

Advice Paper

Standing on the shoulders of Giants

In the Autumn of 2007, Asperity sponsored a major survey of UK Benefits and HR professionals, looking exclusively at voluntary benefits. We asked about communication, satisfaction, and provision and in particular looked at how we could find and communicate best practice in delivering employer value. With thanks to everyone who responded, we are now ready to report on the findings. All Asperity clients will receive a full copy of the detailed report – if you would like a copy as well, please drop us an email.

Survey Methodology

With over 800 responses, VB Excellence is the largest study focussed on voluntary benefits this year. Respondents were all UK based and were responsible for deciding, influencing or delivering benefits strategy.

Respondent's role

Decision maker on benefits	44%
Recommend or influence benefits	42%
Deliver or manage benefits	14%

Figure 1: spread of responsibilities in survey participants

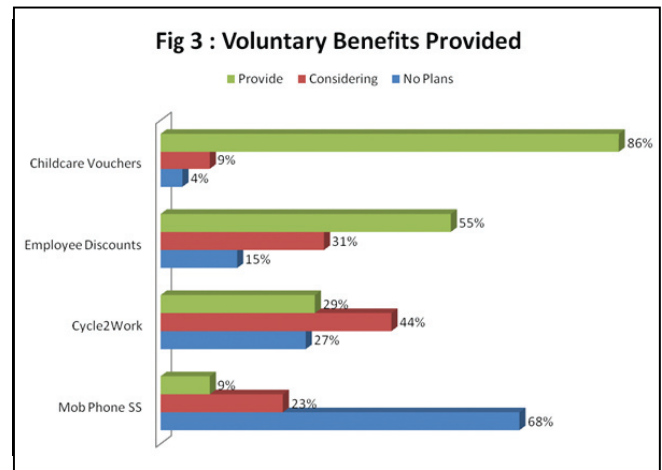
Respondents worked for a range of company sizes as shown in figure 2.

Number of Employees

< 500	20%
501 - 1,000	9%
1,001 - 2,500	26%
2,501 - 5,000	15%
5,001 - 10,000	7%
10,001 - 50,000	21%
50,000+	3%

Figure 2: Size of company

Which Voluntary Benefits did respondents offer?



The chart in Figure 3 shows which voluntary benefits employers offered and which they were and were not considering. Childcare vouchers were the most commonly provided benefit with 86% of organisations providing them, leaving only 9% of companies considering a scheme and a residual 4% who have decided against. Employee discounts were the second most used benefit with 55% of organisations providing a scheme, and a further 31% in the process of considering options. Cycle2Work schemes were provided by less than a third of employers and were definitely not on the horizon for almost the same number. Quite a high percentage – 44% of respondents said they were considering Cycle2Work scheme. An analysis of the free format text responses for this question suggests that many employers in the “considering” group were struggling to balance a strong desire to deliver Cycle to Work against the onerous requirements and burdens of the legislation and scheme infrastructure. A commonly cited problem was the concern of employers over staff who leave mid-contract and the other financial burdens and compliance issues in the scheme. Mobile Phones via Salary Sacrifice were the least used voluntary benefit in our survey sample. Only 9% of respondents had such a scheme, 23% were considering but a very high 68% of employers have ruled the benefit out. Again, looking at the notes, most employers thought that this tax

Advice Paper

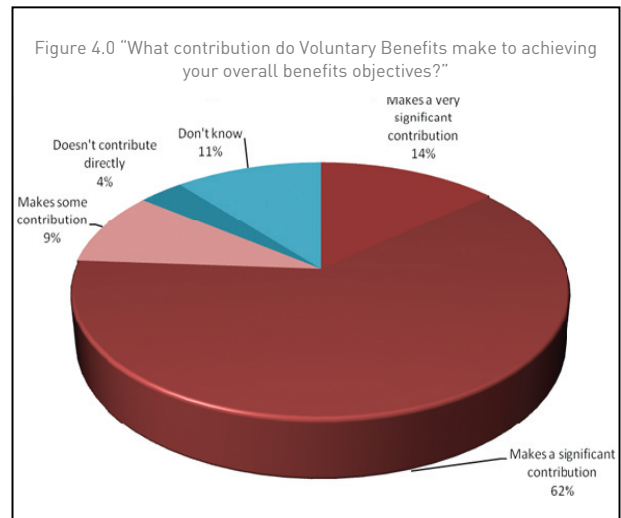
Standing on the shoulders of Giants

advantage would be the next to be withdrawn and were concerned about the parallels with the defunct HCI scheme. Where salary sacrifice is concerned it does seem that an employer needs to feel that the benefit is worth doing from a corporate messaging perspective as well as a straightforward benefit to staff.

How significant was VB to the organisation's approach to benefits?

We asked respondents to identify what contribution VB made to the organisation's approach to benefits provision. Overall, over 75% of respondents stated that voluntary benefits made a significant, or very significant contribution to their overall benefits strategy. A further 9% thought that VB made some contribution and only 3.4% believed there was no direct contribution made. A significant percentage (11.1%) did not know the contribution

made, possibly suggesting gaps in management information or data.



