ALIGNING REWARD WITH BUSINESS STRATEGY

Can technology in the workplace go too far?

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Weigh up all the pros and cons of technology

Love it or loathe it, there’s no getting away from the fact that technology has made many aspects of our lives much easier. Everyday tasks can now be carried out at a touch of a button wherever we are and it has never been easier to keep in contact with people. Yet, conversely, the very things that are purported to make life easier are also those that can be a hindrance, in some cases bringing greater stress to day-to-day life.

For example, while employees may value flexibility technology affords to work where and when suits them, many also find that they feel under pressure to always be switched on. Unless employers have the self-discipline required to switch off their devices or are able to ignore the ‘ping’ of new email arriving in their inboxes, the result will see them working longer and longer hours.

So, how much exposure to technology is too much? What can, or even should, employers do to help employees get the balance right? Is there such a thing as too much exposure or reliance on technology in today’s world, leaving employees’ feeling overwhelmed? Read more in Hot or not? on page 12.

Last month, I celebrated my 13th anniversary with Employee Benefits. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. That is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine. One thing I’ve certainly learnt in my time here is that this is an industry that is constantly evolving. Many benefits packages today look very different from those I wrote about when I first joined the magazine.

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Debbie Lovewell-Tuck
Editor
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EY fuses recognition with corporate values

Marianne Calnan | Reporter
Employee Benefits

EY has awarded its employees $1m through its global recognition programme, which aims to connect its corporate values with the celebration of its workforce’s efforts.

Its global employee recognition programme, Better Begins With You, recognises employees who have found innovative ways of fulfilling EY’s aim of building a better working world.

More than 75 finalists in the programme attended an Olympic-themed reward day in December 2015, which involved Olympic gold medallists Sir Chris Hoy and Denise Lewis. Five overall winners were selected across four categories, receiving $1m between them to further develop the projects they were recognised for.

Nancy Altobello, global vice-chair, talent at EY, said: “In today’s competitive global landscape, being a purpose-led organisation has never been more important in achieving business goals and delivering the best service for clients.

“At EY, we believe that our staff are at the core of achieving our purpose of building a better working world. That means actively engaging people in our purpose, demonstrating what we mean by it and recognising that employees’ exceptional and innovative achievements in bringing this purpose to life are essential to driving the success of the organisation.”

Linking staff recognition with business aims is a strategy that some employers are utilising to engage their employees, customers and the public, as they attempt to build a brand that embodies the values they represent.

Martha How, reward partner at Aon Employee Benefits, said: “EY’s programme is a great example of recognition, rather than reward. It is business enhancing and so ticks a lot of boxes in my book.

“What could be really unique would be if there was also some [personal] tangible reward for the winners [of such programmes], perhaps linked to business metrics. For example, if a winner grew their profit or margin by X% through the great application of the investment fund that won, they receive X% cash or bonus.

“That, to my mind, could be unique and could deliver something that has eluded many HR professionals; a recognition programme that delivers real, financially measurable results for the organisation and its staff.”

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Most read stories online between 4 December 2015 and 13 January 2016.
US court proceeds with FedEx pension case

**Marianne Calnan | Reporter**

In January 2016, a US District Court Judge allowed a pension benefits claim brought by the same-sex widow of a FedEx employee to proceed while dismissing two other claims by the plaintiff.

In Stacey Schuett v. FedEx Corporation et. al., the plaintiff, Stacey Schuett, was in a relationship with FedEx employee Lesly Taboada-Hall. The couple married in a civil ceremony on 19 June 2013, before licenses for marriages between same-sex couples were available in California. Taboada-Hall was diagnosed with cancer in 2010 and took medical leave of absence in 2012. She passed away on 20 June 2013. Taboada-Hall was a member of FedEx’s pension plan, which defined spouse as a person of the opposite sex according to the Defense of Marriage Act (DOMA). This act was declared unconstitutional on 26 June 2013.

In November 2015, the UK Court of Appeal upheld a ruling against a retired Innespec employee in his bid to see his civil partner, now husband, receive the same pension pay-out in the event of his death as a spouse of the opposite sex. Walker’s appeal failed on the basis that the claim related to a period before civil partnerships were recognised and the law could not be applied retroactively.

Geoff Egerton, pensions associate at Linklaters, said: “The FedEx case is interesting because it shows that same-sex marriage issues are topical on both sides of the Atlantic. However, ultimately any US court decisions will not have any direct application here.

“Conversely, with the Walker v. Innespec and others case, it is a clear statement of the law by a higher court and permission to appeal was refused by the Court of Appeal. We are not aware of this case being appealed to the Supreme Court. Assuming that it is not appealed, unless Parliament decides to change the law on same-sex marriage and does so with retrospective effect, this will be a barrier to similar cases being brought in the English courts.”

Helena Davies, professional support lawyer at Hogan Lovells, added: “In practice, many schemes have decided to change their rules to equalise fully for civil partners/same-sex marriage. Because funding for survivors’ benefits depends on actuarial assumptions, it is hard to see how costs would increase significantly as a result. However, for those that have not done so, this decision confirms that employers and trustees can rely on the statutory exemption. This may be helpful if, in an individual case, paying out a benefit based on full service might not be a viable option.”

**Compliance news at a glance**

- **High Court rules peripatetic staff are eligible for auto-enrolment**
  The High Court has ruled that peripatetic workers are eligible to be auto-enrolled into a workplace pension scheme, after Fleet Maritime Services (FMSB) challenged the Pension Regulator’s (TPR) approach and guidance on peripatetic workers. bit.ly/1OTzx1t

- **US court rules on back-pay case for unpaid breaks**
  A US Court has ruled that publishing firm American Future Systems, which operates as the same-sex widow of a FedEx employee to proceed while dismissing two other claims by the plaintiff.

- **Government confirms cap on early-exit pension charges**
  Chancellor George Osborne has outlined a proposal to place a duty on the Financial Conduct Authority (FCA) to cap excessive early exit penalties. The FCA will be responsible for setting the level of the cap, which it will consult on in due course. bit.ly/1ZS3F4

**Implications of proposal on bonus buy-outs**

Last month the Prudential Regulation Authority (PRA) published a controversial proposal on buy-out bonuses aimed at stopping employees at the largest banks from being able to wipe the slate clean when they move firm. The proposal requires new employers to reduce or clawback buy-out bonuses if the ex-employer decides the employee was involved in misconduct at the old firm. The draft rules apply to material risk takers at certain capital requirements directive IV firms.

A key issue is who has responsibility for ensuring that the decision to apply malus or clawback is fair and reasonable. While malus or clawback will be applied by the new employer, it will not control the investigation on whether it should be applied, and will not have the full facts on why it should be applied.

Concerns over the sharing of sensitive personal data, confidential information and competition issues will probably result in competitor firms disclosing very little to one another. However, the new employer will need to ensure it does not breach its own legal duty of trust and confidence, or sully the employment relationship, by acting blindly on the ex-employer’s instructions.

The PRA Rulebook does provide the new employer with the discretion to apply for a waiver from this rule if it thinks the ex-employer’s decision to apply malus or clawback is unfair or unreasonable. But, it will be difficult for the new employee to conclude this with limited information. In practice, if the new employer is reluctant to apply malus or clawback, the PRA may need to get involved, which will put it in a difficult position.
Employee Benefits Connect offers up leading speakers, interactive roundtable sessions and a selection of exhibitors.

Key exhibitors line up to show their wares at the Lancaster London

Employee Benefits Connect offers up leading speakers, interactive roundtable sessions and a selection of exhibitors

Speakers tackle big issues at Employee Benefits Connect

Cisco International, Samsung UK and Standard Chartered among organisations to take part

Cisco International, Samsung UK and Standard Chartered Bank are among the organisations that will be speaking at Employee Benefits Connect 2016, which will take place at the Lancaster London on 9 March 2016.

Speakers include Joanna Bean, head of reward, UK and Ireland at Samsung, who will discuss how employers can use technology to capture the imagination of their talent pool. She will also examine why employee feedback is so imperative, how employers can embrace workplace culture, and provide a case study on the use of technology at Samsung.

Adam Brooke, international benefits manager at Standard Chartered Bank, will talk through the UK’s rising eldercare demands, and how organisations can offer support and advice to employees. Dame Carol Black, advisor on health and work for the Department of Health, will look at how employers can tackle the stigma of mental ill-health.

Share ideas and experiences with peers and leading industry experts in interactive roundtables

Employee Benefits Connect will feature a number of roundtable sessions that will enable delegates to share ideas and experiences first-hand with peers and leading industry experts.

During these interactive sessions, delegates will be able to talk through solutions to issues they are experiencing, examine current and future best practice, and gain some insights into ways of addressing the biggest challenges that are facing reward and benefits professionals.

Topics that will be discussed during the roundtable sessions will include: boosting productivity, attracting and retaining employees through car benefit schemes, improving employee engagement, and how behavioural science can help reward professionals.

For more information and to register to attend, visit www.employeebenefitsconnect.co.uk
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People | Moves

Jacky Simmonds joins EasyJet
Budget airline EasyJet has appointed Jacky Simmonds people group director. She is also a non-executive director of Wolseley where she is chair of the remuneration committee. She has also worked at Tui Group as group human resources director.

BBC appoints Sally-Anne Borrill
Sally-Anne Borrill has joined the BBC as head of reward. She was head of reward, pensions and information systems at WM Morrison, HR manager, compensation and benefits at Siemens Enterprise Communications, and head of HR management, reward and HR shared services at T-Systems.

Bayliss moves up at Boots
Mandy Bayliss has been promoted to senior reward and policy manager at Boots UK. Bayliss first joined Boots in 1989 and has held a range of roles at the organisation, including reward delivery manager, recruitment HR shared services manager and senior reward manager.

