



Working Lives Report 2017

A research report into employer and employee attitudes to workplace pensions, savings and benefits

Retirement
Investments
Insurance
Health



Welcome to Aviva's Working Lives Report 2017

Key findings: The Workplace of Tomorrow

- Optimism rises among private sector employers as three quarters (75%) are confident about their current financial situation
- Employee confidence in their own personal situation (44%) is also up by three percentage points on 2016
- Two thirds (66%) of businesses are concerned employees can't afford to retire, as 73% feel some responsibility in helping staff to save for retirement
- But over half (54%) do not think the planned increase in auto-enrolment contributions in 2018/19 will have much impact on their business
- More than two in five employees (43%) believe their employer prioritises results over their health and wellbeing
- Only half of employers (54%) say they have a clear understanding of how much employee absence costs them
- Two in three (65%) businesses think the workforce will work more flexibly in five years' time
- A third of employers (34%) do not offer flexible working, but 14% vow to look at introducing it next year
- More than one in five (21%) of the workforce dare not ask for flexible working even though it is within their legal rights
- Almost two in three (64%) employees are more likely to stay with an employer who offers flexible working



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Employees' priorities are evolving, and businesses who want to stay ahead are realising offering the right benefits in terms of health or flexible working can have a major impact on business performance."

Foreword

The workplace is on the cusp of significant change. Innovation in how we work is progressing and the working environment of tomorrow will look markedly different from today. The workplace is also set to become increasingly diverse as people work longer before retirement.

Employees' priorities are evolving, and businesses who want to stay ahead are realising offering the right benefits in terms of health or flexible working can have a major impact on business performance.

Yet the backdrop to which businesses start to manage this evolution comes at a time of unprecedented demographic change and heightened uncertainty. The UK's ageing population means people are living longer, in turn are spending more time in the work place, and consequently require increased savings for their retirement, putting added pressure on employees and employers to achieve this. Moreover, as formal Brexit proceedings begin, there is uncertainty among businesses and their staff as to what this process might mean for them.

Against this backdrop of considerable change, the fourth edition of Working Lives takes a holistic look at life in the 2017 private sector workplace. Our analysis of 500 employers and 2,000 employees provides a barometer on overall confidence in the workplace, along with their views on workplace savings, health at work and flexible working.

Despite a period of heightened uncertainty there is a sense of optimism as confidence levels among businesses and employees are higher than this time last year. Our report also shows that businesses are maintaining a strong focus on the factors that will lead to their success – staying ahead of the competition and innovating remains their top concern.

As for workplace savings, there are challenges for businesses as they deal with the cost of auto-enrolment but for the most part they are ready to meet the responsibility of managing increases in workplace pension contributions in the coming years. Importantly, the majority of employees expect to continue contributing but people are also divided as to how much they need to save for a comfortable retirement. The concern remains that many do not appreciate the amount they will have to save.

Health in the workplace receives considerable media attention, yet many employees think their employer puts business results ahead of their health. Worryingly, the majority also admit to having gone to work when they were ill and report alarming levels of stress in the workplace. However businesses that invest in the health and wellbeing of their employees report increased productivity and morale as a result.

Although the law allows an employee to request flexible working, worryingly over one in five people are too fearful to ever speak to their boss about it. This comes despite the majority of employers believing flexible working will become the norm in the next five years, with a sense also among employees that the option to do so would keep them in their job longer.

The hard business benefits of keeping employees happy through initiatives such as flexible working are undeniable. Yet achieving this can be a challenge – especially when faced with economic and demographic headwinds. The businesses that embrace this and meet the needs of employees will be ones that reap the rewards.

Andy Briggs
CEO, Aviva UK Insurance

Confidence in the Workplace

Key findings

- Optimism rises among private sector employers as three quarters (75%) are confident about their current financial situation, up from 68% in 2013
- Employee confidence in their own personal situation (44%) is also up by three percentage points on 2016, whilst confidence in the economy (30%) is up by four percentage points
- Meanwhile, employers' confidence levels in the UK economy (52%) has seen a rise of twelve percentage points compared to last year
- Keeping ahead of the competition and innovating is the biggest concern for employers, cited as a challenge by two in five (39%) businesses

Despite a heightened period of economic and political uncertainty in the last 12 months, private sector businesses are upbeat about their prospects. Three in four (75%) employers are confident in their current financial situation, edging higher by one percentage point compared with 74% in Q1 2016 and up from 68% at the same time of year in 2013.

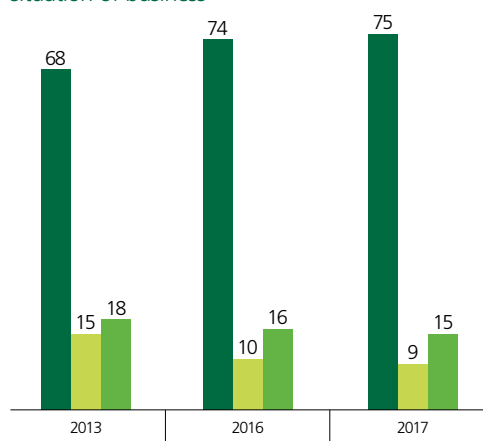
Such optimism may be being driven by the increased faith businesses have in the economy more broadly. Although the UK economy could face headwinds as it begins formal Brexit negotiations this year, over half (52%) of employers are confident about the economic outlook – up 12 percentage points since Q1 2016 when just 40% were confident.

However, this confidence isn't equal across all employers. Four in five (81%) of larger businesses (with 250+ employees) indicate confidence in their current financial situation versus only 64% of small businesses (0-49 employees). Equally, large businesses (56%) are more likely to be confident in the state of the economy when compared to small businesses (49%).

Employers' confidence in their business and economy

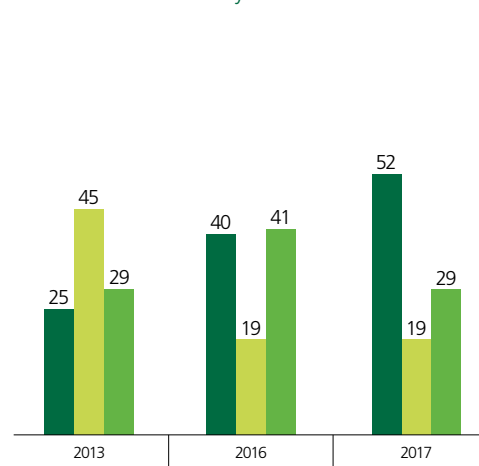
%

Confidence in current financial situation of business



● Confident ● Not confident ● Neither confident or not confident

Confidence in economy



Employee confidence up but lagging behind by employer outlook

Private sector employees' confidence in their own financial situation has risen by three percentage points to 44% in Q1 2017. Such an increase could also reflect a broader jump in confidence about the economy: almost a third (30%) of employees have confidence in the UK's economic outlook, up from 26% in 2016.

