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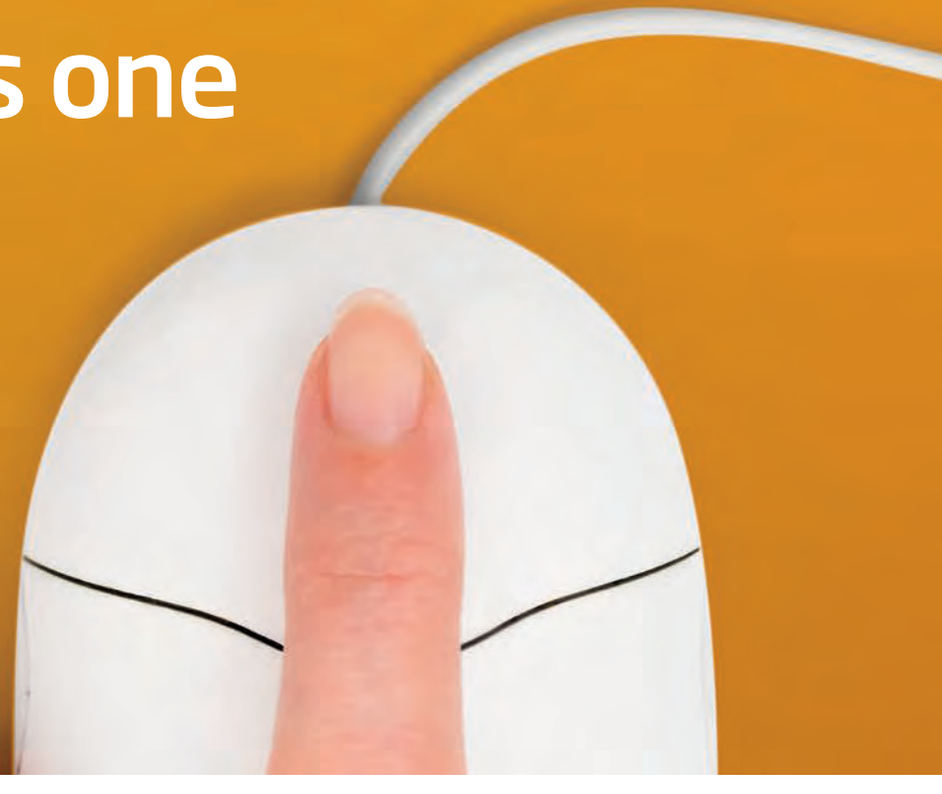

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IN THIS ISSUE

LEADER

Employers strive to meet evolving needs

Just a few years ago, when the UK was in the grips of recession, many employees' approach to their employer and career harked back to days gone by. As pay freezes became more widespread and job security hovered in the balance for many, the tendency for some employees was to hunker down and ride out the storm in their existing role to avoid rocking the boat.

This is no longer the case as the world of work has, once again, become more dynamic, with employees moving between roles and employers in order to achieve their career and their pay and benefits ambitions.

In part, this has also been driven by the rise in the multi-generational workforce, particularly the expectations of the millennials (employees born between the early 1980s and early 2000s).

And as employees have evolved, so too have their expectations around the benefits and overall employment packages they receive from their employers. This has forced a number of employers to review and revamp their offering to attract and retain the talent they require. Find out how in *Transformation in progress* on page 16.

Employees are now moving between roles and employers in order to achieve their career ambitions

When it comes to benefits transformation, pensions have undergone perhaps the greatest change in recent years. Given that these can be such an emotive and important benefit for staff, however, it is vital that employers gain employee buy-in for any changes they make to their pensions provision. Read how to achieve this in *Change of direction* on page 23.

As I write this a week after the general election, a new Conservative government has just been elected into power, appointing Ros Altmann as the new pensions minister. The policies and decisions it makes will set the agenda for reward and benefits professionals over the next five years.

With this in mind, *Employee Benefits* will hold the Post-Election Special event on 15 June at 30 Euston Square, London. This half-day event will cover all employers need to know about the impact of the election and the new government's policies on benefits. All the details can be found at *www.employeebenefits.co.uk/employee-benefits-post-election-special/106742.article*.

Debbie Lovewell-Tuck, *Editor*
Follow on Twitter: @DebbieLovewell

Editor Debbie Lovewell-Tuck debbie.lovewell-tuck@centaur.co.uk **Associate editor** Clare Bettelley clare.bettelley@centaur.co.uk **Features editor** Tynan Barton tynan.barton@centaur.co.uk **Reporters** Robert Crawford robert.crawford@centaur.co.uk, Marianne Calnan marianne.calnan@centaur.co.uk **Senior art editor** Phil Gibson, philip.gibson@centaur.co.uk **Sub editor** Andrea Harper **Commercial manager** David D'Souza david.dsouza@centaur.co.uk **Business development manager** Barry Davidson barry.davidson@centaur.co.uk **Account manager** Luke Roberts luke.roberts@centaur.co.uk **Event director** Juliette Losardo juliette.losardo@centaur.co.uk **Account manager** Richard York richard.york@centaur.co.uk **Centaur HR portfolio director** Beth Pedersen beth.pedersen@centaur.co.uk **PA to directors** Alice Gerard-Pearse alice.gerard-pearse@centaur.co.uk **Group marketing manager** Rochelle Jayawardena **Production** Andrea Harper, Wendy Goodbun eb.production@centaur.co.uk **Cover photo** Jacko

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

Subscriptions 020 7292 3719
Editorial queries/press releases email
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PENSIONS

Do reforms unlock pensions?

Robert Crawford

The defined contribution (DC) pensions scheme landscape has changed for those entering retirement and it seems the wide-reaching reforms that came into effect in April have began to evolve how pensions are delivered to employees in terms of member support and at-retirement investment design. But according to the Defined Contribution Investment Forum's *At-retirement solutions for the new pensions era* report, published in April, the impact of the reforms on scheme redesign has been more limited than expected.

It found that many schemes are planning to launch self-select options for each retirement option available, such as an annuity, going into drawdown or taking a cash lump sum.

Early analysis by several providers indicated that many employees were more likely to take savings as cash or go into drawdown. The Association of British Insurers reported that its members alone dealt with more than 200,000 calls in the first week.

Subsequent research by law firm Linklaters, published in May, found that almost 20% of schemes will offer flexi-access drawdown facilities as a result of the reforms. It also found that 46% of schemes plan to offer access to the new flexible lump sums, with a preference for a one-off option for members to take their entire pot as cash at retirement.

But despite the spike in interest from members, calls have gradually declined and the worries of people spending their pots after taking them as cash have abated.

Richard Parkin, head of retirement at Fidelity Worldwide Investment, said: "Calls have gradually declined and stand at around 30% lower [than when the reforms were first introduced]. We have also seen a shift from [members] keen to get hold of their smaller pots in cash to a greater trend of people looking to ask questions about their options."

Some employers have taken a proactive approach to educating their staff about the options that are now available to them. For example, E.On educated employees who are due to reach retirement in five years or less via email.

@ Read a longer version of this story at *bit.ly/1QPA7MM*

ROB'S REWARD

Follow Robert Crawford on Twitter: @RCrawford_EB

Pension freedoms, long may they remain

Robert Crawford

It seems like an age ago that the pension freedoms came into effect following George Osborne's shock announcement in the 2014 Budget, and we are now two months into a new world of defined contribution (DC) pensions. It seems that the initial rush of calls has subsided and some semblance of calm is slowly being restored.

Before the reforms came into effect, some feared that there would be a rush of people taking their cash in full to spend on a new Lamborghini as suggested by former pensions minister Steve Webb. Yet that fear too has been squashed by research findings.

PricewaterhouseCoopers, for example, found that among 1,200 adults between 50 and 75 years old, 45% are looking to draw down their pension while 28% still plan to buy an annuity.

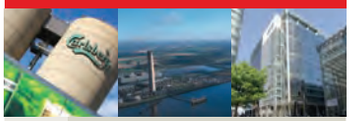
But are annuities dead? Just Retirement has blamed the pension freedoms on seeing annuity sales drop by 37% for the three months to 31 March.

Many employers are also amending their pension scheme default funds to offer these new flexibilities so staff do not automatically have to purchase an annuity.

According to Linklaters, 20% of pension schemes will offer flexi-access drawdown facilities.

What would I do? My first thoughts as a 24-year-old are to wait and see the size of my pension pot, but taking a lump sum and going into flexi-drawdown does sound attractive. I have been saving for a year, and would urge all young employees to engage with a pension.

TOP 15 MOST VISITED STORIES ON THE WEB*



1. How will the changes to childcare vouchers affect staff? *bit.ly/1D8jAdD*
2. A guide to tax-efficient benefits *bit.ly/1K24zQd*
3. Arup boosts benefits take-up among generation Y staff *bit.ly/1D7Rijs*
4. How employers can boost employees' emotional resilience *bit.ly/1bidH6R*
5. Find out how the new government will impact benefits *bit.ly/1AKeq7w*
6. It pays to be tall *bit.ly/1KRxOkf*
7. Employers not required to create ideal job for returning employee *bit.ly/1E8U5j7*
8. Tribunal to reconsider if redundancy near pensionable age is allowed *bit.ly/1PWWPST*
9. Carlsberg UK relaunches flexible benefits scheme *bit.ly/1ECmsB4*
10. Samsung adds perks to flex *bit.ly/1F1EpeF*
11. KPMG and Santander top employers for women *bit.ly/1OK6QQO*
12. E.On informs staff about childcare and pension reforms *bit.ly/1OWFXON*
13. Punter Southall integrates wearable technology with income protection *bit.ly/1Ktpfke*
14. How to review a pensions governance policy *bit.ly/1FPJXZZ*
15. Scottish Power increases benefits engagement *bit.ly/1JpQniX*

Ranked by number of page impressions from 14 April to 13 May.

ISTOCK

The latest information on legislation and tax issues affecting benefits, including a potential age discrimination case, uncertainties around pensions during insolvency processes and compliance developments in May

TRIBUNAL

Dismissal could be unjust

Marianne Calnan

The Employment Appeal Tribunal (EAT) has returned a case to a tribunal for a re-hearing to consider whether redundancy dismissal, where the timing meant an employer avoided significant pension costs, could amount to age discrimination.

In the case of *Sturmey v Weymouth and Portland Borough Council*, it is being considered whether a genuine redundancy dismissal can amount to age discrimination due to its timing, and if bringing the date of a redundancy forward meant significant pension costs were avoided could be justified.

Sturmey was dismissed on the grounds of redundancy as part of an organisation restructure, which took effect just a few days before her 55th birthday. If she had been aged 55 or over she would have been entitled to an immediate pension.

Sturmey, therefore, argued that the timing of her dismissal amounted to unlawful age discrimination.

Andrew Crudge, associate and employment expert at law firm Thomas Eggar, said: "This case gives some further guidance on the extent to which an employer may be able to bring forward a redundancy dismissal in order to avoid significant pension costs.

"When considering whether the employer's actions amounted to age discrimination, the tribunal relied heavily on the earlier Court of Appeal decision in *Woodcock v Cumbria Primary Care Trust*.

"This case involved similar facts. In this case, the employer avoided significant pension costs by bringing forward a dismissal date. In that instance, the Court of Appeal determined that the employer

could objectively justify the decision to bring forward the dismissal to avoid those costs, so this did not amount to discrimination. The employment tribunal followed the *Woodcock* decision and found that Sturmey had not been discriminated against on that basis.

"It seems likely, therefore, that it will generally be very risky for an employer to bring forward a dismissal date in order to avoid a large pension payment. There is a significant likelihood that this would amount to unlawful age discrimination."

Andrew Brown, senior associate at Anderson Strathern, added: "Pension costs in a redundancy situation are a significant consideration for many employers, mainly in the public sector. They can be overlooked and employers can face a significant bill.

"In this case, however, it was taken into account by the employer, which sought to avoid those costs by timing the dismissal accordingly. Unfortunately for the employer, the EAT has indicated that such decisions may not be justified."

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

COMPLIANCE

Developments impacting benefits in May

- The Pensions Regulator (TPR) issued its first four escalated auto-enrolment penalties, which range from £50 to £10,000 a day depending on the severity of the breach: *bit.ly/1EzCCNR*

- The Employment Appeal Tribunal ruled that employers are not always required to make reasonable adjustments and create the ideal job for an employee returning from sickness absence: *bit.ly/1P67Ow5*

- The Supreme Court ruled that Olympic Airlines is unable to enter the Pension Protection Fund (PPF) because it did not have an establishment in the UK during its insolvency proceedings: *bit.ly/1ImpOOJ*

iSTOCK

ADVICE FROM THE EXPERTS

Penny Cogher is head of pensions at law firm Charles Russell Speechlys

Issues around pensions during insolvency

The Supreme Court judgment in the case of *Trustees of the Olympic Airlines SA Pension and Life Assurance Scheme v Olympic Airlines* looked at what connection a foreign employer must have with the UK to entitle an English court to wind it up, if its centre of main interests is in another EU member state. The case shows the complexities surrounding pan-European and global insolvencies for defined benefit pension schemes and their sponsoring UK employers.

It also shows that if an organisation has an 'establishment' in the UK, there can still be a successful secondary insolvency application. However, the circumstances in which there can be an 'establishment' are limited to avoid the risk of a multiplicity of different insolvency actions through Europe when a large conglomerate or smaller pan-European company might fail.

Under EU law, the centre of main interest dictates the jurisdiction of the insolvency law that applies to the global insolvency.

Secondary proceedings can be started in other EU states if there is a debt owed to a resident of that state and if the debtor (in Olympic's case the pension trustees) can demonstrate the insolvent company had an 'establishment' in that state on the date of the petition for the secondary insolvency.

The Supreme Court agreed there was no 'establishment' in the UK when the trustees petitioned for insolvency, because, at that date, the sole remaining UK office was only carrying out tasks to wind up the business following the start of the Greek insolvency and this was seen as internal administration rather than external business activities.

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

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A Post-Election Special event will take place shortly after this year's Employee Benefits Awards, while Employee Benefits Live is set to make a welcome return in September

Employee Benefits prepares to host half-day Post-Election Special

Employee Benefits will host a Post-Election Special event on 15 June at 30 Euston Square.

The half-day conference will cover all that HR, benefits and compensation professionals need to know about the impact of the election, and the new government's policies on benefits.

The agenda includes sessions covering key policy areas such as pensions, healthcare and pay. Speakers on the pensions panel include: Tim Middleton, technical lead at the Pensions Management Institute; Chris Curry, director of Pensions Policy Institute; and Helen Forrest, policy lead, defined benefit (DB), at the National Association of Pension Funds.

They will discuss issues such as who is driving pensions policy and potential changes to public sector pensions.