Fidler moves to Co-operative
Lesley Fidler has moved to the Co-operative Bank to take up the role of employment and operational taxes manager. Prior to this, she held positions at RSM (formerly Baker Tilly), including associate director, tax director, and tax director, employer consulting.

Kelly Mitchell is now at Sage
Kelly Mitchell has moved to software firm Sage as senior reward specialist UK and Ireland. She previously worked at Home Group between 2011 and 2015, where her roles included head of reward and people services, reward and shared services manager, and HR business partner, policy and reward.

David Lloyd hires Jarvis
Lucy Jarvis has been appointed reward and HR policy manager at David Lloyd Leisure. She joins from Tesco, where she was UK benefits manager. In her new role, Jarvis is responsible for the reward and benefits for all David Lloyd staff, as well as annual bonus and salary review cycles.

How can employers help their staff get a better night’s sleep?

More than a third (39%) of US employers offer programmes to address sleep disorders, according to data collected for Mercer’s National plans, released in November 2015. This compares to 32% in 2014.

Much has been said about the relationship between the growing presence of personal technology and our inability to switch off, which can have a detrimental impact on sleeping patterns. Although there are many upsides to being able to remain connected through tablets and smartphones, not least the flexibility it affords, one of the potential drawbacks is the scope for blurring the line between working hours and downtime. And whether employees are on their mobile device before they go to bed at night checking emails, or whether they are following the news online, playing a game or on social media, links have been drawn between the bright blue light emitted by devices and sleep disruption.

Indeed, in January 2016, Apple announced that its upcoming iOS 9.3 software update is to include a new feature to address this issue; ‘Night shift’ will automatically adjust device displays to the warmer end of the colour spectrum between sunset and sunrise. So could or on staff health, it seems sleep is an issue employers cannot afford to close their eyes to.

Research conducted by RAND Europe with the University of Cambridge, published in Health, wellbeing and productivity in the workplace: A Britain’s Healthiest Company summary report in May 2015, found a 7% difference in increased work impairment due to presenteeism between employees who sleep five hours or less a night and those that sleep over eight or more.

With lack of sleep affecting productivity as well as staff health, it seems sleep is an issue employers cannot afford to close their eyes to.

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Louise’s lowdown

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Louise Fordham rounds up some of January's key facts and figures relating to employee benefits

34% of staff could not name a single occasion where they felt motivated at work in 2015. (Source: Red Letter Days for Business)

27% do not find returning to work after the Christmas and New Year break stressful. (Source: Nestle Employee Benefits)

US$15 is the new minimum hourly wage rate for New York city government employees, set to come into full effect by the end of 2018. (Source: Red Letter Days for Business)

84% of employer respondents believe that eyecare can help to increase productivity at work. (Source: Specsavers Corporate Eyecare)

67% feel more motivated at work in the summer months. (Source: Peldon Rose)

39% would like access to a 24/7 cancer nurse helpline. (Source: Axa PPP Healthcare)

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39% would like access to a 24/7 cancer nurse helpline. (Source: Axa PPP Healthcare)
The current financial climate is characterised by great corporate uncertainty, best illustrated by high volatility in share prices, but also real wage stagnation for most and huge earnings inequality driven by those at the top. Against this backdrop the public may ask: shouldn’t firms be focusing on pay increases for the average worker, rather than on those at the top? Board members will want to recruit and retain the best possible talent, ensuring the best executives are working for them and not for the competition. This can lead to dangerous bidding wars, especially when talent is scarce. Employers, it seems, are caught between a rock and a hard place. So what should they do?

Economic studies provide some useful guidance. They show paying above market rates and paying for performance attracts talent and motivates workers to work harder, wherever they are in the corporate hierarchy. But, because those at the top have the greatest influence over firm performance, it is vital that firms do all they can to secure the top talent via reward packages.

But economics also tells us that workers focus on what they are incentivised to do, ignoring potentially important matters that are not incentivised, even when they can be crucial to firm performance. New research also shows that CEOs in particular are notoriously hard to monitor; few know what they are actually doing with their time. So it is vital to package those rewards accordingly in a portfolio that ensures executives see their medium-term futures as bound up with the fortunes of the firm.

It is vital to keep things under review and evaluate the performance of the top execs and the suitability of their reward packages. If employers can do this and communicate what they are doing, they will take stakeholders and the public with them.

**Alex Bryson**

is professor of quantitative social science at UCL Institute of Education

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Not everyone works for a FTSE 100 company, of course, but the biggest bosses create the most influential benchmarks. So when Tuesday 5 January came along, and High Pay Centre data showed that by the end of the day the average FTSE 100 boss would have been paid what the typical UK worker would take all year to earn, the strong public reaction was no surprise. ‘Fat Cat Tuesday’ made waves.

This is the context for the discussion around high executive pay everywhere else. As recently as 20 years ago, few British bosses received more than 40 or 50 times what the average employee at the organisation was being paid. Today, some are getting 100, 150 times or even more. It is not obvious that leading businesses has got so much harder. Nor that the performance of these businesses has merited an explosion in pay.

This is why disclosing pay ratios, if there is a good story to tell, could be a useful exercise for some employers. If the top people are not out of sight in terms of pay, there may be some motivational benefits in reminding the organisation that you really are ‘all in this together’. Chartered Institute of Personnel and Development (CIPD) research, The view from below: what employees really think about their CEO’s pay package, published in December 2015, seems to bear this out. But if an employee benefits professional is working for one of those firms where top pay has risen a great deal while everybody else’s pay has stagnated, then they will quite possibly be faced with morale and productivity problems.

Until those at the top exercise some restraint, employee benefits professionals will have a near-impossible task of explaining why the gap between those at the top and everybody else is so large.

**Stefan Stern**

is director at the High Pay Centre

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According to the High Pay Centre, chief executives of large firms are overpaid. They are certainly paid a lot: the average FTSE 100 director is paid £2.4m annually, and the average chief executive officer (CEO) is paid £3.3m.

But does this mean they are overpaid? No. Most people agree that it’s fair to pay workers what they’re worth to the firm. ‘Fair’ may be a misnomer here: it is not ‘fair’ that some people are much better at paying football or running large firms than others. But that’s life. Firms will try to attract the best people possible by bidding against each other, and that bidding means higher pay for CEOs. It’s difficult to argue that firms should not spend their cash on trying to attract talent, but here we are.

Are they wrong about the value of CEOs? Well, probably not. The decisions that CEOs make are very, very important for their firms. This is reflected in organisations’ values: when a promising CEO is hired or a bad CEO is fired, a firm’s value often rises significantly. Angela Ahrendts’ departure from Burberry in 2013 wiped £536m off the firm’s value; Tesco became £220m more valuable when its CEO merely announced that he would take an active role in managing the firm.

Are failing CEOs still paid a lot? Usually, yes. Firms normally decide pay packets at the outset of a CEO’s tenure, as with other employees. Performance-related pay is difficult to do well, because it can incentivise CEOs to target something other than the broad success of the firm. Ultimately, the complaints of the High Pay Centre sound hollow. If it was onto something, why has no firm succeeded by listening to such critiques? It only makes sense to think that employers are systematically overpaying CEOs if we think that firms are not all that interested in making money.

**Sam Bowman**

is executive director at the Adam Smith Institute

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Hot or not?
Technology plays a huge role in working life but is it always a force for good?

Need to know
- An employer could draw up technology etiquette covering areas such as the time emails can be sent to help create a healthy work-life balance.
- Employers could use a mix of communication methods, including traditional presentations, alongside benefits portals and apps.
- Healthcare trackers should never be compulsory, and should look to reward effort rather than performance.

Technology has changed the way we live and work, enabling us to do everything from checking our emails on the go and video conferencing our colleagues around the world to turning on the heating so it is cosy when we get home. But while it can make our lives a little easier, it also has the potential to be detrimental.

Matt Smeed, senior business psychologist at business psychology firm Robertson Cooper, says: “Technology can be very empowering, allowing us to do more both at work and also in our personal lives. But, if you don’t have control, it can have a very negative effect, potentially resulting in health problems such as stress and anxiety.”

Technology has certainly overhauled the benefits arena. Online portals and benefits platforms bring major advantages for both employers and employees. Jack Curzon, senior scheme design consultant at Thomson Online Benefits, explains: “It’s much more convenient for employees to have everything in one place with just one password. It also saves time for employers and, by removing so much manual intervention, reduces risk too.”

Thanks to these conveniences, it is also much easier for employers to offer a broader range of benefits, complemented by plenty of information, tools and calculators to help employees get the most out of their scheme.

But, despite all these pluses, sometimes technology can be a bit of a turn-off. Pensions are a good example of this, says Jamie Mackenzie, marketing director at Sodexo Benefits. “If it’s too complicated, fewer employees will engage and [the] take-up rate will be low,” he explains. “[Employers need to] understand their audience before they put the communications together. Unless they know [employees] already have a good knowledge of pensions, [they should] consider running seminars and presentations before giving them online information and tools.”

It is sensible to have a blend of communication methods to drive benefits engagement, says Zoe Spicer, an independent HR consultant and a lecturer at Ashridge Business School. These can include emails, posters, brochures, seminars, desk drops and face-to-face presentations. “Employees do still want to speak to someone if they’re not sure about something or they want more information,” she says. “Don’t assume they’ll all be happy with a portal or an app.”

But while technology might not be the single answer to driving engagement with benefits, it can certainly help an employer understand what works. Benefits platforms can provide plenty of management information to show how employees use these and which communication methods they prefer. Employers should therefore monitor everything so they can see what works well, says Curzon. “Don’t be afraid to revisit different methods; preferences can change quickly as people get used to new technology,” he adds.

One piece of technology that is becoming increasingly common in the workplace is the healthcare tracker. These can have a positive effect on activity levels but there are potentially negative sides too. As well as the potential for staff to perceive such devices as having an element of Big Brother to them if data is being fed back to the employer, their use within competitions can take less-active employees right back to their school days when they might have been the last picked for the rounders team.