That said, there has been a slight jump in the number of employees (26%) not confident about their own financial situation, up two percentage points from 24% last year. Also, a third (34%) of private sector employees are still not confident about the economy, although this has decreased by two percentage points from 36% in 2016.

Strain on employee wellbeing

Employees' happiness with the amount of time they spend working has fallen slightly when compared to the same time last year (62% vs 65% in 2016). Additionally, Aviva's findings highlight a drop across a number of other key barometers connected to employee wellbeing.

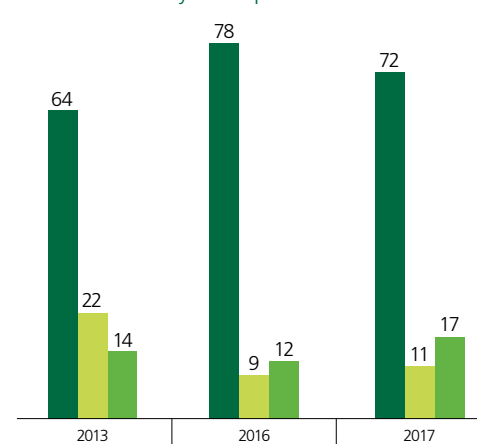
For example, the number of employees who think they work in a friendly atmosphere is down six percentage points from 78% to 72% in the past year, while the proportion of those who derive personal satisfaction from work has dropped from 67% to 64%.

While each finding in itself should not be a major concern for businesses, when taken together they represent a moderate shift in the past year in terms of the employee mind-set and should be monitored closely by employers for any further changes in the future.

Workplace wellbeing

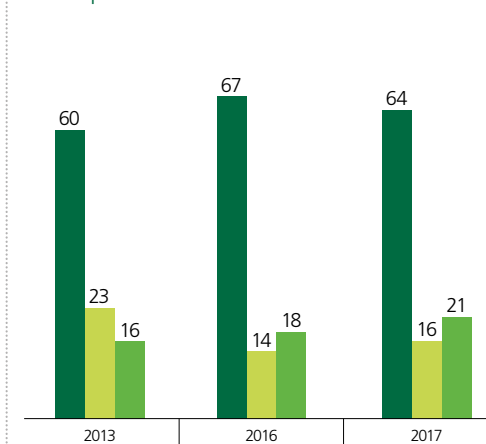
%

Work in a friendly atmosphere



● Agree ● Disagree ● Neither agree nor disagree

Derive personal satisfaction from work



Staying ahead of competition remains the top concern for businesses

Keeping ahead of the competition and innovating is a significant worry, for almost two in five businesses (39%), although this has dropped by 8 percentage points when compared to a year ago (47%). Nonetheless, this challenge is the biggest concern for medium sized employers (50-249), cited by more than two in five (41%).

The potential impact of Brexit has emerged as a new issue following the referendum last year. Almost a third of businesses (32%) cite fears over what Brexit will mean for their business in the coming months and years. Interestingly, smaller firms seem less concerned with just a quarter (26%) worried about it, compared to 41% of large businesses. A tenth (10%) of employees are also in the frame of mind that Brexit could provide new opportunities at work.

All employers' top five concerns in 2017 versus previous years

	2013	2016	2017
Keeping ahead of the competition / innovating	42	47	39
Adopting more efficient systems / processes / technology	24	30	22
Keeping up with new legislation, e.g. pension changes	14	25	21
Uncertainty about the business's ability to survive in the economic downturn	29	16	13
Cutting jobs	12	8	11

All employers' top five concerns in 2017 split by business size

	Small (0-49)	Medium (50-249)	Large (250+)
Keeping ahead of the competition / innovating	36	41	38
Brexit	26	27	41
Adopting more efficient systems / processes / technology	9	27	23
Keeping up with new legislation, e.g. pension changes	25	22	17
Uncertainty about the business's ability to survive in the economic downturn	17	12	11





"The increasing levels of confidence among both businesses and employees is welcome, meaning that the workplace will be better able to manage any future uncertainty from a position of strength. However the fears that exist are a clear reminder of the challenges that lie ahead and it is vital employers understand the concerns of their employees. This should be part of a broader dialogue that ensures employers are able to monitor the wellbeing of their staff as the workplace continues to evolve.

While Brexit ranks high in the list of what concerns business, it is also encouraging that it is not their number one worry. With UK companies still most preoccupied with innovating and staying ahead, it is clear employers are not being distracted from their priorities."

Andy Briggs

CEO, Aviva UK Insurance



Workplace Savings

Key findings

- Two thirds (66%) of businesses are concerned that employees can't afford to retire, as 73% feel some responsibility in helping staff to save for retirement
- Over half (54%) do not think the planned increases in auto-enrolment contributions in 2018/19 will have much impact on their business
- Almost a third (31%) of employees trust themselves the most when it comes to planning long-term savings
- Two in five (40%) employees believe auto-enrolment contributions will provide them with enough to live on in retirement

It is hard to argue against auto-enrolment (AE) being described as a success. More than seven million people are now saving for their retirement because of the workplace pension legislation, and thousands more will join them this year¹. In fact, 2017 is the biggest year so far for AE with well in excess of 500,000 businesses going through the process.² When complete, all employers in the UK will provide a workplace pension.

April 2018 will bring the next big challenge to AE – contribution increases. Currently, the legal minimum that must be paid into an employee's workplace pension is a total of 2% of qualifying earnings, typically with 1% coming from the employee and 1% from the employer. Next year that will rise to a total of 5% – typically 2% from the employer and 3% from the employee.

The good news here is that more than half of businesses in the UK feel ready with 54% of employers saying the increases will not have any impact on them.

This includes 29% who are already contributing more than the forthcoming increases, and a quarter (25%) who believe it won't have any major effect.

