2021 Workforce Trends Report Series

BENEFITS STRATEGY & BENCHMARKING SURVEY REPORT

Findings and insights from the 2021 Benefits Strategy & Benchmarking Survey

U.K. Edition

Gallagher

Insurance | Risk Management | Consulting

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INTRODUCTION

The post-pandemic economy and workforce employers have dared to imagine, for over a year, is beginning to take shape. The period of great disruption we have experienced is sparking a future of greater innovation, which will have a definite and long-lasting impact on organisational structures, workplace policies and total rewards. Both employers and their employees have had to adapt to a flexible approach to working. As we see a relaxation of restrictions following government advice, we also see a move towards a work-life balance paving the way for a rise in hybrid practices becoming the new normal.

With the global pandemic impacting all areas of society in a far greater way than anyone could have anticipated, organisations have had to embrace flexibility in all they do. The constant environment of change, sometimes in very short timeframes, has forced all organisations to become more agile across the board. This is reflected not only in their working practices, but also their work locations and for some, the approach to more flexible benefit programmes.

With a post COVID recovery in sight and an ever changing working environment, there are so many more options available to employees. It is good to see that health and wellbeing continues to be a major focus for the organisations surveyed in this report. We are also seeing a big shift towards more harmonised benefit offerings. It is clear that some employers are responding to this and reflecting it in their total reward, by moving towards less hierarchy and improvements relating to the provision of equal parental leave.

The results are also showing a rise in the number of organisations developing environmental or sustainable policies. A quarter of organisations have made environmentally friendly changes to their car policies and just under half of organisations have been developing environmental or sustainable policies. But with only 40% of organisations currently having an ESG policy in place, there is still some work to be done here.

To attract, engage, reward and retain top talent, employers will need to prioritise their people investment. And it's not just a great salary or a super benefits package. It's everything an employer does to create an overall experience that helps their people bring their best selves to work every day.

Nick Burns
Chief Executive Officer of Gallagher's Employee Benefits Consulting Division, U.K.

About this report

Gallagher's Benefits Strategy and Benchmarking Survey is a report that allows employers to see where they stand against national averages to identify opportunities for differentiation and optimisation. It is designed to assist employers in redefining what they stand for in a rapidly evolving commercial environment, and how they demonstrate this through the reward and benefits offered to their people. Designed by benefit and HR practitioners for use by benefit and HR practitioners, the report provides data and insights that help guide organisations towards improved outcomes through better benchmarking. Now in its fourth year, the report tracks the trends to help organisations better navigate through the complexities of employee benefits and engagement.

Between 29th March and 21st May 2021, 233 organisations across the UK responded to more than 100 questions covering the total reward spectrum with new questions covering organisational culture. The report provides informed and insightful benchmarking data, enabling employers to compare their practices with the wider market, and add an additional layer of confidence to make evidence-based decisions around future benefit provisions in their organisation. From broad insights to specific findings, Gallagher's report also offers a practical perspective on significant trends and best practices that can power data-driven decisions for your organisation's people strategy and help you build confidence in the future.

These trends touch every aspect of benefit and wellbeing strategies, as well as organisational culture and internal communications. Employee needs are diverse, multifaceted, and extend beyond the workplace. That's why your people's wellbeing is at the center of what we do. Gallagher have a team of experts in each of these areas who can help you identify the risks and opportunities for your organisation.

Get in touch with your Gallagher representative if you'd like to find out more about how we can.

PARTICIPANT PROFILE

INDUSTRIES

Over two dozen industry sectors.

Nearly two-thirds of respondents (65%) hailed from five sectors:

57	ASSET MANAGEMENT, BANKING AND FINANCE
38	CHARITY, EDUCATION AND MEMBERSHIP ORGANISATIONS
23	PROFESSIONAL SERVICES AND CONSULTING
20	TECHNOLOGY, EXCLUDING HARDWARE
17	LOGISTICS AND DISTRIBUTION/ RETAIL AND WHOLESALE
13	ENGINEERING AND ELECTRICAL

ORGANISATION SIZE

250 or fewer people	58%
5,001 or more people	38%
251 to 5,000 people	4%

COMPANY REVENUE

Less than £20 million	31%
£20 million – £99.9 million	28%
£100 million – £999.9 million	26%
£1 billion or more	15%

EMPLOYEE TURNOVER

Less than 5%	34%
Between 5% and 10%	25%
Between 10% and 15%	16%
Between 15% and 20%	13%
More than 20%	12%

KEY FINDINGS AND IMPLICATIONS

We know that the COVID-19 pandemic has forced organisations to rethink their priorities. The last 18 months have had an effect on key values across society and in turn will impact how benefits are used going forward. Organisations are facing the challenge of balancing the employee experience in a competitive wage environment, whilst managing their benefits spend.

As the focus moves to a world where society, organisations and individuals look at ways of living with COVID-19, three main themes have arisen from this survey.

1. **Employee health and wellbeing**
2. **Equalisation and fairness of benefits**
3. **The COVID-19 effect on benefits**

The last year has seen organisations increase their focus on employee wellbeing and rethink their efforts for diversity and inclusion. Adapting to new ways of working, encouraging leadership visibility, investing more in digital channels and offering flexible working patterns has been a major focus. It has become more apparent that organisations have needed to empower managers to communicate and engage with their teams, as well as listening more to their employees' voice and feedback.

With expectations for growth opportunities and increasing competition for talent, leaders have focused their attention on retention strategies with compensation approaches at the forefront. Flexible workforce policies and practices will remain essential, including a strong focus on emotional wellbeing - a resilient workforce will be more agile when adapting to change.

Constant change in society and its inevitable uncertainties create challenges in the workplace, which make employee wellbeing an employer's greatest asset. This measure of whole health — physical, emotional, financial and career — and the status of organisational health are inseparable.

When compensation, benefits and the employee experience define a culture of wellbeing, a focus at an individual level is the only way to sustain organisational wellbeing. We have seen a massive shift toward a more harmonised benefits offering, with a less service or status based benefits approach. From a diversity and inclusion perspective, there has been a move away from statutory-only maternity and paternity over the last few years, with paid paternity pay becoming the norm. Child and elder care has also become more important than ever.

COVID-19 continues to play a huge role in shaping organisational culture, and in turn has had an influence on how both employers and employees are looking at their benefits. There has been a move towards greater flexibility; an emphasis on financial wellbeing; and environmental, social and governance (ESG) factors have had an influence on some benefits offerings. Term time only contracts are predominantly found in the Charity/Education sector although are also found in pockets in other sectors.

EMPLOYEE HEALTH AND WELLBEING

COVID-19 has brought a global society to its knees, so organisations who are attuned to their workforce's wellbeing are finding ways to make things better. Adapting to and managing change has been such a big focus, so it's not surprising that inspiring a more agile, flexible and resilient workforce has become such a major priority. Some organisations are facing the challenge of balancing business-as-usual with new opportunities, whereas others are struggling to engage and retain their people when there is little business or dates to work to.

Health and wellbeing continues to be a major focus this year, with one third of organisations adding new benefits in this space. There has been increase in fitness-related benefits such as on-site fitness classes as well as the more traditional gym discounts, to accommodate the different ways people have been exercising during the pandemic. As many employees have had to change their work locations, there has also been a shift in focus from season ticket loans with a move toward support through rental deposit loans or back-up child and elder care.

With over three quarters of organisations providing an Employee Assistance Programme (EAP) it is clear that employee health and wellbeing is being taken very seriously. A number of organisations have also introduced subscriptions to wellbeing apps for personal support available 24/7.

NEW BENEFITS ADDED	% OF ORGANISATIONS
Employee Assistance Programme (EAP)	76.1%
Membership of a professional body	69.1%
Season ticket loans	47.8%
Discounted gym membership	36.5%
Other	9.6%
None of above	8.7%
Concierge services	1.7%
Fully-funded gym membership	1.3%
Fitness sessions	0.4%

'An experience that more strongly connects people to their work — and each other — requires effective tools that enable them to bring their best selves to the job. Wherever and whenever work gets done, support for physical, emotional, financial and career wellbeing will inspire performance and improve retention.'[1]

1.41 million people were in contact with Mental Health Services, at the end of April 2021. The majority of these (974,968) were in contact with Adult Services[2]

With this in mind, annual leave has become more important than ever to support employees' mental wellbeing. Buying and selling of annual leave is up compared to last year with trading holidays becoming increasingly popular. Organisations are realising the need to design benefit programmes to suit a variety of demographics, with an increasing desire to offer a better work-life balance. The traditional approach to annual leave has also changed to accommodate the ever-changing needs of employees—often at short notice. Many companies finding it necessary to be more flexible about their approach to 'other leave' requirements, such as child or elder care. Almost half of respondents also offer sabbatical leave, and there has also been an increase from 8.7% to 12.1% of companies offering this leave as paid.

A range of new and different types of leave have emerged over the last few years. This year 95% of organisations offer some sort of 'other' leave not covered in family leave. This diverse range of additional types of leave shows how employers are looking to offer a variety of options to appeal to a diverse workforce.

DIFFERENT LEAVE NOW AVAILABLE

LEAVE AVAILABLE	% OF ORGANISATIONS
Bereavement / Compassionate	93.1%
A day off on their birthday	10.0%
A day off for moving house	6.9%
Volunteering leave	36.4%
A day off for wedding	1.3%
Christmas	2.2%
Duvet days	3.0%
Public duties (Jury / Military / Court Witness)	3.0%
Study	58.4%
Leave early on Friday / Summer Friday’s	0.9%
Carers’ leave	21.6%
Wellbeing days	0.9%
Other	4.8%

EQUALISATION AND FAIRNESS OF BENEFITS

With recovery in sight and an ever-changing working environment, there are so many more options available to employees. Compensation and benefits should be at the forefront of recruitment, engagement and retention strategies for any organisation. It is clear that some employers are responding to this and reflecting it in their total reward offering. The value and appreciation of frontline workers has never been higher, which is having a huge impact on the fairness of benefits for employees.

