

# Reward News

NorthgateArinso Reward Solutions Newsletter

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## New clients

Since our last issue we have brought a number of new clients on board some of them are listed below:



**Panasonic**  
ideas for life

**THOMSONLocal**

# Welcome to the September Issue of Reward News

Welcome to issue 9 of Reward News which is focussed on the topic of employee benefits. We have recently appointed a new member of the team to help drive this area of the business forward and you can find out more about Andrew Morris on the opposite page. Andrew has contributed to this edition with his article 'putting employee benefits on the agenda', which can be found on page 4.

The results of our benefits survey are in and further details can be found on page 5 along with the newest features of our salary planning tool - Compensate.

And finally we are busy planning for our stand at Employee Benefits live, if you are attending please come and visit us on stand 167 to find out more about our employee benefit and total reward solutions.

### A date for your diary...



Employee Benefits Live takes place on 28 – 29 September 2010 at the Business Design Centre, London.

Employee reward is a prevalent topic in HR and Reward departments today. Due to the economic climate, employers want to ensure that they are retaining key talent, their schemes are competitive and they are receiving value for money. Recent employee benefits research found that 33% of employers are reviewing benefits providers this year, 71% with the view to making things more cost effective.

Our benefits specialists will be attending the show and can advise on how we could help with your reward strategy and turn the challenges your organisation is facing into powerful opportunities.



## New Appointment: Andrew Morris

In July, Andrew Morris joined NorthgateArinso Reward Solutions as Business Development Director of Employee Benefits.

In his new role Andrew will be tasked with continuing the successful growth of this division. Andrew has enjoyed a successful career in the employee benefits industry for over 20 years, working with some of the largest suppliers in the UK. He has extensive market knowledge and experience, gained via sales and business leadership roles with a series of key specialist providers.

Most recently, Andrew was Managing Director at AEGON Benefit Solutions Ltd, focussing on corporate online benefit management.

Our service is going from strength to strength with a significant rise in number of new client contracts during 2010, and the appointment of Andrew Morris will help us build on existing success to grow this area of the business.

Andrew comments: "I am passionate about the online employee benefit space and am absolutely delighted to be joining an organisation with the appetite and resource to drive the market forward. I believe the main objective for us is simple – to maximise the perception of employee benefit spend whilst optimising employer return on investment."

*Andrew summarises his view on the current benefits market on page 4.*

### CAJE Training October - December

To maintain the security and integrity of the Agenda for Change CAJE system all organisations must have at least one active and accredited site administrator. To obtain accreditation, administrators need to attend training and pass the accreditation test. Site administrators will be fully versed in the administration of the CAJE system and be equipped to deliver job matching and evaluation training to new panel members.

The upcoming CAJE training dates are:

Thursday 14th October: Harrogate  
 Tuesday 2nd November: Wokingham  
 Tuesday 23rd November: London  
 Tuesday 14th December: Chester

To book a place on any of these courses, please contact Julie Green on **01244 572733** or email [julie.green@northgatearinso.com](mailto:julie.green@northgatearinso.com)

## Benefits News

There have been a number of news stories breaking around employee benefits, the two most significant that could affect thousands of organisations are detailed below...

### The Government is proposing changes to childcare vouchers with effect from April 2011

Higher-rate taxpayers who sign up for childcare vouchers after 5th April 2011 will only be eligible for tax and National Insurance relief on up to £28 a week of childcare vouchers. Basic-rate taxpayers will continue to receive relief on up to £55 a week of childcare vouchers.

We believe employees must register for the scheme and have a voucher order in place by 5th April in order to avoid being subject to the new rules. However, where possible, we would recommend that employees start their voucher order no later than March 2011, so that they are demonstrably in receipt of childcare vouchers before the April 2011 cut-off.

Companies that already offer Childcare vouchers may want to look to improve their take up rates in the higher earners category through an enhanced benefits communications strategy to encourage this group to make the most of this benefit before the April deadline.

### New tax rules surrounding the Cycle to Work scheme

Cycle to Work schemes allow employers to loan cycles and cyclists' safety equipment to employees as a tax-free benefit under salary-sacrifice arrangements.