Some companies feel the planned increases could impact employee pay rises (20%), but only one in ten businesses (9%) say the increases could mean they have to cut staff numbers. However, with 12 months still to plan for the additional cost, it remains to be seen just how deeply felt the increase in employer pension contributions will be.

How employers think the planned auto-enrolment increases will impact their business %

	All employers
I am already contributing more than that so it won't have any impact	29
It won't have any major impact	25
It will impact on employee pay increases	20
I will have to cut costs elsewhere in the business	17
I will have to reduce the number of employees I have	9
I don't know what impact it will have	9
I will have to pass the increases on to customers	7
I didn't know contribution rates are increasing	2

Only 4% of employees plan to leave their pension scheme once higher contributions come into force.

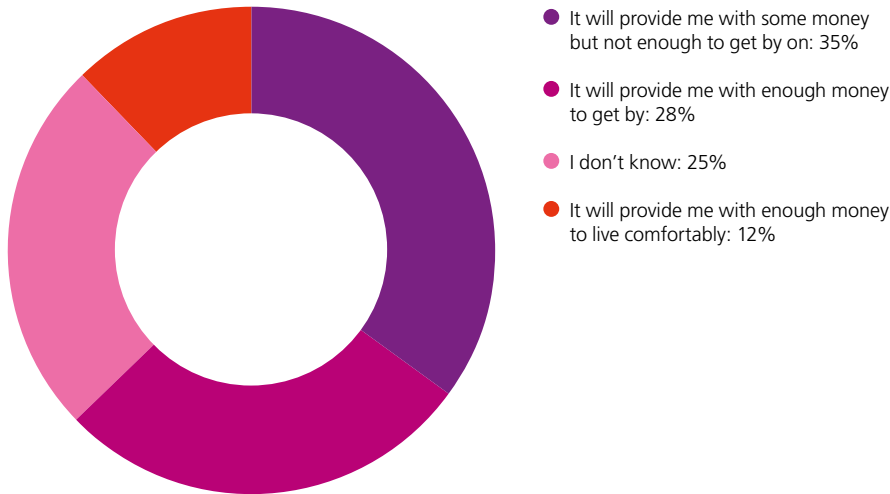
So what do employees make of the higher contributions they will be asked to pay from April 2018? Encouragingly, half (50%) of employees will continue to pay into the scheme and accept the higher contributions required. Even more encouragingly only 4% say they will definitely leave their pension scheme when the changes come into force, while 12% will consider leaving.

¹ The Pensions Regulator, Declaration of Compliance Report, July 2012 - end March 2017

² The Pensions Regulator, Employer Staging Forecast

Two in five employees think auto-enrolment contributions will be enough for their retirement

%



That being said, when asked if there is anything else they need to do to prepare financially for retirement, more than a quarter (28%) say they will need to make sure they receive the full state pension to top up their auto-enrolment savings. One in four (24%) say they will have to increase the amount they pay into their pension, while over one fifth (22%) will look at investing in other assets, such as property.

³ Pensions Policy Institute, The Future Book: unravelling workplace pensions, 2016 edition

⁴ Aviva's Auto Enrolment Pre Review, November 2016

⁵ ONS – Annual Survey of Hours and Earnings and Earnings Pension Tables: 2015 Provisional and 2014 Revised Results

Two in five employees believe auto-enrolment contributions will be enough for retirement

From April 2019, total minimum pension contributions under auto-enrolment will reach 8%. It is generally accepted that this level of pension saving alone is not enough to guarantee a comfortable retirement. Research from the Pensions Policy Institute found that a median earner contributing 8% of band earnings into a pension scheme every year from age 22 until State Pension age would only have a 50% chance of achieving the same standard of living in retirement that they experienced in working life (using private and State Pension income).³ Given the need to help ensure people are able to be as well prepared for retirement as possible, Aviva has called for minimum contributions to rise to 12.5% by 2028 to move people towards an adequate income in retirement.⁴

However, two in five (40%) employees are of the view they can live in retirement with money saved through auto-enrolment – with 12% thinking it will provide a comfortable retirement and the remainder enough to get by on (28%). Under current plans for minimum contribution levels, both these scenarios are unlikely and this highlights the need for increased contributions.

Tellingly, a quarter (25%) of employees, equivalent to 6.6m private sector employees, do not know what their auto-enrolment pension contributions will provide once they are retired, illustrating a widespread lack of engagement with pension planning.⁵

The auto-enrolment challenges

Despite the success of AE in getting millions of people saving for retirement, businesses are reporting challenges with implementing workplace pensions. Unsurprisingly, managing the cost is the most common challenge, ranked first by a quarter of employers in terms of difficulty.

However, there is evidence that the reality of AE is not as challenging as the perception. One in five (20%) businesses who do not yet have a pension scheme believe running the scheme will be difficult. But that figure reduces to less than 1 in 8 (13%) amongst companies that now have a pension in place.

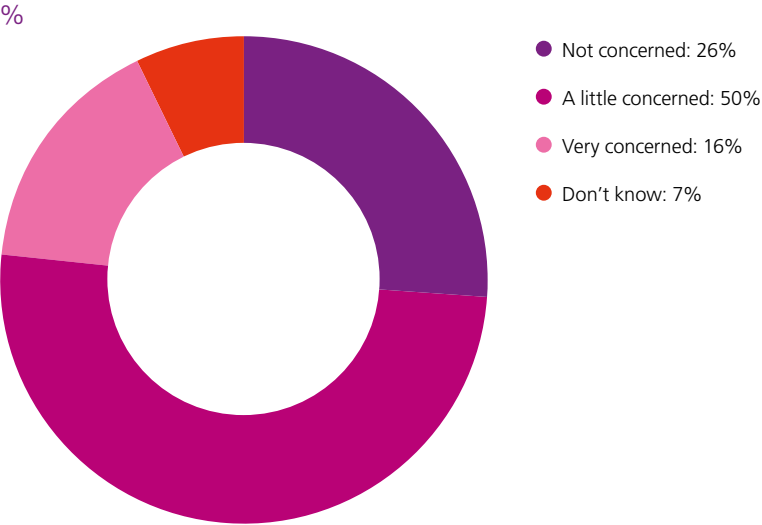
The most difficult aspects of automatic enrolment ranked first by employers %			
	Employers	Employers who have a pension scheme	Employers who do not have a pension scheme
Managing the cost	24	23	23
Running the pension scheme	16	13	20
The communication of automatic enrolment to my employees	11	12	8
Complying with the auto-enrolment regulations	10	10	10
Implementing a new pension scheme	10	11	7
Updating an existing scheme	10	10	12
Ensuring employees appreciate our employer contribution	10	11	4
Encouraging senior decision makers to engage and make the best possible choice for your employees	6	7	3

Cost concerns are also the greatest barrier cited by employers when it comes to contributing more to their employees’ pensions, with close to half (45%) flagging affordability as an issue. Such a worry is of particular concern to small businesses (53%) when compared to medium sized (41%) and large (45%) businesses. A further 39% of all businesses think their contributions are already generous enough, while 31% believe their staff would prefer an increase in their salary. Encouragingly, only around one in five (18%) employers say pension contributions are not a business priority. Such sentiment is most likely among small businesses (20%), followed by medium sized (19%) and large businesses (15%).

