

## EAST AYRSHIRE COUNCIL

### CORPORATE SUB-COMMITTEE OF THE POLICY AND RESOURCES COMMITTEE – 11<sup>TH</sup> FEBRUARY 2003

#### EMPLOYEE BENEFITS

#### Report by the Depute Chief Executive/Director of Corporate Resources

#### 1. PURPOSE OF REPORT

- 1.1 To inform the Sub-Committee of the development of the Council's employee Benefits package, with particular reference to specific employee health care provisions.

#### 2. BACKGROUND

- 2.1 Employee Benefits are becoming an increasingly important feature of employers' recruitment and retention strategies. Employers generally decide to increase the flexibility of employee benefits schemes as part of a wider move towards a flexible working environment. Such a scheme increases the perceived value of the reward package offered to employees, at no added cost to the employer.

- 2.2 The Council already has a range of benefits in place which, in respect of employee health, include:

- HSA Cash Plan
- HSF Cash Plan
- Occupational Health Service
- Employee Counselling Service

- 2.3 During 2002, employees fed back through the JCC structure that they wanted the Council to review existing arrangements and introduce voluntary Personal Accident insurance at the best possible contribution rates.

- 2.4 The Council appointed Towry Law Ltd in 1997 as an Independent Financial Adviser. The Head of Personnel therefore invited Towry Law to research the matter on the Council's behalf.

#### 3. RECOMMENDATIONS

- 3.1 Towry Law audited the Council's current arrangements and advised that, in comparison to best practice, the following voluntary health care products should be considered for introduction at this time to the Council's Employee Benefits Package.

**Personal Accident Insurance** – Provides cover for accidental injuries resulting in death, permanent disabilities, paralysis, hospitalization,

convalescence and specified fractures or burns. Depending on the level of cover chosen, the plan will pay up to £500,000 – entirely tax-free.

**Cancer and Positive Care** – Provides valuable cash payments in the event of diagnosis of breast cancer or female and male specific cancers. On diagnosis Positive Care includes an immediate cash payment, followed by income payments during treatment, with additional payments after surgery related to cancer and during hospitalisation. Positive Care also offers a telephone counselling service that can be helpful following initial diagnosis and difficult periods.

**Health Checks Now** – the particular individual employee case which initiated the Trade Unions' request involved an employee who injured his back to an extent that required major surgery. In consideration of the waiting time for the surgery the employee elected to go privately for his treatment at a cost of £5,000 for which he had no personal insurance. Health Checks Now is a voluntary insurance plan which covers the most acute ailments and provides a lump sum personal payment to employees allowing them to choose between medical treatment or lump sum cash payments.

3.2   AIG were selected from a list of interested parties to provide the recommended products. AIG are the leading US based international insurance and financial services organisation and the largest underwriter of commercial and industrial insurance in the United States. Its member companies write a wide range of commercial, personal and life insurance products through a variety of distribution channels in approximately 130 countries and jurisdictions throughout the world. AIG have similar arrangements established with other Councils in Scotland and England.

3.3   AIG will promote the schemes on a voluntary basis by visiting Council workplaces and informing employees on an individual basis of the products' benefits. Purchase of any of the health related products will be voluntary.

#### **4.   TRADE UNIONS**

4.1   The Trade Unions have been consulted and have approved the recommended products as meeting their expectations from the earlier reference to the JCC.

#### **5.   LEGAL/POLICY IMPLICATIONS**

5.1   The proposed additional healthcare provisions will enhance the Council's existing package of employee benefits.

#### **6.   FINANCIAL IMPLICATIONS**

6.1   There will be no additional financial or administration implications for the Council. AIG will provide all promotional materials etc at their cost.

6.2 AIG wish to place a regular advertisement feature in Eastwords and will pay a fee to the Council. This income will assist with Eastword's publication costs.

## **7. RECOMMENDATIONS**

7.1 The Sub-Committee are asked to approve the development of the Council's Employee Benefits package as described in paragraph 3 of this report.

Fiona Lees  
Depute Chief Executive/Director of Corporate Resources

15<sup>th</sup> January 2003

FL/GH/RRS

### **LIST OF BACKGROUND PAPERS**

1. Reports to Local Government Employees Joint Consultative Committee

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