Currently, bikes are sold to employees at the end of the hire period, usually 12 months, for their "fair market value" or second-hand price. This figure was widely taken as 5% of original value.

The HMRC states that the 5% figure vastly undervalues most year-old bicycles and has tightened up its rules. The changes apply retrospectively as well as to bikes purchased via Cycle to Work in the future.

At the end of the hire period, participants can either use a condition based valuation, or if not they can use a simplified valuation table issued by HMRC to calculate the value of the bike. Alternatively, employees may elect not to transfer ownership, in which case the employer will still own the bike.

Link to HMRC guidance  
[www.hmrc.gov.uk/manuals/eimanual/eim21667a.htm](http://www.hmrc.gov.uk/manuals/eimanual/eim21667a.htm)



# Putting Employee Benefits on the Agenda Whilst Economic Uncertainty Continues

As the green shoots of the recovery appear on the horizon and are then dashed by the next set of economic data, the business agenda now more than ever needs to focus back on motivation and employee engagement through good quality communication and a Total Reward strategy to retain top talent. After all it is these employees who will see businesses through this difficult period.

Economic recovery is proving to be a long and painful journey however employers need to plan now for when the improved times return. Benefits are crucial to an employee's perception of an employer. Whilst top talent is less likely to move in the period of downturn, when things improve they will be keen to reassess their position. The way people were treated during the downturn will be a key driver in how they perceive their employer in the future and will impact greatly on their career decisions.

Talk is of a double dip recession and indeed many organisations are still torn between cutting costs to stave off redundancies and trying to maintain employee morale. Recent research has shown that 43% of employees want to boost motivation but 29% have imposed or are planning some form of pay freeze.

The focus has to be on what benefits are important to the employee, what savings can be made to the employee benefit package (both product costs & in administration) and what savings can be generated by the introduction of tax and NI efficient salary sacrifice benefits. Throughout this whole process however one thing remains constant – the need for good quality employee communication.

By surveying employees about the benefits on offer an employer can ascertain the benefits that give real value. This will help highlight the areas that can be tweaked with minimum impact but will also reinforce the value of a high quality core benefits package. These survey tools are simple to set up and can be personalised to the needs of the client and can form one of the bedrocks of any reward strategy.

Following on from the employee survey it's important to look at the products you have on offer; re broking benefits to secure a better price and at the same time maximising the savings available via salary sacrifice.

Perhaps the biggest driver in this arena is the implementation of salary sacrifice for pension contributions and childcare

vouchers via the introduction of a flexible benefits scheme. Here there are huge savings for both employee & employer. There is sometimes concern from the client about changing employee terms and conditions of employment, but with the modern day flexible benefits systems this whole process is managed for the employer & employee making achieving these savings a straightforward process.

Total reward statements and employee benefit communications are pivotal during this transition. A Total reward statement is the one document that outlines to an employee what they are worth to you. Not just the basic salary but the real value. Supporting this document with a high quality communications strategy is vital. How better can an employee make an informed choice about their future?

The upturn may well be around the corner, however having your benefits in a good shape and communicating them effectively now will not only help you save money in the short term but will prepare your workforce for delivery of commercial success during the good times.

At NorthgateArinso Reward Solutions we are perfectly positioned to help employers prepare for today & tomorrow. We offer employee benefit consultancy, flexible benefits design services allied to software and total reward solutions. All this is underpinned by a strong communications capability. These services can be provided with a house third party administration service for those customers looking to outsource the running of their employee benefits plan. We also understand the importance of data interfaces – the relationship between an HR/payroll service & the benefits service and we make this transition of data seamless which makes us practically unique in this area.

**Author: Andrew Morris**

Business Development Director, Employee Benefits  
NorthgateArinso Reward Solutions

# Benefits Survey Results

In August we carried out an online survey to find out more about the current situation of the benefits market. The survey results are in and make for interesting reading.

We have prepared a report which summarises the results and provides an insight into how benefits are being used, how often they are being reviewed and what the main employee benefit objectives are for businesses today.

25% of respondents already provide flexible benefits as part of their current remuneration package, with a further 20% considering introducing them.