Other speakers include Katharine Moxham, spokesperson at Group Risk Development, on health and wellbeing, and Duncan Brown, head of consulting at the Institute for Employment Studies, on financial wellbeing and pay.

The expert panels will show delegates how to enhance their awareness of upcoming policy changes and how these will affect their organisation.

In addition, in a panel session Peter Reilly, consultancy and research lead on HR at the Institute for Employment Studies, will give an update on all other key issues impacting benefits.

■ To book your place, visit: *www.eventsforce.net/centaur/821/register*

Employee Benefits Live set to return in September

Employee Benefits Live will return to Olympia, London, on 21 and 22 September 2015.

Europe's largest dedicated reward and benefits event offers an extensive editorial-driven conference programme alongside an exhibition packed with leading suppliers, advisers and consultants.

Topic's covered will include: benefits for a multi-generational workforce; financial wellbeing; pensions; tax-efficient benefits and healthcare and wellbeing.

The free event will allow HR professionals to share ideas and best practice.

■ For more information, please visit *www.employeebenefitslive.co.uk*

Last chance to attend this year's awards

Do not miss your last chance to attend the Employee Benefits Awards 2015 and find out who has won this year's coveted awards.

Table bookings for the event, which takes place on 12 June at the Artillery Garden at the HAC in London, are now limited, so make sure you do not miss out on the biggest industry gathering in the employee benefits calendar.

The 13th annual awards will see employers recognised in 23 categories for the outstanding work they have undertaken over the past year.

The awards ceremony and summer party also provide the perfect opportunity for employers to come together as a community to network, learn and celebrate the successes of the last 12 months with one another.

■ Book your place at the Employee Benefits Awards 2015 at *www.employeebenefitsawards.co.uk*

■ See the full Employee Benefits Awards 2015 shortlist at: *www.employeebenefitsawards.co.uk/the-shortlist*

@www.employeebenefits.co.uk/events

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PEOPLE MOVES

Donaldson moves up at E.On

Ant Donaldson has moved to the role of global product expert, benefits, from reward and benefits manager at E.On. He is now responsible for employee benefits across E.On globally. Previously, he was senior specialist, employee benefits, and operations manager, home energy services and home installation, at E.On.

Danwood promotes Roberts

Danwood has promoted Jennifer Roberts to compensation and benefits manager and HR business partner. Roberts is now responsible for the overall HR strategy to support the aims of the organisation.

NBCUniversal recruits Backwith

Sam Backwith has taken up the role of reward director, international, at NBCUniversal. Backwith previously worked at GlaxoSmithKline as specialist consultant, reward; the Walt Disney Company as reward manager, Europe, the Middle East and America; and XChanging HR Services as an HR process blackbelt.

Turney now at Chaucer Syndicates

Chantelle Turney has joined Chaucer Syndicates as reward manager. She was previously reward manager at the Association of Chartered Certified Accountants; reward specialist, group policy and reward, at Home Retail Group; and compensation business partner at Man Group.

Weston moves to Volkswagen

Sarah Weston has been appointed business partner, reward, at Volkswagen Financial Services. She has previously held roles at PSA Peugeot Citroën as reward manager and Robins and Day – Citroen UK Retail Group as HR project manager.

MOST TALKED-ABOUT NEWS

Tesco has agreed a pension deficit funding plan with its trustee for its defined benefit (DB) scheme. The agreement comprised cash contributions of £270m per year. Tesco also consulted with staff on plans to replace its DB scheme with a defined contribution (DC) scheme. *bit.ly/1PhIKiu*

"There is no doubt about it that the current scheme is one of the best, if not the best, on the market, offering as it does to Tesco employees a guaranteed risk-free way of accumulating valuable pension provision for their later lives. Tesco is now clearly going through a difficult patch in terms of its business affairs and is looking to improve its profitability and reduce costs on a number of fronts."
Malcolm McLean, senior consultant at Barnett Waddingham

"Three years ago, Tesco would have been seen by most observers as a 'gold-plated' covenant with its DB pension obligations under control. Roll forward to this announcement and this perception has clearly shifted in the eyes of the City and, in all likelihood, the pension trustees. The Tesco situation acts as a cautionary tale that reiterates the fact that the employer covenant is not static and can deteriorate relatively quickly."
Matthew Harrison, managing director at Lincoln Pensions

"I believe that the key issue around DB scheme closures is not pension deficits but rather the ongoing cost of continued DB accrual for employees. The retail sector is very competitive with low margins. Tesco is one of the last major retailers to provide DB benefits to staff, which, inevitably, are more generous than competitors' DC schemes."
Charles Cowling, director at JLT Employee Benefits

TOP TWEETS ABOUT EMPLOYEE BENEFITS WIRED: MENTAL WELLBEING

@Capita_EB: **Getting settled in to watch the #EBWired live panel discussion on mental wellbeing in the workplace**

@EllaJaneMiller: **Great show on Employee Benefits right now about @MHFAEngland @eynews and #mentalhealth #EBWired**

@DDEmployeeBene: **Important line managers know their people! @MindCharity @landg_business @EmployeeBenefit #EBWired**

@BORISbenefits: **Really enjoying the focus on mental #wellbeing in the #workplace in the first #EBWired panel discussion. Let's get more people talking!**

@ScruffyNick: **Looking forward to #EBW later today. Assuming my technology doesn't fail me @EmployeeBenefit**

@EY_UKI: **Watch Amy McKeown, from Health EY, at a live panel on mental health stigma in the workplace. #EBWired #mentalhealth** *bit.ly/1F3uZOD*

This month's big question:

Should benefits professionals get to know their staff?

I read an article fairly recently about the value of insight and about doing your homework before investing money. The retailers all do their homework extensively, canvassing customer opinion widely.

Could benefits professionals take something from this sector and regard staff as more like customers to seek feedback more readily?

We conduct proper research before investing our own money in a property or business venture, but is our homework sometimes a little lighter when it is an organisation's money?

Many organisations spend millions each year on benefits, yet staff may not appreciate what is offered, or understand the value to the firm and to them. Engaging with employees and seeking feedback can ensure you are devoting your time to the right products and policies.

This is a time when some of us will be seeing four or five generations in the workplace. It seems likely that the different generations will have different motivators and engagement drivers, but are we each typical of our generation and do staff think in the same way regardless of where they work? It seems unlikely to me.

Getting to know your people and being responsive to their feedback can be very powerful in the battle to retain and engage them. Understanding how your own organisation uniquely ticks, and what your staff want and need from you, the employment bargain must surely be the route to higher staff engagement and productivity and to delivering better value for money?

Jackie Buttery is an independent reward and employee benefits consultant

To coin a phrase, 'it's good to talk', and, according to the latest *Employee Outlook* survey by the the Chartered Institute of Personnel and Development (CIPD), published in March 2015, there is a clear link between employer communication and pay satisfaction.

Of those employees who reported a pay rise in 2014, pay satisfaction was 73% higher among those who had the rationale behind the decision explained to them than those who received no explanation at all (59%). Even if employees had their pay frozen or cut, those who had some employer communication were more satisfied with the outcome than those who had not.

When it comes to employee benefits, we know that employers that prefer to be more transparent about their package with their staff are likely to see business benefits than those organisations that are less open.

Reward satisfaction also depends on the quality of the pay and benefits communication. However, most HR practitioners do not actually think their organisation has invested enough in communicating their reward package to staff.

Pay and benefits can be the single largest expenditure in many organisations. Yet much of the reward spend and the effort spent designing appropriate pay structures and benefits could be wasted if not enough time and energy is invested in communicating to staff what the firm is doing. If you do not invest in talking to your staff, you could be wasting your employer's money.

Charles Cotton is performance and reward adviser at the Chartered Institute of Personnel and Development

Understanding the make-up of employees and their professional and personal goals can only be the right thing to do, can't it?

Getting to know employees shouldn't be viewed as paternalistic, but as a genuine desire to build a sustainable culture of trust, whereby staff feel valued and, in turn, exhibit stronger allegiance to their employer and co-workers.

Extending our understanding of employees beyond the workplace can help shape and deliver a much stronger employee value proposition, where the benefits we choose to offer them are both relevant and desired by employees, making the very best use of benefit professionals' time, effort and expense.

In our personal lives as consumers, it is commonplace for the providers we choose to obtain services or make purchases from to have a clear picture of our personal preferences and needs. But, as employers, do we not require our employees to understand and individually cater for our external customers? Why as benefits professionals would we not want to extend the same thinking to our employees?

But what does that mean for said professionals? Is the answer to be found in data and do we have the right skillset to adopt and put into practice a more sophisticated approach to understand our employees better?

The proverbial stick must be placed in the sand at some point if we are to be sincere in our approach to get to know our staff better. I find small steps can still get you to where you need to go and, in return, what will be delivered is a more meaningful proposition for employees.

Nadeen Jackson-Barker is HR reward manager at Axa UK

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

WORKPLACE SAVINGS IN NUMBERS

Marianne Calnan rounds up the latest facts and figures around workplace savings

£19.5m:

The amount of extra funding pensions guidance service Pension Wise will receive from the Treasury in 2015–16 *bit.ly/1KLAt3O*

40%

believe they are saving enough for retirement either into pensions or alternatives such as individual savings accounts (Isas) or property *(Portus Consulting, January 2015) bit.ly/1GiY39r*

50%

of the UK female population is now saving adequately for retirement, representing a 10 percentage point rise year on year *(Women and retirement report, Scottish Widows, November 2014) bit.ly/1QASPIO*

£10m:

The amount that more than 1,000 Whitbread employees will share following maturity of the three- and five-year sharesave schemes on 2 February 2015 *bit.ly/1Gylk4h*

8.6%:

The percentage that Asda's 2014 sharesave plan take-up increased by year on year *bit.ly/1GAAybW*

£1m:

The amount that the pensions lifetime allowance will be reduced to from 6 April 2016, as announced in the Budget 2015 *bit.ly/1IfD4mM*

03.12.2014:

The date when Isas' tax advantages were extended to partners from April 2015, as announced in the Autumn Statement 2014 *(bit.ly/1HOCTjP, December 2014)*

15%

of employees said they feel confident about general investment planning *(UK Employee benefits trends survey, MetLife UK, January 2015) bit.ly/1tDQDYE*

75%

of 30- to 49-year-olds and 81% of 18- to 29-year-olds do not understand pensions *(Helping hands research, Barnett Waddingham, December 2014) bit.ly/1HRmzNj*

£10,800:

The amount that the personal tax allowance will be increased to from April 2016. It will further increase to £11,000 from April 2017, as announced in the Budget 2015 *bit.ly/1FANpZt*

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TRANSFORMATION IN PROGRESS

Employers need to be flexible in their approach to benefits if they are to support the evolving needs of employees, says **Clare Bettelley**

JACKO

Long gone are the days when employees were grateful for a job that offered competitive pay and a workplace pension.

Employees have evolved to demand a far broader mix of employee benefits and a working environment that supports and empowers them to perform to the best of their abilities, rather than one that controls them.

Matthew Gregson, consulting director at benefits consultancy Thomsons Online Benefits, says: "The big shift [within the evolution of the employee] has been the move towards employees pretty much wanting everything on their terms. Staff are compromising a lot less than they did generations ago."

The drivers for this change extend beyond the workplace to wider social trends, particularly around parenting styles, which are much more liberal than ever before and which are nurturing highly demanding individuals who have a far greater sense of self and self-importance than their predecessors, says Gregson.

Dr Patricia Hind, director of Ashridge Business School's Centre for Research in Executive Development, adds: "We can think of the millennials [employees born between the early 1980s and early 2000s] coming through as the 'I' generation, and that has two meanings. It is the generation that has grown up with iPhones, and one that is much more self-aware and self-conscious about its own needs, its own wants, its own abilities and its own expectations."

For millennials, this sense of self translates into a need for greater flexibility around, and control over, their job roles than their baby boomer peers ever dreamt about.

This means that workplace technology is no longer considered an innovative feature of schemes such as an employer's flex plan, but instead is seen as comprising necessary tools that enable staff to perform their roles.

Frances Quigg, head of Vodafone's 'Better ways of working' team, says: "A lot of employees, particularly millennials, coming into the workplace have an expectation of a better work-life balance, and being able to work and do things on the go." (See page 19).

Millennials are also starting work with clear career paths, and with that an expectation of access to training and development, to help them exploit career opportunities as and when they arise.

Instant gratification

Instant gratification is key for this population of employees, thanks to the instantaneous nature of their lives that has been created and propelled by technological development. Consequently, top talent is less likely to be prepared to wait for career opportunities that employees believe they deserve.

"Baby boomers' mentality was that they were going to do something and then ask to be rewarded for it, whereas when generation Y and millennials want something, they want it now," says Gregson.

This culture of immediate gratification extends to benefits, with younger employees more likely to value perks such as free lunches and Subbuteo tables over workplace savings vehicles such as a pension.

This is also true at the other end of the age spectrum, although older employees' demands are often more about a desire than an expectation for their employers to retrain them, to enable them to remain in work for longer.

But irrespective of age, employees are increasingly expecting transparency, authenticity and thought leadership to be at the heart of the organisations for which they work.

Joe Wiggins, career trends analyst at employer review website Glassdoor, says: "Employees want to believe in what they do, and spend their working hours doing something they believe is important and that matters."

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Employees have evolved to demand a far broader mix of employee benefits and a more supportive working environment.**
- **Employees increasingly want a job to be on their terms, which includes being able to work and do things on the go.**
- **Many employers may simply require an overhaul of their communications strategy to help support new demands, rather than needing to introduce new perks.**

> A lot of employees, particularly millennials, coming into the workplace have an expectation of a better work-life balance"
>
> Frances Quigg, Vodafone

Undertake an audit

Employers keen to support employees' evolving needs should start by undertaking an audit of their existing workforce to identify the benefits support and working environment that existing staff and prospective recruits actually want. They should then compare this with their existing employee value proposition (EVP) to help identify any provision gaps.

But employers should be mindful of the fact that their benefits range is often less of a problem than the way in which they are designed to be appropriate for their workforce. Dr Eric Tyree, chief data scientist at benefits consultancy Capita Employee Benefits, says: "Employers have got to ensure that they are sending out the right messages to the right employees."

For many employers, this may simply require an overhaul of their communications strategy, to help highlight the benefits that they already have in place, ➤

CASE STUDY **VODAFONE**

Vodafone supports staff demand for flexible working

Vodafone supports employees' increasing demand for flexible working by enabling staff, regardless of grade, to work in a location of their choice as part of its 'Better ways of working' initiative.

The ability to work flexibly is one of three demands being presented by staff coming into the workforce that Vodafone has identified and addressed, along with a flexible-working environment and a work space within this location that is collaborative and innovative.

