charitytimes

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beyond the expected

Sustainable employee benefits

REVIEW

A benefit for everyone

In partnership with Barnett Waddingham, Charity Times hosted a roundtable discussing the growing importance of sustainable employee benefits. WRITTEN BY MELISSA MOODY

Charities have been under immense financial pressure in recent years, compounded by a recruitment and retention crisis that's showing no signs of abating.

In a sector that's largely unable to keep up with the increasing salaries and bonuses offered by its corporate counterpart, charities are finding it hard to entice and retain new and existing employees. But sustainable employee benefits may well be able to help bridge the gap.

Charity Times, in partnership with Barnett Waddingham, brought together HR professionals* from across the charity sector to discuss the growing importance of sustainable employee benefits and the ways in which charities can offer environmentally friendly perks at little to no cost.

Investment opportunities

The discussion kicked off with a presentation from Barnett Waddingham's Sonia Kataora and Richard Bradley, who spoke about the benefits of sustainable investment for charities, which they described as being an important 'under the bonnet' component of a charity's employee benefit structure.

Charities hold swathes of cash in pension investments, yet many employees are seldom aware of the sustainability of those funds, or indeed the location of reserves their employer may hold in the stock market.

The panel provided an outline of the risks climate change poses – both the physical and transitional risks in wider society and the reputational risks and opportunities charities face through investing in sustainable (or indeed unsustainable) funds.

"On a transition into a low carbon economy, there will be opportunities, and there already are opportunities," one charity HR leader said.

One example provided was the impact of moving to different emission pathways as the world moves away from fossil fuels, which still make up a substantial part of asset portfolios for charities and pension schemes. It's important to understand the risks, one delegate explained, because charities can then understand how to mitigate them. But there's also opportunity, they said, in the transition into a greener economy.

There are two paths' charities can follow to embrace sustainable opportunities: mitigation and adaption. Mitigation includes looking

towards renewable energy and carbon capture whereas adaption looks at innovative options to prevent climate change, such as drought resistant crops and changing current infrastructure to the meet the needs of an evolving environment.

Some of this change is already happening, it was pointed out. Electric cars are becoming more popular by the month, and the number of people choosing vegan diets quadrupled between 2014 and 2019. “These are big changes in society that are already happening. In turn, this creates investment opportunities in these areas, and a lot of it comes from impact investing,” a panellist explained.

Charities on the panel discussed the ways in which their organisation’s investment portfolios have been adapted in-line with more sustainable strategies. One leader spoke about how their charity had moved part of their pension fund to a tobacco-free portfolio as it aligned with organisational values, even if it cost more to run.

‘Ethical’ funds also came into discussion, with questions around what defines the term ‘ethical’. Should charities make sure they are investing ethically? If so, what does this look like? Will it affect their reputation if they’re not? In some cases, it was agreed that indeed, charities should be aware of the reputational risks. However, for many charities, this decision boils down to a better return rate, with as little as 3% difference making a considerable financial difference for beneficiaries.

Benefits for everyone

Where a charity invests its money has a huge impact on the benefits an employee can gain. Sustainable pension funds are the obvious example – with more employees

auto-enrolled into large schemes than ever before – but the other is the benefit is the impact sustainable investment can have on the stakeholders.

Investing sustainably shows an employee whether they truly care about the environment and about the future of the beneficiaries the charity seeks to serve. It also shows a willingness to invest in the future of younger generations working for and joining the organisation, too.

"For me, it's about making sure that whatever you talk about from an internal benefits perspective, has a consistent approach," one panellist said. "Because otherwise that disconnect of messaging will get you holed up on the hot coals by your employees and volunteers."

For smaller charities, however, sustainability isn't always quite so high on the agenda. Funds have been "decimated" for a variety of reasons and sometimes 'sustainable doesn't always mean 'affordable'. "We have to get people through a cost-of-living crisis and we need to be conscious of who we are as a charity," one panellist added. "We just need to survive."

Even then, the traditional definition of sustainability might not be what charities first think of. The UN's definition of sustainability goals look more at social factors, such as wellbeing, health and equity – values that often align to charities' work anyway.

"Our people are our biggest

investment," stated one panellist, who was greeted with nods from around the room. "What we're talking about is what is going to make people carry on working for us and feel supported because it is going to get horrible… how are they going to ride it out with us? Especially if they're not going to be the best paid," they added. "That's the challenge. How do we make them feel valued and feel listened to? And while ESG may not be the defining factor, it has added to the challenge." Another leader agreed: "Right now it's about people sustainability for us, rather than the broader thinking about ESG credentials."

Be different

So how can charities utilise the tools they have to help with the sustainability of their people, while prioritising environmental sustainability too?

Barnett Waddingham's David Collington outlined some options. "A range of sustainable benefits make your employees feel like they're a part of your sustainable journey," explained the presenter. "And a lot of these benefits cost very little in terms of money for charities putting them in place, indeed some of them actually have national insurance savings that help offset the cost of implementing them."

For example, the green car scheme includes electric cars as well as ultra-low emission vehicles, which has proven to be a very popular scheme. Employees can get a car for a fixed, monthly cost as well as saving tax and national insurance on it. The charity also saves on national insurance.

Cycle to work is also another popular scheme, which has been around for a long time. Many organisations are re-launching it and seeing a "massive" uptake, particularly when limits are increased, so people are able to get electric bicycles through the scheme.

Of course, there are other benefits too that are of a lower cost to the charity, but contribute to a more sustainable ideal. For example, carbon offsetting can be as little as £4 a month and funding an e-charging point or solar panels through payroll

can be cost-effective too.

Charity recognition was another benefit that appealed to many panellists. Often organisations hand out vouchers, but the percentage redemption rate is in the high 70s, meaning over 20% of people just leave the money sat there. For those who don't redeem their vouchers, charity recognition gives a £10 or £20 donation to the charity of their choice.

"The idea is just making it easier for people to be more sustainable" one presenter stated. "If you're launching sustainable benefits, it should be as part of an overall consideration as to how relevant your benefits are to your organisation as well."

Volunteering is another simple, yet sustainable benefit for many employees. As one panellist pointed out, charities naturally promote volunteering for their own organisation, but they often support volunteering for others in the sector too, which is a great way to allow employees to gain different experiences.

The number of volunteering days used in the UK is "pathetic", cited one panellist, who said they aren't promoted enough. But with processes such as safeguarding and DBS checks, volunteering can be challenging for some to organise.

One charity explained that they provide volunteering days for their employees, but those days had to be used in their charity shops as there was such a large volunteer shortage. "It brings people back to the frontline of the organisation and reconnects them with the purpose." They even started to offer some of their paid employee benefits to their volunteers, which has encouraged more sign-ups.

The final part of the discussion looked at sustainable incentives. For example, if an employee chooses a sustainable benefit, a sustainable incentive will go along with it, such as the addition of planting trees or coral or clearing up a certain amount of plastic from the ocean, which the employee can track the progress of.

"The key to that is that it's got traceability so individuals can see what's been done. It really helps employees engage with the sustainability journey," Collington said.

One thing the discussion made clear was that the journey is what it's all about. Sustainable benefits aren't about one specific incentive designed to tackle climate change; they are a toolbox of flexible and mindful opportunities that translate into a meaningful, useful and valuable employment for charity staff. Whether it comes in the form of flexible working, volunteering, vouchers or tax breaks, an integrated approach to sustainability will always be a benefit for everyone. ■

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**All quotes from charity HR leaders in attendance are kept anonymous in favour of a more open and transparent conversation around the table.*