The top three benefits challenges have remained the same the last three years:

TOP THREE BENEFITS CHALLENGES

2021	2020	2019
Increasing cost of benefits within tight budgets		
Appealing to a diverse workforce with different preferences		
Communication		

It is clear that diverse workforces are impacting how benefits are viewed. Organisations are realising they need to be offering the same to all levels, with less emphasis on service or status-based benefit approaches, and shift towards a more values-based rewards.

The biggest shift we are seeing is pension related with auto-enrolment obligations contributing to the changing pension landscape and the increasing importance of employers helping to foster their employees' financial wellbeing. Since April 2019 a minimum contribution of 8% is required, which includes a minimum employer contribution of 3% and 1% tax relief from the government. 87.7% of organisations in the survey offer Retirement Savings in excess of the current statutory (auto-enrolment) minimum, up just under three 3% compared to last year.

ABOVE AUTO-ENROLMENT MINIMUM	% OF ORGANISATIONS
Yes	87.7%
No	12.3%
	100.0%

Big strides have also been made in the equalisation of gender allowances for maternity and paternity pay. This shows an emphasis from employers on family friendly benefits. There has been a move away from statutory-only maternity and paternity over the last few years, with paid paternity becoming the norm. Organisations providing more than two weeks paid leave is up with 41% of fathers being offered shared parental leave on the same basis as maternity.

PATERNITY PAY OFFERED	% OF ORGANISATIONS
Statutory Only	56.4%
Same Basis as Maternity	41.0%
Enhanced on a different basis	2.6%
	100.0%

When asked about what enhanced pay is offered during a period of paternity leave, the most common duration is two weeks at full pay, which is the policy in nearly three-quarters of respondent organisations. There has also been an increase in organisations offering more than two weeks compared to the last two years, which again supports the trend towards family friendly benefits.

TWO OR MORE WEEKS PATERNITY LEAVE OFFERED

2019	2020	2021
7.6%	15.7%	16.2%

THE COVID-19 EFFECT ON BENEFITS

It's been an interesting year for culture. The global pandemic has forced organisations to adapt to large-scale change at a pace that most have never experienced before. With the organisational focus on establishing and embedding their 'new normal', employers must not lose sight of what is needed to retain dedicated employees. Although talent loss is typical, replacing talent is likely to come at a higher compensation cost, due to a tightening job market.

When asked what changes were made to reward or benefits as a result of COVID-19, over half of the organisations stated that communication has been their top priority, closely followed by support for home-working in nearly half of organisations and two thirds of organisations not intending to return to previous working arrangements. Over a third have also added new health and wellbeing benefits. These are unsurprising results, but some organisations have taken a slightly different approach to support their employees:

1. **Additional / flexible annual leave**
2. **New COVID-19 Dependents Leave**
3. **Introduced a COVID-19 hardship fund**
4. **Reviewed flexible working policy**
5. **Home office ergonomic assessments**
6. **Given homeworking allowance for equipment / bills**
7. **Allowed employees to take and keep some of their office working equipment**
8. **Bonuses based on individual performance not a blanket approach**

Health and wellbeing benefits have come out on top when it comes to adding benefits to the offering. More organisations are giving employees the option to elect for virtual doctors, life assurance and private medical insurance (PMI), with some providing access to health and wellbeing classes and osteopath care. Again a flexible working policy has been introduced by just over half of organisations, to assist in the management of health and wellbeing.

Organisations have also reacted to the decrease in demand for shopping vouchers and travel insurance, with a reduction in both of these areas.

As a result of this shift 46% of organisations have said they are planning changes to their current benefits offering (compared to 33% last year):

CHANGES TO CURRENT BENEFIT OFFERING	% OF ORGANISATIONS
Enhanced benefits	70.7%
Improved benefits communication	59.6%
Improved flexibility	43.4%
Change cover within existing benefits	21.2%
Change benefits provider / insurer / broker	17.2%
Change delivery method (e.g. salary sacrifice)	14.1%
Remove benefits	8.1%
Change eligibility criteria	7.1%
Other	4.0%
Change pension provider	1.0%
Flexible working	1.0%

Only 8% are looking to remove benefits, even in these difficult cost saving times, which shows that benefits are a valued part of the employment package

But the global pandemic has not only had an impact on health and wellbeing. It is also affecting how organisations are viewing the importance of having an environmental, social and governance (ESG) strategy in place, with nearly 40% of respondents adopting a formal ESG strategy. Considering the fairer pension offering for employees at all levels, it follows that of those that have adopted an ESG strategy 28% have applied this to their pension fund investment approach, and related communications to employees.

'A values-based reward strategy is a new trend that expands the focus beyond pay, bonus, pension and traditional benefits. It's about being responsible, inclusive, fair and flexible in terms of expectations for work time and support for career wellbeing. Increased talent mobility has emboldened people to seek work outside of their local bubble. And the competitive implications for attraction and retention are enormous.'[3]

Just under half of the respondents have spent time since the pandemic developing environmental or sustainability policies and 45% of organisations have been developing environmental or sustainable policies.

The environmental impact of the pandemic has also been a focus for many organisations, with a quarter making environmentally-friendly changes to their car policies. The results show that the most common shift has been encouraging employees to work from home, but there has also been some incentivising on the use of more environmentally friendly cars within their policies. 'As the economy gradually recovers, emissions are projected to increase again, with growth rates going back to the pre-COVID baseline projection levels.'[4]

A quarter of organisations have taken their environmental responsibility even further with the changes to their car policies. Companies are taking steps to migrate their fleet to electric vehicles (EV), are offering EV salary sacrifice for employees, and we are seeing charging points being installed in staff car parks. This trend has also been reflected with a drop in the number of company cars as a benefit down from 42% two years ago to just 24% now, and a particular reduction in status cars.

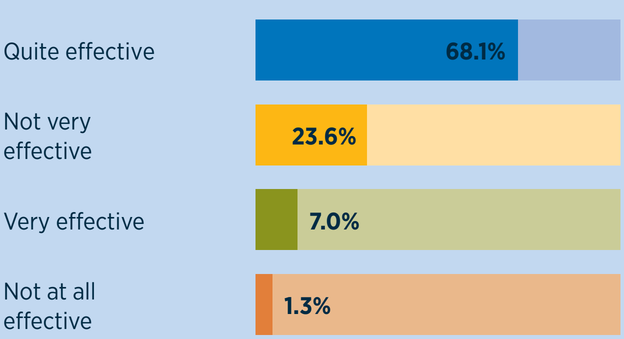
ORGANISATIONAL WELLBEING

Organisational wellbeing is already complex, but throw in the need to align new ways of working with the growing concerns of employees around COVID-19 and the challenge is even greater. Now more than ever, it is important that organisations offer employees a consistent experience, whilst evolving the offering to meet their people's needs. The main challenges are inspiring the workforce through a compelling cultural narrative and strong leadership, at the same time as focusing on embedding new strategic direction required in an uncertain economic environment.
Organisations today seem to understand the importance of culture, are keen to share this with their people and are harnessing the power of great communication.

THE FOUR BIGGEST CHALLENGES FACED BY ORGANISATIONS ARE:

The pressure on leaders to deliver on those challenges has a huge impact on the organisation wellbeing. 'Leaders may feel more challenged to bring their people with them, if too many feel exhausted and somewhat disengaged from the organisation. The good news is that tough times present an opportunity to show they mean business. And the better news is there's a fairly robust process for change leadership. It's time for leaders to set the route, grip the wheel and declare, 'We've got this'.

EFFECTIVENESS OF LEADERS MANAGING CHANGE



The evolving world is having a continual influence on employee expectation which in turn is impacting how organisations are bringing their strategy and direction to life, especially as face to face opportunities have been difficult. The challenge for leadership to use role modelling to demonstrate the values of the organisation, in a global environment, needs to be tailored to engage with their employees. This means organisations and their leadership need to take the time to understand their people to know how to get the best from them.

Benefits Communication

Although communication has come out as one of the most important aspects of organisational wellbeing, most organisations have either no pre-defined budget, or an allocation of less than £10,000, when dealing with benefit communication.

The most common form of communication to raise awareness of benefits is e-mail, with a high number of organisations using events being adapted to a virtual platform, in place of face-to-face events, during the pandemic.

When asked how effective the communication channels are in raising the awareness and appreciation of their benefits offering, the results found that the most effective channels are face-to-face or virtual events, followed by video. E-mail remains one of the solid 'quite' effective methods for communication.

Interestingly digital total reward statements are only found to be very effective in 16% of organisations and printed reward statements are the least effective channel.

There is a real opportunity here to look at the digital platforms to ensure they are giving employees what they need in the format they most enjoy. The video platform Tik Tok has seen a meteoric rise over the past year, and adopting something similar to this style could be a chance for some organisations to engage their employees in a way they have never done before.

Measuring employee satisfaction of benefit offering

The most common measure used are exit interviews, although this is unlikely in reality to reveal the real reasons that people leave, and most people do not leave an organisation because of the benefits. A large number of the respondents also use pulse / annual engagement surveys, focus groups or listening sessions to get feedback from their employees and these have come out as the most effective method of measuring satisfaction.

