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February 2017 supplement

Salary survey

Coming to terms with the rise of the robots

Many years ago, I spent my university summer holidays working in the head office for a large high-street bank. Close to its office was what was billed as 'the world's first robotic bar'. The main attraction was a large robotic barmaid, known as Cynthia, who was programmed to mix and serve around 60 different cocktails.

At the time, this was seen as little more than a novelty. And, given that Cynthia seemed to be broken on every visit, raised questions about the success and sustainability of replacing people with robots or automated processes in some cases.

Now, however, robotics, automation technologies and artificial intelligence are increasingly impacting the world of work. Just last month, for example, a Japanese insurer announced plans to replace 34 employees with robots. Although there is still much debate around how quickly these technologies will develop and how far reaching their impact will be, employers should be considering how they will respond to changing employee demographics and differences in the skills required within their workforce.

For HR and reward professionals, this will mean looking at issues such as how they currently engage, motivate, recruit and retain employees. Addressing employees' concerns about future job security and communicating the potential opportunities created by automation will also be key. While the automation of some roles will inevitably result in some job losses, it will also bring new opportunities. A study by Emek Basker, published in *The Journal of Industrial Economics* in June 2015, for example, found that following the deployment of bar code scanners and associated point-of-sale systems in the US in the 1980s, the employment of cashiers grew at an average rate of more than 2% between the 1980s and 2013, despite labour costs reducing by an estimated 4.5% per store.

> "ADDRESSING CONCERNS ABOUT FUTURE JOB SECURITY AND OPPORTUNITIES WILL BE KEY"

Read more about the impact of automation on page 12.

Technology and innovation will be a key focus at Employee Benefits Connect on 1 March at the Park Plaza, London. How artificial intelligence is redefining employee benefits, and implementing augmented reality are just two of the topics that feature in this year's conference programme. See page 7 or visit *www.employeebenefitsconnect.co.uk* for full details.

Debbie Lovewell-Tuck
Editor

This issue

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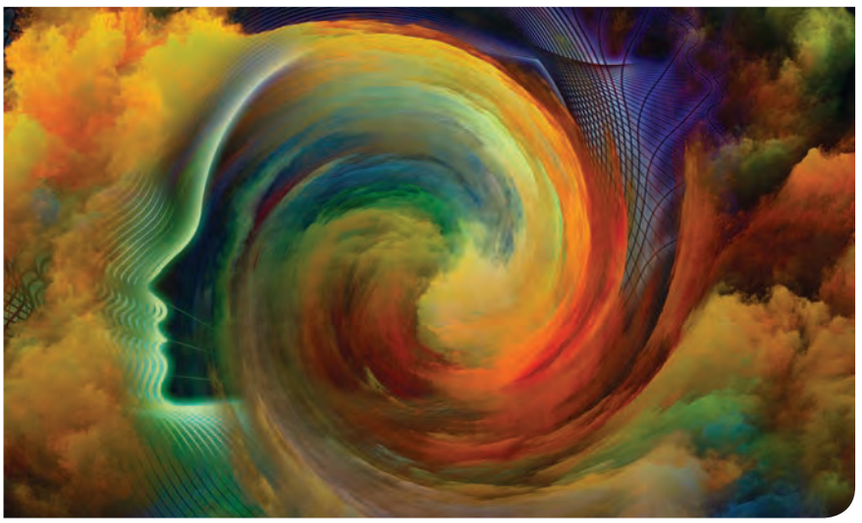
Government seeks a change of mind

Katie Scott | Reporter
Employee Benefits

wellbeing



On 9 January 2017, prime minister Theresa May announced a package of measures that aim to improve mental health support in the UK at each stage of a person's life, including in workplaces, schools, and the community.

As part of this wider reform, Lord Dennis Stevenson, a mental health campaigner, and Paul Farmer CBE, chief executive officer at charity Mind and chair of the NHS Mental Health Taskforce, will lead a review into mental health practices in the workplace, examining how best to support employees with mental health problems so that they can thrive and excel at work.

This will include the provision of tools to help employers of all sizes support employee wellbeing, and a review of recommendations around workplace discrimination on the grounds of mental health.

A key aspect of the review will be to share best-practice examples of mental health support for employees, with trailblazing organisations highlighting initiatives they have in place.

Learning from the experience of others will be particularly valuable for smaller organisations, said Louise Ward, policy and standards director at the British Safety Council. While larger organisations may have more resources to acquire expert advice and training, smaller businesses may not always have this opportunity. "If [a small organisation] can get information from something working well somewhere else and employ that in [its] organisation, it's got a chance to make a real difference," added Ward.

These mental health reforms are also an opportunity to tackle the stigma associated with mental health, said Poppy Jaman, chief executive officer at Mental Health First Aid England and programme director at the City Mental Health Alliance.

Sharing mental health best practice may have been frowned upon in the past because employers may have been concerned about damaging their organisation's reputation by being seen as a stressful or mentally unhealthy workplace. However, the increasing normalisation of mental health conversations is slowly shifting attitudes and workplace culture, to show best practice in this area as an asset rather than something to hide, added Jaman.

Yet challenges remain. Louise Aston, wellbeing director at Business in the Community (BITC), said: "My concern is that the reforms as they stand don't go far enough [...] There is a growing movement of employers which are committed to this agenda and that are demonstrating leadership in this area, but there is also a massive group of unengaged employers that are [not]. So, in spite of the compelling business case and moral case and some real kind of proven good practice, the question is how do we engage those challenged sectors and individual [organisations]?"

10 the top 10 most read stories

1 Draft legislation on salary sacrifice
UK draft legislation details the limitations of tax and employer national insurance contribution advantages where benefits are offered through salary sacrifice. **bit.ly/2jLUIdL**

2 Mercer to acquire Thomsons
Consulting and broking organisation Mercer is to acquire global employee benefits and employee engagement software provider Thomsons Online Benefits. **bit.ly/2j7zsvZ**

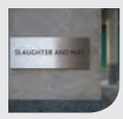
3 Government publishes final draft regulations on gender pay gap reporting
Draft confirms the information organisations with over 250 employees will have to provide from April 2017. **bit.ly/2jE8vPG**

4 EXCLUSIVE: Virgin Atlantic holds wellbeing event for staff
Virgin Atlantic hosted a health and wellbeing event for approximately 300 staff at its Crawley site in November 2016. **bit.ly/2gSTV5w**

5 Reward Gateway acquires LogBuy UK
Employee engagement organisation Reward Gateway has acquired voluntary benefits provider LogBuy. **bit.ly/2i4kIwV**

6 Tribunal rules on CitySprint courier
The London Central Employment Tribunal has ruled that a bicycle courier is a worker when providing services for CitySprint, and is entitled to holiday pay. **bit.ly/2ix3PyS**

7 Expedia named best place to work in UK
Expedia has been named the best place to work in the UK at Glassdoor's Best Places to Work 2017 Employees' Choice Awards for the second year running. **bit.ly/2jfo3fE**



8 Slaughter and May revamps reward
Law firm Slaughter and May has revamped its pay and benefits package for employees after a consultation in 2016. **bit.ly/2jr8mQ5**

9 Government to launch review into mental health practices in the workplace
Lord Dennis Stevenson and Paul Farmer CBE will lead a review into mental health practices in the workplace. **bit.ly/2i9Tfhb**

10 Benefits have impact on job searches
Canada Life Group Insurance's survey of 1,002 employees found 44% of staff looking for a new job are unhappy with their benefits package. **bit.ly/2glokmn**

Most read stories online between 1 December 2016 and 16 January 2017

The latest information on legislation and tax issues affecting benefits, including the government's final draft regulations for gender pay gap reporting and the forthcoming review of pensions auto-enrolment

gender pay reporting

Draft shows the way for gender pay reports

Katie Scott | Reporter
Employee Benefits

The government published final draft regulations for gender pay gap reporting in December 2016.

The regulations, which are due to come into effect in April 2017, will require organisations with 250 or more employees to publish the difference between both the mean and median hourly rate of pay for male and female full-time employees; the difference between both the mean bonus pay and median bonus pay for male and female employees; the proportions of male and female employees who were awarded bonus pay; and the proportions of male and female full-time employees in the lower, lower middle, upper middle and upper quartile pay bands.

These figures will need to be published within the 12 months following the designated snapshot date of 5 April every year. The figures must be published on the organisation's website and must be accessible to employees and the public for at least three years from the publication date.

Although the key points of the reporting requirements remain the same, the final draft regulations do highlight subtle differences and offer clarification around methodology and definition of terms. For example, the snapshot date has changed from 30 April to 5 April, and methodology for the calculation of pay quartiles has been provided.

The definition of an employee has been confirmed, as questions had been raised about whether limited liability partnership (LLP) members would be included in the calculations. Esther Smith, employment partner at law firm TLT, said: "[There is] further clarity in the final [regulations] that genuine partners are excluded."

For the purposes of the regulations, 'employment' follows the definition provided under the Equality Act 2010, and includes employment under a contract of employment, a contract of apprenticeship or a contract personally to do work.

Staff who are not on full pay, for example if they are on maternity leave, will not be included in the pay figures. Suzanne Horne, partner and employment lawyer at Paul Hastings, said: "Someone from HR is going to need to sit down and go through what is the current status of that individual, are they on full pay, are they not on full pay? There's a lot of analysis that is going to need to go into this, which is probably more than people think."

pensions

Getting set to review auto-enrolment

On 12 December 2016, the Department for Work and Pensions (DWP) confirmed the key areas that will be tackled in the 2017 review of pensions auto-enrolment.

As well as measuring the success of auto-enrolment so far, the review will investigate how auto-enrolment can be developed to encourage more individuals to save for retirement.

This will include how to support individuals who do not currently benefit from the arrangement, such as employees who have multiple jobs and do not qualify for auto-enrolment in any of these positions, as well as self-employed individuals.

Other areas the review will focus on include examining the enrolment thresholds for triggering saving and the age criteria at which individuals are automatically enrolled.

Expert advice

Marc Jones is an employment law specialist and a partner at Turbervilles Solicitors

Staff tipping under the government spotlight

There are approximately 150,000 UK businesses in the hospitality, leisure and service sectors where tipping is common. These sectors employ some two million workers and are an important part of the UK economy. Concerns have been raised about employers' treatment of tips, gratuities and service charges to workers and the transparency of such practices to both customers and workers, which has been the subject of recent government consultation.

Tips and gratuities are additional payments given by the customer over and above the amount of the bill and any service charge and do not count towards the national minimum wage and national living wage. They fall into two categories: cash tips, given to an individual worker; and non-cash tips paid by card or cheque, being additions to the amount on the bill and paid to the establishment.

Normally workers receive cash tips either individually or collectively via a Tronc (a separate organised pay arrangement sometimes used to distribute tips, gratuities and service charges) and those workers are responsible for making proper disclosure to HM Revenue and Customs (HMRC) to account for income tax in respect of these earnings. Non-cash tips and any service charge is paid to workers by the establishment with income tax deducted under PAYE. There is no legal requirement for the establishment to allocate a particular proportion of the service charge or non-cash tips to workers. Furthermore, an establishment can make a deduction for costs to cover credit card and banking charges, payroll processing costs and credit card fraud incurred in handling such sums.

The government's consultation document, published in May 2016, which has been broadly followed by the British Hospitality Association (BHA) Code of Practice for Tips and Service Charges, provides that establishments should: be transparent and clear that service charges are discretionary; disclose to customers how they deal with discretionary service charges and non-cash tips and that they are dealt with fairly; and how a service charge is broken down with regard to deductions and how much (if any) workers receive.

@ Read also

More advice from tax and legal experts
bit.ly/218MoIw

The future of the workplace is on the agenda at Employee Benefits Connect, while the Employee Benefits Awards and Summer Party will be a chance to celebrate success

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Keynote explores future of work and technical trends

Adam Kingl, executive director of thought leadership at the London Business School Executive Education, will deliver the opening keynote address at Employee Benefits Connect 2017 on Wednesday 1 March.

In the opening keynote session, 'The future of work and the workplace', Kingl will discuss new paradigms of work and leadership, and outline the technical trends that are set to change the workplace.

Delegates will have the opportunity to gain insights from industry experts across six conference streams: holistic wellbeing; technology and innovation; employee engagement; driving performance; talent management; and data analytics.

In the talent management stream, Adam Gibson, strategic workforce planning leader at the Metropolitan Police, will highlight how employees' priorities and their approach to work are changing. The session, 'Leveraging workforce planning and people analytics for smarter decisions', will also investigate how caring responsibilities, the gender pay gap, and equality and diversity will shape the future work model and drive workforce strategy.

Come together and celebrate

Employee Benefits Awards recognise best practice

employee benefits AWARDS & SUMMER PARTY 17
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Do not miss your chance to attend the Employee Benefits Awards and Summer Party 2017, which will take place on 9 June at the Artillery Garden at the HAC in London.

The annual Employee Benefits Awards celebrate best practice and recognise employers' benefits achievements over the last year.

Winning organisations will be unveiled across 23 categories, from best mental health strategy to best pensions communications.

The coveted Employee benefits professional of the year accolade will also be bestowed upon an individual who has made their mark on the employee benefits industry.

Following the awards ceremony, reward and benefits professionals can network and share ideas over a drinks reception or unwind at the on-site fairground.

The event will provide a fantastic opportunity for the industry to come together to network and celebrate the successes of the last 12 months.

For more information and to book your place, visit: *www.employeebenefitsawards.co.uk*

Employee Benefits Connect offers opportunity for visitors to gain insight from leading providers

Find out about the new innovations hitting the employee benefits market at Employee Benefits Connect 2017.

The annual event will be held on Wednesday 1 March 2017 at Park Plaza, London, where attendees will have the opportunity to gain insights from providers working across the sector and to network with industry peers to share best practice. Reward Gateway is the headline sponsor for the one-day event, which will feature an exhibition of leading suppliers, including Epoq Legal and Globality.

To register to attend and find out more, visit *www.employeebenefitsconnect.co.uk*

The hub...

People moves

Lincoln promotes Hodson
Ian Hodson has been promoted to head of reward at the University of Lincoln. He will oversee senior reward, payroll, pensions and employee benefits, as well as role evaluation and HR systems. Previously, Hodson was reward and benefits manager at the university.

Manning takes on reward at My Home Move
Keith Manning has an interim position at My Home Move as reward manager. He was previously reward manager (interim) at Canada Life. Manning has also worked as reward manager at New Look, payroll and benefits advisor (interim) at Tullow Oil, and compensation and benefits manager at British Sugar.

Kensey has new role at Nomad Foods Europe
Tim Kensey has taken on a new role at Nomad Foods Europe as HR director, corporate. He will be responsible for commercial functions, engagement, and talent management. Previously, Kensey worked as HR director, UK and Europe at Nomad.

Matchesfashion hires Coppin as chief HR officer
Heidi Coppin has joined Matchesfashion.com as chief HR officer. Coppin's previous roles include people director at Not On The High Street and global vice-president of human resources at Net-A-Porter. She has also held senior roles at Asos and Unilever.

Galli leads global HR at PR agency Golin
Carrie Galli is now executive director of human resources at PR and communications agency Golin. Based in Chicago, Galli leads global HR, performing general HR duties, recruitment, spearheading diversity and inclusion, and learning and development initiatives.

Hill joins up with Standard Chartered Bank
Jeremy Hill has joined Standard Chartered Bank as head of pension and benefits. Specialising in international benefits, Hill has also worked at consultancy Willis Towers Watson as director, global services and solutions and previously for Mercer.

Louise's lowdown

Building a business case to support employees with ever-increasing housing costs

In January 2017, the Mayor of London, Sadiq Khan, signed up the whole of the Greater London Authority (GLA) family to the Fifty Thousand Homes pledge. The Fifty Thousand Homes campaign aims to double housebuilding in London to at least 50,000 homes a year by the end of the Mayor's term in 2020, while the pledge is designed to encourage employers to help their workforce with rising housing costs in the capital.

By signing up, organisations commit to implementing at least one positive change to support staff in this area within six months of making the pledge. This covers pay, such as paying all employees the London living wage of £9.75 an hour; financial support and resources, such as relocation bonuses or taking a flexible approach to allow staff to view homes to buy or rent during working hours; responsive advice and signposting, such as an intranet service for employees seeking accommodation or access to best-practice information for tenants and landlords; and internal housing initiatives, such as preferential mortgage lending terms.

At the GLA, all bodies have either implemented or have committed to introducing a rental deposit loan for staff.

There is a business case for supporting employees with housing costs; 69% of London-based employer respondents believe that high housing costs affect their ability to attract and retain skilled talent, according to the Confederation of British Industry's (CBI) *London business survey*, published in September 2016.

Some of London's employers have already put in place measures to respond to this challenge. Organisations including the CBI and the Co-operative Group implemented a London rental deposit loan scheme in February 2015. Pioneered by housing charity Shelter, this scheme provides employees with an interest-free loan towards a deposit on a rented home, with repayments deducted from their salary. Financial recruitment firm Goodman Masson has offered its staff a mortgage fund to help save for a deposit through its flexible benefits scheme, the Benefits Boutique, since 2012.

Of course, housing costs are not just an issue in London, and employers elsewhere in the UK are taking steps to support staff. Insurance organisation Admiral introduced a home-moving salary advance scheme in 2016, which aims to help employees with moving costs, and property services group Countrywide offers staff discounts on its products, such as conveyancing and mortgages.

In addition to supporting recruitment and retention strategies, initiatives that help staff with housing and living costs can also have a positive impact on employees' financial health, which could, in turn, boost wellbeing and productivity in the workplace. According to research by the Chartered Institute of Personnel and Development (CIPD) and Close Brothers Asset Management, published in January 2017, 25% of employees report that money worries have affected their ability to do their job, with 19% losing sleep over financial concerns.

Social media

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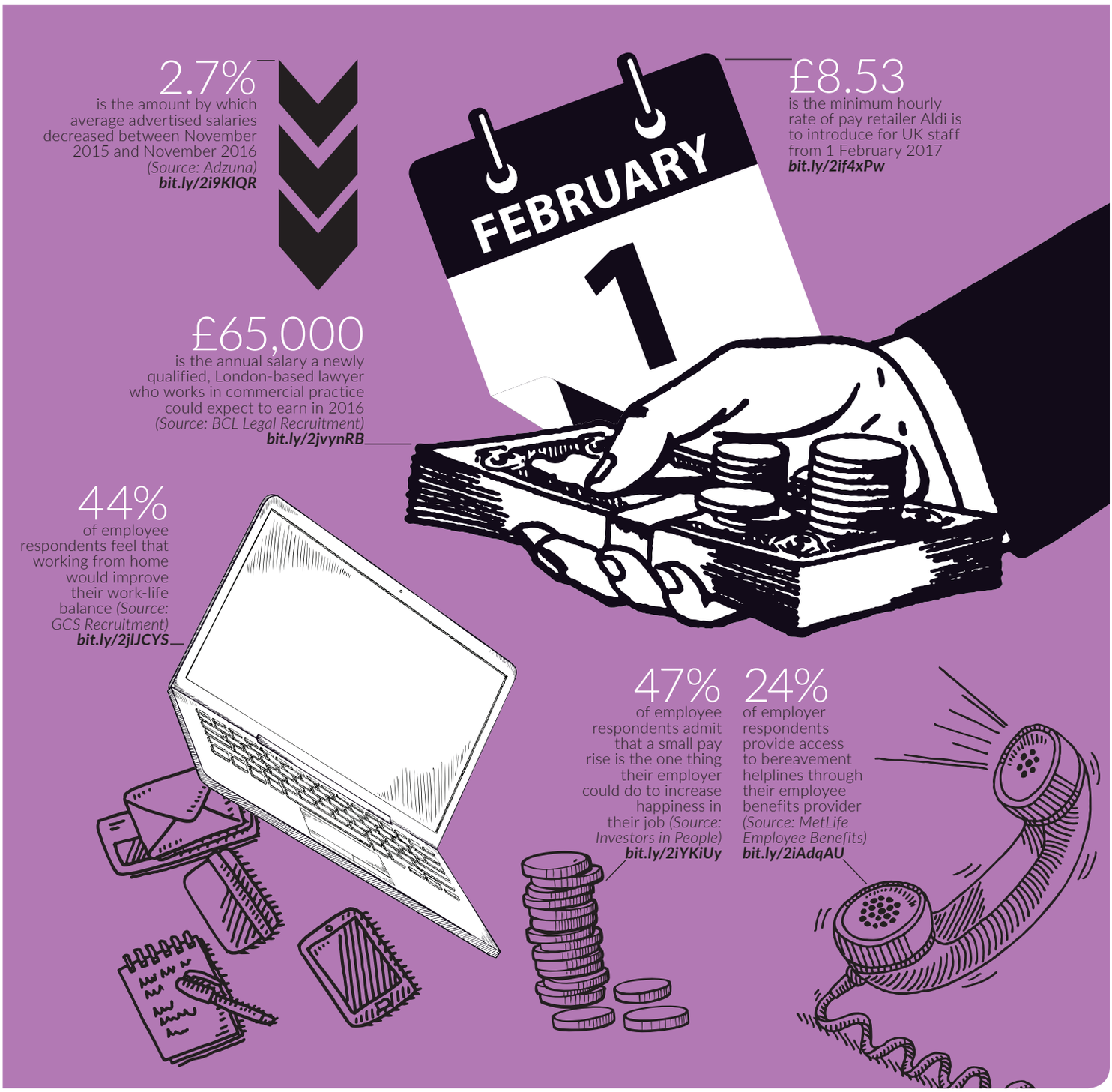
The month in numbers

Katie Scott rounds up some of January's key facts and figures relating to employee benefits



2.7%
is the amount by which average advertised salaries decreased between November 2015 and November 2016 *(Source: Adzuna)*
bit.ly/2i9KlQR

£8.53
is the minimum hourly rate of pay retailer Aldi is to introduce for UK staff from 1 February 2017
bit.ly/2if4xPw

£65,000
is the annual salary a newly qualified, London-based lawyer who works in commercial practice could expect to earn in 2016 *(Source: BCL Legal Recruitment)*
bit.ly/2jvynRB

44%
of employee respondents feel that working from home would improve their work-life balance *(Source: GCS Recruitment)*
bit.ly/2jlJCYS

47%
of employee respondents admit that a small pay rise is the one thing their employer could do to increase happiness in their job *(Source: Investors in People)*
bit.ly/2iYKiUy

24%
of employer respondents provide access to bereavement helplines through their employee benefits provider *(Source: MetLife Employee Benefits)*
bit.ly/2iAdqAU

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This month's big question...

What role does the employer have in work-life balance?

do you agree?

Join the discussion by searching for the EmployeeBenefits group on:

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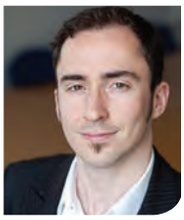

On 1 January 2017, a new law came into force in France that gives workers the legal right to avoid work emails outside of working hours. Commonly known as 'the right to disconnect', businesses with over 50 employees must draw up a charter of good conduct, which will set out that staff are not supposed to send or answer emails outside of work.

To some, this may seem a bit dramatic; checking emails at home in front of the television or even first thing in the morning when we wake up has become second nature. However, when we stop and reflect, it becomes clear how much damage this 'always-on' approach does not only to people, but to businesses as well.

Striking a good work-life balance is essential for good productivity, but this will be impossible to achieve if managers do not set a good example. The Chartered Management Institute's (CMI's) *Quality of working life 2016* report, published in January 2016, revealed that 'always-on' managers are now working 29 extra days a year and are suffering rising levels of stress, with two-thirds saying it was hard for them to switch off from work. Those who do struggle to switch off from work and check email more report lower personal productivity and job satisfaction levels.

Stress is more than three times as common among those working long hours, with 20% of those working over three hours a day extra saying that they are often stressed, compared to only 6% of those working no additional hours.

Managers must have the skills to prevent the causes of burnout. Effective management of time and resources should allow them to set a good example.

We need to move away from the attitude that more hours means more work. Employers need to take a very active role in ensuring a work-life balance for workers.

Patrick Woodman
is head of research at the Chartered Management Institute (CMI)

We are more than aware that, with changes in technology, the edges of the working day are getting blurred. We take our work with us into our home, down the pub, and with us when we go to bed. And we do not stop there: we take our online social life to work with us.

