments regularly. But this is not the norm for most scheme members.

Hoffmann adds: "We went into auto-enrolment expecting to give employees choice and make their own investment decisions, and technology allows for immediate [asset] switching. But when we track how much activity there is in terms of logging on and making fund choices, there's very little. I think this will change, but the focus for employers so far has been on ticking the auto-enrolment box and getting something in place." EB

THE CHOICE DILEMMA: PARTICIPATION RATE BY FUND CHOICE



Source: Sheena Iyengar, Columbia Business School and Emir Kamenica, University of Chicago Booth School of Business

@ Read also *DC pension default investments explained* at: bit.ly/14WyDbI

WELL SAVED

Workplace savings schemes are available in a variety of formats to meet employees' short-or long-term requirements, says **Nick Martindale**

With the festive frivolities now behind us for another year, many staff will be thinking about new year's resolutions, and getting on top of their finances is likely to be high on that list.

Whether it's short-term savings or putting more money aside for retirement, employers can help staff to meet their objectives, and there are five main areas to consider.

Paying into, or increasing contributions to, a pension scheme is likely to be a top priority for employees, and employers can help them with this by providing information on any existing workplace pension scheme or explaining how auto-enrolment will work.

Anthony Carty, group financial planning director at Clifton Wealth, says: "Employees need to see auto-enrolment as a positive step, and that's all about the tone of presentation. Rather than setting up a scheme that starts at a 5% employee contribution, even if it's matched by the employer, employees will be far more receptive to a scheme that matches up to 5% but starts at a minimum of 1%."

Effective marketing of schemes can attract employees' interest. Girish Menezes, a principal at Buck Consultants, suggests using case studies to show how regular savings can build up. "Employers may also want to support this by launching a pensions modeller or mobile phone application to create some excitement around the communication campaign," he says.

Financial education can help employees see where they need to focus their efforts. Peta Fry, director of HR at consultancy Monahans, says: "This doesn't have to mean providing access to an independent financial adviser, but can be as simple as signposting free advice about money management that is available predominantly online.

Identify needs

"Working with staff to identify their needs and how they would prefer to access advice and information will help employers ensure that what is provided is valued and taken up."

Employees are also likely to be appreciate being able to analyse their financial situation. For instance, Lorica's new Bigblue portal enables staff to view their entire portfolio, including workplace and personal finances.

Manesh Patel, senior flex consultant at Lorica Employee Benefits, says: "It will help employees to be more aware of their entire financial situation, from how much they owe on their credit cards to the current value of any properties they own."

Providing access to a workplace individual savings account (Isa) can help employees fulfil any new year's resolutions around putting aside a regular amount of money each month, and offer a tax-free way of doing so.

Henry Tapper, business development director at First Actuarial, says: "The Isa is selected by the employer and can be used not just to roll up tax-free cash, but also equities. For employees who want an alternative to pensions for medium-term savings or who are suspicious of the annuity and drawdown processes, workplace Isas are the next-stage product."

For employers that have an employee share scheme in place, or would consider setting one up, providing information about how share schemes work and their potential benefits will be of interest to some of their employees.

John Collison, head of employee share ownership at IFS Proshare, says: "A sharesave or share incentive plan is the perfect way to educate staff about saving a regular amount of money and allows them to build up a stake in the organisation they work for. A lot of employers have done this to encourage both a savings and a share ownership ethic."

Employers can also help staff make bigger gains on existing savings by encouraging them to use salary sacrifice arrangements. Andy Philpott, sales and marketing director at Edenred, says pensions and childcare are the biggest opportunities here. "The key is to look at all the things that can be offered through salary sacrifice, and enhance the benefits proposition accordingly," he says. "This will provide savings for employer and employee." EB

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Employers can offer a range of schemes to help meet employees' short- and long-term savings objectives.**
- **Effective marketing of workplace savings schemes can boost participation.**
- **Employees will appreciate the ability to analyse their whole financial portfolio.**

@ Read also *Quirky schemes to help employees save* at: bit.ly/1f9nFEu

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PLAYING FAIR

Transparent pay policies and recognition programmes can help lower-paid staff to accept high remuneration elsewhere in an organisation, says **Clare Bettelley**

Arsenal Football Club was caught in a national media storm in November for allegedly using sub-contractors that hired staff on less than the living wage.

The row was fuelled by a job advertisement for a lead kitchen porter at Arsenal's Emirates Stadium, placed by Arsenal sub-contractor Delaware North Companies, which offered a starting wage of £8.28 an hour, including holiday pay. London's living wage rate rose by 25p to £8.80 an hour in November 2013.

The Premier League club, which reported a total wage bill of £143 million for the 12 months to 31 May 2012, denied the allegations.

The ramifications of pay inequality are potentially catastrophic. A report by The Work Foundation, *Compensation culture: Is executive pay excessive? Does it matter?*, written by Stephen Bevan, director of the Centre for Workforce Effectiveness, and published in November 2013, suggests that the financial crisis has broken the bond of trust between senior executives and many employees.

This situation, the report says, is being exacerbated by executives' bumper pay deals, which many staff deem to be inappropriate and unethical in a post-recessionary environment.

Creating a pay policy based on fairness is one of the best ways employers can remedy pay inequality within their organisation and help to keep staff motivated. Fairness tends to be based on the extent to which lower-paid employees believe their higher-paid colleagues earn their pay.

> "Chief executives shouldn't be having pay increases over and above what the organisation has achieved"
>
> Helen Kersley, New Economics Foundation

Duncan Brown, principal, reward and engagement at Aon Hewitt, says: "Fair has a straight impact, but it is the most difficult to address."