Employers worry staff won’t be able to afford to retire

Many UK businesses are clearly paternalistic as almost three quarters of employers (73%) feel they are responsible for ensuring their staff are able to save for an adequate retirement. At the same time, two in three (66%) employers are concerned their employees won’t be able to afford to retire given there is no longer a default retirement age, with one in six (16%) very concerned about this.

How concerned employers are that their employees can no longer afford to retire



The challenge around the affordability of pension contributions for employers has already been made clear earlier in this chapter. But if businesses are genuinely concerned about an ageing workforce, the answer could be to review pension contributions, or introduce a matching structure that encourages employees to save more themselves.

In a warning sign for employers who do not currently place importance on pension contributions, one in ten (11%) employees say they might change jobs to find an employer with a more generous pension scheme, rising to 15% of employees not confident in their current financial situation.

On the flip side, employers who ensure they prioritise having a competitive contributions scheme in place will reap the rewards in terms of being viewed as a desirable employer. Such sentiment is also only likely to increase among employees in the future as they become more aware of how much they need to save to enjoy a comfortable retirement.

A nation of DIY pension experts

The prioritisation of saving in the workplace still remains stubbornly low. Aviva's research found that holiday allowance (46%) and flexible working hours (33%) are seen as more desirable than pension contributions (24%) by UK employees.⁶

Nevertheless, it appears that people are ready and willing to roll up their sleeves and find out more about pensions. Almost a third (31%) of employees said that when it comes to long-term savings they trust themselves and their own research most when looking for guidance on long-term savings.

This clearly indicates a willingness to engage with pensions. With the Government's pension dashboard – a platform where savers will be able to see all of their pension pots in one place – due to be delivered in 2019, it is encouraging to see that such a high proportion of people are willing to try and understand more about their retirement planning.



⁶ Aviva press announcement, 16 March

"Auto-enrolment has done wonders for increasing the number of people saving for retirement. There have been challenges along the way and there are more to come, but so far it has been a huge success.

Increased contribution levels over the next two years will need to be navigated carefully. Businesses need to start planning their costs now, and engaging with employees to make them aware it is coming. They also need to be made aware why this can be a positive for them, and not just more money being removed from their payslip. Encouragingly, only 4% of people told us that they will definitely opt out when contribution levels go up. However, only 50% said they would definitely stay in.

Employers who harness the potential positivity around workplace pensions will win. They can retain more of their most valued people and recruit more of the best. Those companies who see it as just another obligation to comply with are overlooking its value as a workplace benefit.

The government's review of auto-enrolment is now underway. There are many issues that will need to be covered to maintain the momentum built up so far and I look forward to taking part in the debate.

Now is not the time for complacency. 12% of people think saving through AE is going to give them a comfortable retirement. In all but a small minority of cases, this is not the reality. And as for the 28% who think they will be able to 'get by', this is also unlikely. 'Getting by' is hardly aspirational either. For some, this period of their lives could be 30+ years. People should be aiming to thrive, not just survive in retirement."

Andy Curran

MD Corporate at Aviva UK



A woman with long dark hair, wearing a white button-down shirt, is sitting in a red office chair. She is stretching her arms upwards, with her hands clasped together above her head. She has a slight smile and her eyes are closed. In the background, there is an office environment with desks, computer monitors, and shelves. A laptop is visible in the foreground, partially obscuring the bottom of the frame.

Health and Wellbeing at Work

Key findings

- More than two in five employees (43%) believe their employer prioritises business results over their health and wellbeing
- 42% of employees admit to often feeling stressed or anxious at work
- Employers are underestimating the impact stress has on employees, with 23% citing this as an issue versus 32% of employees
- Almost a third of businesses say they have seen an increase in short (30%) or long (29%) term absence this year
- Only half of employers (54%) say they have a clear understanding of how much employee absence costs them
- Over two thirds (69%) of employees have gone into work in the past when they should have been off sick
- Three quarters of businesses (77%) say the health and wellbeing benefits they currently offer have had a positive impact on employees

In today's changing world of work, and 'always on' culture driven by technological advances, employers are increasingly expected to play a role in the health and wellbeing of their employees, ensuring the right procedures are in place to support staff.

For example; the Government is consulting on how to support employers to create healthy workplaces⁷ and the Prime Minister, Theresa May, launched a review earlier this year into mental health provision in the workplace.⁸

However, Aviva's findings highlight a number of employee opinions that will be a cause for concern among employers when it comes to health in the workplace.

When asked about the priorities of their company, more than two in five (43%) employees feel their employer prioritises business results over their health and wellbeing. This comes as just 13% of employers feel there has been more of a focus on employee health and wellbeing over the past year, while only 12% feel there is a better work environment with employees seeming healthier and happier. The ongoing Government consultations provide an opportunity to buck these trends. Aviva has called for the creation of an employer index to highlight best practice and Government promotion of workplace health and wellbeing strategies.

Employee views: Younger staff feel more supported at work, while those aged 50-54 are most likely to work when sick

More than two in five employees (42%) admit to often feeling stressed or anxious at work, rising to more than half (52%) of those aged 18-24. This compares to just 30% of those aged 55-64, highlighting added pressures being felt among young employees.

Despite younger people feeling more stressed, they are also more likely to feel supported by their employer when they phone in sick than those aged 55-64 (47% vs. 31%) and when sharing a personal health issue (48% vs. 34%). This is important as trust between employee and employer is crucial to manage workplace health.