In late 2016, a year arguably of divisive news, the news landed that the French government had passed a new law that employers of more than 50 employees must draw up a charter setting out when workers should and should not send emails. This sparked much debate around work-life balance and how much responsibility for this sat with the employer and with the government.

So, let's start with why anyone has a responsibility. According to the Mental Health Foundation: "The pressure of an increasingly demanding work culture in the UK is perhaps the biggest and most pressing challenge to the mental health of the general population."

I would say that based on this argument, employers absolutely have a responsibility in supporting employees to achieve the right work-life balance.

If organisations do not operate a strict nine-to-five working day in their business, and want a culture of flexibility, then they may need to do something that does not come easy to all employers.

First, they are going to need to empower employees to make their own decisions, where possible, on working time.

Second, start to manage people based on outputs not on how many hours they are sat at their desk.

Third, they need to let their people know that it is okay to turn off the work phone and put down the laptop, and most importantly lead on this by example, while also demonstrating the freedoms of point one.

Nick Court
is director at Cloud9 People

Matsuri Takahashi jumped to her death at the age of 24 in December 2015 after working 100 hours' overtime in just one month for her employer, Dentsu. While an extreme example, there is no doubt that employers have a responsibility to support employees' healthy work-life balance. So, how far does this responsibility extend?

Looking abroad, French employers are now required to give employees the right to disconnect from emails every evening and weekend. This new law has generally been positively received but French organisations have told me that the issue of overwork is better addressed through good workplace management and culture, not through a necessary business tool such as emails.

What about the UK? Employers have duties under the Health and Safety at Work legislation to provide a safe place of work and under the Working Time Regulations not to require employees to work excessive hours. Directors and managers can also be personally criminally responsible for health and safety offences. I am increasingly seeing discrimination claims by employees who claim they have been offended or abused on social media by co-workers who have lost sight of the distinction between colleagues and friends, which is a difficult area for employers to navigate.

To understand how these issues may be playing out, employers should look to spend time in parts of the business where they do not normally go; listen to and understand workers' concerns; adopt a positive approach from the boardroom down, including diversity and health and safety training; and set out clear policies on harassment and bullying, IT and social media. These things are easily forgotten in the 'digital storm' in which many work, but if employers can carry out their own health check, they will improve their culture, as well as recruitment and retention.

Julian Hemming
is employment partner at international legal practice Osborne Clarke

New frontiers

hitandrun

Automation is set to have a deep and lasting impact on the workplace

Louise Fordham | Deputy editor
Employee Benefits

Need to know

- Increased automation is likely to disrupt established ways of working and individuals' relationship with employers.
- Organisations will need to tap into new skill sets, either through reskilling or the attraction of digital and non-traditional talent.
- As the profile of the workforce diversifies, a more targeted, flexible approach to reward and the broader employee experience will be required.

Read also

How can organisations future-proof their benefits technology?
bit.ly/2iMQ1eK

There are varying predictions as to the speed and extent to which automation technologies, robotics and artificial intelligence (AI) will affect jobs and the world of work. McKinsey Global Institute's January 2017 report, *A future that works: automation, employment, and productivity*, estimates that less than 5% of occupations can be automated entirely using demonstrated technologies, and approximately 60% of occupations have at least 30% of constituent activities that could be automated.

While there will be differences in the impact these technologies have across organisations, industries, and countries, the acceleration of automation is likely to lead to a shift in required skills, ways of working, and the very make-up of the workforce. To gain and maintain a competitive edge in this landscape, employers will need to rethink how they engage, motivate, and reward employees.

Support in times of change

Although automation could result in job losses and redeployment in some cases, it could also create new roles, augment the work currently carried out by employees, and provide opportunities for professional development. Communicating these opportunities, as well as real-life examples, could boost employees' engagement with these technologies and the organisation's goals. Aimee Higgins, director, people consulting at KPMG, says: "Automation should reduce the administrative and process-driven work, which inevitably then frees up some time for employees to perhaps focus on some of the more creative or strategic value-add pieces of work. As that process is underway, any kind of success stories that come from that should be repeated across the business so that [employees] can see the benefits [of automation]."

At an organisational level, good change management practices, and open and honest communication can help to assuage uncertainty. David D'Souza, head of London at the Chartered Institute of Personnel and Development (CIPD), says: "If an organisation is planning a large-scale shift over time to more automated work, it needs to be clear about those plans for two reasons: one, to allow for possible redeployment of [employees] and, two, to allow [employees] to retrain, reskill and make different decisions around their careers."

In order to give staff the time and space they need to reskill, organisations may need to adapt reward strategies that are centred on individual performance and realign these with wider organisational aims, says Higgins. This might include embedding organisational values into the performance management process and associated rewards, or enabling staff to share the fruits of improved business performance through all-employee share schemes, for example.

Linking reward to business values could also help organisations to foster a culture of innovation by encouraging the new skills and behaviours organisations require in this changing environment. Anthony Bruce, HR consulting partner at PricewaterhouseCoopers (PWC), says: "[Employers] would need to segment their workforce and then target the benefit types and the way they deliver those benefits to people [...] in a way that is driving towards the things that matter, rather than the things that mattered in the past."

New behaviours

Professional development and the reinforcement of new behaviours through reward is particularly pertinent for managers. Andy Campbell, HCM strategy director at Oracle, says: "We're asking more and more of [middle managers] and perhaps not giving them the skills and capabilities to execute."

Increased automation could require new management approaches, including management of virtual teams or blended teams comprising automated processes, AI and people, adds Mike Falvey, partner at KPMG.

As a result of business model disruptions, including robotics, by 2020, on average, more than a third of the desired core skill sets of most occupations will be made up of skills that are not yet considered crucial to the job today, according to the World Economic Forum's *The future of jobs* report, published in January 2016. And this is not just a future issue; the competition for in-demand digital talent and the recruitment of non-traditional talent is challenging established reward strategies.

Julia Howes, principal at Mercer, says: "There is a broader value set that some of these employees have that may be beyond the traditional 'what is my base salary?' We are seeing that for this [digital talent] population there is a lot of concern around financial wellness, so we are seeing a lot of organisations helping with that broader perspective of affordability." ▸▸▸

As competition for their skills increases, these potential recruits may also attach greater importance to the overall employee experience, including the value that they can obtain while with an organisation, such as learning and development opportunities, and the value that they can contribute to and through an organisation, such as involvement in an employer's corporate social responsibility (CSR) agenda.

However, recruitment is not the only challenge. "For me, retention is the biggest issue," says Oracle's Campbell. "If [employers] don't provide the right work environment and the right tools, if [they] don't make it fun, enjoyable, and valuable for people to work in the organisation then they'll leave, especially if they're quite attractive [talent]."

This not only requires alignment of pay and benefits to an organisation's innovation agenda, but better understanding among leaders about different working approaches among incoming digital talent, says Howes.

The changing shape of work

The advancement and adoption of automation technologies could also disrupt the make-up of the workforce. Falvey says: "The impact of [automation] will probably enable the acceleration of the move towards a gig economy, which of course starts to call into question who [organisations'] people strategies are aiming at."

As well as employees, and perhaps a greater proportion of contractors, associates and temporary workers, this could also include staff in physical offices and virtual teams across multiple locations, and a mix of the human and robotic.

George Zarkadakis, senior consultant at Willis Towers Watson, says: "It's no longer relevant to talk about an employee value proposition (EVP). We need to talk about worker value proposition and include everybody who is somehow engaged with the organisation in the production of work."

This raises further questions around the concept of a cohesive workplace culture and core organisational values. "Now what becomes more important is how organisations use all the tools at their disposal to create a common sense of purpose in the way they share information, the deployment of digital engagement platforms that connect those people together so that they feel part of what the organisation is trying to do, and then also the incentivisation and performance of those people," explains PWC's Bruce.

The rise of portfolio work could also result in a shift towards employee benefits that focus on future employability. "[Employers would] need to think [about] what training investment looks like for people who are there for a short amount of time, how simple [they] make it to move in and out of pension schemes, to move things from one place to another, and also how attractive ▸▸▸

Viewpoint

Adam Corlett is economic analyst at the Resolution Foundation

Will all our jobs soon be replaced by robots? Recent headlines suggest so. But experience casts doubt on such sensationalism. Indeed, there are reasons to encourage more automation.

It is common to hear theories about how new technologies are leading us towards an approaching future of low employment. A lot of this debate stems from the US, which has seen a worrying fall in labour market participation. But this is not true in the UK, where employment is at a record high. In fact, we have the opposite problem; business investment in new technology is low and productivity growth, which ultimately determines how well off we all are, has been almost non-existent in recent years. If we want wages and living standards to rise, we need more technology, not less.

Of course, technological change will have a greater impact on some jobs and industries than others, and we should be mindful of the disruption this can bring. Routine jobs, from assembly lines in factories to call centres, have declined the most in recent decades, driven by automation, offshoring and better education. However, new jobs have emerged, from business services to social care. It is important that governments provide a strong safety net for those displaced by these labour market shifts.

Even the greatest advances in artificial intelligence (AI) and robotics will likely see as many jobs created as are made obsolete. So enough of the pessimism about the rise of the robots. Worry instead about a lack of progress across UK industry in embracing new technology.

Viewpoint

Kate Hurn is associate at law firm Bird and Bird

In January this year, a Japanese insurance company announced plans to replace 34 employees with robots. Automation is likely to affect labour markets worldwide. RBS and NatWest announced in 2016 that they will be using a virtual chatbot to deal with UK customer queries and several US hospitals are using artificial intelligence (AI) platforms for treatment advice.

In the short term, automation will lead to business restructurings. Health and safety concerns about automated systems failing could lead to industrial action. Employers will need to consider negative PR caused by redundancies and fears of the consequences if AI goes wrong.

AI is likely to depress wages for lower-skilled work and individuals may retrain in areas where robots cannot replace humans. Traditional office jobs will decline and the gig economy, where individuals supplying services are matched with market demand, will continue to develop apace. As a result, and following Employment Tribunal rulings that Uber drivers and a CitySprint courier are workers in October 2016 and January 2017, respectively, we are likely to see more litigation on worker status and organisations should consider this when reviewing their business models.

Employers will also need to think about whether their policies and procedures are suitable for a mixed workforce of humans and robots. For example, a chatbot developed by Microsoft was removed from Twitter after learning and tweeting racist remarks; so employers may have to deal with grievances and employee engagement issues. If data regarding job applicants' facial expressions and body language is captured by robots during recruitment, employers will also need to consider data protection concerning the storage and use of this information.

Co-authored by Penny Hunt, legal director at Bird and Bird

Statistics

83%

of business leader respondents see the correct balance of human and automation practices as a key competitive differentiator *(Source: Capita Resourcing, November 2016)*

25%

of a CEO's daily activities could be automated using currently demonstrated technology *(Source: McKinsey Global Institute, January 2017)*

49%

of business leader respondents cite better work-life balance as a benefit that robotic automation would have on their business *(Source: Genfour, July 2016)*

[their] benefits mix is to people who will only be with [them] for a really small window in their career," says D'Souza.

Benefits such as a free CV review after six months with the organisation could be highly valuable to those workers, he adds.

Short-term project work could also call for short-term incentives. Falvey says: "I think there's an opportunity for HR, reward and benefits professionals to be quite creative and targeted in some of those incentives, and some of this comes at an interesting time when more broadly people are looking for greater personalisation."

> "THE MESSAGE HERE IS THAT IT'S NOT THE RISE OF THE MACHINES BUT THE RISE OF THE HUMANS"

A targeted approach to reward, combined with a higher degree of flexibility, could also provide employers with the agility to engage different segments of an increasingly varied workforce.

Underpinning this approach with data analytics can help to boost engagement by ensuring that the benefits package an organisation offers is valued by existing and potential workers. "Use data, use analytics, and don't just do it once," says Bruce. "In this area get it more regularly refreshed; it's not just an annual exercise, it's much more real time than that because of the turnover of staff and talent."

HR and benefits professionals will need to work closely with different areas of the business to understand how it is likely to be affected by automation, and conduct scenario planning to assess the possible impact on the workforce.

Working now to develop an understanding of the potential future implications of these technologies could put organisations in a stronger position to support their workforce as automation accelerates.