Business performance

Helen Kersley, head of the Valuing What Matters team at think tank the New Economics Foundation, says employers should focus on linking pay packages to business performance, so that lower-paid employees can see a clear correlation, and hopefully justification, for peers' higher pay awards and remain focused in their role.

"Chief executives shouldn't be having pay increases over and above what the organisation has achieved in terms of growth," she says. "But even if an organisation's ➤

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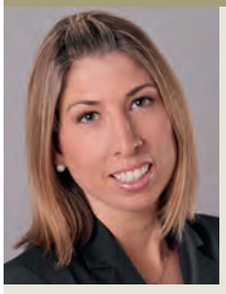


Bethany Powell is a senior consultant in Towers Watson's UK rewards practice

One of the main considerations for employers when setting pay is aligning it to the market rate for the role in question. This is largely driven by three factors: the skills and competencies required for the role; the degree of accountability and impact on the overall performance of the organisation; and the relative supply and demand for the role.

Once a market rate of pay is established, organisations will then assess factors such as internal equity, relative value of a role to the organisation and individual circumstances, such as a recruit's pay levels at their prior employer.

Based on the above factors, rates of pay can vary significantly by level or by role type. There is general acceptance among employees that the above factors lead to pay levels that are perceived to be logical, if not always fair. However, pay is not always a rational issue and there are many emotional factors that can affect employee motivation.

There are further steps organisations can take to avoid motivational problems when large pay disparities exist. These include developing clearly articulated reward principles, which are fair, robust and communicated to all employees.

Transparency of the pay process is more important than transparency of the pay levels themselves.

Employers should adhere to the reward principles when making pay decisions, whether in developing an overall pay framework or making individual salary decisions. They should also ensure the pay framework provides for sufficient reward for stretched performance, whether through merit-based salary increases, individual performance-based bonuses, recognition schemes, and/or career progression.

A core set of benefits that does not vary by level or role type should be provided for employees, to establish a baseline level of provision and to reinforce the culture of an organisation. Employers should also establish early career training or rotational programmes, which enable high-potential employees to upskill to, or move into, other, more attractive, roles.

performance improves, how much can [employees] actually attribute that to the chief executive?"

Kersley says performance is achieved by teams of staff working together, which is why it is unacceptable and unfair for an employer to give a few executives much higher pay than others who are part of the same team.

Kersley believes employers can correct this imbalance by increasing lower-paid employees' negotiating power through, for example, trade unions. "There is good statistical evidence, not just in the UK but in Europe and further afield, that there is what is famously called the union premium," she says.

"Where workplaces are unionised, they tend to achieve better rates of pay for the average worker and therefore reduced ratios for top and bottom staff."

She adds that unionised employers are more likely to offer lower-paid employees better working conditions as well as better pay, which helps to keep them motivated.

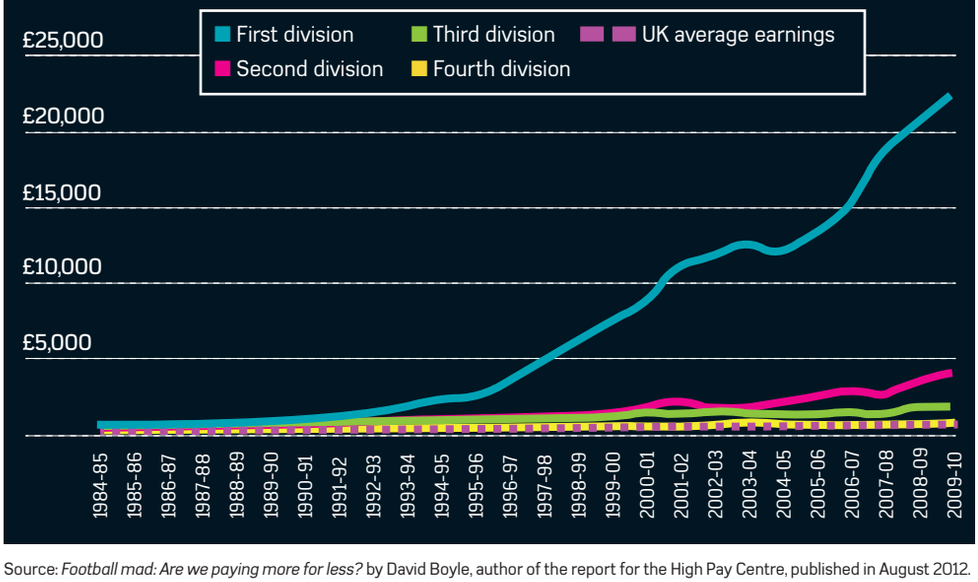
Pay caps may also help to motivate lower-paid staff, which explains why Switzerland is debating a proposal to make it illegal for employers to pay any employee more than 12 times the wage of their lowest earner.

In the UK, the John Lewis Partnership, for example, caps the pay of its chief executive, Andy Street, to 75 times the salary of the organisation's lowest-paid employee.

The key to this approach is to consider chief executive pay alongside the pay packages of the total workforce, rather than just in the context of executive pay. "Employers have to justify taking their chief executive out of pay chats," says Aon Hewitt's Brown.