Despite this, younger workers are far more likely to admit to taking off a sick day in the past when not actually ill than those aged 55-64 (42% vs. 14%).

Aviva's research also sheds light on the idea of "presenteeism"—where employees feel a responsibility to work more hours than required, or to go to work when feeling ill. More than two in three (69%) employees admit to having gone into work in the past when they should have been off sick, rising to 75% among 50-54 year olds. In addition, two in five (41%) feel that if they take time off when ill the work just piles up; a notion felt most by those aged 30-34 (47%) and falling to 34% among 18-24 year olds.

"Presenteeism" also exists the most among workers in London and the South East where 77% admit to having gone into work in the past when they should have been off sick (vs. 69% in UK) and 46% feel that if they take off time when ill the work just piles up (vs. 41% in UK).

The findings also clearly highlight the role health and wellbeing benefits can play in recruitment and retention: 39% of employees say they are more likely to choose an employer if they offer a broad range of health benefits.

Employee's attitudes towards health and wellbeing in the workplace

%	Agree
I have gone into work in the past when I should have been off sick	69
My employer prioritises business results over my health and wellbeing	43
I often feel stressed or anxious at work	42
My employer would be supportive if I shared a personal health issue with them	41
If I take time off sick, the work just piles up	41
I would be more likely to choose an employer if they offered a broad range of health and wellbeing benefits	39
I feel supported if I am ill and I need to phone in sick	37
I don't eat as healthily at work as I do at home	37
My work gives me a healthy level of challenge and manageable levels of stress	33
Exercise is part of my work routine (e.g. cycling to work, running or gym at lunchtime etc)	25
I have taken a sick day in the past when I'm not actually ill	23
My employer prioritises my health and wellbeing	22
My commute to work impacts my health negatively	22

⁷ Improving Lives: The Work, Health and Disability Green Paper, October 2016

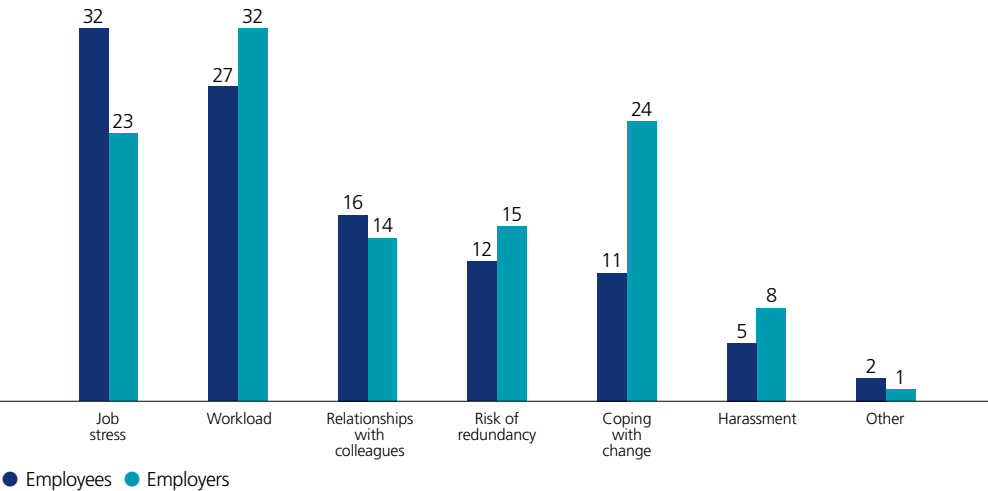
⁸ Improving support in the workplace, UK Government, January 2017

Stress is the top concern affecting employee health at work

Employees say that stress is the top work-related issue impacting their health at work, experienced by almost a third (32%) of private sector workers. However, despite this being employees’ number one concern, employers are underestimating the impact job stress has on health at work. Only 23% of employers cite this as an issue impacting the health of their employees.

Instead, employers show greater concern for specific instances and sources affecting employee’s health and wellbeing which might mean they are in danger of overlooking general stress and anxiety levels among their staff. The findings show employers overestimate the impact that workload has on employees’ health (32% vs. 27% – employees), risk of redundancy (15% vs. 12% – employees) and harassment (8% vs. 5% – employees). Interestingly, the findings show employers significantly overestimate the impact that coping with change has on employees (24% vs. 11% – employees).

Employers versus employees – how different work related issues impact health at work
%



9 Institute of Directors: ‘A little more conversation: Mental health in the changing world of work’, March 2017

Health and wellbeing is a business concern – many employers are unaware how much it costs

Health and wellbeing in the workplace is an important business concern and has a considerable impact on productivity levels in the workplace. Recent figures from the Institute of Directors (IoD) indicate approximately 127 million hours of work are lost in the UK in a year due to absence from mental health related issues alone, costing the UK approximately 4.5 per cent of its GDP.⁹

However, Aviva’s research shows businesses are not clear on how much absence is costing them. When asked how much employee absence costs them, only half (54%) of employers feel they have a clear understanding of how much it costs them every year, and less than half (46%) believe the measures they currently have in place to reduce absence have clear benefits. Over a third (35%) feel they could be doing more as a business to reduce absence, but say it would cost too much. Aviva has called upon employers to help each other by publishing their absence management statistics and for business champions to help share best practice.

This echoes a similar view shared by employers when asked how the planned auto-enrolment increases will impact their business in chapter two – a quarter (25%) say it won’t have a major impact and 9% are unaware of what impact it will have.

This lack of awareness regarding the cost of absenteeism could be damaging employers more than they think with almost a third of businesses seeing an increase in either short (30%) or long (29%) term absences this year.

Businesses approach to absence management %	
	Agree
We have an effective process in place to manage absence	59
As a business we take adequate measures to alleviate the impact of employee absence	57
We collect robust management information, so we can track absence management	57
As a business we have a clear understanding of how much employee absence is costing us every year	54
The measures we have in place to reduce absence have clear benefits	46
As a business we should be doing more to reduce absence, but this would cost too much	35
We have seen an increase in short term absence this year	30
We have seen an increase in long term absence this year	29

Employees are most likely to value duvet days, but are not offered them

The top three health benefits which employees would value, but which are not currently offered by their employers, are income protection (23%), critical illness cover (23%), and private medical insurance (22%).