To avoid such negative perceptions, health-tracking technology must be implemented in a sensible way, says Iain Laws, managing director, healthcare and group risk at Jelf Employee Benefits. “[Employers] can’t make these compulsory [because] there will always be people who don’t want to wear them,” he explains. “And don’t just dump them on people; spend 10 minutes talking [employees] through the functions and they’ll get a lot more out of it.”

Looking for a device that tracks a variety of health information such as diet and sleep, as well as number of steps taken could be

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mean that more employees are able to engage with the technology.

Another area where healthcare trackers can potentially demotivate employees is if they are used in conjunction with league tables. Although showing the top performers can be aspirational and help to fire up the competition, it can also lead to over-working and extreme tiredness. Enabling individuals to develop healthy behaviours when utilising technology may sound simple but the ping of an email or text can start a lengthy spell on a smartphone or computer. Staying on technology may mean that we are not concentrating fully on those around us and can affect our relationships.

Technology has also made it easier to work more flexibly, with employees now able to log on securely wherever and whenever they like. "We've moved from work-life balance to work-life integration," says Smeed. "By using technology appropriately, more employees can do the school run or go to the gym and catch up on their work later. It's a very empowering level of flexibility."

Bringing your own device schemes

But getting the balance right can be tricky, with employees feeling under pressure to check and reply to emails at all hours of the day. Add to this the rise of bring-your-own-device (BYOD) schemes and some employees can feel they are being kitted out to work 24/7.

The first step to resolving these issues is to become self-aware of our technology-related behaviours; are we staring at screens when we could be completing other activities? Developing self-management strategies is key, and these may differ for individuals depending on their job role and on factors such as personality. Employers can use education and training to help e-workers develop a better awareness of their habits, enabling individuals to understand where they can resolve issues themselves. Recognising that employees may have different working hours or approaches to managing their boundaries means that the best solutions can often come from the individual themselves.
Influence of technology on working hours
(Source: Chartered Management Institute’s The quality of working life report, January 2016)

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<tr>
<td>I’m expected to be online all the time</td>
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The way employees interpret this flexibility is down to the messaging that employers use, says James Kelly, head of sales at P&MM Employee Benefits.

“Employers must focus on the flexibility technology offers, not the fact that employees will be able to work late into the night,” he explains.

“The marketing collateral has to support the benefits, not encourage employees to work longer and longer hours.”

Setting rules around working hours and expectations can also help. These could include banning emails after a particular time or ensuring there is cover for someone on holiday so they are able to relax and enjoy their time off. “Managers must lead by example,” adds Spicer. “If [they’re] sending out an email at 10pm, [they should] put a note in the title saying [they] don’t expect a response until the morning. This helps to set expectations so employees don’t feel under pressure to reply.”

And getting the balance right is important, bringing significant rewards to both parties. Where an employee feels that they are able to use technology to support their work-life balance it can be really empowering.

As Hicks says: “When the balance is right it can help you to achieve so much more. This is great news for both employees and their employers.”

Allpay encourages breaks away from technology
Technology is a key part of the working day at payments specialist Allpay. The organisation, which employs around 300 people, provides a range of services, including bill payment, prepaid cards and cashless payment systems. Ensuring staff take regular time away from technology, therefore, is promoted throughout the organisation.

Steve Foulger, head of HR at Allpay, says: “Around half of our staff are in IT with the remainder working in support services, such as our call centre or out on the road. We know they work hard so we encourage them to take time away from their desks throughout the day.”

To support this, employees are not allowed to eat or drink at their desks but are instead encouraged to take coffee and lunch breaks in the restaurant, on the sofas and, weather permitting, outside in the nature reserve the firm has created.

“It’s really important to let our employees have a break and relax,” Foulger adds. “Our organisation started out small back in 1996 and we’re keen to keep the social element. By enabling employees to take time out and talk to one another, as well as benefiting from the break, ideas come that are good for the business.”

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The appliance of science

As genetic testing begins to become more common, there are some misconceptions to dispel

Louise Fordham | Deputy editor
Employee Benefits

In the last couple of years, while far from common, examples have emerged of employers making genetic testing available to their staff. The scope of the offering, and indeed the type of testing, has varied, ranging from predictive genetic testing for increased cardiac or cancer risk to analysis of gene variants associated with fitness and nutrition response.

Robust confidentiality parameters should be established alongside access to emotional and physical support.

Effective education and communication can help dispel misconceptions and enable individuals to make an informed choice.

Need to know

• Testing programmes can range from genetic tests for increased cancer or cardiac risk to analysis of gene variants associated with fitness and nutrition response.
• Robust confidentiality parameters should be established alongside access to emotional and physical support.
• Effective education and communication can help dispel misconceptions and enable individuals to make an informed choice.

Read also

How employee health data can inform an absence management strategy
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Transatlantic trends

Although not high in number, a large proportion of publicised instances of employers incorporating a form of genetic testing within wellness programmes have been in the US. The 2015 Genentech oncology trend report, published in February 2015, found that 39% of US-based employer respondents’ cancer care coverage already included, or was likely to include, genetic testing and counselling to inform genetic cancer risk in 2015. A further 22% said they would consider this option prior to 2018.

While there may be regional differences between the healthcare market in the US and UK, the framework for genetic testing is not wholly dissimilar, says Wolfgang Seidl, head of health management consulting Europe, Middle East and Africa (EMEA) at Mercer Health and Benefits. “If you peel down to the essence of it then you come to the same financial testing for breast and ovarian cancer risk, says: “The risk of a population exists whether you deal with it or not, so if you have a population you will have a certain number of people that carry a high-risk mutation. The main question is: If you’re managing that population, what are you going to do about it?”

Othman Laraki, president and co-founder of Color Genomics, which provides genetic

The benefits of including testing within health and wellbeing programmes centre around prevention and risk management, as well as the advantages and potential cost savings of addressing health issues before or in the early stages of development.

Meanwhile, training and dietary-related genetic tests could help to inform individuals’ wellness approach and thus drive engagement levels, says Andrew Steele, project director at nutrigenetics firm DNAFit. “It’s a new approach to getting [staff] to buy in to corporate wellbeing programmes that an employer might already offer.”

Although predictive genetic tests for conditions such as cancer are a marker of risk rather than certainty, the information gained could enable individuals to take proactive measures, such as lifestyle changes or more frequent health checks, where appropriate.

Othman Laraki, president and co-founder of Color Genomics, which provides genetic testing for breast and ovarian cancer risk, says: “The risk of a population exists whether you deal with it or not, so if you have a population you will have a certain number of people that carry a high-risk mutation. The main question is: If you’re managing that population, what are you going to do about it?”

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and particularly legal obstacles in the US as you would see in the UK; there is still a prohibition to discriminate based on genetic information in terms of health insurance coverage and employment,” he explains.

In the US, the Genetic Information Nondiscrimination Act (Gina) prevents discrimination based on genetic information by employers and health insurers. In the UK, under the government and Association of British Insurers’ (ABI) Concordat and Moratorium on Genetics and Insurance, insurers have committed to a voluntary moratorium on the use of predictive genetic test results until 2019.

Testing as an employee benefit
When it comes to serious conditions such as certain cancers or heart disease risk, a consultant-led testing and treatment path may be facilitated by an employer on a case-by-case basis. In such circumstances, preventative surgery might be covered by an employer’s medical insurance policy dependent on certain criteria, says Soraya Chamberlain, director of corporate healthcare at Punter Southall Health and Protection.

However, giving staff the option of testing as an employee benefit is likely to require a different approach. While corporate testing programmes should include strict data protection and confidentiality measures, some employees may be uncomfortable directly approaching their employer to request genetic testing. Seidl says: “If an employer wanted to be equitable and respectful of privacy laws it would probably offer [testing] on a voluntary basis as part of a health screening [programme], safeguarded by all of the confidentiality principles.”

Chamberlain adds: “Employers are trying to give individuals real choice; what do they want their benefits packages to look like and what’s relevant to them as individuals. So they might offer [genetic testing] as a choice, but it would likely be flexible benefit-orientated, not employer-paid.”

Employers could also signpost staff to information about testing, enabling individuals to opt to purchase testing services themselves directly from a provider or learn more about the process. If an organisation is to include genetic testing in a responsible and beneficial manner within its health and wellbeing strategy, there are factors to consider beyond the test itself. Mike Blake, compliance director at Willis PMI Group, says: “It’s thinking about what the unintended consequences could be. On the face of it, [genetic testing] sounds great, know your risk, do something about it to reduce your chances of getting a disease, but, in reality, people would worry, even if there’s only a slightly elevated risk.”

Statistics
Would you take action based on your genetic risk of hereditary disease based on the results of a genetic test? (Source: US-based Invitae’s Genetic risk awareness study, published in September 2015)

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
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<tr>
<td>Yes – lifestyle changes</td>
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<td>Yes – more careful medical monitoring</td>
<td>16%</td>
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<tr>
<td>No</td>
<td>15%</td>
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<tr>
<td>Yes – risk-reduction procedures</td>
<td>9%</td>
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<tr>
<td>Yes – take medication to reduce risk</td>
<td>3%</td>
</tr>
<tr>
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Case study | Instacart

US online grocery delivery firm Instacart added genetic testing to its benefits offering in October 2015 when it signed up to the Color Genomics Breast Cancer Pledge to mark Breast Cancer Awareness month. The organisation subsidises 50% of the cost of the test, which analyses 19 genes, including BRCA1 and BRCA2, that are linked to increased breast and ovarian cancer risk. The programme, provided by Color Genomics, includes access to support from certified genetic counsellors.

While the scheme is available to all of Instacart’s 325 employees, its introduction was partially driven by a desire to provide a unique proposition for the organisation’s female staff, which make up around 47% of its workforce.

Mat Caldwell, head of talent at Instacart, says: “This is something that we felt was particularly good for our female employees, and which shows that they are extremely important to the organisation and to the community. On top of that, it is an expensive test normally, so we figured that this would be a very valuable benefit for our employees.”