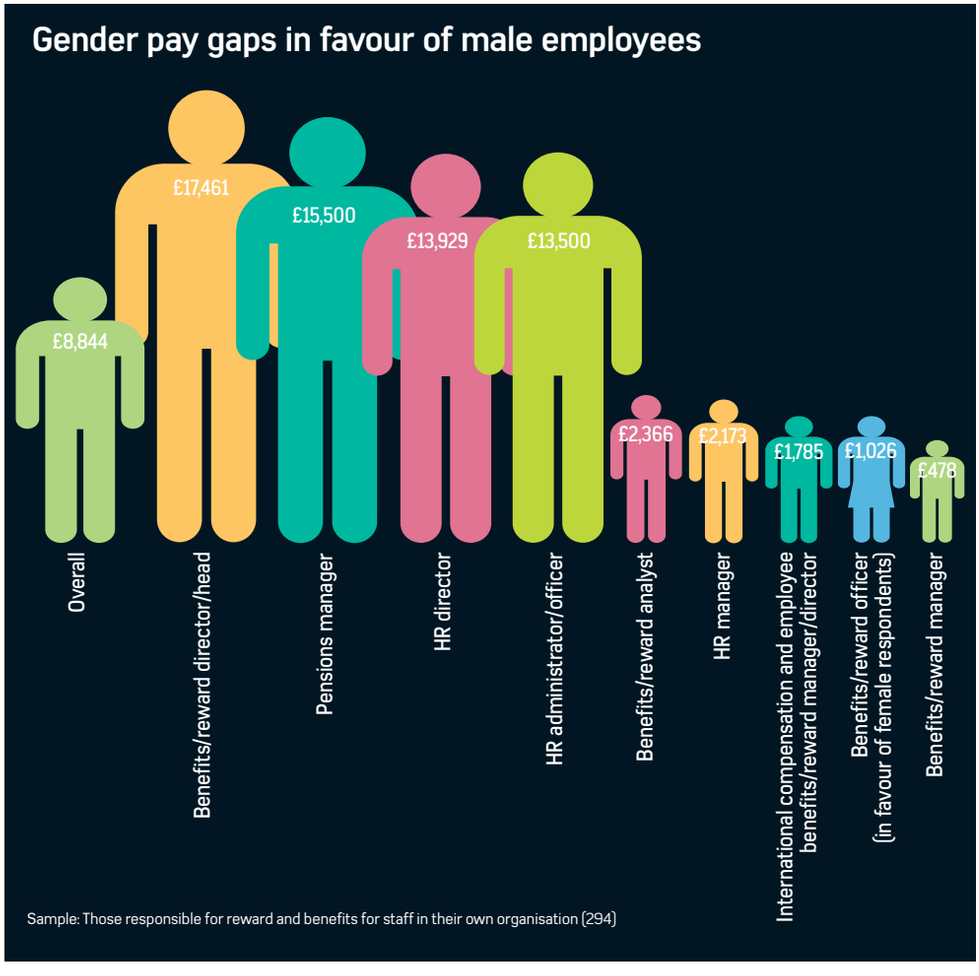
He adds that employers could also consider creating a logical process to explain their chief

Figures showing the wage gap between footballers, whose average weekly pay (including appearance-related pay and bonuses) rocketed in the top division by 4,557% between 1984-85 and 2009-10, while average UK earnings rose 242%



Source: *Football mad: Are we paying more for less?* by David Boyle, author of the report for the High Pay Centre, published in August 2012.

> "Employers have to justify taking their chief executive out of pay chats"
>
> Duncan Brown, Aon Hewitt



Source: *Employee Benefits Salary survey 2014*

executive's pay package to help keep lower-paid employees motivated.

The New Economic Foundation's Kersley confirms the importance of pay transparency, and cites Norway as a good example.

"Everything [relating to pay] is on the table in Norway, for example, so it's very clear who is earning what and what the pay increases are," she says. "So, if the chief executive is set to have a 10% pay increase, but the average worker is only set to have a 2% increase, it is on the table and everyone can see it and questions can be asked. But we don't have that in the UK."

For now, employers could instead focus on increasing the autonomy they allow employees to have in their roles, as well as offering, or increasing access to, training and development programmes. Kersley adds: "It's about opportunities for staff where they think they can progress, not necessarily up a ladder, but using different skills, and the motivating effect of that, with staff feeling valued in a non-financial sense."

Discount cards can also help to motivate lower-paid staff, as can recognition programmes, particularly as they tend to operate throughout a workforce, regardless of employees' pay levels.

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Lower-paid staff need to see that high pay is earned.**
- **This relies on employers having transparent pay policies.**
- **Recognition programmes can help to keep lower-paid staff motivated.**

Discount card

Reward scheme provider Love2reward decided to pilot its new staff discount card scheme internally. Alex Speed, head of corporate sales, says: "We have extremes of pay, with about 35% of the business still in Christmas savings clubs, and high-street vouchers for lower-paid staff."

> "Employees need to understand that they are being recognised for the role they play"
>
> Paul Bartlett, Grass Roots

Love2reward launched its discount card scheme, Everyday Benefits, in August 2013 to staff that were initially sceptical, says Speed. "The attitude was that they'd rather have a £2,000 pay rise, but when I actually explained to them what the savings were, they saw that the card was almost better than a £2,000 pay rise by getting the discounts," she says.

"When they realised how much money they could save, the employees that were not so positive are now those that have actually been loading money onto their cards, especially at Christmas. They have looked at it almost as a pay rise."

Paul Bartlett, head of employee reward and benefits at reward programme provider Grass Roots, says: "Recognition, at its most basic level, is all around employers saying thank you for doing a good job, and that's applicable to everyone in the organisation. Employees need to understand that they are being recognised for the role they play in the organisation being successful."

Recognition programmes aim to engage staff at all levels and are particularly effective when based on peer-to-peer recognition, rather than executive praise, says Bartlett.

