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employee benefits

ALIGNING REWARD WITH BUSINESS STRATEGY

THE ART OF SEDUCTION

How benefits packages can attract top talent and inspire loyalty

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3 THINGS YOU DIDN'T KNOW ABOUT HUMPHREY IN LEGAL:

1) HIS CHILDHOOD DREAM WAS TO BE AN ANTIQUES DEALER
2) HE HAS A BLACK BELT IN KARATE THAT HE IS TOO SHY TO BRAG ABOUT
3) HE'D REALLY LIKE CORPORATE EYECARE BENEFITS

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

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

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

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

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

Specsavers®

Source: Research carried out among 270 companies Jan 2011.

IN THIS ISSUE

Exclusive research

Report: Group risk

LEADER

The millennials are coming

We have been talking about the impact of the millennial generation on the workplace for many years. Now we are reaching a point where there are so many in the workplace that the changes are actually starting to happen. But for the millennials, or Generation Y if you prefer, they probably feel they have stepped back in time when they come into the workplace.

For example, the technology we use at work often falls behind that used by people at home, while the ability to upgrade, as you would with a mobile phone, is restricted by job grade.

And even if you can make your own choices via a flexible benefits package, the chances are you have to wait until the flex window is open – perhaps only a few times a year or even (horror!) once a year.

This daily expectation of flexibility extends beyond the benefits package. Flexible working (both in time and location) is highly appealing – and, it is said, worth more than a higher salary to twenty-somethings. I believe that time and technology will continue to change the way we work (it will change some of our jobs completely – making some redundant while new ones evolve), and we are simply on the beginning of that journey.

The daily expectation of flexibility extends beyond the benefits package

Mobile technology will also change how we recruit talent. At Employee Benefits Live this year we heard how Danish business conglomerate, Maersk uses Facebook to recruit specialist talent in difficult locations. And the rise of the likes of Glassdoor (that rates employers based on what it is like to work there and how good their benefits packages are) cannot be ignored.

As the economy picks up and organisations' need to attract talent outstrips their pay budgets, the pressure is on HR and benefits teams to be even cleverer in how they up their game on their employee value proposition (including benefits).The good news is that for many organisations they do have an EVP. The bad news is they have not overtly stated it and championed it to current and potential staff.

With a bit of time and effort, this can be done and communicated via the company intranet, website (does yours say what it is like to work at your organisation? Or list your benefits?), Facebook and LinkedIn. These are all free and powerful tools.

Debi O'Donovan, *Editor*
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INTERNATIONAL

Employers must act on Ebola

Robert Crawford

The outbreak of Ebola in West Africa is a sobering reminder to employers of the need to have a crisis management plan in place for expatriate employees working in affected areas.

The latest figures from the World Health Organisation (WHO), at the time of writing, put the current death toll at 4,900. The outbreak also continues to hit health workers. So far, 443 healthcare workers have been infected with Ebola, of which 244 have died.

Only Nigeria and Senegal have been declared to be 'Ebola-free'.

According to consultancy ECA International's *Pandemic spot survey*, published in August, 50% of organisations surveyed have no policy in place for dealing with a pandemic such as Ebola.

Where employers have put policies in place, the two most common measures are the provision of a safe working environment, and a continuity plan should people no longer be able to travel to work.

Andrew Shaw, managing director at ECA International, says: "Recently, we have heard of [employer] clients providing information sessions, making assignments unaccompanied or asking expats to stay onsite, away from their families."

Clayton Shoup, workers' compensation line business director at Zurich, says: "Employers should seriously consider postponing any business-related travel to the areas of Western Africa where the Ebola outbreak is occurring. Employees who have travelled to West Africa should monitor themselves for symptoms for 21 days. Information about the threat of Ebola should be communicated to all staff."

The Foreign Office has also advised against all but essential travel to Guinea, Liberia and Sierra Leone because of the outbreak of the Ebola virus.

Dr Isabelle Nuttall, director at WHO, says: "It will take months before the Ebola outbreak is stopped. In the meantime, we need to make sure it doesn't spread in to other countries."

Considerations include how to deal with the expat's family, knowing who to contact and how to reach people based outside of their home country, as well as defining how much more care, if any, is reasonable to give expatriates than to locally employed staff.

ECA's Shaw says: "Originations need to think through when, or indeed whether, they will treat their expatriates differently from locally employed staff in different kinds of scenarios.

"Global mobility teams need to ensure that these are also addressed within any crisis policy so that everyone is prepared and responsibilities are clear."

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

LOVEWELL'S LOGIC

Follow Debbie Lovewell-Tuck on Twitter: @DebbieLovewell

Employers cannot ignore the threat of Ebola

Debbie Lovewell-Tuck

HR and global mobility professionals cannot ignore the issue and potentially fatal impact of Ebola on their workforces as the deadly virus continues to spread across the globe. As new cases are reported in the western world, particularly among hospital workers and healthcare professionals, employers must consider how far their duty of care for their staff extends.

Repatriating employees from the worst-affected regions may be a priority, but employers must first consider what they will do with these individuals in the short term due to the 21-day incubation period. It is vital that employers check the terms of the international private medical insurance cover in place for expatriates.

Key issues for employers to consider are whether their policy covers the evacuation and repatriation of expats and, crucially, which medical treatments are covered should the worst happen and an employee is diagnosed with the disease.

Employers should also consider support for employees in the event of a colleague's death as a result of the disease. Providing access to some form of counselling, and promoting the benefit's availability to staff may be a consideration.

These are not easy challenges for employers to tackle, but the issue requires their immediate attention and, if necessary, action to help protect their workforce.

SHUTTERSTOCK

TOP 14 MOST VISITED STORIES ON THE WEB

1. Employee Benefits Live 2014 speaker slides *bit.ly/1yCaIk1*
2. Court rules employers are liable for lost pension rights *bit.ly/1vPRML4*
3. Members to be able to take multiple tax-free lump sums from pensions *bit.ly/1tZH2VZ*
4. Nestle employee liable for tax on payment in lieu of benefit *bit.ly/ZLuObL*
5. Rolls-Royce switches healthcare trust provider *bit.ly/1vLRQLG*
6. Total reward is dead *bit.ly/1v4o2Ye*
7. Travis Perkins Group strengthens EVP *bit.ly/1pbtTaQ*
8. Why new flexible retirement options should lead to a revamp of HR and benefits strategies *bit.ly/1p8NNDo*
9. How to integrate voluntary benefits into a reward strategy *bit.ly/1pfJV3J*
10. What are the new flexible retirement options? *bit.ly/1udyOxi*
11. Home Group to re-launch benefits package *bit.ly/1vMdWOG*
12. Ending of colleague's contract not maternity discrimination *bit.ly/ZDtGXC*
13. Government confirms action to cap pension charges at 0.75% *bit.ly/1zj2QEr*
14. Wells Fargo employee demands pay rise via email *bit.ly/1z4laAb*

Ranked by number of page impressions between 8 September to 24 Ocotber.

With the rise of flexible working practices and bring-your-own-device schemes, employers must put into place a robust policy for employees using their own devices to process sensitive information

LEGISLATION

Bring-your-own-device

Robert Crawford

The government has updated its bring-your-own-device (BYOD) guidance for employers following a rapid increase in the use of mobile devices and the growth of remote and flexible-working arrangements among staff that use their own laptops, phones and tablets for business purposes.

The guidance applies to any type of BYOD software product running on a personally-owned device including: container applications on personally-owned smartphones, bootable USB media on home PCs and remote desktop or remote application products.

The guidance covers; creating an effective BYOD policy to ensure devices are only able to access business data they are willing to share with staff; limiting the information shared by devices; considering using technical controls; planning for security incidents to limit loss; considering alternative ownership models; encouraging staff agreement; understanding legal issues; and anticipating increased device support.

Ciaran Martin, director general for Government and Industry Cyber Security, said: "We're always looking to find the right balance between easy use and good security."

Ali Moinuddin, chief marketing officer at file sharing and document services organisation Workshare, added: "The government's recognition of the move towards more flexible and mobile working in organisations is certainly positive, because it brings the inherent security issues to the forefront of the BYOD debate. BYOD has

advantages for employers including increased efficiency, flexibility and employee morale. But it also carries a number of risks that organisations must consider."

To ensure that their staff work effectively and securely, employers must ensure that they have in place a robust BYOD policy and the technology, procedures, and systems in place to support this.

Simon Rice, group manager for technology at the Information Commissioner's Office (ICO), said: "As the line between personal and working lives becomes increasingly blurred, it is critical that employers have a clear policy about personal devices being used at work.

"The benefits must be balanced against the potential risks to work-related personal data, but the organisation should not underestimate the effort which may be required to ensure that the processing of personal data with BYOD remains compliant with all eight principles of the Data Protection Act (DPA)."

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

CASE LAW

Latest cases impacting benefits

Here is a round up of case law impacting employee benefits, where rulings have been made in the last month.

- An employment tribunal has ruled that failure to inform an employee about the end of a colleague's contract does not result in maternity discrimination. *http://bit.ly/ZDtGXC*
- Employers could be liable to pay pension contributions to employees who are found to have been unfairly dismissed and have lost out on pension rights as a result. In the case of Griffin v Plymouth Hospital, the claimant successfully brought claims for constructive unfair dismissal and for disability discrimination. *http://bit.ly/1vPRML4*
- A former Nestle's employee has been ruled to be liable for the tax on a lump sum payment received in exchange for giving up membership of the organisation's healthcare scheme. *http://bit.ly/ZLuObL*

SHUTTERSTOCK

ADVICE FROM THE EXPERTS

George Bull
is senior tax partner at Baker Tilly.

Scrapping the 55% tax rate on pensions

Following Chancellor George Osborne's announcement that he will scrap the 55% tax rate on inherited pension funds, HM Treasury has now confirmed that this will be effective from April 2015. Before this announcement, members of defined contribution (DC) pension plans faced a difficult choice. If they opted for an annuity but died early, then the annuity provider would profit, but if they did not take one and instead left their funds in the pension pot, then the taxman would take up to 55% of their savings on death.

By abolishing the 55% tax charge in certain circumstances, Osborne has gone further than expected. Prior to April 2015, the 55% tax charge still applies to untouched DC pension pots left by members aged 75 or over, and pots from which money has already been withdrawn.

Inheritors where the deceased was over 75 will only pay the marginal income tax rate if they are prepared to take the money out gradually as additional income. There will be a 45% tax charge if they want to take it all. The position is simpler if the deceased was under 75 and the pension is left untouched. No tax will be paid by the inheritor regardless of whether the money is taken in a lump sum or instalments.

This is great news for the estimated 320,000 pension pot holders who will be affected by the change, because it removes an important part of the 'heads I win, tails you lose' decision which people had to make about post-retirement income. But it might not quite be the tax-free bonanza as first thought, particularly where somebody lives beyond 75.

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

BETTER THAN A PAY RISE?
HEALTH BENEFITS FROM £0.08p

You know how popular health benefits are. Many companies now give better-value health benefits to **all** their staff rather than keeping 'health' as a perk just for their top executives. With options from £30 per year, that could work out at 8p per day. Compared with the cost of a day's sickness it's easy to see why companies choose Bluecrest...

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- Better engagement
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Until recently most companies who offered health checks gave staff a day off work to go to a nearby hospital. When you experience Bluecrest, you'll find a far more sensible approach. Local teams of enthusiastic health screening specialists bring high tech equipment to your office locations for the ultimate convenience of your people – meaning employees don't need to take time off work. It also creates a buzz around the office and is a highly visual way of showing you care. But there are other benefits too.

MORE CONVENIENT FOR ALL YOUR STAFF

Those staff not in the office can visit one of our 1,762 clinics around the UK (the largest network in the country), so there is always a convenient place to get checked 10 minutes from where they live or work. Once we've screened all your staff, you'll see the feedback from your employees.

IMPROVING YOUR ABSENCE METRICS

Your checks address common causes of workplace absence such as stress and postural/back problems. Plus, there is 24/7 GP support 365 days a year to support staff who need it. After we've screened all your staff, if you wish, you can also see the metrics to drive a wellbeing strategy.

A SERVICE THAT YOUR STAFF AND YOUR BOARD WILL VALUE

See a sample of the type of report your employees could receive. They can also access health information online too. Your pack also contains a sample of the corporate reporting we can provide to drive your wellbeing strategy. Give us a call now on 0800 652 2107.

MORE AFFORDABLE AND EASIER FOR YOU AND YOUR BUSINESS

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Catherine Smith, Endress and Hauser Ltd

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WHY BLUECREST HEALTH SCREENING?

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BLUECREST
WELLNESS

The fifth annual EMEA Global Mobility Summit

American Express, Deutsche Bank, and TNT Express are among the many employers that will be speaking at the EMEA Global Mobility Summit 2014 in London on 7 November.

This flagship event, run by Employee Benefits' sister brand, the Forum for Expatriate Management (FEM), brings together influential global mobility professionals, providers, consultants and industry experts from across Europe.

The annual one-day EMEA Global Mobility Summit will also host several leading speakers from organisations including Cartus, EY, Fragomen and Mercer. They will all share their thoughts and insights on various specialities within global mobility, such as tax, immigration, relocation, and cultural awareness.

Employers, such as Kingfisher, Lloyd's Register and PageGroup, will also share an insight into issues in the world of global mobility and expatriate management.

A range of suppliers will showcase their latest products and innovations at the exhibition, where delegates can benchmark their current services and see what new suppliers have on offer.

To gain the knowledge, contacts and skills needed to ensure every assignment is productive, efficient and cost-effective, register at *http://totallyexpat.com/emea-summit-2014/*.

Inhouse HR and global mobility professionals can attend the event free of charge.

Employee Benefits Connect to focus on unmissable trends

London event will focus on HR, benefits and global reward

For more information: www.employeebenefitsconnect.com

The fourth annual Employee Benefits Connect will take place in London on 4 March 2015.

It is the perfect opportunity for HR, benefits and global reward managers to catch up on current trends, upcoming changes to benefits and to meet leading benefits providers.

The conference will include streams on employee benefits strategy, financial wellbeing, and global benefits.

This highly popular one-day event focuses on getting benefits professionals to 'connect' and offers a range of workshops, conference sessions and networking facilities to allow delegates to meet and share ideas and knowledge.

Feedback from both exhibitors and visitors to the 2014 Employee Benefits Connect was hugely complimentary.

Details of the programme and exhibitors will be announced over the coming months.

Who has won an EMMA?

Celebrating excellence in global mobility worldwide, the Expatriate Management and Mobility Awards (EMMA Awards) are the only international accolades that truly recognise the industry leaders, business successes and rising stars in the global mobility industry.

The Forum for Expatriate Management will announce the winners for the European EMMA awards at a gala dinner at The Lancaster London Hotel on 7 November, after the EMEA Global Mobility Summit.

The EMMAs take place in three regions throughout the year (Americas, APAC and EMEA).

With over 20 categories covering a full range of achievements and innovations within the industry, including 'Outstanding Contribution to Global Mobility', these awards showcase the sheer quality of the global mobility industry.

There are over 20 awards categories in the EMMAs

employee benefits AWARDS 2015

Crack open the Champagne

The biggest industry event in the calendar, the Employee Benefits Awards, is now open for entries.

Now in its 13th year, the must-attend event will next year offer a whopping 23 categories to enter.

The Employee Benefits Awards celebrates the best people, services and innovations in the employee benefits industry. It presents the perfect opportunity for benefits professionals to showcase, and gain recognition for, the outstanding work that they have undertaken over the past year.

Employers are encouraged to enter benefits-related initiatives that they have introduced in the last year, but they can also enter successful, longer-running strategies as long as the quantifiable measures used to demonstrate their success relate to 2014 and that submissions clearly show how original strategy objectives have been met.

The deadline for entries is 12 December 2014, so start your entries now!

Take your pick from 22 categories to enter the Employee Benefits Awards 2015. The deadline is 12 December 2014

Employee Benefits Awards 2015 categories

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

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

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

BEST MENTAL HEALTH RESILIENCE STRATEGY
Most effective mental health resilience and stress management strategy

BEST DC PENSIONS CHANGE
Most effective strategy to drive pensions change

BEST PENSIONS COMMUNICATIONS
Most effective pensions communications strategy

MOST MOTIVATIONAL BENEFITS
Most effective motivation or incentive strategy

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

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

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

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

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

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

BEST TOTAL REWARD STRATEGY
Most effective total reward strategy

BEST TOTAL REWARD STATEMENTS
Most effective use of total reward statements

BEST BENEFITS TO SUPPORT WORKING CARERS
Most effective strategy to support carers in the workplace

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

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

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

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

BENEFITS TEAM OF THE YEAR

EMPLOYEE BENEFITS PROFESSIONAL OF THE YEAR

New awards categories focus on carers and mental resilience

Employee Benefits undertakes a thorough review of the awards categories each year to ensure they reflect the latest market trends and enable employers to showcase their strengths and achievements.

For 2015 we have revamped the 'Best benefits to support working carers' gong. This award acknowledges the steps taken by employers to support employees who are carers.

For example, perhaps an employer offers: flexible-working arrangements to enable employees to adapt their work around caring commitments. Employers that offer support and initiatives for pregnant staff or support new parents during their return to work following maternity or adoption leave are eligible to enter this category.

Another revamped category for 2015 is for 'Best mental health resilience strategy', which recognises employers that have made a concerted effort to tackle employee stress and support mental health resilience in the workplace.

www.employeebenefits.awards.co.uk

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PEOPLE MOVES

RSA Group promotes Benton

RSA Group has promoted Lorna Benton to the role of group reward director, which she will undertake in addition to her existing role of head of reward for the UK region. Benton joined RSA's reward and benefits department in 2010 and after 2011 her role expanded to cover reward, pensions and employee relations for the UK.

