

Flexible benefits for a flexible workforce

It seems the government is intent on improving flexibility with the nation's workforce by proposing to extend flexible working to all, which can improve employee recruitment, retention, motivation and commitment.

Companies, in turn, are latching onto the gains both financial and non-financial in implementing flexible employee benefits whereby employees can choose from a shopping list of available benefits within a defined budget. The process is known by various terms - flexible benefits, flex, cafeteria benefits, self-service benefits and is an attractive option for both employers and employees alike.

For employers it is an attractive tool to help recruit and retain top talent in the increasingly competitive world of business. Costs can be controlled and value for money is provided through only offering those benefits which employees want; thereby avoiding financial waste. The ability to provide choice can often offer the elusive award of "employer of choice" to many companies. Implementing flexible benefits is often a good way to harmonise terms and conditions following TUPE and reduce many a headache caused by the aftermath of this legally prescriptive process.

With increasing improvements in software now even SMEs can benefit with many flexible benefit providers able to offer cost-effective solutions and easy administration. Until a few years ago flex was only available to large corporates due to the high cost of implementation and maintenance.

Employees can choose benefits which best suit their lifestyle and diverse needs. Younger employees for example may prefer more holidays or cash traded against reduced pension, whereas older employees may require less holidays, increased pension or medical insurance.

Due to the improvements in technology employees can view on screen their total reward statements to see how much their benefits package is worth and using the software, can model different benefit solutions to see the financial effects before making a firm commitment. This is an excellent contributor to improving financial education which the government is also promoting.

When planning the project, organisations should work with providers/consultants who can scope out the work to be done within defined timescales and budget. Depending on the size of the company, implementation can take anything between 2-6 months.

A good starting point is to survey employees to find out what they would like in terms of flexible benefits, salary sacrifice and voluntary benefits and ultimately get buy in the implemented system. The company can then be consulted regarding the survey results to work with the provider/consultant to build a list of benefits that is both relevant and affordable.

Decisions may need to be taken whether to offer across the board benefits or stagger according to seniority and whether the benefits budget will be offered in monetary terms or as awarded points. Core benefits will need to be defined such as minimum holidays per year, pension contributions, sick pay, etc. Equity, fairness and transparency should all be considered when developing the system.

Next should be the development of software appropriate to the needs of the business. Factors that need to be taken into account are ease of administration linked to appropriate resources for operation, ease of use and understanding as well as attractiveness to employees.

A review of financial services should also take place to ensure cost-effective products are offered. This may require continuing with existing suppliers or sourcing new ones.

Finally there should be a roll out of the system and comprehensive education of employees through a variety of means – presentations and printed material to provide information on how the process operates, how and when employees can change their benefits, which is usually once a year or when a life-changing event occurs such as getting married or having a child.

If implemented with a structured approach, gaining buy in from all concerned, companies can reap a huge competitive advantage by offering flexible benefits to their flexible workforce.

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