67% of companies that took part said that their employees value the benefits on offer to some extent, whilst only 11% said

that their employees very much valued the benefits on offer, and 12% hardly valued them at all.

Only 5% of employers believe their staff have a good understanding of how much it costs the company to provide benefits, while 60% believe their staff have no idea and 28% have some idea.

The key objectives for most of the respondents were to increase staff perception of the benefits on offer, with such a low understanding of the value of benefits there is clearly work to be done for many organisations in this area. Improving employee engagement and benefits communication still remains high up the agenda and businesses are still struggling to achieve results in these areas.

If you would like further information, please email: [rewardinfo@northgatearinso.com](mailto:rewardinfo@northgatearinso.com)

## Compensate New Features

Our salary planning solution Compensate, which simplifies and shortens the salary review process, is continually being developed and in line with our product roadmap the following new elements will now be available within the system from October.

### Letter generation

The ability to create salary increase letters within the system and devolve the ability to edit, mail merge and print to line managers means that HR aren't tied up with the production of 100's or 1000's of letters.

### Editable fields

This new feature allows managers to change and edit fields based on elements such as performance so any increases can be consistently applied in line with the pay policy, this also provides more fields for value added management information to be produced.

### Compa ratios

Compensate now has the functionality to manage Compa Ratios, giving HR departments powerful tools to manage and accurately assess individual employee's pay levels within their organisation both internally and to the external market.

Compa-ratios are a valuable tool for obtaining a benchmark of employees' salaries against a range of pre-determined standards and when the time approaches for your organisation to conduct performance reviews, the compa-ratio coupled with the employee's rating will provide much-needed insight into more targeted pay approaches, this also assists HR departments in being able to identify where their retention and talent management strategies need to be focused.

### Grade upper and lower limits

The grade upper and lower limited shows minimum and maximum salaries on a scatter graph. This helps give a picture of all employees and where they sit within their grade and can quickly give a visual representation of all employees under or over grade bands.



### Calculated elements

Elements such as bonus can be calculated based on salary and included in the pay review. These can be calculated as a percentage of the salary or more complicated calculations can also be created. This new piece of functionality allows managers and HR to see the true costs to the business of the pay rise.

If you would like further information about Compensate, please visit [www.northgatearinso-reward.co.uk/compensate](http://www.northgatearinso-reward.co.uk/compensate)



## Improving Engagement Through Communication

Clients are coming to us on a more regular basis asking how they can improve employee engagement. Although it is not the only consideration, the benefits and enrolment process is a great place to start when looking at employee engagement.

True employee engagement is about providing your workforce with a positive environment in which to work where they feel enabled to contribute to the goals of the organisation. Managing talent and rewarding achievement are all key factors of employee engagement.

There are a number of things that contribute to employee engagement, having an excellent remuneration policy is obviously going to feature highly amongst employees but is not always a priority.

In fact Frederick Herzberg, the author of Motivator Hygiene Theory, suggests there are a number of 'hygiene' needs (or maintenance factors) in the workplace such as working conditions, salary and job security.

Herzberg's research identified that true motivators were other completely different factors, notably achievement, recognition, work itself, responsibility and advancement.

People are not solely motivated by money but can be made dissatisfied by a bad environment or work culture, in fact the prevention of dissatisfaction within the workplace is just as important as encouragement of satisfaction.

### Why start with improving benefits communication?

Well it could be a win, win situation for the company. You can potentially improve your employee engagement levels while improving take up rates, therefore making tax and NI savings through the salary sacrifice benefits you offer.

Benefits surveys are a great way to kick off a benefits project, they encourage employees to give feedback on what they would like from an employee benefits scheme and support interactivity between the employer and the employee.

The types of questions you could ask in a benefits survey:

- What benefits would you like to receive?
- Do you have a good understanding of the value of each benefit provided to you?
- What is your opinion of the benefits we offer?

These are all excellent ways to get your employees' opinion and involve them in the benefits review project.

## Benefits selection

This then leads onto the selection of benefits and ensuring that you have a scheme that fits with what your workforce actually wants. Making sure there is something for every demographic is important. Many employers have historically aimed their benefits at the middle aged homeowner with children, ignoring the younger employees who maybe aren't interested in traditional benefits such as life cover or critical illness cover. A benefits broker will be able to tell you about all the new benefits available and which will best fit with your organisation.