Benton has previously held corporate roles in reward and benefits in the banking sector with ING Direct, as well as in a number of consulting organisations.

Tesco appoints Butcher

Tesco New Food Experiences has appointed Nik Butcher reward manager. Butcher specialises in creating and implementing flexible contracts, benefits plans and reward strategies within the logistics industry. He worked previously for Home Retail Group, British Sugar, Kao Group and Ceva Logistics.

Goodwin moves to Countrywide

National property organisation Countrywide has appointed Neil Goodwin reward manager, with responsibility for reward and pensions. Goodwin worked previously as reward manager at Macmillan Science and Education, reward consultant at Hutchinson 3G and HR global analyst at Cable and Wireless Communications..

Powaza joins Seagate

Lesley Powaza has joined Seagate Technology UK as benefits specialist for Europe, Middle East and Africa. She previously worked at Oracle as compensation and benefits analyst and at Progress Software as HR generalist. Powaza also specialises in performance management, employee relations and benefits administration.

Travelex appoints Riley

Travelex has appointed Rebecca Riley global reward manager. She will be responsible for incentive plans and leading the organisation's annual compensation processes. Riley worked previously in hospitality, where she started her career at Whitbread as reward analyst in 2005. Most recenty, she has held a range of roles at Hilton Worldwide covering compensation and global mobility.

MOST TALKED-ABOUT NEWS

Total reward is dead according to Duncan Brown, performance, reward and talent practice lead, and Martha How, partner, reward and benefits at Aon. Speaking in a session at Employee Benefits Live, they explained that the ongoing squeeze between wages and pay inflation is driving the demise of total reward.

"Total Reward - when strategically implemented and introduced - is intrinsically about 'shared responsibility' and not just cost savings. While base pay levels will always be important, a correctly designed, communicated and shared total reward system will go a long way"
Rosalind Bergemann, CEO, Globalite Management Services

"Rosalind- thanks for [your comment]. We were rather hoping for a reaction like this... to get the conversation out there'. I agree 'total reward' that should be about shared responsibility, however, when implemented in practice, so many times we have seen it fail to get this message across.
Martha How, partner, reward and benefits at Aon

"Total reward as an engagement principle is alive and well; a keystone of the employee value proposition. While the challenges in communicating and engaging over reward persist, I think that it is fair to say it is evolving rather than expired."
Tristram Hawthorn, manager at KPMG

100 Club column

Mark Cliff, reward director, Manchester Airport Group

Engaging staff with pensions

We will all have our own views on what the 2015 pensions changes really mean, but from a sponsoring employer perspective there are opportunities to engage with staff on pensions in a way which, to date, has been challenging. When you're able to talk about retirement saving in terms of flexible cash lump sums, staff can relate to that.

With the right communication plans in place, it will be a lot easier for employers and trustees to show scheme members the value of the benefits they receive, and also demonstrate the benefits of the member choosing to contribute more into their pension scheme. What they do with it then is another matter, but increasing understanding, appreciation and saving is a big step.

My organisation applies key principles in all of its member communications, whether these relate to defined benefit or defined contribution pension schemes. These are aimed at supporting our staff and trying to make their lives that little bit easier. The key principles we adopt which can be applied to any business are:

Consistency: use the same, clear format every time, building on a theme

Authenticity: messaging should be clearly aligned with corporate goals, not a pension scheme

Relevance: we must understand the employee perspective and tailor the messages

Engagement: we must use the channels that resonate best in the various areas of the business

Simplicity: it's got to be really easy to understand.

The guidance ideas from the government are helpful, but they don't go far enough for the caring employer. Providing support helps embed whatever strategy is adopted and shapes the future agenda for employers, trustees and members alike.

We also provide wider staff support by running regular pension scheme member surgeries at our airport sites, and high on the agenda for the rest of the year will be educating members and seeking their feedback on what they want to us to offer in the future.

As an employer, it's great to have these opportunities. In the new world, I think a well-planned and executed communications strategy will go a long way for employers to drive high engagement and value from their pension spend. Bring it on!

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

This month's big question:

Has flexible benefits had its day?

Flex isn't dead, but it has been forced to evolve significantly.

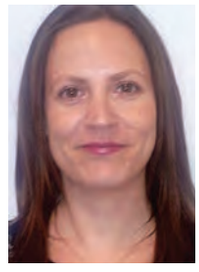
The annual chore of selecting from a generic, chocolate box menu of mostly irrelevant or inconsequential choices, designed to save an organisation money and tick a project completion box for the HR function, does nothing to engage employees to perform highly nor differentiate employers from the competition.

But flex isn't dead. Instead it is successfully re-emerging in a new, smarter format. Aon Hewitt' latest *Employee benefits and trends survey 2014* confirms what the leading firms are doing with it and suggests that other employers need to follow suit. Just 29% of participants in our survey were planning changes, yet the new pension freedoms announced in the 2014 Budget alone point to the major improvements required.

New flex is built on a solid foundation of a decent base pay, and employer concern and responsibility for what happens to their aging employees, reflecting a genuine mutuality of shared interest.

Currently, fewer than a third of employers do anything in response to their employee engagement survey findings. Yet there are major opportunities in flex plans to address identified motivational issues, from allowing over-worked employees to buy more holiday to improving employee health and wellbeing with bikes-for-work schemes. These improvements in health and engagement are measured by the smart firms, showing a real return on the cost of the programme.

Duncan Brown is principal at Aon Hewitt



If flex is not meeting aims, employers should explore why.

The make-up and needs of our workforces are changing, so as employers, we should constantly be re-visiting our employer value proposition to ensure that what we are offering drives the best possible engagement. That includes benefits, as well as the breadth of other plans and programmes that make up the financial and non-financial package.

Flexible benefits technology has dramatically improved since its inception. While providers respond to their client's needs, only those which can offer better value for money with superior technology can hope to survive.

Certainly at Misys, we naturally expect that the technology we use internally keeps up with the level of service we provide to our own clients.

As many commentators have said, the war for talent has gone 'GloCal', that is, think global, act local. Considering the hefty investments organisations make on benefits, we have to ensure we are getting a real return on our investment.

I am yet to be convinced that flex is over. Consider your own organisation. If your flex take-up isn't what was anticipated, it's best to first explore why. Do employees have difficulty understanding everything on offer? Can communications be handled in a different way?

Flex isn't the answer to the engagement 'secret', but it certainly helps engage employees to make the choices that are right for them.

Anne Teggart is global head of benefits at Misys

The question conjures up images of a 'Golden Age of Flex'. In truth I don't think there has been a golden era of flex... yet.

There are numerous examples of organisations making use of flex to deliver tactical solutions. We think flex has the potential to be more.

Our own journey started two years ago with auto-enrolment (AE). We had 4,000 people in four defined contribution pension schemes with multiple contribution structures. Administration was complex and expensive, engagement and perceived value were lower than we would have liked. We moved to a master trust scheme. People joining could (and can) choose to increase their contributions to receive a larger contribution from the company. We reduced administration, increased flexibility and added value. We got 19,000 colleagues engaged in pensions. Then we started thinking, what if we could use technology to transform pensions...

Two years later, we have a single online reward portal branded myPerks. It encompasses a full flexible benefits scheme myBenefits and offers genuine flexibility. Many benefits are available through open enrolment, allowing employees to choose to take up a benefit when it suits them, not when it suits our administrative preferences.

Where people talk about EVPs, typically they talk about creating something that is unique, relevant and compelling to act as a key driver of talent, attraction, engagement and retention. Our ambition is to evolve myPerks and build our employee value proposition with flex as the centrepiece.

Simon Naylor is group reward manager at Travis Perkins

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

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BARCLAYS

PENSIONS IN NUMBERS

Robert Crawford rounds up the latest facts and figures around defined contribution pension schemes' default investment strategies

66%
of trustee respondents are looking to change their pension scheme's default strategy within the next 18 months.
Source: SEI's Defined contribution pensions survey, published in August.

84%
of DC pension scheme members likely to remain in the default fund.
Source: NAPF Annual survey 2013.

94%
of employers understand their organisation's default investment strategy.
Source: Employee Benefits/ Capita Pensions research 2013.

5.6%
feel they will be told if there was a problem with fund performance.
Source: Capita Employee insight report 2014.

15%
- of UK respondents said they would take 'somewhat high-risk' or 'high-risk' investments in order to receive better returns.
Source: State Street Global Investors research

33%
check how well their pension investments are doing at least every six months.
Source: Capita Employee insight report 2014.

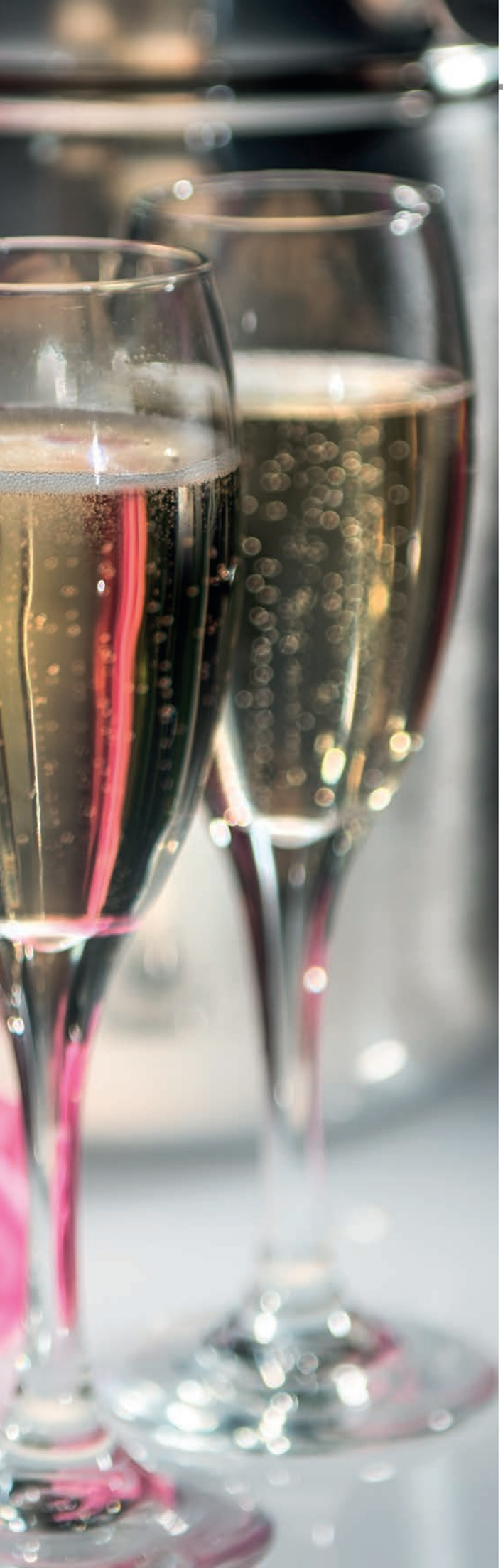
96%
of scheme default funds use a lifestyle strategy for members approaching retirement and, on average, investment funds review their default fund every three years.
Source: NAPF Annual survey 2013.

39%
do not know where their pension savings are invested.
Source: NAPF's What do pension scheme members expect of how their savings are invested? report.

0.75%
Any changes a scheme would like to make to its default investment strategy must fall within the charges cap due to come into force in April 2015.
Source: Capita Employee insight report 2014.

SEDUCING THE TALENT

Employers are looking at how enhanced benefits packages can help them attract the best, says **Nick Martindale**



JACKO

As the UK economic recovery continues to pick up pace, so too are organisations' hiring intentions.

The Towers Watson Global talent management and rewards survey, published in September 2014, found that 60% of employers said hiring activity had increased on a year ago, while September's *Manpower Employment outlook survey* found job creation had increased at the fastest rate since 1971 during 2014, although this is expected to tail off slightly in the final quarter.

With growing demand, however, is likely to come skills shortages, at least in some sectors. Research by the Confederation of British Industry (CBI) and KPMG found that two-thirds of London businesses are already reporting difficulty in hiring highly skilled people, particularly in the IT/technology, creative, finance and engineering sectors.

The most recent *Report on jobs*, produced by the Recruitment and Employment Confederation in August 2014, meanwhile, reported a rise in starting salaries on the back of skills shortages, with construction and engineering particularly affected.

Stuart Hyland, business leader, UK reward solutions consulting, at Hay Group, says: "No sector is immune to talent shortages and we are seeing them in all of the usual places, with specialist and professional skillsets once again being at a premium.

"Many of these shortages represent the continuation of a longer-term trend but, with organisational growth and ambition returning, these are being exacerbated. We are about to enter a challenging new phase in the ongoing war for talent."

Mid-level talent is in particularly short supply across all sectors, adds Emma-Claire Kavannagh, executive director at BIE Executive. "A lot of that is likely to be because we have had some difficult years and perhaps didn't take on enough graduates, so there are fewer people coming through," she says. "Those people that would now be four or five years qualified in a business environment are just not there in sufficient numbers."

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Skills shortages are back on the agenda, with engineering and technology among those in demand.**
- **Businesses are again looking at how they can attract top talent, tailoring their offerings to suit their target employee base.**
- **Organisations are increasingly looking to benchmark how their total reward proposition compares with those of their competitors.**

The bigger picture

Organisations looking to attract top talent will have to look closely at the overall package they offer prospective employees. Pay is an obvious starting point, especially after years of below-inflation rises or pay freezes. Duncan Brown, principal at Aon Hewitt, says: "Lots of corporate reward people will say they have a great package; what they won't say is that they have been cutting their employees' real standard of living for the past five years."

So far there is little evidence of businesses increasing salary levels, although some organisations are targeting their resources towards those posts where there is greatest demand. "Our pay surveys are showing an average award of about 3% but that is being increasingly unevenly distributed across the workforce," says Brown. "Those in highest demand, such as digital posts, are seeing salary increases of around 7%," he adds.

Yet there are other aspects of reward which can help to attract new people into an organisation. According to the Kelly global workforce index, published in September 2014, 59% of employees rank the opportunity to learn new skills higher than they do a pay rise. Carole Hathaway, global leader in Towers Watson's reward practice, says: "This is particularly the case for those earlier on in their careers,"

"Pay has got to be there or thereabouts but training and development and career development opportunities are absolutely key,

SECTOR COMPARISON

Thomsons Online Benefits' two *Employee rewards watch* studies, published in June and August 2014, examine the use of benefits in the financial services and technology sectors.

Matthew Gregson, consulting director, says: "The financial services sector is very mature in terms of how it rewards its staff. You tend to find generous non-contributory pension plans and the provision of higher-level risk and health benefits."

These are very much seen as the norm, however, so there is little opportunity for organisations to stand out when it comes to recruiting talent.

Without such a background, the technology sector is better able to innovate and give employees choice. "Technology firms are much more willing to put money into Isas [individual savings accounts], a saving fund for a first home or paying off student debt," says Gregson.

There is also a stronger emphasis on workplace culture and the office environment, as well as flexibility around time off work and charitable undertakings.

because employees are not just thinking about the here-and-now but the future," she says. "An organisation that can offer an opportunity to learn and grow, and develop in their career, is going to be seen to be more attractive than one that can't."

This is a central part of the overall proposition for Bournemouth-based web design agency Adido. Andy Headington, chief executive, says: "We work in quite a technical world, and we have developers who want to play around on databases all day. The biggest driver is often knowledge and the opportunity to test and play around with things."

> "The biggest driver is often knowledge and the opportunity to test and play"
>
> Andy Headington, Adido

Each month the company hosts an 'Adido day', where people have the opportunity to do just that, or to undertake more formal training. Linked into this is giving people responsibility to take ownership of projects and come forward with suggestions on how to improve processes or the company environment. "People get quite excited by that, because often in companies it's a closed door, and whatever the MD says goes," says Headington.

The overall culture and creating a good place to work is also significant. London online marketing firm atom42 has actively sought to develop a strong social element, and recently invested in a table tennis table, which company founder and director Andy Atalla believes brings people together over lunch and helps to build a fun environment.

"We hire people who we like as well as who can do the job, and as a result of that people tend to like, respect and care for each other," he says. "We have a lot of very close friendships in the organisation, and have people who will go to each other's weddings and run marathons together."

The agency has even hired people who have taken a lower salary because they wanted to work there, although Atalla concedes that most employees are in their twenties and that such a strategy might be less effective for older workers or those with a family.

Broader benefits

The broader benefits package and working practices also come into play when individuals are determining where to work. Jade Gange, an employee benefits specialist at Capita Specialist Resourcing, says: "Professionals want more than just financial compensation, and this has been reflected across the market. In particular, increasing numbers are looking to work flexibly to balance their home and work lives, and many businesses are offering this as an attraction tool. Other high-value benefits such as a company car and private healthcare can also sway the balance."

BGL GROUP

With 3,200 employees and locations across the country, insurance firm BGL Group, owner of the comparethemarket brand, is constantly looking to attract new talent.

Much of its focus revolves around the overall employee experience, with a strong emphasis on wellness, the office environment and enabling staff to get involved in charitable initiatives.

Claire Whieldon, head of reward, says: "We have a huge amount of fundraising events, from dragon boat racing to employees going off to Zambia and Laos to partner with Build It International."

In the office, employees have access to free fruit, a gym and free at-desk massages for call centre agents, while there is also an annual employee fun day for staff and their friends and families. The business has even sought to make it more

attractive for people from London to work at its head office in Peterborough, by laying on free transport from the station to the office. "A lot of the talent pool is in London but it is only 45 minutes away on the train," she says.

Whieldon says that the company culture and career development opportunities, have helped it attract the staff it needs to grow. "People want to come to BGL because it's an amazing place to work and we have fun here," she says. "They come for interview and are blown away."

