www.employeebenefits.co.uk

February 2014 | £6.95

employee benefits

ALIGNING REWARD WITH BUSINESS STRATEGY

SITTING PRETTY

How workplace design can improve employee wellbeing

On schedule for re-franchising

East Coast Mainline keeps reward on track

Being family-friendly can be child's play

Voluntary benefits that help working parents

Message received and understood

Removing jargon from pension communication

eVouchers now available to order online

3 THINGS YOU DIDN'T KNOW ABOUT JOHN IN ACCOUNTS:

1) HE'S TERRIFIED OF CATS.
2) HE WENT TO SCHOOL WITH MICK HUCKNALL.
3) HE REALLY VALUES CORPORATE EYECARE BENEFITS.

Corporate eyecare is an important employee benefit, as well as a legal responsibility. So it shouldn't surprise you that in a recent survey, the majority of employees considered it a valuable addition to their benefits package.

With the brand new online vouchers from Specsavers, we believe the best value corporate eyecare scheme is now the easiest too. They still start from just £17 for a full eye test, a pair of VDU glasses (if required specifically and solely for VDU use) worth up to £45, and retinal screening for the over-40s or when recommended by your optometrist.

But now you can simply order and pay for eVouchers online and email them direct to your staff, saving you all time and paperwork. What's more, you'll automatically get detailed feedback on whoever's redeemed an eVoucher, such as their retest dates and VDU requirements, at no extra charge.

Not only that but your staff can still save £20 on their own glasses purchases, too.

To find out more, call 0115 933 0800, email uk.corporateeyecare@specsavers.com or visit us at specsavers.co.uk/corporate

Specsavers®

IN THIS ISSUE

LEADER

Workplaces are changing; so should our strategies

The place where we work every day has a big impact on how we feel about work, how we relate to our colleagues and, ultimately, how productive we are.

Over the years, I have worked mostly in offices and have had only a couple of public-facing roles across a counter. I have never worked in a manufacturing or construction environment. So my experience of workplaces is narrowly confined to the poky, dusty office, the open-plan office, the corporate soulless office, having my own office and, on odd occasions, the home office. I have never managed to work in one of those offices with slides, pods, pool tables or artificial turf.

I expect most people reading this will also have had a varied, but largely office-based career experience. So what is it that makes one office so much more conducive to productivity, engagement and wellbeing than another? We set our associate editor, Clare Bettelley, the task of finding out in our cover story, *Creature comforts* (page 22). You will not find any examples of sick building syndrome in the great case studies she found.

It is not just offices that are changing. Demographics and the economy are also changing our colleagues, the employees we serve and the clients, consultants and suppliers we interact with. They work different patterns, juggle different jobs, may be older than our colleagues of 10 years ago, and there may be more women in the line-up (hopefully in more senior roles).

"I have never worked in an office with slides, pods, pool tables or artificial turf"

And these changes will continue.

As benefits professionals, we should be trying to match our medium- and longer-term benefits strategies with these shifts, too. Which is why I want to promote the idea of you attending Employee Benefits Connect on 27 February in London.

We will spend the day looking forward and doing some inspirational thinking across the entire benefits area, with the help of some fantastic speakers and sponsors. The day will be topped off with the great Professor Richard Scase delving into 'The future of the workplace'.

If you are a benefits, reward or HR manager, you can attend for free, for all or part of the day, but you will need to book the sessions you want to attend to ensure a seat: *http://www.employeebenefitsconnect.co.uk/en/conference/programme.aspx*

Hope to see many of you there.

Debi O'Donovan, *Editor*
Follow on Twitter @DebiODonovan

Editor Debi O'Donovan debi.odonovan@centaur.co.uk **Deputy editor** Debbie Lovewell-Tuck debbie.lovewell-tuck@centaur.co.uk **Associate editor** Clare Bettelley clare.bettelley@centaur.co.uk **Features editor** Tynan Barton tynan.barton@centaur.co.uk **Senior reporter** Jennifer Paterson jennifer.paterson@centaur.co.uk **Reporter** Robert Crawford robert.crawford@centaur.co.uk **Art editor** Deborah George, eb.arteditor@centaur.co.uk **Sub editor** Bob Wells **Contributor** Danby Bloch **Business development managers** Jessica Garland jessica.garland@centaur.co.uk Lisa-Jane Parker lisa-jane.parker@centaur.co.uk **Event director** Juliette Losardo juliette.losardo@centaur.co.uk **Account manager** Richard York richardyork@centaur.co.uk **Event manager** Lyndsey Urquhart **Director, Centaur Business Publishing** Phil Hayne phil.hayne@centaur.co.uk **Office manager/PA to director** Alice Gerard-Pearse alice.gerard-pearse@centaur.co.uk **Head of audience marketing** Steph Boukhari steph.boukhari@centaur.co.uk **Group production manager** Wendy Goodbun wendy.goodbun@centaur.co.uk **Cover photo** Jacko

Employee Benefits
Wells Point, 79 Wells Street, London W1T 3QN
Tel 020 7970 4000
Fax 020 7943 8094

Subscriptions 020 7292 3719
Editorial queries/press releases email eb.editorial@centaur.co.uk
Web www.employeebenefits.co.uk

Social media

twitter
Follow us on Twitter.com for breaking news: **twitter.com/employeebenefit**

facebook
Like us on Facebook: Look for our '**Employee Benefits**' page

LinkedIn
Join our Linkedin group by searching **EmployeeBenefits**

REWARD

Ikea uses pension contributions as bonus

Robert Crawford

More organisations could consider performance-related pension contributions as a way of giving staff a bonus for reaching targets.

Ikea Group became one of the first employers to do this with the launch its reward programme Tack! late last year. Through the scheme, Ikea will pay €100 million (£83.6 million) in pension contributions to reward employees with at least five years' service, assuming pre-agreed global sales targets are reached.

All 136,000 staff in 26 countries, including 7,200 in the UK and Ireland, have access to the scheme, .

Paul Macro, head of UK defined contribution retirement at Mercer, said: "It's not [an arrangement] that is particularly common."

More than 55% of Ikea's UK staff have worked for the organisation for five years. So 4,000 are eligible for the first pay-out, in September 2014, of an estimated £500 to their Retirement Income Scheme, part of a Legal and General master trust.

Ikea is rewarding staff that have five years' service

Helen Gilchrist, senior consultant at Towers Watson, said: "More organisations could consider it and it does encourage retention with a five-year levy.

"It's not a common approach and it could be a cost issue. It's cheaper to pay somebody a bonus in pension contributions than a monetary bonus because employers do not have to pay tax and national insurance on it."

But Macro questioned whether a pension bonus will be valued. "Would staff prefer cash in their hand than a pension contribution? Probably," he said. "But things have changed over the past few years with auto-enrolment, and now pensions are a bigger thing for employees.

"There is a growing recognition that money needs to be put in and if there is spare money, then put it into a pension. It's not a bad place to put it and I suspect Ikea has taken advantage of that thought."

Tack! follows the home furnishing retailer's introduction of an annual performance-related bonus scheme. Based on positive sales growth at Ikea, the bonus could see an employee earning £6.99 an hour pocket an extra £1,535.

Macro added: "It's not just linking to pension payments on performance but if certain targets are met, then there is a whole range of thank-yous, which will make it more of a benefit to staff.

"Perhaps we will start to see employers link global performance to staff incentives."

@ Read also *Ikea to make one-off pension contribution* at: bit.ly/LvNXaw

PAY & BONUSES

Mixed messages in pay increase prospects for 2014

Jennifer Paterson

More than one-third (42%) of employers are planning a pay rise in line with the retail prices index (RPI) in 2014, according to the *Confederation of British Industry/ Accenture Employment trends* survey, published in December.

But the same report found that just 7% of its 325 respondents intend to raise pay by more than RPI, while 39% intend to raise pay by less than RPI.

This trend towards pay stagnation is also evident among very senior staff. Consultancy EY's research *Into the light: a look back on 2013 and insights into the new landscape of executive reward*, also published in December, found that 28% of FTSE 250 chief executive officers did not have a base salary increase in 2013.

Deborah Hargreaves, director of the High Pay Centre, said: "[Chief executives] are seeing huge increases in bonuses and share awards, so it's disingenuous to say they are not getting a rise at all.

"If the economy goes on recovering, we're going to see rises in share prices and, again, some big share awards this year."

For instance, KPMG's annual report for 2013, also published in December, showed that average partner pay had risen by 23%, from £580,000 to £713,000, and that its bonus pool across all employees rose by 20% in 2013, from £61 million to £73 million.

Private equity investment firm Terra Firma, which published its accounts for the year ending 31 March 2013 in January, also increased the size of its employees' pay pot from just over £17 million in 2012 to just over £37 million last year.

Higher bonuses are expected in the City

Meanwhile, bonuses for senior employees in the City are expected to increase by 44% in 2014, according to research by financial services recruitment firm Astbury Marsden, published in December.

@ Read more pay news at: bit.ly/Ks5Erg

Pay statistics

- 42% of employers are planning a pay rise in line with the retail prices index (RPI) in 2014, while 39% intend to raise pay below RPI.
- 28% of FTSE 250 chief executive officers did not receive a base salary increase in 2013.
- Bonuses for senior staff in the City are expected to increase by 44% in 2014.
- UK chief executives earn more in two days than the average UK employee earns in a whole year.

We're experts in providing access to quality healthcare

That's why we offer a range of health plans to suit your business

Whether you have three or thirty thousand employees, we have a health plan that can meet your healthcare needs, reward your employees and meet your business objectives.

We're committed to providing excellent personal customer service. That's why the Institute of Customer Service recognises our customer services team is world class, and why 20,000 businesses choose us as their healthcare provider.

Private health insurance Health cash plans Dental plans Self funded health plans

Call us on **0845 075 0063** or
email **forbusiness@simplyhealth.co.uk**

simplyhealth
We can be bothered

1111078-EB-R

www.simplyhealth.co.uk/socialmedia

COMMUNICATION

Demand grows for mobile access to perks

Jennifer Paterson

Flexible-working patterns are vital to the UK economy, according to 97% of respondents to the *Confederation of British Industry/ Accenture Employment trends* survey, published in December.

But the growth of such working patterns means employers must be more creative in communicating benefits to increasingly mobile workforces, for example using mobile-enabled technology and SMS text messaging.

Alex Thurley-Ratcliff, head of innovation and business development at Shilling, said: "All the work we're being asked to do is around mobile platforms and mobile-responsive sites, and most of our employer clients expect that to be standard. We are now including text messaging for pension websites."

Flexible communication methods are also needed by employers with diverse workforces, whether spread out geographically or with assorted age and gender profiles.

Karen Edwards, business development director at Personal Group, said: "A workforce, for example in a logistics organisation, is out and about, so staff are not in front of screens all day and don't have access to the internet. They might have a mobile-enabled application they can access during the day or via home computers."

More staff want mobile access to their benefits

East Coast Mainline, which has more than 3,000 staff spread between Inverness and London, has introduced smartphone technology for its guards and drivers, who need up-to-date operational information. The smartphones can also be used to send SMS texts about various benefits and reward developments.

Primark staff are also ideal targets for mobile-based communications. Thurley-Ratcliff, who works with Primark, said: "Its staff all have smartphones because they're aged under 25, so that's a really good way to get to them."

But Edenred's *Benefits insight: trends for benefits in 2014* research, published in January, found that just 14% of respondents ranked mobile channels as one of their three priorities in the year ahead.

However, many employers are striving to meet employees' needs. In late 2013, Care UK launched an online benefits portal for its staff, charity Trident Reach launched a touchscreen kiosk for staff to access some benefits, and IBM launched online pension reports.

@ Read a longer version of this story at: bit.ly/1muTo8b

What employers are doing

- Care UK launched a mobile-based benefits portal in December 2013.
- Trident Reach launched a touchscreen kiosk for staff to access financial and wellbeing benefits.
- IBM launched online pensions reports at the end of 2013.
- East Coast Mainline introduced smartphone technology for its guards and drivers.

PENSIONS

Employers aim to tackle DB pension deficits

Jennifer Paterson

The deficits of defined benefit (DB) pension schemes are continuing to grow, according to research published by Mercer in January.

Its *Pensions risk survey* found that the accounting deficit for FTSE 350 firms stood at £97 billion at 31 December 2013, compared with £72 billion at 31 December 2012.

Employers are using various methods to fund, de-risk and manage these deficits.

Ali Teyyebi, head of DB risk in the UK at Mercer, said: "A lot of pension schemes are looking at dynamic de-risking, where they are monitoring market conditions or funding levels, and then trying to act quickly to capture a good piece of experience by making changes based on those factors.

"They are either doing it in their own way or through an automated mechanism. If the funding level reaches a certain point, for example, they might reduce their allocation to growth assets by a certain level, providing it doesn't impact on their expected contribution rates."

AstraZeneca: longevity swap

Employers are also using methods such as buy-ins, buy-outs and longevity swaps to de-risk their DB schemes. For instance, AstraZeneca agreed a longevity swap for its DB pension in December, hedging against the longevity risk of about 10,000 of the scheme's current pensioners.

In January, JLT Group completed a further £85 million buy-in contract with Prudential for its £500 million DB scheme, while gardening product manufacturer Hozelock appointed Aon Hewitt to provide actuarial, investment and pensions management services for its £50 million DB scheme.

@ Read a longer version of this story at: bit.ly/1h9eJQt

CAREERS

Academy offers expert training

Debbie Lovewell-Tuck

Reward and benefits managers can gain valuable career knowledge from 2014's training courses from the Employee Benefits Academy.

A joint venture between Employee Benefits and Total Reward Academy, the Academy provides expert training and this year's courses are open for registration. Benefits courses take place on 7-11 July and 20-24 October, and compensation courses on 24-28 March, 23-27 June, 15-19 September and 24-28 November.