"The message here is that it's not the rise of the machines but the rise of the humans," says Zarkadakis. "That, for me, is the most exciting thing about the HR function in the 21st century, because this new way of automation will make human beings even more valuable to organisations." EB

Viewpoint

Vlatka Hlupic is professor of business and management at the University of Westminster, a management consultant, and author of *The Management Shift*

Dealing with the impact of technology on the workplace is, to a large extent, a matter of mindset. We can choose to adopt either one of two scenarios: the first one is to get drawn into a fear-based and fixed mindset and worry that technology might take away our jobs. The other scenario is that we adopt the growth mindset, adapt continuously and use technological advancement to our advantage.

Adopting the latter scenario has many advantages. The future is about people and machines collaborating in harmony, with complementary strengths and weaknesses in the context of intelligent organisational design. Machines are better at processing a large quantity of interpretable data and improving decision making, but they are not good at asking the right questions, they cannot explain why they made a decision, they cannot make sense of unstructured data, and they do not have intuition.

While technology should be supporting what employees are doing in workplaces, there is a discrepancy between what technology can do and what mindset, organisational culture and organisational processes the majority of organisations have. To get the most out of technology, and to motivate the workforce to give a high level of performance, organisations need to foster the development of organisational cultures that are based on people, collaboration, purpose, transparency, openness, communities, interaction, and ubiquitous communication. Power and decision making should be distributed and employees should have the autonomy to experiment with new ideas and new technology. Organisations that get this will get the most out of technology while creating high-performing workplaces.

In traditionally managed organisations, based on hierarchical command and control, technology will not be fully utilised.

To get the best out of technology, organisations need to get the best out of people. We have not always modernised our management approaches in line with advances in technology, leading to intelligent IT, but unintelligent organisational design. That leads to low performance, engagement and productivity that no technology can compensate for.

All eyes on the horizon

Employers will need to rise to the payroll challenge over the coming year

Sam Barrett |
Freelance journalist

Need to know

- Employers must assess whether they are liable for the new apprenticeship levy.
- Employers should assess how they stack up ahead of mandatory gender pay reporting.
- A review of data security will help to protect sensitive employee information.
- Given the number of changes, testing payroll software before it goes live is essential.

Read also

How will the national living wage impact reward strategies?
bit.ly/2j91kyQ

It is set to be a busy year for payroll, with plenty of changes scheduled for 2017. And, with details yet to be finalised on some of these, it could be a challenging year too.

Helen Hargreaves, associate director of policy and research at the Chartered Institute of Payroll Professionals (CIPP), says: "There's so much uncertainty in 2017. Against the Brexit backdrop, firms will be dealing with new requirements such as the apprenticeship levy and gender pay gap reporting alongside the normal changes. This will bring challenges for payroll professionals."

With ambitious plans to set up three million additional apprenticeships over the next five years, the government is introducing a new apprenticeship levy in April 2017 to fund them. This levy, 0.5% of an employer's pay bill, will be payable by firms with a payroll in excess of £3m.

Even smaller employers need to be mindful of whether or not the levy applies to them, says Hargreaves. "Only one £15,000 allowance applies to all the [organisations] within a group so, where a smaller employer is connected to one or more other [organisations], they will need to decide how the allowance is to be allocated to determine whether or not they are liable."

Payroll professionals will also need to deal with the changes to salary sacrifice arrangements that were announced in the Autumn Statement. Under these, the government will significantly limit the range of benefits that attract tax and employer national insurance advantages when offered through a salary sacrifice arrangements. Only pensions, childcare, bikes-for-work and ultra-low emission cars will be exempt, with a transition period for other arrangements already in place before April 2017.

Bill Thompson, principal consultant, payroll at NGA HR, says: "Unravelling existing schemes will be a potentially onerous job for payroll. And, with the changes making affected benefits more expensive for employers and employees, there could be broader questions about what benefits they offer."

For organisations with 250 employees or more, preparations for gender pay gap reporting should be well underway. Although it is still in draft legislation, the key snapshot date is expected to be 5 April 2017. "The first reports are due in April ▸▸▸

images: iStock

Case study | **Cottage Delight**

Cottage Delight switches payroll system to meet business needs

From humble beginnings in 1974, when founder Nigel Cope developed a traditional recipe all-butter tablet fudge in his family kitchen, Cottage Delight now has a range of more than 700 speciality foods. This growth has seen its staffing levels increase significantly too, with the organisation now employing nearly 200 people, as well as taking on casual staff to meet seasonal demand.

With a series of complex staff rotas and pay bands to administer, the organisation decided its payroll systems were in need of an upgrade. Gary Bowcock, IT manager at Cottage Delight, says: "Our previous payroll system had been in place since 2003 and was seriously antiquated. It wasn't very user friendly and, because only one person could use it at a time, running payroll was very time consuming."

After evaluating the systems that were available, the organisation selected Carval's HR Unity Payroll system. "It's allowed us to pass some of the responsibilities down to the departmental managers," says Bowcock.

The system went live in June 2016, cutting the time it took to administer payroll from two days a week to just over two hours. And, while there is plenty of change scheduled for payroll this year, Bowcock is not worried. "Carval provides us with two releases a year covering off all the changes," he says. "We also have access to [its] online support portal, which contains all the information we need about any changes in legislation or taxation. It's a huge improvement."

Statistics

25%

is the gender pay gap for generation X women when they reach 40

(Resolution Foundation, January 2017)

5%

of global employers admit to having no automated payroll system in place, and rely solely on manual processes

(SD Worx, December 2016)

4.2%

is the national living wage increase, rising to £7.50 an hour for those aged over 25

65%

of global organisations use multiple payroll systems across different geographic markets

(SD Worx, December 2016)

2018 but I would recommend that employers do a trial run before this to see what their results are likely to look like," says Hargreaves. "Payroll [departments] are the holders of much of the information so they will be involved in the reporting."

There is no obligation to explain or address any gap but there could be serious consequences for employers that do not, says Geoff Isherwood, legal services manager at employment law firm ELAS. "It could lead to adverse publicity and the best candidates may not be attracted to [organisations] with a large gender pay gap," he explains.

The regularity of the April tax changes means these should happen smoothly, especially as increases to the national minimum wage were shifted from October to April in line with the national living wage.

Payroll will see a new issue with Scotland proposing slightly lower income tax thresholds for higher-rate tax. This would see Scottish taxpayers paying higher-rate tax on earnings over £43,430, as opposed to £45,000 in the rest of the UK.

This will mean larger tax bills for higher earners living in Scotland. However, from a payroll perspective, it should be relatively straightforward, with HM Revenue and Customs (HMRC) responsible for identifying Scottish taxpayers and administering the tax, says Thompson.

Some themes that emerged in 2016 will also continue, such as payroll data security. Gary Webb, marketing director at international payroll firm FMP Global, says: "Last year we saw internal data theft; sophisticated hacks; and phishing scams fooling payroll people into handing over sensitive data. [Employers] must review their data security both internally and externally to ensure their payroll information is protected."

Whether employers are grappling with the ramifications of the apprenticeship levy or assessing how gender pay gap reporting will make their organisation look, the number of changes, coupled with the lack of detail for some of them, is putting pressure on the software developers, says Hargreaves. "Software is key to everything but this year there's so little lead-in time," she explains. "With so many changes, it's even more important for employers to test the software before it goes live." EB

A taste of the good life

The workplace can promote healthy lifestyles for staff on all kinds of budget

Katie Scott | Reporter
Employee Benefits

Need to know

- An organisation's culture can promote healthy lifestyles that do not have to cost staff a lot to maintain.
- Signposting healthy options and recipe cards in a staff canteen can help employees improve their diet, counteracting productivity slumps due to a lack of nutrients.
- Health cash plans and virtual GP services can provide cost-effective healthcare support for lower-income staff.

Read also

How to create a workplace programme to incentivise healthy behaviour
bit.ly/2jZrCne

Lower-paid employees across the UK have come under the political spotlight since Theresa May's appointment as prime minister, with the government reiterating a focus on the 'just about managing' population, or JAMs. A report published by the Resolution Foundation in September 2016, *Hanging on; the stresses and strains of Britain's 'just managing' families*, identified this demographic as six million working age households and 10 million adults on low-to-middle incomes.

Employers have an opportunity to offer initiatives and schemes to support the health and wellbeing of these employees, which has benefits for both the workforce and the business. Dr Umang Patel, director at Babylon Health, says: "We need to try and break healthcare away from being a perk to being a necessity for people."

Workplace culture and values

Family pressures and home commitments can mean that taking care of health and wellbeing can be pushed down the priority list for employees, but employers are well placed to make this a key focus during their time at work. Chris Bailey, partner at Mercer, says: "The employer has a great role to play in terms of having a set of values that individuals as employees can become aligned to and that will resonate with them. Employers shouldn't be slow to recognise that opportunity and responsibility to influence the lifestyle decisions that people make."

Nutrition is one area that employers can support, for example, by providing access to healthy meals and snacks, whether this is via the food supplied in a staff canteen, on-site vending machines, fruit-box deliveries or by offering discount vouchers for local eateries where employees can pick up healthy lunches. The nutrients found in fresh produce as opposed to pre-packed ready meals can help to counter productivity slumps.

Organisations could also supply staff with recipe cards to provide inspiration for low-cost, healthy family meals, which could be paired with a retail discount or a bonus loyalty points scheme to help employees make healthy buying choices. In addition, leftover meals and ingredients from a workplace canteen could be given to staff at the end of the working day, not only reducing waste, but also providing a nutritious evening meal for employees and their families at no extra cost, says Bailey.

Physical activity is another factor that can improve health. This could include encouraging staff to use the stairs

"HEALTHCARE NEEDS TO BE BROKEN AWAY FROM BEING A PERK TO BEING A NECESSITY"

images: iStock

Case study | **Bolton Young Persons Housing Scheme**

Bolton Young Persons Housing Scheme offers benefits to boost employee wellbeing and reduce sickness absence

Bolton Young Persons Housing Scheme (BYPHS), a charity that helps homeless young people, has developed low-cost, employer-paid health and wellbeing benefits to ensure that the charity's 52 employees are physically and mentally fit to cope with potentially harrowing and emotional caseloads.

A holistic therapist visits the charity's offices twice a year when BYPHS pays for employees to have a 45-minute massage or reflexology treatment each. It saw 75% of staff make use of this benefit in November 2016.

To target physical health, BYPHS introduced a health cash plan, provided by UK Healthcare in January 2017, with the charity providing a basic package for all employees where certain healthcare costs can be reimbursed up to £100. Individuals can then pay to upgrade their package if they wish.

In addition, BYPHS has offered a voluntary benefits scheme, provided by Perkbox, since 2015, which has seen a 60% take-up rate since it was introduced. It also provides twice-yearly team lunches and away days, and free fruit.

BYPHS ensures each benefit it provides costs the business £5 per employee or less, because this ensures the benefit remains non-taxable. Maura Jackson, chief executive officer at BYPHS, says: "We don't want to do something that costs people money, that's just defeating the object. The idea is to have a variety of tools in [the] toolkit to make sure that people are fit to work, they're happy at work, that they're safe, and that they're healthy."

instead of the lift and to try to incorporate walking into their daily commutes. "It doesn't take a lot to change the culture of [an organisation] and to say 'we're going to have standing meetings, or we don't need to send internal emails to people who are based in the same office, we expect people to go and speak to them'," says Bailey.

After-work wellbeing

After-work clubs and social groups provide a further opportunity for employers to promote wellbeing and fitness, however, if these incur any cost, employers must ensure that this remains low, says Ryan Hall, senior strategy consultant, health management practice, at Capita Employee Benefits. For example, if an employer sets up a cycling club, and an employee then needs to find the money to buy a bike, this could present a potential barrier for those on a limited budget.

61%

of people management professional respondents who work for an organisation that has a health and wellbeing strategy believe that employees are not fully aware of the healthcare services available to them

(Source: Axa PPP Healthcare, November 2016)

33%

of employee respondents cite pressure not to take time off from work as the reason for cancelling, missing or postponing a doctor's appointment

(Source: Doctor Care Anywhere/ YouGov, November 2016)

Employers can further support employee health and wellbeing with practical benefits, services and products that facilitate access to low-cost but good-quality healthcare. Access to benefits such as health cash plans, health assessments, and in-patient or day patient only private medical insurance (PMI) schemes, can be useful for employees that do not have much disposable income.