For example, none of the staff at the organisation's Newbury campus have an office or a fixed desk. Instead, staff are assigned a laptop and mobile phone when appointed by the organisation and work at hot desks, or 'shared tables'.

Employees' job functions determine whether or not they can set their own hours.

Line managers have been trained to support flexible-working practices. Training covers new performance metrics, which have been shifted to focus on employee outcomes.

Frances Quigg, head of the 'Better ways of working' team, says: "We have moved away from presenteeism to delivering on employees' outcomes."

The key challenge Vodafone faced in implementing its new strategy was a fear among employees that the removal of personalised desk space was part of a rationalisation project that would lead to redundancy, but the new strategy means jobs are in fact protected because of the cost savings that have been generated, explains Quigg.

The evolution of the employee

Source: Jacob Morgan, Author, The Future of Work

rather than introducing new perks. Employers can optimise the effectiveness of their campaigns by using life events, such as marriage or becoming a parent, as a focus.

Jonathan Underwood, director of product management of BenPal, JLT Benefit Solutions' benefits portal, says: "When communications are driven around events, messaging really becomes a unique proposition to the individual employee."

Employers need to ensure that their EVP recognises employees' need for a voice. Top talent demands to be heard and to feel that they are involved in, and have influence over, the future shape and performance of their organisation.

Line manager training is also key, because only managers who are confident, and armed with the resources, to empower staff to perform to the best of their ability will help create an organisation for which employees of the future want to work.

Freedom and support

Iain McMath, chief executive officer at Sodexo Benefits and Rewards Services, says: "It is about employers giving managers the freedom and support to identify and support talent, and the framework to understand that their role is not just about managing today's jobs, but about considering what can happen in the business in five to 10 years."

Importantly, employers need to ask themselves if they can honestly evolve their culture to offer the EVP that top talent increasingly demands, particularly in respect of flexible working. ➤

It is, however, equally important for employers to balance the needs of their workforce with the needs of the business.

Mark Pemberthy, a director at JLT Employee Benefits, says: "The reality is that most employers have got lots of generations and categories of employees, and they have all got different expectations and ways that they want to interact, so I think this is all as much about where the employer is and what it requires of its workforce as it is about employees and what they need."

Thomsons Online Benefits' Gregson adds: "This is not a paradigm shift, which is a case of all or nothing, because an employer still has a responsibility to drive good behaviours. But there is definitely a rebalancing away from this wonderful safety net of benefits support to benefits that employees really want." EB

Clare Bettelley
is associate editor
at *Employee Benefits*
@clarebenefits

@ Read also *How to build a compelling business case for benefits* at *bit.ly/1yUCYxk*

Viewpoint

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

Employers need to offer development opportunities within reward packages

The evolution of the public sector over the last five years, and the need to recruit a different skillset to meet the needs of a different budget-focused business model, has required benefits professionals to create a different type of reward package.

Public sector employers' reward packages traditionally had very good pension scheme and pay structures at their core, with reactive support for the likes of staff sickness, redundancy and parental leave existing on the periphery. In comparison, private sector employers have tended to offer staff much more of a proactive reward package linked to business targets.

But employees are now demanding more flexible ways of working, requiring employers to offer staff development in different ways to meet these needs.

But learning and development is not just linked to the generation entering the workforce for the first time, where we are much more aware of the increase in priority of development from an employer, but also at other points of the employee lifecycle.

We also now see staff more willing to retrain in later life for a second career, where life experiences may enable them to choose a career of choice.

I believe the incorporation of development will be the key area of focus for employers in the next year, and those that get it right will reap the rewards for doing so.

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CHANGE OF DIRECTION

When making changes to pension schemes, it is essential that employers engage employees in order to gain optimal buy-in, says **Robert Crawford**

Pension schemes are changing on a grand scale thanks to the rising liabilities of defined benefit (DB) schemes and the pension reforms that came into force on 6 April.

Employers only have to look at the likes of Tesco, which is consulting with employees on plans to close its defined benefit (DB) pension scheme and replace this with a defined contribution (DC) scheme, as a prime example of a pension scheme change.

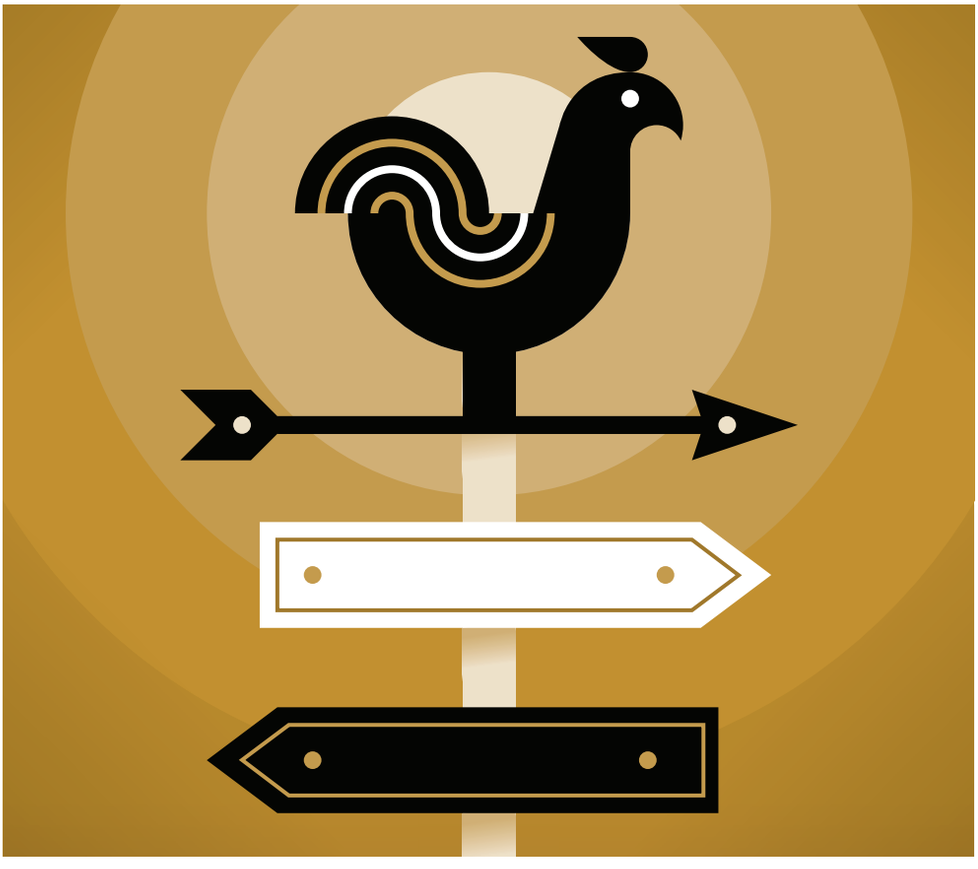
Another example is that of Lehman Brothers, which follows a number of employers to have agreed a £675m buy-in transaction for its pension scheme with Rothesay Life, following its application for bankruptcy in 2008.

Given the historical nature of pensions, it is not surprising they are subject to many changes. For a number of years, the most common has been the move from DB to DC schemes. John Cockerton, a senior consultant at Towers Watson, says: "There has been a big move from DB to DC schemes, but the end of contracting out [from the additional state pension] will continue to affect a lot of the change that we will see in the coming years, especially in the DB area."

Scheme evolution

Pension schemes are open to other changes, which could include the launch of a different way of calculating benefits or contributions, or changes in legislation, such as the changing of default investments or at-retirement options to better align to the new pension freedoms.

Research by the Defined Contribution Investment Forum, *At-retirement solutions for the new pensions era*, published in April 2015, found that schemes have begun to evolve in terms of the member support they provide and their at-retirement investment design.



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IF YOU READ NOTHING ELSE, READ THIS...

- **Pension schemes invariably face constant change, including the move from defined benefit to defined contribution schemes.**
- **Communications are key to winning buy-in from employees.**
- **Pensions change could also be the catalyst for improving the financial education of employees.**

But whatever the reason, it is important for employers to ensure employees understand, and are on board with, the changes happening to their pension provision, or they could be faced with lengthy discussions and strike action.

Proposed changes to the Lufthansa pension scheme, for example, led to employees striking for nine days between January and March 2015.

Karen Partridge, head of client services at AHC, says: "No one likes change. It is a process and a journey that employers must go on despite the severity. Employees are always comfortable with what they have got, and [getting buy-in] is about getting them to a point where they are comfortable going forward."

Typically, the procedure for change will be set out in the scheme rules. For example, if the rules state that the organisation has to set up a trust deed or it needs a certificate from the scheme actuary, there are strict requirements needed to make any change.

Any changes to a pension scheme will also require an employer to first inform employees of the proposals, followed by a consultation.

A consultation is a necessity and will connect with staff regarding the changes. Mark Futcher, a partner at Barnett Waddingham, adds: "There are also a number of issues to take into account such as employment law issues and the changing of contractual agreements."

Trade unions will also be key to getting employee buy-in. They can help to get staff ➤

Viewpoint

Fuat Sami
is a partner at pensions law firm Sackers

Employers must be mindful of employees' expectations

'A change is as good as a rest' goes the old saying. Well, not if you are a pension manager or an HR director. Changing pension benefits invariably means hard work and tireless planning.

Legally, there are broadly two options for achieving change. The conventional route is to amend the scheme's trust deed and rules. This typically requires the consent of the trustees. As a minimum, trustees will want to understand the business case for change. But some will want something in return, such as increased security for their members.

The alternative is to agree variations to each member's terms of employment. Case law has confirmed this is enough to bind the trustees. But employers should plan for a rocky road of negotiation and have a plan for managing refuseniks.

Any proposal to reduce benefits will trigger a statutory obligation on the employer to consult with affected members for at least 60 days. The first step is providing information and describing the changes and time scales.

The second stage is to consult with staff or their representatives. Consultations require more than simply giving a notice of a proposal; adequate time must be added to obtain feedback.

In every employment contract, there is an implied term of trust and confidence. While an employer is entitled to consider its own financial interest, it cannot do so without balancing this against members' reasonable expectations.

After all that planning, preparation and negotiation, the warm glow of satisfaction that accompanies successful change may not be enough; it is likely that what you will also need is a rest.

CASE STUDY **SANTANDER**

Banking firm wins buy-in for scheme change

Santander used effective communications and managed trade union engagement to win employee buy-in for its scheme change.

The banking firm closed its defined benefit (DB) pension scheme in 2002 to new members.

Its objective was to manage and reduce the scheme's financial risk to the bank. Instead of closing to future accrual, it took the decision to implement a solution that linked to its business values.

The change involved capping pensionable pay increases from March 2015 at 1% a year for all DB members, automatically enrolling DB members into the defined contribution (DC) pension scheme unless they opted out, and offering matching employer contributions up to 12.5% for any salary not pensionable in the DB scheme.

It also offered DB scheme members that joined a new DC scheme a one-off lump sum worth 5% of salary or, if greater, £2,000.

Ian Barrett, reward manager, says: "What we did was fair and it preserved the DB scheme for members to continue to build up, but at a capped cost of 1% of pensionable pay. The rest of the pensionable pay would

[make] up the employer contributions paid into their new DC scheme."

Santander consulted with employees, but went through the changes with its unions beforehand and reached an agreement.

The organisation needed to provide the right communications so staff could make their choice; they could either continue to accrue DB and DC benefits, or opt out of DB and join the DC scheme as a full member.

Barrett adds: "We had very comprehensive communications to help employees make their choice. The regulated advice was also integral to help them go through their individual assessments."

to agree on the change that is happening, as seen with Santander and its changing pension structure for its DB members (see case study).

The correct communication is the most important aspect to achieving buy-in for pension scheme change. Employers must deliver communications in writing and they can then explore other avenues such as face to face.

Make communication simple

Ryan Sales, director at Landscape, says: "Employers need to make communication simple and de-jargon what is going on. It has many different means and can be done through tools, films, animations and gamification to make the process easier to understand for employees."

HSBC is increasing the financial education available to its UK staff ahead of changes to its pension schemes, due to come into effect in July. Its strategy is to use its financial education programme to focus on education and motivation rather than straightforward communication

Change could be the catalyst for such programmes to make employees more pension savvy. Jeremy Beament, director at Nudge Global, says: "Change could also be the key catalyst for financial education. There is a need to make sure employees are aware and they are much more financially savvy."

Annabel Duncan, client adviser, defined contribution at JP Morgan Asset Management, adds: "Communications differ a lot from scheme to scheme, employer to employer. It is very scheme specific and dependant on the change. But could we start to build in technology for employees to use to take action? The UK is a little behind on the tools to engage with staff during change and to win buy-in."

Every pension scheme is different. In each case, the correct communication procedure will differ depending on the type of change. Although a difficult procedure, once agreed and buy-in is achieved, an employer's hard work will pay off EB

Robert Crawford
is a reporter
at *Employee Benefits*
@RCrawford_EB

@ Read also ***How to manage employee-benefits-related risk*** at *bit.ly/1ysNesN*

The time has come to rebrand pensions

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Clear, personalised, timely and action-focused communication is key to helping employees to make the decisions that are right for them, says **Neil Strong**

Two months after the 'biggest changes to pensions in 100 years', fundamentally, what has changed? Much is beginning to change on the provider front, with many readying new products that enable consumers to take advantage of the new freedoms.

Employers, on the other hand, have been panicking at the impact these changes could have on their workforce and how this shift in responsibility should be dealt with. So where does that leave their staff? Well, for the most part, the same as before 6 April 2015: confused.

It is unfortunate that, for years, pensions have been sold as mere products. Providers offering new products and features might sound great now, but how many will still be relevant in 40 years' time? Worse still, the buyer of such products is rarely the end user (the employee) with the decision about which to use is often made by the employer. For a generation that expects choice, why should anyone be excited about something they have not picked for themselves?

KEY POINTS

- Employees are still confused about pensions, the new freedoms and how they apply to them
- Organisations that strive to be an employer of choice need to go beyond merely complying with the new changes and use strategic communications to educate their workforces
- Pensions should be positioned as part of lifestyle choices, not merely as a product
- Communications should demonstrate the value and benefits on a personal level

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For more than 10 years, I have been telling anyone that will listen that pensions are not about products or policies, rules or regulations; they are about people. They are part of a lifestyle choice that requires employees to engage in the concept from an early age. With that in mind, it is time to rebrand pensions.

The new face of saving

Today's benefits programmes require staff to make complex buying decisions through their employers. This creates a unique set of support needs. The modern workforce expects its employers to do more than just meet its financial needs. Staff want employers to support their lifestyle decisions and help fulfil their personal aspirations in many other respects.