@ Find out more about the Employee Benefits Academy at: bit.ly/1mkHASM

This month's trends

Ikea: one-off pension contribution

PENSIONS

IKEA to make one-off €100m pension contribution

It is part of the Swedish home furnishing retailer's new reward programme, Tack!, which aims to reward employees with more than five years' service.

http://bit.ly/KaaV5S

REEVES & CO streamlines pension for auto-enrolment

The accountancy firm is replacing two defined contribution schemes with a group personal pension to comply with staging on 1 February.

http://bit.ly/1hCNIOa

NORTEL agrees £23m payment into UK pension

The defunct telecoms organisation has reached the agreement to settle claims against relevant Nortel Networks parties in the US.

http://bit.ly/1evNEoA

PAY & BONUSES

TERRA FIRMA doubles staff pay pot to £35 million

The increase in wages, from £17.1 million in 2012 to £35.4 million in 2013, is due to increased activity and revenue for the private equity investment firm.

http://bit.ly/1gSOWMN

METTIS AEROSPACE staff call off pay strike

The engine and airframe manufacturer offered employees an improved pay offer of 2.5%, up from the 2% previously offered.

http://bit.ly/1hCPUQo

KPMG increases bonus pool to £73 million

The professional services firm's annual report for 2013 showed it had increased its annual bonus pool by 20%, from £61 million in 2012 to £73 million in 2013.

http://bit.ly/1ipMSMW

STAFF MOTIVATION

INTERACT INTRANET awards staff with iPad Minis

It gave all its 62 employees in the UK, US and Australia an iPad Mini as a festive thank-you in December, after a busy year that included opening a new office and expanding into the US market.

http://bit.ly/KNSNjG

76%

expect their workplace pension to be their main retirement income

http://bit.ly/1gGoLsR

SOUTHEASTERN matches staff's charity fundraising

After a team of employees from the railway organisation raised nearly £5,400 for charity, this amount was matched by their employer, bringing the fundraising effort to £10,800.

http://bit.ly/1eKtx6x

SHARE SCHEMES

SAINSBURY'S increases sharesave take-up to 21,000

The retailer's corporate responsibility and society update showed that more than 21,000 employees took part in its three or five-year sharesave plans in 2013, up from the 18,000 staff that participated in 2012.

http://bit.ly/Kac6Cq

EASYJET switches share plan administrators

The airline, which has awarded its share scheme contract to Equiniti following a tender process, offers its 8,000 employees access to UK and international sharesave plans, UK and international share incentive plans and executive share plans.

http://bit.ly/1eiOysp

BENEFITS COMMUNICATIONS

IBM launches online pension reports

The new reports, which were

IBM: new online pension reports

NEW PRODUCT ROUND-UP

Hargreaves Lansdown rolls out iPad app

The application, HL Live, allows members of its workplace savings platform to view pensions and other savings via their tablet.

http://bit.ly/1eJ5WoI

Friends Life updates auto-enrolment product

The product, which aims to offer employers greater flexibility and choice, has been updated to meet the needs of organisations staging in 2014.

http://bit.ly/1aofBiZ

Musculoskeletal health pathway launched

The pathway, which was launched by Axa PPP Healthcare on 1 January, aims to cut private medical insurance claims costs by ensuring employees are referred quickly.

http://bit.ly/1a6i3dK

Aspire to Retire rolls out retirement portal

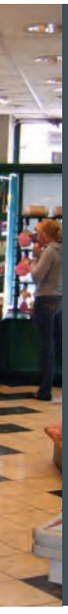
The portal, iAspire, is designed to help staff begin planning for retirement up to five years before their intended retirement date.

http://bit.ly/1bZ8ppO

Now: Pensions teams up with Staffcare

The partnership between is for auto-enrolment administration and the distribution of member communications for participating employers.

http://bit.ly/Kf4y1I



The Body Shop launches global HR brand

In 2013, the retailer's international HR team reviewed culture, HR brand and HR products, covering 15 countries and 8,000 staff. As part of the review, three teams across the HR function held brainstorming sessions on the subjects. The exercise culminated in The Body Shop Oscars, which handed out awards to staff.

http://bit.ly/1ei25yK

redesigned with communication provider Shilling, received 650% more views between 2 October and 2 November 2013 than all the views in the previous 12 months.

http://bit.ly/1djSQzx

HEALTH & WELLBEING

AIRBUS streamlines health cash plans

The aircraft manufacturer launched a single employee-paid health cash plan for its 10,000 UK employees to streamline a range of legacy plans from a number of different suppliers.

http://bit.ly/1dMAsKo

CISCO reduces healthcare costs by 8.5%

Since it added open referral to its healthcare trust, which has been provided by Bupa for eight years, in April 2012, the organisation has seen cost savings of 8.5%.

http://bit.ly/1goGsMB

BP AND MICROSOFT access wellbeing scheme

The Healthy for Life programme, provided by the employers' facilities management partner, Aramark, combines food and nutrition with exercise, mental health and prevention of illness.

http://bit.ly/1lYOk8Z

VOLUNTARY BENEFITS

CARE UK launches online benefits portal

The portal aims to ensure the health and social care provider's benefits package is accessible to all its 22,000 staff, particularly those who do not have regular access to a computer during the working day.

http://bit.ly/1aMW1cU

Airbus: health cash plans streamlined

59%

of respondents intend to increase their benefits provision in 2014

http://bit.ly/1j3q3Bw

TRIDENT REACH offers financial wellbeing kiosk

The touch-screen kiosk, which provides access to a range of products and services, such as healthcare policies and discounts from BHSF, aims to help employees access their benefits more easily.

http://bit.ly/1amhnkW

NSK extends voluntary benefits scheme

The programme, provided by Edenred, was initially launched in 2011 at the manufacturer's Durham site, but has now been extended to 590 additional employees at its Nottinghamshire site.

http://bit.ly/JMRctl

COMPANY CARS & FLEET

NHS TRUSTS renew car schemes

CPC Drive, the NHS North of England Commercial Procurement Collaborative's fleet management service, has reappointed Tusker to provide lease cars and salary sacrifice car schemes.

http://bit.ly/1m6TxM2

CPC Drive: reappointed Tusker for fleet

KEY RESEARCH ROUND-UP

Chief execs earn workers' annual pay in two days

UK chief executives earned more money in the first two working days of 2014 than the average employee will earn in the whole year, according to research by think-tank the High Pay Centre.

http://bit.ly/1gTXUtb

28% of FTSE 350 CEOs did not receive a base pay increase in 2013

http://bit.ly/19i6iCl

39% of respondents are planning a pay rise below the retail prices index

http://bit.ly/1ktIdPI

24% claim a higher salary would boost their workplace motivation

http://bit.ly/1eKtRlW

PEOPLE MOVES

Sparrow lands at Carillion

Carillion has appointed Trevor Sparrow head of reward. He was previously head of international pensions and benefits at Lloyds Banking Group.

Ricoh Europe appoints Nind

Ricoh Europe has appointed Donna Nind reward director for Europe, Middle East and Africa (EMEA). She joins after eight years at CSC.

Pair join Dixons Retail

Dixons Retail has appointed Toria McCahill group reward manager and Nina Platt reward manager. McCahill was HR manager at Samsung's Cambridge Solution Centre and Platt joins from Philips, where her roles have included HR manager, and reward manager, UK and Ireland.

Olley moves to Astellas

Astellas Pharma Europe has appointed Kate Olley senior director of reward. Her previous jobs include consultant at Towers Perrin and Arthur Andersen (now both part of Towers Watson), and European head of reward at ABN AMRO Bank.

AIB banks on Kanabe

Allied Irish Bank has appointed Alison Kanabe reward and pensions project manager. Previously, she was head of employee benefits and policy for Europe, EMEA, at Google.

Vodafone calls in Dainty

Vodafone has appointed Gemma Dainty UK benefits manager. She was previously regional total reward lead, EMEA, at Lockheed Martin.

The latest information on legislation and tax issues affecting employee benefits, including tax-efficient 'quick wins' on benefits and expenses, and employee dismissal after long-term sickness absence

ADVICE FROM THE EXPERTS

Shawn Healy is a tax principal at BDO.

Quick wins on benefits and expenses identified

The Office of Tax Simplification (OTS) has identified quick wins to simplify the administration of benefits and expenses, nine of which went live in January.

HM Revenue and Customs (HMRC) is to allow reimbursements by employees of fuel used for private motoring or in a company car made after the end of the tax year, but before 6 July, to be taken into account through online adjustments. Also, employers will again be able to use form P46 when a company car is replaced.

HMRC is publishing new guidance on: qualifying subsistence expenses and allowable expenses; the availability of pay-as-you-earn settlement agreements (PSAs) and dispensations and the online application process; and covering overseas and non-domiciled employees within a PSA and standard items (and related conditions) that can qualify for dispensations.

HMRC is allowing employers to adjust benefits returned on P11Ds and resubmit these online. The OTS has suggested HMRC publish a list of employments where it is customary to get tax-free accommodation and a list of benefits it considers trivial.

It is unlikely, however, that HMRC will want to set a precedent by agreeing to publish any financial limits it uses.

HMRC has confirmed it is considering allowing voluntary payrolling of benefits in place of reporting on P11D, with HMRC and the OTS exploring what changes can be phased in alongside any legislative changes.

Let's hope the OTS is equally successful as its focus turns to employee travel and subsistence issues.

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

CASE LAW

Decision clarifies dismissal after long-term absence

Robert Crawford

Clarification has been given on how employers should handle the dismissal of an employee following an extended period of absence due to ill-health.

In the case of *BS v Dundee City Council*, BS had been off sick for 272 days with stress and depression. During his absence, he was signed off sick by his GP and the occupational health assessment services for eight weeks at a time.

In September 2009, after meeting BS, the council decided he was unlikely to return to work for the foreseeable future and dismissed him on the grounds of capability.

BS appealed unsuccessfully and brought an unfair dismissal claim. The Employment Tribunal ruled in his favour, basing its findings on the council not conducting a thorough investigation into his health, stating that it should have obtained a further medical report about the prospect of BS returning to work before deciding to dismiss him.

Sickness absence: call for balanced view

On appeal, the case came before Scotland's Inner House of the Court of Session, which held that the tribunal had not approached the issue with the correct tests in mind. It said the critical question for an employer is whether it can be expected to wait any longer before deciding to dismiss an employee.

This will be a balancing exercise that involves consideration of: the availability of temporary cover; whether the employee has exhausted sick pay; the administrative and occupational health costs, and the size and resources of the employer.

Charlie Barnes, solicitor at Shoosmiths, said: "This decision suggests employers can take a medical report at face value in terms of the prognosis when considering dismissal on the grounds of ill-health, but should balance the views of the expert against the views of the employee."

@ For a longer version of this story, go to: bit.ly/1mkqTaj

LEGISLATION

Check up on rule changes affecting benefits

A number of changes affecting employee benefits came into effect in January, and further changes are due to come into force in April:

- Changes to the Transfer of Undertakings (Protection of Employment) (Tupe) regulations take effect on 31 January. Employers will be able to renegotiate the terms and conditions of employees when transferring them between businesses, provided the overall change is no less favourable to the employee: *bit.ly/19s0bvJ*
- The Office for Tax Simplification's nine 'quick wins', which aim to simplify the tax efficiencies on benefits and expenses, came into effect in January: *bit.ly/1aZKeIi.* These include: employers being able to make online adjustments to account for reimbursements by staff of fuel used for private motoring or in a company car; employers able to use form P46 when a car is replaced; and improved guidance on the availability of pay-as-you-earn settlement agreements.
- From April 2014, the monthly investment limits for sharesave will double from £250 to £500, and the value of shares 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 to £3,600 for free shares: *bit.ly/JyZkhr*
- The basic state pension will rise by £2.95 a week from April 2014.

@ For details of tax and legislation changes, go to: bit.ly/1mkqTaj

Your employees are your most valuable asset

Support their health and wellbeing with a Denplan dental plan

See us on stand number C10 at

employee benefits CONNECT

Dental care is much more than having a brighter smile.

Are you interested to find out how improving oral health can have a positive impact on employee wellbeing? Then visit our Denplan hosted EB connect roundtable. The discussion will be led by Denplan's Chief Dental Officer, Dr Roger Matthews, and will give the opportunity to delve deeper into the value of dental within the workplace.

Places on the roundtable are free but with limited availability.

Register your attendance to EB Connect today by visiting: www.employeebenefitsconnect.co.uk

That's the world of Denplan for you.

Denplan

At the heart of dental care

Denplan Limited, Denplan Court, Victoria Road, Winchester, SO23 7RG, UK.

Tel: +44 (0) 1962 828 000. Fax: +44 (0) 1962 840 846. Email: corporate@denplan.co.uk

EB0214

employee benefits CONNECT

It's not too late to book your place for Employee Benefits Connect 2014 at the Park Plaza Westminster Bridge in London on 27 February, or for the event's US launch in New York on 25 March

Industry leaders are sure to inspire

HR, reward and benefits managers can join benefits industry leaders for a day of ideas, innovation and inspiration at Employee Benefits Connect. The one-day conference with workshops and exhibition takes place on 27 February at London's Park Plaza Westminster Bridge.

Attendance is free for HR and benefits practitioners, and free places in conference sessions can be booked in advance (advisable for popular sessions and the opening keynote) at: *http://www.employeebenefitsconnect.co.uk/en/conference/programme.aspx*

Sessions to focus on global reward

Global reward and benefits sessions will be on offer for attendees at Employee Benefits Connect 2014.

Experienced international benefits and reward directors will speak on topics such as: 'How to obtain value with a global workforce when budgets are strained'; 'What to expect in global mobility compliance'; 'Global wellness initiatives: long-term employee commitment to a healthy lifestyle'; and 'Implementing a global recognition scheme: how can they operate internationally?'

● To book your place at some, or all, of these sessions, go to: *http://www.employeebenefitsconnect.co.uk/en/conference/programme.aspx*

Keynote speaker will look at workplace's future

The theme throughout this year's Employee Benefits Connect is about looking ahead and preparing for the future.

To inspire attendees, the closing keynote session, 'Future of the workplace', will be delivered by Professor Richard Scase (pictured left), a leading authority on leadership, futurology, innovation and corporate change.

He will discuss how global economic changes will impact on high-performing workplaces.

● To book your free place at this session, go to: *http://www.employeebenefitsconnect.co.uk/en/conference/programme.aspx*

The Big Apple beckons

Employee Benefits Connect will launch in New York, US on 25 March 2014. The programme is bespoke for US-based benefits and rewards managers. Register to attend at: *http://totallyexpat.com/new-york-eb-connect/*

@ www.employeebenefits.co.uk/events

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

LOVEWELL'S LOGIC

Debbie Lovewell-Tuck looks at the advantages of a 'helping' culture in the workplace

Good deeds will pay dividends all round

While surfing the internet recently, I came across blogs from individuals around the world who had challenged themselves to do one good deed every day for a year.

Although the same time parameters do not apply, this sense of altruism is extending into the workplace. In the first few weeks of this year alone, we have reported on several large employers' charitable or green initiatives linked to their benefits or reward schemes.

Reinsurer Swiss Re extended its financial support for seven more years for staff globally who cut their personal carbon dioxide footprint, say by installing energy-efficient home appliances or switching to a bicycle from a car.

And Virgin Media partnered with Evans Cycles on a programme in which a percentage of initial staff orders in its bikes-for-work scheme is donated to buy cycling equipment for disability charity Scope's special schools and colleges.

Initiatives such as these mean employees cannot use the excuse that they would do more to help others/the environment/charity but do not have the time to do so. Advantages for employers include the positive impact on employees' mental wellbeing and stress levels.

The Mental Health Foundation says helping others promotes positive changes in the brain; brings a sense of belonging; can improve confidence, happiness and optimism; and helps to keep things in perspective, as well as reducing stress.

Maybe extending the challenge of doing one good deed a day for a year to the workplace isn't such a bad idea.