Once the scheme selection or brokering of benefits has taken place it's time to communicate the scheme to employees. This is a crucial stage for any scheme launch and getting it right can influence your employees' perception of the company and ultimately employee engagement levels.

In fact we've worked with clients who haven't changed their benefits, but by embarking on an exciting and innovative communications programme have increased take up rates across all benefits and improved employee satisfaction levels. This has all been achieved by simply by telling the employees what was there in the first place but in a more engaging way.

There are a number of ways that you can communicate benefits, but the most successful programmes use a variety of methods to reach employees.

## Awareness Days

There is nothing better than face to face communication to encourage take up rates, often a benefit can be overlooked but a short presentation from a provider can help awareness and therefore increase take up rates.

Ask your providers to come in and meet with employees to explain their benefit in more detail, and allow employees to book one to one sessions with the pension provider.

### Panasonic benefits fair

Representatives from all the benefit providers/suppliers, together with their brokers attended a "Benefit Fair" on the first day that the flexible benefit enrolment window opened.

Staff were advised about the fair by their managers, posters, email and HR invitation and attendance was excellent. Staff were able to walk around the various providers stands and talk to people about the benefits, understand how they work and the advantages they provide.

Feedback from both providers and staff was very positive. Nearly 60% of employees visited MyChoice and the benefit take up rates for some benefits were exceptionally high and well over average take up rates. Pension take up rates also increased.

## Employee benefits portal

Where do your employees go to get information about the benefits on offer? This may sound simple but its amazing how many businesses don't have one point where employees can go to gather all the information they need to make a decision. Quite often these decisions will be made at home with family or partner input so consideration needs to be given to how employees can easily access this information at work and at home. A microsite is an excellent way to give access at home and at work and can house a lot of additional information that would be difficult to include in printed information such as T&C's and links to provider sites.

E-newsletters can be created to promote the new benefits and these can easily link through to the microsite for extra information.

## Printed & Promotional Material

It is still important to provide printed material to your employees, in addition to any online activity, but this can be limited in terms of the amount of information that can be included.

Posters and promotional items are a great way to improve awareness of a scheme launch, it can encourage people to visit the microsite or promote the awareness days and can be used in canteens, desk drops, posted to home addresses. The opportunity is endless and often governed by budget.

So to summarise, if you are going to go through an enrolment this year, have a think, could your benefits be promoted more successfully for your business and employees? Is there an opportunity to revive the scheme by adding some new exciting benefits for a different demographic?



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# The Equality Act 2010 – Pay Gap Reporting Requirements

The Equality Act received Royal assent in April 2010. A number of the key provisions will come into effect in October 2010 and others by April 2011.

Amongst the provisions contained in the Act are those concerned with improving the transparency of pay policies and the reporting of the gender pay gap.

Public sector organisations will have to publish information about their gender pay gaps, whilst larger private and voluntary sector employers in Great Britain are being encouraged to do so. The aim is for public, private and voluntary sector employers to regularly publish such information. The Equality and Human Rights Commission (EHRC) will be monitoring the level of gender pay reporting, particularly in the private and voluntary sectors and earlier this year it announced that employers who voluntarily report their gender pay gaps will receive up to two years immunity from investigation. However, it is important to note that the Equality Act contains a reserve power that could result in mandatory reporting by 2013 unless sufficient voluntary progress has been made.

## So, how can NorthgateArinso Reward Solutions help you with these requirements?

At NorthgateArinso we recognise that it is important for organisations to be able to analyse, understand and report on their gender pay gaps. We know that collecting and analysing this data can require a significant commitment of time and resources. We have developed purpose built software tools to facilitate the analysis of your data and limit the effort required. The software is supported by our team of experienced Reward Consultants who can work with you to analyse and interpret the data and develop appropriate action plans.

## Professional services offering

We provide professional services to our clients in both the public and private sectors who wish to assess the equity/fairness in their reward practices and their potential equal pay risk exposure.