And rewards need not be expensive. They can range from extra time off work to gadgets such as iPads, and more aspirational rewards can extend to holidays.

But whatever the reward, it must be given to employees by their manager along with a verbal thank-you. "It can't be something that's passive or done in the background," says Bartlett. "The more public the way it is given, the more genuine it becomes.

"What you see, which is fascinating, is that even the highest-paid employee, for whom the reward itself may be fairly insignificant, values the public recognition involved. A lot of staff get huge bonuses, but they are not transparent."

The motivational factor is that all staff are recognised in a fair and consistent way EB

@ **Read also *How to identify motivation cold spots* at:** bit.ly/1e9Xlh6

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CHARGING AHEAD

Electric cars are adding some spark to salary sacrifice car schemes, says **Robert Crawford**

Electric cars are helping to steer salary sacrifice car schemes in a new direction. In November 2013, fleet management firm Zenith launched a new strategy to make full electric, plug-in hybrid or range extender cars available for salary sacrifice car schemes.

That followed fleet provider Alphabet's launch of AlphaElectric, a consultancy service to help employers decide how best to use electric cars in their fleet.

Tusker has also begun to offer electric cars through its salary sacrifice schemes, and plans to run a series of initiatives to educate employees about the benefits of electric cars.

The attractions of an electric car include a government grant of up to £5,000, low recharging costs and 0% benefit-in-kind tax, rising to 5% from 2015-16.

Charging stations

David Hoskings, chief executive officer at Tusker, says: "Electric cars are definitely coming to the fore. This has been helped by the infrastructure and investment over the last 12 months, and the increase in the number of charging stations available."

Hoskings says the initial lease cost of about £30,000 for an electric car is offset by zero fuel costs and breaks on benefit-in-kind tax.

But electric cars are not the only new development in the company car market: salary sacrifice car schemes themselves are changing to help employers manage risk.

SG Fleet's Novalease scheme, launched last year, can cover any number of employees, with no requirement for a contingency fund or insurance to cover early contract termination costs. This is because the contract is with the employee, not the employer, and is based on a novel salary sacrifice-based leasing structure.

Guy Roberts, director of Novalease, says: "When an employee leaves our scheme, they take the car with them. They do not create any early termination risk for the employer. They pay us direct, or take the car to their new employer and get tax savings there."

The Novalease scheme requires employers to have a consumer credit licence (category C) to be able to offer the benefit to employees.

Roberts adds: "SG Fleet acknowledges that car salary sacrifice is consumer credit, just like bikes-for-work schemes. It takes responsibility for ensuring all contracts are fully documented and compliant with the Consumer Credit Act, removing another potential risk to employers."

But there are other risks associated with salary sacrifice, including long-term employee absences, such as maternity leave or sickness. In the case of maternity leave in particular, although the employee's pay will gradually reduce, the monthly salary sacrifice contribution towards their car cannot be altered, and the car cannot be taken away.

Nevertheless, take-up of salary sacrifice car schemes is expected to continue to grow. Research by the Association of Car Fleet Operators (ACFO), published in October 2013, found that almost half (48%) of respondents that do not currently offer a salary sacrifice car scheme are considering introducing one.

And *The Benefits Research*, published in May 2013 by *Employee Benefits*, found that 6% of employers had introduced a salary sacrifice car scheme in the past year.

Mike Belcher, head of sales at Hitachi Capital, says: "Organisations looking at flexible benefits are increasingly expanding their range to introduce cars. It's going to boom. It had its initial burst as a new product, and now risks have been reduced." EB

IF YOU READ NOTHING ELSE, READ THIS...

- **Fleet providers have begun to introduce electric cars under a salary sacrifice arrangement.**
- **Almost half (48%) of employers are considering introducing salary sacrifice.**
- **Policies can be put in place to prevent the salary sacrifice risks associated with maternity leave and long-term employee absence.**

@ **Read also *Top car models with low carbon dioxide emissions* at:** bit.ly/1cGeJ9P

TAXING STRATEGY

Hertfordshire County Council has been juggling a tight budget to keep staff happy, says **Tynan Barton**

Hertfordshire County Council (HCC) has been on a drive to create a benefits package that attracts and retains talented staff, but has had to overcome challenges to do so.

Like many public-sector employers, the council has had to work with limited resources after a number of budget cuts in recent years.

This is against the backdrop of an ageing and increasing population in the county with complex needs, which are putting extra demands on the council's services.

Emily Austin, HR pay and reward manager at HCC, says: "There's a dilemma about what services we can offer and how we try to achieve savings while still delivering them. The principle is effectively doing more with less."

Austin recognised that, with little money to spend on benefits, the council had to look at different ways of attracting and motivating staff. This led to its Healthy Herts initiative, which was introduced in early 2012 and aims to encourage staff to become healthier by taking part in sports and social club activities.

The voluntary scheme features lunchtime walking groups, yoga and pilates classes, and a workplace choir. A calendar of events is promoted to staff through a newsletter and the council's intranet. Events include awareness weeks on health topics such as bowel cancer, mental health and healthy hearts.

Austin says: "We are saying, 'what can we do that will make people want to work here, perform well, be happy, be fit?', but things that perhaps don't mean us throwing a lot of money at it, because that's something we don't have."

Sickness absence

Austin thinks the scheme has boosted staff engagement and helped to reduce sickness absence, which has fallen from an average of 9.5 days per employee in 2009 to 6.7 days in 2013. Employee engagement figures, which measure how engaged the workforce is, have also improved, up from 49% in 2011 to 60% in 2012, and stand at about 63% for 2013.