Follow Debbie Lovewell-Tuck on Twitter: @DebbieLovewell

LINKEDIN DISCUSSION BOARD

Martin Schillig, HR business partner at sports betting organisation Tipico, posed these three questions:
"Which external environmental changes will affect your reward practice or strategy for 2014? How will these affect your reward practice or strategy? How will you communicate these changes to both management and employees?"

@ Robert Holman, group reward manager at international retail franchise operator MH Alshaya, responded: "The most influential external environmental change will be the speed at which the economies of Europe come out of recession in 2014. This will see the recruitment market pick up, making it necessary for your reward offer to be competitive and refreshed.

"As for communication, keep to the golden rule of simplicity, whatever you do."

100 Club column

Matthew Webb looks at pension strategy

employee benefits 100 Club
In association with LORICA Employee Benefits

The joy of DC investment loss

The defined contribution (DC) pension investment industry contains some of the best brains and actuarial talent spending their time, and our money, creating new strategies and tactics to maximise investment return.

But is positive return really the zenith of DC investing? In the long term, perhaps, but in the short term, especially in the early years of DC build-up, there is a strong case to suggest a DC investor should look for funds with a decreasing unit price. Why?

Consider the first rule of investing: buy low, sell high. If members understood this, they would not be concerned, especially in their 20s and 30s, about their fund value decreasing, but would actually embrace falling unit prices.

Buy low, sell high is the investor's mantra, but does the average DC member think or behave this way? No, and whose fault is this? Probably the industry's. Members are fed the line that positive returns are good and an increasing unit price means a higher-value DC pot.

But this is only important at retirement. Until then, it is far more to the advantage of the member if the unit price is low or falling, so that for the given contribution, he or she will buy more units than would otherwise be the case.

Known as pound cost averaging, this is probably the most important, yet the most misunderstood, concept for DC investors. A tick shape on a graph that shows unit price over time is the best shape to aim for; much better, for example, than a steadily rising line. In numerical terms, the difference can be substantial.

Behavioural finance shows us that most investors lack the nerve to buy low and sell high. But a DC investor is not a typical investor; the time horizon can be 40-plus years, regular contributions are made over this period, and switching activity is low in most plans. So, pound cost averaging is important to DC investors and greater understanding of this concept would lead to far better outcomes.

For DC members who are looking at their account balances, if they have gone down, don't despair. Instead, rejoice that you will buy more units at the lower price, so when the price goes up, you will have more units to sell.

Of course, no one can time the markets perfectly, but for DC members in the growth phase, volatility of prices is generally a good thing. It is certainly not in the National Employment Savings Trust's book of investing, but is worth reflecting on.

Matthew Webb is head of international benefits at Thomson Reuters

The 100 Club comprises industry leading lights who have contributed to Employee Benefits

From the **frontline**

Duncan Brown discusses the need to give employees a pay rise

Economic sense and social sensibility

'Give Britain a pay rise.' Not a surprising new year sentiment to hear from the GMB trade union, perhaps, or Labour leader Ed Miliband.

At the end of December 2013, the GMB released research pointing to a 14% national decline in real wages since in 2008, and an average 20% fall in London. General secretary Paul Kenny said: "People deserve a decent pay rise after years of attacks on living standards."

But when the union's views are echoed by the head of the Confederation of British Industry (CBI), John Cridland, in his annual message, then you start to think this really could be a significant shift in sentiment.

Cridland's support for "better pay and more opportunities for all employees" and addressing the situation of "far too many people stuck in minimum-wage jobs" contrasted with his plea to political leaders three months earlier to put the brakes on an early election commitment to a living wage, or a higher national minimum wage, to solve the "cost-of-living crisis".

Cridland argued then that it risked prematurely curtailing the recovery in employment, which has seen unemployment fall to about 7%, its lowest level since 2009.

His change of heart seems to be part economic sense and part social sensibility. Cridland is sensitive to the swift recovery in corporate profits and bonus-driven executive pay rising with it, reminding bosses that all their employees should share in the recovery through mechanisms such as share schemes and profit-sharing plans, as well as giving "a helping hand to young people".

Incomes Data Services' latest *Executive compensation review*, published in November 2013, shows that executive director pay in FTSE 100 firms rose by 14% in the past year to an average of £2.1 million. As political economist Will Hutton observes, the International Monetary Fund and the Organisation for Economic Co-operation and Development have both pointed out that "growing inequality menaces vigorous societies".

But Cridland's thinking is primarily economic sense. Pay always matters, but in 2014 it is particularly important, with our economic recovery hopefully taking hold and an election just round the corner in 2015, one which all parties agree will depend on more people feeling they are sharing in growing prosperity. Opinion polls suggest the vast majority do not feel better off.

"Opinion polls suggest the vast majority do not feel better off"

As *The Guardian*'s economics editor, Larry Elliott, explains, the essential factor not yet in place to drive business investment is rising real wages. He says: "[Employers] need to grasp one simple message: rising incomes equals rising consumption equals rising investment equals far higher chances of a sustained recovery. Give Britain a pay rise."

Or as Elinor puts it in Jane Austen's *Sense and Sensibility*: "I wish, as well as everyone else, to be perfectly happy."

Follow Duncan on Twitter: @duncanbhr

TWEETS OF THE MONTH

@WPRLawyers – Interesting piece @EmployeeBenefit on attitudes to working savings and retirement income *bit.ly/1dTLSw9*

@workinstitute – Learn to motivate your lower-paid staff members with this post by @EmployeeBenefit *bit.ly/19iep2o*

@KamwellLtd – Need more info on salary sacrifice car schemes? Look no further: *bit.ly/JyevY1* Thanks! @EmployeeBenefit #SalarySacrifice

@Diane_FPtweets – Too familiar, even in 2014. @EmployeeBenefit: Confessions of a benefits manager: Focusing on employee comms

TOP 10 MOST VISITED STORIES ON THE WEB*

1	BP and Microsoft access wellbeing scheme
2	Court rules on disability and work-related stress
3	How to motivate lower-paid staff in high-pay cultures
4	Cisco cuts healthcare costs by 8.5%
5	Confessions of a benefits manager: Focusing on employee communications
6	Average gender pay gap among HR professionals hits £8,844
7	The Body Shop launches global HR brand
8	Government to raise auto-enrolment threshold
9	Shared parental leave could create issues
10	Communication strategies to engage staff with pensions auto-enrolment

*Ranked by the number of page impressions from 14 December 2013 to 14 January 2014

THE MONTH IN NUMBERS

11 cubic metres: The legal minimum amount of space employers must provide to all employees (see page 22)

17.85% Percentage per employee that East Coast Mainline contributes to its pension plan (see page 42)

£4 Minimum cost per employee of providing flexible benefits technology (see page 51)

Do your staff Love2shop?

It's no coincidence that the bulk of our 6,500 UK clients prefer Love2shop vouchers and gift cards when it comes to staff incentives and rewards because they're accepted by the nation's biggest and best retailers.

This versatility appeals to all types of businesses when engaging with staff, customers and everyone else that matters to them.

- **Accepted in over 20,000 leading high street stores***
- **Available as a card or voucher for extra flexibility**
- **Proven success in loyalty, incentive and reward programmes**
- **Fantastic new voluntary benefits package now available**
- **Enquire about our bulk order discounts**

Get in touch

www.love2reward.co.uk/shop2

0844 576 0586

flexecash® is the pre-paid card platform which issues the Love2shop cards. This facility is provided by Park Card Services who are Authorised and Regulated by the Financial Conduct Authority to issue electronic money. FRN: 900016. All trade marks are registered to Park Group Plc. Full terms and conditions can be found at our flexecash website. For professional use only. *Figure refers to voucher. Retailers vary between voucher and cards.

Love2reward

Engage | Retain | Inspire

This month's big question:

Will the increase in share plan limits boost scheme numbers?

We were pleased with the measures announced in the Chancellor's Autumn Statement to double the sharesave allowance for employees from this April, because encouraging staff to have a greater share in the success of their employer is always a positive step.

At Sainsbury's, we know that a major part of the success of the business is down to the 157,000 employees working in our stores, depots and offices.

We believe in giving our employees and their families the opportunity to own a real stake in the business, so their interests are genuinely aligned to the organisation's performance.

In 2011 we celebrated the 30th anniversary of sharesave, one of our all-employee share plans, and now more than 40,000 employees hold shares in Sainsbury's. We know that sharing success leads to a more motivated workforce and long-term loyalty, and now we are seeing our approach pay off.

In our recent corporate responsibility update, we reported that more than 21,000 employees took up our sharesave offer this year, a record-breaking figure. In addition, we have committed to increase the number of employees with shares in our business by 25% by 2020 as part of our 20x20 sustainability plan.

It's all part of our pledge to make Sainsbury's a great place to work, giving people a stake in the business and allowing them to save.

We work hard to engage our employees with simple, clear messages to promote the opportunities for share ownership, as we know the complexity can be a barrier to some.

Angie Risley is group HR director at Sainsbury's

While most governments in Europe have been cutting back on tax-advantaged share schemes, the UK's increase in tax-free limits is a pleasant contrast.

Given that all three major political parties favour wider share ownership, the tax relief is unlikely to be reversed soon, which should give organisations confidence to plan schemes.

But there are a number of reasons why we may not see an immediate increase. Firstly, these share schemes do have a cost and organisations will need to budget for this before agreeing new plans. Secondly, those organisations that already scale back sharesave when applications exceed their allocation are unlikely to take advantage of the new limits. Thirdly, some employers with a large proportion of lower-paid staff may be wary of launching a scheme in which it is likely that only executives can take advantage of the increased limits.

A share incentive plan (Sip), which involves share ownership rather than options, gives tax and national insurance (NI) relief on contributions. It is more costly to administer than sharesave and its complexity has deterred many organisations. However, the increased amount that can be put into such a plan will give organisations a larger NI saving.

Of course, some organisations have a larger proportion of higher-than-average earners that may be interested in using the additional relief.

Over the longer term, I believe a steady stream of employers will again revisit share schemes, and the tax relief available is now too big for large and medium-sized enterprises to ignore in the medium term.

Jeremy Mindell is director of tax and share scheme advisory firm Primondell

As the voice of the employee share ownership industry, IFS Proshare has lobbied the Treasury to raise the savings limits in line with inflation, reflecting the views of the members and their employers that the organisation represents.

So we were delighted to learn that Chancellor George Osborne is to increase investment limits on sharesave plans to £500 a month and on share incentive plans (Sips) to £1,800 a month.

Although no one can say for certain whether increasing the limits will immediately result in more organisations launching employee share schemes this year, what, in effect, the campaign has done is to create a more fertile ground for employers that are considering launching employee share plans.

By doubling the savings limits, employee share ownership, as a viable savings tool, will become a lot more attractive to a greater diversity of employees and sizes of organisation.

The benefits of employee share ownership are well known and the recent example set by Sainsbury's (see column far left) shows growing numbers of employees are joining their employer's share schemes.

The savings limits are due to rise from April 2014, so it will be a few months before we see the effects start to come into fruition. Nonetheless, IFS Proshare is confident that once the increases come into force, the demand already shown by Sainsbury's employees will be replicated in other organisations as 2014 progresses.

John Collison is head of employee share ownership at IFS Proshare

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

Fair-minded approach oils the wheels for reward

Mark Goodlake, group reward manager at Tullow Oil, says reward professionals need a well-developed sense of what is fair and consistent, balancing the needs of staff and management when deciding on a strategy

Mark Goodlake, group reward manager at Tullow Oil, attributes his career success to his experience in a broad range of HR disciplines, and the lessons that he has learnt along the way.

For example, at Astellas Pharmaceuticals, where he was senior director reward, Europe, the Middle East and Africa (EMEA), before joining Tullow Oil last month, he learnt that reward helps to boost employee engagement.

"At Astellas, we didn't do anything unless it related to organisational values and strategies, so there was a joined-up approach," he says. "That was a big learning curve for me. For example, we did a lot on health-related benefits and that was part of our journey towards being an employer of choice in the healthcare sector. So you could see there was a rationale to having these benefits."

Goodlake began his career as an HR generalist before moving into reward. "I worked in talent management for a little while, and also performance management and as a generalist," he says. "That helps me see things from the HR perspective, rather than just the reward perspective."

Varied experience

Goodlake says his varied experience enables him to see how reward relates to other business areas. But breadth of experience is not enough, he says. Reward professionals also need a well-developed sense of what is fair and consistent, particularly when dealing with conflicting opinions. "Sometimes, reward is about what management wants and what the employee wants," he says. "Sometimes a section of the business wants to do something quite different and inconsistent.

"The mark of a reward professional is to take that independent view on decisions and think about what is right for the business and what is fair, rather than just a quick fix. That can make you a little unpopular at times, but it is important in this discipline."

Global reward nous is becoming increasingly important for reward professionals as global employers strive to harmonise their benefits, he says. At Astellas, Goodlake and his team worked to align all aspects of the global employer's reward package with its business principles. "We had reward scans, whereby we went into each of the countries and compared the practices against the principles and then suggested any necessary improvements. That way, we got consistency without having the same policy in every country."

Goodlake is proud of the global reward review he worked on at Astellas, not least because it taught him how to take a flexible approach to managing reward in different countries.

However, he says one of the most important lessons a reward professional must remember is to constantly review and check that they have understood their employer's business needs and HR strategy, to ensure the reward approach supports these aims.

"That's the fundamental route of it all," he says. "Reward doesn't exist in a vacuum. We have to choose the most appropriate reward approach for the business, and the need, not just what other people are doing."

Tynan Barton

CURRICULUM VITAE

2014-present group reward manager, Tullow Oil

2003-2013 senior director reward, EMEA, Astellas Pharmaceuticals

1999-2003 European partner, performance and reward, Mercer

1995-1999 principal consultant, performance and reward, KPMG

1993-1995 international HR manager, Glaxo

1989-1993 senior compensation and benefits officer, Glaxo

1988-1989 personnel officer, Glaxo (now GlaxoSmithKline)

Q&A

How would you describe yourself?

According to my 360-degree performance review, I'm pretty much analytical through and through. On the positive side, most of the time I can remain fairly calm in the job and I can see things from a different angle in terms of problem-solving. Being an analytical person, the downside is that I'm a bit of a worrier.

Who is your role model?

Outside of work, I'm quite inspired by people who succeed against the odds, so I've read a lot about polar explorers, such as [Sir Ernest] Shackleton and [Robert Falcon] Scott. I always enjoy their stories of how they've battled against enormous odds to win.

Do you read management books?

I read management books when I've got a particular problem to solve. I'm currently reading *Your first 100 days: how to make maximum impact in your new leadership role*, by Niamh O'Keeffe, published by Financial Times Series in October 2011. I like practical books that give a roadmap of how to do something.

