

# The rise of the nanny employer are your employees' lives your responsibility?

White Paper. Helen Craik, Director of HR Policy & Strategy

## "A fair day's work for a fair day's pay"

The phrase is attributed variously but there is some consensus around it having its origins in a work by Thomas Carlyle:

"A fair day's wages for a fair day's work': it is as just a demand as governed men ever made of governing. It is the everlasting right of man.<sup>1</sup>"

We have come a long way from that simple understanding. In the last 10 years in particular, more and more areas of an employee's life are routinely considered to be the concern, if not the outright responsibility, of the employer. It's increasingly important to be clear - sighted about an overall reward package, to get the balance right between cost and value - and that's value to the employer as well as employee.

Legislation in the field of employment relations and elsewhere is the key driver for employers getting caught up in all sorts of welfare issues outside the core employment relationship. So what is a bona-fide employee benefit and what is an intrusion, albeit a potentially welcome intrusion, into areas that should properly be an employee's own responsibility.

## Time off

Paid holiday, which arose out of the 1998 Working Time Directive, has benefits for both parties and hopefully few employers would now want to turn that particular clock back. 'Flexible' holiday - buying or selling leave - should in theory be cost-neutral if you discount the admin effort and don't need to invest in heavyweight systems to administer the scheme. It may not a key player in the benefits model but it's worth retaining or introducing because employees like to know it is there.

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There are a number of other types of time off - for example, sick pay, compassionate leave, emergency leave, parental leave, maternity or paternity leave, study leave - for which some employers choose to pay above the statutory requirement. Employers who do offer these safety - net payments are, in the main, regarded as doing the right thing, certainly by government and many HR practitioners. But there is a debate to be had on three fronts:

Are some employees taking advantage of these employment terms?

Do some employees benefit substantially and some others very little and what impact does that have on the psychological contract for both groups?

Are these really welfare issues and the responsibility of the individual or the state and not the employer?

It is uncomfortable to acknowledge that there are employees who exploit 'welfare' benefits. Sickness absence, however, is as much about behaviour as it is about ill-health; clearly a death or illness of someone close or dealing with the aftermath of a burglary requires time off but there are broken washing machines and dental appointments masquerading as domestic emergencies, sometimes with the collusion of confused employers who haven't grappled with the legislation or have no incentive to do so because the leave is not paid from their resources.

Misuse by some is not of itself an argument for denying such benefits to the wider workforce, but we should at least take a rounded look at the proper role of employers – especially those who pay employees with public money – in paying for unplanned time off. Should in sickness and in health apply to employers as well as a spouse?

## Pensions

Scarcely less emotive than sick pay or emergency leave, pension-envy is a hot topic. There is no such thing as a non-contributory pension scheme. Someone – lazily often assumed to be 'the employer' but in reality taxpayers or shareholders or customers or a combination thereof – is paying. The debate about how to provide for those not in occupational schemes is underway and no doubt the proper role of employers in what is essentially again a welfare provision will run and run.

## Education

Education, as distinct from training, is increasingly coming the way of employers. McDonald's has turned 200 of its burger restaurants into "exam centres" where staff can receive free tuition in basic reading, writing and numeracy<sup>2</sup>. Isn't that what schools are supposed to do? The research on this points out that the McDonald's students do learn to read, write and add up pretty quickly so it is not that these kids could not learn they, for whatever reason, did not learn. So an employer picks up the tab – for the lucky ones.

The recently published government-commissioned Leitch report<sup>3</sup> argues that "providing workforce skills is a shared responsibility, with employers, the government and employees needing to make an investment". Which would be fine if the discussion was about job or organisation-specific skills but it refers to basic skills that the state education system was meant to have provided. Surely remedial classes should surely not be the responsibility of employers?



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## Childcare

Childcare vouchers (and Cycle to Work schemes) as an employee benefit do at least offer a saving in employer's NI to offset some costs. Whether subsidising childcare or bicycles for a fairly narrow group (working parents who use registered carers so not, for example, those who use a non-registered relative or those who don't go out to paid employment) is a good use of taxpayers' money is a political not a workplace argument. So employers should offer these because like flexible holiday they are relatively low cost and valuable to those that use them.

What then about flexible working? Substantial media and government time is given over to the need for employers to offer flexible working and relevant legislation has been introduced with more to come. Why should a business be forced to consider – and many are afraid not to acquiesce even when it is damaging or inconvenient for the business – letting employees choose their own hours of work to fit in with the employee's domestic arrangements? Lots of businesses can and do accommodate flexible working and did so in various forms long before legislation arrived. Now, although the statutory right is only to request flexible working, the refusing of it has become such a minefield for employers, that employees' expectations have taken precedence over an employer's right to say 'no'.

## Health and stress

Is an employee's general health an employer's responsibility? Eye tests for VDU users, yes, these are work-related and can't be classed as a benefit. Private medical care, permanent health insurance – these may have benefits for employers over and above the reinforcement of company values so if an employer can afford them, put them in the package.

Then there are Employee Assistance Programmes, designed to give employees a forum outside the workplace to turn to for advice on everything from mortgages to relationship trauma, gaining credibility when endorsed by Court of Appeal guidelines in 2002 House of Lords as a tool to assist in preventing stress claims. So a prudent employer may well conclude they should have an EAP – at least the box will be ticked. If an employee finds a job too stressful, should he or she simply resign rather than look to employers to do something about it? Raising this for debate is not to offer a defence for unreasonable employers to exploit their workforce – that would not be a fair day's work for a fair day's pay. It is to recognise that employers need to run businesses not their employees' lives.



**Employees' expectations have taken precedence over an employer's right to say 'no'** ■ ■

## So what's left?

A social event from time to time? Bonuses, even quite small bonuses? Employer negotiated employee discounts? Not only are these comparatively cheap and easy to run, they are popular. A fair day's pay with a good deal on travel insurance, £50 and a party at Christmas. Mary Poppin's style employers might like to give it some thought.

## Reasons against?

It's hard to think of any disadvantages to employers or employees. Employee discounts are relevant again, attractive, cheap and easy. What's not to like?

## About the Author

Helen Craik is an HR professional with over 20 years of experience at some of the UK's biggest companies. With an MBA and a period at Postgraduate level in Strategic Human Resource Management, Helen has advised many companies on benefits strategies.

Helen is now Director of HR Policy & Strategy at Asperity Employee Benefits, ensuring that we lead the field in delivering strategic value to UK employers.

## About Asperity

Asperity Employee Benefits provides the UK's biggest and most generous voluntary employee benefit scheme, Reward Gateway – to staff at some of the UK's leading employers including the BBC and British Airways.

Reward Gateway is designed to be branded and fully tailored to fit in with an employers existing benefits package. The scheme can incorporate any existing offers that you have and the fully branded website can even include information on your core benefits, delivering a complete online benefits portal at a low cost.

## References

1. From "Past and Present" (1843) by Thomas Carlyle
2. Sunday Telegraph Special Report 25 March 2007
3. HM Treasury : Leitch Review of Skills, December 2006