Successful businesses offer products or services that are clear, defined and focused on the value they offer. Employers should seek to communicate their benefit programmes in the same manner so employees can make the decisions that are right for them. As a starting point, here are four simple things any employer could do.

Firstly, make saving into a pension compelling. Employers that are seeing the most success in engaging their workforce are using communication strategies based around providing clear, personalised, timely and action-focused messages that appeal to an employee's lifestyle aspirations.

Secondly, make sure the value of membership is obvious. At a time when most savers are netting 0.1% on their savings, how appealing might some 'free money' through tax relief sound to those seeking the biggest bang for their buck? With the new freedoms, how they then spend their pot is entirely their decision – great.

Thirdly, make it easy to understand. Despite tax and legislation complexities, the basic premise and advantages of pensions are simpler than ever. In addition, the means through which employers can deliver these messages and basic education are richer and more diverse.

Finally, it is important to show employees that a pension is a safe place for their money. This is best achieved through a governance programme that involves themselves and communicates key messages back to all members in an inclusive and transparent way.

These issues of 'buying' something that will not be used for 40 years will not go away; but we live in an age where freedom, choice and effective communication allows people to buy benefits, not products, and this is finally putting employees in the driving seat. Let the rebrand begin.

Neil Strong
is director of consulting at Shilling, an Arthur J Gallagher Company

ATTRACT ATTENTION

Workplace surveys are a good way for employers to question staff about what benefits they would value, says **Marianne Calnan**

Gathering employees' views on benefits can offer valuable information that can be used to tailor a benefits package and, in turn, improve engagement, as well as staff retention and motivation levels.

Surveys give a rough indication of how employees feel and what they value. However, Linda Holbeche, co-director of research-based development consultancy The Holbeche Partnership, says: "Employers conducting them need to dig deeper, and use surveys to ask questions to segmented staff about what ongoing changes they would find useful."

Segmenting a workforce for a survey can be carried out by employees' age, job role, gender, salary or location, in order to keep answers as clear as possible.

Holbeche also believes that separating employees before, during and after surveys is key to their success. "Employees are best segmented by what they view as important and what they believe needs to change," she says. "High-flying staff integral to the business need to be surveyed carefully."

The Data Protection Act (DPA) outlines that employees must know how an employer will use its data and that it can only be utilised for the purposes for which it was obtained. It also specifies that information should be adequate, up to date, relevant and not excessive. This means that if data collected is no longer required, it should be destroyed. There must also be adequate security in place to protect data.

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Anonymity is essential

Nicholas Tucker, senior benefit consultant at JLT Employee Benefits, believes anonymity is key to getting employees engaged with a survey.

However, it can be useful to identify where there may be specific concerns, and complete anonymity will not do this. Holbeche says: "Although anonymity is great for engagement, [employers] can only protect employees' voices up to a point, so something like department coding can help [an employer] find clusters of poor practice or similar views in the business."

Surveys also need to have clear objectives in order to be applicable to staff, and to provide results from which the employer can take further actions.

Staff also need to be kept in the know of any follow-up actions once a survey is complete. Sue Weir, chief executive of Medicash, says: "The timescale of consequential changes implemented needs to be made clear. It is best to highlight that timescale to employees when the survey takes place."

Staff engage or disengage with surveys for different reasons, so employers could explore ways to incentivise them. Holbeche says: "Lots of organisations incentivise surveys with a competitive aspect, or prize giving."

Surveys can be conducted through social media to engage staff, but allow them to answer the questions in their own time. Online surveys also allow employers to keep track of answers in a more efficient manner. Surveys such as this can be conducted through organisations' internal media sites or intranets, or via social media.

Although surveys can be effective, other methods may yield better results. For instance, data monitoring and profiling using employees' personal data could help employers improve wellbeing and boost motivation, according to PricewaterhouseCoopers' *The future of work: A journey to 2022* report, published in August 2014.

Ultimately, survey results can inform an employer of the benefits that are valued by its workforce, and also which are taken up EB

IF YOU READ NOTHING ELSE, READ THIS...

- **Surveys can provide valuable insight into what employees think of benefits packages.**
- **Employers need to set clear objectives of what they want survey results to achieve.**
- **Staff need to be kept up to date with results of surveys.**

Marianne Calnan
is a reporter
at *Employee Benefits*
@Mazsays

@ Read also *How to keep flexible benefits fresh and relevant for staff* at *bit.ly/1qbh05w*

GO THE DISTANCE

It is vital for employers to decide what to include in their staff travel policies to ensure they meet business and workforce needs, says **Robert Crawford**

With such a wide range of travel options now available, it has become increasingly important for employers to construct and manage a travel policy that is best suited to both their organisation and their workforce.

When employers are putting together a staff travel policy, there are a number of issues that could impact decisions around what to and what not to include. These include cost management, risk management, carbon footprint reduction, business efficiency and effectiveness and time management, says John Pryor, chairman of industry body ACFO (see page 30).

But before a policy is put together, employers need to clearly define what travel means for the business.

Sue Robinson, a partner in the human capital team at EY, says: "There needs to be clarity [around] what types of travel should be included and there could be separate policies for cars, bikes, trains and aircraft. The policy should be comprehensive and have clear definitions of what the organisation will pay for and the expectation of what staff have to do to qualify."

One of the more common travel benefits to include is a company car scheme. Alongside traditional company car and leasing arrangements, options to consider include car hire, the use of employees' own cars and pool cars. Salary sacrifice schemes are also popular.

IF YOU READ NOTHING ELSE, READ THIS...

- **A clear definition of what travel means for the business is needed before implementing a policy.**
- **Company cars remain the most popular travel benefit.**
- **Duty of care and awareness of legal issues should be included.**
- **But employers must be careful about who they benchmark against.**

Which option employers choose will depend on their business and workforce needs, but overall simplicity is key. Employers could also operate a blended approach that combines more than one option.

Blended approach

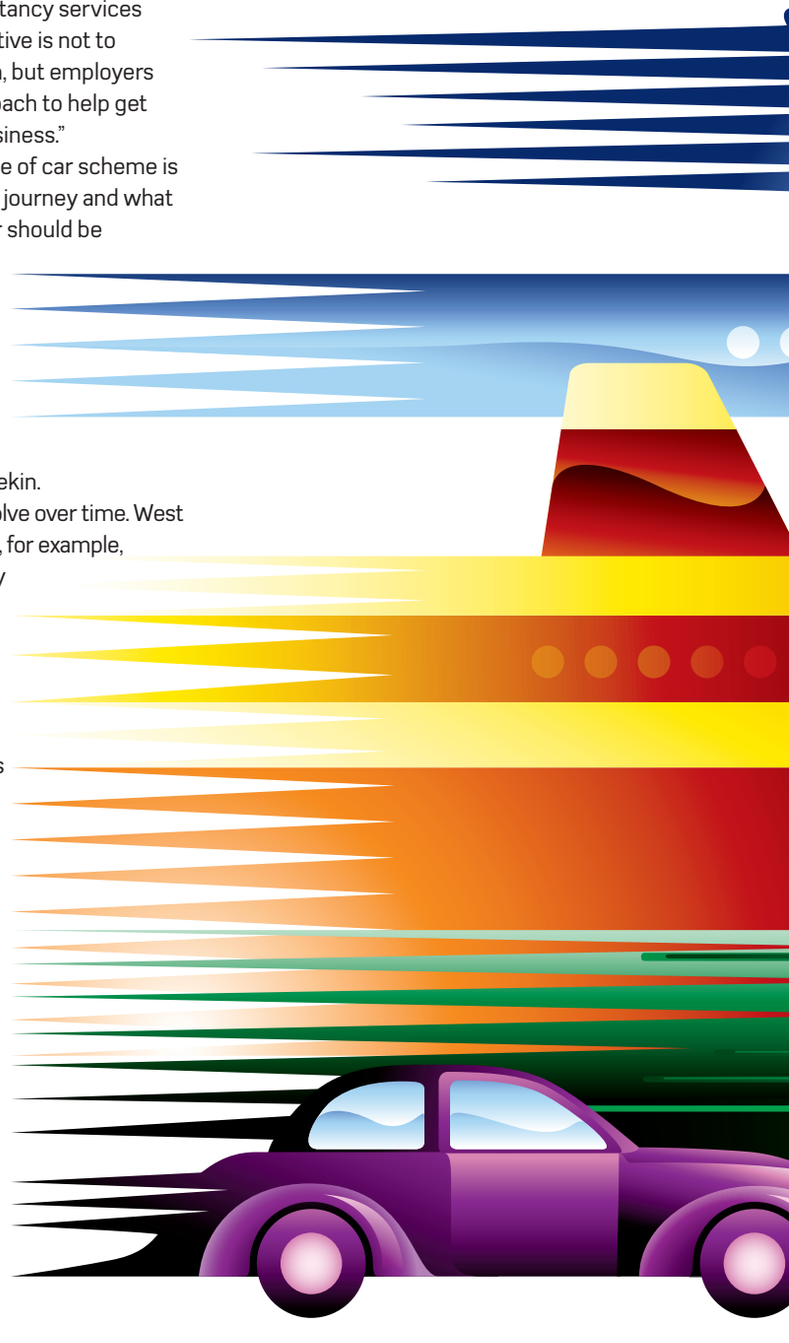
Jon Burdekin, head of consultancy services at Alphabet, says: "The objective is not to assign one car to one person, but employers should offer a blended approach to help get more efficiencies for the business."

When choosing which type of car scheme is right for an organisation, the journey and what cars will typically be used for should be the most important considerations. For example, in some organisations electric cars might be more suitable for a journey, while in others a pool car scheme may help to mitigate costs, adds Burdekin.

Travel policies can also evolve over time. West Middlesex University Hospital, for example, saved more than £38,000 by launching a pool car scheme after previously spending that amount on taxi fares.

But any car strategy should be clear and cover in detail drivers' responsibilities and liabilities. This could include driving standards, information on licence checks, procedures for dealing with fines, fixed penalties and offences, a no-smoking policy, scheme eligibility, insurance and permitted use.

Ian Hughes, commercial director at Zenith, says: "Responsibilities for maintaining cars should be included, but also information on what to do in the event of an accident, rules on taking cars overseas, use of hire cars and health and safety guidance. A well-written policy will help towards covering employers' duty-of-care responsibilities, improving driver safety and also preventing disputes with drivers regarding condition and use of the car."



This is key to ensuring employees are aware of their role and responsibilities around cars. For example, research by fleet tracking provider Abax, published in April 2015, found that 56% of employees who drive a car for business purposes are unaware of the tax regime for reclaiming business mileage.

Organisations also have a duty to report company car schemes to HM Revenue and Customs (HMRC), particularly if cars are used for personal trips.

Ensuring they are fully aware of legal issues is crucial for employers and or HR professionals with fleet responsibilities to ensure accurate records are kept and to avoid potential penalties.

To help with driver safety, employers could offer driver eyecare and sight tests, either on a core basis or as a flexible or voluntary benefit. Skanska, for example, holds driver roadshows to increase road safety knowledge relating to driver eyesight among its employees.

One growing benefit in a staff travel policy is car parking offered via a salary sacrifice arrangement. This can help employers and staff to overcome the issues of the cost and availability of car parking for employees.

The scheme enables employees to save up to 42% annually on car parking at or near to employees' work by paying for parking over a 12-month period, out of their gross salary.

According to P&MM Employee Benefits, the use of car parking season tickets is increasing year on year by up to 30%. It is especially effective as a way of helping employees to reduce the cost of parking in public areas.

Employers that are seeking to reduce the pressure on workplace parking or are based in areas such as central London, where driving to work is not always a viable option, could incentivise the use of public transport, or encourage car pooling and cycling to work.

> "A well-written policy will help towards cover employers' duty-of-care responsibilities"
>
> Ian Hughes, Zenith

One of the main attractions for offering a bikes-for-work scheme as part of a travel policy is the tax and national insurance (NI) breaks it offers employees and employers.

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

Where employees may previously have travelled by car, their related expenses may be further reduced when the cost of running a car is considered. Employers can save, on average, 13.8% of the total value of the salary employees sacrifice because of the consequent reduction in employer NI contributions.

Martin Rover-Parkes, product manager at Edenred, says: "If a travel policy's goal is to reduce the employer's carbon footprint, then a lot of investment and time should be put into a bikes-for-work scheme."

Where employers cover an employee's public transport costs, this too can bring certain tax, NI and reporting obligations.

Public transport costs include: season tickets provided for employees; season ticket costs reimbursed to employees; loans made to employees to buy season tickets;

CASE STUDY
AXA GROUP

Insurer offers range of staff travel perks

Axa includes a range of benefits within its staff travel policy. The insurer has a comprehensive company car policy, which offers all its employees the opportunity to have a company car, using three funding methods: employee car ownership, contract hire and a salary sacrifice arrangement.

It also offers a number of other travel-related benefits such as a cash allowance towards the cost of a car for staff that need one for work purposes, season ticket loans towards train travel and a bikes-for-work scheme.

Nadeen Jackson-Barker, reward manager at Axa, says: "An integral part of the policy, where possible, is to encourage employees to use different methods of travel to help cut the organisation's carbon footprint."

Axa's policy also offers support and guidance on safe driving for work, which includes journey planning.

The organisation also carries out annual driving licence checks and produces newsletters to highlight any changes in policies or government legislation.

Jackson-Barker says:. "Our staff travel policy offers the benefits that are necessary but also guidance. The policy is primarily built around safety, and the next issue [to consider] is the cost savings behind offering employees appropriate benefits."

and contributions to subsidised or free public bus transport.

Employers do not have to report anything to HMRC if they subsidise or offer free public bus transport. They also do not have to pay any tax or NI on these costs.

A case in point would involve an employer helping to finance a bus route that gives an employee free or discounted transport between their home and work or between workplaces.

Organisations could also subsidise the cost using a tax-free loan scheme. Employers can offer loans that do not exceed £10,000 to an individual employee at any one time. This can then be used against annual season ticket loans.

Expenses policy

When employees are expected to travel for work, their expenses are often covered by the organisation. The processes for approving expenses, the reimbursement amounts and guidelines for claiming expenses vary from organisation to organisation. Having a clear employee expenses policy in place, therefore, will help approvers and claimants determine reasonable and appropriate travel expenses.

Employers with global business might want to think about including aircraft travel within a policy so that employees can claim expenses back on travelling for business.

Set rules could be introduced such as purchasing a ticket in economy class for flights under six hours and allowing business class travel for flights over and above the hours set for an economy ticket. This could save the organisation unnecessary costs.

Restrictions could also be put in place to prevent a number of employees travelling on the same aircraft for safety issues.