Active encouragement

Bikes-for-work schemes, discounted gym membership and gym passes for multiple clubs are further ways to encourage staff to get active, while discounts on sports equipment or wearable technology could enable employees to exercise more at home too. Employees may also appreciate access to virtual GP services during work hours.

Access to health services through technology is a growing industry and these can be highlighted to employees to ensure that they are able to benefit from them. Health and wellbeing apps such as Sleepio, to improve sleep patterns, and Headspace, for mental wellbeing, can be accessed through smartphones. Social networks are also tools for maintaining mental health, adds Babylon Health's Patel. "That concept of being able to connect with friends and support is really ▸▸▸

Viewpoint

Kevin Gude is director at law firm Gowling WLG

The forthcoming changes to salary sacrifice rules, in particular, the effect on health screening and other medical benefits, reflect a carelessly fragmented attitude towards the nation's wellbeing and fitness. As the NHS struggles to meet the needs of an ageing, increasingly long-living but unfit population, the Treasury is withdrawing its support for a simple way to relieve at least some of the NHS's burden.

Salary sacrifice created, in the Treasury's view, "an uneven playing field between employers and employees who use such arrangements and benefit from the tax advantages, and those that don't". Choosing, wrongly in my view, to see inconsistent take-up among employers as evidence of unfairness, it has instituted a change that may instead increase unfairness, particularly for those on lower salaries for whom the unsubsidised cost of arranging insurance is often prohibitive.

While health and wellbeing-related benefits, including things such as medical screening and group income protection, will be provided as standard to higher-paid staff, they will often be offered to other staff to buy via a salary sacrifice arrangement. These are valuable but expensive benefits that, in the case of many lower-paid or just-about-managing employees, risk becoming luxuries that will have to be done without when the tax incentive is removed. This regressive step is bad for these employees and their families, bad for their employers and, over the longer term, bad for the social welfare of the country.

While it is feasible that some of what the Treasury will save might help meet increased NHS costs, would it not be more sensible to reduce those costs by financially incentivising tax-payers to take greater personal responsibility for their health?

Austerity seems to have taught us little about the social benefits of shared responsibility and only about the short-term fiscal gains of robbing Peter to pay Paul.

21%

of employee respondents cite financial concerns as the reason for going into work when ill

(Source: Canada Life Group Insurance, September 2016)

19%

of employee respondents believe financial worries affect their work

(Source: Capita Employee Benefits, October 2016)

45%

of employee respondents aged between 18 and 29 feel their organisation supports a healthy lifestyle

(Source: Barnett Waddingham, September 2016)

important, especially when [employees] are unable to do that using money," he says.

Covering incidental costs associated with healthcare is often a forgotten option, says Russell Stephens, director of marketing, distribution and member services at CS Healthcare. This could include employer support for costs such as parking charges at hospital car parks, for an employee's pet to stay in a kennel if the individual has to have a hospital stay or covering additional childcare costs if the employee needs to attend an appointment.

"Having [the] employer support [the employee] to cover some incidental costs that may be incurred might be needed, and certainly have a higher perceived value than insurers might originally expect, just in terms of that goodwill gesture," he says.

> "THE CONCEPT OF BEING ABLE TO CONNECT WITH FRIENDS AND SUPPORT IS REALLY IMPORTANT"

An employee assistance programme (EAP) can be a valuable benefit for supporting staff with a wide range of wellbeing issues, including debt and legal worries. Mike Blake, director at PMI Health Group, says: "Most employers will have one hiding somewhere and it's just a matter of re-positioning it and promoting it correctly."

Overall, a proactive, long-term approach is typically better than a one-off intervention or reactive benefits plan, not just to see a return on investment, but also to help employees keep their healthcare costs to a minimum by enjoying a healthier lifestyle. Education aids this, so seminars on subjects such as alcohol or smoking cessation may be beneficial.

Employers have a real power to boost wellbeing for all employees, including those on a limited budget or identified as 'just about managing', by promoting a workplace culture that embraces education, good nutrition and physical activity, supported by cost-effective benefits and technology that enable staff to access tools to stay fit and well EB

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[1]Taken from Online Health Check dashboard, as of January 2017.
[2]Health Station Manager statistics and usage, as of January 2017.
[3]Taken from Boost Manager, as of January 2017.

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WEALTH at work

KNOWLEDGE | EXPERIENCE | OPPORTUNITY

Be on the lookout

Employers will now be seeking greater value from group risk benefit spend

Katharine Moxham | Spokesperson for industry body Group Risk Development (Grid)

Need to know

- Excepted group life and group income protection policies will no longer attract the same tax and NI advantages via salary sacrifice from April 2017.
- The DWP and Department of Health recognise the importance of income protection on employers' health and absence programmes.
- Employers will need to work with providers to ensure they get value for money from their group risk schemes.

Read also

How to determine which group risk benefits best suit an organisation
bit.ly/2attMuP

The Autumn Statement 2016 announced the outcome of the government's consultation on restricting the fiscal advantages of salary sacrifice arrangements to benefits so that they are more equitable and reflect provision that the government specifically wants to encourage. As largely anticipated, the tax and employer national insurance (NI) advantages of salary sacrifice schemes will be removed from April 2017.

Group Risk Development's (Grid's) response to the consultation highlighted why excepted group life and group income protection provided as part of salary sacrifice arrangements should also be excluded from the proposed changes. The tax-relieved amounts are small and any change will simply add complexity for providers and scheme members.

iStock

Grid put forward the case for the provision of these benefits to be encouraged because they reduce the burden on the state, both through reduced expenditure on state benefits and increased revenue through tax and NI, they provide value to employers and employees alike and they are aligned to the Department of Work and Pension's (DWP's) goals of supporting people back to work.

Draft legislation has now been published. Remembering that this is still in draft so could be amended, this appears to exempt death-in-service schemes written through a registered pension scheme but excepted group life policies and group income protection do appear to fall within scope of the changes.

It is difficult to see why protecting income would not be a priority for government. If people are unable to work through ill-health or disability, many would not be able to survive financially. Research by The Money Charity, *The money statistics*, published in June 2016, highlights that around 9.61m (36%) households have no savings while a further 3.47m (13%) have under £1,500. Added to this, the research found that the average total debt per household in the UK was £54,636 in April 2016, so it is clear to see that for many UK households, if there are no earnings throughout a period of illness or disability this could spell financial disaster for them.

On top of this, many people overestimate how much the state would support them and their family in the event of ill-health or disability but there has been a significant tightening in the provision of state sickness benefits over recent years and the benefits have been reduced, in terms of amount and duration, as well as made harder to obtain. The government has announced that from 6 April 2017, new applicants for contributory Employment and Support Allowance (ESA) who are assessed as unfit for work, but capable of work-related activity, will receive a lower level of benefit equivalent to Job Seeker's Allowance. In current terms, this means that new ESA claimants who are placed in the work-related activity group will receive £3,801 instead of £5,312 a year.

Income protection is designed to provide the financial safety net that is clearly needed by so many, so why would the government not want to encourage more employers to offer group income protection benefits?

There is a glimmer of hope on the horizon. The DWP/Department of Health joint policy unit's *Improving lives work: the health and disability green paper*, published in October 2016, recognises the role that group income protection can play in supporting employers' health, wellness and attendance programmes and looks to explore how more employers could be encouraged to use it.

It would be great to see some joined-up departmental thinking emerging from this. In the meantime, employers will be seeking greater value from their benefit spend since it may now have to go further.

Employers must work closely with their group risk providers and advisers to ensure they get value for money within their benefits programmes. This is not just about how the timeline will impact actual benefits but also about the extra supportive services that come with group risk policies, for example, employee assistance programmes, HR and legal advice, absence management, and so on. Making efficient use of such services is a key differentiator between those employers that optimise their budget, and those that do not EB

A SMOOTH ROAD AHEAD FOR EMPLOYEE CAR SCHEMES

Guy Roberts
Director, Novalease, discusses the implications of the Autumn Statement for employee car schemes.

As it currently stands, little will change for car salary sacrifice schemes as a result of the measures announced in the Autumn Statement. Salary sacrifice remains a very cost effective method for employees to obtain a new car.

Alongside cycle to work schemes, pensions and childcare vouchers, cars were exempted from the changes to salary sacrifice benefits announced in the Autumn Statement. Specifically for cars, any arrangements in place by April 2017 will be protected until April 2021.

For orders after April 2017, there will still be tax and NI savings for low emission cars (those with CO2 emissions of 75g/km and below), and cars with CO2 emissions up to around 130g/km can potentially still attract employee NI savings.

This does not mean that there are no savings to be made on other cars. Undoubtedly, some leasing companies and finance brokers will be promoting personal leasing schemes as an alternative to car salary sacrifice schemes. These schemes will allow employees to benefit from savings through corporate discounts and all-inclusive leases. However, it is not just a choice for employers between a personal car leasing scheme or a car salary sacrifice scheme. Perhaps a better solution would be to have a scheme where the employee has the option to fund the car through salary sacrifice or pay the leasing company directly.

Novalease is an innovative solution for employees looking to buy a new car. Employees do have the choice of funding the car through salary sacrifice or directly from their bank account. The unique feature is that with both options, the lease for the car will be with the employee and not the employer. This concept has been a key differentiator for Novalease since its launch in 2012.

If an employee leaves a company, they will take the car and the lease with them, so there are no early termination costs. The employer has no need for contingency funding or early termination insurance, nor does the employee have to plan for paying such costs.

"Employees have the choice of funding the car through salary sacrifice or directly from their bank account"

Employees will have access to any car in the UK market, with all leases benefitting from the buying power of a major leasing company and the corporate discounts that it yields. In addition, there is the convenience of the "Fuel and Go" service, with running costs such as servicing, tyres, maintenance, roadside assistance and insurance included in the lease. All an employee has to do is put fuel in the car and go! The idea is to provide hassle-free motoring, coupled with significant savings on the cars that people really want to drive.

Cars are typically the second biggest purchase employees will make, therefore savings on cars, by definition, will far outweigh the savings on any other voluntary benefit.

Due to the level of the financial commitment and given the large choice of cars, it is important that employees receive guidance on the choices available to them. By nature, we take a consultative approach, so in addition to online quoting tools and scheme information, we encourage individuals to call our Novalease consultants, who can help them understand the scheme and the finance options available to them. This will help them decide on the right car for their circumstances and, perhaps more importantly, their finances. We also have consultants who are able to visit an employer's offices to provide staff presentations and individual consultations.

Novalease is an innovative, unique and flexible approach for employees looking to source a new car. It provides any employer with a no risk/no cost approach, with minimal administration, to offering a very attractive and worthwhile voluntary benefit to its employees.

novalease
Turning employee car schemes on their head

0845 868 7124
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The rub of the green

Ultra-low emission vehicles are set to become the future of car salary sacrifice

Nic Paton |
Freelance journalist

Need to know

- From April 2017, current tax and national insurance advantages for some company car salary sacrifice schemes will be removed, with the exception of those for ultra-low emission vehicles.
- Pre-existing car salary sacrifice arrangements in place before April 2017 will be protected until April 2021.
- There will be new tax bandings for the lowest-emitting cars from April 2020.

Read also

What would a future without salary sacrifice car schemes look like?
bit.ly/2a2cZ1E

Not only did Chancellor Philip Hammond use his first Autumn Statement in November 2016 to abolish the traditional interim economic and financial update, he also confirmed that the government will limit the range of benefits that attract tax and employer national insurance (NI) advantages when offered through a salary sacrifice arrangement.

But, while these changes will impact upon car salary sacrifice schemes, the message to employers from providers is very much not to assume car salary sacrifice is also somehow disappearing or being abolished.

David Hosking, chief executive officer at Tusker, says: "Salary sacrifice has not been abolished, all that has changed is the tax benefits for some schemes have disappeared. In fact, given the way benefit-in-kind tax bands have been changing anyway, all that has really happened is the government has brought some tax efficiencies forward.

"We have ended up where we would have been anyway in around two years. But what we have also got now is clarification that salary sacrifice schemes for cars will continue, through ultra-low emission vehicles (ULEVs)."