Among wellbeing benefits not currently offered to employees, a duvet day – an unscheduled extra day off from work – is the most desired with one in five (20%) admitting they would value this. The option of being able to work from home is also high on the list (17%). And reflecting the widespread impact of workplace stress, one in seven (15%) would value sessions such as yoga, meditation or mindfulness to teach them techniques to manage this, but are not currently being offered this benefit.

Moreover, close to half (45%) of employees state that they would use a digital GP service if offered it, with one in five (20%) highlighting it would be helpful as they often cannot get a GP appointment. However, just 17% of businesses currently offer the service.

Health benefits available to employees %					
Employees who can access this health benefit free of charge – top five		Employees who can access this health benefit at a cost – top five		Employees who have no access to this health benefit but would value it – top five	
Life insurance	14	Private medical insurance	17	Income protection	23
Private medical insurance	11	Dental	16	Critical illness cover	23
Health screenings	11	Health cash plan	15	Private medical insurance	22
Health cash plan	8	Life insurance	14	Dental	22
Dental	8	Critical illness	12	Health cash plan	21

Wellbeing benefits available to employees %

Employees who can access this wellbeing benefit free of charge – top five		Employees who can access this wellbeing benefit at a cost – top five		Employees who have no access to this wellbeing benefit but would value it – top five	
Flexible working	34	Cycle to work schemes	18	Duvet days	20
Back-to-work programme following long term absence	23	Gym membership discounts	13	Working from home	17
Staff are encouraged to have a good work/life balance	22	Healthy eating/offering fresh fruit and healthy food in the office	10	Healthy eating/offering fresh fruit and healthy food in the office	17
Working from home	18	Flexible work hours	9	Staff are encouraged to have a good work/life balance	16
Stress helpline	17	Occupation health support	9	Sessions to teach techniques to help manage stress e.g. Mindfulness/yoga/relaxation	15



Increased happiness, morale and productivity arise from health and wellbeing benefits

The benefits felt by businesses from having health and wellbeing initiatives in place are very clear from Aviva's research as three in four (77%) businesses believe the benefits they offer have had a positive impact on their workforce. This is more likely to be the case in large businesses (84%), than small businesses (65%). Furthermore, two in five (41%) employers have noticed staff are happier as a direct result of the health and wellbeing benefits they have in place, followed by 32% who have noticed improved morale and 30% who have seen an increase in productivity. Improved productivity and employee wellbeing provide a clear business case for employers to take action.

Benefits experienced by employers from having health and wellbeing initiatives in place

%

	All businesses	Small (0-49)	Medium (50-249)	Large (250+)
Staff are generally happier	41	30	37	47
Improved morale	32	50	27	33
Increased productivity and staff are generally more energetic	30	24	27	34
Employees are more motivated	29	24	35	25
There is less stress in the workplace	25	17	24	28
Fewer sick days are taken by staff	23	32	20	24
It shows that we're a caring, responsible employer	17	12	17	19
The workforce is more innovative	12	11	11	13
None of the above – we do not see any benefits	6	9	7	5

"Health and wellbeing in the workplace should not be seen as an optional add-on by businesses; it should be considered as part and parcel of a healthy working environment. There are fundamental business advantages of offering workplace support to staff and as many feel that their company prioritises business results over their health, the opinions of employees should not go unnoticed.

Stress is a top concern for many employees and it can directly impact upon happiness and productivity in the workplace. By offering initiatives such as working from home, encouraging a healthy work-life balance, offering sessions to help manage stress or offering a digital GP service to save time, employers could make a big difference to their employees' working lives. Many employers have also admitted to not knowing how much staff absence costs them and could be surprised by how much this adds up to – a cost that could be greatly reduced by introducing small, but necessary changes to the workplace.

Businesses are also being exposed to a new wave of presenteeism where employees are at work when they are either ill or out of hours. This could become an increasing problem if staff are not feeling supported to take the time out they need and overworking as a consequence. On the flip side, our research shows that significant numbers of employees are taking time off when they aren't actually ill – a likely consequence of feeling overworked, stressed or just needing time out. Employers should therefore put a strong focus on ensuring there is a good balance in the workplace and that extra effort is made towards making staff feel supported through appropriate health and wellbeing initiatives."

Dr Doug Wright

Medical Director, Aviva UK Health



Flexible Working

Key findings

- Two in three (65%) businesses think the workforce will work more flexibly in five years' time
- More than a third (37%) employees cite flexible working as increasing their happiness
- A third (34%) of businesses do not offer flexible working, but 14% vow to look at introducing it next year
- More than one in five (21%) of the workforce dare not ask for flexible working even though it is within their legal rights
- Almost two in three (64%) employees are more likely to stay with an employer who offers flexible working

A look to the future shows businesses predict UK employees will generally be working more flexibly in the next five years – a view shared by two in three (65%) businesses surveyed by Aviva.

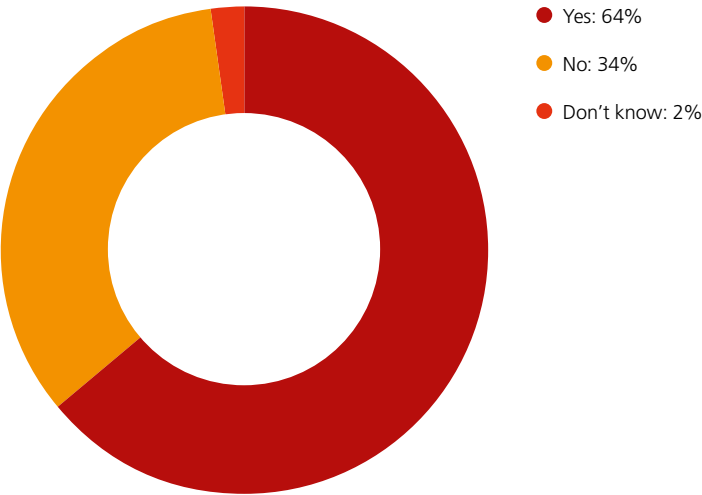
Flexible working is a popular option among employees. Technology is changing the way many traditional processes are carried out and reducing the need to work from a fixed location. Businesses who are not already doing so, may want to consider how they can introduce flexibility into their workplace.

Flexible working can present solutions to employees looking to manage home and work life and all employees – not just parents and carers – have the legal right to make a ‘statutory application’ to their employer to change their working pattern.¹⁰

There are clear benefits to businesses too – of those employers who offered flexible working, almost seven in ten (68%) reported that staff are happier.

