

“Without foundations
there can be no
fashion”

- Christian Dior

Build the foundations

An attractive benefits scheme needs a solid base too. If you want dedicated followers among your employees, think about the foundations first.

What are you hoping to achieve? To stand out from the competition? Take advantage of tax incentives? Protect your employees? A surprising number of companies don't ask. Some schemes creep up over time by stealth. Others contain the basics (a pension, for example) because it's a legal requirement, or because it's what everyone else provides. The result is likely to be a bit dowdy – and unlikely to turn heads.

Strategic goals and values

Foundations go right back to your business goals. What issues do you need to address? Here are just some of the things you might want to achieve.

- Reduced absence levels.
- Improved employee retention rates.
- A reduction in recruitment spend.
- A better reward package to attract the best people (and compete with bigger rivals).
- Higher productivity.
- More engaged, motivated employees.

Identifying desired outcomes early on helps to measure achievements later. It also clarifies exactly what success should look like. The metrics you use to assess the impact of your scheme could include performance gains, the number of people enrolled in your scheme, or lower staff turnover.

Another strategic foundation will be your company values. How important are your employees to the business? If you want to demonstrate that your people matter, a good benefits scheme will make that very clear. It could protect them in the event of illness or accident, or offer them better lifestyle choices and greater flexibility in how they pay for life's essentials.

24% of employees believe that a good benefits package would improve their perception of a company.

The appeal factor

Once you're clear about your goals, values and measurable outcomes, the next step is to make sure your scheme will really appeal to your employees.

- Consider the **age** and **demographics** of your workforce. There are no hard and fast rules, but young parents may be more interested in life assurance, say, than tickets to the latest Coldplay concert.
- Look at the **industry** you're in. How easy is it to recruit the best employees? How tough is the competition for talent? Think about what additions to a competitive salary would really tempt the best in the business to your door.
- Remember the value of knowledge. How much are your employees likely to know about the benefits you offer? Do they need **financial education** as well as great insurance and savings products to choose from?

These are just some of the key questions that could underpin your choices. What we know for sure is that benefits which matter to your staff make a huge difference to their work experience.



Make your benefits appealing to your employee demographic and industry

Adding up the value

And they really add up to financial savings – take these examples.

- The **cumulative value** of online shopping discounts often outstrips a simple salary increase.
- Taking part in a group insurance scheme may well be **better value for an employee** than buying an individual policy.
- A health cash plan can help employees to get faster treatment, reimburse their costs and promote a **speedier return to work**.
- Some benefits attract **tax and National Insurance (NI)** savings for employees.

Whether you want to increase engagement, attract new talent, reduce sickness levels or show how much you value your workforce – you need a benefits strategy that will really set the trend.

The cumulative value of benefits can be more than a salary increase



Get better value premiums for employees with group insurance schemes



Health cash plans may reduce sickness absence



Choose an online benefits platform

Even if you only offer a few employee benefits, offer them online. Why? The advantages to you and your staff are immense. The initial cost of providing an online benefits platform is likely to be outweighed by significant return on your investment – particularly if some benefits are integrated into the platform at no extra charge.

What's in it for you?

An online platform removes a huge **administrative burden** from your shoulders. The amount of paperwork involved could be prohibitive. Think about tracking new starters and leavers, updating payroll, HR and other systems' information, liaising with benefit providers, maintaining data integrity and security – it may seem daunting, but with an effective online solution and back office processes, you can relax. The system does it all, so you can focus on the bigger picture.

With reduced administration comes the potential to offer a far **greater choice**. You can provide a fantastic range of benefits that **boost health** (such as cycle to work schemes or health cash plans), **maximise money** (such as child care vouchers), help employees **look after themselves** (private medical or critical illness insurance), or simply **enjoy life more** (discounted shopping or travel insurance). With an automated system, the pain of excessive paperwork is removed.

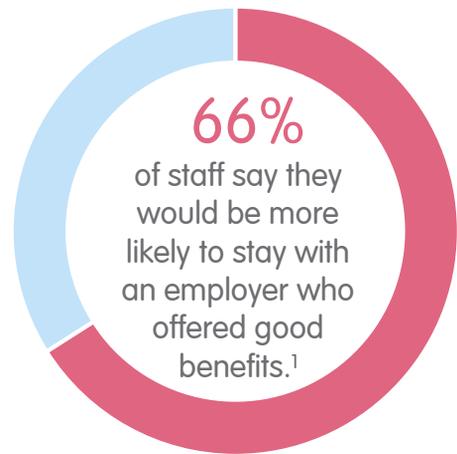
So many companies don't really know whether employees are engaging with what they offer. Regular, incisive **management reports** produced by an online system will tell you everything you need to know about how your scheme is performing. The cost of your benefits, the amount of take-up, the value to each employee and much more - all you need is some time to read (and a good cuppa).