EMPLOYEE SATISFACTION OF THE BENEFIT OFFERING

MEASURE	NOT AT ALL EFFECTIVE	NOT VERY EFFECTIVE	QUITE EFFECTIVE	VERY EFFECTIVE
Annual engagement survey	2.2%	9.0%	60.4%	28.4%
Pulse surveys	1.1%	7.7%	59.3%	31.9%
Focus groups / listening sessions	1.0%	7.1%	58.2%	33.7%
Feedback from line managers	1.4%	17.7%	67.4%	13.5%
Feedback from Union representatives	4.0%	24.0%	60.0%	12.0%
Exit interviews	4.0%	27.3%	56.0%	12.7%
Statistics from benefits portal	6.5%	21.7%	45.7%	26.1%

This, along with the success of face-to-face events, proves that employees are more engaged, when they have had the opportunity to collaborate and influence the aspects of the organisation that directly impact them both at work and in their everyday lives.

The next few sections explore this in more detail.

PHYSICAL & EMOTIONAL WELLBEING

‘Employees hope that their employers will take care of them even more during a crisis when their lives are much more challenging. They want to be at a company that is constantly communicating, being honest, and promoting the programs and benefits that will help solve their work and personal problems. When you don’t have to worry about your finances, healthcare, childcare, and your safety, you can focus more on being a highly productive employee.’[5]

The buying and selling of annual leave is up

Holiday or annual leave is a statutory benefit in the UK. The statutory leave entitlement is a minimum of 20 days plus 8 bank holidays for a full time employee. Just over half of the organisations apply the same holiday entitlement to all employees, although service related and job level continue to be used in many organisations to determine higher levels of holiday entitlement.

The general trend for participating organisations is a move towards single status eligibility for annual leave and we have seen one participant who has an unlimited holiday policy. This kind of policy is still rare, but this type of holiday plan is being experimented by some employers.

HOLIDAY / ANNUAL LEAVE OFFERING

	% OF ORGANISATIONS 2021	% OF ORGANISATIONS 2020
Same for all	52.4%	51%
Service related	35.4%	30%
Job level / category	26.2%	26%
Unlimited	0.4%	-
Other	0.4%	4%

Encouraging employees to take annual leave, despite travel restrictions

The build-up of annual leave due to employees not wishing to take time off during the pandemic has become an issue for many organisations. Most of the respondents have taken a standard approach of communicating the need for employees to take holiday and have a rest from work, despite being unable to travel. Due to the high amount of remaining leave, just under half of the organisations have restricted the number of days or hours an employee can carry over into the next year, and a third have enforced holiday to be taken.

90% of organisations have been tracking how much annual leave employees are taking during the pandemic

APPROACH TO TAKING LEAVE

Private medical insurance (PMI)

Seventy-seven percent (77%) of organisations in the survey offer some form of company funded private medical insurance (PMI) and of those, 92% use a standard PMI plan. 5% use a self-pay healthcare plan, and in most cases this sits alongside PMI.

Only 6.3% of organisations (down from 8.4% two years ago) provide coverage through a healthcare trust, which offers comparable provision to PMI but by delivering the benefit via a trust, the cost is exempt from insurance premium tax (IPT). As the rate of IPT has risen, the popularity of healthcare trusts had been increasing gradually but appears to be levelling off.

PMI OFFERED

	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Private Medical Insurance	162	92.0%
Self-Pay Healthcare	9	5.1%
Healthcare Trust	11	6.3%

Employee groups eligible for private medical insurance (PMI)

Executives are provided with company-funded PMI in 98% of organisations. This level of coverage reduces as you move down the hierarchy, with other employee groups covered in only around two-thirds of organisations.

PMI ELIGIBLE	% OF ORGANISATIONS	2020 % OF ORGANISATIONS
Executive	97.7%	98.0%
Senior Managers	90.1%	93.4%
Line Managers / Professionals	78.5%	82.2%
Business Support	68.6%	71.7%
Other employee groups	61.0%	61.2%

Level of PMI cover provided

In line with company funded PMI executives and senior managers are more likely to receive family cover funded by the employer. Whereas, line managers / professionals, business support and other employee groups are slightly more likely to receive employee only cover funded by the employer.

Just over half of organisations offer employees the opportunity to increase their level of cover on a self-funded basis. This means the employee has the option to pay the difference to trade-up on cover, this is similar to last year's results.

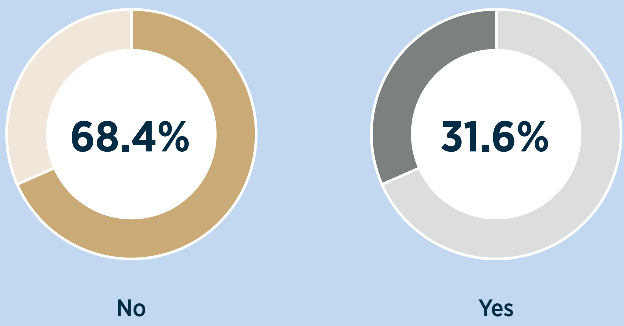
CATEGORY	EXECUTIVES LESS THAN 3%	SENIOR MANAGERS 6%–9%	LINE MANAGERS/ PROFESSIONALS 15%–19%	BUSINESS SUPPORT 25%–29%	OTHER EMPLOYEE GROUPS
Employee Only cover	32.1%	46.5%	55.6%	50.8%	50.5%
Employee and Partner cover	2.4%	5.2%	3.0%	3.4%	2.9%
Family cover	65.5%	48.4%	40.7%	43.2%	43.8%
Shared cost of employee cover	0.0%	0.0%	0.7%	2.5%	2.9%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Healthcare cash plans

Healthcare cash plans are often used in conjunction with PMI provision, or offered as a stand-alone benefit which is more affordable than a full PMI plan. As PMI costs have increased, health care cash plans have experienced a renaissance. In the past they were rarely financed by the employer and merely offered as a voluntary benefit through payroll deduction.

As healthcare options become more and more important to us all, healthcare cash plans are now offered by 32% of organisations, which is slightly up on 2020.

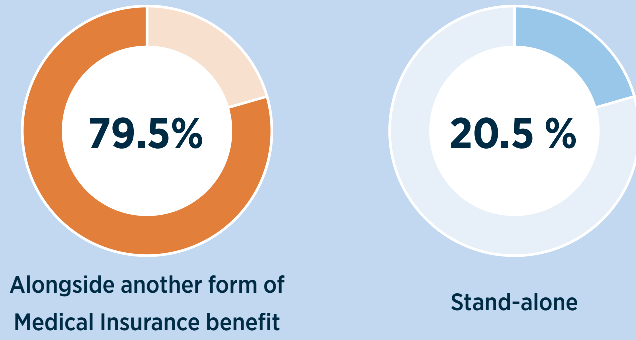
ORGANISATIONS OFFERING HEALTHCARE CASH PLAN



The sectors where they are most likely to be found are:

- Logistics and Distribution / Retail & Wholesale
- Media & Publishing
- Engineering & Electrical
- Transport & Aviation

We are seeing an increase from 13.3% to 20.5% of more standalone plans available this year compared to last year, indicating that organisations with no PMI are recognising the need to put funded cash plans in place to support the wellbeing of their employees in these uncertain times.



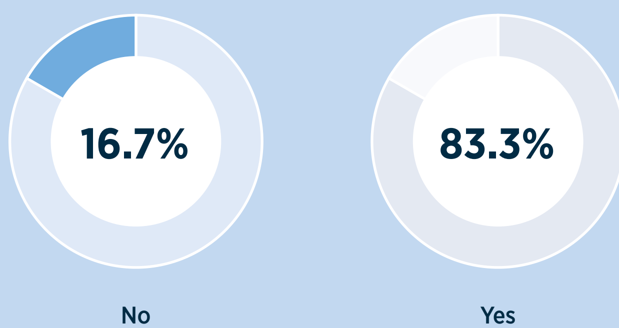
Just under a third of plans are employee self-pay only, across all employee classifications. The most common employer-funded plans cover the employee only, but many also cover dependent children as this is commonly included by the provider of the plan.

LEVEL OF HEALTHCARE CASH PLANS OFFERED

CATEGORY	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
Employee Only cover	31.8%	34.3%	34.8%	38.5%	39.1%
Employee and Partner cover	1.5%	3.0%	3.0%	3.1%	3.1%
Employee and Dependent Children	16.7%	16.4%	16.7%	15.4%	15.6%
Family cover	18.2%	11.9%	10.6%	10.8%	10.9%
Employee self-pay	27.3%	29.9%	30.3%	29.2%	28.1%
Shared cost of employee cover	4.5%	4.5%	4.5%	3.1%	3.1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

And if the additional cover is not available, the majority of plans allow the employee to increase their level of cover on a self-funded basis (i.e., to trade-up to spouse or dependant cover).

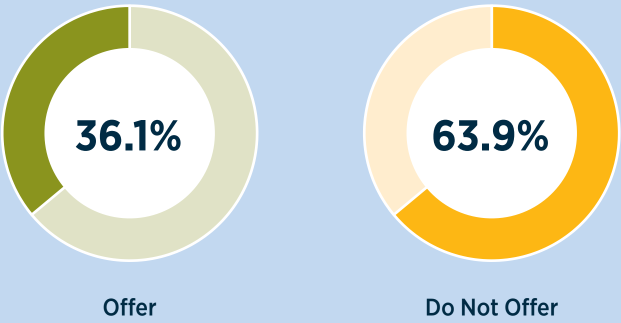
SELF FUNDING OFFERED



Health screening / company medicals

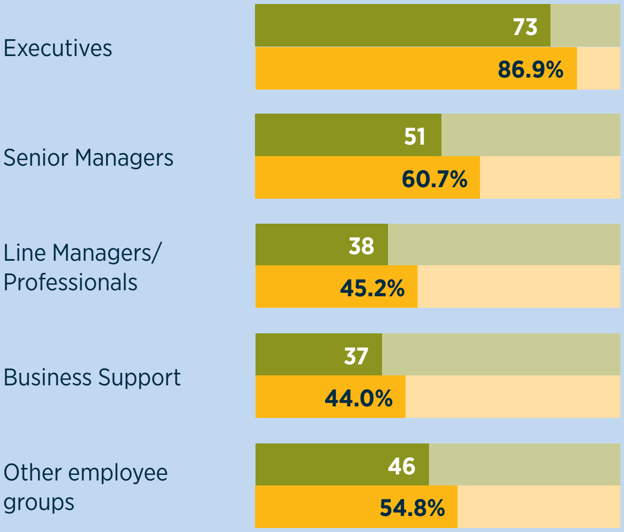
Thirty-six percent (36%) of organisations offer company-funded health screening or medicals.

HEALTH SCREENING / COMPANY MEDICALS OFFERED



Eight-seven percent (87%) of organisations that offer company-funded health screening cover their executives and just under two thirds cover senior managers, which is up from 42.5% two years ago. Just under half cover line managers / professionals, business support staff and other employee groups, which is a significant increase over the last two years.

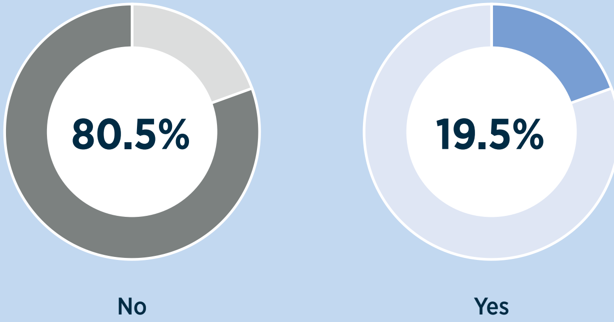
HEALTH SCREENING / COMPANY MEDICALS OFFERED BY LEVEL



Dental care

Twenty percent (20%) of organisations fund a separate dental care plan for some or all employees, up over the last two years from 15.6%. This increase has been part of the greater emphasis seen on the whole health and wellbeing of employees.

DENTAL CARE OFFERED



Lifestyle benefits

Just over three quarters of organisations offer their people an employee assistance programme (EAP), which is slightly higher compared to 2020. We have seen an increase in fitness related benefits such as onsite fitness classes as well as the more traditional gym discounts – this is related to the different ways people have been exercising during the pandemic. A number of organisations also cited use of wellbeing apps.

LIFESYTLE BENEFITS	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Employee Assistance Programme	175	76.1%
Membership of a professional body	159	69.1%
Season ticket loans	110	47.8%
Discounted gym membership	84	36.5%
Other	22	9.6%
None of above	20	8.7%
Concierge services	4	1.7%
Fully funded gym membership	3	1.3%
Fitness sessions	1	0.4%

KEY TAKEAWAYS

- Physical and emotional wellbeing continues to be a focus in this year's survey.
- One third of organisations have added new benefits in this space.
- There has been an increase in company funded Critical Illness.
- The closing of schools and challenges of caring for seniors in a pandemic has seen a rise in back up and elder care benefits. This has had a real impact on employee engagement and productivity, as well as career wellbeing.
- Gym benefits are changing and encompassing on-line classes.
- There has been a rise in the provision of wellbeing apps as part of the benefit offering.
- Cash plans and stand-alone plans are increasing in popularity.
- Sick pay is better than it has been in recent years.
- Health-screens are now being offered to employees lower down the organisational hierarchy, with a significant increase for other employee groups.
- Dental insurance is increasing across all levels.

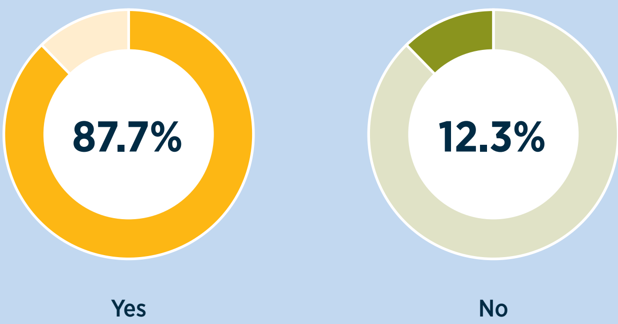
FINANCIAL WELLBEING

Across the world, national governments have been trying to reduce the long term liability of their state pension systems, especially where these are unfunded. From 2012 to 2018, the UK government followed this same pattern, proceeding to revise state pensions, moving from a two tier system (Basic and S2P) to a single tier state pension. In parallel, the government introduced a requirement for employers to automatically enrol their employees into a so-called "workplace pension." Like other mandatory schemes around the world, employers and employees have to make minimum contributions on a specific band of earnings, currently up to £50,270 p.a. The British system is unusual because the pension plan member is able to "opt-out" following their enrolment.

Auto-enrolment obligations are contributing to the changing pension landscape and since April 2019 a minimum contribution of 8% is required, which includes a minimum employer contribution of 3% and 1% tax relief from the government.

Eighty-eight percent (88%) of organisations in the survey offer retirement savings in excess of the current statutory auto-enrolment minimum, up compared to 85% last year.

ORGANISATIONS OFFERING MORE THAN THE STATUTORY MINIMUM



Type of retirement savings plan

Defined contribution (DC) pension plans (sometimes called "money purchase plans") define the level of contribution the employer and employee is required to make to the employee's retirement savings account.

While the contribution rate is defined, the investment return on retirement savings over the employee's working life is unknown, as is the cost of purchasing an annuity (a regular income) upon retirement income.

DC plans dominate the market, but there are still three percent of organisations who still have a defined benefit (DB) plan open to new employees.

RETIREMENT SAVINGS PLANS

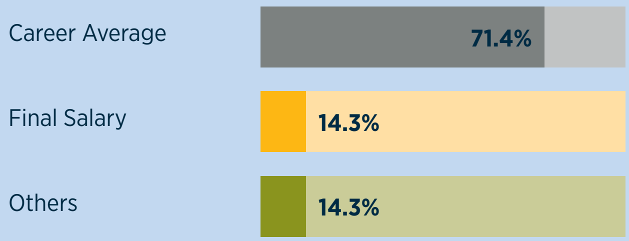
TYPE OF PLAN	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Defined Contribution (DC)	214	96.0%
Defined Benefit (DB)	7	3.1%
Cash Balance	2	0.9%
	223	**100.0%**

Defined benefit plans

Defined benefit (DB) plans, which calculate pension by reference to pensionable earnings in the last few years before the employee retires, are often called "final salary" pensions. It follows that increases in pensionable pay in any single current year has a multiplier effect, lifting the value of the pension earned for the entire period of past service.

Where the pension is calculated by reference to average earnings over the employee's entire working life, the defined benefit plan is described as a "career average" pension. The latter re-values each year of service against inflation (prices or earnings) and then adds each year of service together to determine the total pension payable. This explains why this type of defined benefit is often described as a career average revalued earnings (CARE) plan.

DEFINED BENEFIT PLAN



In most cases DB plans require the employee to contribute and it is very rare in the market today to find non-contributory plans (only one out of the seven in our survey)

The level of the employee contribution, like the level of the employer contribution, is an unreliable indicator of the quality of the defined benefit pension plan. Contribution rates are a reflection of the age distribution of the membership and can often be skewed by deficit funding. It follows that the most reliable indicator of the quality of a defined benefit plan is the factor signalling the rate at which pension is accruing. For instance, a 30ths plan accrues benefits twice as fast as a 60ths plan.

Defined contribution plans

Eighty-two percent (82%) of the DC plans are contract based, with 15.17% of organisations using trust based plans compared to 11.54% last year.

DEFINED CONTRIBUTION PLAN

CONTRACT / TRUST	NO. OF ORGANISATIONS	% OF ORGANISATIONS
GPP (Group Personal Pension)	172	81.52%
Nest / Peoples Pension / NOW Pensions (Trust based plans)	32	15.17%
Alternative Master Trust	5	2.37%
Own Employer's Trust	2	0.95%
Total	**211**	**100.00%**

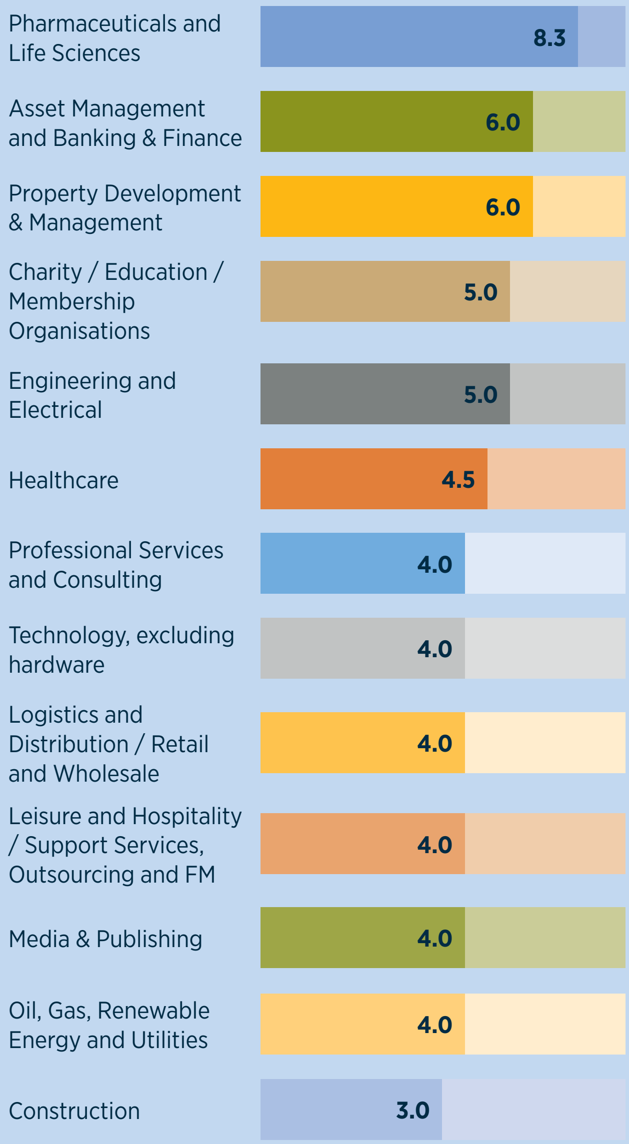
On the whole the minimum employer contribution as a percentage of salary has stayed the same as last year, with the average around 5-6%.

MINIMUM EMPLOYER CONTRIBUTION

ALL RESPONSES	% OF SALARY
10th Percentile	3.0
25th Percentile	3.0
50th Percentile	5.0
75th Percentile	6.0
90th Percentile	9.0
Mean	5.5
Mode	3.0

This varies by sector, with pharmaceuticals and life sciences having the highest level at 8.3%.

MINIMUM EMPLOYER CONTRIBUTION BY SECTOR



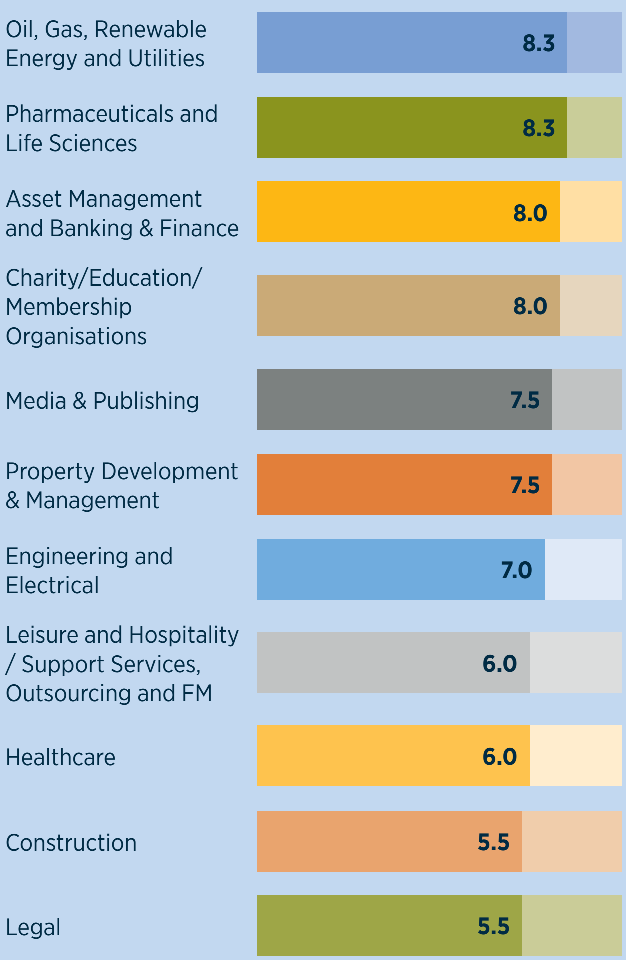
The average maximum employer contribution as percentage of salary is 6%, compared to 7.3% last year. The lower quartile and upper quartile remain at 5% and 10% respectively, which is the same as last year.

MAXIMUM EMPLOYER CONTRIBUTION

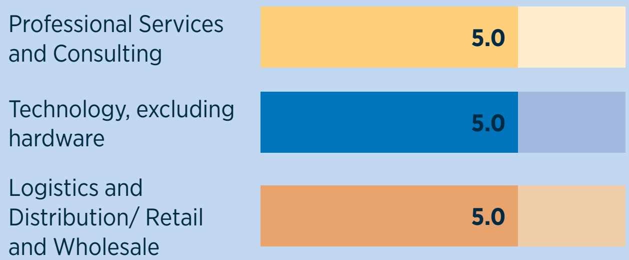
ALL RESPONSES	% OF SALARY
10th Percentile	3.0
25th Percentile	5.0
50th Percentile	6.0
75th Percentile	10.0
90th Percentile	12.0
Mean	7.4
Mode	5.0

There is a difference in the oil, gas, renewable energy and utilities & pharmaceuticals and life sciences, who are the most generous sectors with an average of 8.3% maximum employer contribution.

MAXIMUM EMPLOYER CONTRIBUTION BY SECTOR



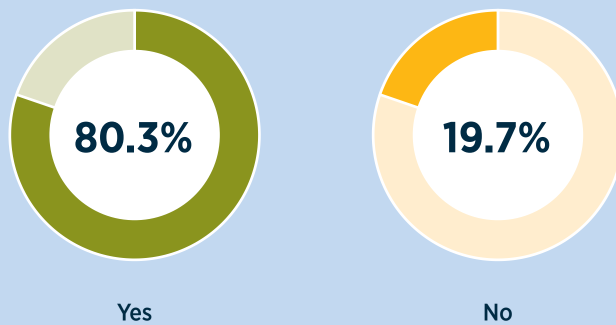
MAXIMUM EMPLOYER CONTRIBUTION BY SECTOR continued



Employee contribution

Four out of five DC schemes require an employee contribution, with non-contributory plans being more confined to sectors with higher profit margins. It is rare for newer plans (e.g. auto-enrolment or workplace pensions) to be non-contributory.

EMPLOYEE CONTRIBUTION REQUIRED

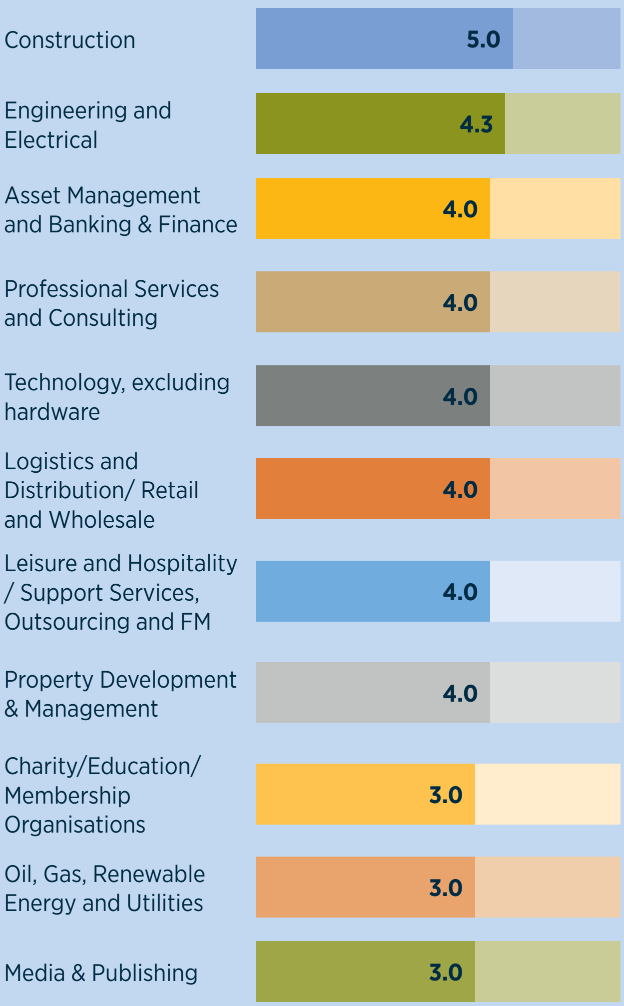


Minimum employee contribution as a percentage of salary

The average minimum employee contribution has remained at 4% this year. The upper quartile has increased to 5% this year from 4.5% last year and 4% the year before. We have seen a steady increase year on year since 2018.

ALL RESPONSES	% OF SALARY
10th Percentile	2
25th Percentile	3
50th Percentile	4
75th Percentile	5
90th Percentile	5
Mean	3.8
Mode	3

THIS VARIES BY SECTOR, AS BELOW

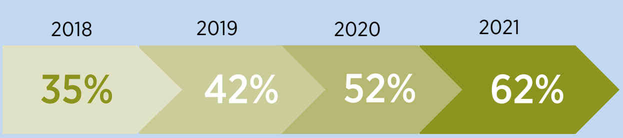


Level of employer contribution

The employer's approach to retirement savings contributions is a window into the organisation's benefits' philosophy. A non-contributory structure can suggest paternalism, whereas a matching formula might evidence an employer's desire to partner and incentivise an employee to save for their retirement.

The number of companies paying a fixed percentage of salary which does not vary with any other factors has increased year on year:

EMPLOYER CONTRIBUTION HAS RISEN:



This is evidence that there is a shift towards a more harmonised level of benefit provision for all and a move away from status driven benefits provision.

Matching schemes also remains popular and can be found in 23% of organisations, encouraging a shared ownership between employee and employer to save for retirement. The job level category has reduced to 11% from 12.9% last year and 21.7% in 2019 again supporting the general trend of more harmonised benefits. No organisations in this year's survey have an aged based approach, which is down from eight organisations last year.

EMPLOYER CONTRIBUTION DETERMINED BY

EMPLOYER CONTRIBUTION	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Same fixed % for all	107	61.8%
Job level / category	19	11.0%
Matching employee contributions	34	19.7%
Other	13	7.5%
Age based		0.0%
	173	**100.0%**

The sectors which appear to be more status driven with a job level policy are banking & finance and professional services & consulting. Those sectors which appear to have embraced a matching basis are charity / education / membership organisations, technology and asset management / banking & finance.

Employer matching contributions

Where matching schemes are used the most common is a one for one match with just over three quarters of respondents offering this contribution structure. There has been a significant decrease in the proportion of respondents with variable matched rates depending on employee's contributions with 10% citing this compared to 16% last year. The matching formulae have always been more popular among U.S. parented organisations, but auto-enrolment has given rise to a significant increase in the number of organisations offering a match.

BASIS EMPLOYER MATCHING CONTRIBUTIONS ARE MADE

EMPLOYER MATCHING CONTRIBUTIONS	NO. OF ORGANISATIONS	% OF ORGANISATIONS
1:1 employer: employee match	23	76.7%
2:1 employer: employee match	2	6.7%
Better than 2:1 employer: employee match	1	3.3%
Between 1:1 and 2:1 employer: employee match	1	3.3%
Variable depending on employee contribution	3	10.0%
	30	**100.0%**

Employer contributions for job categories

Where the employer contribution is determined by job level or category, the average percentage employer contribution is shown below:

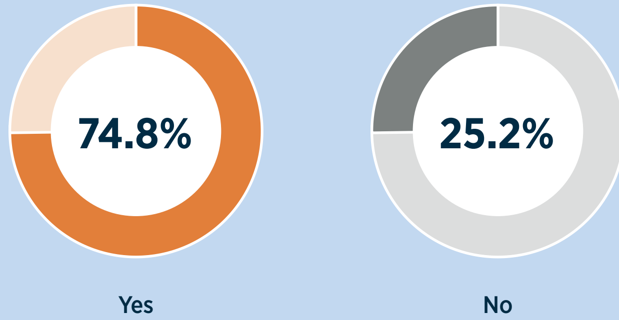
EMPLOYER CONTRIBUTION BY JOB CATEGORY	MEDIAN % OF SALARY	2020
Executives	10%	10%
Senior Managers	10%	10%
Line Managers/Professionals	8%	7%
Business Support	6%	5%
Other employee groups	6%	5%

These amounts have increased for all categories except executives and senior managers, which is in line with the overall increase in contributions seen. This also supports the harmonisation of this benefit, moving towards contributions being single status arrangements.

Salary sacrifice

Salary sacrifice or salary exchange is common with three quarters of respondents making use of the National Insurance savings available for both the employer and employee:

SALARY SACRIFICE



Executive pensions

The executive pensions landscape continues to evolve. Additional restrictions to the lifetime allowance and also the annual allowance in recent years have had an impact on an increasing number of higher earners.

For the 2021 / 22 tax year, the lifetime allowance is £1,073,100 and the annual allowance is capped at £40,000; personal contributions that qualify for tax relief are capped at 100% of earnings. The 'tapered annual allowance' also came into force on 6 April 2016 for high earners. The rules were changed again in April 2020 with the annual allowance being reduced to as little as £4,000 per annum (for employer and employee contributions combined) for those with taxable income in excess of now £240,000. Any pension contributions above the annual allowance will not receive tax relief and an annual allowance charge will be payable, though many do not realise this until they file their tax return following the tax year end. This is precisely the problem which has come to the fore for NHS clinicians in summer 2019, prompting the government to announce a review of the annual allowance regime.

If high earners feel organisations are investing in their career wellbeing as well as their financial wellbeing, their loyalty, engagement, connection to the organisation can be strengthened. Executive pensions are multi-faceted in their connection to building a better workplace, which in turn helps to protect organisational wellbeing, as leadership will be more likely to engage and commit to growing the organisation.

Organisations should have a clear and coherent strategy for higher earners, which should not be confined to those who have obtained Fixed Protection, but also extend to those who the Annual Allowance limits the amount of tax favoured retirement savings. The most forward looking employers will also assist their people to plan their retirement saving tax efficiently, even if they are many years away from being constrained by the Lifetime Allowance.

Employer contribution rate

Historically, it was normal for executives to receive a superior pension benefit, which was usually delivered through a 30ths DB pension. As the market moved to defined contribution, this mind set was replicated in the provision of a higher rate of employer contribution for executives.

However, there is growing pressure from institutional investors, in listed companies, for employers to provide the same level of contribution to executives as all other employees. This thinking is spreading in the public and third sectors, which was prompted by arguments of fairness. Additionally, the impact of the lifetime and annual allowances is to restrict the level of contribution to the point that they can render an executive rate of contribution to an HMRC retirement savings plan a rather theoretical benefit.

The average employer contribution rate is 6%, down from 10% of salary last year. This is in line with the harmonisation of benefits across organisations and may be reflective of the restrictions that the lifetime and annual allowances now have on Executive pension contributions. A wide range of contribution levels is found, ranging from 3% at the bottom end to 20% at the top.

EMPLOYER CONTRIBUTION RATE

EXECUTIVES	% OF SALARY
10th Percentile	4
25th Percentile	5
50th Percentile	6
75th Percentile	10
90th Percentile	10
Mean	7.2
Mode	5

Offering for those affected by the lifetime allowance limit

The organisation's approach to the lifetime and annual allowances reveals the prevailing benefits philosophy, including the employer's sense of ownership of any detrimental taxation impacting employees. An ever growing number of employers take the view that this is a matter for the employee, helping to explain the general absence of compensation for loss.

The majority of respondents offer no compensation for losses or additional taxation arising from the Lifetime or annual allowance limit, this has increased significantly from 58.1% last year to 67.6% this year. Slightly fewer organisations now offer an alternative for the annual allowance than for the lifetime allowance limit. Where compensation is offered it is mostly a cash alternative, although more than half of those offering a cash alternative are not offsetting the employer's national insurance charge.

OFFERING FOR THOSE AFFECTED BY THE LIFETIME ALLOWANCE LIMIT

OFFERING	NO. OF ORGANISATIONS	% OF ORGANISATIONS
No compensation	138	67.6%
Cash alternative at same rate minus employer's NI charge	25	12.3%
Cash alternative at same rate as retirement savings plan	28	13.7%
Fixed amount	10	4.9%
Alternative investment vehicle	3	1.5%
	204	**100.0%**

OFFERING FOR THOSE AFFECTED BY THE ANNUAL ALLOWANCE LIMIT

OFFERING	NO. OF ORGANISATIONS	% OF ORGANISATIONS
No compensation	138	68.3%
Cash alternative at same rate minus employer's NI charge	21	10.4%
Cash alternative at same rate as retirement savings plan	26	12.9%
Fixed amount	12	5.9%
Alternative investment vehicle	5	2.5%
	202	**100.0%**

Financial advice

In view of the large number of employees impacted by the lifetime and annual allowances and the changes coming into effect, it is surprising how few organisations provide any form of financial education or advice to employees. However, we are seeing an upward trend in the overall provision of financial advice and guidance compared to last year.

Company-funded employee financial education

Nearly half of all organisations offer no financial advice to employees (46.2% compared to 56.6% last year) which is showing the growth in this area and the focus on financial wellbeing, possibly fuelled by the pandemic. Less organisations offer group advice than last year (28% compared to 31.6% last year and 26.2% in 2018) but 21% are now offering access to an online solution. Individual advice has also decreased from 25% last year to 22% this year, however, the proportion that offer no financial advice or education has also decreased from 56.6% last year to 46.2% this year.

COMPANY FUNDED FINANCIAL EDUCATION	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Group advice (e.g. seminar / workshop)	63	28.0%
Individual advice	49	21.8%
Employees have access to financial advice tools via a company sponsored online solution / app	47	20.9%
For executives only	6	2.7%
Pension presentations, benefits fair	3	1.3%
None	104	46.2%

Less than 10% of organisations offering financial support are finding it 'very effective'. The most effective type of financial support are group advice and individual advice.

EFFECTIVENESS OF FINANCIAL SUPPORT	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Not at all effective	2	1.7%
Not very effective	33	27.5%
Quite effective	74	61.7%
Very effective	11	9.2%
	120	**100.0%**

	NOT AT ALL EFFECTIVE	NOT VERY EFFECTIVE	QUITE EFFECTIVE	VERY EFFECTIVE
Employees have access to financial advice tools via a company sponsored online solution / app	2%	28%	62%	9%
For Executives only		50%	50%	
Group advice (e.g. seminar / workshop)	2%	24%	62%	13%
Individual advice		24%	65%	10%
Pension presentations, benefits fair		33%	67%	

Other savings plan offered

The prevalence of savings plans, whether cash or share based, is strikingly low. Those employers which do provide such plans tend to rely on tax authority approved share plans, such as the U.S. Employee Stock Purchase Plan which permits employees to purchase shares at a discount and the UK Sharesave or Share Incentive Plans.

A slightly higher proportion of respondents are offering no alternative savings plans compared to last year. Help to buy ISA's and Workplace ISA's have not taken off and are only offered by a very small percentage of organisations.

OTHER SAVINGS PLANS OFFERED	NO. OF ORGANISATIONS	% OF ORGANISATIONS	2020 % OF ORGANISATIONS
SAYE - Share Save	10	4.6%	6.2%
Employee Stock Purchase Plan	9	4.1%	6.2%
Other Savings Plan	6	2.8%	1.6%
Saving Incentive Plan	6	2.8%	3.1%
Workplace ISA	4	1.8%	2.1%
Help to buy ISA		0.0%	1.0%
None	188	86.2%	83.9%

Risk benefits

Risk benefits protect employees against the contingencies of life and are typically purchased as insured benefits.

It is common across all sectors to provide a measure of life insurance, with 84% of respondent organisations offering Life Assurance / Death in service benefits, down by 5% on last year.

RISK BENEFITS	NO. OF ORGANISATIONS	% OF ORGANISATIONS
Life Assurance	191	84.1%
Income Protection / Permanent Health Insurance	108	47.6%
Critical Illness	45	19.8%
Personal Accident	20	8.8%
None	26	11.5%
Allowance for Employees to purchase their own	1	0.4%

Income Protection/Permanent Health Insurance/Long-Term Disability cover is found in just under half of organisations.