And yet 42% of employers admit to refusing a request for flexible working and 11% of employees said their request had been refused.

As a business do you offer flexible working %



10 Flexible working laws

Two in three (65%) businesses think the workforce will work more flexibly in five years’ time

Yet employer opinion differs on how that will look. The most common change employers expect to see is staff no longer working the traditional hours of 9am to 5pm (38%), with 30% anticipating more staff will want to work from home.

Indeed more than a quarter (28%) of businesses think technology will play an increased role and lead to an opportunity for a general reduction in the hours worked.

How businesses see the working day looking in five years’ time %	
	All employers
Staff will not work 9-5 and flexible options will be more normal	38
Will not change much from today	34
More people will work from home	30
Technology will take over and reduce the hours people work	28
Longer hours will become normal	23

Flexible working is key in achieving top business priorities

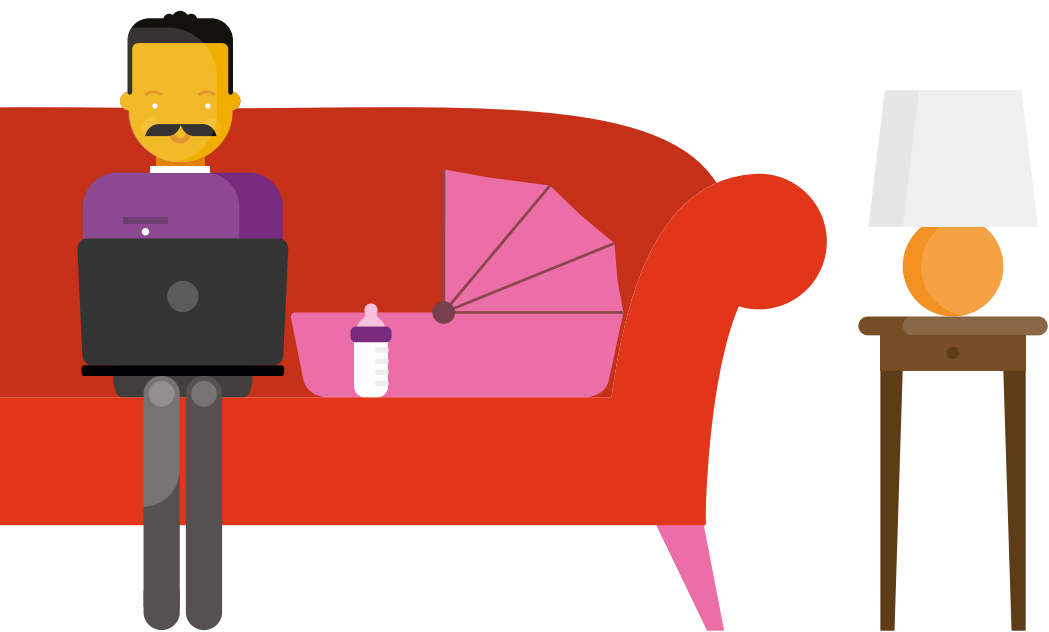
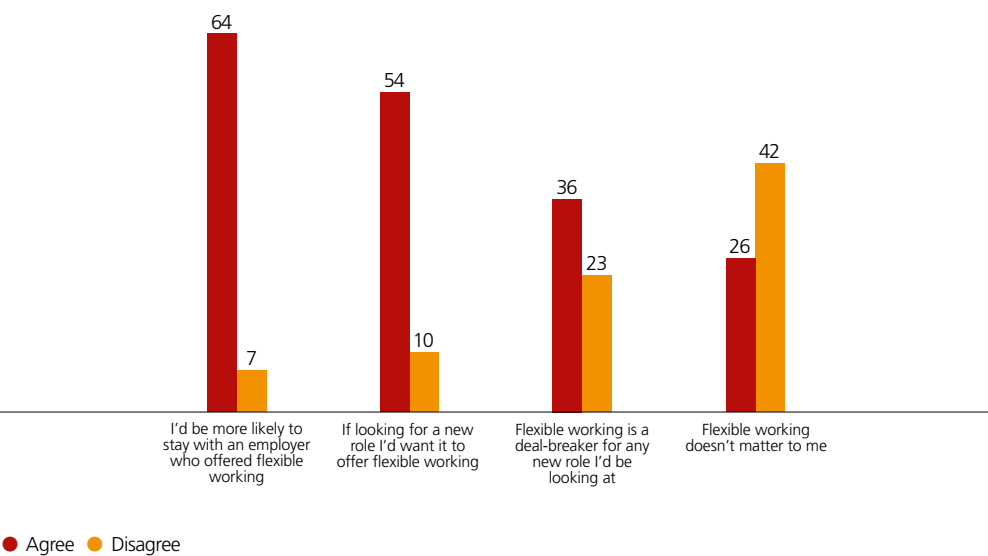
Aviva’s research highlights that there are clear benefits associated with offering flexible working to staff, with more than half (51%) of employers agreeing it increased productivity. In fact, 64% of employees outline they would be more likely to stay with an employer who offered flexible working.

Clearly an incentive like this could help retain key staff – in fact, 35% of businesses surveyed said retention was a top priority for them in the next year.

Flexible working is also a key incentive for employees when looking for a new role, with over half (54%) saying they would want the new role to offer this benefit and 36% also citing this as a deal-breaker for any new role they consider.

This is valuable information for businesses looking to recruit – given recruitment was considered the second most important priority for 29% businesses in the next year.

How important is flexible working for employees %



Flexible working has a positive impact on happiness, productivity and loyalty

Beyond the benefits from a business perspective, the offer of flexible working also has a positive impact on employees’ attitudes towards their company and the work they are doing. More than a third (37%) of employees cite flexible working having increased their happiness, followed by helping them to manage other responsibilities outside of work (34%). Increased productivity (25%) and loyalty (25%) in the workplace are also top answers when asked what differences working flexibly made.

Difference flexible working makes to employees %	
	Employees who ranked these as top three
Makes me happier	37
Helps me manage family / other responsibilities outside of work	34
Increases productivity	25
Increases loyalty	25
Creates employee conflict where more than one person wants time off / flexibility at the same time	8
Creates tension because I feel I have to do more than my fair share of work when someone else is doing fewer hours	7
Is not something I want to do	6

Employees fear their boss will refuse a request to work flexibly

Despite the clear benefits of offering flexible working, just over one in five (21%) employees say they have not even initiated a conversation about the potential for flexible working because they think their boss will say no.

Among different age groups, employees aged 18-34 are most interested in working flexibly, with only 18% saying they don't want to, and are the age group most likely to have their request granted (47%). This comes as those aged 35-49 are least likely to have been able to work flexibly when they have asked (39%) and are likely to be most fearful of making an initial request (24%), despite this becoming a more popular age to have a baby and therefore have dependent children.¹¹

The ability of employees to work flexibly when they ask their employer among different age groups

%	All employees	18-34	35-49	50-64
Asked, and was able to	43	47	39	44
Asked, but my boss said no	11	15	10	6
I daren't ask as my boss would say no	21	20	24	18
I don't want to	25	18	28	32

Working from home is the employees' preferred flexible working option

When it comes to types of flexible working, employees value working from home the most (23%), followed by the option to work longer hours over a shorter number of days (22%). At present, half (52%) of employers currently offer the option to work from home, although the most common type of flexible work on offer to employees is currently the option to work varying hours each day across the week (57%).

Types of flexible working offered to employees compared to those most valued

%	All employers who offer flexible working	Employees who rank this as the number one flexible option they would most like
Option to work varying / flexible hours each day across the week	57	19
Working from home options	52	23
Option to work longer hours over shorter number of days	39	22
Option to reduce to part time	30	9
Option to buy / sell extra holiday	24	10
Childcare flexibility	23	8
Job share	21	3
Duvet days available to staff	6	5
None of the above	2	—

¹¹ Births in England and Wales: 2015

Why don't some businesses offer flexible working?

For some businesses offering flexible working is not an option. The most common reason being a concern that the business would not operate as efficiently (39%), or they needed the core hours to be covered (30%).

Some (19%) thought it would be too expensive to administrate a flexible working policy but 14% of businesses that do not currently offer flexible working say they will look to do so in the future.

Reasons why businesses do not currently offer flexible working

%	All employers who do not offer flexible working
The way my business runs means I can't operate effectively and offer flexible working to my staff	39
Need core hours covered so can't adapt my business to offer flexible working	30
Too expensive to administrate	19
I think it would have detrimental effect on my customers	18
Difficult to maintain rota and meet all requests from staff to work flexibly	17
Will look at this next year	14
Don't believe my staff want options to work flexible hours	13
Don't have enough staff to be able to do this	12
I don't feel I can trust my employees to work unsupervised / away from the work place	6

"As customers we have come to expect instant service – everything from how long our food order takes to how quickly we can expect deliveries of our items. Many businesses may find they need to operate outside the traditional core hours in order to meet growing customer expectations.

Technology is helping facilitate these changes but having a flexible workforce can also help by enabling businesses to manage their resources appropriately, whether that is working outside of the traditional 9-5 hours or having more staff work during busy periods.

Those employers offering flexible working reported an increase in employee loyalty, better productivity and a more positive attitude in the workplace, with working varying hours and working from home being the top options offered.

However, the fact that employees have a legal right to ask for flexible working options doesn't mean their requests can always be met. For some businesses it simply isn't an option to offer flexible working with 39% saying they couldn't run their operations effectively enough to be able to offer it – indeed some

employers told us they thought it would simply be too expensive for them to administer.

It may be worthwhile looking again at the business model to see if some degree of flexibility can be incorporated. Where flexible working isn't an option there are other employee benefits that can help make a difference in gaining and retaining staff. More than three quarters of employers who invest in health and well-being said doing so had a positive impact on the workplace. Just have a look at the healthcare section of our report to find out more.

Businesses looking ahead five years predict fewer people will be working the familiar 9-5 hour working patterns and with 64% already offering it and 14% of businesses surveyed saying they intend to provide flexible working options for their employees next year there is no doubt the workplace is changing."

Gareth Hemming

Director of SME commercial insurance, Aviva





We need to take further steps to ensuring today's workforce can look forward to a more comfortable retirement and the workplace is vital to encouraging better savings habits."

Conclusion

It is clear that employers are readying themselves for greater change in the workplace. The fact that two in three businesses expect flexible working to play a more prominent role in the next five years highlights that thinking is already underway about how to manage this evolution.

Any business that is fearful of exploring flexible working in more detail should also be galvanised by the fact that it has become a fundamental tool of retention in many firms, with nearly two in three employees saying that flexible working would be likely to keep them in their job for longer.

However, as the workplace continues to evolve and technology advances the way we work, businesses must take heed of the importance of maximising the health and wellbeing of their workforce. More than two in five employees think their employer puts results ahead of their health. Shockingly, more than two in three admit they have gone to work when they should have been off sick.

Then again, three in five businesses have also seen a rise in absenteeism over the past year, despite the fact that almost half have no idea how much this is affecting their bottom line. Investment in health and wellbeing should no longer been seen as a 'nice to have' but a priority. Those employers that already do so are seeing tangible business success.

Preparing for the work environment of tomorrow is often easier when businesses are performing and the economy is strong. Fortunately, the current climate is one where confidence is holding up among both employers and employees, making this transition easier – for the time being, at least. However, circumstances can change and a sense of uncertainty still exists within the business community.

Moreover businesses have the added responsibility of maintaining the momentum behind auto-enrolment, with increases in the minimum contribution to workplace pensions on the horizon over the next two years. This requires considerable planning from businesses, but the benefits are clear. Put simply, we need to take further steps to ensuring today's workforce can look forward to a more comfortable retirement and the workplace is vital to encouraging better savings habits.

The strongest businesses will be those that are able to lead by example, irrespective of the economic climate, and adapt new ways of thinking. People will remain the number one asset of businesses in the future and by providing them with the right support, their contribution will be more valuable than ever before.

Andy Briggs
CEO, Aviva UK Insurance

Methodology

The Aviva Working Lives report was designed and produced by Aviva and Instinctif Partners in association with ICM Unlimited. 1500 private sector employers and 6,000 private sector employees were interviewed in three waves to produce the second, third and fourth editions of the report in Q1 2013, Q1 2016 and Q1 2017.

All interviews were conducted online and the sample was targeted to ensure a comprehensive cross-section of the UK working population.

For the purposes of this report, a 'small business' is a company with 0-49 employees, a 'medium company' has 50-249 employees and a 'large business' is 250 or more employees.

For further information on the report, including additional commentary and analysis, please contact:

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