

Benefits Trends Survey 2019

UK executive summary

About the survey

Employee expectations are rising, workforce demographics are changing, benefits provision is evolving, and in an uncertain economic environment, corporate objectives are under constant review. Against this backdrop, complacency in the employee benefits arena cannot be an option.

The Willis Towers Watson Benefits Trends Survey takes the pulse of current employer perspectives and strategies, exploring the programmes they have in place, their priorities and the key challenges they face over the coming years.

Globally, the study was conducted among 4,300 companies in 88 markets, covering more than 22 million employees.

The following executive summary for the UK market shines a light on the findings from 437 companies, employing a total workforce of 2.1 million across a wide range of industries – from energy and utilities, financial services and healthcare to IT and telecoms, manufacturing and the public sector.

The report focuses on the following core strategic areas of benefits strategy:

- The benefits portfolio
- Financing
- Talent experience
- Administration and operations
- Analytics, insights and reporting

The examination of both current trends and the anticipated future direction of benefits strategies offers valuable insights, signposting the direction of HR and corporate decision-making as businesses strive to adopt a best practice approach, while attracting and retaining top talent.

UK

437

employers
responded to
the survey

2.1m

employees
in the UK

65%

multi-national
companies

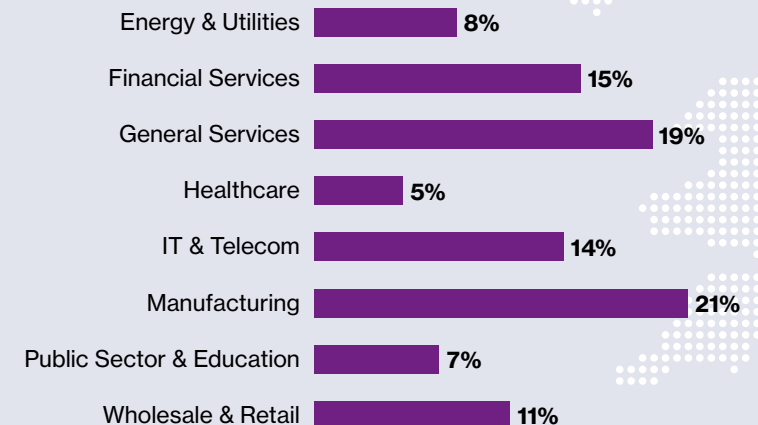
14%

average % of
payroll spent
on benefits

Employer size

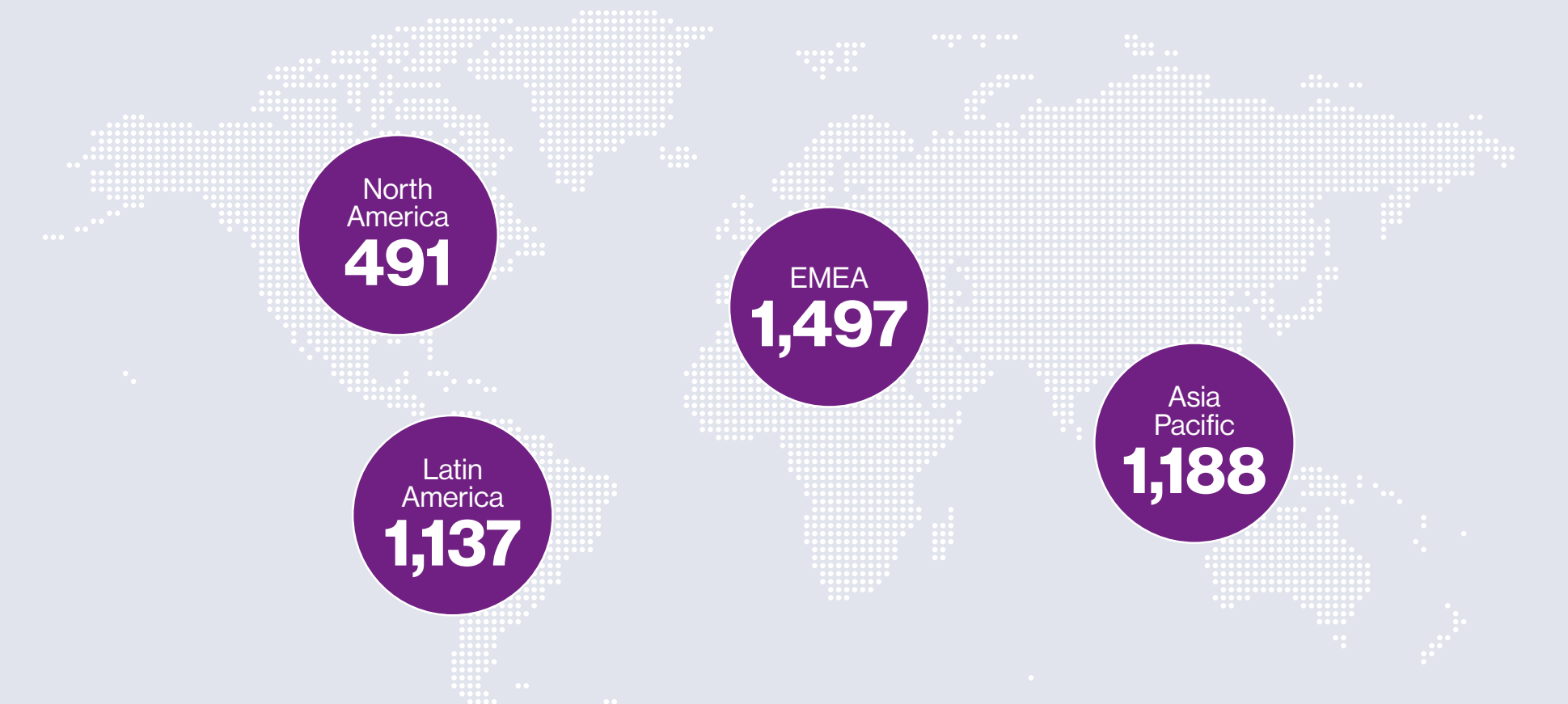


Industry



Over 4,300 companies interviewed in 88 markets

The 2019 Benefits Trends Survey includes responses from over 4,300 companies in 88 markets around the world, covering over 22 million employees.



North America

Canada
United States

LatinAmerica

Mexico	Puerto Rico	Uruguay
Costa Rica	Argentina	Venezuela