What works best, however, will depend in part on the type of employee that organisations are looking to attract, both in terms of their age and the sector in which they work. "The best organisations will segment their employee populations, either by demographics, or by thinking about critical skills and high-potential employees," says Hathaway. "It may mean they also have very segmented packages, but certainly from a communication perspective they will emphasise the things that are going to be motivating."

Yet as well as ensuring they are able to compete, organisations need to make sure they do not end up offering more than they need to. Hay Group's Hyland says that many businesses are turning to benchmarking exercises, comparing an organisation's pay and reward strategies with others in its sector. "Organisations are now looking to benchmark more than just base pay," he says.

"This will enable them to appreciate the strengths and weaknesses of their own package, and understand their USPs [unique selling points] when it comes to selling the business to potential recruits." EB

Nick Martindale is a freelance journalist

@ Read also *Creating an EVP to win the war for talent* at: bit.ly/1pyb2s6

Viewpoint

Kathryn Ray
is senior researcher at Lancaster University's Work Foundation

Does performance pay work in the public sector?

The move towards performance-related pay (PRP), pay systems in which some component of remuneration is based on either subjective or objective performance, is one that recent governments have been keen to extend in the public sector.

The basic logic behind PRP suggests it strengthens the link between pay and productivity. But do public sector PRP schemes operate like this in practice? Our forthcoming review explores the evidence.

In the public sector, as in the private sector, PRP can lead to improvements in those outcomes directly incentivised. However, there is also evidence that PRP may produce unintended consequences.

A sole focus on measurable outcomes can lead to the neglect of other tasks and possibly even attempts to game the system. The focus on pay neglects the idea that public sector staff may also derive motivation from belief in the intrinsic value of the service they perform.

Similarly, identifying the source of job satisfaction in the public sector is important if PRP is to be used to recruit and retain the best-performing employees. The public sector workforce have generally reacted negatively to PRP, with some feeling it fails to capture all aspects of their performance, leads to a loss of professional autonomy and can undermine cooperative working.

So, is PRP a means to improving outcomes in the public sector? The jury is still out and the area remains under-researched. Our review suggests the need for a focus on the sources of satisfaction, motivation and productivity in the public sector and questions whether these always match the assumptions.

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*Hymans Robertson 2014 Budget research

FEELING THE PRESSURE

Unhealthy lifestyle choices can lead to hypertension issues in the workplace, says **James Dyble**

Unhealthy lifestyle choices in the UK today mean that issues surrounding high blood pressure can become a real problem in the workplace.

As a nation, Britons are adopting some unhealthy habits. According to government research obesity figures continue to rise, the sale of vegetables has steadily fallen since 2009 and only 40% of us are getting the NHS recommended amount of sleep every night.

These factors have led to 30% of the UK population living with hypertension (high blood pressure), many of whom do not know they have it.

While high blood pressure can be due to genetics, it is often linked to poor lifestyle choices. Tim Woodman, medical director at Bupa, says: "Hypertension is caused by the usual suspects: smoking, lack of exercise, being overweight, drinks with a high caffeine content, poor diet and particularly a high salt diet. They all upset the body's regulatory mechanisms."

Risks of hypertension

High blood pressure is a very common health condition. However, it often goes untreated because symptoms can be hard, or virtually impossible, to detect without regular blood pressure checks. Dr Lori Stetz, a senior medical director at international health insurance provider Aetna International, says: "[It is referred] to as the silent killer and it can really creep up on people. There's the potential for major consequences and it really does increase the risk of heart disease, kidney disease and strokes."

While these serious conditions can result in lengthy staff absence, the more subtle ailments connected with high blood pressure can drastically affect an employee's productivity. Woodman says: "Some of the less obvious symptoms, like headaches, can affect performance and concentration. People may then take painkillers, which can also reduce performance. If high blood pressure is teetering on the point of giving [someone] a headache, then sitting in front of a computer all day will most probably make it worse.

"Employers should care, because high blood pressure is often an indicator of underlying stress at work or lifestyle deficiencies. It is like a canary down a coal mine and often an indicator that there are things people need to adjust. One of those can be stress. Long-term stress will undoubtedly make blood pressure go up."

> "Employers should care because high blood pressure is often an indicator of underlying stress at work"
>
> Tim Woodman, Bupa

Employers therefore need to take a holistic look at the working environment and work pressures to assess if they are causing undue stress to their employees. They should also take heed of information from their occupational health service if, for example, it flags-up high blood pressure as an issue within the workforce.

Blood pressure checks

Blood pressure checks are relatively cost-effective and are non-invasive. Mike Blake, compliance director at PMI Health Group, says: "Arm cuffs can be found for a reasonable price at a high-street chemist. The big expense would be to pay for a nurse to use the equipment. "To check an organisation of 100 people would take around two days at a cost of £700-£800, but what [employers] would be paying for is the nurse to give advice to staff, who, in turn, are more likely to listen and see their GP if told to do so."

Given that a healthy workforce is likely to be more productive and have lower absence levels, investing in blood pressure checks for employees could have clear business benefits in the long-term. As Stetz explains: "Most employers want the best things for their employees, but it's also a matter of economics.

"High blood pressure is one of the most expensive health conditions for employers overall. It's one of those things that's hard to convey the importance of, but it really does have a big impact." EB

IF YOU READ NOTHING ELSE, READ THIS...

- **High blood pressure is the most common health complaint in the UK today, with 30% of the population suffering from it.**
- **It is referred to as the 'silent killer' because its symptoms often go unnoticed and it can lead to some serious health problems.**
- **With regular checks it is easy to detect and can be treated by medication or various lifestyle changes.**

James Dyble is a freelance journalist.

@ Read also *How to get a return on investment on health checks* at *bit.ly/1oRB8an*

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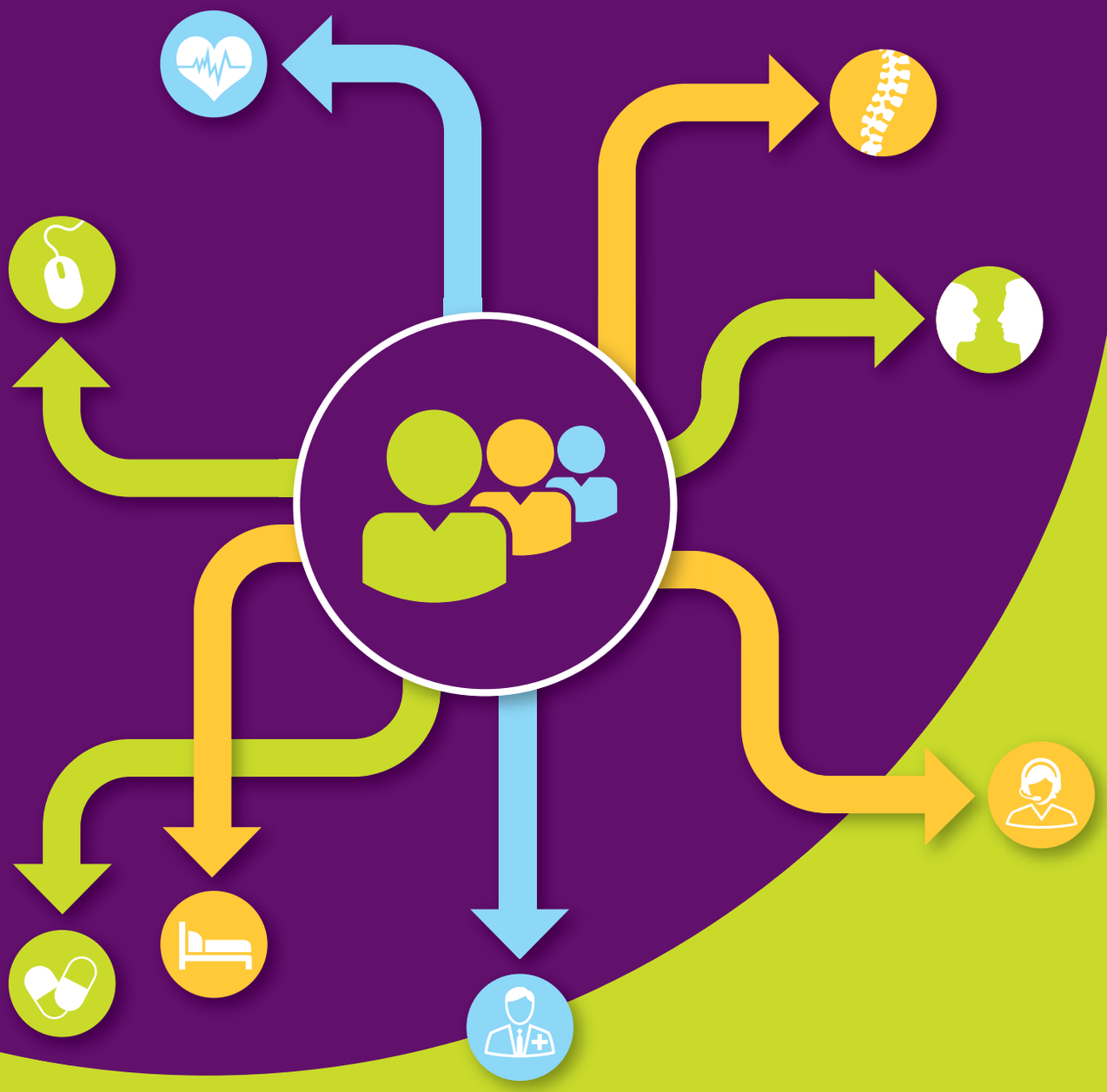

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SHUTTERSTOCK

NURTURING GOOD HABITS

How can employers encourage unwell employees to take steps to change, asks **Sam Barrett**

Whether it is an employee who is partying too hard, a smoker with a series of coughs and colds or a diabetic who is failing to manage their condition properly, these health and lifestyle choices can seriously affect performance and even the safety of those around them.

Take alcohol as an example. While many employees struggle into work with the occasional hangover, drinking results in the loss of as many as 17 million working days each year and is a factor in a quarter of the accidents recorded by the Health and Safety Executive. Paul Avis, marketing director at Canada Life Group Insurance, says: "All sorts of health and lifestyle problems can affect the workplace, causing tough legal and moral issues for employers. To minimise the damage, employers need to establish ways to deal with these cases."

Setting standards

First, it is essential to determine what is acceptable behaviour in the workplace. Having policies in place underlines the organisation's approach to employee health and performance issues and, because it helps to formalise standards, will make it easier to deal with any problems relating to health and lifestyle choices.

Central to these policies should be a description of acceptable workplace behaviour in the staff handbook. This will outline what is expected from employees, as well as establishing triggers for sickness absence interviews and laying out health and safety policies such as the organisation's position on alcohol.

In addition, because most employers will look to support, at least initially, an employee whose performance may be suffering, it is also sensible to establish best practice in this area. There is plenty of information available for employers and line managers looking to do this. "Advice on how to deal with different issues is available from occupational health providers, employee assistance programmes and the helplines available on group risk products," says Avis. "This can detail the support available to employees, as well as the actions the employers should take."

For example, where an employee's smoking habit is affecting their health, an employer might want to offer a smoking cessation programme or provide access to healthy-eating options to someone struggling with their weight.

Having a health and wellbeing strategy in place is also sensible. Richard Colver, head of healthcare and wellbeing at JLT Employee Benefits, explains: "Providing employees with health education shows you care as an employer but can also provide the encouragement for an employee to make the necessary changes if their health or lifestyle choices are affecting performance."

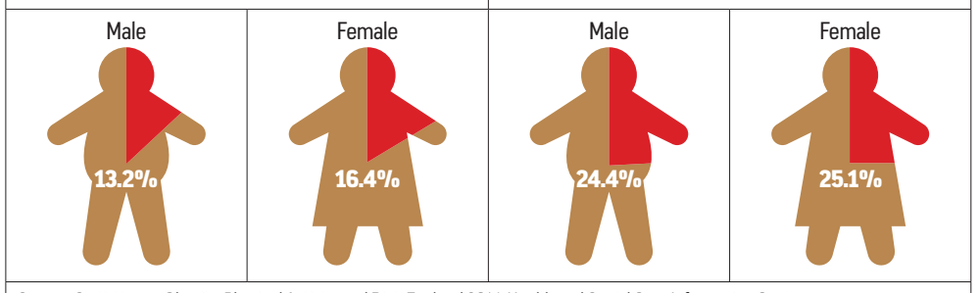
Legal steps

But, while some employees will respond well to this support, employers also need to be aware of what to do if they do not, says Avis. "An employer can provide huge amounts of support but if an employee doesn't want to

IF YOU READ NOTHING ELSE, READ THIS...

- **A robust health and wellbeing programme can raise health awareness among employees and reduce the risk of poor health choices affecting the workplace.**
- **Where an employee is regarded as disabled, an employer must consider making reasonable adjustments to ensure they are not unfairly disadvantaged.**
- **Extreme obesity, where an individual's body mass index is in excess of 40, could be classified as a disability following a recommendation by the advocate general of the European Court of Justice.**

THE UK'S OBESITY PROBLEM



Source: Statistics on Obesity, Physical Activity and Diet, England 2014, Health and Social Care Information Centre

change, and their performance is affected, disciplinary procedures may need to be considered."

Legally, the approach an employer can take depends on what is affecting the employee's performance. Where it is a lifestyle issue such as drinking or too many late nights, it is fairly clear cut, says Nick Thomas, partner at Morgan Lewis. "Employees have general protection from being unfairly dismissed once they've been an employee for two years, so it's important to follow a fair process if [employers] do intend to dismiss an employee," he explains.

Where there is a health issue underlying an employee's impaired performance, the situation becomes more complicated. In particular, if they qualify as disabled, they will gain additional protection under the Equality Act. This means an employer would need to make reasonable adjustments to ensure the employee is not unfairly disadvantaged in their job. "The courts have given this a very broad interpretation," adds Thomas. "I'd recommend an employer taking both legal and medical advice to ensure it acts as fairly as possible."

> "Internet addiction could be classed as a disability"
>
> Paul Avis, Canada Life

Disability diversity

The other concern for employers is exactly what falls under the Equality Act. While it describes a disability as "an impairment that is either physical or mental with substantial adverse and long-term effects on ability to carry out normal day-to-day activities", what falls under this is constantly evolving.

As an example, take the ruling from the advocate general of the European Court of Justice. This relates to a case of a Danish childminder, who was dismissed by his employer, Billund City Council, in 2010. He argued that his obesity - he weighed more than 160kg during his employment - was part of the reason for his dismissal and that this was unfair discrimination.

In response, the advocate general stated that although EU law did not prohibit discrimination specifically on the grounds of obesity, where an individual's body mass index (BMI) was in excess of 40, this could be considered a disability.

Whether or not the court upholds his recommendation, employers need to be aware of the diversity of disability when dealing with employees. "There are some pretty esoteric conditions, especially under mental health, that could be regarded as disabilities. We could even see internet addiction being classed as a disability in the future," Avis says.

As the legal position around this evolves, having formal procedures in place coupled with support to encourage employees to make the right health and lifestyle choices will help to ensure the workplace remains a healthy one EB

CASE LAW

Making reasonable adjustments

When it comes to making reasonable adjustments to accommodate employees under the Equality Act, employers should bear in mind the following cases.

Archibald v Fife Council

Ms Archibald was employed by Fife Council as a road sweeper but after complications during surgery, her ability to walk was seriously affected. She unsuccessfully applied for more than 100 office-based posts within the council and was dismissed on grounds of incapacity. However, the House of Lords ruled that the council had acted unfairly and that reasonable adjustments should include transferring an employee to another role, even at a higher grade.

Chief Constable of South Yorkshire Police v Jelic

Milorad Jelic developed chronic anxiety syndrome while employed as a police constable with South Yorkshire Police. After being advised to return to work on reduced hours in a non-confrontational role, he was given a role in the Safer Neighbourhood Unit. However, when the unit's duties started to include more customer-facing activities he was retired due to ill-health. The court ruled that reasonable adjustments included finding another role for Jelic, including a job swap if no vacant role was available.

Sam Barrett is a freelance journalist

@ Read also *How to manage workplace burnout* at *bit.ly/1yRoTzp*

Taking a stand on mental health

Supplied by:

Dismantling the wall of silence that surrounds mental health issues in business is not an easy job, but with a sustained and thoughtful effort it can be achieved, says **Dr. Pablo Vandenabeele**

It is a sad reality that mental health prejudice still exists in business. An overwhelming number (94%) of UK business leaders admit that mental health prejudice is still present within their organisation.

Stress and other serious mental health conditions can have a huge impact on both individuals and employers. Having a workforce that is stressed or unhappy can lower productivity and, in turn, business performance.

Research published by Bupa in October 2014 has identified that while leaders are trying to address the issue of mental health by creating an open culture where employees are comfortable discussing conditions such as stress, depression and anxiety, this is not what employees are experiencing. Unfortunately, almost three-quarters of workers (70%) feel they cannot speak candidly about such issues.

This clearly shows the disconnect between what leaders think they are doing, and what employees believe they are actually achieving. So what can employers do to ensure that their organisation is breaking down the wall of silence that surrounds mental health issues?

Tackle the taboo

The first step is to challenge the stigma that is associated with mental health. A large proportion of leaders hold worrying opinions, labelling employees who suffer from mental health conditions as unpredictable (27%), erratic (22%) and weak (22%).

Meanwhile, almost half (47%) admit to treading on eggshells around people who have experienced a mental health condition, and one in five (22%) avoid talking to them altogether.

This behaviour clearly has an impact on the culture and atmosphere of an organisation.

Leaders need to address these biases and work to counter them at all levels of their business.

Leaders also have a role to play in providing employees with access to confidential support services, such as an employee assistance programme. This encourages employees to seek help at the first opportunity and means that they can be sure that they can speak to someone in absolute confidence.