"If there were exceptions, employees could take advantage and claim expenses where they do not need to," says Robinson. "It is important as a responsible employer to include what can and cannot be used. It is about having comprehensive enough cover to showcase the benefits but also the safety and compliance purposes behind staff travel."

However, despite the many benefits that can be included within a staff travel policy, a question often remains for employers about what to benchmark such policies against.

John Harding, pay, performance and risk partner at PricewaterhouseCoopers, says: "The difficulty comes when an employer has to benchmark travel policies. If a business has regions out of London, [does it] benchmark against London firms or those around each individual business area?"

> "If there were exceptions, employees could take advantage and claim where they do not need to"
>
> Sue Robinson, EY

Neal Francis, divisional marketing director at Pendragon Vehicle Management, adds: "Policies should be succinct enough to encourage employees to read the policy. Organisations should take time to research the best processes that offer clear authorisation." EB

Robert Crawford
is a reporter
at *Employee Benefits*
@RCrawford_EB

@ Read also *What should a company car risk management strategy cover* at *bit.ly/1GgJG2Y*

Viewpoint

John Pryor
is chairman of
industry body ACFO

Employers must implement multi-faceted mobility plan

The opportunity for employers to implement a multi-faceted, sustainable mobility plan and display corporate social responsibility has never been greater.

Cost management, risk management, carbon footprint reduction, business efficiency and time management are all issues that impact on corporate travel.

Too frequently, employers accept that staff have a company car, will access a pool car or drive their own and reclaim mileage. But is that the best solution, for the business and the individual? The answer may well be no. Employers and employees have never had the business travel choice that is available today.

The internet enables searches and price/time comparisons to be undertaken almost instantly. It means the travel options are almost limitless.

Thus, fleet decision makers should focus on the total cost of ownership of the car during the operating lifecycle.

Business mobility is a balancing act with no right answers and many variables that all have to be considered.

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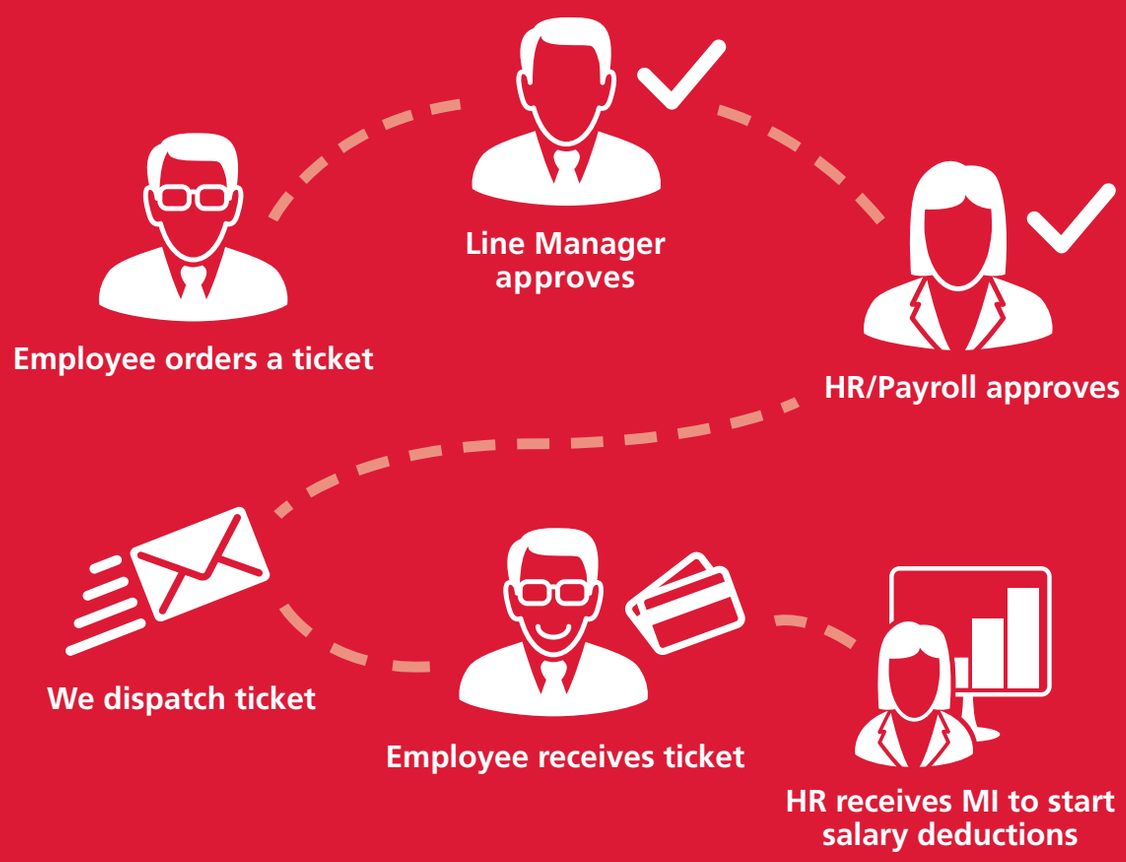

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CROSSING TIME ZONES

Employers must consider how best to communicate benefits to overseas employees, says **Tynan Barton**

Implementing a global benefits strategy can be a costly exercise, in terms of both the time and money invested in it. As with anything that requires such a big investment, a multinational employer wants to ensure that its reward efforts are recognised, appreciated and provide a return for the business, so communication of that strategy is vital. There are several key tips to help ensure employers' communications around global benefits schemes are effective:

IF YOU READ NOTHING ELSE, READ THIS...

- **Creating a global communications plan for a benefits strategy requires groundwork to be done to ensure local tax, legal and cultural requirements are considered.**
- **Employers should work with local HR and benefits teams to create an effective communication plan.**
- **How communications are sent is just as important as the content that is included.**

1. Create a plan

Any employer wanting to create a global benefits communication plan must ascertain that it is at the right stage of development and define its reasons behind its plans.

Roger Beech, senior international consultant at Towers Watson, says: "From an employee perspective, on the whole, there is a lack of understanding of benefits being provided, and that's because of a lack of clear communication. That potentially creates issues in terms of lack of understanding of benefits: there may be poor, or non-optimal, choices being made.

"[Employers] want to make sure that people understand if they're being asked to make choices and the options that are available."

Effective communication can differ between employers, and it can depend on the size and nature of the organisation. Doug Rice, managing

CASE STUDY
BUROHAPPOLD

Technology enables global communications

BuroHappold Engineering uses technology to communicate its benefits strategy to its 1,800 global employees.

The engineering consultancy operates in around 24 offices around the world, so keeping employees up to date and aware of their benefits package is challenging.

With engineers on site, for example, working on ancient sand palaces in Riyadh, the organisation has developed a global intranet with a mobile version, so staff can receive business updates wherever they may be.

Sean Morris, head of reward, says: "We try and use [the global intranet] in the main for some of the more larger, corporate initiatives, for example the pay review and bonus, and the annual appraisal."

Working in a global organisation means benefits are tailored to the different regions, so communications are passed on through a mix of a global cascade and detailed information through the regional business updates.

In addition, BuroHappold has regional HR business partners in global offices to help communicate and cascade messages.

The organisation recognises that language is also a challenge when communicating benefits. "With our pay review letters, we make sure a lot of those communications are produced in advance and arrange for them to be translated locally," says Morris.

Deciding on the best medium for a particular region or country can be challenging, but BuroHappold uses feedback from staff surveys to find out if anything can be improved.

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director – international services at Jelf International Benefits, says: "More established firms have established programmes in place, which tend to be systems driven."

As part of its initial plan, an employer must determine what it wants to include within its communications: will these focus purely on benefits, on both compensation and benefits or on its overall employee value proposition? "Some leading-edge organisations have looked at this from a total reward perspective," says Beech.

Those employers want to be able to articulate what it means to work for them, and to show compensation and benefits elements, as well as less tangible elements such as company culture.

2. Consider legal considerations

Implementing and communicating a benefits plan in a new location normally involves three critical considerations: compliance with the local security system; taxation; and securities laws and legislation. Many global employers carry out a benefits audit, to analyse how their benefits strategy compares with other organisations in their sector or location.

Mark Childs, director at Total Reward Group, says: "Before a benefits professional gets sign-off from the decision makers in the business, they really ought to be doing their due diligence: understanding what's feasible in different countries; understanding what the likely costs associated with getting a plan registered or approved are; or getting the tax advice around a particular plan in a particular country."

3. Work with local teams

Employers must be aware of local and cultural sensitivities, including the language in which the communication is sent and the kind of language used, as well as considering how things are normally done in that country. For example, in the US, there is a culture of personal responsibility, whereby an employer can provide contact details and website addresses, but the individual will take responsibility for further action.

Whereas in some Asian or European locations, for example, there is more of a paternalistic approach whereby the employer has traditionally been responsible for looking after employees.

4. Consider methods used

How communications are sent is also important. An employer should take the lead from local teams to ensure communications adhere to a specific country's rules. Employers need to consider who they are communicating to.

The way in which a question is phrased can differ between countries. Language and tone are equally important.

An employer should also determine if it is okay to send email communications or if details should be sent to home addresses. Engaging local HR teams will help them to feel they are part of the project. Beech says: "If an organisation is going to invest time in doing this, it wants to maximise the clarity of the message. Therefore, it needs somebody to provide guidance on whether the message is clear." EB

Tynan Barton
is features editor
at *Employee Benefits*
@tynanbarton

@ Read also ***How to align international benefits with business objectives*** at *bit.ly/1cDhaOr*

Viewpoint

Dr Andreas Kornelakis is a lecturer in human resource management in the School of Business, Management and Economics at the University of Sussex

Communicating benefits: the role of employee voice

Although cultural differences might appear as important to account for the cross-national variation of human resource practices, institutional differences are equally important. Thereby, deciding on a communication strategy for benefits may not only reflect cultural but also institutional variability.

Communicating to a global workforce may take place via direct and one-way modes of employer communication, such as posters and emails or more interactive means such as social media. The institutional perspective suggests the importance of representative institutions of employee voice that are embedded in particular institutional contexts.

Employee voice institutions refer to opportunities for employees to be involved in collective decision making. These include trade unions and collective bargaining. Staff in organisations with collective bargaining agreements are typically well informed about those perks that take the form of entitlements.

By contrast, when staff rely only on downward information sharing, this may be unidirectional and less effective. The benefits strategy should be embedded into local employee voice institutions that reflect home-country norms. As long as staff feel their needs are taken into account, the communication strategy on benefits is bound to be more successful.

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SEAL OF APPROVAL

There are a number of steps employers should take to promote the principles of the government's Public Health Responsibility Deal, says **Marianne Calnan**

Half of UK employees will have a chronic health condition by 2030, according to *Is the UK fit for work?: Confronting the challenge of UK workforce health*, published by Fit for Work in July 2014. Employers, therefore, have a vital role to play in stepping up to the mark to tackle staff health and wellbeing now and for the future.

In 2013, the government introduced the Public Health Responsibility Deal (PHRD) to help tackle key health problems putting a strain on the health budget. These include alcohol consumption, diet, workplace health and physical activity. It also embodies the government's ambition for a more collaborative approach to tackling those challenges.

It has recently started to gain momentum and recognition, with a wealth of employers demonstrating their commitment, including BP, Nestlé, Morrison's, McDonald's and Heineken.

A key element of the deal is that employers sign up to become a partner and encourage actions in the workplace to help tackle these key areas.

Commitment to health

In becoming a partner, an employer pledges commitment to the PHRD and agrees to implement changes in its organisation. The health at work and physical activity pledges focus on improving health and wellbeing by, for instance, promoting stop-smoking services, ensuring employees with mental health and chronic conditions can remain at work or encouraging regular health checks.

Adam Sidbury, director of employee benefits provider Digital Fibre, says: "The public health pledge and what the government is trying to do is great. It's getting employers to change the way they conduct workplace healthcare and wellbeing. It's also about people becoming more aware of the damage certain habits can have on their body, and aiming to change these."

The deal sets out clear principles for organisations to follow, demonstrating that a focus on health and wellbeing in the workplace can have a positive effect on productivity levels, so employers that align their own strategy to the deal will reap the business benefits.

But Raman Sankaran, sales director at Simplyhealth, believes that just signing up to the deal is not enough. "Employee wellbeing is at the centre of successful businesses; the better the health of employees, the happier and more productive they are likely to be," he says.

IF YOU READ NOTHING ELSE, READ THIS...

- **The Public Health Responsibility Deal was introduced in 2013 with the aim of tackling key health problems.**
- **It requires employers to commit to promote principles in their workplaces that tackle these issues.**
- **Employers can draw guidance from the principles and align their own health and wellbeing strategy to the deal.**

Employer of choice

Professor Sayeed Khan, chief medical adviser at EEF, emphasises the simplicity of doing this. "Employers can pick and choose which aspects of the pledge best suit their workforce's needs," he says. "Easy things can really improve the healthcare [given] to employees, and therefore what they give to an employer. And why not get credit for being seen as an employer of choice for doing what [they are] meant to be doing?"

Employers can take the lead from the principles laid out in the pledge to implement measures in their organisation that effectively align their own health and wellbeing strategy to the deal.

To combine effective employee health strategies with the PHRD, employers need to select the most appropriate pledges for their workplace culture. Rebekah Hymes, senior consultant at Towers Watson, says: ➤

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CASE STUDY
LUTON BOROUGH COUNCIL

Council supports staff through the pledge

Luton Borough Council has pledged to improve the general health of its 3,000 staff by offering several health initiatives, including offering help to quit smoking and signing up to the Department of Health's Public Health Responsibility Deal (PHRD) in 2013.

The council started to implement a number of initiatives to boost its workforce's wellness in 2012, such as: health checks with referrals to specialist support for weight loss and improved physical activity; training for staff around managing employee sickness and supporting returns to work; mental health first-aid courses; monthly challenges to walk to work and guided lunchtime walks; and a rapid physiotherapy service.

The council aims to improve the productivity of its workers and help them feel part of the organisation.

Gerry Taylor, director of public health at Luton Borough Council, says: "We firmly believe a healthier and motivated workforce is a happier and more productive workforce.

"With ongoing pressure on local authorities, our responsibility for the health of our population and the need to save money, we have introduced a variety of the new measures focusing on supporting and improving the health of our staff.

"Looking ahead, we are updating our employee wellness plan this month with more focus on preventing cancer, physical activity for everyone, healthy eating and behavioural change towards mental wellbeing with training, briefings, activities and challenges."

> "The pledge is such a good opportunity for employers to be seen doing something worth shouting about"
>
> Rebekah Hymes, Towers Watson

"The deal can put health and wellbeing at the forefront of employees' minds and help them understand what's actually involved in a health strategy.

"The pledge is such a good opportunity for employers to be seen doing something good and worth shouting about."