HCC has also introduced a voluntary benefits scheme, Herts Rewards. The online discount

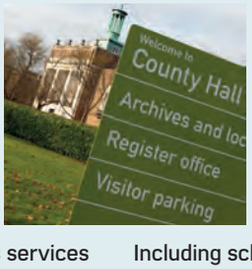
Emily Austin: "The principle is effectively doing more with less"

Robert Greshoff

HERTFORDSHIRE COUNTY COUNCIL AT A GLANCE

Hertfordshire County Council is the local authority for Hertfordshire, which has a population of about one million residents. HCC delivers services for people who live, work and travel in the county.

Its services include schools, libraries and fire stations, as well as services for older and vulnerable people.



Established in 1889, HCC operates at four main sites: County Hall in Hertford, and offices in Stevenage, Hemel Hempstead and Welwyn Garden City.

Of HCC's 31,000 employees, 22,600 work in schools. Including school and other council staff, 58% work part time, and 84% are female.

BUSINESS OBJECTIVES AFFECTING BENEFITS

- **Hertfordshire County Council's corporate plan includes key priorities for the county and focuses on offering residents of Hertfordshire:**
- **Opportunity to thrive**
- **Opportunity to prosper**
- **Opportunity to be healthy and safe**
- **Opportunity to take part**

portal, provided by Reward Gateway, was launched in September 2013. The scheme packages all the council's benefits under one brand, helping to promote its attractiveness as an employer. "Before this, everything was done locally and managed on quite a small scale, and we didn't do some of the cinema or shopping discounts, so for us that's probably had the most impact," says Austin.

"We're at 20% take-up already [as at November 2013]. The feedback we've had has been really positive, in terms of employees being really keen. And they have been talking about it. We know that if we do something good, employees talk about it."

HCC's benefits are administered in-house by Austin's team, so the council can be sure the rewards it offers are relevant to its workforce. "We do have some contracts with providers to deliver the childcare vouchers, the employee assistance programme and the independent financial advice, for example, but my team manages all of those contracts," says Austin.

Staff strikes were another challenge that Austin and her team had to deal with last year. As at many councils, industrial action at HCC resulted from employees objecting to changes to their pension scheme.

In November 2013, Hertfordshire firefighters

> "We are saying, 'what can we do that will make people want to work here, perform well, be happy, be fit?'"
>
> Emily Austin, Hertfordshire County Council

CAREER HISTORY

Emily Austin began her career at Hertfordshire County Council as an HR graduate trainee 11 years ago. Since then, she has worked her way up to her current post of HR pay and reward manager.

She has a wide role, including responsibility for employee benefits. In addition to voluntary benefits, she looks after HCC's lease car scheme and carries out work around job evaluation and the council's pay practice.

One of Austin's proudest career moments so far has been the introduction of performance-related pay increments. In April 2012, HCC revised its working terms and conditions and changed its pay practice from time-served to pay awards linked to individual performance.

"I introduced that in terms of developing the policies, developing the systems, and actually embedding that and getting it live," she says. "That went live last year, and was a really big achievement for me."

Austin and the reward team introduced an online voluntary benefits portal in September 2013 with Reward Gateway, which offers employees discounts at various outlets, including local gyms.

"That's been really positive with employees," says Austin. "We did our staff survey a few months ago, and one thing it showed is that the ratings employees gave to 'how do you value the total reward package?' has increased by 14 percentage points, basically on the back of this introduction. That's something I'm really pleased about."

took part in national strike action over proposed reforms to their pension scheme. The changes include a move to career average pensions from final salary schemes, and a cap on employers' pension costs.

Other local government employees will see their pension schemes overhauled in 2014. The Local Government Pension Scheme (LGPS) will introduce a career average plan for employees to replace their current final salary scheme, from 1 April 2014.

This has involved Austin and her team working to ensure that employees are fully aware of, and understand the changes to, one of the council's most valued benefits. "The next six months, for us, will be a big focus on pensions," says Austin.

"We have a statutory duty to promote some of the changes, but we want to make sure employees stay engaged in that pension scheme and understand that although it is changing, for a large majority of staff it is going to be a positive change."

Austin is now focused on communicating HCC's benefits package to its employees, whose roles range from librarians and care home workers to school crossing patrols. This is why accessibility is key to the package, which also includes leave entitlement, childcare vouchers and shopping discounts.

Staff can access benefits via their home computers, tablets or mobile phones, and HCC's reward team complements this with newsletters, emails, poster campaigns, payroll messages and roadshows. "It's a real mixed approach to try to get out as much as we can," says Austin. "But we do always know it's harder to communicate to those hard-to-reach employees: someone in a care home who doesn't get an email, who isn't sitting in front of a computer day to day."

Staff awareness

The council's communication drive has boosted staff awareness. Its 2013 staff survey showed that employees' rating of the question 'how do you value the total reward package?' had improved by 14 percentage points, which Austin attributes to Herts Rewards.

A final challenge for Austin is to work out how best to communicate with employees working at HCC's newly-created trading companies, to which they were transferred under Transfer of Undertakings (Protection of Employment) (Tupe). HCC set up the trading companies in September 2013, to allow its

Case study

Siobhan Munnelly, consultant social worker

Consultant social worker Siobhan Munnelly has been with Hertfordshire County Council since June 2013. She works in a team that delivers social work services to children and families.

Since joining the council, Munnelly has found that it offers varied training and development opportunities and encourages career progression.

"I feel valued in that my career aspirations have been recognised and considered and resulted in a promotion," she says. "This has instilled a sense of being valued. This is coupled with the fact that there are such extensive and varied training opportunities available. This ensures that practitioners are as up to date as possible with current research and literature, so as to best meet the individual needs of children and the families we work with."