Tynan Barton is features editor at *Employee Benefits*

Motivate, reward and say thank you with Sainsbury's

- 1000s of choices
- Redeemable at over 1000 Sainsbury's stores nationwide
- Reloadable Gift Cards, can be managed online
- Quick and easy to order
- Over 20 years of experience working alongside businesses

Call us
0870 0101351

Email us
info@sainsburysbusinessdirect.co.uk

Visit us
sainsburysbusinessdirect.co.uk

Sainsbury's
Business Direct

CONFERENCE PROG

DON'T MISS OUT - BOOK YOUR CONFERENCE AND ROUND

- OPENING KEYNOTE: Top CEO's and industry experts discuss the future and changes of benefits
- **Oli Husemeyer,** International Benefits Project Manager at Google, tackles workplace stress and why it should be taken seriously
- **Sara Harper-Holton,** HR Director at Weight Watchers UK, tells us how to integrate auto-enrolment into HR strategy

Visit employeebenefitsconnect.co.uk to view the full programme

employee benefits CONNECT

27th February 2014

Park Plaza Westminster Bridge, London

RAMME **LIVE!**

DTABLE SESSIONS **TODAY!**

- **Janet Mckenzie,** Reward Manager at B&Q, talks about how to keep your employees happy on a tight budget
- **Paul Bissell,** Head of Reward at Vodafone UK, talks EVP's for the future: How to motivate and engage employees
- CLOSING KEYNOTE: Futorologist, **Professor Richard Scase** gives insight into how to create a workplace of the future

BOOK NOW

CREATURE COMFORTS

The design and structure of a workplace can have a significant effect on the health and wellbeing of employees, says **Clare Betteley**

Office design and set-up can directly affect employees' health and wellbeing. For example, the design features of Long Barn Studio, the Bedfordshire home of Nicolas Tye Architects, help new recruit Katie Wilson to remain calm at work.

The office is essentially a glass box with larch-clad casing at each end, which means it is flooded with natural daylight through most of employees' working day (see box, page 26).

"It's a really nice office to work in, purely because it's so open," says Wilson, who joined the organisation as head of business development at the end of 2013.

"It's a very open-plan office and everyone can talk to each other and work as a team, and because it has so much glass, it never feels like a normal, constricted office, which, with our long hours, makes me feel a lot more relaxed."

Similarly, at Great Ormond Street Hospital's new Morgan Stanley Clinical Building in London, staff have welcomed design features such as floor-to-ceiling windows and art, which they say have cut stress levels (see box, page 25).

Lindsey Dugdill, professor in public health at the University of Salford, says employers should try to replicate hospital design features, particularly those in children's hospitals, because of the positive impact they can have

EMPLOYERS' LEGAL REQUIREMENTS FOR WORKPLACE MANAGEMENT

WELFARE PROVISIONS

- Toilets.
- Hand basins with soap and towels or a hand-drier.
- Drinking water.
- A place to store clothing and somewhere for employees to change/ lockers.
- Somewhere for employees to rest/eat food, which could be at their desk.

HEALTH PROVISIONS

- A supply of fresh, clean air from outside, either from open windows or via a mechanical ventilation system, such as air conditioning.
- A minimum temperature of 16°C, or 13°C for physical environments, such as a fitness studio in a gym.
- Lighting that suits the work being carried out.
- Enough room and space for each employee; a rule of thumb is a minimum of 11 cubic metres per employee.
- Clean workplaces with bins and a cleaner.

SAFETY PROVISIONS

- A properly maintained work area, particularly with regard to work equipment, such as machinery, which must be serviced and maintained properly.
- Floors and exit roots that are clean and clear from obstruction.
- Windows that can be opened and cleaned safely, with glass or transparent areas protected or made of safety materials, depending on where they are.

Source: Institution of Occupational Safety and Health

"Even quite simple things can have quite a pronounced effect on the way staff feel"

Lindsey Dugdill, University of Salford

Jacko

Viewpoint

Doctor Noeleen Doherty is a senior research fellow at Cranfield School of Management

Physical, mental and social health and wellbeing in the workplace are key considerations for both employers and employees. The creation and maintenance of safe physical and positive work environments are mutually dependent.

Physical high-hazard contexts, such as in the construction and engineering industries, tend to attract high-profile publicity because the outcomes of poor practices can be potentially fatal; think Chernobyl or Piper Alpha. But in situations where the physical risks could be perceived as less serious, such as office or retail environments, the consequences may not seem so significant.

However, it is critical to avoid complacency. In such low-hazard environments, slips, trips, falls and 'near misses' are actually quite common and can be costly to staff in terms of personal injury, and to employers and society in terms of financial costs.

There are regulations in place to address environmental issues, such as noise or air pollution, but there is a need to move away from a mindset of compliance and cost to one of mindfulness of the factors that create and maintain a safe, healthy working environment.

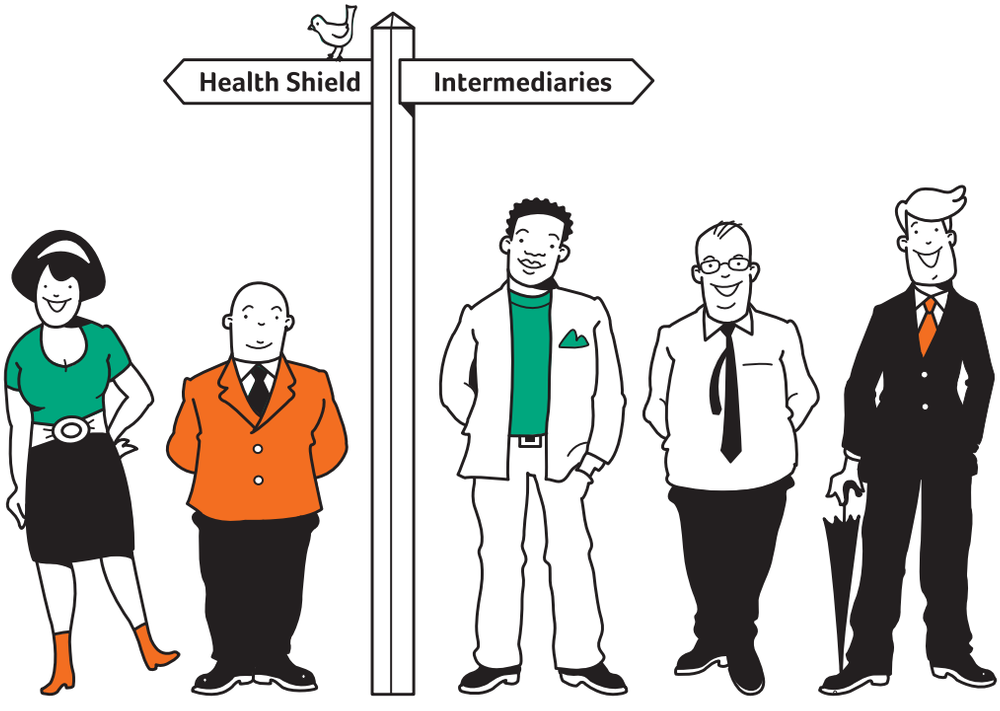
Shared responsibility and shared leadership help to create a healthy work environment. All employees have a role to play in ensuring good practice is part of everyday organisational life. This involves keeping staff aware of risks, helping them to develop skills in risk assessment and risk management, but importantly enabling employees to prioritise and not become risk-bound.

Employers must enable and support staff to take responsibility for health and safety, facilitating problem-solving to address issues that arise and encouraging employee involvement in maintaining a safe working environment. Only then can they successfully create a workplace that supports staff health and wellbeing.

HEALTHSHIELD
WE'VE GOT YOU COVERED

YOUR SPECIALIST HEALTH CASH PLAN PROVIDER

Going direct or through an intermediary?



We've got you covered

Whether you're exploring different options for yourself or taking the intermediary route then choose a health cash plan from Health Shield. You can go company sponsored or cost neutral voluntary. Or we can create a bespoke Tailored plan just for you. All of our corporate products offer 100% cashback* on a wide range of benefits including optical, dental and physiotherapy. So, for great choice and support every step of the way - we've got you covered.

Call us free on

0800 378051

www.healthshield.co.uk

Tailored • Essentials • Elements • Corporate • Flex

INVESTORS IN PEOPLE

*Subject to annual review. Up to chosen annual limits. Health Shield Friendly Society Ltd. As part of our on-going quality control programme, calls may be monitored or recorded. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

2013 HEALTH INSURANCE AWARDS WINNER BEST CASH PLAN PROVIDER
2012 HEALTH INSURANCE AWARDS HIGHLY COMMENDED
2011 HEALTH INSURANCE AWARDS WINNER BEST HEALTHCARE CASH PLAN PROVIDER
BEST HEALTH CASH PLAN WINNER 2010 • COVER MAGAZINE AWARDS 2010 WINNER

Health Insurance Provider Awards
Best Healthcare Cash Plan Provider 2013

CASE STUDY **GREAT ORMOND STREET HOSPITAL**

New building helps to cut stress levels

Staff health and wellbeing was a key aim in the design of the Morgan Stanley Clinical Building, one of two new buildings that will form the Mittal Children's Medical Centre at Great Ormond Street Hospital (GOSH) in London.

The building, which opened in 2012, has seven floors, one of which is the staff restaurant, which has wall-to-ceiling glazed windows and runs along the entire length of the building.

Unlike the traditional hospital set-up, there is a staff room away from the ward area, with views over Coram's Fields, an urban park, and separate stairs and lifts to prevent staff having to walk through the hospital to enter and leave the building.

Joanne Trussler, clinical director at GOSH, says: "The thinking behind it was that we allow staff to get away from their work, because they're often working 12-hour shifts. It is important for them to feel they've got some privacy and some quality time whenever they take their break, because working with sick children and families can be very tiring and demanding emotionally."

Trussler says research was conducted on the impact of art on staff wellbeing and morale, which resulted in selected pieces being displayed in staff areas.

Staff were engaged in the building's design process from an early stage, and worked closely with the architects to achieve their desired workplace.

"We've tried to get staff, from an early stage, to think about how they were going to work differently in the building, and also how they were going to use the amount of space they were going to get," says Trussler.

"Some of them had come from small, cramped wards, and that meant quite a change for them, psychologically and physically."

Two-dimensional plans of the building's design were used to encourage a new way of thinking about it ahead of its completion. After staff moved in, team games, such as treasure hunts, were used to help employees get to know the new space.

Trussler adds: "So it wasn't just the redevelopment team telling staff [how to use the space]; they needed to feel they owned their space. Part of the transformation was about staff understanding that they wouldn't just move in and do exactly what they did before; they have to feel that they own that area."

GOSH is now working on a post-project evaluation to assess the new building's impact on staff health and wellbeing, but anecdotal feedback suggests employees particularly like the space and the light.

"There's much more space at bedsides to provide care, and more privacy for staff to speak with patients and parents, so that's helped their wellbeing because they're not as stressed," says Trussler.

"Also, anecdotally, stress levels in our intensive care space have reduced because the new layout is very different to the previous one, which was very open-plan and had a lot of machinery noise."

on staff health and wellbeing. And such features need not be expensive.

"Natural light and coloured walls, from a wellbeing perspective, can make staff feel better," says Dugdill. "Certain colours, like green and blue, are seen to be less stressful, so even quite simple things, such as the colour an employer paints a wall, can have quite a pronounced effect on the way staff feel."

Dugdill also advocates greenery, be it in the form of plants in and around a building or, where possible, a garden, because of its calming effects on staff.

Maintaining office air quality is one of a range of legal requirements for employers (see box, page 22), and plants can improve air quality by absorbing toxins and emitting oxygen, enabling staff to breathe more easily and reducing the side-effects of humidity, such as headaches.

Other health risks for employers to manage include obesity, which is having an increasing effect on sickness absence levels.

Dugdill says: "There is a big body of evidence showing how risky a sedentary lifestyle is. The way an office is designed can stimulate, or mitigate against, staff moving about and not being sat down for too long."

Offices that facilitate physical activity can help employers to tackle staff health issues such as obesity, she says.

In her book *Enhancing building performance*, published in 2012, Dugdill proposed the concept of 'physical activity-friendly' buildings that encourage staff to make 'involuntary actions' around the office during their working day, rather than 'voluntary' movements, such as structured gym attendance.

Use the stairs

For example, a workplace with a central staircase can encourage staff to use the stairs to access other parts of the building, rather than take the lift.

Standing desks, the height of which employees can adjust depending on whether they want to sit or stand to work, and treadmill desks can also encourage staff to be active.

Dugdill questions the need for staff to remain seated while working. "When we think ➤

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Good office design can boost employee health and wellbeing.**
- **But corporate culture is just as important and must be driven from chief executives down through organisations.**
- **Workplaces that encourage physical activity can help combat disorders such as obesity.**

CASE STUDY **NICOLAS TYE ARCHITECTS**

A healthier office environment by design

The environmentally-friendly design specifications of Nicolas Tye Architects' Bedfordshire headquarters, Long Barn Studio, make it an enviably healthy office space in which to work.

The glass box-shaped building's stone flooring and the employer's footwear-free office policy (staff wear slippers) helps to minimise the effect of allergies.

The office optimises its air quality with a mechanical cooling system, which provides comfort cooling in summer and pre-heats cool air coming from outside in the winter. The air is filtered, providing a healthy fresh air balance in the studio.

Non-toxic lacquers and organic white paint are used throughout the building, and workstations feature ergonomic chairs with lumbar support.

Nicolas Tye, owner of the business, says it is easy to achieve an office that promotes staff health and wellbeing. "Employers should start by looking at the key aspects of design by zooming in and zooming out [on details]. Zoom-in detail is the keyboards employees will use; zoom out is the air they breathe.

"Employers should make sure all aspects provide the right holistic goal, which will pay dividends to the working environment in any office."

about technology, more and more employees are moving around on their tablets and phones," she says. "Staff work from all kinds of spaces now, and this offers a real opportunity to move away from sitting down at desks all the time."

More cost-effective tweaks to a workplace include the strategic positioning of recycling bins and kitchen areas so that staff have to walk a distance to use them.

But Craig Knight, chartered occupational psychologist and honorary research fellow at the University of Exeter, says giving employees ownership of their workspace is more important than any quirky design feature when it comes to boosting health and wellbeing.

"The most important thing is not a treadmill desk or a particular kind of feature, but employees having the ability to recognise their own identity and the space in which they work," he says. "Employees need some say in how their workspace looks; that's most important."

Executives and senior managers can encourage workspace ownership by involving staff in the design and set-up of the space. For employers in established buildings, this may simply involve giving employees input into the design of their workstation furniture or office facilities such as the staff kitchen or restaurant.

But Monica Parker, workplace director at office designer Morgan Lovell, says such an inclusive approach can only work in organisations with the right corporate culture.

> "It's really about changing behaviour, and that takes more effort than moving the furniture around"
>
> Monica Parker, Morgan Lovell

"Office design is an output of an office culture and it's only as good as the behaviour that is embedded within that space, so culture trumps design," she says.