The cost of implementing an online platform is also balanced by significant **improvements to your business**. A modern, engaging benefits scheme can help to attract and retain employees, reducing your recruitment spend in the long term. Together with simplified administration, increased employee engagement and the NI savings you can make when you offer certain benefits – it all amounts to a good return.

What's in it for them?

Everyone today engages with technology. Even if your company isn't at the forefront of the digital revolution, your employees will have smart phones, tablets and PCs. People are used to banking and shopping online, and receiving insurance, travel and other documentation in the same way. Not everyone wants to be a social media star, but most will probably at some point have at least sent a picture of their dog wearing a hat to their friends.

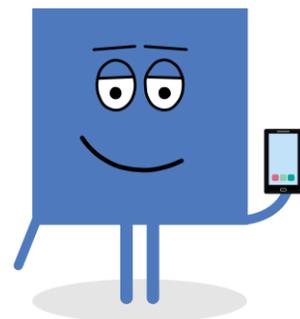
Since technology is everywhere, it makes sense to offer your employees access to their benefit choices online.



- They'll be able to see **at a glance** what benefits they have, how much they cost and their overall **value**.
- They can sign up, make claims, read guidance and more – all from one source.
- It will be easier to **understand** the benefits on offer, and make **informed decisions**.
- A friendly user interface is **fun** to use, so staff are more likely to **engage** with the benefit offering.
- It can be **personalised with your logo and colours**, creating a great communication channel between you and your employees.



Everyone uses technology and will find it easy to access an online benefits scheme



Employees can enjoy at-a-glance views of benefits and their value

Consider how to fund your benefits

Of course, your scheme has to be affordable. The good news is that you can choose how to fund it from a number of options.

A benefit fund

You could give your employees a benefit fund to make their own choices. This is a flexible pot of money for each employee, allowing them to choose which benefits they want from a variety of options. The fund should be enough to allow them to buy at least one or more of the benefits on offer. There are some great advantages to this.

You'll be able to exercise more cost control - take these examples:-

- A benefit fund that includes a pension scheme will allow employees to increase their contributions without you having to pay additional employer contributions.
- If Insurance Premium Tax (IPT) increases, this will need to be paid for out of the employee's benefit fund rather than directly by you.
- Some benefits will offer you and your employees tax and NI advantages if they are paid for from a benefit fund which can't be exchanged for cash.
- If you offer a benefit fund on a 'use it or lose it' basis, you'll save money if an employee doesn't use up the full fund.
- There will be NI savings for employees who buy benefits using a benefit fund that can't be exchanged for cash (this will still apply following changes to the Finance Bill 2017).

You can offer your employees a great range of benefits so they can enjoy freedom of choice. This means they're more likely to appreciate and engage with your scheme.

Core benefits

You could offer core benefits such as a health or life assurance scheme. Core benefits are paid for directly by you and made available to all or some of your employees. This will be a direct cost to the business but consider it an investment in the wellbeing, engagement and productivity of your workforce. You may also benefit from a speedier return to work for staff who are unwell if they have access to faster treatment.

You could provide a mix of core benefits and a benefit fund, depending on how much you want to invest.



Voluntary benefits are paid for by employees through a deduction from their salary (salary exchange, or sacrifice)



The only cost to you will be the set-up of the online benefits platform



You'll still need to pay for some benefits up-front and recoup the cost from employees later

Voluntary benefits

You could let employees pay for all benefits voluntarily using salary exchange (also known as salary sacrifice, where staff 'buy' benefits in exchange for a reduction in their gross salary). Some benefits paid for in this way attract tax and NI savings. You'll still pay for the development and set-up of an online benefits platform, but if employees pay for the benefits voluntarily, they won't cost you a penny.

Whichever option you choose, it's important to recognise that offering some benefits will require some upfront investment. If you offer a cycle to work scheme, for example, you will need to pay for any bikes purchased by your employees. They will pay you back over time through salary exchange, but you will need to plan for these costs.