Encouraging employees to make simple changes to their diet and lifestyle will boost their health and wellbeing.

Sidbury says: "Both employers and employees need to move to the next level by doing simple things such as getting off one bus stop early and walking, or not sitting down too much."

Mike Blake, compliance director at PMI Health Group, adds: "Employers should encourage exercise, taking a lunch break, cycling or walking to work and healthy eating. But there's no point telling employees they should if the boss doesn't; employers need to make an example from the top."

Healthy education

Communicating the principles of a health and wellbeing strategy will help employees gain a better understanding of why their employer is promoting it, and increase engagement with schemes and programmes. Blake believes it may be difficult for some employers to align their healthcare schemes with the PHRD if they do not engage and educate their employees about the importance of good health and wellbeing. "If there are any cracks in engagement, it can be detrimental," he says.

By aligning a workplace health and wellbeing strategy with the PHRD, employers can embed behaviours that will help to safeguard the future health of both employees and the business EB

Marianne Calnan
is a reporter
at *Employee Benefits*
@Mazsays

@ Read also *Benefits to support sensitive health issues* at *bit.ly/1EY7wSb*

Viewpoint

Paul Winter
is chief executive officer of Ipswich Building Society

Blending the pledge with day-to-day health

We signed up to the Public Health Responsibility Deal (PHRD) in 2013, recognising that it would provide structure for our health and wellbeing strategy, as well as give us access to other organisations' help and inspiration

We signed up to five pledges, which have become the cornerstones of our healthcare offering. Some practical examples of this include the mental health and wellbeing pledge, through which we actively encourage lunch breaks and 'desk breaks' so employees can take time out to charge their batteries.

We created a quiet room for those wishing to relax, and we introduced lunchtime activities and walking clubs. All staff have also received desk-side yoga sessions; simple moves they can do to help with back health and remaining supple.

Ipswich Building Society also signed up to the chronic conditions and carers pledge, through which we have a flexible-working policy that enables employees to work from home or amend their hours, along with the smoking cessation/respiratory health pledge, occupational health standards pledge and the health and wellbeing report pledge.

In addition to these activities, the PHRD requires consistent and timely updates to track the progress of our health and wellbeing strategy. We also receive updates from other organisations and this sharing of initiatives is invaluable, especially for smaller organisations such as Ipswich Building Society.

The PHRD has formed a significant part of ensuring that our employees are healthy, happy, motivated and proud to work for Ipswich Building Society.

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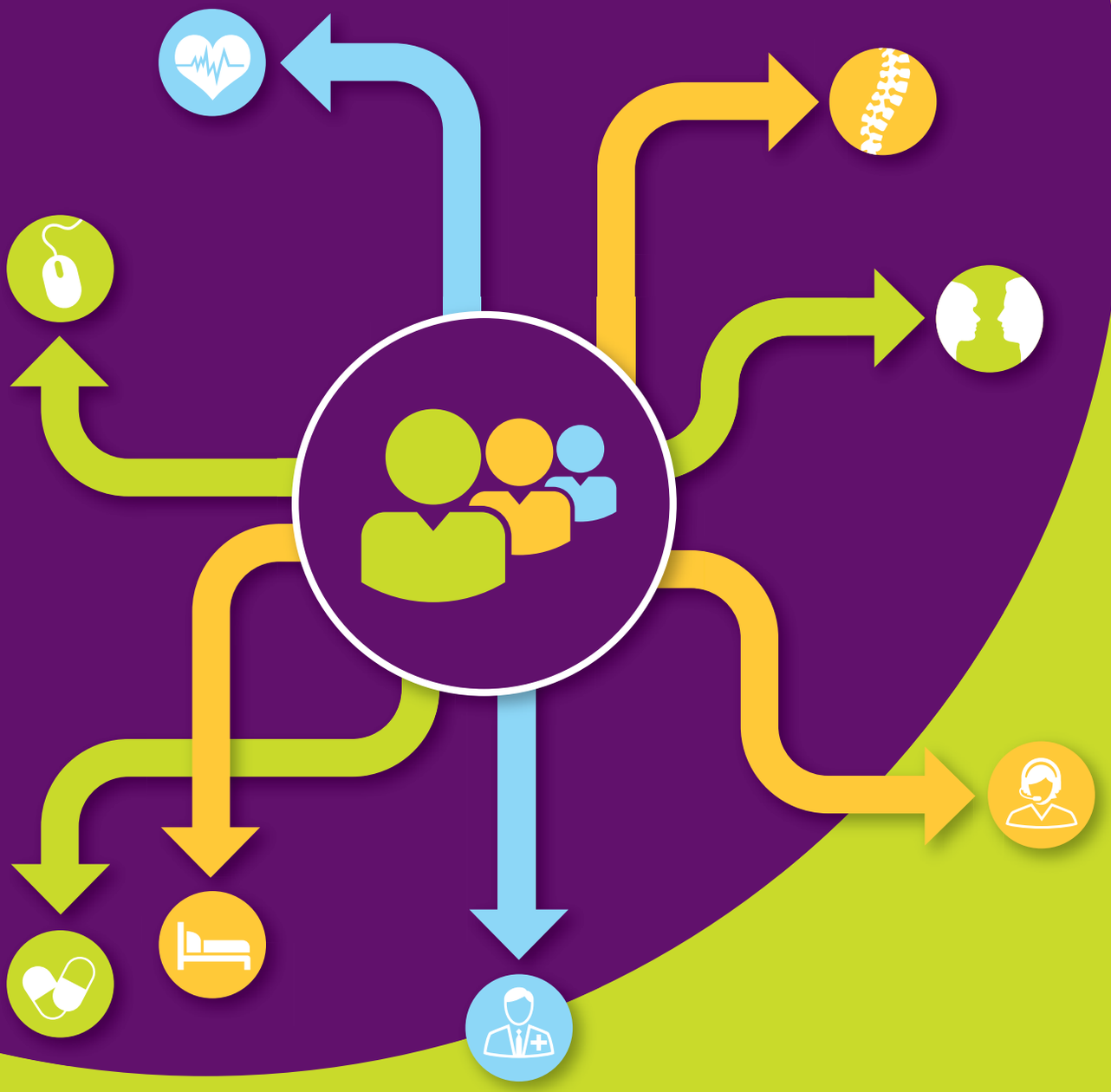

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REACH FOR THE STARS

World Duty Free Group has relaunched its recognition schemes after listening to staff feedback

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World Duty Free Group (WDFG) launched in airports worldwide in 1997. With approximately 3,500 employees in the UK, it prides itself on high employee engagement, with some teams having worked together for nearly 20 years.

Working with Red Letter Days for Business, the organisation has relaunched two of its employee recognition initiatives this year, its HearMe and Service Star Awards, after a year-long review and listening to staff feedback. It made adjustments to both initiatives to ensure the schemes had maximum and positive impact.

IF YOU READ NOTHING ELSE, READ THIS...

- **World Duty Free Group has revamped its recognition schemes following a review.**
- **Employees are now more engaged with its suggestion scheme.**
- **More employees are now recognised in its peer recognition scheme.**

The employee suggestion scheme, HearMe, has been designed to encourage staff to share any ideas they have that will improve: how the organisation operates; what is offered to customers; processes and cost efficiencies; and staff and customer environments.

An employee fills out an 'ideas slip', which is then discussed at a monthly local employee representative meeting, Voice. The employee is given feedback via a thank-you postcard with the outcome of their idea. If the idea can be implemented in a location alone, it will be introduced locally. However, if it does not work on a local basis, yet is still a great suggestion, it is passed to the business panel at head office, which reviews whether the idea can be implemented across the organisation.

Karen Waterman, UK reward and HR systems manager, says: "It's our employees we should listen to as they know their peers and our customers better than anyone else."

Everyone who submits an exceptional HearMe idea is rewarded with a £10 Red Letter Days for Business Lifestyle voucher that can be redeemed in shops, bars, restaurants and holiday agents and on experiences. The panel also rewards ideas on a quarterly basis, which may be via vouchers, a hamper or money.

When the HearMe scheme first launched, staff were asked to submit ideas online via a web portal. WDFG found ideas were being shared. However, not all employees were engaged with the programme; it was felt the process took too long and feedback was not received in a timely manner. After review, WDFG took the scheme offline and launched the 'ideas slips'.

"The change has proved to be a success, with a 20% increase in ideas submitted compared with this time last year," says Waterman.

Exceptional customer service

The Service Stars Awards is a peer-to-peer recognition programme with staff nominating colleagues for carrying out exceptional customer service. The Voice team decides who the top nominated employees are every quarter, and these employees are rewarded with an all-expenses-paid lunch with their regional or senior manager.

Each location also nominates one employee who has delivered exceptional service over the course of the year, who is crowned Customer Service Champion of the Year. These champions are treated to a one-off memorable day out.

Amends were made to the Service Stars Awards in 2015 in order to recognise more employees. Last year's scheme rewarded one regional winner each quarter, compared to 12 to 16 under the new scheme. Becky Gledhill, UK benefits administrator, says: "Since the change, we have received great feedback about how employees' invited to the quarterly lunches have felt motivated and valued."

WDFG makes its campaigns come alive by communicating the schemes efficiently and clearly. Waterman says: "Along with an intranet, campaign posters and daily or weekly huddles, we have benefits champions in every location to communicate with staff about the schemes."

Both employee campaigns were launched following an employee engagement survey two years ago and benefit focus groups. So far, the organisation has noticed an improvement in staff motivation, which will be reviewed with any future engagement activities EB

Karen Waterman
is UK reward and HR systems manager at World Duty Free Group

@ Read also *Marks & Spencer takes a mixed approach to staff motivation* at *bit.ly/1Ftn2qp*


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UNCOVERING TOTAL REWARD

Employers need to define and then explain what total reward means for staff, says **Marianne Calnan**

Total reward may seem like one of those 'management-speak' specials, a term that everyone bandies around but that means different things to different people. While some question what it really involves, for others it comprises a clearly defined approach to employee benefits. So what does it really entail?

Total reward brings all elements of an employer's package, such as pay, healthcare and pensions, as well as non-cash benefits such as training and development, under one umbrella. It includes the working environment itself and how employees feel working for their organisation.

In comparison, an employee value proposition (EVP) comprises the benefits and reward employers offer staff in addition to, and often as part of, their employment contract.

Because total reward consists of many components, it may cause confusion. Anouk Agussol, head of people at Holiday Extras, believes how total reward is defined depends on the organisation. "Traditionally, total reward is the contractual benefits of salary, bonus, cars, private medical insurance, pensions and leave entitlement," she says. "It includes how it feels to work; the pride [staff] have in their performance; the happiness they feel when they walk through the door and the joy they share with colleagues."

IF YOU READ NOTHING ELSE, READ THIS...

- **Total reward includes all elements of financial compensation and all benefits, such as healthcare and pensions, as well as the working environment and staff training and development.**
- **An understanding of everything they get for working for an organisation can boost staff engagement and motivation.**
- **Better communication and total reward statements can improve employees' understanding of total reward.**

Employers should ensure staff are aware what total reward consists of, because it influences loyalty and engagement. Research published by MetLife Employee Benefits in November 2014 shows 35% of almost 1,000 workers surveyed stated that their benefits increased their loyalty to their employer.

Create a clear definition

To ensure staff are aware what total reward is, an employer must first set a clear definition for itself. Elliot Silk, head of employee benefits at Sanlam UK, says: "There's a lack of understanding around total reward, and it's mainly because employers have difficulty quantifying and explaining it."

Some 65% of UK employers believe their employees' understanding of workplace benefits is low or very low, according to Aon Employee Benefits' *2015 EMEA Employee benefits communication survey*, published in February 2015. Employers need to communicate a clear definition of what total reward means for their organisation.

Neil Goodwin, reward manager at property services firm Countrywide, says: "Many of the challenges around total reward relate to it being so broad, covering areas from working conditions to development opportunities."

Xavier Baeten, professor of management practice at Vlerick Business School in Belgium, adds: "Communication about reward is often too technical. Employers and employees may not know what total reward means because academics have waited too long to help them identify what it is about."

Communication is important to boost understanding. Martha How, partner, reward and benefits, at Aon Consulting, says:

"Educational seminars reinforce what staff are entitled to. When carried out well, total reward leads to engaged and empowered staff."

Employees need a clear understanding of how their job will reward them. Julian Foster, managing director of Computershare Salary Extras, says: "One of the most decisive influences on how employees feel is how their benefits are communicated. Organisations should also consider total engagement; a two-way, in-depth conversation with employees about what's on offer to them."

A total reward statement (TRS) gives staff an understanding of their benefits package, but some 58% of employers do not offer TRS and just 9% plan to, according to Aon's *Benefits and trends survey*, published in November 2014. "Total reward statements can really engage staff with their benefits because they collate all the information in one place," says How. "If employers use one [online benefits] portal for all reward and benefits, it helps staff understand what total reward is."

Technology plays an increasing part in helping staff and employers understand total reward. Silk says: "There is better use of technology now, but the power of speech, real-time information about employees on payroll systems and employee appraisals is fantastic for informing staff what they are earning from their benefits."

A total reward approach is also important for recruitment and retention. Agussol says: "I think more employers will advertise vacancies describing what it's really like to work for them.

> "There's a lack of understanding around total reward, because employers have difficulty quantifying it"
> Elliot Silk, Sanlam UK

"Total reward should be a substantial uplift on basic salaries to really motivate staff. There's very little point promoting benefits only worth a couple of hundred pounds; they should add about 5% to salaries," says Silk.

Taking a total reward approach to communicating benefits results in employees increasing their engagement with the organisation as well as take-up of schemes EB

CASE STUDY **CARLSBERG**

A refreshing approach to total reward

Nick Court, reward manager at Carlsberg, believes that actively meeting staff makes benefits professionals understand what employees want and need in terms of total reward.

He says: "Total reward is more than just pay; it is a combination of pay, benefits, culture, learning and development."

Total reward at Carlsberg includes: retail discounts, defined contribution (DC) pensions, a monthly Carlsberg product allowance, a company car scheme, holiday trading, discounted gym memberships, childcare vouchers, a bikes-for-work scheme, discounts at some partner hotels and a physiotherapy scheme.

"Explaining what benefits staff have in person is much more effective [than other forms of communication]," he says. "Total reward is not just pay and reward; it's also the workplace's culture and the look and feel of everything."

Carlsberg, which employs more than 40,000 staff globally, issues annual total reward statements (TRS) to show what employees are entitled to.

Court believes the best way to inform staff about total reward is through a range of methods, including face to face, direct emails, text messages, TV screens, a quarterly magazine and weekly articles on email, the intranet and posters.

He says: "Since we relaunched our flexible benefits package online in April 2015, everything is in once place and easier for employees to understand."