"It can be misleading to say employers need to build more active offices. Employers need to build more active cultures, so it's really about changing behaviour, and that takes more effort than moving the furniture around."

For example, organisations need to create a culture in which staff are encouraged to move around the workplace and use breakout areas, instead of a culture that assumes staff taking time away from their desks are avoiding work.

Take breaks

Employers can also offer health and wellbeing incentives to encourage desk-based staff to take breaks from work. For example, Mitie Group hosts monthly on-site massages for employees at its 24-hour call centres to help ensure they take breaks to keep them relaxed.

Staff chill-out areas, often furnished with beanbags, drink and snack vending machines as well as pool tables, also feature in some workplaces to enable employees to switch off from work during their breaks.

Some employers also use staff rooms and breakout areas to stage health and wellbeing initiatives, and some host benefits fairs that promote workplace health and wellbeing.

Morgan Lovell's Parker adds: "There are workplaces with space that never gets used because the corporate culture doesn't encourage and facilitate that. It's about employers creating an office design that's aligned with their culture of wellbeing." EB

Clare Bettelley is associate editor of *Employee Benefits*

@ Read also *Employee Benefits Awards 2013: Best healthcare and wellbeing benefits* at: bit.ly/1aBE191

You're invited to the Garden Party of the Year

Celebrate this years winning reward strategies,
join us at the Employee Benefits Awards ceremony.

Friday 27th June 2014
The Artillery Garden at the HAC, London

EARLY BIRD TABLES AVAILABLE
BOOK ONLINE NOW

Book your table online at
employeebenefitsawards.co.uk

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

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

employee benefits Awards
& Summer Party 2014

IN ASSOCIATION WITH
MERCER • MARSH BENEFITS™

IN ASSOCIATION WITH:
MERCER • MARSH BENEFITS™

SPONSORED BY:
AON Hewitt
Cigna
LORICA Employee Benefits
personal group for your benefit
WEALTH at work KNOWLEDGE | EXPERIENCE | OPPORTUNITY
Westfield Health Harder working health cover

MAKE PERKS LESS TAXING

Some employee benefits can offer staff and employers the added advantage of tax and national insurance savings. **Robert Crawford** explains how to cash in

Employee benefits not only help to attract and retain staff, but some perks, such as pensions, company cars and bikes for work, offer tax and national insurance (NI) advantages for employees and employers.

Tax-efficient benefits offered through a salary sacrifice arrangement are exempt from income tax, employer's NI and employee's NI. This is so because a benefit offered in this way reduces an employee's pay, so less tax and national insurance is due and the employer will not have to pay NI contributions on the portion of salary that the employee sacrifices.

Here is a rundown of the employee benefits that offer tax and NI efficiencies.

PENSIONS

An occupational pension scheme, registered with HM Revenue and Customs (HMRC), offers several tax advantages:

An employer's contributions can be deducted against its profits for corporation tax purposes and are not taxed as benefits as regards employee's or employer's NI.

Employee's contributions, up to a maximum of 100% of earnings, are allowed as a deduction against the employee's taxable income.

There is a lifetime limit on any employee's tax-exempt pension savings. This is set at £1.5 million for 2013/14, reducing to £1.25 million from 6 April 2014. Any sum above this limit is subject to a lifetime allowance charge of 25%

(for group personal pension or stakeholder schemes) before being applied to provide taxable benefits. If the excess is taken as a lump sum, it is taxed at 55%.

But if an employee has built up a big pension pot, they can apply for protection from the lifetime allowance, but must do this by 5 April 2014. This will allow them to maintain a lifetime allowance of £1.5 million, but only if they make no contributions after 5 April.

There is also an annual allowance on tax-relieved pension savings, capped at £50,000 for 2013/14. Employer and employee contributions above the limit are taxed at the highest rate the employee pays: 20%, 40% or 45%. The annual limit will be reduced to £40,000 from 2014.

No income tax or capital gains tax is payable on income arising from investments in a self-invested personal pension (Sipp).

Pension plan members receive tax relief on their contributions, subject to HMRC limits and tax status. Up to 25% of members' pension funds may be taken as a tax-free cash sum at retirement, subject to the lifetime allowance.

HEALTHCARE

A tax exemption is to be introduced on sums of up to £500 paid by employers for medical treatment for staff who have been on long-term sick leave. It will apply to recommendations by the government's Health and Work Assessment and Advisory Service and extends to employer-arranged occupational health services. The aim is to help staff return to work. The government will introduce the legislation in the Finance Bill 2014.

COMPANY CARS

The benefit value of an employer-provided car is calculated as the new price published by the manufacturer, plus value-added tax (VAT), delivery, number plates and any optional extras. The employee is liable to pay tax on a percentage of the P11D value decided by the car's carbon dioxide (CO_2) emissions.

Two new company car tax bands will be introduced by the government, at 0-50g/km and 51-75g/km of CO_2.

The appropriate percentage of the list price subject to tax for the 0-50g/km CO_2 band will be 5% in 2015-16 and 7% in 2016-17. The appropriate percentage of the list price subject to tax for the 51-75g/km CO_2 band will be 9% in 2015-16 and 11% in 2016-17.

TAX-FREE LOANS

The threshold for tax exemption on employment-related, low-cost or interest-free loans is currently £5,000, but will rise to £10,000 in 2014-15. If the total outstanding balances do not exceed the threshold in a tax year, there will be no tax charge.

BIKES FOR WORK

Under salary sacrifice, payment for a bike for work comes out of an employee's gross, rather than net, pay. Because their pay falls slightly over the payback period, the typical saving for a standard-rate taxpayer is 32%. On average, employers can save 13.8% of the total value of the salary that employees sacrifice.

Thinkstock

HEALTH SCREENING

Employees can save up to 42% tax if this benefit is offered through a salary sacrifice arrangement. Also, the charges that employers pay for a bulk screening programme are lower than an employee would have to pay individually. The employer will save on the 13.8% employer NI contributions, with the cost of the screening recovered via deduction from employees' pay.

EXAMPLE OF TAX AND NI SAVINGS FOR HEALTH SCREENING

	Basic-rate taxpayer (1)	Higher-rate taxpayer (2)
Health assessment cost	£500	£500
Tax and NI saving	£160	£210
Net cost	£340	£290
Monthly cost	£28.33	£24.16

(1) Assumes employee pays tax at 20% and NI at 12%.
(2) Assumes employee pays tax at 40% and NI at 2%.

Source: HMRC

CHILDCARE VOUCHERS

Childcare vouchers provided as an employee benefit are exempt from income tax and NI contributions on up to £55 per week or £243 per month, per employee.

However, from 2015, childcare vouchers will be replaced by a tax-free childcare scheme that provides working families with 20% of their childcare costs, up to £1,200 for each child.

TAX ADVANTAGES OF CHILDCARE VOUCHERS

Level of tax employee pays	Tax-free voucher limit
Basic-tax rate	£243 a month
Higher-rate tax	£124 a month (If employee joined the scheme on or after 6 April 2011). If the employee joined before then, the limit is £243 a month.
Additional-rate tax	£110 a month (if employee joined the scheme on or after 6 April 2011). If the employee joined before then, the limit is £243 a month.

The reason for the limits is to ensure no employee receives more than £11 a week in tax relief. So, 20% x £55 = £11, 40% x £28 = £11.20 and 45% x £24 = £10.80.

INCOME TAX RATES

Personal allowance: £9,440 (basic), rising to £10,000 in 2014/15.

20% on annual earnings above the PAYE tax threshold up to £32,010.

40% on annual earnings from £32,011 to £150,000.

45% on annual earnings above £150,000.

NATIONAL INSURANCE CONTRIBUTIONS

Employees pay national insurance contributions (NICs) if they earn more than £149 a week. The amount they pay is 12% of their earnings above that limit, up to £797 a week. The rate drops to 2% of earnings above that amount.

Employers pay 13.8% NICs on all wages they pay to employees. However, in April 2014, the NICs Employment Allowance will knock £2,000 off most (but not all) employers' annual NICs bills.

SHARE SCHEMES

If an employee invests in a share incentive plan (Sip) and keeps their money there for five years, no income tax or NI contributions will be payable when the employee acquires the shares.

An employee will also not have to pay capital gains tax (CGT) on shares sold, but if the shares are retained, CGT may have to be paid if they increase in value. There is an annual exemption of £10,900 before the tax is paid.

The personal investment limits of sharesave schemes will double from £250 to £500 a month from April 2014. Also, the maximum value of shares 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 to £3,600 a year for free shares.

The government will provide an annual exemption from income tax on bonuses or equivalent payments on amounts up to £3,600 paid to employees of organisations that are indirectly employee-owned.

Gain taken from a share scheme option is taxed at 18% up to £32,010 and at 28% from £32,011.

Employers can give employees up to £3,000 worth of free shares in any tax year, and staff can buy £1,500 worth (or up to 10% of their income for the tax year, if less) before income tax and NI are deducted.

GYM MEMBERSHIP

Staff can save on NI contributions if gym membership is offered via salary sacrifice. Class 1A NI contributors save up to 12% when paying for gym membership, but those in the higher NI contribution band will save only 2%. This does not include staff that have access to an on-site gym on their employer's premises.

Robert Crawford is a reporter at *Employee Benefits*

@ Read also *What is the future shape of salary sacrifice car schemes?* at: bit.ly/1fcJTJQ

FuelCard

peoplevalue
inspire • motivate • reward

A Unique Voluntary Benefit for Fuel Savings

www.peoplevalue.co.uk/fuelcard

Guaranteed Low Prices

Nationwide Coverage

Diesel & Unleaded

fuel@peoplevalue.co.uk 0870 908 0088 #fuellingthenation

www.peoplevalue.co.uk

FAMILY VALUES

Voluntary benefits can help employers to become more family-friendly by supporting and motivating working parents, says **Robert Crawford**

Scott Garrett

With legislative changes affecting working parents coming into force over the next few years, employers are looking to make good use of voluntary benefits to create a family-friendly work environment.

Voluntary benefits that an organisation can offer to enhance its reputation as a family-friendly employer include emergency childcare, school holiday clubs, nursery discounts and travel insurance for family holidays, as well as childcare vouchers and flexible-working arrangements.

Atkins, Barclays, Danone and Royal Mail Group were among the employers recognised as family-friendly in the *Workingmums.co.uk* Top Employer Awards in December 2013. The organisations were recognised for embracing the business benefits of flexible-working arrangements and being proactive in creating a family-friendly workplace.

Employers can also use a number of voluntary benefits, including retail discounts, to help working parents. Andy Philpott, sales and marketing director at Edenred, says discounts can be a cost-effective perk to provide.

"Employee savings platforms give huge advantages to families in the workplace, especially at times when costs are high," he says. "Employees can save money on groceries and other essentials. It's a huge benefit that could save them hundreds of pounds a year."

Over the past six years, *Employee Benefits' Benefits Research* has shown a significant rise in the proportion of employer respondents that offer voluntary benefits. Before the recession in 2007, just over half (52%) did so for all employees, and 6% did so for some staff. By 2013, this figure had reached 73% for all staff, and 8% for some employees.

The Benefits Research 2013, published in May 2013, found that the top voluntary benefit offered to staff by the 561 respondents was retail or leisure discounts.

Ben Black, managing director of My Family Care, says: "Employers want to be more family-friendly these days, which is why they offer these benefits for staff, to make them attractive to work for."

Many working parents see childcare vouchers as one of the most important benefits an employer can offer, but next year the voucher system will be replaced by a tax-free childcare scheme for working families.

CASE STUDY **ATKINS**

Engineering a family environment

Engineering consultancy Atkins promotes itself as a family-friendly employer, not only for female staff but also for male employees because of its benefits offering and flexible-working arrangements.

The organisation won *Workingmums.co.uk*'s Innovation in Flexible Working Award in December 2013, and was named top employer overall for initiatives that support flexible working and women's career progression.

Benefits offered by Atkins that are popular among working families include flexible working, extra holiday entitlement, childcare vouchers and informal employee assistance programmes, such as networks for working families to interact.

Victoria Jones, recruitment manager at Atkins, says: "To help retain and attract more female employees, flexible working can be facilitated from day one of a new starter's employment. We want to attract talented people and if they can only work three or four days a week, we will facilitate that, where possible."

Another popular family-friendly benefit at Atkins is allowing staff to buy up to 15 days' more holiday a year. Jones says: "The ability to buy up to 15 days certainly makes a difference for working parents, as do childcare vouchers."

One-third of Atkins employees take advantage of the holiday-buying benefit.

The employer has also used return-to-work bonuses to encourage working parents back to work and boost productivity.

Sue Cooper, HR director, says: "All the benefits we offer employees are beneficial to the family. They show we have an open approach to working parents and encourage that work-life balance feel.

"We want to make it feel normal to buy extra leave. There is certainly a big sense of being family-friendly at Atkins. We are working hard to support families and to help employees feel comfortable in a big organisation. The benefits offered help to develop them and their families."

> EAPs can provide a helpline and counselling for new parents that are stressed and need support"
>
> Mike Morgan, PeopleValue

Under the new scheme, which will take effect in autumn 2015, the government will provide working families with 20% of their childcare costs, up to £1,200 initially for each child up to five years of age, eventually extending this to cover children up to 12 years old by about 2020.

Black adds: "Childcare vouchers, as we know them, will end. There is a plus side and a down side to that. Perhaps vouchers are taken for granted. There is no increased level of staff engagement by having them, but they work and do put money into the hands of parents."

Despite this change, only 2% of employer respondents to research by Jelf Employee Benefits say they intend to remove their childcare voucher offering before the government's new scheme takes effect in 2015. The research, published in December 2013, found that 75% of respondents would consider retaining their existing childcare voucher scheme after 2015.

Benefits providers have noted an increase in the number of employers that allow staff to extend healthcare and wellbeing benefits to cover family members, including private medical insurance (PMI) and health cash plans.

More employers are also introducing practical services that provide information to working parents, such as employee assistance programmes (EAPs).

Very attractive

Mike Morgan, chief executive officer of PeopleValue, says: "Private medical insurance and health cash plans are very attractive when they are not just for the employee, but embraced for the family as well.

"EAPs are also important and can provide a helpline and counselling for new parents that are stressed and need support to meet the challenges of working. EAPs don't save employees money, but they are vital to staff health."

The effectiveness of voluntary benefits in making an employer family-friendly can depend on effective communication, particularly because there can be strong demand from staff wanting information about parenting support.

Edenred's Philpott says: "A lot of good organisations invest in making information available through online portals, webinars and professionals coming in to do presentations, not only for working parents, but for all employees.

"Working parents are time-poor but good ➤

IF YOU READ NOTHING ELSE, READ THIS...

- **Retail or leisure discounts help put money back into families' pockets.**
- **Healthcare benefits, such as private medical insurance and health cash plans, may offer staff the choice to extend cover to family members.**
- **Changes to the childcare vouchers scheme and shared parental leave, both coming into force in 2015, make it vital for employers to communicate their family-friendly policies to staff.**

Viewpoint

Doctor Clare Kelliher is a professor of work and organisation at Cranfield University

There is much evidence to show that employers that provide their employees with some support mechanisms, such as benefits, to help them cope with the demands of their non-work lives, build loyalty and enhanced commitment.

Many employers have attempted to become more family-friendly in recent years and have developed policies such as providing enhanced parental leave, emergency care leave, workplace and/or subsidised childcare and various options for flexible working.

These policies have often been designed primarily to assist parents and carers and, in particular, mothers. However, it is important to recognise that all employees need to balance the demands of their work and life.

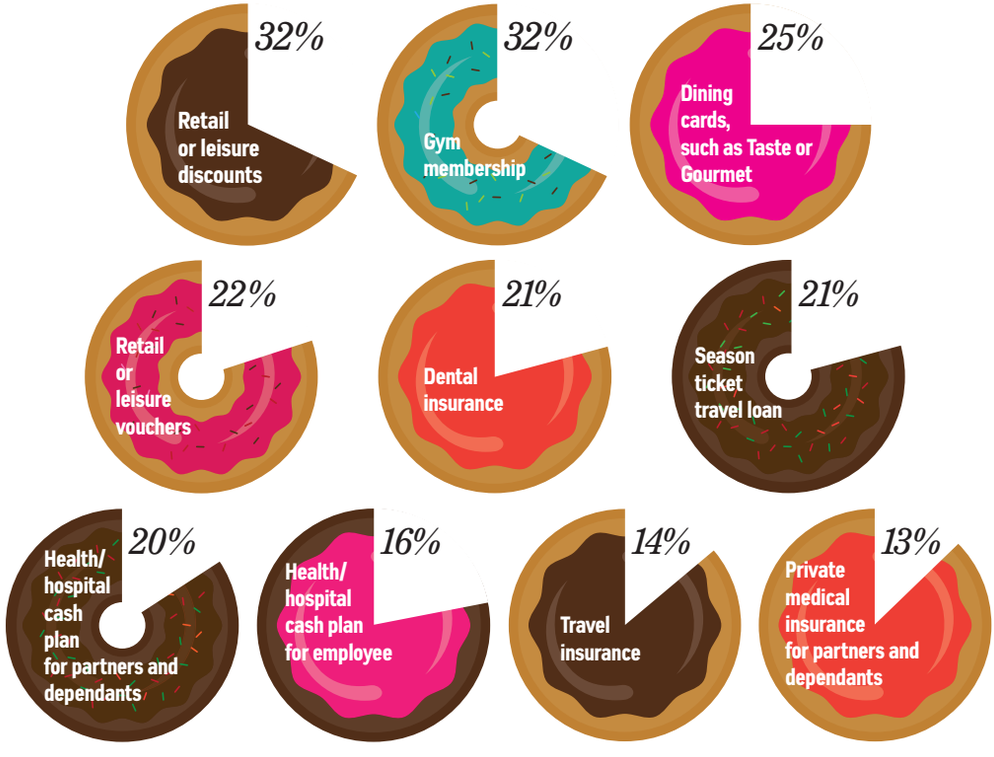
In this context, one size does not fit all and genuine flexibility is the key to allowing employers and employees to work out an arrangement that accommodates the particular needs of the employee and, at the same time, meets the needs of the business.

This need for a more flexible approach has been reflected in recent government policy, for example allowing parental leave to be shared and the opening up of flexibility provisions to all employees.

Flexibility recognises that different employees will have different needs and that their needs may change as they progress through different life stages. For example, someone providing eldercare may want a different type of arrangement from someone who is pursuing education, sports training or religious activities.

Equally, although emergency support may be greatly appreciated by the employee that uses it, there is also a need to consider more general day-to-day support for employees. Employers may also be able to assist by helping employees with benefits, access to information and connecting them with others that may have relevant experience.

EMPLOYERS' MOST COMMONLY OFFERED VOLUNTARY BENEFITS



Source: *The Benefits Research 2013, Employee Benefits*

employers look at, and recognise, the opportunity to take stress away by providing beneficial information services. It's a nice way for an employer to say 'we are family-friendly'."

But putting appropriate benefits in place is just the start. Line managers also have a vital role to play in creating a family-friendly environment. Zofia Bajorek, work effectiveness researcher at The Work Foundation, says: "There is a growing interest in family-friendly policies. All that is great, but they only become family-friendly if the organisation has the culture to support it. If there are barriers and line managers are less committed, this does not help.

Flexible working

"Line managers have an important role to play to promote a culture that accepts policies such as flexible working, where it can aid the employee and the organisation."

However, some employers still do not have simple family-friendly policies in place, such as helping parents return to the workplace. *Un-family friendly Britain*, research published by Mumsnet in November 2013, found that 26% of respondents work for organisations with no return-to-work policy.

New legislation covering shared parental leave will come into force in April 2015. Julian Cox, partner at law firm Fletcher Day, says it could cause employers to change their provisions for helping parents back to work.

"No doubt the new rules will present a potential headache to organisations," he says. "Employers will have to change their thinking for working families, which could present them with the same issues of no return-to-work policy for mothers as well as fathers.

"Employers will have to communicate the change in their family-friendly provisions, which may see more male employees off [work] for long periods of time."

Voluntary benefits that provide support for parents can certainly help employers to retain talent. The Work Foundation's Bajorek says: "If an employer has all the policies and benefits in place, working parents are just not going to leave an organisation that is supportive of them." EB

Robert Crawford is a reporter at *Employee Benefits*

@ Read also *How to get the most from emergency childcare spend* at: bit.ly/1m2S8Gj

MIND YOUR LANGUAGE

Jargon-free communication can make pensions easier to understand, says **Robert Crawford**

Before communicating to staff about pensions and auto-enrolment, employers should ensure the language they use is clear and straightforward, avoiding jargon that employees may not understand.

A National Employment Savings Trust (Nest)/YouGov survey, published in 2012, which polled nearly 2,000 UK adults, revealed that pension jargon can put savers off, with 50% of respondents saying they find pensions harder to understand than other financial products.

Christopher Hopkins, managing director at employee communications consultancy Caburn Hope, says this is because the world of pensions is full of regulations and compliance. "Many organisations and pensions people feel the need to communicate large amounts of technical information," he says. "This has to be done because of regulatory needs, but the problem is that employees simply don't read it."

Good reason

Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD), says there is a good reason why the industry uses words such as annuity, accrual and accumulation. "It is a way of simplifying something for those who are in the know," he says. "But it becomes jargon when discussing it with staff that are not."

Other jargon used in communicating pensions includes terms such as active or deferred member. Trevor Rutter, communication consultant at Like Minds, says: "What does that mean? It just means someone who is contributing and active in a pension fund, and someone who has left. It's the old adage: why use 10 words when one will do?

"Regrettably, with pensions, it has to be the other way around. That way, it is easier to explain and employees will understand what a deferred member is, for example."

There is a debate that the word 'pension' itself has become a kind of jargon that disengages employees from saving. Jamie Jenkins, head of workplace strategy at Standard Life, says using a similar name to Australia's My Super (superannuation) would help to engage staff.

"The word 'pension' is unexciting and boring," he says. "Australians will talk about their My

TOP 10 PENSION JARGON EXPRESSIONS TO AVOID

Image created by *Employee Benefits* using text from *The Nest Phrasebook: Clear communication about pensions*, National Employment Savings Trust (Nest)

Thinkstock

Viewpoint

Vincent Franklin is a creative partner at communication consultancy Quietroom.

Auto-enrolment appears to take the pressure off pensions communication. If employees don't have to choose to join and if their contribution levels are already set, we can pack up our jargon-busters and go home.

But the industry can't do that. If auto-enrolment is to become a successful pension provision, we have to help employees make good choices.

We should use words that normal people use and invite staff to make the most of an opportunity. Instead, we are using words that keep them at arm's length, such as drawdown and risk profile, and scaring them into taking responsibility.

We interviewed people for the National Association of Pension Funds conference last year. They were bright people. But out of 17, only two could tell us what an annuity is. Worse still, they told us they felt "stupid". We've done that to them. And when people feel stupid, they switch off. That's not going to help them make the most of an opportunity.

It's our responsibility to bring people into the conversation. We can do this by talking in a way that's clear, vivid and real.

Clear means making sure employees get it first time. Asking them to navigate between advice and guidance is a perfect example of how our language creates needless confusion.

Vivid and real means making sure that what we say sticks in employees' minds. We need to focus on the benefit of saving, rather than the process.

When we asked those people on the street what a pension is, they talked about their future, what life will look and feel like many years from now.

They didn't go on about contribution levels or tax efficiency. But that's where we keep starting the conversation. We need to start the conversation where those people would start it. And we need to use pensions language that makes them feel like they can join in.

Super as their pension and there is an argument that it's more exciting and much better-sounding than pensions."

Different generations of employees may require different types of pension communication. For example, older staff may be more accepting of jargon. Damian Stancombe, partner at consultancy Barnett Waddingham, says: "If an employee is in their late 50s or 60s, using jargon such as annuity or member outcome is okay because they have probably lived with it and can relate to it.

"But those in their 20s will have negative connotations with a pension because it's so far away. It just won't engage them. We have a habit in our industry of using the same language across all generations."

The CIPD's Cotton says the type of organisation an employee works for is a relevant factor. "If communicating to employees in financial services, the type of language used will differ from communicating pensions to the manufacturing industry," he says. "It's a different environment and they may be less pension- or financially savvy."

Online portals

Like Minds' Rutter says communication is helped by using online portals, emails, printed booklets and letters sent directly to staff, but complex equations and percentages can still be confusing. "We are obsessed with describing things rather than explaining how it is a benefit to employees," he says.

"Pensions can be complicated. Terms such as contribution rates, percentages and tax relief confuse employees. Employers need to talk in monetary terms because staff are more interested in money than percentages."

Employers also need to choose communication methods that meet the requirements of their workforce. Laith Khalaf, head of corporate research at Hargreaves Lansdown, says: "One of the real bits of value pension providers and advisers can offer is helping people to make sense of their pensions. This means not only cutting down on useless jargon, but also communicating with employees in the way they like best, whether that is face to face, via a website, on a mobile application or by watching online video clips.

"Put simply, the easier you make it for people to engage with their pension planning, the more likely they are to do it."

Publications provided by Nest and the Department for Work and Pensions are other useful tools for employers to use to help staff understand the language of pensions.

Auto-enrolment legislation requires employers to inform employees about the duties of both the employer and employee. The Pensions Regulator has detailed the legal requirements of what needs to be included in pensions communications, such as the auto-enrolment date, the value of contributions and full details of the scheme.

However, many organisations tend to use over-complicated language when communicating pension matters. Standard Life's Jenkins says: "We need to rethink things, using plain language, positive tones instead of negative fear, to get employees to respond."

With careful planning, employers can avoid cluttering such communications with language that is best avoided. Caburn Hope's Hopkins says: "If organisations can start talking about pensions as being savings and an investment in future lifestyle, it will help to engage employees. They want clear, simple, man-in-the-street type of stuff." EB

> "Employers need to talk in monetary terms because staff are more interested in money than percentages"
>
> Trevor Rutter, Like Minds

IF YOU READ NOTHING ELSE, READ THIS...

- **Pension communications should be clear and straightforward, avoiding jargon where possible.**
- **Communications could be tailored to different age groups and industry sectors.**
- **Jargon can put employees off saving.**

Robert Crawford is a reporter at *Employee Benefits*

@ **Read also *Communication strategies to engage staff with auto-enrolment* at:** bit.ly/1hqxMqa

RELEVANT POINTS

High-flying staff will benefit from a relevant life policy, says **Danby Bloch**

Thinkstock

KEY POINTS ABOUT RELEVANT LIFE POLICIES

A RELEVANT LIFE POLICY (RLP) provides life cover outside the structure of a registered pension scheme.

AN RLP'S death benefits do not form part of an employee's lifetime allowance.

THE PREMIUMS of an RLP do not form part of an employee's annual allowance.

AN RLP is not subject to income tax or national insurance contributions.

AN RLP must only provide life cover.

Suppose an employer has selected a new marketing manager, Gemma. The HR and pensions department has the job of proposing her pension and benefits package, with a brief to maximise her pension contributions and benefits and provide her with £1 million of life cover, paid for by the employer.

This seems a tough call. The employer's pension is a defined contribution (DC) scheme and Gemma has accumulated a fund of £900,000. So if she died with life assurance from the normal pension group scheme paying out an extra £1 million, the total death benefits of £1.9 million would easily exceed HM Revenue and Customs' (HMRC) £1.25 million lifetime allowance limit and the excess would be subject to a 55% special charge.

Gemma, who knows about pensions, says this would not be a satisfactory outcome.

The normal solution would be to provide life cover through the pension scheme. But this could produce a high tax charge on death, and the cost of the insurance premiums would eat into her annual allowance, currently £50,000, that can be contributed into a registered pension tax-efficiently.

Fortunately, there is a good answer to the problem: the relevant life policy (RLP), which has the key advantage of providing pension life cover without the drawbacks Gemma is objecting to. This is because RLPs fall outside the structure and legislation that govern registered pension schemes.

Most staff are well catered for by normal group pension scheme life cover, but for high-flyers like Gemma, an RLP really pays off.

The death benefits do not form part of her lifetime allowance, so the policy can pay out much more than the £1.25 million, either on its own or in conjunction with the pension fund, without triggering a tax charge.

Maximum inputs

The premiums are not part of the employee's annual allowance, so the employee and/or employer can make the maximum qualifying inputs into the registered pension scheme.

HMRC normally does not treat the employer's premiums for the RLP as a taxable benefit in kind, so these are not subject to income tax or national insurance contributions.

Assuming the tax inspector agrees that the premiums are wholly and exclusively incurred for the purposes of the business, the employer should get corporation tax relief.

But to benefit from these tax privileges, an RLP must satisfy certain conditions in the legislation. The policy can only provide life cover and no other benefit, such as income protection or critical illness insurance. It can only pay out a lump sum if the employee dies in service before the age of 75. The policy cannot have a surrender value, so it must be a term assurance policy. The beneficiaries can only be individuals or charities, although there can be a trust arrangement. The main purpose of the policy must not be to avoid tax.

So Gemma's employer can take out the RLP for her. She and the organisation will be able to build up the maximum benefits under the pension scheme without the life premiums eroding any allowances. Then, if she dies in service, the whole of her pension fund, subject to the lifetime allowance, can be paid out to her beneficiaries, along with the proceeds of the RLP. Also, the premiums for the policy carry the tax privileges of a pension life policy.

RLPs also make sense for other types of employee, such as smaller organisations that may not have enough staff to set up a viable group life scheme EB

Danby Bloch is editorial director of Taxbriefs

@ Read also *Top tips for minimising group risk spend* at: bit.ly/1hXgB2b

An employee benefit, for everyone

We can provide your employees with a host of lifestyle, travel, retail and assistance services that will save them time, reduce stress and leave them feeling delighted.