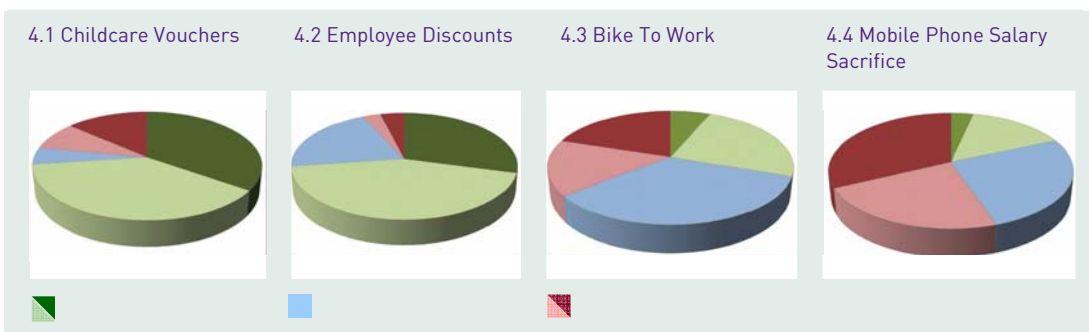
Advice Paper

Standing on the shoulders of Giants

Key Findings

Which voluntary benefits offer employer value?

We asked respondents to rate the employer value that each of 4 voluntary benefits had on their organisation on a scale of 1 (High value) to 5 (Low value). Results are shown in figures 4.1 to 4.4



Childcare Vouchers and Employee Discounts rated best with over 75% of employers choosing 1 or 2 (High Value) for both of these benefits. Employee Discount schemes received more votes at the top mark compared to Childcare Vouchers, presumably relating to the fact that these benefits are for all employees whereas Childcare Vouchers will only ever affect a portion of an employer's staff base.

The results for employee discounts schemes were also more polarised than for childcare vouchers, with 24% of employers stating a below neutral response (low value) compared with only 3% for Childcare Vouchers. This suggests that there is more to play for in the value of getting employee discounts right, compared with Childcare Vouchers. Given that Childcare Vouchers are a regulated product this makes some sense – there is less flexibility in approach for Childcare Vouchers compared with employee discounts.

Of the other two benefits, 30% of respondents rated their Cycle2Work scheme as delivering high value, compared with only 18% for Mobile Phones via Salary Sacrifice. This was echoed at

the other end of the scale with 36% of respondents choosing a negative response for bikes, compared with a very high 55% stating that their mobile phone salary sacrifice benefit offered low value.

The poor results for mobile phone benefits are perhaps unsurprising given that intense competition in the mobile phone market constantly drives down prices of both handsets and tariffs therefore potentially reducing the net benefit to staff of choosing from a more limited range from (usually) a single network in a salary sacrifice scheme.

Cycle2Work's poor score is perhaps more concerning for benefits professionals on two counts. Firstly the scheme is the most complex to administer of all four benefits and this creates a barrier for many employers, therefore we would have hoped for higher employer value to offset this. Secondly, encouraging staff to consider a bike as a mode of transport is not only a key strand of a sustainable transport policy, but also often a part of an organisation's wellbeing strategy. There is clearly some work to be done from Cycle2Work providers in increasing the value to employers from these schemes

Advice Paper

Standing on the shoulders of Giants

In your own words

There are lots of research projects that produce thousands of graphs and pie charts that don't really tell you very much, although they do look nice. We really wanted VB Excellence to facilitate the sharing of experience and best practice, so we briefed the research agency to ask as many open questions as possible. It makes analysis a little harder and flies in the face of convention, but we're used to that at Asperity.

What, in your experience, are the biggest barriers to the take-up of Voluntary Benefits?

"Salary sacrifice schemes received the most comments in terms of employee lack of understanding suggesting there is still much work to be done in explaining these valuable benefits simply."

Over 600 respondents entered a free text response to this question, yet amazingly almost all (537) comments centred around two central concepts – Communications and a lack of understanding and sometimes even distrust amongst the workers who needed them both. Salary sacrifice schemes received the most comments in terms of employee lack of understanding suggesting there is still much work to be done in explaining these valuable benefits simply. Perhaps the second point is actually a symptom of failing in the first point, but nevertheless they were extremely consistent themes to come across.

Communications Problems

"We don't have time to communicate"
"apathy from staff and poor communications"
"Employees are not aware of what is on offer"
"Lack of means to communicate benefits effectively."
"Employee awareness; accessibility; targeted communications to groups of employee"
"Communication with staff who don't access emails"

Lack of understanding or even trust

"Lack of employee awareness"
"Lack of employee understanding"
"employee distrust - 'there must be a catch'."
"Lack of employee understanding"
"Lack of understanding or misunderstanding"
"employees don't think the schemes will save them money"
"Lack of Understanding of the Issues - Poor Communications etc"
"Lack of understanding - particularly in relation to salary sacrifice. Perception that Childcare "Vouchers are for ladies only!"
"Ignorance"
"Suspicion, especially of salary sacrifice"
"staff apathy"
"lack of employee understanding about salary sacrifice"
"Understanding of benefit"

What single improvement could your providers deliver that would help you the most?