Munnelly's role requires extensive travel around Hertfordshire, so she values the lease car scheme the council offers to its business drivers. "The lease car scheme has been an incentive because it guarantees I have a reliable car, and takes the hassle out of having to sort out tax, servicing and insurance," she says.

Munnelly also values HCC's annual leave entitlement. "The day-to-day front-line experience of working with some of the most vulnerable children and families in society can often prove very distressing, emotive and challenging," she says. "I think it is essential to strike a work-life balance and ensure that time is taken to simply have a break and rejuvenate."

traded functions to become more commercial and competitive.

"One challenge is, how do we create an offering that we can roll out to those groups as well?" says Austin. "In five years' time, the workforce is going to look very different from now, so how do we offer it? Volunteers are not on our payroll, so how do we do that? My challenge is thinking what the workforce is going to look like, what will they want, what can we offer them, and how do we offer it?"

The council's changing employee demographic also calls for a different reward focus. "We know we're going to have an older workforce, but at the same time we're trying to focus on the younger people," says Austin.

"So we have a strategy to attract more young people, and we've been looking at what they want from our organisation. It's things like much more instant feedback, and benefits that are relevant to them, which hopefully Herts Rewards will address." EB

@ Video: See Emily Austin talking about Herts Rewards at: bit.ly/1hdAbEq

THE BENEFITS

Pension

> Final salary scheme for all employees, with local government terms and conditions.
> Employer contribution is 20.6%; employee contribution varies between 5.5% and 7.5%.

Cars

> Lease car scheme for business drivers, open to every employee who does more than 2,250 business miles a year.

Pay

> Performance-related pay awards.

Voluntary benefits

> Online discounts portal, Herts Rewards.
> Gym discounts.
> Employee assistance programme.
> Independent financial advice.
> Private medical insurance.
> Dental care.
> Eye care.
> Salary sacrifice bikes-for-work scheme.
> Season ticket loans.
> Sports and social clubs arranged through Healthy Herts initiative.

Work-life balance

> Childcare vouchers.
> Flexi-time depending on service needs.
> Maternity, paternity and family leave.
> Emergency leave.
> Annual leave, depending on employee grade and length of service, but ranges from 24 days to 38 days.

Other benefits

> Long-service awards given after 20, 30 and 40 years' service.
> Staff restaurants and Costa coffee outlets at main sites.

PRODUCT FILE

TOTAL REWARD STATEMENTS

Making staff aware of the overall value of their package can boost engagement and motivation, says **Robert Crawford**

Thinkstock

Total reward statements (TRSs) are a simple and effective tool with which employers can show staff the overall value of their employment package.

TRSs can also help to engage employees in their benefits, and educate them about the value of particular perks they receive, such as a company car or pension.

No benefit is too small to be included in a TRS; enhanced maternity or paternity leave and employee assistance programmes could be included, for example.

TRS providers can produce bespoke statements for employers, and offer creative documentation to communicate information to staff. Helping staff to understand all the things their employer is doing for them can also boost retention.

But the number of employers using TRSs is in decline, according to research by the Chartered Institute of Personnel and Development. Its *Reward management 2013 survey*, published in May 2013, found that although 30% of the 444 respondents predicted an increase in benefits spend, just 15% of them provided TRSs, compared with 17.8% the year before.

The same survey found 8.6% of employers were planning to introduce a TRS in 2013, perhaps because of budget cuts or not considering them essential.

Electronic format

TRSs often used to be four- or five-page documents that were posted to staff, but they are now available as a short paper document or in electronic format.

Employers are using a range of communication methods to engage staff, but the latest trend is to offer employees access to their TRS via their smartphone.

Smartphone access enables staff to take away as little or as much information from their TRS as they need, with real-time information providing an up-to-date value for their benefits.

Employers without smartphone-enabled TRS should carefully consider when to communicate statements to employees. Early in the year, when staff are budgeting for the year ahead, can be a good time to remind them how much is being invested in them and what the benefits they receive are worth.

TRS costs remain competitive. Simple statements can range from £2 to £7 per employee per year, while more sophisticated online formats can cost as much £100 per employee per year. Prices vary according to an organisation's size and the complexity of its needs.

@ Read *Linking benefits strategies to employees' needs* at: bit.ly/18WdCnG

The facts

What is a total reward statement?
It is a document outlining the full benefits package an employee receives, such as salary, pension and shares. It can also include data about non-financial benefits, including health and wellbeing and workplace training.

Where can employers get more information?
See Employee Benefits' website: *bit.ly/1dDeU92*

Who are the main providers?
Most reward consultants and benefits providers offer a TRS service, including: Aon Hewitt, Benefex, Buck Consultants, Ceridian, Fair Care, Grass Roots, Hay Group, Jelf Group, Edenred, Mercer Marsh Benefits, Motivano, NorthgateArinso, Personal Group, Reward Gateway (formerly Asperity Employee Benefits), Staffcare, Strait Logics, Thomsons Online Benefits and Vebnet.

STATISTICS

15%
of employers provided total reward statements for their employees in 2013
(*CIPD Reward management survey 2013*)

29%
of employers offered total reward statements to communicate benefits to staff in 2012
(*Employee Benefits/ Alexander Forbes Benefits research 2012*)

PRODUCT FILE

EAPS

Employee assistance programmes can provide a wide variety of services for staff with problems, says **Sam Barrett**

Thinkstock

An employee assistance programme (EAP) can be an invaluable part of an employer's health and wellbeing strategy.