In return, your business could benefit from a more engaged workforce, a reduction in stress-related absenteeism and better brand advocacy from your employees.

From table bookings and festival tickets, to nanny services and holiday planning, with so many services available, our benefits programmes have the potential to help you engage with every single one of your employees.

Come and speak to us on stand A09 at Employee Benefits Connect on February 27th to find out more about Everyday.

- Improves engagement with everyone, every day
- A broad range of services to assist and delight
- Available as a core or flexible benefit to suit you

LIFESTYLE TRAVEL RETAIL ASSISTANCE

To set up your free trial, please get in touch:

www.everydaybenefit.co.uk | info@everydaybenefit.co.uk | 01733 862 200

Powered by WhiteConcierge – a member of the AXA Assistance family

POSITIVE SIGNALS

East Coast Mainline is keeping reward on track as it undergoes re-franchising, says **Jennifer Paterson**

EAST COAST MAINLINE AT A GLANCE

East Coast Mainline is a train operator that runs frequent services between King's Cross station in London and the East Midlands, Yorkshire, north-east England and Scotland. It has almost 3,000 employees working at stations, depots and offices between Inverness and London. Its headquarters are in York.

The organisation was set up as a franchise in 2009 by the Department of Transport using the Directly Operated Railways body. Although it is government owned, it is not a public sector organisation. It is currently being re-franchised, a process that will be completed in February 2015.

The average age of its employees is about 42, and the average length of service around 12 years. Two-thirds of its employees are male. Head of HR John Hayhurst says: "Certain roles, such as train drivers, tend to be male because of the history of the industry."

Jacko

Train operator East Coast Mainline is on schedule for a suspenseful 2014. It is in the process of being re-franchised but will have to wait until October to learn which bidder from a shortlist of interested parties has succeeded. The re-franchising process will be completed in February 2015.

John Hayhurst, head of HR at East Coast Mainline, aims to keep the organisation's benefits programme moving forward as the re-franchising process carries on in the background. "We don't want to stand still for 12 months," he says. "That's not what we're about. We will still be looking for innovations from employees. It is more about ideas and making things happen, even when we are in the re-franchising process."

Employee data

Part of the HR team's responsibility in the re-franchising process is to compile employee data so bidders can see how much the business spends. This includes information on sickness absence, turnover, salaries paid and benefits offered to staff.

East Coast Mainline's most popular benefits are free train travel for all its 3,000 employees and its final salary pension scheme, which is still open to new entrants. The travel perk includes unlimited standard travel for staff, their partners and dependants. Employees also have the option of free first-class travel but must pay an extra £5 for the food and drink normally offered to first-class travellers.

"A good salary, free travel and a final salary pension scheme are quite attractive," says Hayhurst. "Then we supplement that with as many benefits as we can conceivably come up with that won't break the bank."

"A good salary, free travel and a final salary pension scheme are attractive"
John Hayhurst, East Coast Mainline

However, the organisation's pension, which is part of the Railway Pension Scheme, could prove another challenge this year, with the results of its triennial valuation due in April.

After the scheme's 2010 valuation revealed a deficit of 7.5%, East Coast Mainline consulted with its employees, offering them the option to keep their contributions at 10.56% but reduce their early retirement benefits, or increase

their contribution levels to 11.9% and keep all benefits the same. They chose the latter.

"Three years ago, we got around [closing the scheme] by changing the contribution levels," says Hayhurst. "Contributions are quite high. Employees pay 11.9% of their pensionable pay and the organisation pays 1.5 times, which is 17.85%. There is also the facility for staff to pay additional voluntary contributions."

Almost all (90%) of the train operator's workers are in its pension scheme, so Hayhurst does not expect auto-enrolment to create much of a challenge. "We already operate an auto-enrolment process, because our scheme is open to all new entrants from day one, even if they're on a fixed contract," he says.

East Coast Mainline's auto-enrolment staging date was August 2013 but it has deferred this to September 2017, taking up an option for employers that operate a defined benefit (DB) pension scheme.

About 20 employees who have retired and

BUSINESS OBJECTIVES IMPACTING BENEFITS

- To continue to develop benefits while the re-franchising process proceeds in the background.
- To focus employees on customer service and ensuring the reliability of train services.
- To tackle difficult decisions around the organisation's final salary pension scheme.

CAREER HISTORY

John Hayhurst has been head of HR at East Coast Mainline for four years. He was previously head of HR at National Express, during the two years when Great North Eastern Railway (GNER) was part of the National Express Group. He has also been an HR business services manager at GNER, once part of British Rail.

Hayhurst, who has worked in the railway industry for 30 years, says: "I've seen a considerable amount of change through the industry, from the British Rail days to the big split of train-operating organisations."

His first job was as a clerical officer for British Rail Engineering, then a subsidiary of British Rail. He then moved to the personnel office at eastern region headquarters.

"It was the personnel office at the depot, which covered everything from uniforms to payroll," he says. "I progressed through the grades up to head of HR, which is where I am now."

Hayhurst has taken part in the centralisation and decentralisation of HR throughout the UK railway industry's years of change. "One of the key things I did as part of GNER's franchise was to centralise the HR team," he says. "We used to have four or five people at each particular hub along the route: Edinburgh, Newcastle, York, Leeds, Doncaster and London.

"Each one of those hubs had an HR team, a payroll team, and a learning and development team. As technology improved, we became more efficient and were able to centralise to a single HR service centre."

drawn down their DB pension but returned to work have been auto-enrolled into a trust-based defined contribution (DC) plan, which is also part of the Railway Pension Scheme.

Over the past two years, Hayhurst and his team have focused on refreshing and revitalising the organisation's voluntary benefits scheme. "Voluntary benefits, in my view, are the easiest way to get something that is completely cost efficient, but provides a massive range of discounts," he says. "We are on to salary sacrifice arrangements as much as we possibly can, because they are cost neutral."

East Coast Mainline introduced its voluntary benefits scheme just under two years ago using provider Salary Exchange. At its launch, the scheme included retail discounts, the travel perk and the pension scheme.

Since then, it has gradually added other benefits to the scheme, including bikes for work in May 2013 and a smartphone and computer scheme in September 2013.

Computer scheme

Employees can buy a smartphone, to a maximum cost of £900, via a salary sacrifice arrangement, paid for over two years. The computer scheme, which includes laptops, desktops and tablets, is available via payroll deduction, with a set maximum limit of £2,000 and payments made over three years.

"There was no real incentive when the voluntary benefits scheme first launched, other than 'come and look at these great benefits'," says Hayhurst. "The real incentive was when we launched our first additional scheme, bikes for work. Each time we launch a new scheme, more employees sign up to the website."

Alongside its voluntary benefits revamp, the train operator relaunched its recognition programme, known as Shine. It initially handed out a card, loaded with £25, as a thank-you to all staff. It can be used as a debit card at any store that operates flexi-cash. Senior managers carry cheque books and can reward any employee deemed to be going above and beyond their standard responsibilities.

Hayhurst explains: "It was first introduced around the time of all the floods and snow in the winter of 2013, because a lot of our staff were going the extra mile, working late, having difficulty getting to work, and helping passengers through difficult transportation issues. The individual does not have the option to add cash to the card, but we use it within the business as a recognition mechanism."

East Coast Mainline has also aligned its long-service awards to the Shine card. "When an employee has been with us for 10, 25 or 40 years, we can credit the Shine card with £250, £400 or £500," says Hayhurst. "It has become recognised among employees. Every now and

Case study

David Thorpe, customer service assistant

David Thorpe has been a customer service assistant at East Coast Mainline's Peterborough station for more than two years.

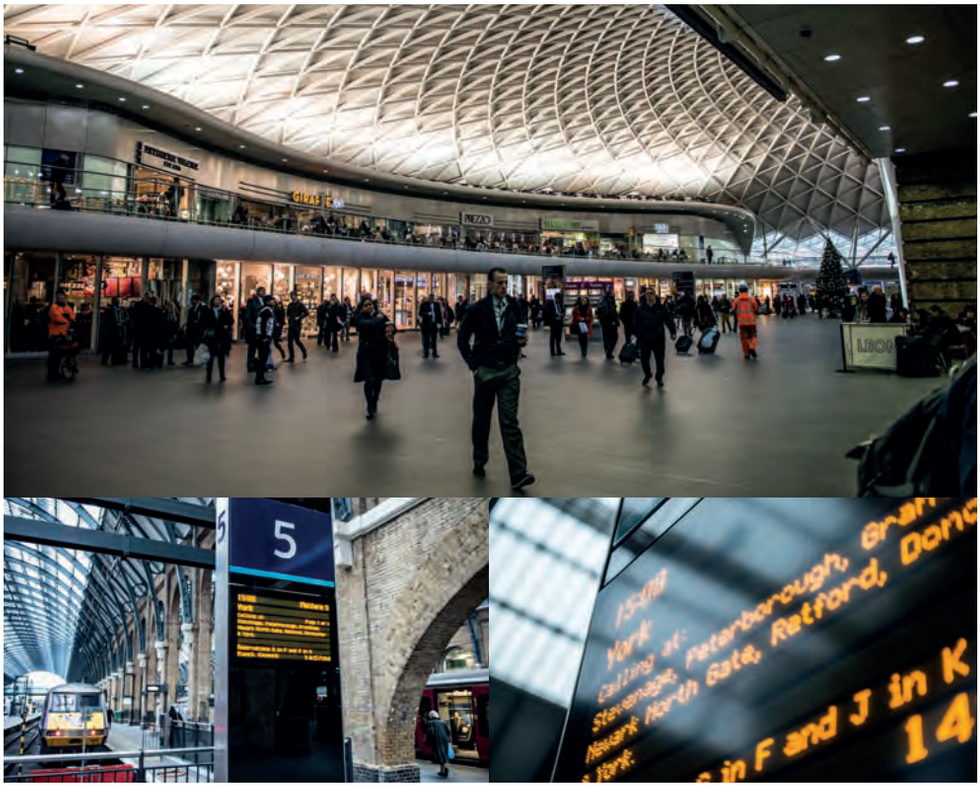
"I started on a casual basis for six months doing luggage assistance, then I applied for a full-time permanent role as a station customer services assistant, despatching trains at Peterborough," he says.

Thorpe's favourite benefit is bikes for work, which is available via a salary sacrifice arrangement through the voluntary benefits scheme.

"I was already a keen cyclist and had owned a mountain bike for about five years," he says. "The bikes-for-work scheme allowed me to purchase a road bike, which meant I was able to go longer distances and train longer. It has dramatically changed how I use my bike, how I get into work, as well as my training and the type of cycling I do."

Thorpe also considers the organisation's computer scheme, introduced in September 2013, to be a great benefit, although he has not taken advantage of it.

"I already have that facility and I have an iPhone," he says. "If I hadn't, that would have been my next option."



then, we also do a blanket thank-you payment."

The card is also used for the organisation's innovation scheme, launched in January 2014 to encourage staff to share their ideas.

As the overarching brand of East Coast Mainline's benefits, Shine is recognised by all employees, says Hayhurst. "From word of mouth, employees ask for, or suggest, schemes," he adds. "We are known for listening to what employees are asking for and seeing if there is something we can do. Our engagement scores are the best they have ever been."

Employee survey

The organisation conducts an employee survey every summer. Its 2013 survey was completed by 78% of staff, the best response it has ever seen. Employee satisfaction with its pay and benefits package has also risen, up from 58% in 2012 to 68% in 2013.

"One of the questions is around getting praise for a job well done, feeling valued for the job they do, feeling recognised, and also whether their pay and benefits are appropriate for the job they do," says Hayhurst.

"A 10% shift in satisfaction scores indicates that the changes and revisions have had an effect. Almost 80% of the workforce took part in the survey, so this is a great indicator that we are hitting the spot with our reward schemes."

When communicating benefits, East Coast Mainline must consider its very widespread workforce. For example, about two-thirds of its employees, at locations scattered between Inverness and London, do not have access to computers on a daily basis.

It communicates via its employee magazine, *Coast Life*, posters in communal staff rooms, benefits details on payslips, a weekly e-newsletter and management conferences.

It has also begun to introduce smartphone technology for its guards and drivers, who need up-to-date operational information. "That doesn't necessarily mean they have easy access to the benefits portal, because it is best viewed on a computer," says Hayhurst. "The log-in process to get into the benefits website might not be accessible on a smartphone, but texting information to them is possible."

Looking ahead past its rejuvenated voluntary benefits scheme and the re-franchising process, East Coast Mainline aims to add to its benefits offer by looking to local shops and suppliers along its train lines. "We will continue to look and see if there is anything that fits our employee demographics," says Hayhurst EB

Jennifer Paterson is senior reporter at *Employee Benefits*

@ Video: See John Hayhurst talking about voluntary benefits at: bit.ly/1hdAbEq

THE BENEFITS

Pension

> A defined benefit scheme, open to new entrants. Employees contribute 11.9% of pensionable pay and the organisation contributes 17.85%.
> Life assurance is available at four-times salary as part of the pension.
> A trust-based defined contribution scheme is available for staff who have drawn down their DB pension but continue to work for the organisation.

Healthcare

> Employee-paid health cash plan.
> Private medical insurance for about 50 senior directors and managers.
> Employee assistance programme.

Voluntary benefits

> Travel discounts on all East Coast Mainline trains.
> Employee discounts scheme.
> Computer and smartphone scheme.
> Bikes for work.
> Discounts at local gyms.
> Childcare vouchers.

Additional benefits

> Company car allowance, mainly for legacy staff from previous franchises.
> Policies around career breaks, flexible working, parental leave and extended leave.
> Long-service awards.
> Recognition programme.
> A workplace savings scheme, provided by the Transport Credit Union, which pays about 4% interest.

PRODUCT FILE

BIKES-FOR-WORK SCHEMES

Tax and national insurance breaks make bikes for work a popular benefit with staff and employers, says **Tynan Barton**

Thinkstock

Bikes-for-work schemes were introduced by the government under the Finance Act 1999 to promote healthier journeys to work for staff and to reduce environmental pollution.

One of the main attractions of the scheme is the tax and national insurance (NI) breaks it offers both employees and employers.

Employees can reduce their tax and NI liability when they buy a bike for their commute through a salary sacrifice arrangement. The typical saving for a standard-rate taxpayer is 32%, rising to 42% for higher-rate taxpayers.

Commuting expenses are reduced further when staff consider the cost of running a car.

Employers can save, on average, 13.8% of the total value of the salary employees sacrifice because of the consequent reduction in their NI contributions.

The bikes-for-work scheme involves an employer signing up with a provider and purchasing or leasing bikes on behalf of their employees. Bikes are leased to staff through a consumer credit agreement, and repayments to cover the cost of a bike can be made over 12 or 18 months.

Staff can also choose to buy safety equipment through the scheme, such as a helmet, lights, reflective clothing, locks, mirrors and puncture repair kits, as well as child safety seats if they need to drop a child off at nursery.

Consumer credit

The consumer credit agreement allows an employee to lease a bike and related safety equipment up to the value of £1,000, including VAT, but staff working for an organisation with an employer-specific consumer credit licence can source a bike and equipment worth more than £1,000.

Under the rules of the scheme, at least 50% of the bike's usage must be for a commute to and from work. This can be all or part of the journey, so cycling to a station to catch a train would qualify. Employers can lease two bikes to one employee if, for example, they need a bike at each end of a train journey.

At the end of the lease period, an employer can allow staff to buy their equipment through a transfer of ownership process, using a fair market value (FMV) payment set by HM Revenues and Customs (HMRC). The FMV figure can also be declared as a benefit-in-kind with a P11D.

Tax changes in 2012 mean employers can no longer pass on VAT savings to staff, and VAT must be accounted for on the monthly amounts paid by staff, because it is seen as supply of a service.

However, bikes-for-work take-up continues to rise. Figures from the Cycle to Work Alliance, published in August 2013, show a 22.5% year-on-year increase in take-up in the second quarter of last year.

Tynan Barton is features editor at *Employee Benefits*

@ **Read also *Take care with tax on bikes for work* at** bit.ly/1e6vAA5

The facts

What is the bikes-for-work scheme?

It is a tax-exempt scheme that encourages employees to cycle to work to promote healthier lifestyles and reduce environmental pollution. It enables employers to fund bikes and safety equipment and loan them to staff as a tax-free benefit. The scheme was introduced by the government under the Finance Act 1999.

Where can employers find out more?

More information can be found on the Cycle to Work Alliance's website at: *www.cycletoworkalliance.org.uk*

Who are the main providers?

Providers include Bikes 2 Work scheme, CyclePlus, Cyclescheme, Cycle Solutions, Cycle Surgery, Evans Cycles, Halfords, Hargroves Cycles and P&MM Employee Benefits.

STATISTICS

44,000 The number of new cyclists that signed up to the scheme in the first half of 2013 (Cycle to Work Alliance, August 2013)

62% The percentage of employers that offer bikes for work through a salary sacrifice arrangement on a voluntary basis (*The Benefits Research, Employee Benefits*, May 2013)

PRODUCT FILE

FLEXIBLE BENEFITS TECHNOLOGY

Rapidly developing technology is increasing the versatility of flexible benefits schemes, says **Clare Bettelley**

Thinkstock

The economic downturn has helped to drive take-up of flexible benefits as employers seek to maintain, or reduce, their spend on employee benefits.

Employee Benefits' Benefits Research 2013, published in May 2013, shows that the proportion of employers that offered some, or all, benefits to all staff via a flexible benefits plan rose from 19% in 2007 to 24% in 2013.

Flexible benefits schemes enable employers to offer staff a wide range of benefits cost-effectively through, for example, salary sacrifice arrangements, which offer tax and national insurance savings for both employers and employees.

Technology has had to evolve considerably to respond to this demand, as well as keep up with the increasing pace of life and employees' desire to access their benefits from a wide range of devices, including their office computer, home computer and mobile devices.

Flexible benefits providers have also been under pressure to respond to employees' demands for streamlined access to all their benefits via a single technology platform.

Single platform

This has resulted in some employers investing in, and developing, their flexible benefits proposition to enable them to integrate their entire perks package onto a single branded platform with single sign-on functionality. This enables staff to sign in to all their benefits using a single username and password, regardless of the benefit they want to access or the provider.

Single sign-on technology also enables HR and reward professionals to access the same system at various levels remotely, to view employee activity, produce management reports and target communications, streamlining the administration process. This is proving particularly useful for employers that want to globalise their flex platforms.

A number of global employers are currently centralising their benefits strategies, including flex, and are demanding multi-language and multi-currency flex platforms.

But while the intricacies and complexities of the back end of flex platforms have increased, providers are simplifying the front end to help to maximise employee engagement.

More appealing platform interfaces and user-friendly functionality are becoming

The facts

What is flexible benefits technology?
It is a technology system, operating in-house or from cloud-based servers, that provides a platform to deliver a flexible benefits scheme. Increasingly, systems are designed to interface with other elements of benefits and reward, including pensions, and often have interactive and data-modelling tools that can be used by employees.

What are the origins of flexible benefits technology?
The first systems were put together about 25 years ago, but these were largely based on simple spreadsheets and in-house IT.

What are the costs involved?
This will depend on the number of employees and the degree of system sophistication required. Advisers estimate that for flex technology only, where an employer manages the back-end administration, costs can start from £4 per employee. This can rise to about £8 per employee if administration management is included. A helpline will also add cost. Implementation costs can run into hundreds of thousands of pounds, with many providers prepared to offer employee volume-based discounts.

What are the legal implications?
The system must comply with data protection regulations.

The facts

What are the tax issues?
HM Revenue and Customs' rules around salary sacrifice arrangements will apply to any flexible benefits offered.

Where can employers get more information and advice?
There is no industry body for flexible benefits technology, so employers should speak to several providers and, if possible, other organisations that have already introduced a flexible benefits system.

What is the annual spend on flexible benefits technology?
It is impossible to evaluate the market without a central body to collect this data.

Which flex technology providers have the biggest market share?
Leading providers include Aon Hewitt, Benefex, BHSF, Capita, Co-operative Flexible Benefits, Edenred, JLT, Lorica Employee Benefits, Mazars Employee Benefits, Mercer, NorthgateArinso, Personal Group, Staffcare, Thomsons Online Benefits, Towers Watson and Vebnet.

Which providers have increased their share most in the past year?
There is no central organisation to provide specific market data, but consolidation through strategic partnering and acquisitions is likely to enable providers to increase their market share.

increasingly common, and some platforms have introduced feature slider bars, enabling staff to select their required number, or levels, of benefits just by using their mouse, rather than having to type them in.

But the biggest development in the past year has been platform providers' use of social media-based functionality.

For example, some platforms are using Facebook-style pages that enable employees to 'like' benefits and view their peers' perks preferences.

But this is a new phenomenon, so it is too early to tell whether this trend will continue.

Evolving choice

One trend that is here to stay is the ever-evolving choice of flexible benefits that platform providers are catering for. New-style benefits offered via flex include insurance for gadgets such as mobile devices, and bring-your-own-device computer schemes, which may be offered via a salary sacrifice arrangement.

Micro-P and Let's Connect are two IT device providers that are catering for employers' growing technology needs.

Platform providers have also had to develop technology enabling employers to create and administer multiple enrolment windows for new-style benefits, such as mobile phones, because their contract renewal dates may not coincide with an employer's annual flex window.

STATISTICS

63% of employers use their technology provider to run their flexible benefits plan

66% of employers consider cost a barrier to flex scheme implementation

32% of employers structure their flex scheme to enable employees to take tax-efficient benefits via a salary sacrifice arrangement, promoted as part of a cohesive flex package

18% of employers that do not offer a flex plan outside the UK are considering doing so

Source: *Employee Benefits/Towers Watson Flexible benefits research 2013*, published in April 2013

Another new trend is health accounts, jointly funded by employers and employees, which give access to healthcare benefits that link to, and support, an employer's wellbeing strategy.

Similarly, retirement planning-related benefits, such as independent financial advice and group risk benefits that support older employees, are slowly being introduced.

The maturity of the flex market, which spans more than 20 years, and the growing range of providers means that the cost of flex technology has actually declined, putting some fairly sophisticated technology within the reach of smaller employers.

From employee benefits consultants and financial advisers to online technology services, employers of any size can now access flexible benefits technology for their workforce.

Advances in technology and software are helping flex schemes realise their true potential for employers and employees.

With real-time operability and systems that can be adapted to align with key stages in employers' reward cycles, or even employees' personal preferences, the technology can now offer true flexibility.

But employers should not assume that all flex systems offer the same level of sophistication at the back end simply because they look the same at the front end.

A flex platform may appear to offer a workforce the right level of information, and in an appropriate format, but an employer should ensure the platform has the back-end capability to provide, for example, the required level of interconnectivity with other benefits and systems, such as payroll and pensions.

Also, employers with an established flex platform should be sure to consider their internet connection, as well as their firewall, in any review because these, rather than the technology itself, could be responsible for any online speed issues.

Clare Bettelley is associate editor of *Employee Benefits*

@ **Read more about flexible benefits at** bit.ly/1cLB6an

CONTACT DIRECTORY

BENEFITS SOLUTIONS

At **You at Work** we've been helping employers create satisfied employees since 1998.

We believe that by thinking from an employee's perspective about how their work fits into their life, employers can deliver a total benefits package that really adds up.

That's why we've launched plus**you**™, the first online benefits platform to incorporate a range of employee support modules as well as our comprehensive voluntary benefits suite, all under one roof.

A defining set of benefit choices and tools that simply make your employees' lives better, and will define **you** as an employer of choice.

For us, it's not just about rewards.

For us, it's all about **you** at work.

New Enquiries
Steph Shehan
07500 890 924
sales@youatwork.co.uk

0800 037 0125
contactus@youatwork.com

www.youatwork.com

BENEFITS SOLUTIONS

Jelf | Employee Benefits

Jelf Employee Benefits is one of the UK's leading benefits consultancies, with a track record of innovation and commitment to clients. We construct tailored packages of support and advice to best suit you and your employees.

Our comprehensive package of services is designed to help you improve the physical, emotional and financial wellbeing of your employees and includes:

- Auto Enrolment and Pensions Consultancy
- Health and Wellbeing Solutions
- Risk and Protection Consultancy
- Financial Education
- Flexible Benefits
- International Services

Working with you, we recommend the most appropriate blend of products and services to provide the best fit for your objectives. We have been recognised by industry peers for our customer focused approach and have won awards across all areas of the business.

Jelf Employee Benefits
Hillside Court
Bowling Hill
Chipping Sodbury
BS37 6JX

Tel: 0333 920 1734
Email: benefits@jelfgroup.com
Web: www.jelfgroup.com

VOLUNTARY BENEFITS

Xexec
Building Loyalty

A leading provider of Lifestyle Management; Employee Discounts; Concierge Services and Reward & Recognition solutions.

With a range of clients from SMEs to large multinational organisations we are able to offer:

- **Discounts** – from over 3000 vendors which can be tailored to company or regional requirements
- **Concierge** – facility to organise everything from booking a holiday to finding a plumber
- **Reward & Recognition** – fully integrated global platform
- **Retail Vouchers** – online ordering system and salary sacrifice

Xexec Ltd.
Tel: **0207 042 0756**
Email: **ebm@xexec.com**
Web: **www.xexec.com**
Contact: **John Palman**

A tidy discovery

Candid gets involved in a serious tidy-up of the office, and is impressed by some of the forgotten documents and objects that come to light

It might be a bit late, but I am determined to put my new year's plan into place: I am now ready to kick off Operation Tidy Up.

After last year's annual cull, we are a much smaller department and have several spare desks. Unfortunately, the extra spaces have become a dumping ground for anything people don't know what to do with.

I am sick to death of looking at parts of a broken lamp, an ancient binding machine and a pile of unused posters. I remember that the binding machine was the bane of my life when I first came here.

In those days, the monthly HR reports for the Higher Beings had to be spiral bound, and I would wear myself out trying to get this gadget to punch its way through 15 lots of 30-page reports.

I need to get it moved before someone gets the idea that we should start using it again. I am not going to try to lift it, so I get that nice looking-guy from reception to help. He seems quite willing to put those lovely biceps to good work, and I am even more delighted to watch him flex them.

It is not often I get helped out around here, and I rather like it. As he goes back downstairs, I wish I had something else that needed lifting. Perhaps I can take him for a coffee to say thank-you.

When de-cluttering, if you are not sure whether to keep something, ask yourself two questions: has it been useful in the last year, and does it lift your spirits when you look at it? On that basis, I would throw out my colleague Lazy Susan, but there is only so much you can do.

I am also sick of looking at the mess on her desk. I hope she is inspired by my activity to clean up a bit. Her area is covered in chocolate wrappers and dirty cups, not to mention some rather nasty screwed-up tissues.

It is amazing how many things we have stored on shelves; things that have certainly not been useful in the last year. There is a massive report on company cars in Poland. I look at it, undecided. It is almost too old to use, and we don't even have an office there any more. I toss it, along with a pile of pension magazines dating back two years, and a prize I won for helping out with a charity event five years ago. It feels lighter around here already.

> "I see a copy of his expenses. Phew. You could support a family of five on his travel spend"

I am sure this must be good feng shui. Chi will be flowing freely and we will all suddenly feel more energetic and productive. Well, maybe productive would be a bit of a stretch for Lazy Susan. I'd just settle for awake.

Susan does catch the spring-cleaning bug, though, and she empties her drawers of old copies of celebrity magazines, romantic novels of the more explicit sort, and a huge collection of catalogues. Another drawer reveals several out-of-date crisp packets and a personal stash of biscuits. It's a wonder she ever finds so much time to look at Facebook.

I have my own cache of shame: thick folders of long-abandoned projects, and outdated surveys are all tossed with abandon. Suddenly, I have space to fill. I might go and raid the stationary cupboard for some nice new files.

When I get back, Big Bad Boss has joined in the spring clean. Well, at least he has emptied a load of paper into the confidential shredding bin. Only it isn't the confidential bin; it's just a normal one. I have moved the one shaped like a post box for shredding next to my desk while I clear things out.

I don't mention his mistake and, when he goes off to a meeting later on, I take a quick peek at the documents he has thrown out. It proves interesting reading. I learn that one of the most recent Higher Beings to leave to 'pursue their own interests' was actually fired for inappropriate behaviour. I'd love to know exactly what behaviour, but that part is missing from the thread.

Big Bad Boss has a very silly habit of printing his emails to read them, and the rest of his pile of shredding is quite revealing. There is a mail from Smarmy Consulting offering him a free personal finance consultation. A week later, it inexplicably got the job of helping us with special financial planning offered to board members. Why wasn't I involved in that project?

I also see a copy of his expenses. Phew. You could support a family of five on his travel spend. I wouldn't mind, but he begrudged me a few pounds to get a taxi back from a conference last week, and I was forced to struggle back on the tube carrying three bags. How mean.

He has also thrown away a free survey on staff pay offered by another consulting firm, which says that I am 20% underpaid. I'll hold on to that one ready for the next merit review.

It takes a couple of days to get sorted, but when it is done, we all feel much more motivated. Even Lazy Susan looks busy; she spends ages sending snaps to her friends showing how tidy her desk is. Big Bad Boss seems more chilled. He is practically chirpy when he calls me in about a new piece of work. The bad news is that it involves working out a detailed car plan for a new team in Poland.

I just knew I should have kept that report.

Next time... *Candid works on the pension newsletter.*

@ **Read more Confessions at:** bit.ly/RKlOt2

ISSN 1366-8722