The programme was communicated to staff using online and offline communication channels, and Color visited Instacart’s head office in San Francisco to provide educational information about cancer risk and the benefits and limitations of genetic testing. Employees across the organisation’s 17 locations, including those based in its head office, also had access to information sessions off site should they prefer.
In addition to access to medical treatment if needed, employees interested in taking a genetic test, particularly for serious illness risk, will require emotional and psychological support both before and after testing. Russell Stephens, director of marketing, distribution and membership services at CS Healthcare, says: “It really needs to be much more than just adding another employee benefit; it has to be absolutely thought through in terms of the long-term support structure.”

Such support is often of a specialist nature, outside of the usual remit of existing channels within an employer’s health and wellness offering. Many genetic testing providers will include access to genetic counselling as part of their service package. Including genetic counselling within the cost of the test helps to ensure that support is available to everyone who needs it, explains Color’s Laraki.

Providers can also assist in delivering educational information and communication around genetic testing programmes. Although employers do not have access to employee-specific data, perceived privacy issues, as well as misconceptions about genetic testing, can be a cause of concern for staff. “A big challenge is education about what the role of genetics is, and what it’s not,” says Steele.

Opinion differs on how long it might take for genetic testing to become a more common fixture. While personalised healthcare, of which the information gained through genetic testing can be seen as a part, has the scope to be hugely beneficial, organisations are yet to exhaust existing, conventional data sets that could help to inform their health strategies, says Seidl. “Also, genetic testing has radically reduced in cost but it’s still not cheap, so there’s still a little way to go before it will hit the level where it becomes relevant to employers to include in their screening programmes,” he adds.

Yet if a strong case can be made for the positive impact of genetic testing, then interest could accelerate. Chamberlain says: “I think it will take a couple of years for it to really start to establish itself, but there could be quite a lot of interest from certain segments of the corporate market in the next 12 months.”

**Case study | Landmark**

Landmark turns to genetic testing to engage staff with fitness and nutrition

In September 2014, Landmark Information Group teamed up with British cyclist Jess Varnish to engage its approximately 400 employees with health and fitness through a week-long cycling challenge, collectively cycling the distance from John O’Groats to Land’s End on exercise bikes.

To coincide with the initiative, Landmark offered staff the chance to participate in a genetically guided wellness programme. Around 70 employees took a DNAFit test, which was made available through a prize draw and further incentive schemes. The test looks at 45 gene variants associated with the body’s response to training and nutrition.

DNAFit came on site to talk through the test results and provide practical advice on the types of exercise and diet best suited to each individual, as well as tips on how to warm up to reduce risk of injury. These sessions were held on a one-to-one basis or in small groups depending on the preferences of each participant. Educational workshops on genetics, fitness and nutrition were also available for all of Landmark’s staff to attend.

Jacki Norbury, marketing and corporate responsibility champion at Landmark Information Group, says: “Health and wellbeing has always been a focus at Landmark, and as well as encouraging a healthy lifestyle, it’s also about trying to think of ways to engage staff and to help them become more proactive.”

The testing programme and workshops were communicated to staff through an email campaign ahead of the bike week, and the initiative was also discussed by Landmark’s chief executive officer during a monthly soap-box talk. Landmark informed staff what the programme entailed and explained that the process was confidential, with all results correspondence conducted directly between the participant and the provider.

Six months after the initiative was introduced, a survey of participants found that 80% had a higher awareness of their health and wellbeing. Norbury adds: “Two-thirds of those tested confirmed that they had made changes to their diet and over half had modified their existing exercise regime. The programme was good for educating those that were just starting out with exercise but also for those who had been doing exercise for a long time, by giving them some tips on how to modify it.”

Landmark plans to run another bike challenge in 2016, which will include extending the genetically guided programme to more members of staff.
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Taxing times for diesel

Assessing the impact of the delayed removal of the diesel supplement on company car tax

Alison Coleman | Freelance journalist

Since CO2-based company car tax was introduced, the lower threshold, the CO2 emissions figure used to set the 15% rate, has been periodically lowered to encourage the take-up of cleaner, more fuel-efficient cars.

High tax bills

The retention of the diesel supplement will leave company car drivers facing higher-than-expected tax bills from next April, when they thought diesel cars would be brought into line with their petrol counterparts.

As a direct result of maintaining the diesel supplement, organisations will need to re-examine their car policy and review their car choice list, says Ken Buckley, head of sales at TCH Leasing. "[With] a fairly standard fleet [car], such as a Ford Mondeo, the employee will now carry an additional benefit-in-kind liability of £155 per annum, while the employer will carry additional Class 1A national insurance contributions of £107 per annum. [Employers] will not want to see their fleet costs escalate and will need to reconsider the diesel-versus-petrol question."

In terms of hard cash, the Treasury has estimated that the delay will raise £1.36bn for the Exchequer, 40% of which will be generated through increased Class 1A contributions from employers.

However, Andy Hartley, commercial director at Lex Autolease, says: "For many high-mileage company car drivers, the fuel savings from diesel [cars] continue to outweigh the additional capital and tax costs.

"Many manufacturers have introduced more efficient petrol [cars] in recent years, but the increased refining capacity for diesel fuel has narrowed the price gap. This offsets some of the gains made in petrol technology and concerns remain about the degree of variation between reported fuel consumption figures and real-world experience on some small-capacity petrol engine [cars]."

Hybrid cars are advertised with attractive fuel consumption figures, but the limited range of electric engines in hybrid cars means that, for high-mileage company car drivers, the cost of running a diesel equivalent is frequently lower than the petrol engine equivalent hybrid.

"In the absence of more significant changes in taxation policy, we are unlikely to see a move away from diesel [cars] in the foreseeable future," says Hartley.

Need to know

• The delayed removal of the 3% diesel supplement on company car tax was announced in November 2015’s Autumn Statement.
• On a fairly standard fleet car, employees face an additional benefit-in-kind tax liability of around £155 per annum, while employers face additional Class 1A national insurance contributions.
• For many high-mileage company car drivers, diesel fuel savings will continue to outweigh the additional capital and tax costs.

How to make company car schemes appealing to today’s workforce
bit.ly/1n6T6bM

Since CO2-based company car tax was introduced, the lower threshold, the CO2 emissions figure used to set the 15% rate, has been periodically lowered to encourage the take-up of cleaner, more fuel-efficient cars.

Government plans to delay the removal of the 3% diesel supplement on company car tax from April 2016 to April 2021 could leave employees counting the cost.

Chancellor George Osborne made the announcement about the delay in his Autumn Statement speech, saying that it was due to a "slower than expected introduction of more rigorous EU emissions testing". Some have interpreted the move as a cynical tax-raising ploy aimed at those who keep the economy going by battling around the nation’s motorways.

The delayed removal of the 3% diesel surcharge could potentially impact four out of five company car drivers, according to Heather Simpson, principal consultant at Lex Autolease. The relatively short-term notice of changes to company car taxation that the government’s November announcement provided has also been criticised within the fleet industry.

The introduction of the diesel supplement dates back to 2002 when the government introduced a revised method for calculating company car taxation based on the car’s P11D value and official carbon dioxide (CO2) emissions. Diesel vehicles had a 3% supplement added to the calculation, because they were deemed dirtier than petrol equivalents.
Make the most of the reduction

With pension allowances being reduced, higher earners need to be given special attention

In his Summer Budget 2015, Chancellor George Osborne confirmed that the lifetime allowance for pension contributions will be reduced from £1.25 million to £1 million from 6 April 2016, as previously announced in the March 2015 budget. Osborne also announced that the annual allowance for high earners will be reduced. From April 2016, those earning between £150,000 and £210,000 a year face a tapered annual allowance for tax relief from £40,000 to £10,000.

The changes to the lifetime allowance mean that the maximum amount anyone wanting to contribute tax efficiently into a pension will fall to £1 million. Overpaying this limit will incur a 55% tax charge if taken as a lump sum.

This will affect any employee with undrawn funds in a UK pension scheme where the lifetime savings exceed this value as at 6 April 2016. This limit has fallen by 44% since 2010, so this could be unwelcome news to employees that have built up a pension pot with the old limits in minds.

Although employers have no legal responsibility to offer support to staff in addressing this change, it is an accepted view that they should offer help where possible. David Pugh, managing partner at Lemonade Reward, says: “Most employers of choice will want to go a long way past just telling people what to do, and help them make appropriate decisions. There is no legal responsibility for employers to do anything, but it’s good practice.”

Sending out wide-reaching communications will ensure that all employees affected are aware of the changes. Ian Neale, director at Aries Pension and Insurance Systems, says: “Employees should be alerted to the reduction and, in particular, the process by which they can protect benefits accrued by either fixed protection or individual protection.”

If an employee wishes to retain the current lifetime allowance they must have no pension benefit accrual after the 6 April deadline. If they wish to lock in the value at 5 April and retain the ability to contribute in the future, they should apply for individual protection. “Employers would need to communicate about the different options, the fact that someone can register for fixed and individual protection as they wish,” says Neale. “It’s not an either/or situation.”

While employees affected by the changes to the lifetime allowance should have a reasonable idea of their accrued benefits, the introduction of the tapered annual allowance is likely to cause more complications. “Somebody who is

Need to know

• The lifetime allowance for pension contributions will be reduced from £1.25 million to £1 million from 6 April 2016.

• From April 2016, those who are earning between £150,000 and £210,000 a year will be facing a tapered annual allowance for tax relief from £40,000 to £10,000.

• Communication can be used to ensure that all affected employees are aware of the changes.

@ Read also

Top tips for engaging staff with financial education tools
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MOST EMPLOYERS OF CHOICE WILL WANT TO GO A LONG WAY PAST TELLING PEOPLE WHAT TO DO
affected by the taper may be blissfully unaware of it, because it’s really not until the end of the tax year that they know how much their benefit accrual during the year is,” explains Neale.