Dominican Republic	Bolivia	
El Salvador	Brazil	
Guatemala	Chile	
Honduras	Colombia	
Nicaragua	Ecuador	
Panama	Paraguay	
	Peru	

EMEA

Switzerland	Cote d'Ivoire	Senegal	UAE	Lithuania	Sweden
Greece	Ghana	South Africa	Republic of	Poland	Belgium
Italy	Guinea	Togo	the Congo	Romania	Netherlands
Portugal	Kenya	Tunisia	Israel	Russia	Austria
Spain	Madagascar	Uganda	Turkey	Slovakia	France
UK	Morocco	Egypt	Bulgaria	Ukraine	Germany
Algeria	Mozambique	Lebanon	Croatia	Denmark	Ireland
Benin	Niger	Oman	Czech Republic	Finland	
Cameroon	Nigeria	Saudi Arabia	Hungary	Norway	

Asia Pacific

Australia	Singapore
New Zealand	South Korea
Cambodia	Taiwan
China	Thailand
Hong Kong	Vietnam
Indonesia	India
Japan	Pakistan
Malaysia	
Philippines	

Benefits strategy

A spotlight on success

Establishing a successful, future-proofed benefits strategy calls for balancing evolving employee needs with effective engagement, developments in the benefits marketplace, corporate and cultural objectives, benchmark data, pay scale structures, administrative requirements, budgets and cost management.

This is no easy task – but faced with such a complex undertaking, how is UK plc faring?

Businesses have certainly recognised a need to raise their game. The survey found that only 6% regard themselves as 'highly effective' in all areas of benefits strategy.

A failure in using digital tools to drive engagement emerged as a notable area of concern – cited as being effectively employed by just 12% of respondents. Only one in five (21%), meanwhile, effectively differentiate their benefits from their competitors.

Furthermore just 36% have tailored their benefits portfolio to meet their workforce needs. This despite almost half (49%) claiming they understand their requirements.

Considering these revelations, it should come as little surprise that only one in six (17%) businesses would strongly recommend their company as a place to work, based on their benefits package.

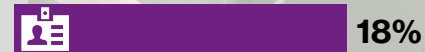
Organisational effectiveness in core areas of benefits strategy



Benefits portfolio



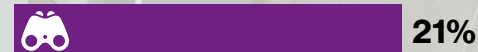
Financing



Talent experience



Administration & operations



Analytics & reporting

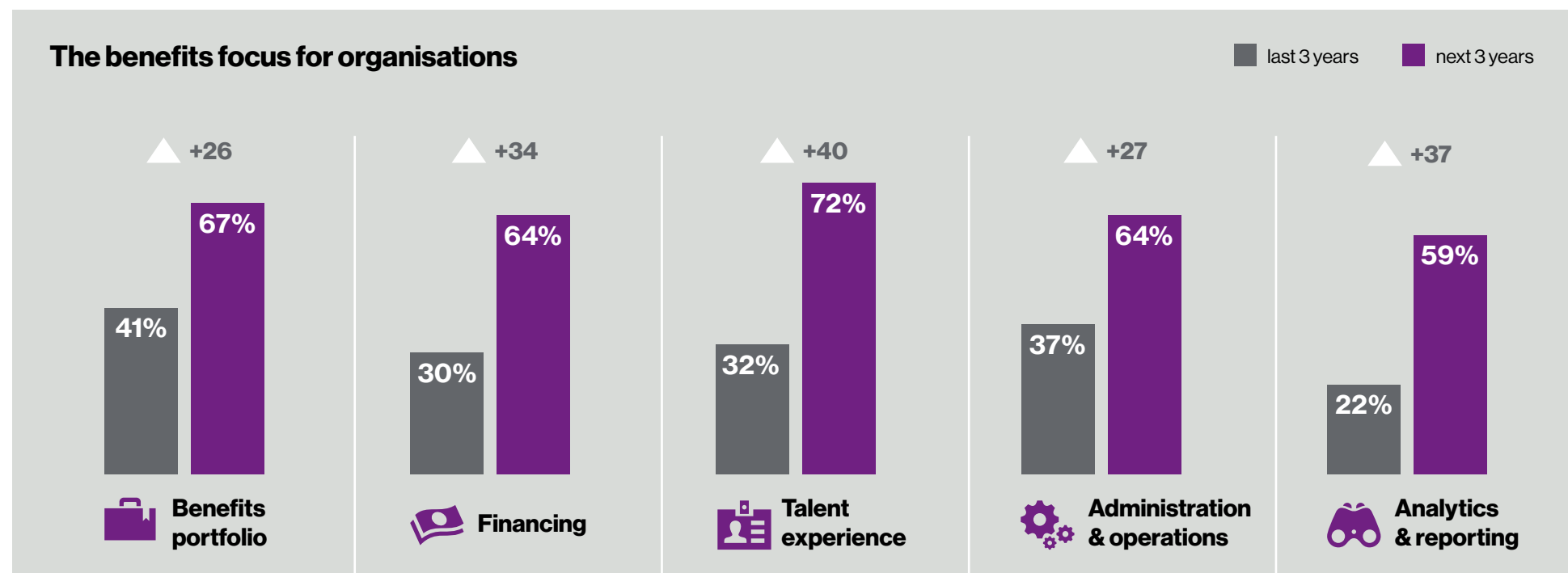
Priority objectives – new directions

The biggest area of focus for companies over the past three years has been their benefits portfolios, closely followed by their administration – cited by 41% and 37% respectively.

However, we are now anticipating a shifting trend. While the benefits portfolio is set to remain a priority, the talent experience topped the agenda for the coming three years with almost three-quarters (72%) of businesses planning to focus on effective benefits engagement and delivery.

Indeed, the importance of this should not be underestimated in the bid to attract and retain talent.

We can also expect to see a renewed emphasis on other key ingredients to a modern benefits programme – effective benefits financing and analytics (a focus for 64% and 59% of businesses respectively).



The multi-generational challenge

For the first time ever, today's modern workplace may see up to five generations working side-by-side – from the silent generation through to their youngest, Gen Z colleagues – and each brings with it a different set of expectations, risks and requirements.

While this divergent demographic has the potential to bring far-reaching skills and experiences to the table, managing the differing wants and needs of such a multi-generational workforce was deemed the number one challenge facing UK employers.

This recognition, among 56% of survey respondents, should be welcomed, opening the door to establishing strategies that will address this emerging issue.

Hot on the heels came the perennial challenge of rising benefits costs, a key area of concern for 51% over the next three years.

Benefits strategy challenges over the next three years

Differing wants and needs of a multi-generational workforce

56%

Rising benefits costs

51%

Challenges communicating around benefits choices

46%

Lack of employee engagement with benefits programmes

43%

Lack of appropriate technology to effectively deliver company's benefits programmes

38%

Lack of budget to deliver effective communication strategy

36%

Lack of data to measure plan outcomes or changes in member behaviour

32%

Fragmentation of vendors/providers and lack of integrated tools

32%

Impact of regulatory changes/changes to statutory benefits

21%

Unions/collective labour agreements

5%

The benefits portfolio

Wider provision, choice and inclusivity

A compendium of socioeconomic and workplace forces continues to shape employee expectations and the evolution of the health and benefits landscape. The impact on employer provision is writ large in the survey findings.

More than three-quarters of businesses (76%) plan to incorporate wellbeing into their overall benefits strategies, 60% are prioritising inclusion and diversity (I&D) in their benefits design, half (50%) are looking to improve flexibility and choice while 43% also aim to enhance their core benefits.

The improved business outcomes arising from meaningful employee wellbeing initiatives have been widely acknowledged – from increases in productivity and staff retention to reductions in sickness absence rates.

Financial and social wellbeing, it appears, will become the principal emerging areas of focus, for 37% and 35% of businesses respectively. Stress and resilience management programmes meanwhile top the list of the specific initiatives planned to tackle mental health issues, set to be introduced by 31% of survey respondents.

Interestingly, the organisations with the most effective benefit strategies already in place were found to be the ones most likely to further enhance both their core and broader benefits programmes.

Priorities for employers' benefits programmes



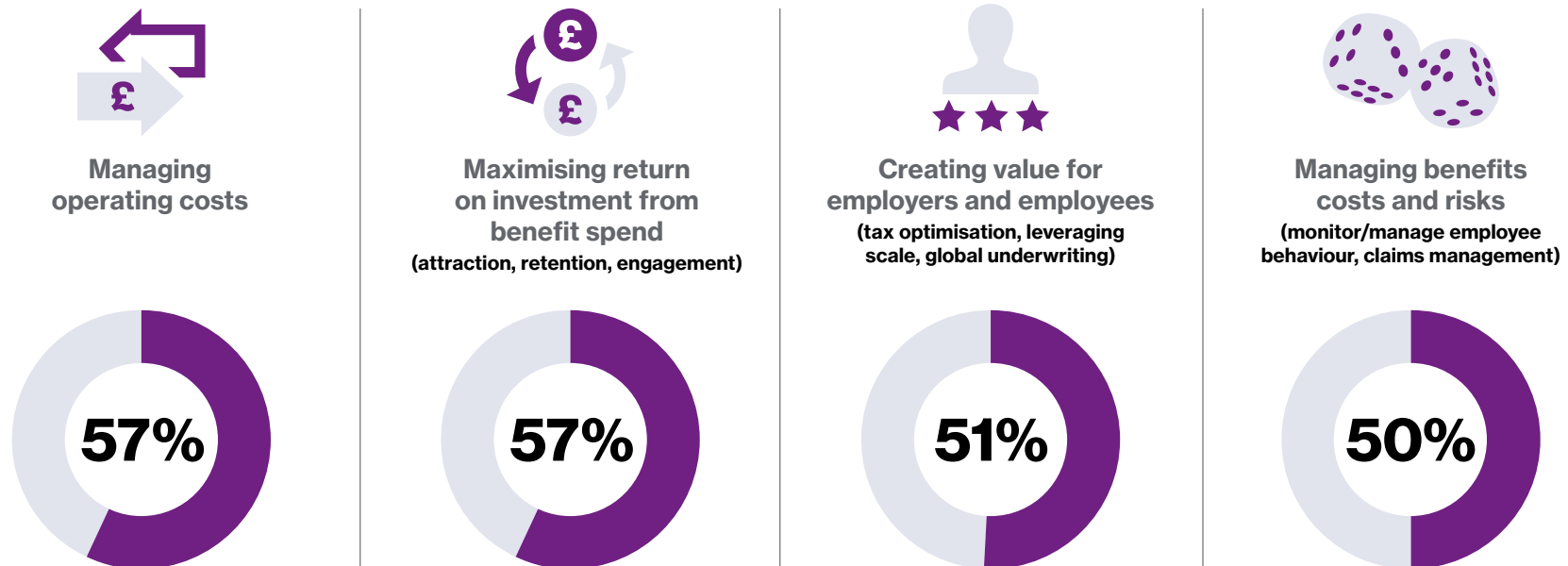
Benefits financing

Costs under the microscope

Spiralling healthcare costs and an ageing population mean the business bottom line is rarely far from any employee benefits discussion. According to Willis Towers Watson's Global Medical Trends Report 2019, medical insurance cost increases in the UK are projected to hit 6.3 percent this year.

Rising benefits costs took number one spot on the key challenges leader board back in 2017¹ and, against this backdrop, the management of programme operating costs was again deemed the top priority – cited by 57% of employers, alongside maximising return on investment (ROI).

Top priorities for financing benefits programmes



¹Key challenges faced over the next three years, Willis Towers Watson Benefits Trends Survey 2017

Talent experience

Raising the bar in delivery and communication

Maximising the Talent Value Proposition (TVP) and the ROI on employee benefits programmes calls for effective processes for delivery and communication.

Indeed, more than four in five (83%) businesses are looking to enhance the communication of benefits to employees.