Being able to get support early is essential and that is why many of our insurance customers can access mental health therapies such as cognitive behavioural therapy without the need to see a GP or psychiatrist first.

Retaining talent

High-pressure jobs and long hours are commonplace. Unfortunately, this brings with it an increased risk of suffering from a mental health condition. Worryingly, around a third (29%) of business leaders think that workers with a mental health illness will never return to their full potential, while one-fifth (20%) of employees who have experienced a mental health illness have felt under pressure to resign. Yet it is perfectly possible for employees to recover, perform and excel in their jobs, as demonstrated by Lloyd Banking Group's chief executive officer Antonio Horta-Osório, who took a short period of temporary leave due to exhaustion in late 2011.

Managing mental health in the workplace is not just about offering support when someone is ill or requires treatment. Maintaining good mental health and wellbeing is key, which is where access to online resources can help, as well as proactively managing issues that can lead to mental health conditions, such as poor sleep.

Take practical action

Employers have a responsibility to eliminate practices or cultural habits that cause staff to become stressed or unhappy.

Business leaders must be the champions of change, recognising that while stress is often a part of business life, it should not be allowed to become extreme or prolonged and potentially lead to more serious health conditions. It must also be made explicit that discussing mental health issues will not affect career development.

Managers need to spot problems and know how to support employees. Providing materials such as the National Institute of Clinical Excellence's (Nice) Pathways for promoting mental wellbeing at work and Bupa's Healthy Minds online hub can help employees and managers understand what signs to look for, the treatments that are available and support better wellbeing in the workplace.

Dr. Pablo Vandenabeele is clinical director of mental health at Bupa

RUNNING ON EMPTY?

Robert Crawford looks at whether employee car ownership schemes still have a place

Not that long ago employee car ownership schemes (Ecos) had begun to replace company cars in the UK, however, the rise of salary sacrifice car schemes appears to have halted this ascent.

Ecos are defined as a structured cash-for-car scheme. Ownership of the car passes to the driver at the outset of the agreement, in return for which they must make repayments covering finance and maintenance. These are often underwritten by a corporate guarantee. In some cases the employer will make monthly cash payments to the driver, which are then used to fund the employee's finance and maintenance repayments.

Jon Burdekin, head of consultancy services at Alphabet, says: "It is a much lighter touch for the employer with low risks, with the scheme agreement sitting with the leasing company and the individual. We would have a direct debit in place with the member of staff, it is almost like a retail transaction."

FORD

Diminishing demand

Although the Eco funding method remains in a number of leasing providers' tool kits, they are not as popular as they were a decade ago.

Demand for such schemes has reduced due to a number of reasons, including complexities involved in their running. Also, there is often a misconception among employers as to what constitutes an Eco scheme and how to avoid falling into any potential financial traps.

In an increasingly environmentally focused and cost-conscious fleet arena, which has seen the rise in popularity of low-CO2-emitting cars offered via salary sacrifice arrangements, Eco schemes are being starved of take-up and, in some cases, are being replaced as a result of the tax efficiencies available through salary sacrifice arrangements.

Alastair Kendrick, director at MHA MacIntyre Hudson, says: "[Ecos] seem to have been relegated to the conference league in light of salary sacrifice. At present, a lot of employees pay a limited amount of tax on low-emission cars, so interest in Ecos is limited."

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Ecos take the form of an agreement made between the employee and the leasing company.**
- **Demand for Ecos has reduced because of the popularity of salary sacrifice schemes.**
- **Eco schemes often still appear when organisations offer blended funding arrangements.**
- **Ecos could rise in popularity if new international accounting standards are introduced.**

John Pryor, chairman of the Association of Car Fleet Operators (ACFO), adds: "Employers that have implemented Eco schemes have withdrawn these and reintroduced a traditional company car policy focused on low-emission cars complemented by a salary sacrifice [arrangement]."

Interest-free loans

Having said that, a number of cars are still provided through Eco schemes. According to Alphabet's Burdekin, this makes up some 12% of its core business.

Eco schemes can be more cost effective and useful for employers that have employees covering high mileage in their company cars.

Employers can also make cost savings if staff take up the £10,000 interest-free loan allowance offered by their employer to help them fund a car. Employers can then top this up by a third-party finance arrangement. As the cost of finance is reduced, savings will increase Burdekin says; "Interest-free loans make Ecos even more competitive. Employees get a maximum of £10,000 tax free, which means we can reduce the cost of the car. It helps make an employee's loan payments cheaper."

Ecos are also benefiting from employers offering schemes with blended funding arrangements.

Insurer Axa, for example, structures its car scheme for all employees around three funding methods: employee car ownership, contract hire and a salary sacrifice scheme.

Andrew Kirby, commercial director of employee benefit schemes at Zenith, says: "Through blended funding methods, different solutions can be used for different drivers. This means that the car will be funded by whichever method is the cheapest at the time of order."

The popularity of Ecos could see a considerable rise if, and when, new international accounting standards are introduced, although no date has yet been set for this.

These proposed standards will mean that employers will have to split their lease costs into the finance elements, which will then be entered on to the organisation's balance sheet, and maintenance and management fees, which will need to be reported on its profit and loss account.

If this is the case, contract hire could potentially decrease in popularity, because schemes operating under such circumstances will need to appear on balance sheets.

Kendrick adds: "It should be borne in mind that Eco scheme interest is likely to grow in the next five years because of the international accounting standards. Cars on traditional lease, including salary sacrifice, will appear on balance sheets. This may create interest in Ecos which will not need to be reported." EB

Robert Crawford is a reporter at *Employee Benefits*

@ Read also *What are the current trends in fleet funding?* at *bit.ly/1tNgXLV*

CLEARED FOR LIFT-OFF

Sally Hart looks at the ins and outs of pre-trip health sreening for expatriates

IF YOU READ NOTHING ELSE, READ THIS...

- **Thorough pre-trip preparation is the key to overseas assignment success.**
- **Always confirm if a specific medical check is a visa requirement for the host country.**
- **Engage a medical professional with specific expertise to carry out pre-trip screenings.**

A pre-trip health screen is an essential part of preparation to ensure the best chance of international assignment success.

Employers have a much greater chance of avoiding medical emergency and repatriation costs if they put in place adequate preparation for travellers, including health screening, education, travel medicine and risk assessment. Furthermore, in some countries, medical checks are a requirement for the visa application process.

Pre-emptive screening

Medical assignment pre-screening can catch a wide array of health issues that could turn into real problems for expatriates once abroad. Chronic illnesses such as high blood pressure, diabetes and cholesterol can be hard to manage if there is no adequate treatment available locally, so screening can alert expatriates to this and allow time for appropriate preparation.

Screening can also reveal health concerns that the assignee may not even have known about, which can then be addressed quickly before the trip. For example, minor dental procedures that may be easier to carry out prior to departure.

A pre-assignment health screen should include screening for high-risk medical conditions, especially cardiovascular problems, which are a common cause of health repatriation. Certain conditions will need to be treated and stabilised before departure. It should also facilitate the treatment and follow-up of known chronic diseases.

Consultations should also include screening for latent diseases (without symptoms), based on the clinical examination and the medical laboratory data. Early diagnosis makes it easier to treat these conditions and often improves the prognosis in the medium and long-term.

They can also help with preparation for the health-related conditions of the destination country, such as the updating of vaccinations and other preventative measures, such as for malaria.

Given the sensitivity of health data, the relevant data protection legislation must be followed and appropriate waivers obtained beforehand.

Psychological assessment

Psychological suitability for expatriation and mental health during deployment will also have a significant impact on the chances of a successful overseas assignment.

Pre-deployment screening may include: measures of mental health (depression, anxiety, and post-traumatic stress disorder [PTSD]); risk factors (childhood trauma, family risk, and adult trauma exposure); and resilience factors (coping, social support and healthy lifestyle) to assess baseline mental health during preparation for deployment.

A medical travel professional with knowledge of the host country should be sought for expatriate health screening, as a family doctor may not know all the risks.

The health screen should be tailored to the needs of the expatriate and their family, and offer advice relevant for the specific assignment.

The outcomes

A proper pre-trip screening programme will inform expatriates and employers of any health issues that may affect them while on assignment. This will ensure that special medical assistance or insurance can be arranged in good time.

It is important to note that pre-existing conditions prior to the expatriate's departure may not be covered by a typical medical insurance policy.

Some assignees may even voluntarily opt-out of the assignment when they understand their own specific health risks. In such cases, the employer may well be avoiding expensive emergency medical and repatriation costs further down the line.

Finally, where an employer is seen to be taking care of the expatriate with proper healthcare and insurance, it is likely to have a positive effect on morale, which can only contribute to the success of an assignment EB

Sally Hart is executive director of the International Benefits Network

@ Read more on international benefits at *bit.ly/ZMOzRN*

SHUTTERSTOCK

KEEP IT IN THE COMPANY

Share ownership can impact productivity, but not everyone is convinced, says **Peta Hodge**

Employee share ownership can increase employee productivity, and more so if it is part of a programme of employee engagement, but not everyone is convinced.

Productivity in the UK's top 50 employee-owned businesses, in which staff own between 25% and 100% of the organisation, increased by 4.5% year-on-year in 2014, compared with productivity in the UK economy as a whole, which was flat. This was one of the key findings of *The Employee Ownership Top 50*, published by the Employee Ownership Association in July.

Iain Hasdell, chief executive of EOA, says: "The value of shares in businesses with significant employee ownership has outperformed the value of shares on the FTSE All Share index by an average of 7% over the last decade or so. Share price is an indication of profitability and profitability is an indicator of productivity. We know that employee ownership, whichever ownership model [employers] adopt, can have a positive impact on productivity."

The EOA study is one in a long line of reports suggesting a link between employee ownership and productivity, such as Cass Business School's report, *Model Growth: Do employee-owned businesses deliver sustainable performance?* by professor Joseph Lampel, doctor Ajay Bhalla and doctor Pushkar Jhaand, published in January 2010, and Loughborough University's report, *The human and organisational impact of employee share ownership* by doctor David McConville, Alison Smith and professor John Arnold, published in September 2012.

Alan Scott, head of employee share ownership at IFS ProShare, says: "[The

Would you advise an employer to introduce an employee share plan in order to increase productivity?

Robert Postlethwaite, managing director at Postlethwaites, says:

"Yes, I would if there was scope for productivity improvement. The [employer] would need to explain clearly to employees how the share scheme worked and continue regular communication about performance and its impact on share value."

Malcolm Hurlston, chairman of The Employee Share Ownership Centre, says:

"Yes, it may not be possible to prove beyond doubt that employees who own shares are more productive, but it makes common sense that they will be more motivated. After all, they are part owners, so its success will be good for them and this must affect behaviour in a positive way."

Graham Rowlands-Hempel, consultant for employment and incentives at Linklaters, says:

"No. [Employers should not] waste [their] time. For an employee share plan to work productively, [an employer] needs to commit quantum communications and top-level commitment."

Nigel Mason, director at Capital Strategies, says:

"Yes, always, provided it is meaningful in scale, non-contributory and part of an authentic commitment to employee involvement and participation in the business."

SHUTTERSTOCK

Loughborough University report] shows that even in times of economic stress, employee share ownership is an effective vehicle for increased productivity. Employees who participate in a share plan are usually more productive than employees who don't, even within the same company."

Many remain unconvinced

However, not everyone, even among the most vociferous advocates of employee share ownership, believes that the impact of share ownership on productivity has been proved.

Nigel Mason, director at investment organisation Capital Strategies, which publishes the *UK Employee Ownership Index,* says: "What the index shows is a correlation between employee share ownership and investment performance, but that's not the same as cause and effect. For example, employers with employee share ownership may just happen to be in strongly performing sectors."

Malcolm Hurlston, chairman of The Employee Share Ownership Centre, is equally unconvinced. "There is a shed-load of academic research, none of which convinces me," he says. "The best evidence is the readiness of most hard-nosed FTSE employers to spend money on it [such as on employee share plans]," he says.

Employers are unlikely to ever be able to assess the true impact of their share ownership schemes because they do not launch them in a vacuum; They will often be part of a wider strategy on employee empowerment and reward, which will also have an impact.

This was essentially the conclusion of The Office of Tax Simplification's *Review of tax-advantaged employee share schemes: Final report,* published in March 2012. It stated: "On balance, the evidence suggests positive effects, but methodological and data limitations mean that the evidence cannot be regarded as definitive."

The report concluded that employee share ownership does have positive effects on productivity, but that these effects are often very small. Positive effects tend to be larger for employers with majority employee share ownership, rather than in organisations with more standard employee share schemes. The report also found that the positive impact is greater, or is only achieved, when there is employee participation in decision making. But it is unknown whether or not a share scheme's tax status impacts productivity.

Nevertheless, Phil Ainsley, managing director of Equiniti Employee Services, says: "Using tax-advantaged [approved] share plans has added attractions as there are material tax benefits for the employee as well as reduced costs for the employer."

IFS ProShare's Scott concedes that unapproved plans can offer more flexibility to meet a particular employer's requirements, but he believes that the benefits of approved share schemes far outweigh the cons. "There is a wealth of resources and additional support and guidance for those [employers] looking to introduce an approved scheme," he adds.

But Capital Strategies' Mason believes that the extent to which a share scheme is broad-based and part of a culture of employee engagement and participation is more relevant for employers than a scheme's tax status.

"I think the choice between approved and unapproved is one of the least important considerations when [an employer] is choosing a share scheme," he says. "Instead, an [employer] should consider employee share ownership as one feature of a broad programme of employee involvement, participation and engagement. This has to be led from the top so that it is completely authentic and not just a cynical ploy to sweat the assets harder." EB

IF YOU READ NOTHING ELSE, READ THIS...

- **Research suggests that employers with significant employee ownership tend to have higher productivity.**
- **Staff productivity appears to be higher where employee ownership is part of a wider employee engagement programme.**
- **The tax status of a share scheme has little impact on employee productivity.**

CASE STUDY **GRIPPLE**

The positive effects are clear

Hugh Facey, chairman of Gripple, which manufactures wire joiners and tensioners for the agriculture and viticulture markets, has no doubt that employee ownership has had a positive impact on his organisation's productivity.

He says: "A sense of pride exists among all our staff and has allowed employees to take control of the destiny of the [organisation], thereby creating a culture of working together for the benefit of each other."

Measures of success include attendance levels that are significantly better than the industry average and a culture of innovation. "It is the policy of the [organisation] that 25% of sales should come from new products less than four years old," explains Facey. "Innovation is therefore key to the [organisation's] growth and plays an important part in driving the business forward and keeping ahead of the market."

Gripple, which features in the Employee Ownership Association's top 50 employee-owned organisations, like its sister company Loadhog, is now 100% employee owned. Employees are asked to purchase at least £1,000 worth of shares after their first year of service, with the employer providing a loan to help staff who need financial support to do so.

Employee ownership is not optional for the 441 Gripple staff or the

50-strong workforce at Loadhog: it is central to the ethos and structure of both employers. Indeed, Gripple has taken the employee ownership model a step further by establishing a private employee-owned company called Glide (Growth Led Innovation Driven Employee), which receives gifted shares from the chairman and vice chairman over a 10-year period with the aim of ensuring that Gripple's culture and founding principles are maintained by future generations.

Peta Hodge is a freelance journalist

@ Read also *Why share schemes remain a valuable employee benefit* at: *bit.ly/1hoSDfw*

Customer experience takes centre stage

Supplied by:

For employee shareholder information to be delivered effectively, benefits teams must communicate with clarity and a more human approach, says **Ashley Price**

The key to boosting employee engagement with share plans lies in a more human form of communication.

When looking at delivering a new employee benefit, product or message to their customers, whether that be internal or external, most organisations do so with the best of intentions. They do not purposely set out to disengage their employees or create a bad customer experience.

Delivering the right customer experiences and engaging employees continues to be a topical issue in all forms of employee benefits, but understanding the customer experience plays a key role in the world of all-employee share plans and the employees these are made available to.

Customer experience

In its 2013 Autumn Statement, the government announced the increase in savings limit for both sharesave and share incentive plans (Sips). This, along with the increased activity in the initial public offering (IPO) market and the economy in general, has triggered a resurgence of both the introduction of new plans and companies renewing existing plans.

With this upward trend in corporate engagement for all-employee share plans, it is now, more than ever, important to ensure that employees receive an excellent customer experience to ensure they are fully engaged in the benefits that are offered as part of their overall remuneration package.

As Aristotle said: "Nothing is more affirming to the human spirit than being understood. Understanding... is the key to influence."

To find out what employees think of their employee share plans, Yorkshire Building Society commissioned research, working with the Universities of York and Leeds, to understand participants' financial behaviours and how they feel about the share plans that are offered to them by their employer. This is aimed at ensuring they receive information that is relevant to employees' needs in the format that works for each individual and enables them to make informed choices.

As neuroscientist Antonio Damasio said: "We are not thinking machines that feel – we are feeling machines that think."

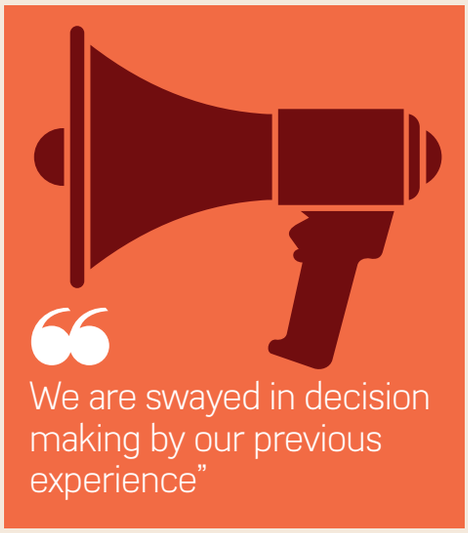
With one in 10 respondents saying that they felt the information provided during the invitation period was difficult to understand, this shows the need for all stakeholders to invest time in planning the communication. Employers and providers need to listen, learn and take the time to source a cross section of meaningful case studies that employees can relate to and understand. In developing employee communications strategies, sharing the 'dreams' that share plans have helped to create for employees plays a pivotal role in the overall engagement.