The taper will see higher earners, beginning with those earning £150,000 a year, limited to the amount they can save tax-free into a pension each year. This will fall from £40,000 down to £10,000 for those earning £210,000. Overpaying this limit will incur a 45% tax charge.

If an employee receives a tax bill at the end of the tax year, they can tell the pension provider to pay it directly to the revenue from the pension fund, as long as it is more than £2,000 and notice is made within a specific timescale. This will mean a reduction in the employee’s benefits.

Employee brackets

The potential problem for employers is that they may be unaware which employees fall into this bracket. The total income includes not only salary, bonus payments and employer pension contributions, but also income from other sources, such as dividends or property income, which an employer may not have knowledge of.

If they have not already done so, employers should start communicating now, says Jackie Holmes, senior consultant at Willis Towers Watson. “There is a need for communication to make sure [employees] are aware of that deadline and of the changes.”

With the annual allowance, it is more difficult for employers to know who will be affected, and the individual themselves may not even realise. In addition, the number of higher earners can differ greatly among organisations; some may have one or two, while others will have significantly more.

“We’re finding that support is generally taking the form of generic information and education, rather than full advice, as to what [an employee] should do, primarily because of the numbers involved and the cost of providing full advice as an employer,” says Holmes. As well as supporting employees with information and education about the allowances, employers can make them aware of some of the options available.

One option is for the employee to change their pension contribution, and perhaps stop contributing altogether. However, if the employer contribution is linked to the employee’s, it could get complicated. “The employer needs to reconsider its pension strategy for its higher earners: is it happy that the employee stops contributing when usually they would have to?” says Lemonade’s Pugh. “Will the employer allow the employee to stop contributing while it still pays in its contribution?”

Another option is to consider the employer contribution, for example, would a higher earner be better off having their pension contribution put through their salary, in effect getting a cash allowance?

Stewart Hastie, pensions partner at KPMG, says: “Generally we are seeing employers provide a cash allowance for high earners that opt-out of pensions saving due to the changes to the lifetime and annual allowances.”

KPMG conducted research among employers in December 2015: “Just under half [of respondents] are offering a cash allowance to affected employees, just over 20% are undecided and around a quarter are offering nothing,” says Hastie.

An alternative consideration is whether the money could be placed in a different investment vehicle, such as an Isa, a bank account or a venture capital trust.

As April approaches, the challenge for employers is to use a communication strategy that is engaging in order to support higher earners in making the most appropriate decisions.
Futureproofing its default investment strategy against potential legislative change was a key objective for technology services firm Telent. However, when it introduced its current arrangement in 2013, it could not have predicted just how radical the pension reforms that took effect from April 2015 would be. And while built-in flexibility was not deemed to be a must have for its default strategy, the fact this is included with this has enabled the organisation to respond positively to the new arrangements.

The default investment option available through Telent’s contract-based defined contribution (DC) pension scheme, provided by Standard Life, is a lifestyle profile that offers employees four options as they near retirement. The first is designed to help members buy an annuity at retirement, the second to take a lump sum, the third if they wish to go to drawdown, and the fourth if they want to keep their options open.

Peter Harris, director of pensions at Telent, says: “When you’re more than 10 years from retirement, all four of those options are invested in exactly the same way and it’s only when you get to 10 years out that you start going down one of those four routes. If [members] don’t make any decision, they go down the keep-your-options open route.”

Currently, 95% of Telent’s pension scheme members use its default investment option. Of these, 40% are in the default introduced in 2013, while the remainder are in an older default structure, depending on when they joined.

Harris believes it is vital to ensure a scheme has a strong default strategy in place to make it as easy as possible for employees to achieve a good outcome at retirement, particularly if they are not used to making financial decisions. “In any default option I’ve come across, in the long-term option from retirement, there’s a really heavy investment in equities, so people need to understand that they are going to see their pot go up and down,” he explains. “If people don’t understand that, there’s a real danger we’re putting £2.5m a year into people’s pensions [and] they’ll say you’re getting me to put my money in this and it’s dropped in value this year. We’re almost destroying value in running a pension scheme unless people can understand what’s happening.”

Managing employees’ expectations goes a long way to engaging pension scheme members with their retirement savings. “Every time that I sit and talk to people about the level of contributions necessary to generate a certain size of pension, I alwayshorribly and scare people to death,” says Harris. “People are amazed by the level of contributions they need to make to generate the pension they would like.”

To ensure that Telent’s default investment strategy continues to perform effectively, the organisation reviews it regularly. “We have a Standard Life [representative] coming in to talk to us every six months,” explains Harris. “Investment is a long-term thing. It needs to be monitored. My current feeling is that annually is sufficient. Have a look at the reports as they come out, but for a formal review I think annually is enough to give us what we see as our duty to watch this.”

Ultimately, investing the time and resources in implementing and maintaining the right default investment strategy will pay dividends for both employers and staff.
Assessing the limitations

Changes to annual and lifetime pensions allowance limits are set to come into effect in April 2016

Alan Ritchie | Head of employer and trustee proposition
Standard Life

On 6 April 2016 changes to both the annual and lifetime pensions allowance limits will come into effect. From this date, the annual allowance will be gradually reduced from £40,000 to £10,000 for those earning between £150,000 and £210,000 a year, while the lifetime allowance will reduce from £1.25 million to £1 million.

1. How can employers identify which employees are likely to be affected?

   Typically, the people that will be affected will be those on higher salaries. However, somebody may have come in from another organisation with a large pension that they have built up over many years so might be close to hitting the limits, whereas somebody with a large salary might not have saved much in their pension yet at that stage in their career.

   Employers will typically know the people that are more likely to have an issue. Targeting communications leads to much better take up of people taking action so the more targeted employers can be to zone in on those that are likely to be affected, the better. However, employers also need some sort of broadbrush messaging in case they have missed anyone.

2. What do employers need to do to ensure their pension scheme is ready for the changes?

   The first thing to do is to make sure that every employee has access to information that things are changing.

   The second thing, especially where employers have quite a few high-paid individuals, is to help these individuals understand the implications of the changes and determine if they are affected. It is not just an elite few affected by the lifetime and the annual allowances; many more senior management will be depending on the organisation.

   What employers do not want come 6 April is that somebody does not realise the implications, makes a payment into their pension and breaches the tax rules. Or that they realise after 6 April that they wish they had done something in the build up to this.

3. What are the implications of not taking action?

   It will often be some of the most highly valued individuals to an organisation that are affected because they are likely to be the ones with larger salaries. The worst scenario for a large employer would be that it does not manage to get across the messages to these individuals and they become disengaged as a result.

   There is likely to be a direct link between the people that will be affected by this change in legislation and the ones that the employer most cares about rewarding and retaining.

4. What alternatives should employers offer to staff affected?

   That comes down to the organisation and its reward strategy. If it would have paid some money into a pension for an individual and they have reached their limit, it could pay the money as extra salary or it could look to pay money into other products.

   With other products, there are certain complications to consider. For example, if employers pay money into an individual savings account (Isa) on behalf of an individual, they need to be sure that the individual has not met their Isa limit already.

   Also, employers might want to wait to see what comes out of the government’s review of tax relief on pensions, which may have implications for their reward strategy and possibly affect the same group of people within their workforce.

5. What opportunities do the changes present for employers?

   With all pensions and benefits, there are two types of organisations. There are those that see their pensions and benefits as a profit centre and those that see them as a cost centre.

   If they see them as a cost centre, they are just interested in compliance. Pensions and benefits are not really seen as an investment and are seen as a cost. Those that see them as a profit centre are using these pensions and benefits to recruit, retain, reward and, ultimately, retire the best people that they can. So employers in that category are likely to see any change as an opportunity to demonstrate to employees that they are a good employer to work for.

6. What pitfalls must employers avoid?

   There is always a fine line to ensure they do not stray into giving advice. That is the hardest one for organisations and trustees in many situations to make sure they do not cross that line while still being helpful for individuals who want support to understand their options. That is where providers can have a role to play if they are used to dealing with that on a day-to-day basis.
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When to take it to the next level

Placing some responsibility for death-in-service benefits with employees can offer more control

Marianne Calnan | Reporter
Employee Benefits

Death-in-service benefits, in particular life assurance, are a common staple of a benefits package. A Canada Life study, published in June 2015, found that 59% of employee respondents without death-in-service in place said that being offered it would make them feel valued and 21% said it would make them feel very valued. Many employers offer it to as many employees as possible so as to not demotivate lower-paid or newer staff.

But what is somewhat unclear is whether communicating the need for and value of the benefit, as well as the level of cover, is down to employers or if employees should take responsibility for selecting their own cover.

As death-in-service benefits have evolved to better suit the needs of today’s workforce, more options have become available, particularly when it is offered on a flexible basis.

Chris Morgan, distributor partnerships manager at Ellipse, says: “Traditionally, life cover was employer-provided, but there is now a trend for employers to give staff options to suit them.”

Placing responsibility for death-in-service with employees enables them to control it according to their circumstances, says Mandy Rutter, head of resilience and trauma management services at The Validium Group. “I’d say death-in-service savings are 80-90% the responsibility of the employee.”

When introducing a scheme such as life assurance, employers need to ensure staff are engaged with, and can see the value of, the benefit and how it relates to their lives. Morgan says: “The best packages give employees plenty of choice, but if the benefit isn’t relevant to them, they won’t engage with it and may even forget it.”

Communication is key
Communication, therefore, is vital to good engagement with death-in-service. Andrew Drake, head of rewards and benefits consulting at JLT Employee Benefits, says: “Employers need to make sure staff know what the benefit is and what their options are; helping employees have a clear grasp of what they’re actually being offered is essential. Staff won’t find value in what they don’t understand.”