Our offering covers four levels of equal pay auditing which have been designed to cater for the different demands that you may have. The options range from a detailed Health Check on your equal pay position to a comprehensive Equal Pay Audit including development of appropriate action plans. These are each outlined below with a description of the key areas that we would examine.



## Option One

Equal Pay Health Check is a comprehensive report that uses your pay data to establish whether there are any headline equal pay issues. Through a series of graphs, charts and tables the report shows you the areas of risk within your business.

Although the report is not a full equal pay audit, through statistical analysis of the data we can assess the potential liabilities within an organisation, the need for a full audit and highlight hidden discrimination issues.

The report focuses on key areas, such as:

1. Organisation Composition
2. Gender Pay Gap
3. Distribution of Males/Females
4. Gender Dominated Roles
5. 'Like Work' Comparisons
6. Basic and Total Pay Analysis.

The Equal Pay Health Check allows you to ensure you are taking action to understand your gender pay gap. However, the report goes further than simply showing 'average pay' comparisons by giving more insight as to where problems may lie, and crucially whether a full Equal Pay Audit is required.

## Option Two

The next option is a statistical analysis similar to the Equal Pay Health Check where one of our experienced Consultants will use our Equal Pay Reviewer software tool to produce a suite of analyses typically covering:

1. Organisation Composition
2. Gender Pay Gap
3. Pay Gap analysis by length of service, disability, ethnicity
4. Pay Gaps by job title with multi gender occupancy
5. Additional payments analysis
6. Hotspot investigation drilling down in the key areas where pay gaps are identified
7. Report of statistical analyses
8. Feedback meeting with our Consultant using the Equal Pay Reviewer software.

## Option Three

In addition to the features offered in both the previous options, this option includes a review of your HR policies. The statistical analyses are supported by a full commentary on each section, potential liability analysis and recommendations on further action required. We will also carry out feedback meetings in partnership with the organisation.

## Option Four

We will carry out a full equal pay audit using our Equal Pay Reviewer software tool which has been designed to meet the requirements of the EHRC five step process. The outputs will include:

1. A detailed report with statistical analyses and commentary
2. Feedback meetings with one of our experienced Consultants
3. Action planning workshops to identify the steps required to address the issues identified through the audit.

Whichever option you choose we will agree with you the scope of the audit and the information requirements. Please note that you will be responsible for providing 'clean', complete, accurate and up to date data for the specified population in accordance with a data specification that we would agree with you.

For more information about any of the services above, please contact us by calling: **01244 572 722** or email us at: [rewardinfo@northgateariso.com](mailto:rewardinfo@northgateariso.com)

# Panasonic Increase Their Flexible Benefit Take Up Rates and Improve Benefits Communication

Panasonic UK was established in 1972 and has since become a leading supplier of consumer and business related electronics products. The company currently employs more than 500 staff and has an annual turnover in excess of £900m.

## Challenges

Although Panasonic already provided a good range of employee benefits, the take up rates were relatively low, due to several factors:

- The benefits were not communicated as well as they could have been.
- There was a lack of awareness and understanding about the benefits scheme.
- Benefits on offer were very traditional and conventional; such as life assurance and income protection.
- Most of the benefits were less attractive to younger workers.

There was a high cost associated with managing the pension scheme and although the scheme was very good, the general take up of the pension benefit was below industry average.

Panasonic have recently restructured the business to become more streamlined in the way they operate. This resulted in the outsourcing of a number of key areas such as the payroll administration, before this the benefits were managed in-house through excel spreadsheets which was time consuming, resource heavy and prone to error.

## Solution

NorthgateArinso provided a full range of services that included re-broking the benefits provided, through a partner broker the provision of the MyChoice benefits administration system, which offered complete integration with their new ResourceLink Aurora web based HR and Payroll system and in addition a benefits communication solution.

## Benefits brokering

NorthgateArinso Reward Solutions arranged through a partner broker to refresh the benefits on offer and provide 5 additional benefits which better suited the workforce.

NorthgateArinso Reward Solutions worked with their FSA regulated partner to identify the right benefit providers and negotiated preferential terms to achieve the best outcome for Panasonic and their employees. Through clever broking, the cost of the pensions, group life assurance and group income protection were substantially reduced, generating more than £100k of savings each year for Panasonic.