Keep it simple

Sometimes the simplest designs are the best. Your scheme doesn't have to be overly complex or costly. Online benefits that offer choice are within the reach of any organisation, whether they have a few dozen or a few thousand employees.

Here are some simple rules of thumb.

- Examine the relevance of your **current benefits**, and if they fit well with your employee demographic, simply **move them online**. Then you can enjoy much simpler administration, better employee engagement and a detailed picture of benefit take-up.
- Include your **pension scheme** in the online platform. It's a fundamental part of your benefit offering, so why not shout about it? It will be visible to your employees, and much easier for them to increase their contributions if they choose.
- Don't include too many benefits. A long list is confusing, so offer a **manageable number** that are relevant to your employees.
- Allow employees to **choose benefits whenever they want**. Some systems have a narrow enrolment window, which means staff have to choose their benefits once a year. If their minds are on other things (and they're grumpy because they've forgotten their password which hasn't been used in 12 months), they won't love you for it. Benefits are meant to engage employees – so put them in the driving seat and let them decide when to sign up. Having said that, some providers do need annual renewals – mainly insurers, who have to balance risk to keep premiums affordable – but for most products, annual enrolment isn't necessary.

Spread the word

If you don't spread the good news to your staff about your benefit scheme, it's like throwing a great party and forgetting to send out the invitations. The main reason most employers offer benefits is to attract and retain talent. Despite this, we know that many employers struggle to communicate the value of their benefits package effectively – unless they have a clear plan in place.

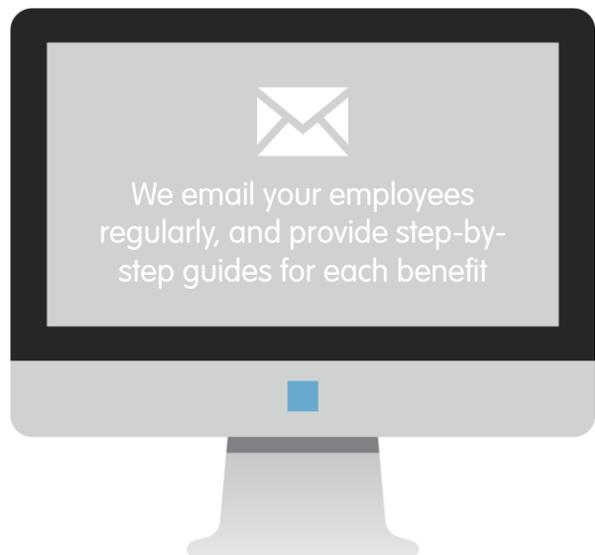
So don't fall into the same trap and watch the bubbles go flat. Make sure you get real return on your investment by having an internal communications plan in place that runs throughout the year.

At PES, we offer a host of creative options, from colourful **posters**, **intranet articles** and **banners** through to **tailored merchandise** and face-to-face **launch events**. We **email** your employees regularly, and provide **step-by-step guides** for each benefit, so no-one is left in the dark. We can provide statistics on open and click-through rates, showing just how engaged your employees are.

You can spell out just how much your employees' benefits are worth with an easy-to-read **Total Reward Statement (TRS)**. This shows the value of the 'visible' stuff – salary, bonus, commission and benefits – along with all the great things your staff may take for granted, such as company parking, free tea and coffee, or the Christmas party. Our experienced team can create and distribute an eye-catching, simple TRS booklet with a personalised message from you.

However you choose to communicate, make sure you have a plan. Your employees should hear from you all year round, not just once a year – and use different messages and media to reach everyone in the organisation. One thing is for sure – having all your benefits on a single online platform makes regular communication easy to achieve.

Make sure you have a communications plan in place to help employees engage with the scheme



Design a classic

Providing online benefits with a variety of options needn't be difficult, costly or complicated. It's about **getting the basics right**, and working with a partner who understands your challenges.

A solid strategy, a set of online benefits based on:

- ✓ what your employees need
- ✓ simple implementation
- ✓ and a plan to ensure that everyone knows about it

These are the essentials that will **attract, engage and retain the best people** (and make life a lot easier for you).

Your investment is likely to result in:



reduced sickness absence (through faster access to treatment)



a lower recruitment spend (because you'll attract and retain employees)



increased productivity (as your people feel valued and motivated to perform better)

Get it right and you'll create a classic that never goes out of fashion.

PES

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