

Report to: Audit Committee

Date of Meeting: 17 March 2016

Report Title: Feasibility of producing Reward Statements for employees

Report By: Tom Davies
Chief Auditor

Purpose of Report

To examine the feasibility of producing Reward Statements for employees.

Recommendation(s)

- 1. To note that an Employee Benefits Flyer is a work in progress.**

Reasons for Recommendations

It was unanimously resolved at the Audit Committee meeting of 25 January 2016, that the feasibility of producing an annual reward statement for staff be investigated and reported to the next meeting.

Introduction

Background

1. At the previous Audit Committee meeting, Councillor Clark queried the pension contributions made by Hastings Borough Council. He said Hastings Borough Council contributed an additional c.20% to the pension fund and recommended that staff should be aware of the loss of this contribution to their pension, if they were to leave. He recommended that, subject to concurrence by the Staff Management Forum, all employees should receive an “annual reward statement” outlining pension contributions and additional benefit components of their salary. The Chief Auditor said the feasibility of producing “reward statements” automatically from the Trent system would be looked into and he would report back to the next meeting.

Rationale

2. The rationale for staff receiving a personalised Total Rewards Statement is convincing - to attract the best people and to retain critical skills employees:

Most workers never realise the cost to the organisation of the employer pension contribution, work/life benefits and holiday entitlement.

The cost of these and other employer-provided benefits adds up to a total value and often goes unrecognised and underappreciated.

Feasibility

3. The Chief Auditor consulted the staff in People, Customer and Business Support and was informed that the Payroll system, Midland Trent, does not have the ability to automatically produce Total Reward Statements. The main problem is that it doesn't have pension data to display for recipients.
4. The employer's contributions to pension and Additional Voluntary Contributions (AVC's) can be difficult for a lay person to understand because the calculations are unique to each individual and dependent on their individual circumstances. This is why the annual pension statement from the Pensions Authority is more informative.
5. We are reliant upon the Pension Authority to produce the data, which is always a year out of date, so we are only able to replicate the pension statement which has already been provided.
6. Not all pay/rewards are deemed pensionable.
7. The Chief Auditor also checked with Accountancy to see if anything could be produced automatically from the core finance system (AGRESSO). However, this is not possible as Agresso uses summary data feeds.
8. Whilst it is recognised that the monthly online payslips show most of the financial benefits and the annual benefit statement from ESCC Pensions Administrator shows information on pension, lump sum, survivor pension and death in service

benefits, it is accepted that these documents do not have the same impact as a single clear Total Reward Statement.

Alternative options

Manual production

9. There is an option of manually producing Total Rewards Statements but this has to be ruled out as it would involve extracting data from Midland Trent on an individual by individual basis. This would be a major project and would take two part-timers up to four months each to extrapolate the data and prepare Total Reward Statements. In addition, this would generate lots of pension queries which People, Customer and Business Support would not be able to answer as they are not the Pension provider. The team are also unable to provide pension advice as they are not Independent Financial Advisers.

Outsource the task

10. There are companies that provide this service, normally to only very large organisations but the cost is likely to be prohibitive. (American Express, NHS etc.)

Compromise solution

11. The People, Customer and Business Support service recognises the advantages of demonstrating the benefits offered as an aid to recruitment. It is currently producing an environmentally compatible electronic flyer using user friendly language and majoring on the pension benefits.
12. The flyer is considered an effective document because it also includes the non-quantifiable benefits, for example, flexible working, employee assistance programme (EAP) etc. and reminds employees of all the benefits that are available, not just the ones they are receiving.
13. In addition to pay and pensions, the draft employee benefits flyer lists around 12 other benefits for staff.
14. It is a work in progress and will be sent to Members when finalised. It is expected to be launched in May 2016.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

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|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | No  |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | Yes |
| Human Rights Act                      | No  |
| Organisational Consequences           | Yes |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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**Additional Information**

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**Officer to Contact**

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