This is the part of the life assurance equation that should solely lay with employers, says Matt Lawrence, workday practice Europe, the Middle East and Africa (EMEA) leader at Aon Hewitt. Organisations need to continually educate staff about complex benefits, particularly as employees’ priorities change. “Employers need to keep communication going with staff to find out more about them and their needs to raise appreciation and engagement,” says Lawrence.

A popular minimum level of coverage is four times an employee’s salary awarded to their beneficiaries should they pass away. But if this is an employer’s default, around 90% of staff will keep to that option even if their circumstances change, says Paul White, senior consultant at Punter Southall Health and Protection. “It’s fine for employers to give staff choices, but they need to impose a minimum option,” he adds.

Some employers may actively encourage employees to flex up their death-in-service package and increase their level of cover, but they need to be aware that this may not be financially viable for all members of staff.

The responsibility for the level of life assurance cover could be determined according to whether it is offered on a voluntary or employer-funded basis.

Yet, while offering it as a flexible benefit empowers staff, employers still need to engage employees enough to make those choices, such as adding extra cover, says Lawrence.

Need to know

- Death-in-service benefits should be offered to all employees with a minimum level of cover.
- Offering life assurance on a flexible basis places responsibility for selecting the level of cover on the employee.
- Employers need to educate employees about life assurance to boost understanding.

Read also

Why employers should communicate the value of group risk benefits to staff
bit.ly/1UEJUqQ
A more gentle learning curve

There are many small and smart ways to help workplace savers imagine their future selves

One approach, which is widely used in the US, is that of Save More Tomorrow, which uses the same underlying principle as auto-enrolment. Save More Tomorrow was conceived by behavioural economists Shlomo Benartzi and Richard Thaler. Upon signing up, employees do not have to give up any money straight away but whenever they receive a pay rise, their employer will increase their pension contributions.

That principle is status quo bias, explains Matthew Blakstad, head of member proposition at the National Employment Savings Trust (Nest). “Status quo bias is the idea that we tend to keep doing the same thing that we were doing 10 minutes ago,” he says.

Auto-enrolment directly combats status quo bias by reversing the default: now, employees are saving into a pension and have to make an effort to leave it, rather than vice versa.

Moving into auto-escalation

There is nothing to stop UK organisations from emulating US counterparts and implementing Save More Tomorrow, sometimes referred to as auto-escalation. Construction firm Knight Harwood is one UK employer that chose to take this approach (see case study box on page 31).

Alan Morahan, head of defined contribution (DC) consulting at Punter Southall, which advises Knight Harwood’s scheme, says: “Auto-escalation is commonly used in the US but has not really caught on in the UK. However, as the Knight Harwood example demonstrates, it can be made to work and, in my view, undoubtedly results in higher levels of contributions than would otherwise be the case.”

Interestingly, communication preferences differ among employees, whether it is face-to-face, one-to-one, or group presentations. However, with presentations it is
Case study | Knight Harwood

Knight Harwood embraces auto-escalation

Construction firm Knight Harwood’s group personal pension scheme starts with a contribution basis of 3% and 3% and introduces the concept of auto-escalation, through its Pension Increase Pledge (Pip). This gives members the option to commit to increase their pension savings by 1% each year for a maximum of seven years.

John Knight, the organisation’s managing director, says: “As a responsible employer, Knight Harwood has always been committed to providing a quality pension scheme for our staff and that is why we supported the concept of auto-escalation through the Pip.”

The increase takes place on the scheme’s anniversary of 1 March. It applies to members who have opted for Pip and have been members for six months. Contributions above 3% qualify for national insurance rebates, so this applies to all Pip increases. Members can opt out at any time.

Having established the rules at the outset, the scheme has found auto-escalation relatively straightforward to administer. Knight Harwood was a start-up business and when the scheme was introduced it only had nine employees, all of whom joined the scheme, with seven opting for the Pip. Of these, five have completed the full increase programme, one stopped the increase once their contributions reached 6% and the other has left the firm.

Savings on the go

A key principle of behavioural science is working with people’s existing habits. For example, Skip McMullan, chair of trustees for the Bank of America pension scheme, realised that smartphones were drastically changing people’s behaviour.

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Employees engage in different ways. That is why it is important to push out information as well as giving staff access to resources so that they can pull out their own information. For instance, if an organisation decides to launch a share scheme, it is a good idea to proactively push out information to staff in the form of seminars, explains Jonathan Watts-Lay, a director at Wealth at Work. But it is also helpful to follow up with a ‘pull’ in the form of links to online content; perhaps online animations with links to more detailed information. That way, employees can engage with information on their own terms, according to how relevant they deem it to be to their own circumstances, and learn in a way that suits them.

Jonny Gifford is adviser, organisational behaviour and research insight, at the Chartered Institute of Personnel and Development (CIPD)

The world constantly overloads us with information and our minds do not like it. Detail clings to financial advice, on the other hand, like so many limpets.

Of course it does: advisers need all this detail to consider eventualities, recount sub-clauses and cover their backs. But our minds quickly fall prey to this overload of information.

People deal with this in various ways. The first is through mental shortcuts, or heuristics.

We love to think we are rational beings, carefully considering available options, but for the sake of brain efficiency, we cannot often afford to be. Instead, we make decisions based on what feels right. We use association, automatically relating what we see to previous experience and responding in line with how we are used to behaving.

We are also driven by a strong aversion to regret. Faced with too many options, or options we just do not understand, we tend to sidestep them. This is why auto-enrolment was a smart move. Making the most desirable option the default is something we should be doing more generally, more often.

Another inherent challenge with choices in pay and benefits is that they require us to balance current and future needs. This is also something we are inherently bad at doing. We place more value on the former than the latter.

This can be seen in employee responses to pension contributions. A typical 20-something will wish their employer puts less into their pension pot and more into their pay packet. Cake now rather than a feast later is our instinct.

There is no silver bullet to these challenges but good communication is vital. Simplify options so the average employee can make meaningful choices.

Make the most desirable options the easiest to follow. Drive home the importance of making the right choice, making use of another strong influence, that of peer pressure and our fear of being out of line.

Nest combats this via a campaign called Tomorrow’s Worth Saving For: “We all enjoy small pleasures today and we have an emotional relationship to them,” explains Blakstad. “These are exactly the sorts of things we want to carry on doing when we’re older. So rather than trying to force people to think about their circumstances in retirement and do the right things, we ask them to think about what they enjoy today. That seems to really resonate with people.”

Engagement is all in the way an employer tells a story. Watts-Lay cites the example of share schemes which, especially when the investments are later put into a pension scheme, can help employees double up on the tax relief they receive. “But rather than saying to employees, ‘Let’s talk about share schemes,’ go out with the message: ‘We can help you save money!”

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Smart moves for engagement

The use of smartphone apps can give compelling reasons to engage with voluntary benefits

Louise Fordham | Deputy editor
Employee Benefits

In 2015, smartphones surpassed laptops as the most popular way of accessing the internet, according to research by Ofcom. Its 2015 Communications market report, published in August 2015, found that 33% of internet users view the smartphone as the most important device for going online, compared to 22% in 2014. The popularity of tablets for internet access also increased, rising by 4% to 19%, while laptops and desktops declined by 10% and 4%, respectively.

The continuing shift in individuals’ internet usage habits brings with it implications and opportunities for employee benefits that are primarily accessed online, such as voluntary benefits. Saurav Chopra, chief executive officer at Perkbox, says: “Mobile apps and mobile web are having a dramatic impact on the take-up of employee benefit services.”

The retail discounts, timely offers and savings available through voluntary benefits programmes are well suited to the immediacy and convenience provided by apps, and enhanced by features such as location functionality. “From a user-experience standpoint, mobile apps offer a lot of advantages and capabilities that help take employee benefits to the next level,” says Chopra. “Apps are also a great driver of engagement because they are sitting on a handset with anytime, anywhere access.”

The ability to send push notifications can further drive engagement, whether with specific offers on a voluntary benefits platform or with benefits communication more widely. Moreover, while the functionality and comparative advantages of offering a web, hybrid or native app can be debated according to particular requirements, user behaviour and expectation mean that the potential scope of mobile within the employee benefits arena is significant and ripe for innovation.

Mike Morgan, chief executive officer at PeopleValue, says: “[Employers] are using the mobile device as a communication tool for employee engagement. There’s really big growth in that and in terms of how HR departments and strategies within business can disseminate information and update employees.”

Ensure apps are used effectively

To harness the power of apps in boosting engagement with voluntary benefits, employees must first and foremost be able to obtain the app and understand how to use it. This might involve making mobile devices available through the voluntary benefits programme or on a salary sacrifice basis, as well as offering communication support around using the app, says David Walker, chief commercial officer at Personal Group. “Strategically, it’s absolutely critical [employers] understand the level of current technological awareness among their workforce,” he adds.

“[Employers] have to give people a reason to use [an app] and to use it often. That’s why [organisations] are looking at integrating elements that are really compelling for employees to go into the app to use, such as payslips, holiday booking or offers on the high street.”

Employers should consider how a voluntary benefits app fits within their overarching benefits offering. Establishing clear goals and fully assimilating mobile into a benefits strategy will not only have a greater impact, but will also reduce the risk of the app becoming outdated or superfluous.

While apps are unlikely to fully replace desktop and laptop access to voluntary benefits, employers can present an attractive means of engaging with benefits, particularly outside of the workplace. PeopleValue’s Morgan says: “I think we’ll still see a high percentage of [desktop and laptop] work-based usage of these [systems], but by increasing user experience from mobile devices we will also see a lot more usage outside of work.”
Working on ways to drive success

Amey is constantly fine-tuning its benefits offering to engage its staff

Marianne Calnan | Reporter
Employee Benefits

Amey's four core values, progressive, accountable, collaborative and effective (Pace), are listed on the front of each card. The person sending the card ticks the relevant value(s), and when the recipient redeems them they verify which value(s) they were recognised for.