As Damasio said: "We are swayed in decision making by our previous experience and the emotional markers ascribed to it. We not only remember the factual outcome but also the emotion attached to it."

SHARESAVE IN NUMBERS

42%	of sharesave only savers are female compared to
30%	for multi-savers
27%	Multi savers contribute 27% of all their savings to sharesave
39%	of sharesave participants save only in sharesave plans
£36	Sharesave participants, saving only in sharesave plans, on average save around £36 per month less than multi savers
32%	of sharesave participants are aged between 16-35 years
65%	of the 16-24 age group save only in sharesave plans

Source: Research conducted by academics from the Universities of Leeds and York in conjunction with Yorkshire Building Society July 2013



Ashley Price is head of YBS Share Plans, part of Yorkshire Building Society

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RAISING THE STAKES

Rewarding employees who are at the top of their game can be a challenge, says **Robert Crawford**

SHUTTERSTOCK

Motivation is a strange beast. It can evaporate at will, with productivity never far behind. Employers face many challenges when trying to keep employees motivated. But the true challenge arises when reward fails to motivate expert employees, those at the top of their game who are working at a level where further career progression is unlikely.

The onus is on managers and HR departments to ensure that their expert employees, who are an integral part of any organisation, remain motivated and engaged.

Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD), says: "It is something that has been concerning employers for a while and now there are no upward career progression strategies.

"There used to be a growing recognition that giving promotions was a way of rewarding and keeping experts happy, but now some organisations have ended up with their experts becoming heads of departments, but unable to manage people."

What influences motivation?

As a result, the challenge for employers is to balance short-term financial motives with long-term sustainable employee engagement among these sets of employees.

But what constitutes an expert can vary between organisations. Colin Evans, associate ➤

director at Hay Group, says: "What defines an expert in an organisation, or those at the top of their game for that matter? These [employees] are assets to an organisation because they have built up a considerable amount of skills and experience in their field of work, so keeping them motivated with more than just a salary is vitally important."

Keeping experts happy could be influenced by intellectual, social and emotional factors. As such motivation is a complex driving force that can be influenced by varied external factors.

IF YOU READ NOTHING ELSE, READ THIS...

- **Motivation could be influenced by intellectual, social and emotional factors.**
- **Experts' reward packages could be enhanced to maintain productivity.**
- **It is not all about reward, a simple thank you and recognising good work still impacts motivation.**
- **Business opportunities such as allowing experts to work into other areas also helps.**

The conventional wisdom is that employees work for money, above all else. More than three-quarters of employers (76%) say pay helps to motivate staff, according to the *Employee Benefits/Aon 100 Club research*, published in June 2014. Yet, every employee has activities, events, people, and goals in their lives that they find motivating. The trick for employers is to figure out how to inspire employee motivation at work.

David Wreford, a principal at Mercer, says: "What makes the proposition stronger than something else? Is it reward that gives experts the richness of their career or is it something that they do in the workplace? There needs to be other elements than just reward in the tool kit to be able to excite them."

Tom Quayle, product manager at the Chemistry Group, adds: "Employers have to understand how to tap into their expertise and tailor motivation around what may motivate them, which could lead to a greater level of engagement and performance."

Reward achievement

Employers could use recognition schemes, team building events, individual incentives, staff awards and social events, days out, prizes and vouchers, to reward and recognise employees who achieve in the workplace.

An expert's reward package might be adapted to help keep them happy in their roles even if career progression is lacking. For example, it could be enhanced to give skilled members of staff a greater number of share options or provide them with full family healthcare cover.

Francis Goss, commercial director at Grass Roots, says: "Instead of giving these experts a promotion, organisations can give them an [upgrade] of an existing benefits package. They could receive a greater car allowance or a benefit that excludes other members of staff."

However it is not all about reward. Building an appreciative culture for all employees whose strengths and contributions are recognised and valued is more likely to make them feel motivated about their jobs and positive about the organisation.

One4all Rewards' *Thank you report*, published in September, found that nearly three-quarters (71%) of employees would turn down a higher salary to continue working for an employer that regularly thanks them for their efforts. Simple recognition is important. "The principle of recognition applies across all levels of staff," says Goss. "It is a fundamental need and desire by every employee to feel ➤

CASE STUDY **RED SETTER**

Beyond salary incentives

Despite being a small organisation, with just nine employees, business development consultancy, Red Setter, motivates experienced, expert members of staff with its family-friendly and healthy approach to working life.

The company is comprised of ex brand directors, account directors and marketing managers who have all been used to working at a high level. Also, the majority of its employees have children.

Claire Blyth, founder of Red Setter, says: "If they were still working in London they would all be experts in their field. We had to look at how we could reward those effectively, by not only paying well, but also offering non-cash benefits to keep them motivated and retained."

The organisation's approach to motivation is very much family-friendly first. Its offices in Brighton are vibrant and it offers flexible working and childcare vouchers. It also aims to make the workplace somewhere that makes employees feel happy and healthy.

It offers all-staff posture consultations and weekly pilates classes to help keep motivation levels high. Frequent social events, such as a summer family beach-hut BBQ, are held as part of its strategy to keep a high level of work-life balance in the workplace and beyond, something that its

employees very much appreciate and value.

Employees also get the day off on their birthday.

Blyth says: "Salary is one thing, but true motivation comes from non-cash rewards. Aside from pay, we try to fit our organisation in with people's family lives, which helps to motivate our employees and shows we care about them as an organisation. It helps them stay here for a long time.

"We are always recognising the good work our employees do by saying thank you and well done."

KEEPING THE EXPERTS HAPPY

Word cloud created by Employee Benefits

recognised for the work they are doing. I do not think it gets any less if an employee is an expert in the field, but it may vary. For example, employers may want to find another way to offer experts motivation vouchers that they can use to spend. Offering employees once-in-a-lifetime, money-can't-buy experience days is just one example."

Business opportunities could also be an area to influence motivation. Employees who identify with their employer's vision and purpose are far more likely to be motivated and retained.

"Experts will want to be involved in coaching or educating other employees," says Mercer's Wreford. "Creating opportunities like this helps expert employees feel like they are contributing towards the success of the organisation and the future talent."

For a lot of experts it seems that it is not just about the money, although it is important.

After a while its impact starts to diminish and other things take precedence when it comes to keeping the experts happy. The use of non-reward, such as expanding job roles, can help to some extent. Hay Group's Evans says: "Employers always assume the way to keep people happy or motivated is through some monetary reward. There is a danger that it misses the point. If organisations have not thought about what motivates their skilled employees, they run the risk of losing these precious assets." EB

Robert Crawford is a reporter at *Employee Benefits*

@ **Read also *Motivation can drive productivity* at** *bit.ly/1rNaZMO*

Viewpoint

Nick Bacon is a professor of human resource management at Cass Business School.

Meeting the challenge

Retaining and motivating experts at the top of their game is an important challenge for organisations.

Satisfaction generally derives from positive job characteristics such as enriched jobs, good supervision and clear roles. In contrast, dissatisfaction stems from repetitive work, stress and insufficient support.

Attention should be given to non-work factors that may trigger turnover. Experts are less likely to change employment if they have strong ties with people in their organisation and the community. Employers should encourage participation in sports activities or community volunteering, with highly trained employees in high demand among local charities and hospitals as non-executive directors.

Spending more time coaching and mentoring high potentials in the organisation may help employees feel embedded and reluctant to leave. Such activities may counteract shock events such as unsolicited job offers or friends leaving the organisation.

Finally, global surveys suggest recognition of their contribution by praise, or special attention from leaders, remains an important motivation tool. Celebrating special achievements and the longevity of experts all aids keeping staff happy and motivated.

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THE RIGHT FORMATION

Centralised and regionalised benefits team structures both have their pros and cons, says **Clare Bettelley**

Many employers have been looking at their benefits team structures in 2014, making new appointments and restructuring their teams to better serve their business.

For example, Royal Bank of Scotland has restructured its group benefits and pensions team, having drafted Carol Young into the newly-created role of pensions chief. Meanwhile, childcare service organisation Cafcass is in the throes of integrating an organisational and development arm to its benefits team as part of a restructure.

Andre Spicer, professor of organisational behaviour at Cass Business School, says: "There tends to be a pendulum swing in organisational structures, so they move between decentralised, regionalised or divisional towards more centralised structures over time."

The decision to move between structures can be driven by staff changes, particularly on the appointment of a new team manager keen to make their mark on the organisation.

Technology is another driver for change when organisations are implementing integrated benefits systems. Terry Gostelow, account director at benefits technology provider Staffcare, says: "Technology often lends itself to more centralised administration because an employer is consolidating everything in one place."

Employers' desire to implement the 'Ulrich' HR business model can also drive structural changes. The model is the brainchild of business academic Dave Ulrich and is based on three principles, of which creating an HR centre of excellence is one.

> "There tends to be a pendulum swing in organisational structures"
>
> Andre Spicer, Cass Business School

Mark Childs, director at reward management organisation Total Reward Group, says: "There's a long-term trend towards organisations adopting the Ulrich's centre of excellence model on how to run HR, and that lends itself to a more centralised approach."

Each benefits team structure has its upsides and downsides, which become apparent when employers move between different models.

Centralised structure pros

For example, a centralised team is well positioned to gather and analyse employee data and identify workplace trends that require benefits support.

Team support is another attraction of the structure. Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development, says: "It brings one team under one roof to coordinate work, share information, skills and advice. Another advantage is that benefits people together feel part of a team of like-minded colleagues, where previously they may have felt a bit isolated out in the sticks."

Centralised structures also prevent common anomalies associated with regionalisation, such as empire building by divisional teams. Andrew Steels, UK practice lead, HR service delivery at Towers Watson, says: "There is definitely a trend for centralisation, but also, at the same time, a trend for localisation."

This means that organisations are retaining regionalised benefits structures, but increasing their control of these from their head offices. "We're

IF YOU READ NOTHING ELSE, READ THIS...

- **Technology and a desire to optimise cost efficiencies are key drivers of centralisation programmes.**
- **Centralised structures can facilitate a more focussed, company-wide vision and foster departmental teamwork.**
- **Downsides include issues around organisational agility and staff development, and the potential for regional staff to feel sidelined.**

SHUTTERSTOCK

CASE STUDY **CAFCASS**

Benefits team restructure

Childcare service organisation Cafcass has restructured its benefits team to help engage its employees.

Until around two and a half years ago, 80% of the employer's benefits resource was focused on employee relations, which dealt with case work, discipliniaries and sickness absence. But the structure was inefficient, so Cafcass embarked on a robust period of challenging staff performance and sickness absence. This resulted in Ofsted upgrading the employer from 'inadequate' to 'satisfactory', but employee engagement declined. Daryl Maitland, HR manager (people strategy) at Cafcass, says: "The changes we made came at a cost of poorer levels of engagement that we were happy to live with, but once we got ourselves to 'satisfactory' we recognised that we needed a softer approach to get a 'good' grade."

Cafcass concluded that it needed to focus on organisational development (OD) to improve employee engagement. To this end, it equally split its benefits resources between OD and its established employee relations arm. Maitland says: "Employee relations has been hived off almost separately and organisational development in the future will be about reward, wellbeing, engagement, and learning and development."

The new structure is scheduled to be integrated by April 2015.

seeing headquarters wanting to have more of an influence," adds Steels. "It's about cost and risk. It's also about wanting to make sure there's best practice around benefits processes in terms of consistency of provision and about being a bit smarter in terms of tailoring benefits spend."

Centralised structure cons

Despite the many favourable outcomes of a centralised benefits team structure, it does also have its pitfalls.

For example, Total Reward Group's Childs says that centralised structures can negatively impact employers' talent management programmes. "They can get in the way of career paths because employers with fewer staff managing benefits in a more centralised team cannot offer staff out in the regional divisional operations the opportunity to pick up benefits experience," he says.

Towers Watson's Steels fears a loss of organisational agility. "One of the traps that organisations fall into is wanting to centralise all administration, because there is a danger of losing agility and being able to identify, tailor and react to what works at a local level," he says.

Cotton agrees, adding that it can be very easy for benefits teams to lose sight of what is going on outside of their building. "Other parts of the business may then start to perceive the team, rightly or wrongly, as being remote, isolated and not understanding their local needs," he says.

"Employers need to look at how they can still get information from different parts of the business, how they can respond to their needs and concerns, and how they can still communicate in a way that is not perceived as 'them and us'." EB

Clare Bettelley is associate editor at *Employee Benefits*

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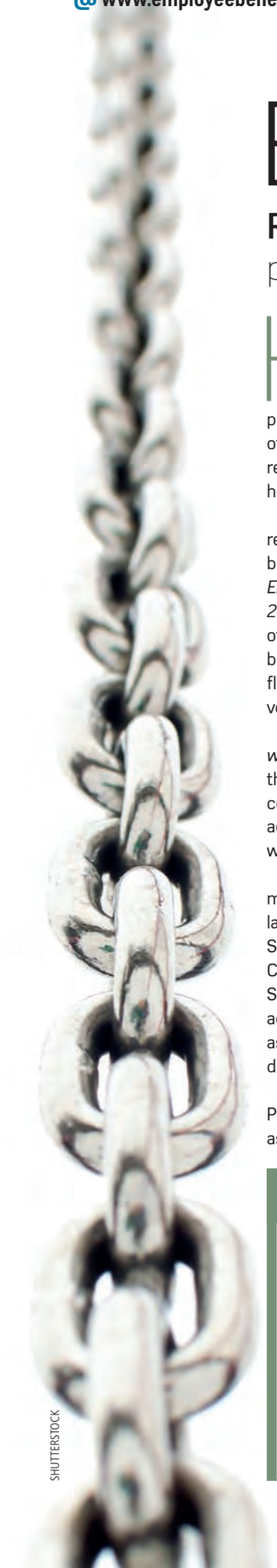

SHUTTERSTOCK

EVOLUTION OF LIFE

Robert Crawford looks at the innovations in life assurance policies, both today and in recent decades

Historically, employers tended to offer life assurance as a bolt-on to their defined benefit (DB) workplace pension scheme. However, the demise of DB schemes has prompted them to reconsider this tradition in order to help cut costs.

Nevertheless, life assurance remains one of the most common benefits offered to UK employees. *Employee Benefits' Benefits research 2014*, published in May, found that 77% of respondents offer it as a core benefit, compared with only 6% in flexible benefits polices and 2% on a voluntary basis.

According to Swiss Re's *Group watch report 2014*, published in April, the group life assurance market covers more than 8.5 million lives across 48,000 employers, which is why the industry needs to innovate.

One of the latest innovations in the market is Havensrock. The policy, launched in October by Punter Southall Health and Protection Consulting (PSHPC) and insured by Scottish Friendly, allows employees to add their partner to a group life assurance policy through a dependant's benefit.

John Dean, managing director at PSHPC, says: "The benefit of life assurance is for employees' families. It does not help [in the event of] the death of an employee or the employer other than [by providing] confidence that those left behind are looked after. However, what happens to the employee and the employer if the employee's partner dies?"

Dean says that such tragic events may be supported by an organisation's compassionate leave policy, but only for a limited time.

The payment from a dependent's policy could be used to cover a range of costs, such as the cost of a funeral, or to supplement a termination payment from an employer if an employee feels they cannot continue working.

> "What happens to the employer and the employee if their partner dies?"
>
> John Dean, PSHPC

IF YOU READ NOTHING ELSE, READ THIS...

- **Group life assurance is the most commonly offered benefit to employees.**
- **The benefit often now includes value-added services such as bereavement counselling.**
- **Group life assurance products continue to be driven by price rather than innovation.**

Communicate the benefits

Such product details often remain unknown to employees because their employers fail to fully communicate the benefits of group risk cover.

This is unsurprising in light of the *Canada Life Group Insurance ORC Employer research*, published in April, which found that 18% of professionals do not understand group life assurance, and that 32% are unsure of its cost or value to their organisation.

There are exceptions, such as employees who have group life cover worth up to four times their salary, who will be more likely to understand the value of the benefit.

Raise awareness

The rise of group life packages featuring value-added services is a market innovation that is also likely to raise employees' awareness of the group risk market. Services include bereavement counselling, will writing and probate support.

But Chris Ford, managing director, corporate and individual protection at Jelf Employee Benefits, says that employers should be aware that not all insurers offer all of these benefits.

Another innovation is claims verification for claimants, which allows employers to provide faster claims processing by registering a claim and uploading supporting material, such as a death certificate, to provide notice of an employee's death. This is instead of employers having to wait for their insurer to receive the material in the post.

Price-driven product

But despite all of these innovations, group risk benefits remain price-driven products because of employers' demand for the cheapest deal.

David Williams, director of group protection at Friends Life, says: "The desire to speed up the processing of claims has been significant for insurers, but group life is a price-driven benefit and it will remain that way. While the added services add value, they do not bring down the price."

So it seems that the need for insurers to communicate the benefits of group risk benefits to employers and then to help them relay these benefits to their employees is more pressing than product innovation, at least for now EB

Robert Crawford is a reporter at *Employee Benefits*

@ Read also *The top six myths about group risk benefits* at: bit.ly/1wOoUwx

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SHUTTERSTOCK

IN THE DETAILS

There are many questions around the structure of pensions salary sacrifice, says **Marianne Calnan**

IF YOU READ NOTHING ELSE, READ THIS...