So, what will be changing? There will be new tax bandings for the lowest-emitting cars from April 2020, with 15 new bandings being introduced, of which 11 will be for ULEVs, or those with CO2 emissions of up to 75g/km.

On infrastructure, the government pledged to invest £390m by 2020-21 into the development of low-emission and autonomous cars and renewable fuels, including £80m into the UK's ULEV charging-point infrastructure. Until the end of March 2019, the government is also offering 100% first-year allowances to organisations investing in charge-points for electric cars.

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Employee engagement

All these changes, naturally, will need to be communicated clearly to employers and employees in order to raise awareness and increase engagement with ULEV schemes, says Matthew Walters, head of consultancy services at LeasePlan. "We welcome the fact ULEVs have been carved out," he explains. "There is definitely going to be an education piece for employers, and we will of course be working closely with our salary sacrifice customers.

"If [employees] pick the 'right' car, in other words if [they] choose the most environmentally-friendly vehicle, [they] will not be affected. So it is very much 'steady as she goes'. Yes, there is a new set of rates and it is perhaps a bit more complicated but, from the benefits point of view and employee retention, the benefit is still definitely there."

While the government's intention in the long run is to encourage investment, and interest, in ULEVs, there may well be a rush to put in place non-ULEV schemes before the April cut-off, given the nature of the transitionary arrangement. Communication to employees should emphasise that salary sacrifice is still going to be a good option if they opt for a ULEV.

Gerry Keaney, chief executive at the British Vehicle Rental and Leasing Association, says: "Salary sacrifice schemes are an extremely valuable employee benefit and the certainty provided by the Autumn Statement means this won't change.

"[ULEVs] will continue to receive the full savings and advantages of these and other car benefit schemes, and we expect the demand for this kind of car to surge thanks to the government support provided via the plug-in-car grant and tax incentives for workplace charging."

There will also be a job for providers to work with, and educate, employers in terms of best practice around ULEVs and to communicate the impact of the longer-term tax changes coming over the horizon, says Lauren Pamma, head of consultancy at Lex Autolease. "What's important now is that employers not only communicate the changes announced in the Autumn Statement to allow employees to make fully informed choices, but also help to educate employees about which technology is best suited for their journey patterns and how to correctly operate ULEVs," she explains.

"For instance, one of the traps we see drivers falling into currently is failing to charge their plug-in hybrid cars at every opportunity. Improving driver education will help employees and the [organisation's] fleet benefit from the full cost savings and environmental benefits of switching to these types of cars.

"The watch-out for employers in the short term is that tax on ULEVs is rising up to 2020. Employers and employees will need to consider the tax burden of the car over its lease period, which is typically three or four years." EB

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Moving across borders

A global strategy for voluntary benefits needs a combination of local and international elements

Katie Scott | Reporter
Employee Benefits

Voluntary benefits are a key tool to aid employee engagement and offer staff the opportunity to tailor choices around the benefits they receive. But, can employers implement a single global voluntary benefits scheme for staff in all global locations?

Matthew Gregson, senior vice-president, data and analytics at Thomsons Online Benefits, says: "If [an organisation wants] to be a global employer [and] to demonstrate that no matter where [an employee is] in the world, [they] get the same value from an employer, then [an organisation has] to consider it."

The voluntary benefits market in the UK is well established, however, this cannot be said for all global locations. Different countries offer aspects of voluntary benefits on a local basis, for example, in the majority of locations, voluntary benefits will mean discount vouchers, especially in countries such as Germany, Australia and the US. However, even here there are differences. Australia, for example, has a slightly different focus for its discount vouchers, says Debra Corey, group reward director at Reward Gateway. Here, discounts on sporting events and concerts are much more popular than the retail vouchers that are typical in the UK market, she explains.

Currently, voluntary benefits schemes are typically implemented in more countries at a local level, rather than as the product of one global strategy delivered by a sole provider. However, some voluntary benefits providers are able to offer the same scheme with their own technology in different locations around the world; but the content, discounts, offers and functionality will differ by market.

Need to know

- Benefits providers are able to offer a scheme in multiple global locations, but the benefits will differ from country to country.
- Organisations should look to have a global strategy but a local approach to offering voluntary benefits.
- While a specific benefit agenda can be promoted, the actual products will differ from country to country.

Read also

How can an organisation streamline the costs of a global benefits strategy?
bit.ly/2iWt63X

Country differences

Country norms could have an effect on voluntary benefits. What is a valued benefit in one country could prove to be irrelevant in another, so offering a like-for-like product may not hold the same appeal for some employees. Carl Redondo, leader of global benefits at Aon, says: "For instance, [in Asia, one] will see a lot of things such as rice subsidies and other shopping vouchers that just wouldn't have applicability in other parts of the world. Equally, [there are] some markets where a gym or wellness benefit is normal and standard, whereas in other parts of the world that just wouldn't be the case."

Because the same tax advantages are not available in each country, the range of benefits will have to differ; a benefit will not hold the same appeal from country to country without the same tax break.

The UK, for example, is the only country to offer bikes-for-work schemes within voluntary benefits plans, because it is the only country to offer this initiative on a tax-efficient basis. On the whole, any product would still have to have a localised element, due to differing tax regimes in each country.

Corey says: "I consider voluntary benefits [to be] giving employees access to benefits that are either discounted or done in a tax-effective way, and because of that, that makes it very localised."

The complex nature of multi-national organisations can also make voluntary benefits challenging to implement on ▸▸▸

a global scale, especially if an organisation does not have a centralised reward and benefits system to help manage the process, says Nigel Bateman, senior global benefits consultant at Willis Towers Watson. Although managing numerous local suppliers can be admin-heavy, rolling out voluntary benefits globally may get bumped down the priority list in favour of more cost-effective measures, such as multi-national pooling, which has a more visible financial gain.

As a starting point, employers could implement global payroll and HR systems, which will help to produce a single data reference for a voluntary benefits platform, says Thomsons Online Benefits' Gregson.

Taking a local approach to voluntary benefits can have a global flavour: employers decide on core benefits or areas of focus that they wish to make available to staff in all operating countries, although the local products themselves will differ depending on the location. An example of this would be an organisation deciding that it wanted staff in all locations to have access to good-quality healthcare on a voluntary basis, however, specifics of this health product would vary between locations.

> "AN EMPLOYER MIGHT HAVE A LOOK AND FEEL OF A SYSTEM THAT'S GLOBALLY CONSISTENT"

"[An employer] might have some core items, may have a look and feel of the system that is globally consistent, but in each market [it] may also have some local programmes tied to the local regulatory environment," says Aon's Redondo.

A single global online platform is the most viable option for offering voluntary benefits on a global scale; although the offers and discounts will vary from country to country. For example, Reward Gateway offers its voluntary discount platform in the UK, US and Australia, and while the core technology is the same, the discounts vary according to the local territory.

Offering voluntary benefits as part of a global reward strategy is still five years away from being more widespread, according to Bateman. But, although the nuances between countries will impact on the exact product, there are providers in the market that are reaching multiple global locations EB

Viewpoint

Sarah Henchoz is partner in the employment team at law firm Allen and Overy

It is legally possible for an employer to provide a global benefits package, and many employers decide to do so because it is administratively more efficient than offering local variations and, crucially for a global workforce, ensures parity of treatment across the organisation.

A global package is attractive for employers with a mobile workforce because it saves having to offer new rewards or amend existing benefit packages each time the employee is assigned to a new location. It is important, however, that the benefits offered meet any local minimum statutory or regulatory requirements, and are adapted as necessary to ensure they are compliant. Furthermore, an employer considering a global package needs to ensure that benefits offered via any third-party providers apply equally in all relevant jurisdictions, for example, medical benefits and insurance policies sometimes contain exclusions for certain countries.

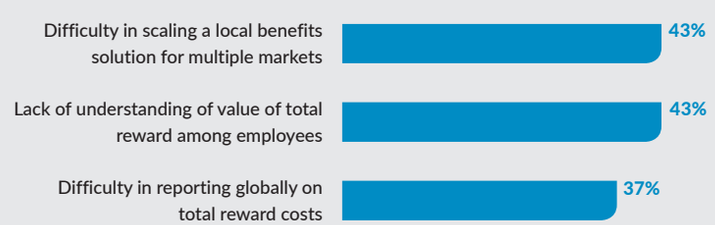
Another important consideration is data protection and the ability to transfer employee data to a central team and/or third party that may be administering the global benefits. There are likely to be local restrictions on the ability to transfer data that need to be checked and complied with and, in some cases, express employee consent will be required.

The ability and ease with which new benefits can be implemented and existing benefits revised or withdrawn should also be reviewed. In some countries, this will be harder than others and consultation with works councils and/or other employee bodies may be required. In some countries, consent to make changes will be needed.

Finally, an employer will want to ensure that the cost of offering any benefit in any particular jurisdiction is economic, from a tax, as well as cost perspective, both for the employer and the employee. There is little point in providing a benefit if the burden of doing so outweighs the benefit provided.

Statistics

Top challenges faced by global organisations *Source: Thomsons Online Benefits' Global employee benefits watch 2016/17: driving global benefits transformation, September 2016*



images: iStock

Need to know

- Trustees of defined contribution (DC) pension schemes have been placed under the spotlight, leading to a greater focus on governance.
- Trustees will be under more pressure from employers to ensure that the objectives of a pension scheme are being met.
- Auto-enrolment, and the increase in the number of savers into pensions, mean that trustees need to better understand the wants and needs of a scheme's membership in order to provide value and quality.

Read also

How can employers support staff around pension investment decisions?
bit.ly/2eniDNG

New sense of duty

Trustees of defined contribution pension schemes are facing significant challenges

Tynan Barton | Features editor
Employee Benefits

Trustees have long been used as a mechanism for delivering good-quality pensions that protect employees' benefits; but in 2016, in part as a result of the advent of auto-enrolment and the need to make defined contribution (DC) pension schemes far more efficient, the standards expected of DC trustees have been raised and the role has become more challenging.

In July 2016, The Pensions Regulator's (TPR's) new code of practice for DC schemes came into force, setting out the standards that trustees need to meet to comply with legislation. The regulator's discussion paper, *21st Century trusteeship and governance*, also published in July 2016, states that in aggregate, the boards of occupational pension schemes are responsible for managing £1.8 trillion of assets on behalf of 32 million members. So what does the role of today's trustee entail and what can employers expect?

In short, the trustee will act as a proxy for employees; it is responsible for the collection of contributions, investment strategy and payment of benefits. The trustee has the responsibility of ensuring the scheme is run successfully.

The focus on regulation of DC arrangements has increased over the past few years. Governance standards set by the Department for Work and Pensions (DWP) for most DC trustees became law from April 2015, which require all trustee bodies to appoint a chair responsible for providing a yearly statement of how trustees have complied with governance standards, to be included in annual reporting of accounts.

Governance risk

Paul Leandro, partner at Barnett Waddingham, says: "With the ramping up of the new governance requirements, there is now more responsibility on trustees, so an employer will need to expect that a trustee is very au fait with those. If they're not, then essentially there is some governance risk on the table."

Further to meeting the requirements of the regulator, the focus should be on improving the member outcome and supporting employees to adequately save for retirement. In order to help trustees fully understand the pension scheme's objectives, employers should work with them through a structured framework consisting of four phases, says Lee Hollingworth, head of DC consulting at Hymans Robertson. First, it should focus on assessment to understand the current status of employees' retirement plans. Second is the planning stage, which should clearly set out the ambition of the pension scheme and the objectives to achieve that; third is the implementation stage, which would put actions in place in

order to achieve the objectives over the next 12 months. The final stage should involve monitoring the actions and progress so far.

"It becomes a circular process," says Hollingworth. "[Trustees] put that in place then, at the end of the year, look at what they've done, and the member outcomes and how [it's] improved those. The only measure of success that really matters is 'through what we've done this year, as a group of trustees, has that improved the outcomes of our members?'"

Employers are focused on ensuring that the trust-based DC scheme they offer is as good as it can be for employees; therefore employers and trustees need to be very much aligned in their thinking, says Leandro. "The trustees need to understand what the employer's objectives are for operating the pension arrangement: is it to help recruit and retain good-quality people, or is it to genuinely help people retire?" he says.