Amey also launched a star of the month campaign in January 2016, the winner of which is awarded £100-worth of vouchers.

As part of its benefits streamlining efforts, Amey also moved the 9,000 staff originally from Enterprise to its standard pay review, meaning each employee received a pay rise. Laura Neiland, head of reward and global mobility at Amey, says: "Enterprise had been struggling so its staff hadn't had a pay rise for a while, so that was really positive."

Communication strategy

Communication, however, poses a significant challenge for Amey, particularly when it comes to reaching the 13,000 employees who are offline, without access to the internet or an Amey email address. "We can't just email staff about any announcements because we've got plenty who have no internet access," says Neiland.

To overcome this challenge, the organisation offers employees some more unusual forms of communication to explain and highlight their benefits. It has a staff newspaper, Hub, which is sent out approximately every two months. In addition, Amey's online communication tool, Connect, communicates with its workforce through people managers who cascade relevant messages. It also uses its intranet, Amey World, as well as roadshows and text messages.

Amey's key tool to engage with its workforce is its annual employee opinion survey, through which it gathers feedback about the benefits staff value and any new ones they would like to see introduced. For example, Neiland says: "There was an overwhelming number of comments from employees about a share incentive plan, so we launched one in the summer [of 2015]."

Since its launch in June 2015, the share incentive plan (Sip) has achieved a take-up rate of 10%. "Engagement has been amazing; we were expecting around 5% take-up but we ended up with 10%," adds Neiland.

The employee opinion survey also found that the

At a glance | Amey

Public services provider Amey was established in 1921, and became a public organisation in 1959. Based in Oxford, Amey expanded hugely during the Second World War through its involvement in the construction of the Royal Air Force bases. It was also responsible for the supply of gravel for the construction of the M1. Amey was listed on the London Stock Exchange between 1963 and 2003, when it became a subsidiary of Spanish business group Ferrovial. In April 2013 Amey acquired Enterprise.

Read also

InterContinental Hotels Group delivers business value through benefits strategy
bit.ly/1ZHhnhr

Public services provider Amey connects its employee benefits strategy with its culture and values in order to motivate and engage staff, as well as educate them about the organisation. Its employee recognition scheme, provided by Red Letter Days for Business, helps drive awareness of the organisation’s values and objectives: achieving growth, keeping people safe, providing value to customers, supporting communities, protecting and enhancing the environment and investing in people and skills. The Special Thanks and Recognition Scheme (Stars) has helped to boost motivation, as demonstrated through the increase in the number of reward cards sent month-on-month since the scheme was first introduced in April 2014.

Amey launched the scheme as part of its streamlining efforts following its acquisition of support services firm Enterprise in April 2013, through which it gained 9,000 employees. The scheme has two pillars: thank-you cards and reward cards. Thank-you cards can be sent online via a portal or handed out in person. The cards have no monetary value, but are used for peer-to-peer, or downward and upwards recognition. The reward cards are worth £25 in high street and experience vouchers. These can only be given by managers to permanent employees who are not eligible for bonuses.
male-dominated and three-quarters (75%) of Amey’s wellbeing programmes. In January 2016, Amey launched a car salary sacrifice scheme, provided by Hitachi Vehicle Solutions. The launch was accompanied by a competition to upload to Yammer, which offers both online and offline resources such as factsheets, tips and podcasts. The programme also has a network of benefits champions, approximately one from each contract the firm is working on, who speak directly with Amey’s communication team each month to be briefed about new initiatives.

**Competition time**

In January 2016, Amey launched a car salary sacrifice scheme, provided by Hitachi Vehicle Solutions. The launch was accompanied by a competition to create displays describing and promoting the scheme to upload to Yammer, Amey’s internal social media network. The competition was communicated through its benefits champions and the winner was awarded the use of a Mercedes A Class car for the weekend.

Neiland says: “It was a really good way of drumming up excitement. There’s been lots of hype about our car salary sacrifice scheme.”

The organisation also conducted a survey of 4,000 randomly selected employees to gauge interest in the new scheme and to better understand whether staff were fully aware of what it entailed.

Amey is constantly moving forward to develop a benefits package that its employees want and need. For example, in 2017, it is planning to implement eldercare and financial wellbeing programmes. Its diverse workforce is another factor steering Amey’s benefits strategy. The public services sector is typically male-dominated and three-quarters (75%) of Amey’s employees are women. As Amey expands, Neiland believes it is essential that its employee benefits programme develops too. For example, in 2009, Amey enhanced its health and wellbeing offering to help workers meet the challenges of a growing business. As a result, its employee absence rate fell from 9.6 days per employee a year in 2008 to 7.1 days in 2009.

In July 2015, Amey introduced wellbeing initiatives, provided by The Tonic, including health assessments, mindfulness training, resilience workshops, and injury clinics. These were built into the organisation’s wider wellbeing programme, which offers both online and offline resources such as factsheets, tips and podcasts. The programme also has a network of benefits champions, approximately one from each contract the firm is working on, who speak directly with Amey’s communication team each month to be briefed about new initiatives.

**Benefits**

- **Pensions**
  - Group personal pension scheme for all employees.
  - Pension contributions offered via salary sacrifice.
  - Employer contribution of 1% to 4% based on grade.

- **Healthcare and wellbeing**
  - Employee-funded private medical insurance (PMI) for all employees.
  - Subsidised gym membership.
  - Health cash plan.
  - Dental insurance.
  - Bikes-for-work scheme.

- **Group risk**
  - Critical illness insurance.
  - Personal accident insurance, via flex.
  - Employee assistance programme (EAP).
  - Employer-paid income protection for executives.

- **Employee share schemes**
  - Share incentive plan.

- **Company cars**
  - Salary sacrifice scheme.
  - Cash alternative for senior staff or business-need drivers who drive 10,000 miles or more a year.

- **Family friendly**
  - Childcare vouchers.

- **Holidays**
  - 24 or 25 days depending on seniority.
  - Holiday purchase scheme.

- **Social clubs, sports and CSR**
  - Local sports clubs.
  - Paid volunteering day.
  - Charity payroll giving.

- **Motivation and recognition**
  - Employee recognition scheme.

- **Voluntary benefits**
  - Gourmet Society and Taste cards.
  - Discount scheme.
  - Travel insurance.

21,000-strong workforce are male. To improve the gender balance, the organisation has employed an HR business partner for diversity and inclusion, and introduced a women’s steering committee to create a more appealing environment for future hires.

**Career history**

Laura Neiland is head of reward and global mobility at Amey

Laura Neiland has worked at Amey since September 2011 when she joined the organisation as HR business manager, reward. She became HR business partner, reward in April 2012 and head of reward and global mobility in January 2016.

Neiland is currently responsible for managing Amey’s reward team and policy, as well as developing its global mobility strategy.

She has 11 years’ experience of workplace reward and benefits. This includes roles such as reward coordinator at Hewlett-Packard, as well as reward consultant and reward manager at Fujitsu.
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Implementing bikes-for-work schemes involves employers signing up with a provider and purchasing or leasing bikes on employees’ behalf. The bicycles are lent to staff through a consumer credit agreement, and interest-free repayments to cover the costs are made over 12 or 18 months on a weekly or monthly basis. Employees can also opt to buy related safety equipment such as lights, reflective clothing, helmets and locks.

The consumer credit agreement allows organisations to lease bikes and related safety equipment up to the value of £1,000, including value-added tax (VAT). Employers that wish to offer employees equipment above this limit must apply for an employer-specific consumer credit licence. Under the scheme’s rules, at least half of the bike’s usage must be for an employee’s commute to work.

Salary sacrifice arrangements

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

However, salary sacrifice arrangements are currently under review after the government outlined that it will consider what action will be taken around these in the Spending review and autumn statement 2015 policy paper published in November 2015. It has expressed concern at the growth of salary sacrifice and explained it will be gathering further evidence to inform its approach going forward.

Bikes belong to the employer throughout the process. If an employee leaves its employment, the remaining amount is deducted from their net pay and the bike becomes liable for tax. At the end of the lease, employers can give staff the option to buy their equipment through a transfer of ownership, which uses a fair market value (FMV) payment set by HM Revenue and Customs (HMRC). Employers can no longer pass VAT savings onto employees, and it must be accounted for on the monthly amounts paid by staff, as the scheme is seen as supply of a service.

Some 86% of employees believe that cycling to work has a positive impact on their health, according to researchers for the Cycle to Work Alliance published in December 2015. Bikes-for-work schemes have an obvious allure, especially for those out to boost health and wellbeing, and save tax.

Statistics

86% of employees believe cycling to work positively affects their health

52% of employers agree bikes-for-work play a significant role in engagement.

Who are the main providers?


What are bikes-for-work schemes?

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

Where can employers find more information?

More information can be found on the Cycle to Work Alliance’s website: www.cycletoworkalliance.org.uk.
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Flexible benefits schemes enable employers to offer staff a wide range of benefits cost-effectively. One way of doing so, for example, is through salary sacrifice arrangements, which offer tax and national insurance savings for both employers and employees.

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

The flexible benefits technology market continues to develop at pace. One of the key points of focus is currently on the integration of workplace savings technology and flexible benefits with more intuitive and customisable user interfaces. Examples include Mercer’s Harmonise platform and Aon’s Big Blue.

These use behavioural finance techniques such as ‘what ifs’, for example, what happens if an employee cannot continue working, and ‘people like me’ tools, which show what benefits colleagues are buying, to increase engagement with flexible benefits. Users can accumulate points by carrying out activities such as viewing videos and completing surveys. Gaining enough points unlocks other areas of the system. These tools increase system use and help drive employee engagement with benefits, thus increasing the employer’s return on its investment.