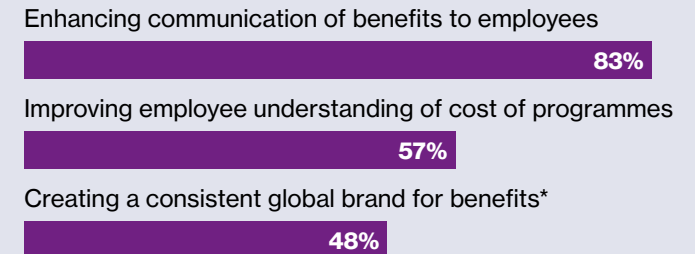
In the wake of developments in benefits technologies, which have created opportunities to improve the employee experience and the administration of benefit plans, 70% are now set to prioritise their focus on online portals or apps, while two-thirds (66%) will implement or enhance employee self-service.

In addition, as the consumerisation of benefits gains traction, more than half (55%) intend to create a shopping experience for members when they sign up for benefits.

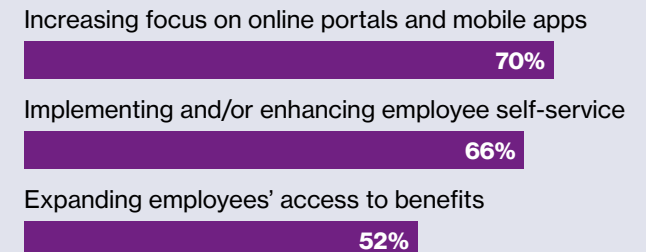
Priorities for benefits delivery to employees



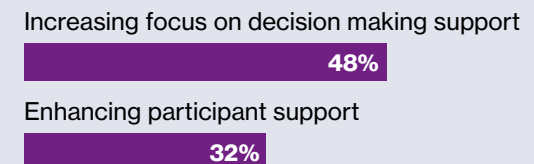
Communications



Enhanced tools and technology



Decision support



Note: Percentages indicate "To a great extent" or "To a very great extent". * Only for multi-national companies.
Source: 2019 Benefits Trends Survey, United Kingdom

Administration and operations

In the throes of the third industrial revolution and a brave new world of connectivity, nearly half of employers (45%) are considering integrating all benefits information with HR data, while 39% are moving to cloud-based solutions for online benefits.

The challenges of handling 'big data' however, extend beyond streamlining processes. The General Data Protection Regulation (GDPR) came into force last year to harmonise data privacy laws and to help ensure the protection of personal data.

Data management and security matters were consequently very much front of mind as businesses took steps to ensure compliance – and for 79% of companies, from a benefits administration perspective, they have remained a key priority. Two-thirds (66%) are also prioritising, intrinsically linked, legal and regulatory compliance issues.

Priorities for benefits administration and operations

79%

Data
management
and security



66%

Legal and
regulatory
compliance



64%

Focus on
technology and
automation
in benefits
administration



57%

Integration
of benefits
administration
with other HR
systems



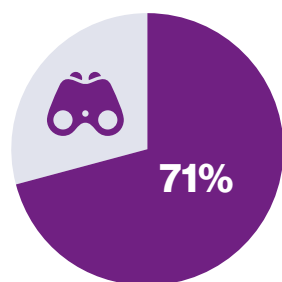
Analytics, insights and reporting

When it came to the strategic approach behind the design of benefits programmes, budgeting and planning (69%) and analysis of employee requirements (68%) were found to be key drivers, but competitor benchmarking and market insights were considered the most important factors (71%).

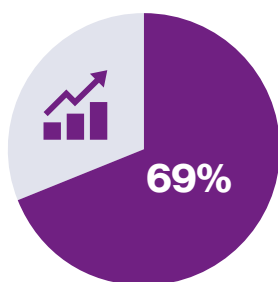
As a measure of business outcomes, the popularity of a value-on-investment (VOI) approach, that extends beyond financial ROI, is on the rise. Almost half of businesses (48%) have earmarked the measure as an evaluation tool over the next three years.

VOI may include metrics ranging from engagement and workforce retention rates to resilience and productivity – all offering a potentially important gauge of programme success.

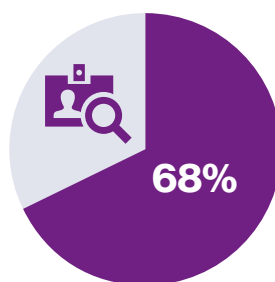
Top priorities for organisations' benefits strategies



1 Benchmarking & market insights



2 Budgeting & planning



3 Analyse employees' wants and needs



If you want to understand how your employee benefits priorities and challenges compare to other industries and geographies or would like a benefits strategy assessment, please contact:

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