Analytics are key to determining this in order to better understand what different employees want and need depending on where they are in their life cycle or as they approach retirement.

"The success of a pension scheme could be measured in terms of the actions that the [employee] is taking, [and] how engaged [an employee] is can be measured on whether or not they are taking action in relation to their retirement savings," says Leandro.

Auto-enrolment has broadened the membership demographics of DC pension schemes, so in order to continue to be efficient, the nature and profile of trustee boards need to change to better reflect the diversity of the members they represent. Richard Butcher, managing director at Pitmans Trustees (PTL), says: "[Trustee boards] need to be innovative, energetic, open-minded, willing to accept new ideas, and to use language that isn't [their] own first language. [They] need a wider audience of people so that [they] can represent the views, interests and preferences of a wider audience of people."

The pension freedoms, introduced in April 2015, could create a future challenge for employers with a DC trust-based scheme in that the freedoms may not genuinely help employees to retire. There is the danger that if pension scheme members drawdown pension benefits or withdraw cash there is a danger their pension savings could be exhausted too soon, meaning the employee is then unable to afford to retire. Leandro says: "If the employer thinks the pensions scheme is not meeting [its] objectives, it will then think 'how do I better direct my pension spend?'"

In order to get the return on investment on its benefits spend, the role of the trustee could then change to manage legacy schemes and essentially the wind-up of a scheme.

With focus on governance and improved retirement planning, the pressure looks to continue for trustees. Lynda Whitney, partner at Aon Hewitt, says: "It is a landscape that is changing and developing quite rapidly at the moment in terms of what the expectations of DC trustees are."

Whitney sees the DC trustee landscape moving closer to that of defined benefit (DB) trustees and DB trustees adopting characteristics of DC boards. "We're seeing DC trustees doing more for their members while allowing them to access choices, and we've seen DB trustees coming at it from the other action of saying, 'we need to communicate more because now we've got the new flexibilities'. [We see] DB and DC trustees roles in some ways coming closer together," she says EB

Viewpoint

Amanda Latham is policy analyst at The Pensions Regulator

The pensions landscape has changed dramatically in recent years and is still evolving. Automatic-enrolment is bringing millions of new savers into pensions each year. By 2020, the figure is expected to be 10 million, with the vast majority of newly enrolled savers being enrolled into large defined contribution (DC) schemes, primarily master trusts.

The need for effective governance has never been more important. Good governance means making timely decisions in pursuing the scheme's objectives and achieving good outcomes for members. And it means effective structures and processes that enable trustees to have appropriate oversight of the scheme.

Trustees managing money purchase plans need to take into account and understand the needs of their membership to inform the design of investment strategies and the assessment of value for members.

The big question with regards to DC schemes is: do they provide members with good value? Assessing value for members is a key responsibility for trustees and they should use their judgement as to whether their scheme offers good value. It is the savers, of course, who are bearing the risk of these schemes. That is why it is so important that there are high standards of governance and administration.

During 2017, we will undertake a targeted education and enforcement drive. We will seek to make our expectations clearer about what good looks like and use data to more effectively target our communication approach, tailoring our methods to the scheme size, type and compliance history.

We cannot accept two classes of scheme member: those that benefit from good governance and administration, and those that do not.

Frequency of communication: proportion of the trustees of defined contribution (DC) schemes communicating each item annually or more often (Source: Defined contribution trust-based pension schemes research, OMB Research for The Pensions Regulator, July 2016)

	Micro (fewer than 12 members)	Small (12-99 members)	Medium (100-999 members)	Large (1,000+ members)	Mastertrust
The level of costs and charges deducted from their pot	72%	77%	80%	74%	95%
The investment strategy of the funds they are in	62%	63%	78%	72%	50%
That the level of contributions is a key factor in determining the overall size of their pension fund	73%	57%	70%	92%	85%
Information on how to spot a scam	39%	31%	46%	70%	45%

Addressing the reality sandwich

Workplace savings can help ease the financial strains of certain sectors of the workforce

Katie Scott | Reporter
Employee Benefits

Need to know

- Generation-specific financial education can help inform employees around relevant life events.
- Giving employees the opportunity to contribute more of their salary into a workplace pension will have a positive impact on those that have missed out on a defined benefit pension.
- Benefits such as childcare vouchers and flexible benefits can help sandwich generation employees tackle their day-to-day living costs.

Read also

What role do individual savings accounts play in a workplace savings strategy?
bit.ly/2jZkVl3

Engaging the 'sandwich generation' with workplace savings can present employers with a challenge; typically aged in their 30s and 40s with both young children and ageing parents to support, this demographic has fallen through the cracks of some workplace saving initiatives.

With the decline of defined benefit (DB) pension schemes, many employees in this age bracket will not have a DB pension arrangement to look forward to. According to the Pensions and Lifetime Savings Association's (PLSA) *Retirement income adequacy* report, published in November 2016, 37% of generation X, aged between 35 and 54, will have some DB accrual to put towards retirement.

In addition, given the timescales until they retire and auto-enrolment contribution levels as they currently stand, this generation is not saving enough for an adequate retirement pot.

The PLSA's report found that 97% of employees just saving into a workplace defined contribution (DC) scheme will have a probability of less than 40% of achieving the target replacement rate recommended by the Pensions Commission.

So how can employers help ease the financial strains facing this generation?

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1. Revise contributions

One way that employers can help the sandwich generation reach their retirement targets is by reviewing their pension contribution structure, says Nathan Long, senior pension analyst at Hargreaves Lansdown. He recommends employers facilitate a 15% per annum pension contribution, but this does not have to be entirely employer funded. Contributions can be split between the employer and the employee, for example, an 8% and 7% split contribution to create a total of 15%.

According to Tim Gosling, policy lead, DC, at the PLSA and author of the aforementioned report, a 12% contribution would help generation X savers hit their pension targets. However, he adds that higher contribution levels may be needed depending on individual circumstances.

2. Make education age-specific

Targeting financial education to different age brackets gives employees access to financial information that is most relevant to them at different points in their lives. For example, younger members of this generation who are raising families may be interested in learning about investments and savings for children. The information around long-term saving can then be applied to other financial areas. Long says: "If [employers] are educating [staff] about saving for children and investing their money in the stock market, the same sort of principles can apply to pensions as well, allowing them to absorb knowledge that will be useful for their pension planning."

3. Explore the options

Although some staff may already be saving into a cash or investment individual savings account (Isa) alongside a workplace pension arrangement, the introduction of the lifetime Isa (Lisa) in April 2017 could also act as a springboard to encourage employees to become more involved with their finances and long-term saving.

The Lisa is only available for those aged 18 to 40, and can be used to help save for a first home or retirement. Although the product itself may not be beneficial for this whole age group, particularly because some may already own their own homes, it can still encourage employees to investigate their current savings vehicles and explore the options that are open to them, says Long.

4. Personalised options

Enabling employees to get the most out of their pay is essential to helping staff manage their finances and boost savings, says Andrew Drake, head of rewards and benefits at JLT Employee Benefits. This could include promoting schemes that enable staff to make savings, such as childcare vouchers, or benefits offered through flexible benefits plans, he adds.

Getting creative to find personalised, rather than off-the-shelf initiatives, that will resonate with a specific demographic is another way of tailoring financial support, helping to reduce day-to-day living costs and targeting the financial issues worrying employees EB

Break the good news

Hays has communication at the forefront of its benefits strategy

Tynan Barton | Features editor
Employee Benefits

At a glance | **Hays**

Hays is a global recruitment business with a presence in 33 countries and around 9,500 employees worldwide, of which more than 3,500 are based in the UK and Ireland. It covers around 20 specialisms, including financial services, construction, property and IT. Job roles are divided into consultants and support functions. There is broadly a 50:50 gender split across the globe. In the UK, employees range in age from 18 to nearly 70.

Read also

Goodman Masson takes an innovative approach to employee benefits
bit.ly/2haqFZ3

Global recruitment firm Hays has taken steps to ensure its benefits proposition is valued by, and appeals to, all employees.

Hays operates across 33 countries around the world. In the UK and Ireland, it has over 100 offices and more than 3,500 employees. For Rosemary Lemon, group head of reward, it is key that benefits are properly communicated and effectively presented to employees in order that they can be a win-win for both employer and staff.

Following staff feedback in 2015, Hays revamped its approach to communication by continually promoting and communicating the package, as opposed to carrying out a once-a-year exercise to ensure benefits stay at the forefront of employees' minds. Its strategy now includes highlighting a different aspect of the package at different times, for example, featuring details of a particular benefit on noticeboards around its offices each month.

"It's really easy for benefits to be looked on as purely market practice," says Lemon. "They're expensive so it's important that they work for the [organisation]. And to do that, they've got to be valued by employees.

"That's why I think it's really important to tell stories about benefits, but make them become real to people. That's where the whole concept of employee wellbeing plays an interesting role."

A holistic wellbeing approach

Hays uses the concept of wellbeing to demonstrate to employees how benefits can help to support them in every aspect of their lives. "I think it's important because [organisations] want employees who are fit, engaged and, if they feel good about themselves, feel better able to cope with the day-to-day pressures of life."

Each area of benefits is categorised under a different aspect related to wellbeing, which itself is divided into five blocks. First, there is everything to do with physical and emotional health. "[Employees] get coughs and colds, they get good days and bad days, but this is about more than that; it's about all the things that fall under the disability act, for example, good mental health and making reasonable adjustments," says Lemon. "It's making sure employees are able to support their health in a way that makes them fit and concentrate at work."

Second, there are the benefits that fall under the banner of money. This does not just include salary and bonuses, but also schemes that help employees becomes financially confident in order to combat stress caused by money worries. "[Employers] are playing a bigger role, not in giving advice, but in giving people enough information that they can make informed decisions," says Lemon. "Finances are getting more complicated, with pension regulations for example, and there's limited information provided by the government or in schools, and I think employees look to employers more and more for that sort of support."

To reflect this, Hays introduced an employee loan scheme in June 2016. Through the scheme, the loan is deducted through payroll and can be used for whatever an employee needs, for example, a rental deposit, debt consolidation, a wedding or holidays. "We felt [the scheme] really complemented some of the other financial benefits that we've got," says Lemon. "For example, we've got benefits that save employees money on a

Business objectives

- To be the best recruiter.
- To continue to deliver the best service to clients across the world.

day-to-day basis through retail discounts, then we have medium-term savings through share schemes, long-term savings through pensions, and further along the line we have life assurance, because it's important to protect the people you care about in the event of something happening."

Hays' third building block is work-life balance. "That could embrace the whole aspect of flexible working, [and] buying and selling holidays, but I also think it's giving employees the opportunity to support what's important to them, either in their communities or through charities. [For example] events that help them put something back into society."

Next is the working environment, which is about having a pleasant working environment, a supportive manager, and the ability for employees to be themselves, says Lemon. This will also include a focus on diversity, equality and inclusion.

The final block is focused around learning and development, for example, Hays offers training and international working opportunities. The ability to learn on the job or training plans to develop at work are important in helping employees feel fulfilled in their jobs, explains Lemon.

> "THE BIGGEST FOCUS HAS BEEN TRYING TO REPOSITION BENEFITS SO THEY TELL A GOOD STORY"

"Everybody feels that different things are important to them, but if they get the right balance for themselves individually, they will have a better sense of personal wellbeing and can cope better with the day-to-day pressures of life. If they do that, they are more likely to be concentrating and productive at work. Hence win-win," says Lemon.

Benefits reshape

Hays has offered its flexible benefits scheme, You Choose, for a number of years. In 2016, it reorganised the plan in order to give employees a better understanding of what the package includes and how it can support their wellbeing at all stages of their lives and careers. The benefits have been organised under the banners of My Health, My Money and My Life. This has been one of the main challenges for the reward team at Hays.

"The biggest focus has been trying to reposition benefits so they tell a good story," says Lemon. "We do a 'talk back' employee engagement survey each year and one of the areas of feedback was that [employees] were aware of the benefits they have, but weren't sure how they were of use to them. We felt that [the benefits would] appeal more and [the new structure would] be able to help employees understand that they're there for different stages of life and career."

Benefits

Pension
- Group personal pension (GPP) plan with varying contribution and employer-matching levels depending on job grade.

Group risk
- Life assurance.
- Critical illness insurance.