- **Pensions salary sacrifice involves employees sacrificing a proportion of their salary to contribute into their pension scheme.**
- **Salary sacrifice can reduce income tax and national insurance contributions for both employers and employees.**
- **The term 'salary sacrifice' is increasingly being replaced with 'salary exchange'.**

Pensions salary sacrifice is offered by 61% of employers, according to Employee Benefits' *Benefits research 2014*, published in May, but what is it? Here are some of the most common questions employees ask about the benefit.

What is pensions salary sacrifice?

Pensions salary sacrifice involves employees sacrificing a portion of their salary to contribute into their pension scheme.

Instead of a pension scheme member agreeing to pay, say, £50 of their salary direct to their pension scheme provider, they agree with their employer that their pay is contractually reduced by £50 per month, and that the employer makes this contribution to the pension scheme in addition to any contribution that the employee makes.

Salary sacrifice arrangements enable employees and employers to make tax and national insurance (NI) savings because the member's pension contribution is taken out of gross pay.

According to *The Benefits Research 2014*, 61% of employers provide salary sacrifice pension schemes and 34% offer these via a flexible benefits plan.

How does it work?

If an employee earns £30,000 per year and sacrifices £1,000 per month, their salary will be £29,000, which is the amount that is then subject to tax and national insurance (NI).

Without salary sacrifice, a member contribution of £100 would be subject to 13.8% employer NI.

Dale Critchley, pensions technical manager at Friends Life, says that pensions salary sacrifice simply makes pension contributions more affordable for both staff and employers.

John Chilman, group pensions and rewards director at FirstGroup, adds: "Pensions salary sacrifice is a way for members to pay for their pension in a more NI-efficient way".

Employee contracts need to be changed to illustrate any change of salary, but employers need to adhere to minimum wage laws.

Critchley says: "Contract changes need to be applied prior to implementation date; about six months is sufficient time. "[Employers need to] engage with payroll to find out who salary sacrifice is appropriate for and who it isn't. For example, those on or near to the national minimum wage, or part-time workers, could lose out on statutory maternity pay."

He says that it is crucial that employers make the necessary changes in contract of employment, which is legally enforceable. "And make sure that the changes can be upheld."

What could go wrong?

The tangible result of sacrificing part of a salary is that it will decrease, which could result in an employer breaching the minimum wage laws.

Employers must also consider that staff may be involved in multiple salary sacrifice arrangements, which could also result in the same outcome. Salary sacrifice also involves vast amounts of administration and HR work, which employers may not have the capacity to manage.

A common mistake that many employers make when implementing salary sacrifice is failing to thoroughly review their HR processes and as well as, in some cases, failing to provide a lack of effective communication and exchange of information with staff.

What to do with NI savings?

Employers may reinvest all, or part of, their NI savings into their employees' pension funds, but this is not always the case.

By sharing their savings, employers can make their pensions scheme much more ➤

attractive to staff, but employers and employees must communicate that they do this to reap the benefits.

Paul Nanon, partner at Aon Employee Benefits, says that the majority of employers do not share their NI saving.

"Employers that do share their NI saving typically have a highly paid workforce who would only benefit from a 2% marginal NI-rate saving, so sharing the employer NI saving encourages participation."

What are DC pensions?

Defined contribution (DC) pensions build up a pension fund using employee and employer contributions (if applicable) plus investment returns and tax relief.

Pension pots can be invested in stocks, shares or other investments, and under new government proposals, from April 2015, scheme members will have greater flexibility about how they access and use their pension from age 55.

Employees could convert their pot in to an annuity, take up to 25% tax-free, or withdraw the cash in stages or as one lump sum.

What is salary exchange?

The term 'salary exchange' is being used more commonly than salary sacrifice due to the negative connotations surrounding 'sacrifice.'

First Group's Chilman says: "It's less emotive. The term sacrifice sounds like [employees] are giving something up, while exchange is a more accurate reflection of what is happening; members are exchanging salary for a bigger company contribution into their pension plan."

> "A shift is needed in attitudes towards pensions in the UK"
>
> Angela Smith, Office Angels

Auto-enrolment

Almost half (48%) of UK employees have not been sufficiently informed about auto-enrolment by their employers, according to research from Office Angels, carried out between November and December 2013, and published in February 2014. Moreover, *The Pensions Regulator's (TPR) annual commentary and analysis report 2014,* released this September, found that 785 potential non-compliance cases were referred for investigation, and 23 auto-enrolment compliance notices were issued.

The main challenges with auto-enrolment include the extra administration involved, such as keeping record of staff that opt out of a scheme as well as staff communication.

TPR recommends that articles, texts or emails and posters are some of the most effective ways to communicate auto-enrolment to staff.

After their auto-enrolment staging date, employers are required to monitor staff who will become eligible for auto-enrolment each month, or those with pay rises bringing them above the qualifying earnings threshold.

Chilman says: "As the act of auto-enrolment must be completely passive, the member may not realise what is happening, particularly when they see the gross pay go down. They may not understand the concept of the reference pay, which means their pensionable pay and reference pay for other benefits, does not decrease as a result of this."

Angela Smith, managing director at Office Angels, adds: "A shift is needed in attitudes towards pensions in the UK. HR professionals need to take the necessary steps to prepare, otherwise they risk damage to their employer brand, a drop in overall engagement levels and a breakdown of the relationships they've built with their employees." EB

CASE STUDY FIRST GROUP

Boosting pay through salary sacrifice

FirstGroup, which has more than 120,000 employees worldwide, has offered a pensions salary sacrifice arrangement since making changes to its employee benefits in 2005-2006.

John Chilman, group reward and pensions director, says: "Initially, we called this 'pay boost' because existing members going into the scheme boosted their take-home pay, because they paid less national insurance. However, we changed the name to 'salary adjustment' in the UK, because the 'pay boost' term was not appropriate for colleagues who were saving into pension for the first time."

FirstGroup reinvests some of the NI savings made as additional benefits to staff in the scheme.

When deciding which members of staff are most suitable for the scheme, FirstGroup auto-enrolled those under the age of 22 on a contractual basis, as well as those below the qualifying earnings threshold.

It has also had to consider its approach to temporary workers. Chilman says: "We're looking at the approach we take to casual staff, as auto-enrolling them can cause frustration when they come back to work for us for a short period, and find that a pension deduction has been made."

When implementing pensions salary sacrifice, to

both its defined benefit (DB) pension scheme for existing members and a new trust-based defined contribution (DC) scheme for new members, FirstGroup also had to decide whether to allow employees to opt in or opt out.

Chilman explains: "If you make it passive you will get a much higher take-up. Once we found this out we used the opt-out approach, and most individuals don't."

WHERE CAN EMPLOYERS SOURCE MORE INFORMATION?

- HM Revenue and Customs' (HMRC) website provides salary sacrifice guidance:
www.hmrc.gov.uk/specialist/salary_sacrifice.htm
www.hmrc.gov.uk/manuals/eimanual/EIM42750.htm
- HMRC's clearance team can vet salary sacrifice arrangements, based on the evidence provided to show the contract of employment has been changed and the salary given up, to ensure everything is in order. Contact: hmrc.southendteam@hmrc.gsi.gov.uk

Marianne Calnan is a reporter at *Employee Benefits*

@ Read also *Pensions contributions and childcare vouchers* at *bit.ly/1nyPI3Y*

Engagement in pensions is taking off

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SCOTTISH WIDOWS

Pensions auto-enrolment provides far greater financial security for employees, but there will be some turbulence for employers implementing guidance and support strategies, says **Lynn Graves**

September saw the launch of Scottish Widows' fifth annual *Workplace pensions report*, providing insight on the attitudes and behaviours of thousands of employees in relation to their workplace saving.

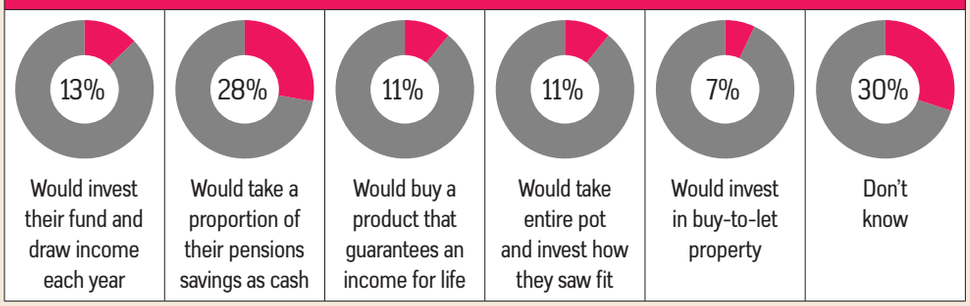
Two years on from the first auto-enrolment (AE) staging date, the impact that AE is having on workplace saving is starting to filter through. The success of the AE story is largely reflected in the proportion of employees now saving adequately for retirement. The research shows that 53% of respondents fell into this category. Not only is this a significant increase from last year (45%), but it represents the highest figure since 2009.

This is an encouraging landmark for auto-enrolment, but it also highlights a potential challenge for employers in the future.

The Budget reforms announced by Chancellor George Osborne back in March have ensured that individuals will have significantly more choice in relation to what they do with their pension savings than ever before.

So, with AE ensuring that more employees are saving more money into their pension, and the Budget reforms ensuring that they have more choice about what they do with that money, the inevitable consequence will be that an increased number of employees will have some important financial decisions to take in the future when dealing with their pension pot.

HOW PEOPLE WOULD CHOOSE TO USE THEIR PENSION SAVINGS



So how will this impact employers?

With the at-retirement landscape becoming more complicated for workers to navigate, a number (17%) of employees will turn to their employer for guidance on the topic.

One crucial element of the Chancellor's announcement was the promise of the introduction of a guidance guarantee providing individuals with information and support to better equip them to make the necessary decisions about their retirement saving.

The report also highlights the various sources currently cited by workers as points or reference for information on pensions. The Money Advice Service, which will not be involved in delivering the guidance, but will be part of an implementation team supporting the development of the website, is top of that list which suggests that many will readily take up the guidance guarantee.

However, as one in six workers will be looking to their employer for help and support in this matter, the provision of this type of education and support is something that employers should be considering.

Perhaps reassuringly, almost half (49%) of respondents felt they would be comfortable managing the pensions, investments and savings that they have accumulated for themselves. And those aged 55 or older are more likely than any other group to feel that way, suggesting that those closer to retirement are significantly more engaged with their pension planning. However, the big gap in this master plan is those workers in their 30s and 40s.

Auto-enrolment is doing an excellent job of bringing workers into pension saving for the first time, and the guidance guarantee will help support those getting closer to retirement, but for those somewhere in the middle what can be done to ensure that they are making the most of their long-term saving?

Again, engagement with workers throughout their careers on financial matters is something that employers might wish to consider. For many, the workplace is a natural channel through which to tackle these issues and many advisers and providers already offer access to workplace savings platforms providing workers with financial education and guidance.

Ultimately, employees' level of engagement with their long-term saving will be key in determining what they can expect to receive when they reach retirement age, and employers are uniquely placed to offer support to staff whatever their stage in the retirement planning journey.

Lynn Graves is senior manager, corporate pensions at Scottish Widows

MANAGING CHILDCARE

Staff face many childcare challenges, so employer support is vital, says **James Dyble**

Working families face a multitude of challenges in managing their childcare needs, which means support from their employers is vital. But organisations also need to see a return on investment from any services that they provide.

The *Working and workless households 2013 - Statistical bulletin* published by the Office for National Statistics in August 2013 revealed that 78% of people with dependent children were in employment. This means that a significant proportion of employers' workforces are likely to require support such as emergency childcare services at some point in time.

However, emergency childcare did not feature in the core benefits packages of respondents surveyed for *The benefits research 2014* published by Employee Benefits in May, and just 1% of employers offered it as part of their flexible benefits scheme.

Ben Black, director and founder of childcare services provider My Family Care, believes that parents' differing requirements often deter employers from offering benefits such as emergency childcare. He says: "While all parents agree that it would be great if their employer gave them more support, they all want different things. Some only want a nanny to come into their home, while others might want to use the nursery at the end of their road and another might only use childminders."

Some employers may also be deterred from providing childcare benefits because they fear that implementation will prove time consuming and costly and not provide a return on investment, or at least not one that they can easily quantify.

IF YOU READ NOTHING ELSE, READ THIS...

- **78% of people with dependent children are in employment, so employers need to consider workplace support where required.**
- **Cost and implementation time are often cited by employers as reasons why they do not offer their staff childcare support.**
- **It is easy for employers to assess the value of the childcare support that they offer.**

But Iain McMath, managing director of Sodexo Motivation Solutions, says that a tailored approach to childcare support that is aligned to staff needs could help employers to maximise their value for money. "The majority of organisations offer a one-size-fits-all package, rather than what really works for their employees," he says. "Part of that reasoning from HR is that it is simpler to do it that way ➤

GETTY IMAGES

rather than trying to create a dialogue with staff to find out about their position."

Identifying staff needs

Employers can start to assess the appropriateness of childcare support for their organisation once they have identified their employees' specific needs.

Childcare vouchers are one of the most popular forms of childcare benefits and allow working parents to save up to £900 a year through a salary sacrifice arrangement with their employer. This enables both employees and employers to make tax and national insurance savings.

Many providers also offer a range of value-added services that help employers to justify their spend. Jo Dalby, finance director at benefits provider Busy Bees, says: "Any [employer] that takes our childcare vouchers has free access to our nationwide network of nurseries. They can contact us and we will organise a space for their employee's child using the vouchers."

However, from autumn 2015, childcare vouchers will be replaced with a new tax-free childcare scheme.

However, the increasing cost of nursery places means that they are declining in popularity among employees. Sodexo's McMath says: "Recently nurseries have been increasing their prices because they have not been covering their costs. Two and three-year-olds get free entitlement that the government pays for, but at a reduced rate. Nurseries charge more for the ordinary spaces to compensate for the reduction in income from the government."

Onsite nurseries are an alternative form of tax-efficient childcare support for employers to consider offering their staff. But employers need to consider if staff demand justifies the total spend required for such an initiative. Busy Bees's Dalby says: "If an employer has 50 staff but everyone has children then it would obviously be worth it. Vouchers are probably easiest for employers, but workplace nurseries take support to another level."

My Family Care's Black adds: "Nine times out of 10 when we get asked about onsite childcare we tell employers that there are better ways to provide care with more flexibility and better value for money. It's very rare onsite nurseries get built."

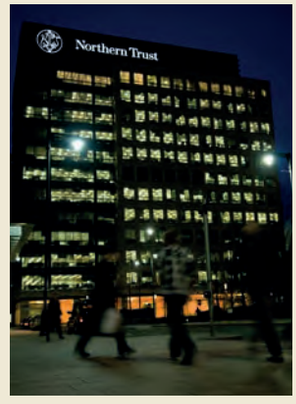
But he adds that it is easy for employers to assess the value of the childcare support that they offer their staff. "They can ask employees if they worked when they wouldn't have otherwise [if support was not in place]," he says. "If the answer is yes and they did not have to take time off, working out the return on investment is quite easy. It most probably costs £50 a day for childcare, so employers can easily work out if it is worth it." EB

CASE STUDY NORTHERN TRUST

Emergency childcare support for staff

Northern Trust has offered staff the opportunity to work flexibly for some time, but a review of its engagement policy resulted in the employer identifying a lack of emergency childcare in its benefits package.

Cara Collins, senior employee relations consultant at Northern Trust, says: "We looked at paying for a place at the nursery [in the organisation's office building], but we did not think that was a good option because only one employee can benefit at any one time, and they also then have to bring their children into Canary Wharf. So we looked at other types of providers and decided that staff having access to a nursery near [their home] or having someone come to [their] house was better."



The employer funds six sessions per employee per year through My Family Care. This can include emergency childcare, school holiday cover, elder or adult care.

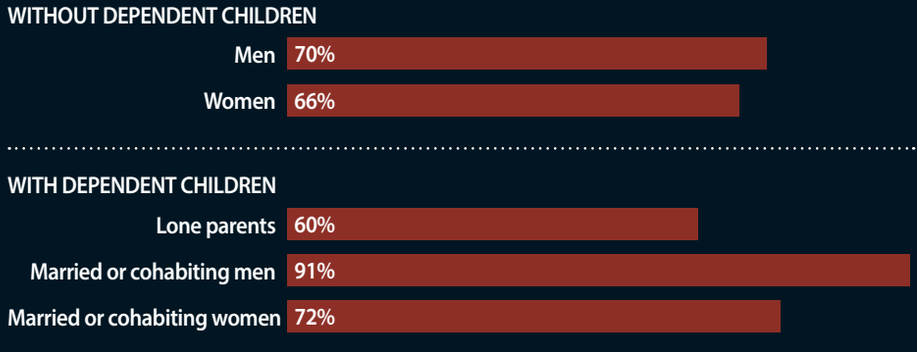
Collins says: "We want to do what we can to help families, but families are made up in all sorts of different ways."

She adds that the six sessions per employee offer incredibly good value to the organisation, with the management fee and actual usage cost working out to approximately £20 per head.

The service helped Northern Trust to win the Best Work-Life Balance Strategy award at the Employee Benefits Awards 2014 and to build a workforce that is 51% female, five times higher than that of the finance industry average.

"It is always good to feel like we are being recognised and what we are doing is the way forward, but we have to look at the next generation coming through," Collins says. "They are not looking at sitting at a desk from nine to five, so our approach now is for hot-desking and for staff to spend a certain number of days in the office and a certain number of days at home."

EMPLOYMENT RATE OF PEOPLE BY PARENTAL STATUS, APRIL TO JUNE 2013, UK



Source: Labour Force Survey – Office for National Statistics, August 2013

James Dyble is a freelance journalist

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

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Can you please all the people all the time?