Viewpoint

Peter Reilly
is director, HR research and consultancy at the Institute for Employment Studies

Employers should look beyond the obvious

Total reward goes back a long way to when Adam Smith first referred to it in the 18th century. Its more recent popularity comes from use by management consultants seeking a new way of engaging practitioners in how to motivate employees.

The key point of total reward is to look beyond the obvious extrinsic benefits of salary and bonus, and to the intrinsic motivators of job satisfaction and pride in the organisation. The point is to give a more rounded, more complex picture of what attracts, retains, motivates and demotivates staff.

Think of total reward in terms of the model the Institute for Employment Studies (IES) uses, adapted from US consultancy Schuster and Zingheim, which outlines that an attractive organisation has a good vision and values to create a positive brand. What attracts staff is not necessarily the same as what helps retain, and motivation and especially demotivation factors may also differ.

A word of caution, though: many people use the term total reward to just describe total reward statements (TRS). Although these are useful, TRS fail to capture well, if at all, those intrinsic aspects that at times are the essential connection between employees and their employer.

Marianne Calnan
is a reporter at *Employee Benefits*
@Mazsays

@ Read also ***Anatomy of a present-day employee value proposition*** at *bit.ly/1voyd96*

Financial education plays key role in engagement

Supplied by: Secondsight

A financial education programme should give employees the knowledge, skills and tools to make their own financial decisions, says **Darren Laverty**

A financial education programme can be key to engaging employees; according to the *Secondsight Whitepaper,* published in October 2014, and 73% of employees felt more positive about their employer when they received the benefit.

A growing number of organisations are engaging with their staff by providing a workplace financial education programme. But for a scheme to be a success, it should include brilliant design and delivery.

But financial education is not about providing employees with financial advice, although it may ultimately lead to this. It's about giving them the knowledge, skills and tools to make their own financial decisions.

Ensuring success

If an organisation is looking at putting a financial education plan in place through engaging presentations and focused workshops, there are a number of simple strategies that will ensure the programme is a success.

Firstly, it should use professional communicators to promote the programme internally. The success of the scheme hinges on getting employees to turn up to presentations in the first place; an employer must take control of its communications in order to get it right first time.

It could utilise the skills of its marketing department, if it has one. If not, it should call in professional communicators.

KEY POINTS

- Use professional communicators
- Face-to-face communications are the most effective methods
- Make programmes relevant
- Make them conversational
- Gather staff feedback

Face to face

Next, it is important to educate staff face to face. Far too many employers post information on their intranet and believe they are providing their employees with financial education. And, if it's only in the written word, through flyers, leaflets or online, employees may not think the information applies to them.

A good teacher can bring any subject to life, so programmes should be delivered using 'real' people and, where possible, face to face to ensure they can respond to the atmosphere in the room and answer any questions raised. If it is not possible to get employees in a room together, technology can help, but the aim should be to be carry it out live.

A financial education programme must be relevant. It's best not to make assumptions about what employees want. Employers can encourage them to choose what financial planning areas they want to know more about.

Running an entertaining main presentation that includes the main points and wide-ranging content will build awareness and offer a new perspective and insights into popular topics.

The detail can then be covered at in-depth, follow-on workshops. Importantly, employees should have the option of which workshops to attend.

A programme should be as close to a one-to-one experience as possible. Limiting the numbers of employees in workshops can do this; create a relaxed and personal atmosphere and get employees involved.

Fast feedback

Finally, it's important to gather fast and frank feedback. It should be easy for employees to provide feedback through a tick-box or rating-style feedback form that is quick to fill in.

The form should also provide room for comments as well as welcoming criticism. Employees should try and complete feedback as soon as possible. But most importantly, employers need to be ready to adapt, so that the material is always relevant.

Darren Laverty
is director of sales and marketing at Foster Denovo, parent company of Secondsight

BUILDING RESERVES

Employers must engage employees with financial education tools to ensure they are well prepared for the future, says **Marianne Calnan**

Financial education is integral to employees' understanding of the importance of saving and managing their money.

However, 52% of employers do not provide financial education, according to a study by employee benefits adviser Secondsight, published in October 2014.

But this number has increased, says Jeremy Beament, director at Nudge. "The amount of organisations considering or actively implementing financial education has doubled from 2014 to 2015, and auto-enrolment has boosted engagement around finances," he says.

In addition, only 6% of employees are on track for the retirement income they want, according to the *Aegon UK Readiness report*, published in November 2014.

Darren Philp, director of policy and market engagement at The People's Pension, says: "With employees having more pension freedoms since April, it has never been more important to engage with savings."

1. Emphasise importance of financial planning

One of the first things employers must consider when engaging employees with financial education tools is why they want their workforce to be interested in these. Jo Thresher, head of money at work at Jelf Employee Benefits, explains that employers need to get staff interested in the benefits offered, then use tools available to maintain interest. "One of the worst things for an employer is to have an older member of staff they do not need, who they are unable to legally dismiss," she says. "But if workers do not save adequately for retirement, this may be the situation for many employers and staff."

If a workplace has an intranet highlighting employee benefits, including financial education tools, employers need to show their workforce why they should log in, says Thresher.

Philp adds: "A pensions register, an online hub where employees can see their pension savings, has huge potential to drive engagement and give staff control over their savings."

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Employers should highlight the importance of financial planning.**
- **Financial education can predict an employee's future financial needs.**
- **Financial education can help to improve employee wellbeing.**

2. Tailored communications

One way of engaging staff with their savings is to use financial education to predict how an employee might manage their money. This involves an employer predicting the topics for seminars or discussions that might be most ideal for its employees.

Beament says: "Workforce planning reflects that so many of us are looking to the future. Planning ahead is valuable, but staff tend to bury their heads in the sand and have as little as one to three months' emergency funds should they have to stop working."

Employers need to tailor both the communications highlighting the availability of financial education and the way the education is delivered in order to fit employees' requirements. "A key challenge is getting staff to turn up for seminars," says Beament. "Education needs to be brought to staff, rather than expecting them to find it."

3. Keep messages simple

Philp believes that the key to engaging staff is simplicity. "It is important to stick to simplistic language everyone understands," he says.

Too much information can lead to disengaged employees. Howard Gannaway, senior associate at the National Institute of Adult Continuing Education, says: "Employees' financial lives are getting more complicated rather than less so. There are so many tools; it can be overwhelming."

4. Improve employee wellbeing

Engaging staff with their financial needs can affect emotional wellbeing, so providing financial education alongside wellbeing initiatives can help to combat stress. As Beament says: "Financial education should be slotted in with health and wellbeing benefits, because it makes employees less stressed and more productive." EB

Marianne Calnan is a reporter at *Employee Benefits* **@Mazsays**

@ Read also ***What does an effective financial education strategy look like?*** at *bit.ly/1lxObcB*

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EXCELLENT SERVICE

McDonald's Restaurants has increased productivity by placing motivation and benefits at the heart of its business strategy, says **Robert Crawford**

McDonald's Restaurants is one employer that has successfully implemented schemes to make its employees feel motivated and engaged, not only with the organisation but also with its reward and benefits provision.

The organisation has boosted performance and productivity by ensuring all of its reward programmes are aligned to its business strategy. The employer was recognised for its approach in 2012, when it won an Employee Benefits Award for best alignment of benefits to the business strategy, and in the years since it has ensured it has never lost this focus.

Neal Blackshire, reward manager at McDonald's and winner of the Employee Benefits Professional of the Year Award 2014, believes there is no point having a reward strategy that is at odds with the business. "If the business strategy goes in one direction and reward in another, then it is a waste of time, money and effort," he says. "We have made sure that reward is never out of alignment. If it was, it would need changing and we have not made significant changes for a good number of years now, but it is more of an evolution process."

The organisation's business transformation was facilitated by focusing staff towards five principles of engagement, called the 'five vital ingredients to great customer experience', to which its recognition strategy is aligned.

MCDONALD'S AT A GLANCE

McDonald's Restaurants has around 36,000 restaurants serving approximately 69 million people in more than 100 countries each day.

Some 1.9 million people work for the organisation around the globe. In the UK, it employs more than 100,000 staff, including franchises.

In the UK it has 1,200 restaurants, of which two-thirds are franchised and 400 are company owned. McDonald's has an age profile of employees under the age of 25, with an equal gender balance.

Blackshire explains that the organisation introduced these five key values in 2014 to ensure that it embedded a hospitality culture in its restaurants after identifying that its previous '10 commandments' were out of date.

One project that saw real improvements for the business was the Road to Rio initiative in 2014, which incentivised the top 5% of restaurants based on customer satisfaction ratings in February, March and April 2014. Employees from these restaurants had the chance to win a trip to the World Cup in Brazil.

McDonald's used its sponsorship of the competition to its advantage, sending 11 winning members of staff to Brazil. More importantly, it helped to boost the speed of service while also delivering great customer experience.

"The mechanic was simple," says Blackshire. "At the end of the three-month project, there was recognition in 213 restaurants, and during the time it was running the total experience time in restaurants improved by 6.1 seconds over the previous year and the customer satisfaction opportunity score decreased to 16.7%.

"This meant, although a small improvement, we served an extra 24,000 customers every day. This was a marked improvement and it helped create a real buzz in the workplace."

Motivation on the menu

Motivation is key within the organisation. McDonald's also incentivises and supports desired behaviours through two bonus schemes for its 400 company-owned restaurants.

Each month, all employees in the top 10% of restaurants, based on mystery shopper scores, receive a bonus of 50p for each hour they have worked in a two-week period.

In addition, restaurant managers are eligible for a quarterly bonus based on three equally weighted measures: mystery shopper scores, sales growth and profitability. These strategies are aligned to business objectives and have been key in helping the organisation secure

BUSINESS OBJECTIVES IMPACTING BENEFITS

- Keeping benefits aligned to the business strategy effectively
- New restaurant conversions and the impact on its people

36 consecutive quarters of comparable sales growth with a 4% sales increase for 2014.

"Everything since 2012 has been an evolution," says Blackshire. "Engagement scores have improved and other metrics have increased. What we are doing resonates with the business and is succeeding without the need for big change.

"The sales growth has been achieved by really staying close to the customer, being relevant to needs and looking after our people through the benefits we offer. Our job is to ensure that McDonald's is best placed for our staff to be motivated and engaged."

Its benefits structure helps to achieve this. Although the organisation offers a flexible benefits scheme, it does not operate a fixed annual enrolment window. For example, at any time an employee can choose to add or remove a dependent to their healthcare benefits plan.

The organisation allows its employees to choose the benefits that suit them and has a wide-ranging package to suit the needs of the different age ranges it supports. Its voluntary benefits package, provided by Reward Gateway, has been one of its most successful schemes, with employees having spent more than £37m through the site, resulting in savings of £2.15m, since it launched in 2010.

"McDonald's is such a dynamic working environment. Employees would not be able to make a decision in a two-week annual window for the rest of the year," Blackshire says. "It is not flex in the traditional sense but allows them to pick and choose what they want to make use of."

This reward structure makes communications even more important. Total reward statements and the 'Ourlounge' employee portal have helped to boost benefits take-up. As a result, staff satisfaction with benefits has improved in 2015, with 74% being satisfied with these.

McDonald's has been shortlisted for 'Best total reward statements' and 'Most motivational benefits' at the Employee Benefits Awards 2015 EB

THE BENEFITS

Pension

> Defined contribution scheme for all salaried employees. Staff can contribute a minimum of 3% and receive matching employer contributions on a 1:1, 1.5:1 or 2:1 ratio depending on age and length of service, to a maximum employer contribution of 10%. Salaried employees who do not wish to contribute 3% will receive the minimum contribution levels set under auto-enrolment

> The National Employment Savings Trust (Nest) for all auto-enrolled hourly paid employees, with contributions set at the minimum level required under auto-enrolment

Healthcare and wellbeing

> Private medical insurance for all hourly paid employees after three years' service and salaried staff after six months' service

> Dental care

> Eyecare vouchers

> Dedicated wellbeing section on employee portal, *ourlounge.co.uk*

Group risk

> Income protection (for salaried members of the pension scheme, excluding those auto-enrolled)

> Personal accident insurance

> Life assurance

Staff travel

> Company cars: available for restaurant managers and staff of equivalent grades, as well as employees in senior positions

> Bikes for work

Family-friendly benefits

> Enhanced maternity and paternity policies for salaried employees

> Childcare vouchers via salary sacrifice

> Flexible-working patterns

> Job sharing

> Paid eight-week sabbatical after 10 years' service for salaried employees

Recognition schemes

> A range of schemes including employee of the month, employee of the year and long-service awards

Holiday

> 28 days including public holidays for hourly paid employees

> 30 days including public holidays for salaried employees

CAREER HISTORY

Neal Blackshire has worked his way up within McDonald's Restaurants, having been with the organisation for more than 32 years. Blackshire studied accounting and finance at Kingston University. After starting his career in the organisation's restaurants, he has been reward manager at McDonald's since 2000.

In 2014, Blackshire's peers voted him as the Employee Benefits Professional of the Year at the Employee Benefits Awards. He cites this as one of his proudest career achievements, along with winning one of McDonald's recognition awards in 2013 for his work on pensions auto-enrolment.

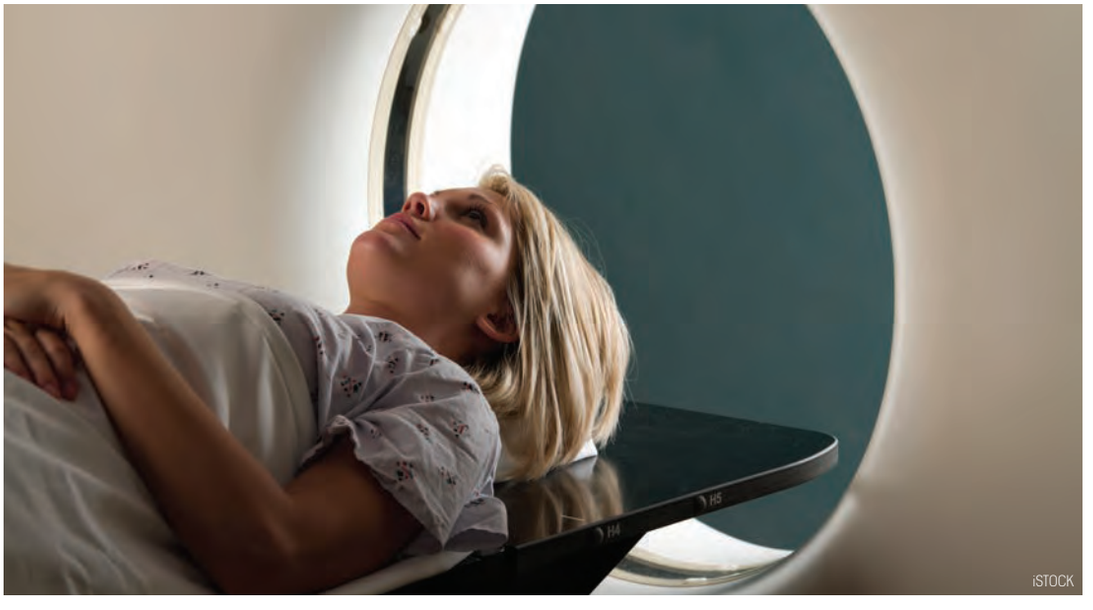
Robert Crawford is a reporter at *Employee Benefits*
@RCrawford_EB

@ **Read also *McDonald's improves employee benefits in the US* at** *bit.ly/19LUJEY*

PRODUCT FILE

HEALTH SCREENING

Identifying health risks can lead to improved productivity and employee engagement, says **Tynan Barton**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Health screening can be an integral part of an employer's health and wellbeing strategy.