Respondents were asked this straightforward question and given a free format text box to let us know their answer. Over 70% of employees using a provider answered this question suggesting that clients have no shortage of ideas for what their providers could be doing. Over 90% of these suggestions easily fell into 4 groups – these are shown below and we've included just a few of the comments received under each.

Advice Paper

Standing on the shoulders of Giants

To be more structured

Improved Scheme Design

- “More and better offers”
- “More choice”
- “More competitive offers”
- “More exclusive offers”
- “More discounts available on high street without having to purchase vouchers”
- “Visibly impressive discounts”
- “Higher discounts”
- “Improved Communications
- “More regular communication”
- “Better Communication of scheme”
- “Better targeted communication”

Better uptake and engagement

- “Higher Engagement”
- “Higher uptake”

Better Infrastructure & Reporting

- “Integration with childcare vouchers”
- “Effective management reporting”
- “Minimal /easier administration”
- “Single log on from flex scheme”
- “Integrated and expanded scheme”
- “Ability for us to monitor usage so we could actually see what benefit the employees are taking from the scheme.”
- “Larger number and broader range of discounts “
- “Greater promotion and access to info”

Key Question: ‘What advice would you share with colleagues and peers involved in the provision of VB?’

Answers to this question broadly covered 5 key areas: Below we’ve put a selection of direct quotes from the research that represent the hundreds of comments received. The points are in order of priority – with the most frequently mentioned at the top.

Get others in the organisation on board

- “get management buy-in or don’t bother”
- “don’t introduce it until you’ve pinned down your key managers to support you”
- “don’t have it as a piecemeal offering, take a strategic approach and that means others are with you”
- “help senior management teams understand where VB schemes fit in the larger picture”
- “believe in what you’re offering and get ambassadors to believe it too”

Communicate relevant info to relevant employees

- “Communicate, then communicate again and then communicate regularly”
- “talk it up”
- “focus on employee accessibility”
- “KISS”
- “communication is the number one priority for our benefits scheme”
- “keep selling the message all the time”

Advice Paper

Standing on the shoulders of Giants

Choice

“one-size does not fit all, choice, choice, choice”
“have something of interest to every employee”
“multiple communication methods are needed and then your provider has to have something for everyone”
“you can’t please all employees all the time but you have to try and please all of them some of the time”

Don't let your benefits be taken for granted

“if they don't know what they've got til it's gone, you haven't communicated well or you've let the benefits go stale”
“don't assume employees will know the value of their VB – they often won't unless you tell them”
“use satisfaction surveys or get your provider to do it for you – it makes employees think about what they have got”
“innovate”

Put your brand behind your benefits

“if you believe in it, brand it”
“make it highly visible and definitely part of the plus of working for your organisation”
“tailor the communication to the overall brand”

About the Jelf Group

The Jelf Group was founded by Chris Jelf in 1989. Today the Group operates from over 20 locations in the South of England and South Wales and offers an extensive range of corporate services; general insurance, healthcare, employee benefits, commercial finance and wealth management services to businesses and individuals. The Jelf Group advises over 25,000 corporate clients and 20,000 individual clients across a range of disciplines.

Currently, the Jelf Group is working closely with Asperity to bring a high quality range of Employee benefits to our clients.

To find out more about the services we offer or more on the work Asperity do for us please visit www.jelfgroup.com or contact Chris Dodge on 0845 602 1858

About Asperity Employee Benefits

Asperity is the UK market leader in voluntary employee benefits with its Reward Gateway product - the UK's first fully integrated voluntary benefits scheme and the largest employee discount scheme in the UK. Reward Gateway is an exclusive discounted shopping service with discounts and savings for employees at over 1700 retailers and service providers. The scheme has been described as a “who's who of the high street” and includes discounts at retailer such as M&S, Boots, Debenhams and John Lewis.

Asperity is the only voluntary benefits provider to use a pioneering mix of Cashback on top of traditionally negotiated employee discounts meaning that the levels of savings on Reward Gateway are higher than any other scheme in the market.

Since launch, Asperity's Reward Gateway product has taken the market by storm and Asperity provides its scheme to employees at nearly 100 leading companies including Next Retail Ltd and British Airways plc. Reward Gateway now services over 750,000 UK employees with discounts and savings of up to 45% at over 1700 retailers. Offers are accessed online, locally, on the phone and in the high street. www.asperity.co.uk

Most recently, Asperity has worked in partnership with the Jelf Group to launch an exciting new employee discount scheme myshopping, along with a version tailored for SMEs called myshopping:2go. For further information please visit www.jelfgroup.com/myreward