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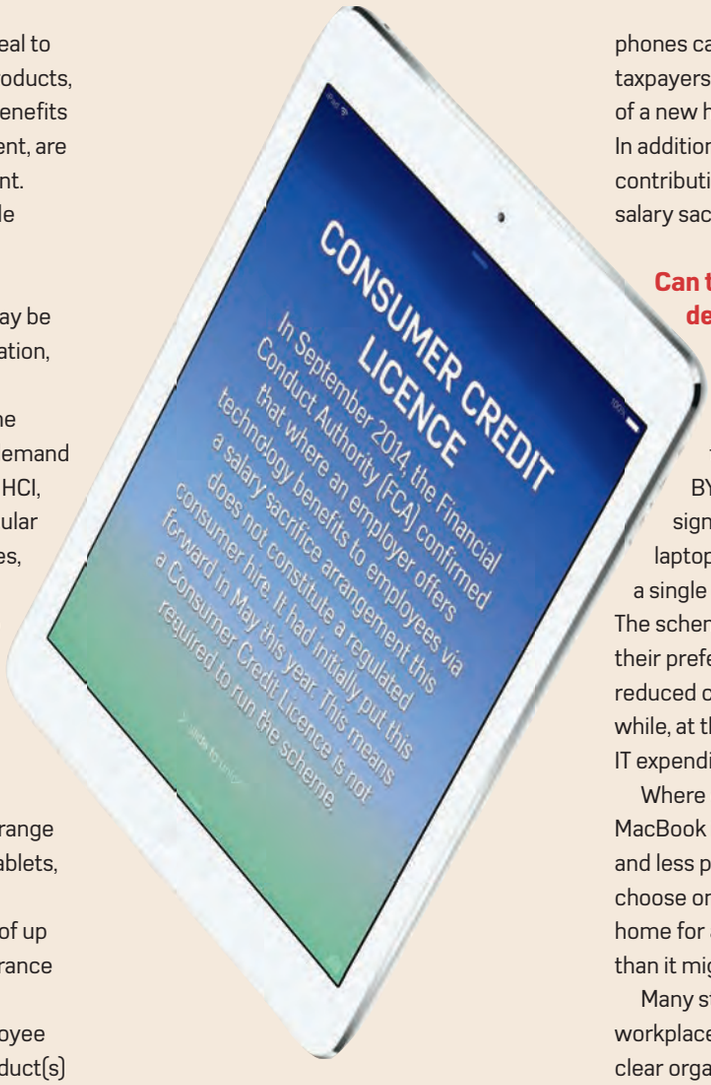
Technology has a universal appeal and could well form part of a savvy benefits scheme for the forward-thinking employer, says **Clive Farrow**

There aren't many benefits that will appeal to the whole workforce. But technology products, offered through a flexible or voluntary benefits scheme via a salary sacrifice arrangement, are likely to appeal to everyone at some point. After all, most people today own a mobile phone, tablet or laptop.

So, why haven't more employers implemented this type of scheme? It may be that they have concerns over administration, savings or simply do not have the time.

They may even recall the former home computer initiative (HCI) and the huge demand this generated. Nearly 10 years on from HCI, technology schemes are becoming popular again, driven by huge demand for devices, significant employer and employee savings and the ability for employees to pay back from salary over two years.

So how does this work and what are the savings?



Home technology scheme

A home technology scheme provides a range of internet-enabled devices, including tablets, computers and smart televisions.

Employees are able to make savings of up to 26% on income tax and national insurance (NI) as a result of the salary sacrifice arrangement. After two years, the employee has the option to keep or return the product(s) with the full income tax charge only incurred if the equipment is kept at the end of the benefit period.

On returning the item at the end of the two-year period, the employee is able to recognise the recycling value of the returned item to get a substantial discount on a new device when re-joining the scheme.

Mobile phone scheme

Personal mobile phones and airtime contracts can be provided as a tax-free benefit under long-standing legislation that was revised by HM Revenue and Customs in 2012. Employees can choose from a wide range of phones, including the new iPhone 6.

Employees who already have business phones can also still take part. Higher-rate taxpayers can save 42% off the total price of a new handset with a two year contract. In addition, employers save on class 1A NI contributions on the total amount of salary sacrificed.

Can this support a bring-your-own-device (BYOD) model?

Organisations can utilise a technology benefits platform to reduce capital expenditure on IT in the workplace. Routinely called BYOD, this initiative is one where staff sign up to choose a phone, tablet or laptop from a range of products to use as a single device both in the home and at work. The scheme enables employers to offer staff their preferred device at a significantly reduced cost due to employer contribution, while, at the same time, reducing internal IT expenditure.

Where once employees would use a MacBook in the home and perhaps an older and less powerful laptop at work, the offer to choose one piece of equipment for work and home for a very small outlay is more popular than it might first seem.

Many staff are already allowed to use workplace PCs for some personal usage. A clear organisational BYOD policy supported by the right IT infrastructure can improve employees' work-life balance and help to drive up morale.

Clive Farrow is an employee benefits consultant at EmployeeChoice

A CLOSE LOOK AT FLEX

There are many flexible benefits providers on the market, says **Alison Coleman,** so employers must take time to consider their options

Flexible benefits schemes have never been as popular, or so accessible.

According to research published by benefits software provider Staffcare in October 2014, more than 80% of respondents with more than 100 employees now offer some form of flexible benefits scheme, compared with just 11% that offered full flex a decade ago.

The market for flexible benefits is huge and there are many providers, so employers must be clear about what they want, says Derek Miles, managing director of business consultancy Aspira.

"They need to be clear about the range of benefits they want to offer, which are core and which are flexible, and whether the technology will allow all the choices employees want, or whether it offers too much choice," he says.

For employers looking to select a flex provider, here are the key factors to consider.

1. Research the market

When assessing flex providers, employers must be thorough in researching their experience and track record. They should ask what the provider has done for similar organisations, and what the outcomes were.

Implementing a flexible benefits scheme is a long-term process, so it is important to choose a team that can meet the employer's requirements and that it can work well with.

It is also worth checking that the provider is ISO compliant, has met certain standards on security, and has a sound financial track record.

IF YOU READ NOTHING ELSE, READ THIS. . .

- **Treat the assessment of flex providers like an interview. Do not be afraid of asking for detailed information about the organisation and its track record.**
- **The technology behind a flex scheme has to deliver on all an organisation's business objectives, with scope for future growth too.**
- **Always ask for added value; this is a competitive market.**
- **Do not assume things will be included; always check, down to the very last detail.**

2. Understand their technology and capability

This means looking beyond the front-end look and feel, and delving deeply into capability and how flexible it is, says Matt Duffy, head of online consultancy of Aon Employee Benefits.

"[Employers] need to know that it will work with all their requirements, including being mobile and tablet friendly. Will it link to HR and payroll? Is there a seamless link to other platforms through single sign-on? These will all make implementation smoother. Understanding future capabilities will show if there is room for you to grow together."

> "Understanding future capabilities will show if there is room for you to grow together"
>
> Matt Duffy, Aon Employee Benefits

3. Are they innovative?

Look at what they are doing differently to help employers and employees. Employers should ask providers how they will make a scheme stand out from competitors and get the business results and employee outcomes the organisation needs.

4. Look for added value

Ask prospective flex providers what added value they can offer. This might include the supply of promotional materials, such as posters to display around the workplace, or email templates to use when sending out flex programme communications.

Kuljit Kaur, head of business development at The Voucher Shop, says: "[Employers] should be able to analyse detailed management information to ensure that the scheme is providing the return on investment [they would] expect. It is in the best interest of the provider for a scheme to be a success, so they should be happy to help with promoting and analysing it."

5. How much support will they provide in running the scheme?

While it may seem safe to assume some elements of flex provision, it is always worth asking how much support a provider will give. For example, can it offer enough choice, such as single or multi-retailer vouchers, gift cards and e-codes for staff discount schemes? Will it be proactive in proposing cost-saving ideas? And will it help to find the most effective way of communicating the flexible benefits scheme to staff?

Kaur adds: "Remember that when choosing a flex benefits provider it is going to reflect the HR team's efforts and so must be up to the job of fulfilling employees' requests in a timely and efficient manner".

"Ultimately this will ensure that the scheme is a success and achieves an organisation's business objectives." EB

Alison Coleman is a freelance journalist

@ Read also: *How to refresh a flexible benefits scheme* at: *bit.ly/1pDAFqg*

SHUTTERSTOCK

INSPIRING CHANGE

Samsung's focus on innovation runs right through the organisation, and has been key to the evolution of its benefits strategy, says **Robert Crawford**

Engagement is one of Samsung's primary organisational objectives aimed at helping to recruit and retain employees in a competitive industry. Over the last few years the organisation has been utilising its own technology to help harness and build employee engagement.

Tess Smillie, vice president of human resources at Samsung, says: "We work in a competitive environment with a wide portfolio of people and business. That alone can attract great talent from many places, although we could also lose staff to competitors. We have to make a very attractive proposition and engage people in it to be the best in class."

Introducing flex

Since 2012, Samsung has been on a journey with its benefits. It has now reached the stage where this year more than 95% of its 1,600 employees logged on to its flexible benefits online portal, Highlights, provided by Thomsons Online Benefits. This is up from 87% in 2013.

Before launching its flexible benefits scheme in 2012, the organisation struggled to engage staff with benefits. Different business areas within Samsung offered different benefits, with the only common ground being that all paid into the same pension scheme.

Samsung utilises its own technology to engage its employees in flexible benefits

To tackle this issue, Samsung consolidated its offering and the introduction of flexible benefits went some way to changing employees' mindsets about what the organisation does to give them more than just a good salary. Joanna Bean, head of reward, UK and Ireland at Samsung, says: "We wanted to come up with a benefits package that allowed us to give employees a flex allowance. It was about giving employees more choice but maintaining a level of fairness."

"We wanted to make it more personal and give employees more choice, it has also been much easier to administer since the launch."

However, its flexible benefits scheme only really started to take shape a year later in 2013 following the rebrand of its programme, which allowed the organisation to successfully move all of its benefits into an online portal and restructure its communication strategy. The organisation had a complete communications overhaul to help boost engagement.

As well as take up increasing, 86% of employees who logged on felt that Highlights enhanced their overall benefits package.

"We spent a lot of time putting everything into the portal," says Bean. "This also includes our core benefits so that employees can see the value of that investment we had made in them. We did a lot of communication around the introduction of moving benefits online. We had to. We were not introducing any new

CAREER HISTORY

Joanna Bean has been at Samsung for more than 12 years, after joining in 2002 as a HR advisor. She held this role for four years before moving to become a senior HR advisor, a position she held for a further six years.

Bean moved into looking after employee benefits in 2011/12 when she became compensation and benefits manager in the UK and Ireland. In March 2014 she took up her current role as head of reward

She says: "We have started from the ground up and rebuilt what we have. But being recognised for our pensions work is a great achievement for not only myself, but also the organisation to have."

Tess Smillie joined Samsung in 2013 as vice president, human resources.

Smillies' role is to work in partnership with the organisation's leaders on all employee aspects of the business to make Samsung a great place to work and develop a career. She is an experienced HR leader in the technology industry, having previously held the position of vice president, international HR, at Blackberry. Prior to that, she spent eight years at Microsoft.

BUSINESS OBJECTIVES IMPACTING BENEFITS

- To be cost effective while keeping benefits competitive.
- To keep benefits technology up to date.
- To support the health and wellbeing of the workforce.

benefits that year so had to raise engagement in a different way."

Smillie adds: "We try to communicate in 360 degrees and do it in a combination of ways. What really helped to boost that engagement was the use of online [materials], text messages, physical things around the office to read and infographics that highlighted the take-up of benefits."

The organisation also uses its own technology to enhance engagement and boost the integration and use of its online benefits portal. Employees can use their own Samsung mobile phones, which have the latest Near Field Communications (NFC) software, to reach the portal through the simple tag of a quick-response (QR) code. "If we can't use it then who can?" says Smillie. "Employees want that integration with their benefits, and using Samsung technology helps us stay connected with our tech-savvy employees to meet their expectations."

This year, the organisation introduced new benefits to flex in response to employee feedback. New options included: season ticket loans, personal accident insurance and a discount dining card. Adding new benefits is all part of the organisation's aim to offer an extensive employee value proposition, which is a core part of its benefits philosophy.

But the pressure for the organisation is on re-thinking and re-inventing its benefits package to keep employees engaged. To achieve this, the organisation has now turned its attention to health and wellbeing.

Bean says: "Flexible benefits has evolved so much and continues to do so, but now we are looking more closely at healthcare and wellbeing. It is a big focus for us. We want to show [staff] that we care about them in more ways than one."

As part of its focus on this area, the organisation has run a number of events and activities for employees, such as on-site personal trainer classes and cycle-to-work days, through which Samsung links staff back to the benefits available.

"It has crept up the agenda," adds Smillie. "There has been a greater emphasis being placed on employees' health and wellbeing, but also on their financial wellbeing, which is why we hold our pensions month."

SAMSUNG AT A GLANCE

Samsung was founded in South Korea in 1938 and has been operating in the UK for more than 30 years. The organisation produces products such as TVs, smartphones, tablets, PCs, cameras, home appliances and medical devices.

The company employs more than 286,000 people globally across 80 different countries with more than 1,600 based in the UK.

THE BENEFITS

Pension

> A defined contribution group personal pension scheme available to all staff and used for auto-enrolment. Some 96% of employees are members of the scheme

Healthcare and wellbeing

> Dental insurance - flexible benefit (flex)
> Eye tests - core benefit (core)
> Employee assistance programme - core
> GymFlex - flex
> Health assessments for employees and partners - core and flex
> Health cash plan - core and flex
> Private medical insurance - core and flex
> Partner critical illness cover - flex

Group risk

> Group income protection - core and flex
> Group life assurance for employees and partners - flex
> Critical illness cover for employees and partners - flex

Financial

> Independent financial advice service - voluntary benefit
> Independent mortgage advice - voluntary
> Pension one-off contribution - voluntary
> Personal accident insurance - flex
> Annuity service - core
> Pension services - voluntary

Lifestyle

> Car allowance - core as per grade
> Childcare vouchers - voluntary
> Bikes for work - flex
> Holiday buy and sell (up to five days) - flex
> Microsoft home usage package - voluntary
> Payroll giving - voluntary
> Season ticket loan - voluntary
> Tastecard - flex
> Travel insurance - flex

Holiday

> 25 days a year plus bank holidays.
> After 10 years employees get an extra days holiday

Other benefits

> Long-service awards for five, 10, 20 and above years of service
> Subsidised canteens, in which employees can pay £2 a day for a three course meal
> Birthday vouchers
> Staff discount on Samsung products

Pension awareness

Samsung's pensions communication campaign is aimed at improving employee education around pensions, as well as increasing engagement with the benefit. To engage with its diverse demographic, it created 'pension champions', drawing on all segments of its workforce profile to provide information to their peers. As a result, its approach won 'Best pensions communications – small employer' at the Employee Benefits Awards 2014.

"Employers ask a lot from their employees, and people work hard." Says Smillie. "At Samsung, benefits is all part of our chairman's famous quote 'A company is its people' and that thread runs through our organisation straight through to the benefits we offer." EB

Robert Crawford is a reporter at *Employee Benefits*

@ Read more employer case studies at: *bit.ly/1IRQYOS*

Staying on track with car salary sacrifice

Supplied by:

Choosing the right scheme for an organisation takes a little forward-planning, says **Guy Roberts**

For employers thinking of implementing a car salary sacrifice scheme in their organisation, here are five top tips for getting it right.

1 Be clear on your objectives

This may sound simple, but many organisations move straight into the provider selection process without first being clear about their own objectives.

These objectives should include: maximising the choice of cars for employees; offering an open selection on contract term and mileage to improve take-up and maximise value; maximising the number of eligible employees to promote inclusiveness; not undertaking any scheme risks; and finally, minimising ongoing scheme administration.

2 Understand the risks, but do not accept them

The biggest barriers employers will encounter are known as scheme risks. Deal with these and the rest is simple. So what are scheme risks?

Firstly, there is early termination. What happens if an employee leaves mid-lease? In many scheme designs the lease will need to be terminated resulting in an extra cost. Employers will often try to recover the termination cost from the outgoing employee, which can be quite difficult.

Then there are consumer credit risks. Is a car salary sacrifice scheme consumer credit? Just like bikes-for-work schemes, car salary sacrifice is consumer credit. But unlike bikes-for-work schemes, the Financial Conduct Authority has not issued an exemption. Pretending car salary sacrifice is not consumer credit just isn't a risk worth taking.

Finally, there is the issue of corporate credit.

CORPORATE CONTRACT HIRE VERSUS NOVATED LEASING	Novated Leasing	Corporate Contract Hire
No early termination risk to employer	✔	✗
No lease obligations risk to employer	✔	✗
Consumer Credit Act requirements recognised and complied with	✔	✗
No employer scheme risks or liability	✔	✗
No requirement for early termination insurance and/or contingency funding	✔	✗
No utilisation of corporate credit	✔	✗
Freedom of vehicle choice and term of contract	✔	✗

An organisation's credit facilities are a valuable asset necessary to run the business. Finance teams may not want to use these up on voluntary benefits.

With proper provider selection and scheme design, employers do not have to experience any of these problems. The right provider and scheme structure will not create any of these scheme risks.

3 Choose the right scheme structure

Car salary sacrifice can be provided in one of two ways: corporate contract hire or novated leasing. In corporate contract hire, all lease obligations sit with the employer. This is fine for business-need cars, however this structure can result in a number of issues for the employer, such as early termination costs, utilising corporate credit facilities and increased administration from managing staff lists and ad-hoc recharges for fines and accident excesses.

The alternative is novated leasing, which is specifically designed for car salary sacrifice schemes. Quite simply, if the employee leaves, the car will go with that employee.

All employers need to manage is the payroll deduction. With novated leasing, the provider will manage everything else directly with the employee.

4 Launch the scheme to maximise employee engagement

Most employees will not have sacrificed salary for a car before, so employee engagement is critical. Internet sites are a great tool but they are not everything. People like to talk to people. An employer's chosen provider should be able to provide an online calculator, a helpline, staff presentations and personal consultations.

5 So simple, there is no need for tip number five

If employers follow the first four tips and choose the right scheme structure, the scheme can be implemented and managed quickly and easily. This will maximise the benefit to employees, with no scheme risk and minimal administration for the organisation.

Guy Roberts is director at SG Fleet

PRODUCT FILE

ON THE RIGHT TRACK

Salary sacrifice schemes are growing in popularity, along with a demand for low-emission cars, says **Robert Crawford**

HONDA

According to the *Employee Benefits/Towers Watson Flexible benefits research 2014*, published in April, salary sacrifice car schemes are the most popular benefit that employers plan to add to their flexible benefits plans.

Some 22% of respondents plan to add this perk to their plans, with 10% intending to include low-emission cars in their schemes.

Currently, 18% of employers offer salary sacrifice cars, with 11% offering low-emission cars through their flex plans.

These schemes are attractive to employers because they are typically cost-free for the business, with most providers able to manage all aspects of car maintenance, including servicing, breakdown cover and insurance, as well as ongoing communications about driver and car safety.

Funding options

Salary sacrifice schemes are underpinned by various fleet funding options. Options include: contract hire, contract purchase, finance lease, employee car ownership, hire purchase and outright purchase.

Historically, outright purchase was the most popular fleet funding method, but over the past 20 years this has been overtaken by contract hire, which is now the most common form for salary sacrifice arrangements.

NI savings

Employers can also benefit from the national insurance (NI) savings made by deducting employees' car payments from their salary. Many organisations choose to reinvest these savings back into their car scheme in order to make the benefit even more attractive.

For staff, salary sacrifice car schemes are a cost-effective way to invest in a car, and not only because of NI savings. They can also reduce the level of tax they pay by choosing a low-carbon dioxide (CO2) emission model.

This is because company car tax is based on a car's CO2 emissions. The value of an employer-provided car (which must be reported under P11D), meanwhile, takes into account the recommended retail price and VAT, and an employee's personal tax rate.

CO2 emissions

As part of the government's ongoing efforts to reduce the UK's CO2 emissions, it has introduced low-emission company car tax rules. Accordingly, company car providers are offering lower-emission cars to correspond with these tax breaks, with providers seeing a decrease in the average CO2 emission levels of cars being ordered.

The Company car trends research, published by GE Capital's fleet services division in August, found nearly two-thirds (62%) of respondents cited a carbon dioxide emissions limit as the top criteria for employee company car choice.

Salary sacrifice burdens

Complications can occur if an employee goes on long-term sick leave and cannot keep up the repayments, or if an employment contract is terminated. This may result in an employer having to meet the outstanding costs of the car scheme.

Introducing a car salary sacrifice scheme can also bring extra administration for employers, especially when tax changes occur. Employee contracts will need to be updated in relation to any increase in VAT or NI contributions. However, providers can help with these administrative details.

Estimates for the number of cars covered by salary sacrifice schemes vary, but a realistic figure would be 50,000-75,000, and it is expected to grow in coming years. Overall, it is a cost-neutral method of enhancing the value of an organisation's total reward package and can help to both attract and retain employees.

STATISTICS

62% of respondents cite a carbon dioxide emissions limit as the top criteria for employee company car choice.

Employee Benefits/Towers Watson Flexible benefits research 2014, published in April 2014.

22% of respondents plan to add a salary sacrifice car scheme to their flexible benefits scheme.

Company car trends, GE Capital, published in August 2014.

The facts

What is a salary sacrifice car scheme?
This is a car scheme in which an employee forgoes a portion of their gross salary in exchange for the use of a car for a period of time, and receives tax and national insurance breaks as a result.

Where can employers get more information?
The Association of Car Fleet Operators (ACFO) can be found at www.acfo.org or read more at *www employeebenefits.co.uk/benefits/company-cars-and-fleet.*

Who are the main providers?
ALD Automotive, Alphabet, Fleet Evolution, Fleet Hire, Hitachi Capital, Inchcape Fleet Solutions, Leasedrive, LeasePlan UK, Lex Autolease, Novalease, Pendragon Contracts, SG Fleet, Tusker, Venson Automotive Solutions and Zenith.

@ Read also *All employers need to know about car salary sacrifice* at: bit.ly/1hBvlCd

PRODUCT FILE

HEALTHY OPTIONS

Health cash plans are allowing employees access to a wide range of healthcare services, says **Mariann Calnan**

Health cash plans are an effective, low-cost health benefit that are rapidly gaining in popularity.

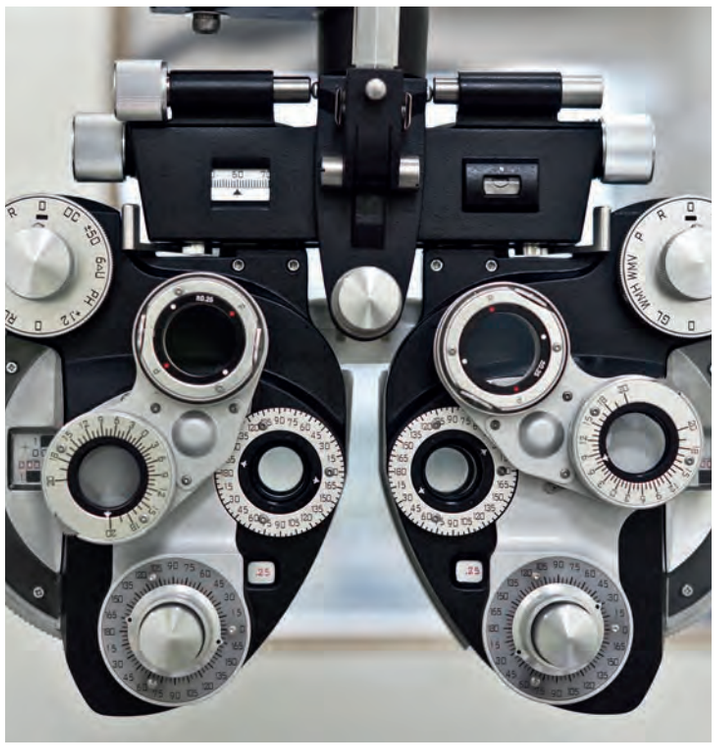
Health cash plans enable employees to access a range of healthcare treatments and services including employee assistance programmes and health screening. But optical, dental, hospital inpatient care and physiotherapy are the most popular treatments that employees claim for.

Another attraction of cash plans is their value for money because policyholders can claim back more than they spend on their annual premium. For example, Medicash offers Medicash Reward, which costs from just £1.25 per employee per week but entitles employees to claim up to, say, £220 per annum for dental cover.

Furthermore, employees are not required to have a medical before joining a plan, premiums do not increase with age and children under 18 are usually included for free as part of a parent's cover.

IF YOU READ NOTHING ELSE, READ THIS...

- **A health cash plan is an insurance policy that reimburses the partial or full cost of an employee's health treatment.**
- **They are a cost-effective benefit with which employers can offer employees wide-ranging workplace health and wellbeing support.**
- **The costs and cover of different health cash plans vary significantly between providers.**



SHUTTERSTOCK

Laing and Buisson economist Phillip Blackburn says: "Low-cost cover, which can be claimed often, is something [employees] can really see value in.

"The plans can be introduced into the workplace in various ways, either through salary sacrifice, as a flexible [or voluntary] benefit or as a core benefit. Employees can cover a lot of their workforce and there is also a wide range of plans to choose from to suit employees' individual needs."

Cost-effective benefit

From employers' perspective, health cash plans are a cost-effective way to support employees' everyday healthcare needs at a time when low or non-existent wage increases are failing to meet their basic living costs.

STATISTIC

Health cash plans funded by companies accounted for 28% of total market demand *(Health Shield, Health Cash Plans 2014, August 2014)*

DoctorHealth cash plans can help employers to alleviate the financial strain that may arise from healthcare provision for employees and their families, reducing sickness absence rates and boosting staff retention and morale in the process.

Offering a health cash plan through a flexible benefits plan is particularly cost effective because it helps employees to tailor a plan to their specific needs.

More than 130 million days were lost due to sickness absence in the UK in 2013, according to the Office

The facts

What are health cash plans?

A health cash plan is an insurance policy that reimburses the full or partial cost of an employee's health treatment, such as an optician's appointment or a dental check-up.

Cash plans offer employees inclusive healthcare for as little as £1 per week to several hundred pounds annually. They can be purchased as standalone products or with hospital treatment insurance, which provides continuous health cover at a fraction of the cost of private medical insurance.

Employers can use cash plans to tackle the causes of staff sickness absence and to help boost employee engagement. This low-cost, flexible benefit also helps organisations to meet their duty-of-care requirements around staff health and wellbeing.

What are the origins of cash plans?

Cash plans date back to the 1870s when employees paid 1p in every pound they earned to access healthcare. Early plan providers settled bills directly with hospitals until the National Health Service was created, after which insurers reimbursed employees directly.

What are the costs involved?

Cash plans start from around £1.25 per employee per week.

What are the tax issues?

Employer-paid health cash plans are treated as a benefit-in-kind for tax purposes and the value of the benefit is determined by the premium paid rather than the cash that is repaid to an employee.

PRODUCT FILE

for National Statistics report, Sickness absence in the labour market, which was published in February.

The main cause for working days lost in 2013 was musculoskeletal conditions, such as back and neck pain, leading to 31 million days lost. The next most common cause was minor illnesses, such as coughs and colds (27 million days lost), followed by stress, anxiety or depression, at 15 million days lost.

Health cash plans can offer support for employees affected by stress, anxiety and depression, such as counselling. Providers often offer counselling through employee assistance programmes (EAPs).

Another attraction of health cash plans for both employers and employees is their stable pricing, despite the fact that many providers have substantially enhanced their products and services over the last few years.

But prices are not expected to remain low for long due to the industry's desire for plans to be seen as more than a cheap alternative to healthcare benefits such as private medical insurance (PMI), particularly given cash plan providers' recent innovation.

Cash plan innovation in recent years includes value-added services, which in addition to EAPs and employee helplines extend to provide access to services such as Best Doctors.

Both Medicash and Westfield Health have added the Best Doctors service to their cash plans, which allows employees to obtain expert medical advice about their health complaints.

Some providers are also offering services to support employee wellbeing. For example, Health Shield enables employees to claim for nutritional therapy and Indian head massage, providing a recognised practitioner delivers the treatment.

Some health cash plans can also be used to cover PMI excesses, but some industry critics consider this to be a misuse of the benefit.

Accordingly, Medicash and Simplyhealth now offer cover specifically for PMI excesses. Medicash's Proactive plan offers £200 worth of cover that employees can use to pay excesses or for specialist consultations and diagnostic tests.

STATISTIC

35% **of full-time staff ranked health cash plans in their top three preferred benefits.**
(TNS on behalf of PMI Health Group, unnamed study, November 2012)

61% **of respondents said that cash plans help them to feel well perceived by staff.**
Employee Benefits healthcare research 2013,

Wider medical cover

Health cash plans' association with PMI is clearly unavoidable, and increasingly so as some providers attempt to bridge the gap between the two benefits. For example, Westfield Health's Hospital Treatment Insurance, which it launched in April 2012, can be added to its cash plans to enable employees access to medical and surgical procedures. And Perfect Health's surgical cash plan offers employees access to over 1,500 surgical procedures.

The ability to combine cash plans with hospital treatment insurance enables employees to access continuous healthcare treatment and avoid National Health Service waiting lists. The benefit for employers is that their staff get quicker access to top-notch treatment, enabling them to get well and return to work quicker.

Furthermore, early diagnosis can make many illnesses much easier to treat, which also reduces employees' recovery time.

A health cash plan also helps to make staff feel valued, according to the *Employee Benefits healthcare research 2013*, published in June 2013. The research also found that the majority (61%) of respondents said that cash plans help them to feel well perceived by staff.

Health cash plans are often considered more suitable for younger staff, especially those who may not see the full value of PMI because they are relatively fit and healthy.

Some employers provide cash plans to employee groups that do not receive PMI, while others offer them to all staff.

Obviously, funding is an issue and some employers may not be in a position to offer either benefit to all staff.

@ **Read more buyer's guides at** bit.ly/1kOZqbv

The facts

What are the legal implications?
There are no legal implications associated with a cash plan, although an employer can use one to help fulfil its duty-of-care requirements to employees' health and wellbeing.

Where can employers get more information and advice?
The British Health Care Association, a trade body representing not-for-profit healthcare, has information regarding cash plans, including most of the UK's cash plan providers, on 01343 830148.

Which providers have the biggest market share?
Laing and Buisson's Blackburn says: "Simplyhealth is the market leader by some way, accounting for 40-50% of the market. Westfield Health is second largest, then BHSF, Health Shield Friendly Society and HSF Plans."
Other dominant players in the market include: Bupa, Engage Mutual, Medicash and Paycare.

What have the main cash plan providers been up to over the past year?
Health Shield has strengthened its market position by increasing its income from £27m to £29m in 2013, according to a Laing and Buisson report published in July. This also found that Health Shield is the only top four provider to have increased its market share by income every year for the previous five years.

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2013 HEALTH INSURANCE AWARDS WINNER BEST CASH PLAN PROVIDER
2012 HEALTH INSURANCE AWARDS HIGHLY COMMENDED
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Call centre blues

Candid does battle with the call centre in an attempt to get to the bottom of her private medical insurance administration conundrum

Just when I thought it was safe to turn on my computer, I get a nasty email. Then, ping ping, as if nastiness has gone viral, I get a whole slew of them. They are all about the same thing: our private medical insurance (PMI) cover.

One thing you can say for our employees, they know their rights and they know how to follow them up. Vigorously. For some obscure reason, many people have suddenly had their claims refused by our provider. I can't understand why. Finally, one of the employees tells me what the contact at Bumpi Private Health actually said. They said they hadn't been paid. Ah.

I look back at my emails to see when I passed the invoice for payment. I can't find anything. My heart stops for a second. Could I have missed it? Is this all my fault? Continuing to look, I can't find any record of an invoice. I can find the agreement, and all the emails leading up to the appointment of this new vendor, but no, I can't find an invoice. I'll have to phone Bumpi.

Actually, I start with Smarmy Consulting as it helped set up the arrangement in the first place, but it is quick to point out that matters of payment are between Bumpi and us. Thanks. Does it have a contact number I can use? Yes, I can use the main helpline. Uff. I am going to have to fight my way through a call centre just like a mere employee.

In its corporate brochure, Bumpi thoroughly bigs up its customer service efficiency. It boasts that all calls are answered within 30 seconds, and all claims handled within 24 hours. Well, the call is answered by a voice recognition system, which wants to know if I am making a claim or following up on one. I don't want to do either, but there is no third option. I go for following up. A robotic voice then asks me to input a customer number using my keypad. I try the scheme number but the robot doesn't accept that, and tersely asks me to enter it again.

After several attempts, the robot finally offers to put me through to a customer service representative. The customer service representative asks for my customer number. I don't have a customer number, I explain, because I am enquiring about the scheme as a whole. I have a scheme number. They advise me they are unable to discuss any claims without a customer number. Well, if this person represents customer service, I represent a solid work ethic. Aaagh.

> "After several attempts, the robot finally offers to put me through to a customer service representative"

I ask to speak to the manager, but they are not falling for that. I can speak to a manager if I can provide my customer number. Because I am a member of the scheme myself, it is tempting to go and find my own number but I have a feeling that will only confuse matters further.

I go back to Smarmy Consulting and insist it gives me a name of someone I can speak to about my account. Our account manager is equally surly, growling that we have not filled in one of the forms properly and that is why it hasn't sent us an invoice. So, why have we been put on stop? Because we haven't paid our premium. How on earth can it expect us to pay a premium if we haven't been charged for it? I can practically hear the man shrug. I ask him what form I need to complete. He doesn't know the details and I'll have to contact customer services to find out. I can feel my heart rate going up. I will have my own medical claim before long. I beg him to put me through to the right person. Just please don't make me call the helpline again. Anything but that.

A manager in customer services picks up and I have to go through the whole story again. I am left on hold while he pulls up the file. We haven't confirmed the excess for a group of our employees so it doesn't know how much to charge us. Why didn't anyone ask us? I'm sure I can hear another shrug.

Why? I want to shriek. None of our employees have insurance excess, so why would they think that another group of our employees would? You would think in this digital age, such box-ticking bureaucracy would be reduced, but it feels like it is getting worse. Error messages sit in exception folders waiting to be resolved, and no human cares if they are resolved or not as long as the metrics are met.

I fix the question of excess, so an invoice can be raised, and we can pay them, but all that is going to take another few weeks. Meanwhile, can it take us off stop? I have sick employees to consider, and also my own stress levels. The account manager has to ask someone else, but eventually comes back giving us the all clear. He is quite unpleasant about it all the same. Sometimes I wonder how people in customer-facing roles manage to stay employed when they are so rude. Next time the scheme comes up for renewal, we will be looking at another supplier, that's for sure.

I go back to our employees and let them know they can proceed with their claims now. I pity the poor souls who have to go through that helpline when they are already feeling poorly. I should imagine it could put a few employees off claiming altogether. Still, trying to look on the bright side: that can only help our claims experience.

Next time... *Candid asks for a rise.*

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