By helping to safeguard employees' mental health and wellbeing, employers can achieve increased productivity and lower sickness absence levels.

Almost half (47%) of the UK's workforce now has access to an EAP, according to the UK Employee Assistance Professionals Association's (EAPA) *EAP Market watch* report, published in July 2013, with a typical EAP providing independent, confidential advice and 24-hour support by telephone or online.

The support provided can cover psychological issues, debt and financial problems, relationship issues, childcare and eldercare, and legal worries.

Most users will receive the information they need to resolve their problem or may be referred to independent support networks, but in some cases, face-to-face counselling will be recommended. The more comprehensive EAPs offer this, and up to six or eight counselling sessions is usually enough to help the employee.

As well as supporting staff, EAPs can also help employers deal with workplace health issues. Many services will provide line managers with data and advice to help with any concerns they might have about employee health.

Mediation services

Some EAPs have also been developed to offer training programmes, trauma management and mediation services.

Employers can also harvest management information from an EAP. If a scheme is large enough to ensure that the data remains anonymous, a comprehensive EAP will give employers details on usage. This can help them to identify potential problems, for example high levels of work-related stress or instances of bullying, and make changes to prevent such issues escalating.

Because of their ability to support employees, EAPs have also received government endorsement. In its response to Dame Carol Black's and David Frost's *Health at Work – an independent review of sickness absence*, published in 2011, the Department for Work and Pensions said EAPs are "valued by both employers and employees, and can be effective tools in tackling sickness absence".

Although the core service of EAPs remains the same, providers have been developing new ways to deliver a package of advice and support. The internet is playing a growing part in service delivery, with many EAP providers offering websites packed with health and wellbeing reference information.

Providers have also spiced up the way employees can interact

The facts

What are employee assistance programmes?

EAPs provide confidential information, support and counselling to staff with personal or work-related issues.

Support is traditionally offered around the clock by telephone, and a comprehensive service can provide face-to-face counselling where necessary. Some schemes will also provide online support.

As well as helping to support staff, employers also receive management information through EAPs, which, although anonymous, can help them to identify and tackle potential workplace issues.

What are the origins of EAPs?

They were introduced in the US in the 1950s to help employees tackle alcohol-related problems. As more comprehensive programmes, they made their way across the Atlantic in the early 1980s.

Where can employers get more information and advice?

The UK Employee Assistance Professionals Association (EAPA) represents professionals involved with employee assistance, psychological health and wellbeing in the UK. Its website is *www.eapa.org.uk*.

What are the costs involved?

Costs vary depending on the breadth of the service and the number of employees covered by a programme, but figures from the EAPA show that a full-service EAP for an employer with 100 staff costs about £14 a year per employee.

The facts

What are the legal implications?

An EAP can help an employer to safeguard employees' mental health and wellbeing. A Court of Appeal ruling in 2002 (*Sutherland v Hatton*) stated that an EAP could protect an employer from being sued for stress by an employee, but this was clarified in 2007 when judges said an employer had to do more to support staff than simply implementing an EAP.

What are the tax issues?

As long as an EAP satisfies HM Revenue and Customs' definition of welfare counselling, it is regarded as a business expense rather than a benefit in kind. This means that it cannot provide advice on areas such as finance, other than debt, tax, leisure or recreation and legal issues, or provide services directly to dependants, unless relating to an issue being faced by an employee.

What is the annual spend?

Almost £70 million was spent on EAPs in the UK in 2012, according to the EAPA.

Which providers have the biggest market share?

No figures are published, but the larger players include Axa PPP Healthcare, Bupa Employee Assistance, Care First, Ceridian, CIC, ComPsych, FirstAssist, Oakdale Group, PPC Worldwide, PMI Health Group, Right Management Workplace Wellness, Validium and Workplace Options.

Which have increased their market share the most?

Without sales data, it is impossible to say.

with them. As well as telephone-based services, some now offer support via SMS text, online chat and email. For example, Ceridian launched an EAP mobile app (application) in 2013 that gives staff access to comprehensive health and wellbeing resources on their smartphones, as well as the ability to contact the helpline.

Offering such wide support is seen as vital to driving up usage. As well as suiting the way today's employees communicate, this strategy recognises that some staff do not feel comfortable ringing a helpline to discuss a personal problem, preferring to email or text.

Some providers have also brought new products to market. For example, Cigna UK Healthcare Benefits launched an EAP at the end of 2012 in partnership with Workplace Options. The scheme provides a dedicated line manager service as well as support and advisory services to employees and is available on a standalone basis or alongside any of Cigna's other products.

Pay as you go

Another development is the launch of a pay-as-you-go EAP product. The scheme, launched by Manage Health, enables employers to select the services they require and, because there is no contract term, they can adjust or cancel services whenever they want.

Employers and employees can also turn to the government for support with workplace health issues. Following a pilot in 2011, the NHS launched its Health for Work advice line. This free service includes a telephone-based helpline, but employers and staff can also access the service through an online chat function.

The Health for Work advice line is not the only free service available to employers. 'Free' EAPs are available through various other employee benefit products, including health cash plans, group income protection (GIP) and private medical insurance (PMI).

But although a free EAP can be a useful add-on, it may not offer the same level of service as a comprehensive programme. Elements such as management information will be stripped out, making it difficult for employers to understand the nature of any problems raised and how they can address them.

Also, a free EAP might not be available to all employees. Employee benefits such as PMI or GIP are not always universal, so by sticking with the free EAP that comes with these products, an employer might be restricting the number of staff that can use it.