Health screening comprises a range of assessments and tests that can help identify health risks at an early stage. They can help to keep a workforce fit and healthy by allowing employers and employees to take steps to reduce any health problems that are identified.

Identifying health risks or issues can enable employees to seek help at an early stage. Early intervention will bring benefits to a business, because a healthy workforce will result in improved productivity and engagement, while also helping to reduce private medical insurance claims and minimise staff absences.

Screenings typically include measuring blood pressure, height, weight and body fat levels, as well as lung function, cholesterol, diabetes and metabolic rate testing. More detailed tests will take full blood samples, which are then sent to a lab, and can include around 35 tests, such as kidney function and liver function.

Although the results of a health screening are confidential, general anonymised feedback can enable employers to shape health initiatives. For example, if health screening reveals that a high number of employees have poor diets, an employer could introduce a healthy-eating campaign.

The cost of screening depends on how comprehensive it is. Some providers offer assessments starting at £25 per employee, but these tend to cover only basic checks, such as blood pressure and cholesterol.

A comprehensive assessment, which includes more in-depth tests, such as a prostate check for men over 50 and a cervical smear for women, can cost between £200 and £500. Top-of-the-range screenings can cost £600 upwards.

Health screening also has tax advantages. If employees receive no more than one screening a year, it is not classed as a benefit in kind and there is no tax or national insurance liability.

Advancements in technology have seen more providers linking an online assessment tool with an onsite health check. The online assessment will be completed prior to the health check, meaning the provider will already have the employee's lifestyle data, so will have more time during the check to discuss issues in more detail EB

STATISTICS

18% of employers introduced health screening as a new benefit in the 12 months to March 2014.

35% of employers offer health screening as voluntary benefit, while 27% offer it as a flexible benefit.

14% of employers offer all staff health screening as a core benefit, while 38% offer it to some staff.

(Source: Employee Benefits' The benefits research, published in May 2014)

The facts

What is health screening?
Corporate health screening is a range of assessments that can help identify health risks. This can help to safeguard employees' health by identifying issues that may benefit from early intervention.

Where can employers get more information?
Information on tests that are recommended for employees at different ages can be found on the NHS website at: *www.screening.nhs.uk/screeninginfo*. A list of health screening suppliers can be found on the Employee Benefits website at: *bit.ly/1mzdOwg*.

Who are the main providers?
Axa PPP Healthcare, Benenden, Blossoms Healthcare, Bluecrest Health Screening, BMI Healthcare, Bupa, Business and Health Consultancy, Cigna, Co-Health, Corazon Health, CS Healthcare, Healthy Performance, Health Shield, iHealth, Lifescan, Medicash, Medichecks, New Leaf Health, Nuffield Health, Prescan, Preventicum, Randox Health, Relaxa, Screenetics, ToHealth, VitalityHealth UK, Wellbeing People and Westfield Health.

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PRODUCT FILE

CHILDCARE VOUCHERS

The childcare voucher industry is currently facing unprecedented change, says **Tynan Barton**

Childcare vouchers are a popular benefit because they give working parents the flexibility of choosing their own childcare provider, while offering tax and national insurance (NI) breaks on the cost.

Childcare vouchers were first introduced in the 1980s and originally only carried an NI exemption. The current tax exemption was introduced in 2005, then in 2011 the scheme went through a further change when the amount of vouchers that higher-rate tax payers could claim was capped to offer the same tax exemption.

Working parents are able to buy, usually through a salary sacrifice arrangement offered by their employer, up to £243 worth of vouchers each month tax and NI free. Salary sacrifice enables the employee to pay for the vouchers out of their gross salary.

The vouchers can be used to pay an Ofsted-registered childcarer, or the equivalent in Scotland and Wales. Higher-rate tax payers are entitled to £124 a month, and additional-rate taxpayers are entitled to £110 a month.

The scheme is attractive to organisations as well as being beneficial to working parents, because the vouchers are free from employers' NI contributions, up to 13.8%.

A scheme must meet certain criteria to gain the tax and NI exemptions: it must be offered to all employees within an organisation, except for those whose salary would fall below minimum wage as a result of salary sacrifice; the vouchers must only be used to pay for registered childcare for children up to age 15; and, since 2011, an employer must carry out a basic earnings assessment for each employee who joins the scheme.

Major change

The market is currently facing major change: from autumn 2015, when a new tax-free childcare scheme will be introduced, replacing the voucher scheme for all new entrants.

Employees that are currently in a voucher scheme can stay in it for as long as their employer continues to offer it, or for as long as they stay at that organisation, but after the new scheme takes effect no working parents can join a voucher scheme.

When the new scheme was first announced in the 2013 Budget, Chancellor George Osborne initially said it would be worth up to £1,200 per child per year. However, the limit has now been increased to £2,000 per child per year.

The scheme will be available for up to £10,000 of childcare costs per ➤

STATISTICS

78% of employers offer childcare vouchers through a voluntary benefits scheme

25% of employers offer childcare vouchers through a flexible benefits scheme

(Source: Employee Benefits, The benefits research, published May 2014)

The facts

What are childcare vouchers?
This is a government-backed scheme to help working parents afford quality childcare. Depending on their income, parents can receive vouchers worth up to £243 a month from their employer, free of tax and national insurance (NI) contributions. Vouchers can be used for regulated providers such as nurseries, play groups, nanny services, childminders and au pairs, and are valid up to the September following a child's 15th birthday or, if the child is disabled, their 16th birthday. From autumn 2015, childcare vouchers will be replaced by the government's new tax-free childcare scheme.

What are the origins of childcare vouchers?
Childcare vouchers were first provided in the late 1980s by some large UK employers. The tax exemption in its current guise began in April 2005.

Where can employers get more information?
From the Childcare Voucher Providers Association at *www.cvpa.org* and the Daycare Trust at *www.daycaretrust.org.uk*. Information about the government's new scheme can be found at *www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know*.

PRODUCT FILE

child per year, with no limit on the number of children for whom a parent can claim. So a parent claiming the full £10,000 will pay £8,000, with the government paying a subsidy of £2,000.

New online tax-free childcare accounts will be run by HM Revenue and Customs (HMRC) in partnership with National Savings and Investments (NS&I). Vouchers will be available to be bought online, and can only be used to pay for Ofsted-regulated childcare.

Employers will no longer have to provide staff with childcare vouchers, but the tax exemption for workplace nurseries will remain.

The new tax-free childcare scheme is designed to support childcare for under-12s, with eligibility ending in the first week of September following the child's 11th birthday, unless the child is disabled, in which case they will qualify up to the age of 17.

This age limit will be phased in over the first year. When the scheme is launched, only under-fives will qualify, but by the end of the year it will apply to all under-12s.

The scheme will also be available to parents on paid sick leave, on paid or unpaid statutory maternity leave and on paternity or adoption leave.

Raising the cap

When the new scheme was first announced, with a £6,000 cap on costs, working couples with one child would have been worse off. But by raising the cap to £10,000, the government has ensured some parents can claim more.

According to government figures, a working couple with one child will be £134 a year better off if they spend the maximum £10,000, while a working couple with three children will be £5,375 better off. A single parent with two children will be able to claim £3,067 more a year.

However, a working couple with one child paying about £5,000 a year for childcare will be worse off under the new regime because they can only claim 20% of their costs, or £1,000 a year. Those with two children, spending £5,000 on each, will be better off.

One of the more controversial aspects of the scheme is that higher-rate taxpayers, including parents earning up to £150,000 will qualify for the same amount of government help as lower earners. This means that government-subsidised childcare will be available for couples with a joint income of up to £299,999.98.

The new arrangement will not provide any NI savings, currently worth up to 12% for basic-rate taxpayers and up to 13.8% for employers. This will amount to a significant loss for some employers, which could affect the amount they spend on other benefits. Local authorities and NHS trusts are among the employers that could be worst hit.

Since the changes were announced, providers have been urging employers to communicate the changes to staff to ensure that they are fully aware of the choices available to them, and if they are not in a voucher scheme before the changes take effect, that they are made aware they will not be able to join past a certain date EB

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STATISTICS

82% **of employers will continue to provide childcare vouchers after the introduction of the new tax-free childcare scheme.** *(Source: Jelf Employee Benefits, published August 2014)*

39% **of female employees have failed to find information about their employer's maternity benefits.** *(Source: Glassdoor, published November 2014)*

The facts

What are the legal implications?
All childcare providers and facilities must be government approved and HM Revenue and Customs (HMRC) must be notified of schemes. If vouchers are offered through salary sacrifice arrangements, employees' contracts must be amended. Employers must continue to provide vouchers to employees on maternity or adoption leave.

What costs are involved?
Costs to set up a scheme will vary depending on the size of the employer and the provider, which will normally charge a fee to administer a scheme. Some providers have fixed charges regardless of staff take-up rates.

What are the tax issues?
Vouchers provided in accordance with HMRC guidelines are free of tax and NI up to the permitted limit of £243 a month for basic-rate taxpayers. Employers must carry out an earnings-based assessment to make sure the employee falls within that banding. Low-paid workers and those receiving working tax credits may not be eligible for childcare vouchers.

What is the annual spend on childcare vouchers?
Figures are collated by HMRC on a voluntary and unverified basis, so exact statistics are not available.

Who are the main providers?
More than 40 organisations provide childcare vouchers, including Allsave, Busy Bees Benefits, Computershare Voucher Services, Edenred, Faircare, Fideliti, Grass Roots, Kiddivouchers, Kids Unlimited, My Family Care, P&MM and Sodexo Motivation Solutions.

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Beyond recognition

Candid gets fed up with the organisation's new senior director of procurement, who is interfering in the HR department

We have just hired a new senior director of procurement, and this guy, Greg, is making his presence felt already.

He is not, as we had intended, getting stuck into our purchasing budget. Bizarrely he is shaking things up in HR instead.

I've come to realise that all Higher Beings think that HR is a waste of space, and let's face it: they may have a point. Consider my colleague Lazy Susan for a moment. In fact, you could consider her all day and the answer would be the same.

However, Greg goes beyond just thinking HR is useless; he wants to do it himself. Every now and then, an executive manager turns out to be a frustrated HR manager in this way. Greg started on an HR tack from the first day: he didn't ask to see the new supplier agreements; he asked to see his team's employment contracts. Geez.

He has only been here two days and now he wants to revise the recognition programme among other things. I wouldn't mind, but after much soul searching and management pondering, we have only just re-launched the wretched thing. We even had a campaign with posters, emails and leaflets. We've trained managers and presented to Higher Beings (who don't attend anything with the word 'training' in it). I can hardly make changes now.

Worse, Greg has some funky ideas on prizes to offer. In particular, he wants to give out unlimited holidays. Yes, you read that right: unlimited. He wants to build the kind of culture where people come into work because they love their job, and where they would come no matter how many holidays they have. I understand where he is coming from. Greg has come from one of the original dot.coms, somewhere that prides itself on creative, happy staff.

We, on the other hand, are one of the original bureaucracies, and we pride ourselves on focused, uptight staff. His last organisation provided on-site massage and comedians to cheer everyone up. We provide on-site showers and a dry-cleaning collection service so you can stay longer at work.

It is true people here don't always take all their holiday, but it is not because they love their job so much. It is because their manager creates so much work they dare not leave their desk for fear they won't find it when they get back. I just don't think unlimited holidays are feasible here. People such as Lazy Susan and the boys in IT would never be seen again. The rest of the employees would just treat the offer with suspicion.

Knowing the Higher Beings as I do, I am sure anyone who took noticeable amounts of holiday would probably simply end up on the next redundancy list no matter how refreshed and creative they became as a result of being away.

> **"I've realised that all Higher Beings think that HR is a waste of space, and let's face it: they may have a point**

Greg also doesn't like the fact we give out vouchers as awards. Well, I don't like the fact we give out vouchers, but Big Bad Boss was taken to lunch by the voucher supplier, so that was that. What's more, we have signed an agreement and printed its logo on all the materials, so we are stuck with it.

Instead, Greg wants to give out iPads like Smarties, for anyone who smiles at work. I am sure that would be very nice, but the minuscule award budget doesn't run to that. Besides, you will have to search hard in finance to find anyone smiling. The old dear who processes expenses gets quite jolly when someone makes a mistake on their form, but otherwise it is like a morgue in there.

If messing about with the recognition programme wasn't enough, Greg also wants to review the bonus scheme. At his last organisation, they had the opportunity to earn two-times salary as a bonus. Well, really, I feel like telling him, in my last company we were all given gold-plated Ferraris. You may have gathered I am getting a bit sick of hearing about things at Greg's last employer. If I were his manager, I could tell him if it was so great he should go back there then.

It is also embarrassing to have to keep saying no to his ideas. I want to come across as a creative and happy employee like those at his last organisation, but I am the product of a staid and miserable environment.

To show willing, I agree to look at the bonus targets of his team. It is an easy enough thing to offer, because I have looked at them quite recently and I have all the data to hand.

Unsurprisingly, the data shows our bonus targets are broadly in line with market median. Greg goes quite red in the face at that. He wants to know why the hell we are targeting the median when we should be leading the market. Because it is our reward strategy. I am not getting in a debate about that, so I let it be known that the Higher Beings signed off on the strategy we are working to.

It is not long before I see Greg barge into Big Bad Boss's office and shut the door. Oh no, I hope he doesn't complain that I have been unhelpful. I really did do what I could for him. Greg comes out even redder and disappears upstairs to bend the ear of the rest of the executive management team no doubt. I wonder how he has any time to look at the many issues in procurement.

A week later, Greg has left the organisation. The reason is not given, but my guess is his boss called his bluff on how great things were at his old employer. I can't say I am sorry.

Next time... *Candid's team is put at risk.*

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