Company funded Critical illness is being offered by more of the of participants – 19.8% this year compared to 19.8% last year and 17.2% in 2019.

Life assurance

Life assurance is a widely offered employee benefit which provides a basic level of cover for employees in the event of death and almost universally paid in the form of a lump sum benefit. Many employers like to be able to offer a minimum cover to ensure employees have peace of mind for their families should the unfortunate happen.

Eighty-four percent (84%) of those who offer Life Assurance provide it to all employees, slightly down on last year's 87%. Some are still tied to retirement plan membership which will likely be leaving some employees without cover, and should be 'tidied' up to ensure all employees have access to this important benefit.

LIFE ASSURANCE PROVISION	2021 % OF ORGANISATIONS	2020 % OF ORGANISATIONS
All employees	87.0%	84.0%
Minimum length of service	7.3%	9.1%
Job category / level	6.8%	6.3%
Tied to retirement plan membership	4.2%	5.1%

Life assurance take up

The average minimum length of service is 6 months for people taking up life assurance, this is the same as last year:

	NO. MONTHS	2020 NO. MONTHS
10th Percentile	3	3
25th Percentile	3	4.5
50th Percentile	6	6
75th Percentile	6	9
90th Percentile	12	12
Mean	6.4	8.4
Mode	6	6

Where cover differs by job category / level, it is the other employee groups who are least likely to have life assurance cover:

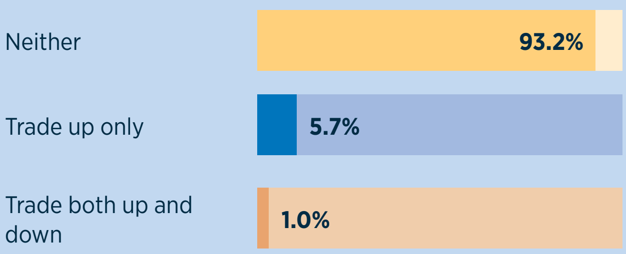
	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
Life Assurance	98.4%	97.9%	96.9%	95.8%	91.9%

The most commonly offered multiple of salary is 4x across all job categories / levels, which reflects the legacy of the pre-2006 tax rules allowing a maximum tax-free benefit of 4 x earnings, noting that today's limit is the lifetime allowance. Around 8% of organisations offer more than 4x salary as the standard lump sum benefit, a reduction on last year where it was around 14%. Fixed amounts are still only used in a small number of organisations although appear to be increasing compared to last year, where we saw a drop.

	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
1x salary	0.5%	0.5%	1.6%	2.7%	3.5%
2x salary	5.3%	10.7%	12.4%	13.7%	11.1%
3x salary	15.4%	17.6%	17.2%	15.8%	15.8%
4x salary	62.8%	59.4%	57.5%	56.8%	56.1%
>4x salary	10.1%	8.6%	8.1%	8.2%	8.2%
Fixed amount	5.9%	3.2%	3.2%	2.7%	5.3%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Seven percent (7%) of organisations offer trading of Life Assurance coverage levels, with most allowing trading up and much fewer offering trading down. This is less than last year, where 8.6% allowed trading and the year before when 11.5% allowed trading. We are seeing a trend away from trading of Life Assurance in the survey. For employees who do not have access to partner and dependents pension benefits it is rational to purchase additional multiples of life cover to provide family protection.

LIFE ASSURANCE



Income Protection / Permanent Health Insurance (PHI) / Long-Term Disability (LTD)

In the event of long-term sickness, these plans are designed to bridge the income gap during the period between the expiry of company sick pay and State Pension Age (SPA).

The above terms are used interchangeably to describe the same benefit. Income Protection is the label which prevails in the retail sector, PHI has tended to describe UK corporate plans and LTD is the US corporate equivalent.

Seventy-four percent (74%) of those who offer this benefit offer it to all employees, up on last year again reflecting the trend to harmonise benefits eligibility. Eighteen percent (18%) have eligibility based on job category or level, reducing over the last two years and in line with trends towards single status benefits.

	2021 % OF ORGANISATIONS	2020 % OF ORGANISATIONS
All employees	74.3%	66.7%
Job category / level	18.1%	19.7%
Minimum length of service	14.3%	14.5%
Tied to Retirement Plan membership	1.0%	0.9%

Fifteen percent (15%) tie eligibility to a minimum length of service, historically the probation period, and the median minimum length of service is six months (the same as the last two years). The lower quartile is also six months showing that this is becoming the standard period for the majority of organisations, with fewer organisations using three months.

	NO. MONTHS	2020 NO. MONTHS
10th Percentile	3	2.7
25th Percentile	3.75	6
50th Percentile	6	6
75th Percentile	12	12
90th Percentile	24	12
Mean	9.1	8.2
Mode	6	6

Where eligibility is based on job category / level, other employee groups are the least likely to receive the benefit. In this connection it is noted that Universal Credit (formerly Employment Support Allowance) replaces a higher proportion of employment income than is the case for management and executive employees.

The connection of compensation programs to an employees' perception that their employer cares about them, supports their career development and commits to helping with their financial health / wellbeing is not something for just the executives, it's important at all levels of the organisation. The retention and the engagement of top talent—at all levels of the organisation—helps to build a workplace that better competes, succeeds, and prospers in an uncertain environment.

There has been an increase in the coverage of employees at all levels compared to last year – this could be due to COVID-19. It is possible we will see provision of these kinds of benefits further increase as employers review their benefits offering in light of COVID experiences.

	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
Income Protection/PHI	97.2%	92.5%	87.7%	86.0%	81.6%
2020 Percentages	93.3%	91.3%	85.7%	82.7%	76.5%

Around 57% of schemes provide a benefit payable until State Pension Age (SPA). The remainder tend to provide income for a fixed period of time, with the most common being five years. A five year limited life plan is, all other things being equal, a lower cost option than purchasing insurance to bridge the typically longer period through to SPA. The percentage of organisations having five years as the cap has increased from around 15% to 21%. This is likely to be in order to be able to offer it to all employees (again linked to fairness), for cost control reasons, or has been reviewed in order to offer a broader range of health and wellbeing benefits for all employees. In all circumstances the payment of the benefit is based on insurance company approval, which will be informed by medical evidence.

	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
2 years	8.7%	8.1%	7.5%	7.6%	8.3%
3 years		0.0%	0.0%	0.0%	0.0%
5 years	20.2%	20.2%	21.5%	21.7%	21.4%
age 60	0.0%	0.0%	0.0%	0.0%	0.0%
age 70	0.0%	0.0%	0.0%	0.0%	0.0%
To State Pension Age	57.7%	57.6%	57.0%	56.5%	57.1%
Other	13.5%	14.1%	14.0%	14.1%	13.1%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The covered earnings of most schemes range between 50% and 75% of salary across all types of roles. There was a slight increase in both the less than 50% category and the more than 75% category compared to last year. This appears to be a mix between cost control and deeper health and wellbeing benefits offering in light of COVID. Historically, where companies seek to reduce costs they tend to reduce the payment period rather than the percentage of covered earnings.

	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT	OTHER EMPLOYEE GROUPS
<50%	11.7%	13.5%	14.3%	13.4%	13.3%
50% - 75%	66.0%	65.2%	63.1%	63.4%	62.7%
>75%	22.3%	21.3%	22.6%	23.2%	24.0%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

It is rare that income protection / PHI / LTD is included in a flexible benefits plan, as evidenced by the findings below, revealing that only four percent of organisations offer this facility.

	INCOME PROTECTION	
Neither	173	96.1%
Trade up only	6	3.3%
Trade both up and down	1	0.6%
	180	**100.0%**

Critical illness

Critical illness cover is not prevalent as an employer funded benefit and is only found in around 20% of the respondent organisations. In 81% of organisations where critical illness is funded, it is available to all employees. Fewer organisations than last year are applying minimum length of service or job level as a criteria for eligibility to this benefit.

	NO. OF ORGANISATIONS	% OF ORGANISATIONS	2020 % OF ORGANISATIONS
All employees	35	81.4%	69.2%
Job category / level	6	14.0%	17.9%
Minimum length of service	5	11.6%	15.4%
Tied to Retirement Plan membership	1	2.3%	2.6%

Twelve percent (12%) of organisations where critical illness is funded, offer it to employees after a minimum length of service. The average minimum length of service is six months.

	NO. MONTHS	2020 NO. MONTHS
10th Percentile	2.7	4.8
25th Percentile	5.25	6
50th Percentile	6	6
75th Percentile	7.5	9
90th Percentile	26.4	12
Mean	12.6	7.3
Mode	6	6

Company cars

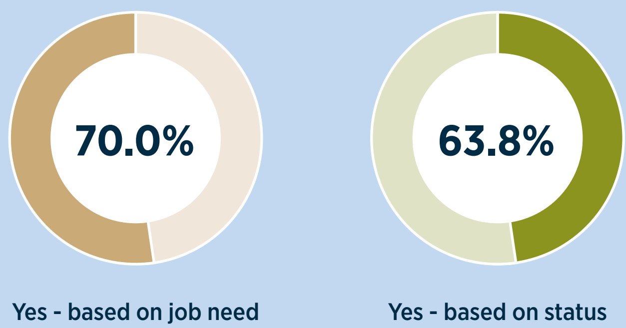
Twenty-four percent (24%) of organisations provide a company car (down from 33% last year and 42% the year before), though the categories and levels of employees considered eligible varies quite widely. With green policies there is a general trend away from offering company cars.

Thirty-six percent (36%) provide a cash alternative to a company car, paid in the form of a supplementary cash allowance (down from 40% last year and 51% in 2019). It is normally expressed as an annual non-pensionable and taxable allowance, paid monthly in 12 equal sums through company payroll.

	NO. ORGANISATIONS	% OF RESPONDENTS
Provide a Cash Allowance as an alternative	83	36.4%
Provide a company car	54	23.8%

Among the organisations offering company cars, 70% provide them on a 'job need' basis. Just under two thirds of organisations are still offering company cars on the basis of 'job status' but the status cars are reducing.

COMPANY CARS PROVIDED



The table below shows the annual financial value of car allowances, mapped to different job levels or employee categories.

There has been an inevitable rise in popularity for electric / green cars due to the tax advantages available through salary sacrifice. This is a direct link to organisations thinking about their ESG strategy.

	EXECUTIVES	SENIOR MANAGERS	LINE MANAGERS/ PROFESSIONALS	BUSINESS SUPPORT
Up to 2,999	1.4%	4.5%	5.6%	10.3%
3,000 to 4,999	5.5%	16.4%	35.2%	48.3%
5,000 to 6,999	32.9%	43.3%	48.1%	34.5%
7,000 to 8,999	30.1%	29.9%	9.3%	6.9%
Over 9,000	30.1%	6.0%	1.9%	0.0%

KEY TAKEAWAYS

- More organisations are offering pension in excess of the statutory minimum
- Financial advice is increasing including online / app solutions
- Less than 10% of organisations find the financial advice they have effective – Financial stress is one of the biggest, most common stressors. The need for employee financial education is more relevant than ever and can distinguish an organisation from its competitors.
- There has been a rise in benefits like rental deposit loans and less focus on season ticket or travel loans

CAREER WELLBEING

Flexible working is becoming much more popular, in a bid for organisations to support employees and improve their work life balance. This will be an area where we expect to see significant change post COVID-19, as organisations seek to capitalise on employee engagement during the pandemic and where home working has proven to be an effective way of working. We anticipate many sectors moving to a more permanent home working or hybrid basis and have already seen this announced in some larger organisations. The reality is that we expect to see a hybrid working environment as home working is much more accepted with a mixture of home working and office based will become the norm.

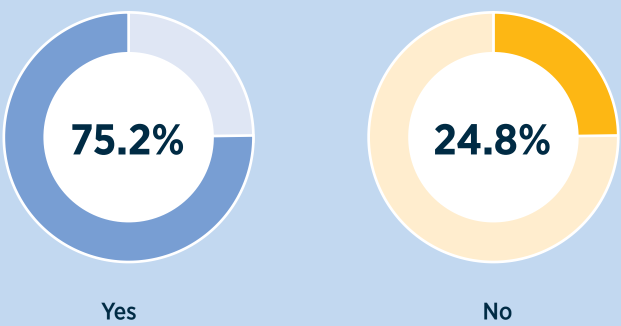
Flexible Working

The following forms of flexible working arrangements are found within the respondent organisations.

- Part-time / shorter hours are found in eight out of ten organisations.
- There has been an increase of 5% using agile working compared to last year.
- Term time only contracts are predominantly found in the Charity / Education sector although are also found in pockets in other sectors.

	2021 SURVEY	2020 SURVEY	CHANGE FROM LAST YEAR
Part-time / shorter hours	82.5%	87.10%	-4.56%
Flexible working hours	76.4%	74.19%	2.23%
Home / teleworking	63.8%	61.83%	1.93%
Agile working	34.1%	29.03%	5.03%
Job share	25.3%	27.96%	-2.63%
Term time only	12.7%	10.22%	2.45%
Annual hours contracts	9.2%	8.60%	0.57%
Condensed working week	39.3%	40.30%	-1.00%

PRIMARILY OFFICE BASED BUSINESS



The following questions were only asked of those who were predominantly office based.

Almost two thirds said no when we asked participants if they intend to return to pre-COVID working arrangements. This shows a significant change in the attitude towards agile working, employees expect the flexibility as a post-COVID world mandates we look at work differently.

	NO. ORGANISATIONS	% OF RESPONDENTS
No	109	63.7%
Yes	62	36.3%
	171	**100.0%**

We asked the organisations who answered yes to returning to pre-COVID working arrangements if the working options were going to form a more prominent part of their employee value proposition (EVP) going forward?

	NO. ORGANISATIONS	% OF RESPONDENTS
No	34	54.8%
Yes	28	45.2%
	62	**100.0%**

Have you made any changes to your working practices to support your employees over the last 12 months?

	NO. ORGANISATIONS	% OF RESPONDENTS
No	8	14.3%
Yes	48	85.7%
	56	**100.0%**

These changes have included new technology, working from home and a much greater focus on all forms of flexible approaches to working hours or patterns.

	% OF ORGANISATIONS	% OF ORGANISATIONS
Provision of new technology	27	35.5%
Change in shift patterns	15	19.7%
More breaks	10	13.2%
More overtime	4	5.3%
Less overtime	3	3.9%
Other	17	22.4%
	76	**100.0%**

Sabbatical Leave

46.7% of respondent organisations offer some kind of sabbatical leave which is similar to last year's results.

Yes	107	46.7%
No	122	53.3%
	229	**100.0%**

Of those providing sabbatical leave, most offer unpaid leave. We have seen an increase in those offering paid leave over the last two years from 8.7% in 2019. Again another example of supporting employees' work-life balance and appealing to a diverse workforce with different preferences.

Unpaid	97	90.7%
Paid	13	12.7%

The duration of sabbatical leave offered varies considerably with answers spread across the three categories. Organisations are looking to increase employees work life balance and offering sabbaticals is one way of doing this.

<3 Months	23	21.5%
3-6 Months	42	39.3%
>6 Months	42	39.3%
	107	**100.0%**

KEY TAKEAWAYS

- Flexible work practices can attract, retain, engage top talent. Employers who want to deliver a better employee experience have an opportunity to leverage these benefits/policies as a competitive advantage.
- We are seeing a shift towards hybrid working for a lot of office based organisations.
- The provision of equipment to support the new work practices is on the increase.
- There has been a shift in the approach to sabbatical leave, although small.

FUTURE PLANS

The future of work is now. A better employee experience—one that considers the whole person who comes to work every day—is the way employers will beat the competition.

Nearly half of organisations are planning changes to their benefits:

71% **will be enhancing**

60% **want to improve communications**

43% **want to improve flexibility**

Organisations need to keep moving toward better with a holistic approach that puts employee experience at the center of the organisation's productivity and success.

If you believe that people will be the fuel for your organisational growth, then to discuss your strategy in making this a reality, please, contact your local Gallagher representative.

GALLAGHER BETTER WORKS[SM]

Pursuing 'better' is an ongoing journey. Better means recognising and acting on unforeseen risks but keeping a mindset that turns the toughest challenges into opportunities. Over a year after a pandemic upended people's lives and the global economy, the opportunity for employers to pursue better could not be more apparent.

Employers—of all shapes and sizes, in all parts of the world—are acutely aware of the impact even the most minor day-to-day interactions with an employee can have; micro experiences. People's expectations have changed. They expect better from the organisations, companies and brands they invest in. And nowhere is an individual's investment—and their expectation for better—more apparent than the employer they choose to work for.

Now more than ever, employers have an opportunity to deliver a better employee experience. Building a workplace that works better means helping a collection of like-minded individuals succeed by supporting their investment in themselves, their communities and their organisation's success. Give them an experience—no matter where they sit in the world—that prioritises their wellbeing and creates opportunities to come together in a team-based environment to work on a common set of goals. Propel your team's productivity and your organisation's growth and success will follow.

Employee needs are diverse, multifaceted, and extend beyond the workplace. That's why your people's wellbeing is at the center of Gallagher Better Works℠. To help your employees excel in their work means purposefully cultivating the employee experience — with a powerful cultural narrative, inspiring leadership, benefits, HR and compensation programmes that include appealing ways of working, fostering life balance, building confidence and trust and connectivity to community and society-at-large.

Gallagher Better Works℠ is a comprehensive approach to your people strategy that aligns the diverse expectations of your employee base with your overall business goals. Gallagher respects the full spectrum of your employees' needs. Using data-driven insights and strategy, Gallagher Better Works℠ empowers your organisation to competitively recruit, retain and retire the most vital talent through intentional, sustainable investments in your people's physical, emotional, financial and career wellbeing. Create a sense of belonging and purpose for your employees, with a strategy rooted in the wellbeing of your people at the right cost structure—this will ensure your organisational wellbeing can thrive — even in times of uncertainty.

Keep moving toward your better with a holistic approach that puts your employee experience at the center of your organisation's productivity and success.

If you believe that people will be the fuel for your organisational growth, then to discuss your strategy in making this a reality, please, contact your local Gallagher representative or email sayhello@ajg.com.

ENDNOTES

EMPLOYEE HEALTH AND WELLBEING

[1] Gallagher – Nick Burns CEO, How to reimagine the employee experience for a sustainably prosperous future | 8 Influencers of EX, 20 July 2021

[2] NHS, Mental Health Services Monthly Statistics Performance April, Provisional May 2021, 8 July 2021

THE COVID-19 EFFECT ON BENEFITS

[3] Gallagher – Nick Burns CEO, How to reimagine the employee experience or a sustainably prosperous future | 8 Influencers of EX, 20 July 2021

[4] OECD.org – Rob Dellink, The long-term environmental implications of COVID-19, 31 May 2021

PHYSICAL AND EMOTIONAL WELLBEING

[5] Dan Schawbel, How to Engage and Retain Your Employees during Covid, 7 September 2020

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Duncan and Toplis
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EValue Ltd
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Kidney Research UK

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Link Group Limited
Littlefish (UK) Ltd
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logitech Ltd
LoQus23 Therapeutics

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RSM UK

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Create a sense of belonging, purpose and trust with an approach that's rooted in the wellbeing of your people. That's how you keep moving toward your better—ensuring your organisation can thrive—even in times of uncertainty.

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