Another drawback of a free EAP is low utilisation. Whether it is because only a select group of employees have access to it or simply because it is free, employers tend to overlook a free EAP and will not promote it to the workforce.

Some insurers have recognised this and have taken steps to beef up their free services. Some will automatically extend EAP cover to all staff, regardless of how many use the connected product. For example, Canada Life does this on its group risk products, while WPA will extend its free EAP if at least 50% of a workforce has its medical insurance.

The availability of so many free EAPs is also putting pressure on prices. Although some cost reductions are a result of market growth and more efficient management, figures from the UK EAPA's *EAP Market watch* report show that the average price of a full-service EAP in 2000 was about £25 per head for a scheme of 200 employees, but today it is about £14 per head for a scheme of 100, with a significantly lower cost for larger schemes.

STATISTICS

16% **of UK employees called in sick because of stress in 2012/13** (Friends Life research, October 2013)

47% **percentage of UK employees with access to an employee assistance programme**
(UK Employee Assistance Professionals Association, *EAP market watch*, published in July 2013)

10% **average percentage of a workforce that will use an EAP, including online services**
(UK Employee Assistance Professionals Association, *EAP market watch*, published in July 2013)

460m **daily cost to employers in wasted wages due to sickness resulting from stress**
(Friends Life research, October 2013)

@ **Read also *How to measure workplace stress* at:** bit.ly/1j2td9D

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Greece is the word

Candid is enlisted to obtain HR data about the Greek operation for a potential buyer and must employ all her powers of deception

Big Bad Boss just called me into his office and closed the door. My heart gives a quick impression of palpitations. I am not normally this jumpy, but last month we completed the annual cull process, and have 'let go' a number of departmental managers. Letting someone go is an interesting expression, as the poor sods clearly didn't ask to go anywhere.

Still, HR was asked to slash the payroll budget, and slash it we did. Since then, it seems the Higher Beings have tasted blood and, seeing the impact on the bonus results, they want to see more savings. Big Bad Boss lowers his voice and looks shifty. Oh god, it really is me for the chop this time.

"It's about Greece," he says. "Greece?" I ask. I am confused by this sudden shift from what I was expecting.

Apparently, some idiotic company wants to buy our Greek operation. I say idiotic, because that business hasn't made any money since the day it opened. As far as I can see, we only maintain it so the Higher Beings can have a jolly in Athens from time to time.

However, I have come to learn that companies move in mysterious ways, and it is not for me to question the word from above.

My task is this: Big Bad Boss wants me to get hold of the HR data required for due diligence data room without the Greek managers finding out what is going on. It is like asking me to capture the Golden Fleece without coming to grief.

I can see the logic in using me; I am always going out asking for bits of data for market studies, so they think I can do this now without raising anyone's suspicion. Personally, I have my doubts.

All our surveys have data collection in the spring and summer, so, for a start, I need to invent a new winter version. I create a little template based on one used by Smarmy Consulting for its annual survey. Now, sharp intake of breath, I just need to phone the Greek office.

I have learned from bitter experience that there is no point just sending stuff out to some offices. No, if I do that, my email will moulder away in some over-full inbox, never even to be opened. If I want a response from certain southern European countries, I need to talk to them first.

> "He wants to know who is involved. I feel like I am speaking with some gangland boss"

This is where I am nervous. It is not that I am bad at lying; arguably, I have made a career out of just that. It is just that I know everyone is still jumpy after the latest cull, and the local offices are rightly suspicious of anyone working at the European head office at the best of times.

I set up a call with Elena, the local HR manager. I say manager, but as it is a small office, she is a sort of Jill-of-all-trades. Elena does payroll, HR, health and safety, communications, and she is the local managing director's secretary. As far as I know, she also buys the milk. I briefly explain the new survey and what information I need. She seems comfortable that she can give me everything I need. Phew. I put the phone down, relieved.

Within 10 minutes, the phone rings and it is Elena's manager, George, the MD. He wants to know why I want all this information. I explain the fictional new survey. George is not taken in. We know there are many people interested in our office, he says. I can hear the inhalation as he smokes a cigarette. He wants to know who is involved. I feel like I am speaking with some gangland boss. I repeat my story. George exhales. He says we can refer to it as a winter survey if I like, but he still wants to know who is behind it. Gulp.

Luckily, George knows better than to kick up a fuss, and Elena duly fills in the spreadsheet. I post it in a virtual data room set up for the project. Next, I have to participate in a call with the buyers. I still feel like I am in a gangster movie. I am not given the company name, or even any surnames. I speak to Toni and Claude, who are clearly from New York. They grill me on the Greek data. What are the notice periods? What are the severance terms? I have no idea, and I am not looking forward to asking.

I sit at my desk, mulling it over. I can't ask for that kind of thing without blowing my cover. I phone Elena again. I have another project I am working on. I tell her we are collecting all the contracts across Europe so we can do a legal review on the wording on benefits. Elena is unfazed by this, and I just pray she doesn't tell George.

The phone rings. I hear George pull on another cigarette. He asks me, very slowly and deliberately, who wants to review the contracts in Greece. The legal department, I tell him, faltering only slightly. Actually this is true, as they are co-ordinating the due-diligence process. Who else? I don't know, I tell him honestly.

Elena, bless her, sends over a scan containing the contracts of all the staff. It is literally all Greek to me, but I can make out the names, and I can count. There are 35 permanent staff in the Athens office, and only 34 contracts. I call her. Yes, one of the contracts is missing from the files, she tells me. It was signed a long time ago, and they have lost the HR copy.

You can guess which one that is. George is no fool.

Next time... *Candid gets organised.*

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