The addition of a Voluntary Benefits package was also chosen to enable a wider range of benefits to be made available to employees, so that they could select the benefits best suited to their lifestyle.

## Benefits from the Project

### Proven Increase in Employee Engagement

- Significant increase in the take up of benefits
- Total Reward Statements now available online, anytime
- Improved communications strategy
- Reduced administration for the employee

### Return on Investment

- Increased Salary Sacrifice uptake (figures)
- Increased savings for Panasonic and their employees through tax and NI
- Re-Broking of pensions lead to significant business cost savings
- More efficient scheme – reduced administration and resources

### Integration

- Removed the requirement to re-key data
- No messy import and export routines between systems
- True seamless integration between MyChoice and ResourceLink
- Reduction of errors and a reduced risk of errors

### Management Information

- Increased analytics on employee preference and demand
- Ability to see all benefits in one place
- Information at the touch of a button
- Instant access to NI savings and contributions across the business
- Better tracking of overall benefit costs and employee take up

## Technology Solution

The management of benefits moved from the Panasonic HR team over to the MyChoice online technology; this has significantly streamlined the way in which the HR team manage the scheme and have provided complete visibility of all benefits across the workforce.

Richard Mills, Head of UK, HR and Facilities at Panasonic explains why NorthgateArinso's MyChoice solution is so important to Panasonic: "Our engagement surveys show that employees want the best possible transparency when it comes to their remuneration package. MyChoice is the answer as it will let us provide each employee with access to a total reward statement in real time."

MyChoice is hosted alongside the ResourceLink Aurora HR and Payroll solution within the NorthgateArinso state of the art data centres in Brussels. Disaster recovery was also a priority for Panasonic and NorthgateArinso have a proven track record in this area.

The employee end user experience was very important to Panasonic. In 2010 they plan to launch their employee self service solution within ResourceLink Aurora and will have both solutions with single sign on capability to link the employee seamlessly from their employee self service portal into the MyChoice solution where they can access their Total Reward Statement, make their new benefit selection or check their current selection.

Beverly King, Compensation & Benefits Advisor stated "The web-based access will enable employees to view their flexible benefits details at any time. It will provide them with all the information they need to decide whether to make changes to their package, in order to keep it relevant to them as and when their circumstances change. The fact that employees will make choices online will also take away any duplication of effort for HR resources."

MyChoice also provides enhanced management information and gives Panasonic the ability to produce comprehensive reports at the touch of a button. It allows them to look at the benefits they offer compared to the demographic of the workforce and thereby ensure that there is something for everyone. Other types of

reports have provided Panasonic with information on the overall National Insurance savings achieved across the business.

MyChoice provides full integration with third party benefits providers and Terms and Conditions are now managed electronically for all benefits. There is no longer a need for printing out information and Panasonic now have access to a powerful auditing tool which records which employees have accepted alongside date and time records.

## Communications

A Benefits Microsite was built by NorthgateArinso Reward Solutions, allowing employees to access comprehensive, easy to understand information about how all the benefits work, key features and more specific information such as a member booklet for the private medical plan or a claim guide for the critical illness scheme.

By using the Microsite, Panasonic now have a better understanding of the interest and demand for benefits and the ability to track which benefits their employees are showing the most interest in. This is helping to plan for next year's and future enrolments.

In addition the Microsite, Panasonic held an in-house run "Benefit Fair" inviting new providers along to help promote the new schemes and to increase the potential take up rates. Staff were able to talk to providers about their benefits, how they work and the advantages they offer Group demo sessions of MyChoice were also run throughout the benefit enrolment period.

Feedback from staff about the Benefits Microsite and the Benefit Fair was very positive. Benefit take up rates for some of the new benefits were exceptionally high, for example critical illness had a take up rate of over 12% and bikes for work 3.5% which are both well over normal take up rates. Employees with no need for the current level of life cover were able to trade down and purchase other benefits that were more suitable to their circumstances, which was popular. Appreciation and understand of the pension was also improved resulting in take up rates increasing by 50% within the first month of the flexible benefit scheme opening.

