

Agenda item:

Title of meeting: Employment Committee
Date of meeting: 15 September 2015
Subject: Employee Benefits Portal
Report by: Shaun Tetley, Payroll and Pension Manager
Wards affected: None
Key decision: No
Full Council decision: No

1. Purpose of report

- 1.1 This report seeks approval in principle to select and procure an employee benefits portal, subject to it demonstrating employer recruitment and retention benefits, employee benefits and overall financial savings.

2. Recommendations

- 2.1 Employment Committee approve the implementation of an employee benefits portal, subject to recommendations 2.2 and 2.3 below
- 2.2 Employment Committee delegates the selection of the employee benefits portal to the Director of Finance and IS and Director of HR, Legal and Procurement. The selection criteria will incorporate a financial appraisal to demonstrate that financial savings will accrue from this initiative.
- 2.3 Employment Committee delegate authority to the Director of HR, Legal and Procurement in consultation with the Chair of the Employment Committee to investigate and implement the appropriate range of benefits to be included in the portal. This will be informed by some external support we are currently obtaining (at no cost) to look at the demographics of the council workforce to identify which benefits would deliver the best outcome for staff in terms of take up and also savings to the council. An idea of the types of benefit that could be included in the portal are listed below in section 4.1.

3. Background

- 3.1 The council is continually seeking to enhance its employee benefit provision. This is particularly important during periods of pay restraint where employee benefits can provide an important incentive to recruit and retain staff.

3.2 There are a number of external providers who offer employee benefit portals that provide employee access to a wide range of benefits. Some of these benefits are offered through a salary sacrifice arrangement and these result in savings for the employee in terms of lower deductions in respect of income tax, national insurance and in some cases pension. In addition they provide savings for the council through lower employer national insurance contributions and for some benefits employer pension costs. The employer savings can be significant and will make an important contribution towards the budget savings.

3.3 The market for companies who provide employee benefit packages is mature and numerous public sector bodies have implemented schemes. The council have had demonstrations by a number of companies who provide employee benefit services and the advantages to the council and staff in implementing a benefits portal are as follows:

- The significant extension to the range of benefits currently available to staff will act as a valuable recruitment and retention tool in an increasingly buoyant employment market.
- The fact that the public sector is faced with a further 4 years of pay restraint (with pay increases expected to be limited to 1% each year) will require greater flexibility in terms of employer benefits provision.
- A number of the benefits available through employee benefit portals utilise salary sacrifice arrangements and this provides the employee with significant savings in income tax, national insurance and sometimes pension contributions.
- The council can make significant savings in employer national insurance and pension contributions. This is particularly important given the closure of contracted out national insurance from April 2016 where the council is faced with an increase of approximately 3% in its national insurance contributions for every pension scheme member.
- There are numerous external providers of benefits portals and the market is fiercely competitive to the extent that the cost to the council of procuring a portal will be minimal. In fact we are aware of some providers who provide the portal at no cost with their income being generated through their relationship with the companies they contract with to provide the benefits.
- The council already provides a number of benefits such as childcare vouchers, cycle to work scheme, purchase of annual leave, discounts in local shops and these can be readily included in any portal.

4. Potential range of benefits

4.1 It is important to agree the range of benefits to be included in the portal from the implementation date. This will determine to a large extent the success of the project as a flexible range of benefits will attract staff interest and deliver greater savings to both the staff and the council. Research into the most attractive benefits provided in the workplace suggests that we could include the following benefits in the package.

- Life insurance

- Private medical insurance
- Private dental insurance
- Car lease scheme
- Retail vouchers
- Gym membership
- IT equipment
- Mobile phones
- Critical illness cover
- Personal accident cover

In addition to the above items we would include all of the current benefits that we provide to PCC staff (childcare vouchers, cycle to work scheme, interest free season ticket loans, purchase of annual leave, discounts at local shops etc.).

Recommendation 2.3 of this report indicates that we are in the process of identifying the most appropriate benefits to include in the portal given the demographic workforce of the council, to ensure that we offer a range of benefits that will be popular with staff and deliver savings to the council.

5. Implementation issues

- 5.1 The selection of the external portal provider will be critical to the success of the project. A project team will be formed to cover the disciplines required to implement a scheme of this nature. This will initially comprise staff from HR/Procurement and Finance/IS with other departments co-opted onto the project at the appropriate time.
- 5.2 A number of the employee benefits do affect LGPS pension entitlement and it will very important that pension scheme members are fully aware of the pension scheme implications before signing up to the arrangements. This will be covered in the frequently asked questions material.
- 5.3 There will be resourcing issues associated with implementing a major scheme of this nature. Although external portal companies provide support in terms of online help and calculators to enable staff to understand the cost of any benefits they select, internal resource will be required to cover items such as:
- Monitoring the contract
 - Updating the system each month with deadlines and other publicity collateral
 - Updating the payroll system with deductions
 - Monthly reconciliation of the scheme deductions
 - Managing imports and exports of data between the council and the portal provider
 - Providing information advice and guidance to staff on the scheme
 - Providing advice to staff on the implications to LGPS benefits
 - Managing early terminations
 - Managing cases where staff go on maternity leave
 - Managing cases where staff go on long term sick leave

- Handling any communication issues
- Adding new benefits to the portal

The employer savings on national insurance and pensions are significant and it is proposed that we engage dedicated resource to manage all aspects of the portal with the ongoing cost being financed from the ongoing savings. This approach is critical to the success of the project and has been adopted by other councils

6. Equality impact assessment (EIA)

A preliminary or full equality impact assessment is not required at this stage. Although we are seeking member approval to investigate and implement an employee benefits portal, no adverse impacts have been identified at this stage on any of the protected characteristics as described by the Equality Act 2010. An Equality impact assessment maybe required in the future when more detail is known on the portal supplier to ensure that all of the workforce can access the portal.

7. Legal implications

There are very limited legal implications in terms of direct risk associated with the establishment of a portal opportunity. Provided that any successful provider offers services on an inclusive basis avoiding any potential discrimination in the supply of services then there would be no allegation that the L.A is failing to promote the Public Sector Equality Duty. What would need to be clear is that the provision of a portal opportunity is an opportunity to employees to contract direct with a third party supplier and that in accessing the portal the L.A is not a party to any contract and does not endorse the quality of any service or product offered via accessing the portal.

8. Finance comments

The report has highlighted that the implementation of an employee benefits portal will not only act as an important recruitment and retention tool but will also make significant savings towards the budget deficit. The level of the savings will be influenced by the range of benefits that are included in the package and by ensuring that the scheme is widely promoted to staff. The estimated savings based on the likely take up are expected to be in excess of £100,000 in a full year. This project will require the appointment of dedicated resource to manage all aspects of the portal as set out in section 5.3 above.

Signed by:

Background list of documents: Section 100D of the Local Government Act 1972

None

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by: