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Waddingham**
a true partnership approach



Workplace Health and Wealth
Bringing clarity to the complex

Workplace wellbeing index

Employee wellbeing
in review: 2015



About the survey

The workplace wellness index is based on an online survey carried out in June and July 2015. The survey received 84 usable responses from employers across all regions of the UK. Details of the sample are shown below. By sector, the majority of respondents (95%) operate in the private sector, while 4% are in the public sector. A breakdown by size and region is shown below.

RESPONDENTS BY NUMBER OF EMPLOYEES

Size band	Under 100	500 – 999	250 – 499	100 – 249	1,000 - 4,999	Over 5,000
% of employers	32%	13%	12%	14%	25%	4%

Responses: 84

RESPONDENTS BY REGION AND NUMBER OF EMPLOYERS



Responses: 84

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Key findings

This survey conducted among UK organisations during the summer of 2015 found:

- ◆ Most employers consider employee wellbeing to be either very (63%) or moderately (31%) important to their organisation. Only 6% think it is not important.
- ◆ A majority of employers (60%) describe levels of employee wellbeing at their organisation as moderate. More than one quarter describe it as high (27%) and just 1% think that it is very high.
- ◆ At the other end of the spectrum, 10% of employers think that their organisation has low levels of employee wellbeing, with 2% describing employee wellbeing as very low.
- ◆ Fewer than one in three employers (31%) has a wellbeing strategy in place, but 20% are currently developing one and 37% may do so in the future. Only 12% of employers see no need for one.
- ◆ Employers see the biggest barrier to taking action on employee wellbeing as expense (39%), but one in five (20%) have not looked into it enough to identify barriers.
- ◆ The top five benefits offered by survey respondents are flexible working (72%), private medical insurance (PMI) (70%), cycle-to-work schemes (62%), home working (54%) and employee assistance programmes (EAPs) (54%).
- ◆ The top five most effective wellbeing interventions or benefits are perceived to be line manager training, flexible working, counselling or EAPs, PMI and support for employees with caring responsibilities.
- ◆ Despite seeing wellbeing as important, almost one in three employers (32%) do not engage with staff on their wellbeing. Those that do are most likely to use one-to-ones (37%), regular staff surveys (30%), wellbeing workshops (30%) or fairs (30%) or an online wellbeing portal (23%) to do so.
- ◆ The use of wellbeing technology is rare, with 5% of employers offering mobile apps or wearable technology to promote employee wellbeing.
- ◆ The average days lost to employee absence at responding organisations is 4.8 days a year. Slightly more organisations have seen absence increase over the past year than decrease, although for the majority (57%) absence levels have remained constant.
- ◆ Of those employers funding PMI, three-quarters (74%) say that the premium they pay has increased over the past 12 months. Almost one in three (31%) think that the cost of PMI is 'becoming unsustainable' for their organisation.
- ◆ The ageing workforce (31%), changing demographics (17%), medical costs (17%) and lack of funding for the NHS (16%) are considered to be the main challenges for employee health and wellbeing over the next five years.

63%

of employers think wellbeing is very important



60%

of employers describe levels of employee wellbeing as moderate

FEWER THAN 1/3

of employers have a wellbeing strategy in place

ONLY 1/5

of employers have looked into employee wellbeing enough to identify barriers

The importance of employee wellbeing

94% of employers see wellbeing as being important to their organisations.

There is now a strong, robust business case for investing in employee health and wellbeing, with studies linking investment in health and wellbeing not just to lower absence costs but to high productivity and performance. Yet many employers are wary of getting involved in areas that they consider to be primarily influenced by non-work factors and see risks in the expense that this might involve. As the Confederation of British Industry (CBI) notes, 'In the past, organisations have approached health and wellbeing with caution'.¹

The majority of employers consider employee wellbeing to be either very (63%) or moderately (31%) important to their organisation. This will partly be a reflection of the fact that these employers have chosen to participate in this survey, but the fact that a comfortable majority of employers consider wellbeing to be very important is promising for the future. Only 6% think that it is unimportant, including only two employers who consider it 'not important at all'.

¹CBI, Getting better: Workplace health as a business issue, May 2014.

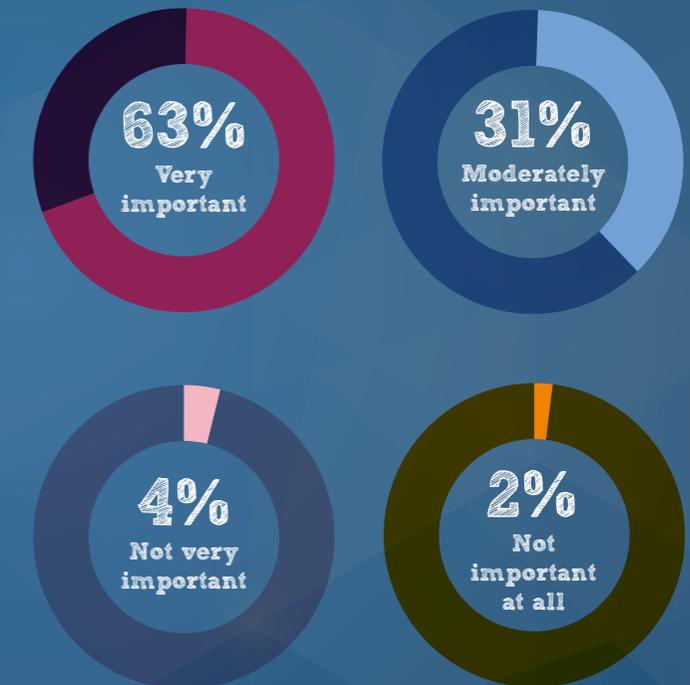


In the past, organisations have approached health and wellbeing with caution.

Confederation of British Industry (CBI)



PERCEIVED IMPORTANCE OF EMPLOYEE WELLBEING



(Respondents: 84)

Levels of employee wellbeing

Only a tiny proportion (1%) of employers feel confident enough to state that levels of wellbeing at their organisation are 'very high'.

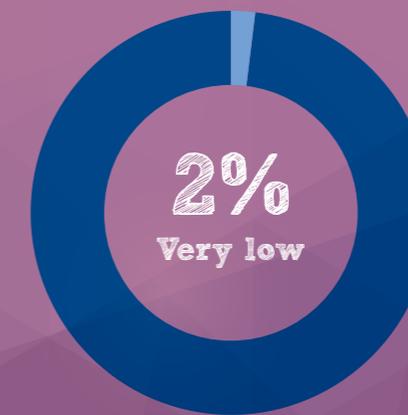
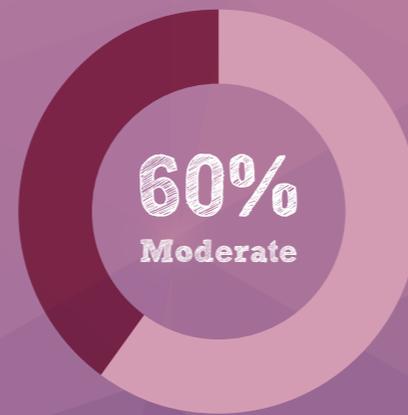
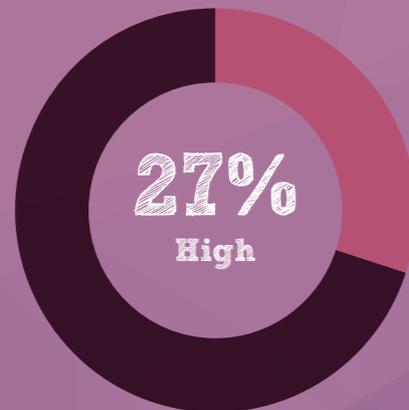
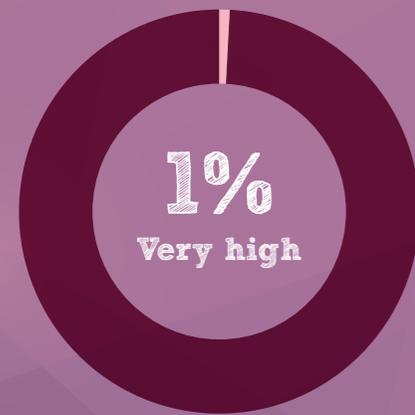
However, more than one in four (27%) choose the word 'high' to describe their organisation's employee wellbeing. The majority of respondents think that it is moderate (60%), although around one in ten think that it is low (10%) or very low (2%).

Interestingly, when respondents were analysed by employee numbers there were no significant variations, finding no link between organisational size and perceived employee wellbeing.



“Interestingly, when respondents were analysed by employee numbers there were no significant variations, finding no link between organisational size and perceived employee wellbeing.”

EMPLOYEE WELLBEING LEVELS



(Respondents: 84)

Use of wellbeing strategies

Well over half of respondents are working on, planning or considering a wellbeing strategy.

Articulating a strategy enables an organisation to look at its particular business case for employee wellbeing, based around its specific objectives and desired workplace culture. Without understanding this business case it is very difficult to identify which actions and approaches are likely to be appropriate or effective. But employers need to be clear what they mean by wellbeing (and what their employees understand by it) if a strategy is to have a tangible impact on organisational performance.

Our survey suggests that most employers recognise the importance of employee wellbeing and would like to take a more proactive and strategic approach, but so far only a minority have a strategy in place. Fewer than one in three (31%) respondents say that their organisation has a wellbeing strategy.



10% plan to build a wellbeing strategy but have yet to start

(Respondents: 84)

31% currently have a wellbeing strategy

27% may build a wellbeing strategy in the future, but no plans are in place yet

20% are currently developing a wellbeing strategy

12% have no intention of building a wellbeing strategy in the foreseeable future

A large proportion of employers have wellbeing on their agenda, however. A majority (57%) of respondents are either working on a strategy, planning to do so or considering doing so in the future. Only a small minority (12%) has no intention of putting one together.

Large firms are far more likely to have a wellbeing strategy in place than smaller ones. While 46% of organisations with more than 1,000 employees use one, 29% of medium-sized organisations and 23% of small firms (those with fewer than 250 employees) do too.

Barriers to wellbeing

Business leaders are beginning to see wellbeing as vital, but time and costs are barriers.

Many effective interventions in the area of employee wellbeing, such as better line management or employee engagement, do not necessarily come with any cost attached. But the expense of benefits such as private health insurance has given wellbeing a reputation for being costly, our survey suggests 'Too expensive' was the reason most commonly selected by employers (39%) when asked what the biggest single barrier to employee wellbeing was.

Expense was seen as a much greater obstacle to taking action on wellbeing than complexity (11%) or a perceived lack of expertise in this area (13%). One in five employers (20%) had simply not looked into it.



Analysis of further comments from employers on barriers to wellbeing finds that a lack of time and resources is seen as a barrier by many, but other factors that put organisations off taking action include a crucial lack of recognition by senior management of its importance, or the fact that wellbeing is seen as difficult to objectively measure. One organisation operating on

a global basis makes the point that wellbeing means 'very different things' in each of the countries where it operates. 'Meeting different needs' was seen as a barrier by a further respondent, while another felt that difficulty in engaging employees on this issue presents an obstacle.

THE BIGGEST BARRIERS TO EMPLOYEE WELLBEING



(Respondents: 84)

“Analysis of further comments from employers on barriers to wellbeing finds that a lack of time and resources is seen as a barrier by many.”

Wellbeing benefits offered to staff

Top wellbeing benefits include flexible working and PMI, however financial wellbeing is starting to appear too.

Employers offer a wide range of benefits shown to enhance employee wellbeing. Some (such as counselling or medical insurance) explicitly support the physical or mental health of staff. Others, such as flexible working or the option of working from home, are not generally considered to be health-related benefits but can have a highly significant impact on employee health and wellbeing.

Given the impact that financial worries can have on employee wellbeing, some employers also mentioned pensions, employee loans or life assurance in this context, including one organisation that offers staff a personal finance wellbeing programme.

The top five benefits offered by survey respondents were flexible working, PMI, cycle-to-work schemes, home working and EAPs. Half of employers offered counselling services and carer support.

Interventions to help employees keep physically healthy included gym membership (offered by 39% of employers), healthy food in the office (32%) and seminars on personal health and wellbeing issues. While almost half of employers (46%) offer occupational health support, it is more unusual to have a GP or other medical professional onsite (17%).



BENEFITS OFFERED TO STAFF (% OF EMPLOYERS OFFERING EACH)

72% Flexible working	37% Health assessments
70% Private medical insurance	35% Dental insurance
62% Cycle-to-work	34% Healthcare cash plans
54% Home working	32% Healthy food in the office
54% Employee Assistance Programme	29% Flu jabs
50% Counselling support	28% Seminars (work/life balance, nutrition, smoking cessation etc.)
50% Carer support	22% Critical illness insurance
46% Occupational health	17% Onsite GP/other medical professional
40% Group income protection	15% Others
39% Gym membership	10% Onsite massages

Which wellbeing benefits work?

Line managers are the most important influencers on wellbeing, ahead of all other strategies.

Which of the aforementioned benefits do employers think are making a difference to employee wellbeing at their organisation? To find out, respondents were asked to rank wellbeing interventions and benefits in terms of how likely they thought they were to have a real impact on the wellbeing of their staff, by giving them a score from 1 (most important) to 18 (least important).

The findings are presented in two ways. The blue panel shows the relative perceived effectiveness of all 18 interventions when all the scores given to each are ranked in order. Page 19 just shows those interventions which employers were most likely to give their very highest score (1).

On either measure, our analysis suggests that training for line managers which equips them to support employee wellness, followed by flexible working options, are the top two most effective ways for employers to help their staff keep well.

Of the more traditionally health-related options, counselling or EAPs are rated highly by employers, (as is PMI), although few employees provide the latter benefit to their entire workforce (for more on PMI, see page 25). Carer support, health assessments, wellbeing seminars, occupational health support and healthy food at work also appear in the top half of the list. However, employers do not consider that critical illness insurance, flu jabs or onsite massages are as effective, according to this analysis.

Usage versus perceived effectiveness

Are employers using those benefits that they rate as most effective? Generally, benefits that are considered to be effective, such as flexible working and PMI, are those that are most likely to be provided by employers.

Two exceptions are health assessments and seminars on health and wellbeing issues, which are both rated highly in terms of effectiveness, but provided by relatively smaller proportions of employers (37% of employers provide health assessments and 28% arrange wellbeing seminars). These interventions may be worth a look for those employers not already offering them.

In contrast, cycle-to-work schemes do not get rated particularly highly in terms of effectiveness (rated 11th out of 18 benefits) but have a high level of use. They may have a big impact for a very high number of staff, however, illustrating the challenges in identifying overall effectiveness in this way.

For employers just starting to look at their role in supporting their employee's wellbeing, these should be encouraging findings because they suggest that effective interventions are more about the basics (effective line management and working time flexibility or autonomy) than specific, sometimes costly health benefits, although PMI and counselling are clearly rated highly by many.

OVERALL EFFECTIVENESS RATING

- 1 Line manager training
- 2 Flexible working and/or homeworking
- 3 Counselling support or employee assistance programme (EAP)
- 4 Private medical insurance (PMI)
- 5 Carer support (leave, childcare vouchers, elder care)
- 6 Health assessments
- 7 Seminars (work/life balance, nutrition, smoking cessation etc.)
- 8 Occupational health
- 9 Healthy food in the office
- 10 Gym membership
- 11 Cycle-to-work
- 12 Healthcare cash plans
- 13 Onsite GP or other medical professional
- 14 Group income protection
- 15 Dental insurance
- 16 Critical illness insurance
- 17 Flu jabs
- 18 Onsite massages



Respondents were asked to rank interventions in terms of effectiveness, where 1 was the highest effectiveness and 18 the lowest. These overall scores were then reversed to produce the ranking above. There were 62 responses to this question.

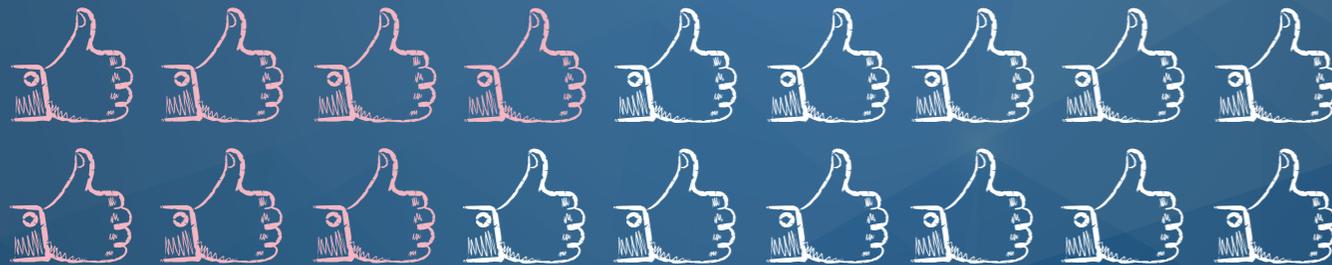
Top-rated interventions

When those interventions that were rated number one in terms of effectiveness are pulled out, this strongly reinforces the message that training for line managers makes the most difference in supporting employee wellbeing. Almost one in three employers (31%) thought that this was the single most effective intervention, coming far ahead of any other benefit or HR practice.

Some way behind this, the option of flexible working or other non-standard working patterns such as homeworking came a joint second, alongside PMI, as effective interventions. While counselling, health assessments, carer support, seminars and healthy food in the office were also seen as the most important intervention by some employers, most of the other options on the list were only selected by one or two.

The message is clear: while a variety of interventions can play an important role in supporting employee wellbeing, line manager training and awareness is seen as the most effective one.

This reinforces the advice given in Acas's guidance on wellbeing at work, which identifies six indicators of a healthy workplace. The first one is that 'Line managers are confident and trained in people skills'. Whether training for line managers is about issues directly related to wellbeing or designed to increase their confidence as people managers more generally, it can significantly help line managers feel better equipped to be able to manage issues such as absence, mental health or tackle damaging negative workplace relationships, for example.



INTERVENTIONS RATED AS THE MOST LIKELY TO IMPROVE WELLBEING

31%

Rate line manager training as their top intervention



13%

Rate flexible working, homeworking and PMI as their top intervention

8%

Rate counselling support or EAP as their top intervention

7%

Rate health assessments as their top intervention

5%

Rate carer support (leave, childcare vouchers, elder care), seminars (such as work/life balance, nutrition, smoking cessation etc.) and healthy food in the office as their top intervention

3%

Rate occupational health as their top intervention

2%

Rate cycle-to-work, healthcare cash plans, group income protection, dental insurance, critical illness insurance, flu jabs and onsite massages as their top intervention

0%

Rate gym membership and onsite GP or other medical professional as their top intervention

Respondents: 62

Communication and engagement

In the future, employees will need to take more responsibility for themselves, so communication is key.

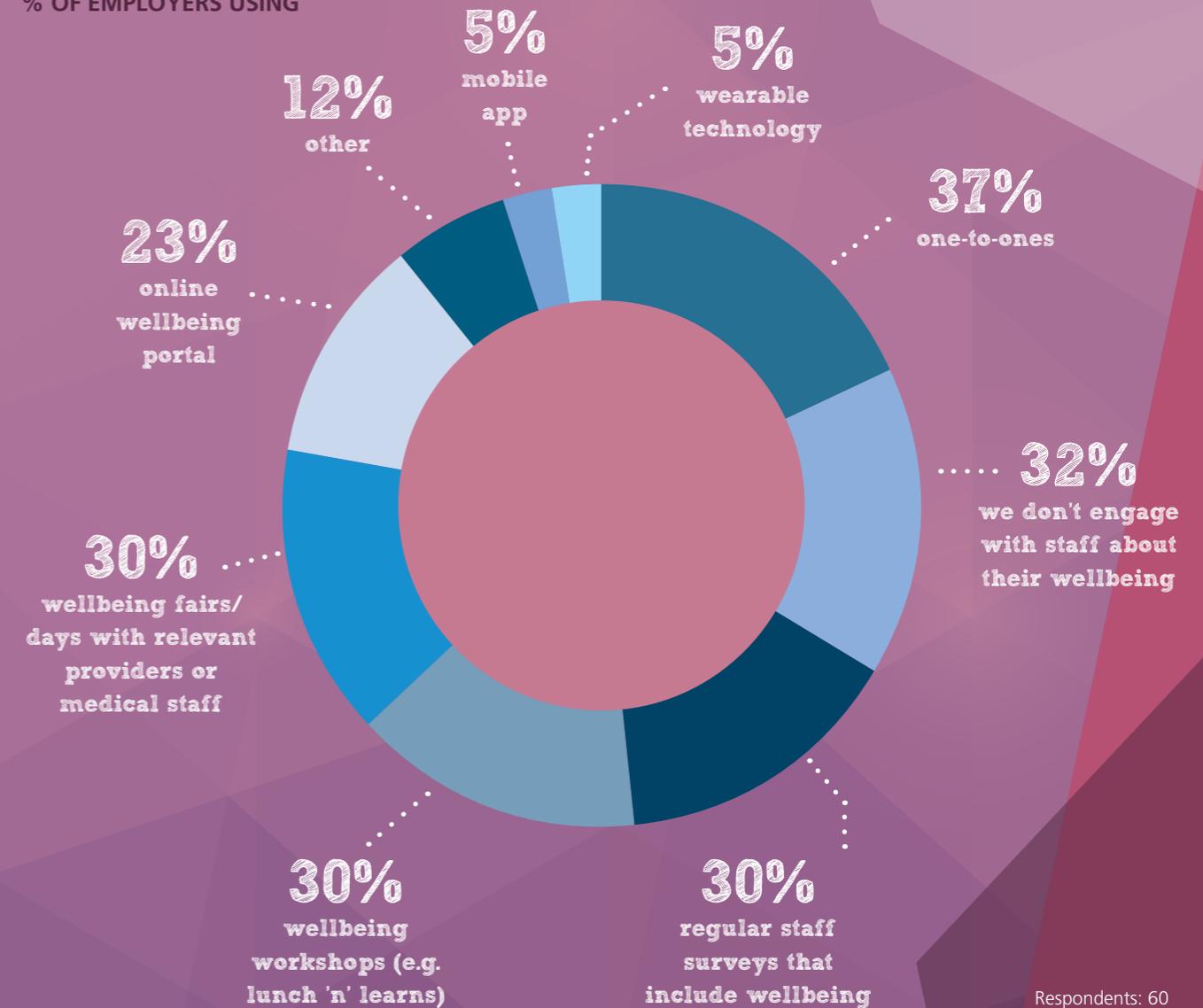
Perhaps more than with any other area of people management, promoting employee wellbeing is about communicating effectively and honestly. Ultimately the most effective way of finding out how employees are feeling is to speak to them, although different individuals will have different communication preferences. In addition, an organisation that promotes dialogue and listens to employees in a meaningful way is likely to promote their wellbeing by doing so.

One-to-one chats or catch-ups are the most common way of keeping in touch with how employees are doing, used by 37% of employers to engage on wellbeing. However, almost one in three employers (32%) say that they do not engage with staff about their wellbeing at all. There is good reason to be careful about encouraging line managers, for example, to ask employees about their personal wellbeing, without sufficient training or guidance.

Yet most employers in the survey are more proactive in talking about or otherwise engaging staff in this area, by running regular staff surveys that cover wellbeing (30%), holding workshops (30%) or providing an online portal (23%). It will be interesting to see the extent to which the use of mobile apps and wearable technology (currently both used by 5% of employers in our survey) takes off over the next few years.

“Almost one in three employers (32%) say that they do not engage with staff about their wellbeing at all.”

METHODS OF ENGAGEMENT:
% OF EMPLOYERS USING



Respondents: 60

Impact on absence

Absence has remained largely static for the vast majority of respondents.

Promoting employee wellbeing goes far beyond measuring and tackling absence. Nevertheless, one of the most tangible benefits of an effective wellbeing programme or strategy should be a low, or lower, level of employee absence. The vast majority (90%) of employers in our survey record staff absence levels, although six of the 59 employers answering this question did not. Of these six, four plan to address this, although two have no plans to do so.

Of the 46 organisations able to tell us the average amount of days lost to absence per employee over the past 12 months, the average was 4.8 days, slightly lower than the findings of the most recent CBI absence survey (5.3 days)², the 2014 XpertHR absence survey (six days)³ or the annual CIPD absence report (6.6 days)⁴.

Interestingly, the absence levels of those employers with a wellbeing strategy in place was slightly lower, at an average of 4.4 days a year, compared with five days for those without one, although the small sample means that these figures should be treated with caution.

Asked whether their organisation had seen an increase in absence over the past 12 months, the majority (57%) had not. Around one in four (26%) had seen absence levels increase, while fewer than one in five (17%) had seen it go down.

ABSENCE TRENDS



Respondents: 47

“...one of the most tangible benefits of an effective wellbeing programme or strategy should be a low, or lower, level of employee absence.”

² CBI, Fit for purpose: Absence and workplace health survey, 2013 (figures refer to 2012).

³ Absence rates and costs: 2014 XpertHR survey, May 2014 (figures refer to 2013).

⁴ CIPD, Absence management report: Annual survey, 2014.

Reasons for absence

Of the 39 organisations providing information on the main causes of employee absence at their organisation, the vast majority (34 employers) said that minor illnesses (such as colds, flu or stomach upsets) were the most common reason. The majority of employers

put musculoskeletal conditions such as back pain as the second most common cause, with a smaller group selecting psychological conditions such as depression in second place.



(Respondents: 84)

Private medical insurance

The increasing cost of PMI is a growing concern among respondents.

With more than two-thirds (69.5%) of employers in our survey offering some form of PMI, there is no sign that this costly benefit is on the way out just yet, despite predictions of its demise. Yet as we explain below, employers are not very optimistic about the capacity of insurers to innovate to reduce costs over the coming years and many think that the number of employers using PMI will fall over the coming five years.

Of the 35 employers that fund PMI as an employee benefit, around half provided cover for all employees. The remainder providing it only for some staff groups, such as managers. Overall, the most common approach is to provide cover for only some staff groups, but to extend this cover to eligible employees' dependents and/or spouse. Where cover is provided for all employees, this is less likely to cover dependents and/or spouses, although some employers noted that staff can pay extra to cover their families.

From a small group of 25 employers who were able to give information on the main types of claim, the majority stated that the main area of claims was musculoskeletal conditions, such as back pain, while just under one third thought that cancer was the main cause of PMI claims.

Paying for PMI

The main disadvantage usually cited by employers about PMI is the cost of rising premiums. This upward pressure is reflected in our survey. Three-quarters (74.4%) of employers reported that the PMI premium paid by their organisation has increased over the past 12 months.

Increases have most commonly been lower than 10% (as stated by 40% of employers), but more than one in five (23%) had seen premiums go up by 10% to 20% and a few had seen costs go up by even more. Some of these increases may, of course, reflect increases in employee numbers rather than cost-per-head, but nevertheless represent an increased cost for the employer. A smaller proportion had seen costs stay the same (11%) or decrease (11%).

Change in PMI premium over the past 12 months



Most employers feel that their organisation is able to sustain these costs, but for a significant minority this is becoming difficult. Almost one in three (31.4%) employers agree that the cost of PMI is 'becoming unsustainable' for their organisation.

DOES YOUR ORGANISATION PLAN TO ADDRESS YOUR PMI SPEND IN THE NEXT YEAR?



Respondents: 35

The future of PMI

It is difficult to predict the future, but we asked employers to signal their agreement or disagreement with a series of statements about the evolution of the PMI market over the next five years. The statements that had the highest level of agreement were that 'premiums will continue to rise' (54% of employers agreed) and that 'more employers will cease to offer PMI' (46%).

Employers did not show much confidence in the capacity of PMI insurers to innovate over the coming five years to combat increasing costs: fewer than one in three employers (30%) believe that they will do so. Likewise, only 18% think that reductions in PMI benefit design will continue to reduce costs. The message seems to be that employers expect costs to continue growing but many will stay with PMI as a benefit, presumably because of its popularity as a benefit and the difficulty of withdrawing it.

EMPLOYER PREDICTIONS ON HOW THE PMI MARKET WILL EVOLVE (% OF EMPLOYERS WHO AGREE)



Respondents: 50

Future of employee wellbeing

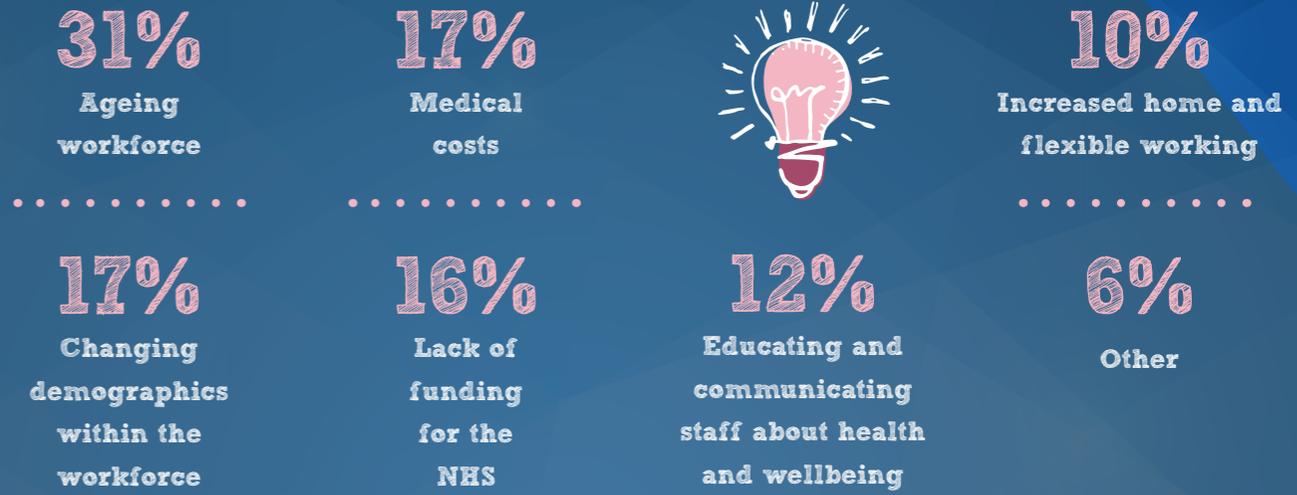
Respondents expect the ageing of the workforce to be the biggest shaper of wellbeing in the future.

An ageing workforce, with the complex challenges it brings, was identified by almost one in three employers (31%) as the greatest challenge for the next five years. The wider questions of changing demographics within the workforce (17%) and rising medical costs (17%) are also seen as important, alongside reduced funding for the NHS (16%). All of these factors are interrelated in their impact on employee health and wellbeing. As one respondent suggested, 'medical costs, NHS and social care policy and ageing in combination' will be central to the challenges facing workplace health over the coming five years.

Around 1 in 10 employers thought that either employee awareness about health and wellbeing (12%) or increasing home and flexible working (10%) was the most important challenge for the coming few years. However, no respondents identified changing technology, the decline of PMI or tax and benefit changes as the single most important challenge.



KEY CHALLENGES IN WORKPLACE HEALTH AND WELLBEING OVER THE NEXT FIVE YEARS



Respondents: 49

“Health and wellbeing will become more of a focus for organisations, as they begin to realise the impact that not providing support to their employees is detrimental. Issues such as stress and depression are becoming more recognised now. In the past they were seen by employers as an excuse used by employees, but I think that this attitude will gradually change over time.”

Survey respondent

We asked employers to comment generally on the outlook for corporate employee wellbeing over the next five years. One dominant message was that wellbeing is not considered by many to be an urgent current priority, but this is likely to change. 'There will be increasing pressure on employers to act,' said one respondent. Another thought that while leading organisations do, or will, recognise that wellbeing is a key business imperative in the war for talent, many others are likely to take a more compliance-based approach. One employer predicts that organisations will increasingly start to see the detrimental impact of not providing sufficient support for employee wellbeing, also noting that issues such as stress and depression are now treated more seriously than in the past.



There will be increasing pressure on employees to act.

Survey respondent



Other observations included:

- ◆ The unpredictability of future needs, particularly given the difficulties in knowing what the costs will be. As one respondent commented 'The type of wellbeing benefits available right now may not be relevant due to [an] ageing workforce and [the] increase in healthcare cost'.
- ◆ The need for employees to assume responsibility for health and wellbeing issues at work as well as the employer. One described wellbeing as 'an important area, but there must be some will for people to help themselves'.
- ◆ The growing importance of mental health and emotional wellbeing at work. One employer referred to the current 'tyranny of stress and anxiety' in many workplaces, describing much of the UK's workforce as 'emotionally over-stretched'.

Over the medium and long-term outlook, it is likely that the growing impact of demographic change on the workplace (as well as continuing business change with the accompanying need to support employee resilience and mental health) will make it more difficult for employers not to face up to the importance of wellbeing in the workplace. We hope that this index will play a part in the monitoring and understanding of how employers respond to these changes over the next few years.



Wellbeing is climbing the ladder of importance on most companies agendas and the benefits of high wellbeing are starting to be acknowledged, but we have a long way to go. This inaugural wellbeing index report is designed to shed light on what companies are up to in relation to wellbeing and what barriers exist as well as looking what absence trends are common place and how companies plan to deal with the increasing costs in private medical provision.

Carl Chapman
Head of Workplace Health





Workplace Health and Wealth

Bringing clarity to the complex

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