## Data Security

- Security of employee data (high up agenda)
- ISO 27001 approval from NorthgateArinso
- NorthgateArinso's capability and proven disaster recovery plans which set the industry benchmark
- Employee logon process offers an added level of security

Panasonic UK shared services are currently the only division in their business to offer a fully flexible employee benefits package, leading the way for the global business.

Whilst MyChoice integrates with the Panasonic NorthgateArinso ResourceLink Aurora HR & Payroll system in the UK, MyChoice will also integrate seamlessly with SAP which Panasonic use globally, thereby offering a future

proofed solution. NorthgateArinso are a preferred partner for SAP and have strong SAP consultancy capability.

Initial conversations between NorthgateArinso and Panasonic about the desire to introduce flexible benefits within their business began in January 2009. Eighteen months later in August 2010 Panasonic have not only launched a new benefits package managed through MyChoice but have also implemented an integrated new web based ResourceLink Aurora HR and Payroll solution with a fully outsourced Payroll. All of this has been provided in partnership with NorthgateArinso and is a testament to the HR business partners at Panasonic who have managed the projects.

# Talent surplus warning

**There is plenty of talent available on the market – students that won't be getting into university due to over-applications, the recently made redundant, those leaving the public sector before 120,000 jobs are slashed and others are looking for a career change. They are all bound together by one thread - they're all desperately looking for work. But businesses shouldn't take this surplus of talent for granted, they need to make considered recruitment decisions - because some will do whatever it takes to secure employment.**

Unemployment in the UK currently stands at 2.46 million, but this may just be the tip of the iceberg. One economist recently predicted that due to the imminent large number of public sector job cuts and a slowdown in economic recovery, unemployment could rise to as much as 3 million by the end of 2012.

University applications have risen for the fourth year in a row, up 11% on last year to 660,000. It is estimated that there could be as many as 200,000 students not getting into university this year and the majority will be actively seeking employment.

For those who do get into university there is huge competition for jobs once they've graduated. There are roughly 69 applications per job and figures from the Higher Education Statistics Agency show that almost one in ten of 2008's graduates are unemployed.

Add all these factors together and a picture emerges: the market is awash with individuals seeking jobs and many candidates will be desperate for employment. Some are desperate enough to falsify CV information or even to secure a fake visa if they are coming to the UK from abroad. And numbers of job seekers could rise significantly over the next two to three years. This poses great risks for employers who need to be more vigilant than ever when recruiting candidates.

Every industry and business is at serious risk if they don't thoroughly check whilst hiring. For example, the media recently highlighted a case where a trainee midwife working for an NHS Trust falsified elements of her training. The implications for the NHS Trust of employing such an individual are significant; lives put at risk, legal fights, compensation claims and negative publicity.

Another example is the case of Baroness Scotland who was found to have employed an illegal Tongan immigrant, believed to have been living in Britain illegally for five years after overstaying a student visa. This problem is widespread, so much so The Home Office estimates that between March 2009-2010, over 310,000 foreign students were granted visas - but as many of these have not been tracked and could easily be working in organisations illegally.

Getting caught for hiring illegal immigrants is extremely expensive - on-the-spot fines are currently £10,000 per worker if thorough checks haven't been conducted. Aside from illegal working, hiring the wrong candidate, that may have exaggerated or lied about their skills is also costly. According to the CIPD, in 2007 50% of UK employers lost money by withdrawing job offers or dismissing someone for misrepresenting themselves.

There are many checks available on the market - from basic right through to comprehensive - to make sure that the people you are hiring, are who they say they are. For example, criminal record checks are crucial for those working with children or the elderly and academic qualification checks to verify that a candidate does have a full MBA - rather than a three day course certificate from a business school may also be important. Checking tools can help organisations weed out candidates that are lying about their experience or ability to work in a job, yet despite the ease of checking, many organisations - particularly those with high staff turnover - still fail to check eligibility.

The plethora of available talent is tempting organisations into a false sense of security that they will only attract the best. Given that the CIPD has just reported that the number of employers planning to make redundancies has increased for the second quarter in succession, and even more candidates will be seeking employment, taking on an employee without performing background checks is not a risk that any employer can afford to take.

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