

Critical analysis



**ASSIGN
BUSTER**

The banking sector employs close to half a million people and is one of the largest industries in the UK (1). The Royal Bank of Scotland (RBS) provides one of the largest flexible benefit schemes in Europe which has been in existence for 9 years with approximately 17, 500 employees (1). Morgan Stanley flexible benefit scheme has been in place for 13 years, they believe their benefit package has a competitive edge which allows them to attract and retain the best talent (1). During the 13 years, Dawn Nicholson, managing director of HR at Morgan Stanley, has seen an increase in the number of perks offered to staff.

" When I joined Morgan Stanley, the classic three core benefits were standard risk benefits, pension and medical," she says. Since then, the investment bank has broadened its offering to include an on-site medical service, a near-site emergency childcare facility, childcare vouchers, a cycle-to-work scheme, a new pension plan (introduced last year in response to pension's simplification), subsidised gym membership, and several health and wellbeing initiatives. (8) Existing arrangements at Fortis Bank

Fortis Bank like many other banks are very generous in their benefit provision, core benefits include Defined Benefits Pension (closed to new joiners), Defined Contribution Pension scheme (10% company contribution), Private Medical Insurance (fully funded up to family cover), Travel Insurance (fully funded up to family cover), Income Protection (fully funded at 75% of salary) and Life Assurance (4x salary) (please see table 1 for other benefits). Existing benefits under flex Each of Fortis Bank existing core benefits has been analysed below for the possibility of inclusion in flex.

Total Reward Statement Total Reward Statements (TRS) can be used as a stepping stone before implementing a full Flex system. Many employers at present are turning towards Total Reward Statements in order to communicate the value of total reward to their employees (4). Nowadays benefits without clear cash values attributed can commonly equate to 15-20% of total payroll cost. It is key today that employers have a need to assist their employees in understanding and valuing the benefit packages that they are being provided with.

Communicating benefits to staff has two major advantages; when communicated during the interview process, it can aid the recruitment of key workers. Similarly retaining employees and maintaining a content workforce can be a challenge – ensuring that current employees are aware of the financial values attributed to their benefits, will in turn breed a workforce that is content through the knowledge that they are valued by their employer. Annual Leave Options

- Show the value of existing holiday entitlements, without allowing flexibility.

- Allow basic flexibility over the number of days of holiday available.
- Use flex as a means to harmonise holiday years. A common objective of introducing Flex is to restructure the holiday benefit to allow employees more choice. Employees can flex their holiday by choosing to take more or fewer days during the year. For instance an employee who is eligible for 25 days may choose to take an additional 5 days and sacrifice some salary in return, or may choose to take only 23 days and receive additional salary for the two extra days worked.

Nationwide Building Society confirmed that Annual Leave is one of the top picks. (6) RBS also enables employees to buy/sell upto a mximum of 5 days a year through their flexible benefits scheme. (7) In the first year, simple flexibility be introduced to holiday by allowing employees to flex up and down by 5 days from their current entitlement subject to an overall minimum of 20 days. This maintains a minimum that avoids infringing on European legislation. Holiday would be pro-rated accordingly for part timers who do not work everyday of the working week.