Healthcare and wellbeing
- Private medical insurance.
- Dental insurance.
- Eyecare vouchers.
- Gym and fitness centre discounted membership.
- Employee assistance programme.

Work-life balance
- Childcare vouchers.
- Holiday buy and sell.
- Flexible-working arrangements.

Share schemes
- Sharesave (SAYE) scheme.

Other benefits
- Employee loan scheme.
- Bikes for work.
- Travel insurance.
- Gadget insurance.
- Dining cards.
- Voluntary benefits retail discounts scheme.
- Learning and development opportunities.

Career history

Rosemary Lemon, group head of reward, Hays

Rosemary Lemon, group head of reward, joined Hays in February 2015 from Legal and General, where she worked as group head of reward for nearly seven years. Prior to that, she held similar positions in Burberry, P&O Nedlloyd and Texaco. Before moving into HR at Texaco, Lemon worked in the business in roles that included manager of budgets and strategic projects, and manager of retail budgets and administration, for eight years. "I think it's really important when you work in HR that you've had some experience on the front line," she says. "You can have the best HR policy in the world but if you can't add value to the business, it's no good."

The revamped flex scheme opened its annual enrolment window in November for employees to select their benefits. Hays also introduced two new benefits; Tastecards and gadget insurance.

Overall, one of the most popular benefits among employees is the ability to buy and sell holiday, says Lemon.

Employee communication

Hays uses a variety of methods to ensure that employees are kept up to date and informed about their benefits packages. Important notifications are sent out via email in addition to messages on its intranet site. With important notices such as new pension legislation, the team always follow up messages with face-to-face communications.

The organisation holds benefits presentations and HR business partners and managers are given briefings, all the while ensuring that the wellbeing concept is highlighted in order to show employees how benefits can be of value. "When we roll out You Choose, we talk to all managers and introduce the concept of wellbeing to try to get people to think differently about benefits. We've got a lot of good things, we just want to make them come alive for people," says Lemon EB

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Set the wheels in motion

Bikes-for-work schemes are an excellent means to promote a healthy lifestyle

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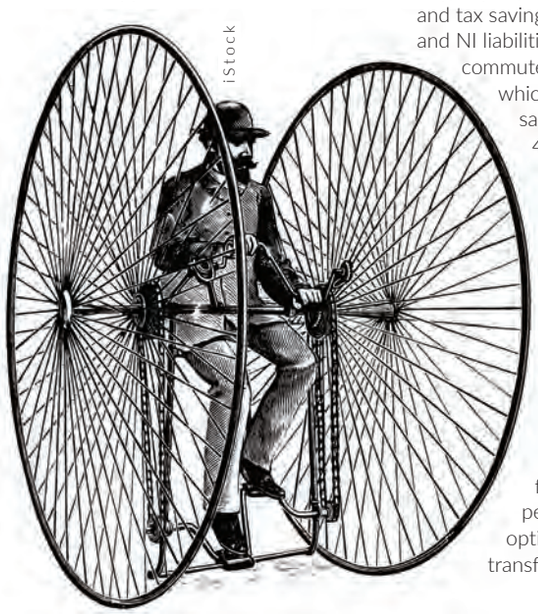
Georgina Fuller | Freelance journalist

Bikes-for-work schemes generate at least £72 million for the UK economy and employers through improved physical fitness and associated health benefits. According to the *Impact of the cycle-to-work scheme: evidence report*, published in June 2016, by the Institute for Employment Studies (IES) on behalf of the Cycle to Work Alliance, bikes-for-work schemes generate around 9,200 new cyclists every year. The report also indicates that users of the scheme cycle an average of 18 more miles per week after taking up the benefit.

A bikes-for-work scheme is a tax-efficient benefit, which is usually offered via a salary-sacrifice arrangement. It was introduced in the 1999 Finance Act to encourage employers to loan bicycles and cycling safety equipment to employees as a tax-exempt benefit to encourage more people to cycle to work. Through the scheme, employers buy cycling equipment from suppliers approved by their scheme administrator, and hire it to their employees. At the end of the loan, the employer may choose to give the employee the option to purchase the equipment.

The bicycles are lent to staff through a consumer credit agreement, and interest-free repayments to cover the costs are made over 12 or 18 months on a weekly or monthly basis. Employees can also opt to buy related safety equipment such as lights, reflective clothing, helmets and locks. The consumer credit agreement allows organisations to lease bikes and safety equipment up to the value of £1,000, including value-added tax (VAT). Under the scheme's rules, at least half of the bike's usage must be for an employee's commute to work.

The appeal of bikes-to-work schemes may, in part, lie in the potential national insurance (NI) and tax savings. Employees can decrease their tax and NI liabilities when purchasing a bicycle for their commute using a salary sacrifice arrangement, which typically offers standard-rate taxpayers savings of 32% and higher-rate taxpayers 42%. On average, employers can save 13.8% of the salary employees sacrifice owing to the consequent reduction in their NI contributions.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Employers make initial investments into necessary equipment on the behalf of employees, and a sum is then deducted from employees' gross pay.

Bikes belong to the employer throughout the process. If the employee leaves their employment, the remaining amount is deducted from their net pay and the bike becomes liable for tax. At the end of the fixed-lease period, the employer can give staff the option to buy their equipment through a transfer of ownership.

Statistics

£72m

The amount bikes-for-work schemes generate for the UK economy and employers

(Source: Institute for Employment Studies on behalf of the Cycle to Work Alliance, June 2016)

9,200

The amount of new cyclists that bikes-for-work schemes generate every year

(Source: Institute for Employment Studies on behalf of the Cycle to Work Alliance, June 2016)

The facts

What are bikes-for-work schemes?
Bikes-for-work schemes are tax-exempt arrangements that encourage employees to cycle to work to promote healthier lifestyles. The scheme enables employers to fund bikes and equipment, and loan these to employees.

Where can employers find more information?
Additional information can be found on the Cycle to Work Alliance's website: *www.cycletoworkalliance.org.uk*.

Who are the main providers?
These include: Connected Benefits, Co-operative Flexible Benefits, Cycle Solutions, Cycle Surgery, Edenred, Evans Cycles, Grass Roots, Halfords, Hargroves Cycles, and P&MM Employee Benefits.

Following changes implemented in 2012 employers can no longer pass VAT savings onto employees, and it must be accounted for on the monthly amounts paid by staff, because the scheme is regarded as supply of a service.

The health and environmental benefits of bikes-for-work schemes were recognised by the government in the 2016 Autumn Statement. In November 2016, Chancellor Philip Hammond confirmed that cuts in employee tax breaks through salary sacrifice would not include any changes to the bikes-for-work scheme.

London Mayor Sadiq Khan has said he will spend an annual £154 million on cycling in London over the next five years EB

Coping with the deluge

Candid feels rather overwhelmed by an excess of information

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Just when I think I have my email under control, I am deluged by another wave of wretched market updates. Mercenary Brokers regularly sends me an executive review, an executive summary, an HR briefing, a reward update and a global market report. These documents all pretty much say the same thing but in a slightly different format.

I have to confess the whole lot goes into a folder marked 'research' and only gets looked at if there is something I need to find out, if then. I don't know about you, but if I need to find out about something, I research it internally or through my network first. It that fails, I'll seek to extract the information from a Smarmy consultant before they can think of charging for it.

Big Bad Boss sends me all his updates to assuage his own guilt for not reading them. Occasionally, he catches me out by getting all excited about some report neither of us has read properly and he demands a heap of work as a follow-up. It's such a complete waste of time.

I do read a few industry publications in a vague attempt to keep up to date. I tend to go for the glossy industry magazines, because they are a much more interesting read. I learn just enough to sound like I know my stuff, and to be aware of what topics to raise next time I am speaking to a consultant. I can hear some of you sniff that I should be more enthusiastic in researching my chosen specialism and I could easily read such publications on my phone or tablet while commuting. All I can say to that is: when would I catch up on the stuff that I actually want to read?

I did sign up to a whole slew of industry groups on social media, thinking that would be a way to keep abreast of any changes without really trying. What it really did is create another whole raft of emails. Each time anyone posted anything, LinkedIn would kindly send me an email to tell me so. Aaagh. It took an hour of my life before I could figure out how to stop these email notifications, and still a few seem to sneak through.

Now I can look at these posts at my leisure, it is shaming to note which ones I actually read. Titles such as 'How to make your organisation's benefits stand out' are swiped over in favour of 'Five ways to look better than your colleagues' and 'Top tips for asking for a promotion'. I hope no one is tracking my browsing history.

Smarmy Consulting also sends me a list of market reports, both in hard copy and online. It sends fat glossy reports described as 'thought leadership' and 'strategic insight', but really they are more about flashy graphics and marketing copy, and rarely contain any actual data. Most of the reports I receive are just hooks to try to catch a consulting fee. Useful data is never given away, only stuff that we know already. When it comes to industry insight, my cat is just as informative.

At the other end of the scale, Smarmy's trustee emails are enough to keep me awake at night. It regularly sends me 20-page pension legislation updates rammed with facts. These updates are so heavy with close text, they are even more obtuse a read than the government guidelines themselves. Smarmy's trustee updates are written with the deliberate intention to alarm, containing dark threats of penalties and scary investigations if you fail to act appropriately (by consulting it). It is like the mob asking for protection money.

> "THESE UPDATES ARE HEAVY WITH CLOSE TEXT AND HIGHLY OBTUSE"

It may come as a surprise that I do take my responsibilities as a trustee seriously, and I try to read these updates diligently. Usually, by the second-to-last page, I realise that it does not apply. I have even been silly enough to check in with Smarmy for help on interpretation, but I won't make that mistake again. Several chargeable hours of my life later I still find that no action is required. I've learned that anything really important gets raised again in our trustee meetings so I can probably get away with skimming the headlines.

Cameron Law

And then there are the consultation papers: Smarmy sends out thousands of words on potential legislative changes. Often these are disguised as actual changes so you have to read through to the end before you find out there is a date when the changes may or may not apply. At that point, I am annoyed to discover that even though a change may indeed apply to my scheme, it doesn't apply definitely yet and so, apart from worrying, there is nothing I can do about it anyway. Aaagh.

The irritating thing is: Smarmy does know all about our benefit schemes. It has helped us with inventories and most renewals. It certainly knows our pensions inside out. What I really want is for our consultant to send me only those things that I need to do something about, along with a summary of what to do. Is that really so much to ask? EB

Next time... *Candid gets in earlier and earlier.*

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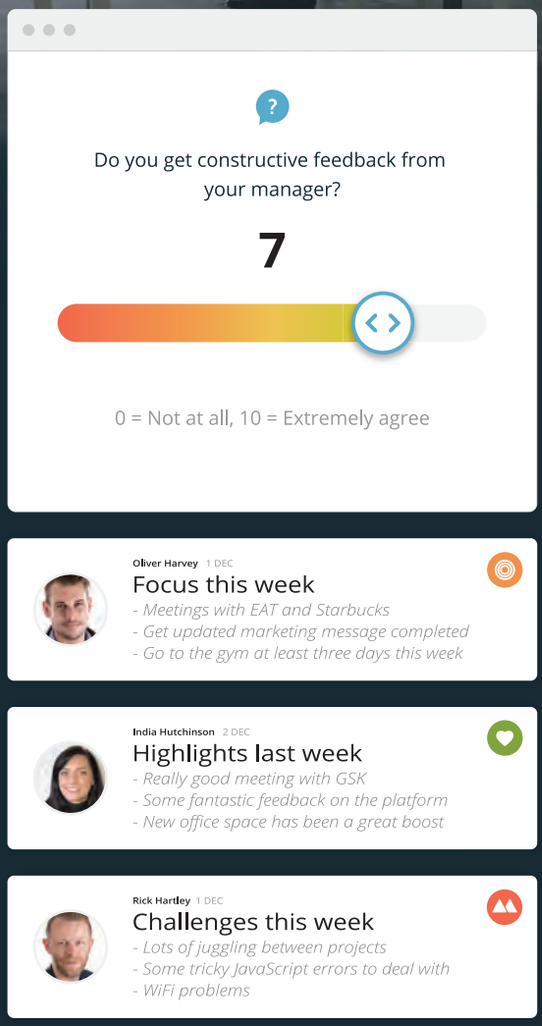

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