Workplace savings systems, which used to be known as corporate wraps, give employees the ability to invest in a pension, corporate individual savings account (Isa) and often a general investment account. They do not normally include the broad range of benefits found in flex schemes. However, flex systems are developing to include these options by integrating these technologies within the flex platform. Often they use aggregation technology to provide a consolidated view of all pensions and investments so employees can see an aggregated view of their total wealth. They can also record information, such as the value of the properties an individual owns, which could be linked to online valuation services. These tools are designed to encourage employees to log on more often.

Statistics

20% is the average take-up rate of the most popular flexible benefits: holiday buy and sell, and critical illness insurance (Source: Vebnet, June 2015)

10% is the average take-up rate of car salary sacrifice through flex (Source: Vebnet, June 2015)

62% of employers outsource their flex technology (Source: Aon Employee Benefits, November 2015)
Most flex systems are software as a service (SaaS) so are now cloud-based rather than stored on employers’ servers. Employers often look for flex technology to provide solutions to very specific problems. These include reduced administration, meaning the time taken to process benefits administration and reporting can be lowered or even removed with the implementation of an automated benefit administration system. Also, employers need to control costs and ensure they are manageable, which is a key driver for using a flex system.

Employers also look to technology to assist with risk mitigation and the need to ensure processes are in place that organise and structure requirements, and document history and audit trails. Having an integrated flex system that organise and structure requirements, and document mitigation and the need to ensure processes are in place.

Using a flex system.

Employers can take care of this and ensure that all requirements are removed with the implementation of an automated benefit administration system. Also, employers need to control costs and ensure processes are in place.

Benefits may be low, or employees might not appreciate what they have in place. One market development that provider Staffcare expects to see is different technologies being integrated in one common interface so employees do not have to use multiple systems to select their benefits, switch the funds they invest in within their pension scheme, take out an Isa, or switch assets from one investment to another. Also high on the agenda are innovations around personalising benefit selections and making platforms become truly flexible. Thomsions Online Benefits has seen employers adopt new approaches to their flexible benefit strategy enabled by technology, using Thomsions’ flexible technology platform, Darwin.

Benefit selections that can only be made once a year and from a defined list of products are not as flexible as those that can be chosen at any time and are personal to the employee making them. As a result, many have predicted that the annual enrolment window is likely to erode in popularity.

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

What are the costs involved?
This will depend on the number of employees and the degree of system sophistication required. Advisers estimate that for flex technology only, where an employer manages the back-end administration, costs can start from £4 per employee. Licence fees can rise to between £20 and £40 a year per employee, if admin management is included. A helpline will also add cost. Implementation costs can run into hundreds of thousands of pounds, although many providers are prepared to offer employee volume-based discounts.

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

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

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

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

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

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The facts

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Which flex technology providers have the biggest market share?

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

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

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The first systems were put together over 25 years ago, but these were largely based on simple spreadsheets and in-house IT.

What are the costs involved?
This will depend on the number of employees and the degree of system sophistication required. Advisers estimate that for flex technology only, where an employer manages the back-end administration, costs can start from £4 per employee. Licence fees can rise to between £20 and £40 a year per employee, if admin management is included. A helpline will also add cost. Implementation costs can run into hundreds of thousands of pounds, although many providers are prepared to offer employee volume-based discounts.

What are the legal implications?
The system must comply with data protection regulations.
Flexible benefits have certainly taken off in the last few years. With the cost of technology falling and more employers implementing a platform to support their pension auto-enrolment requirements, demand for flex keeps growing.

Independent research commissioned by Simplyhealth in July 2015 found that 51% of corporates surveyed offer all their benefits on a flexible basis. The advantages offered by flexible benefits have also helped to create this demand. Allowing employees to choose the benefits they want can lead to greater employee engagement and, in turn, productivity, as well as helping an organisation attract and retain key members of staff.

Catering to the needs of a multi-generational workforce

The flexibility on offer also suits changes in the workplace. An ageing population has created multi-generational workforces, with employees at different ages and stages of their lives.

By offering a range of benefits through flex, employees can select a package to suit their individual needs. For example, some employees may value childcare vouchers if they have a young family, whereas other employees may prefer benefits such as dental insurance or a health plan that they can use on a regular basis. The one-size-fits-all model clearly no longer fits.

Employee appeal

Employees really appreciate this flexibility too. The research found that a staggering 91% of employees believe it is better to receive benefits on a flexible basis. The ability for employees to be able to pick the benefits they want has made health and wellbeing a particularly popular addition to any flexible benefits programmes. More than half (58%) of organisations offer benefits to maximise health and wellbeing demonstrating that it is a key focus for many organisations.

Simplyhealth’s research found that almost two-thirds (60%) of employees see health and wellbeing benefits as one of the top three most appealing employee benefits and the most appealing optional benefit.

Engage employees

As health and wellbeing benefits are now becoming more and more important to employees and employers, benefits that are designed to be used regularly such as health cash plans are proving to be a key component for engaging a workforce. A health cash plan allows employees to claim money back towards their everyday healthcare costs on a regular basis, meaning they can really feel the value of the benefit, which in turn helps to increase engagement.

Enabling employees to claim money back on their healthcare costs can act as a preventative measure and stop issues developing into something more serious which could lead to absenteeism. For example, an employee suffering from back pain is more likely to visit a physiotherapist if they know that the cost is covered.

With the growth of smartphones and tablets, it has now become an expectation or the norm to carry out tasks instantly and at any time of day. Employees expect to be able to engage with benefits at a time and place convenient to them.

Promote the benefits on offer

As the shop window for flexible benefits is often only open for a month or so, it is vitally important that employees are fully aware and engaged with the benefits available to them. This is where providers can help. For example, many health and wellbeing providers provide communications throughout the year on health topics to act as a reminder about the benefits employees have available to them. Blanket communications aren’t enough though, it’s important for providers to be able to meet employees face to face, allowing employees to gain a greater understanding of the benefits on offer and allowing providers to really drive uptake.

Changes in the age demographics of the workforce have made flexible benefits an important tool for businesses to really engage with their employees and what they really need. Employees have the opportunity to choose what benefits are important to them at a time that is convenient, thus creating an engaged workforce. What business would not want to have a healthier organisation through increased productivity and engagement?
Not taking a shine to a sales ‘superstar’

Candid is less than enamoured with having to break the rules to attract a potential recruit to the sales team

What is it about the guys in sales that makes them think they can make up their own rules?
Take Geoff, one of the Higher Beings in sales. He can never stick to the plan. None of his team will receive an average pay rise; he will always argue they are star performers no matter how far they miss their targets, and I can’t tell you how many times he has tried to include team members in the bonus plan when they are already getting variable pay through commission.

I might sound jealous, and in a way I am, although not of the actual numbers. I see what everyone gets paid around here, and if I were a jealous type the injustice would drive me crazy. No, I am just jealous of the support Geoff gives to his team; that he is willing to forcibly bend any HR policies in order to get them the best deal.

Geoff is now about to hire some megalomaniac sidekick called Damian. Great, then there will be two of them. I am given details of his current pay in order to come up with an offer. Just to tick all the boxes, I ask for a job description. In theory, I could use this to match to a relevant position. In reality, it doesn’t help me to calibrate the job. The only differentiator is scope of business, and level of management, but neither seem particularly pertinent to the grade, which makes the total range. I add the standard bonus and benefits at the top end of the sales rep to the most senior director, so it doesn’t help me to calibrate the job. The only real differentiator is scope of business, and level of management, but neither seem particularly clear from the description given.

I meet with Geoff to find out a bit more. It is the best I can do. Naturally, Geoff doesn’t like me to bend those rules to attract a potential recruit to the sales team. In theory, I could use this to match to a relevant position. In reality, it doesn’t help me to calibrate the job. The only real differentiator is scope of business, and level of management, but neither seem particularly pertinent to the grade, which makes the total range. I add the standard bonus and benefits at the top end of the sales rep to the most senior director, so it doesn’t help me to calibrate the job. The only real differentiator is scope of business, and level of management, but neither seem particularly clear from the description given.

I should have known better; if I listen to Geoff, the new guy will be single-handedly responsible for European sales and will manage the entire sales team quota, but will assist Geoff with his. Right. It is beginning to sound more and more like a gopher than a senior sales director. What a clever idea; hire someone else to do your work so you don’t have to.

Damian is currently paid more than Geoff, yet I’ve been asked to give him a 20% increase in order to attract him. It seems to me he was already attracted enough to apply for the job, and I will be lucky to match his pay, let alone to increase it. Damian is currently enjoying a high-end medical plan and lucrative employer pension contributions. Geoff even wants me to show Damian’s new benefits with a 20% increase. Seriously.

I’ll let you into a secret: I sometimes do bend the rules for a Higher Being such as Geoff, especially when he is telling me to do something in a very shouty way. However, I am not going to throw the rules completely out of the window, as that will just create another problem for me later on.

I assess the new role at a grade lower than Geoff, and I propose a base pay at the top end of the range. I add the standard bonus and benefits pertinent to the grade, which makes the total reward roughly 15% below his current pay, so I throw in a sign-on bonus to cover the difference. It is the best I can do. Naturally, Geoff doesn’t like it. I watch him storm into Big Bad Boss’s office.

When he is gone, Big Bad Boss scuttles over and asks me what I am playing at. Didn’t Big Bad Boss himself dictate that we should always have a grading differential between manager and subordinate? Did Big Bad Boss want me to make an exception that would put the new guy Damian on the same pay as Geoff and Big Bad Boss himself? Did he want me to set up a medical plan arrangement above that of even the Highest Beings? No, I didn’t think so. Naturally, he leaves me to break the bad news that the original offer stands to Geoff, and I have to hold the phone away from my ear.

Later, I hear that Damian has taken a role elsewhere. I am glad because he sounded like a primadonna, but I know I won’t be popular with Geoff who is inclined to rant about uncompetitive pay structures and uncooperative staff. Worse, soon I’ll have to go through the whole thing again for yet another superstar candidate. Sigh. Next time... Candid upsets the expats.
Healthcare and wellbeing

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