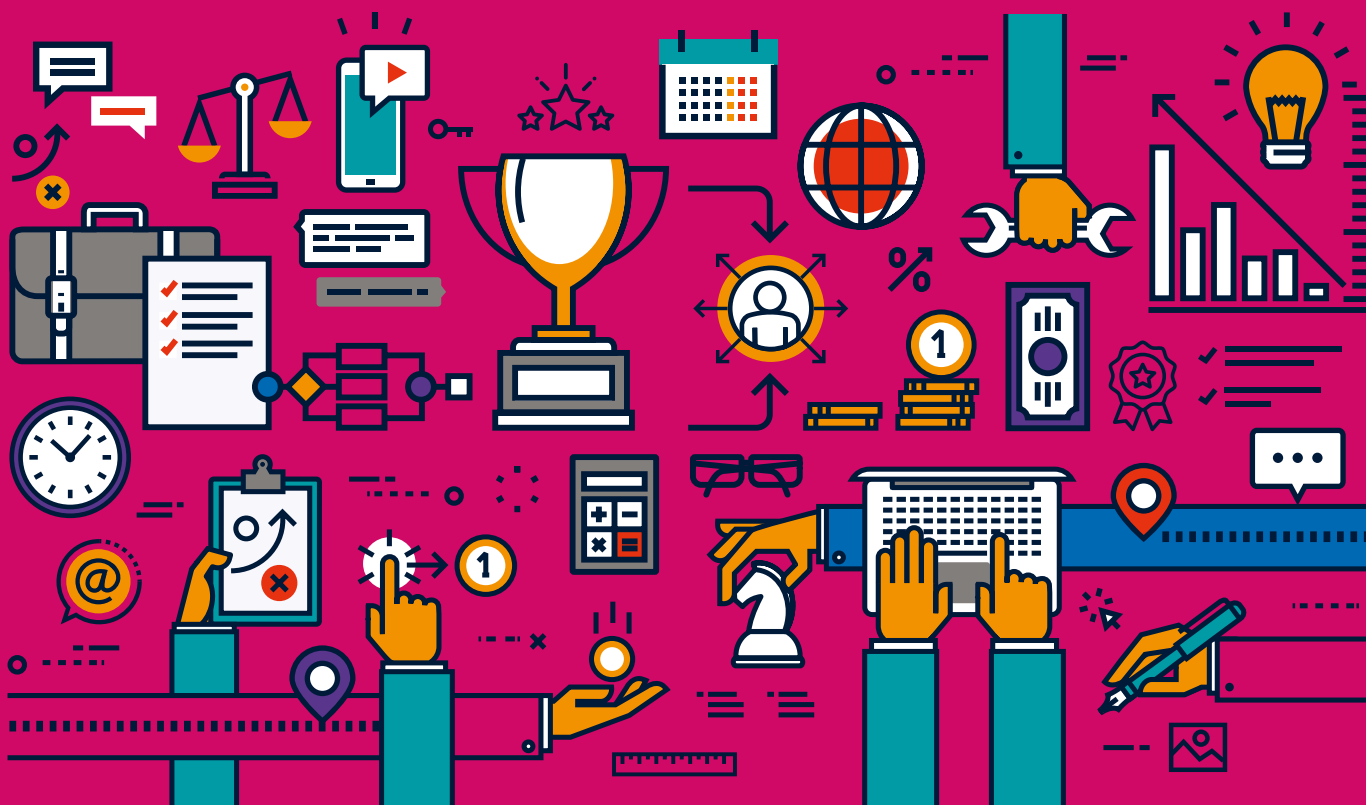


HOW TO SELECT BENEFITS FOR A HYBRID WORKFORCE





Editor's welcome



A lasting legacy of the Covid-19 pandemic will be a major reset of workplace practices, driven by employees' changing priorities alongside long-term organisational change.

One of the most significant outcomes has been a widespread shift to more agile, hybrid or flexible working models. Many organisations are now focused on how to blend the advantages of remote working with time spent at business premises, to the benefit of both employees and employers.

Hybrid working has the potential to improve inclusivity, redefine skills needs and reimagine job design. Crucially, in the long term it will enable employers to create more agile working models that will help them to respond to wider business issues such as talent recruitment and retention. For employees, it can open up new career opportunities, offer a better blend between work and family life and improve productivity.

But realising the full potential of hybrid working requires a new approach to reward and benefits, from ensuring fairness between hybrid and non-hybrid working roles, to introducing benefits that will appeal to employees embracing more flexible lifestyles. In parallel, wider factors such as social responsibility, climate change and the rise of purposeful business models are also contributing to the need for change.

To understand how businesses are identifying and addressing these needs, REBA hosted a round table with 14 senior reward and benefits directors from multinational and UK-based companies across a mix of sectors, including retail, financial services and manufacturing. We heard about the new priorities and policy considerations they are facing as their organisations adopt hybrid working models, and how they are addressing those in practice.

We've distilled the intelligence gathered in that session into this guide, including the collective challenges and emerging ideas that employers are developing to create a reward and benefits strategy fit for long-term hybrid working. As practitioners navigate significant change, here is practical guidance and shared experiences that will support our whole reward and employee benefits community.

Maggie Williams
Content Director, REBA

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The guide was edited by Maggie Williams, written by Samantha Barrett and designed by SallyannDesign.

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Sponsor's comment



There is not a one-size-fits-all benefits solution for a hybrid workplace strategy, as each organisation has unique functional and cultural requirements. Hybrid working is emerging as the dominant workplace strategy for roles that can support this approach to job design with new ways of working and changing workforce expectations.

Those changing expectations mean we need to rethink traditional employee benefits to suit all our workforce - from someone who is based either at home or at work full-time, to employees who come into the workplace one or two days a week.

Hybrid working brings with it many positives, such as increased flexibility. However, on the flip side one of the biggest challenges we are hearing from our people is that they are struggling to find time for their health.

In a recent survey conducted with YouGov, we found that 22% of people are not taking any breaks in their working day, which has the potential to create serious long-term health issues from both a mental and physical perspective. At YuLife, we believe technology is a key enabler in terms of helping people adopt habits that will support them in this new hybrid world, such as a five-minute brisk walk between meetings or stopping to do a quick one-minute meditation after a stressful assignment.

As this new world of work evolves, digital tools will play an increasingly pivotal role in supporting people's wellbeing. Digital innovations mean employees will be able to access wellbeing information, tools and services at a time and in a place that suits them and their working patterns. That will make it easier to offer a consistent wellbeing package across hybrid and non-hybrid teams.

However, that doesn't mean that everyone has to have exactly the same benefits. Digital offerings mean that employees will be able to build a set of tools and services that fit their personal needs and circumstances and can build long-lasting behaviour change. That way, we can support our people and de-risk our organisations.

Kate Whitelock
Head of Wellbeing, YuLife





Chapter 1: What does hybrid working mean for employee benefits?

The pandemic has changed the way we work forever. After being thrown into homeworking when the first national lockdown was announced in March 2020, employers and employees now recognise the benefits of more flexible, hybrid working arrangements.

An average of 37% of the UK's workforce worked from home in 2020, according to figures from the Office for National Statistics¹, with this most prevalent among the information and communication (81%) and professional, scientific and technical (71%) sectors.

It's popular too. Work-life balance was seen as the greatest positive benefit among employees, with 85% of those who experienced homeworking wanting to adopt a hybrid approach.

Hybrid working brings huge business and societal benefits too. A study from Virgin Media O2 Business and the Centre for Economic and Business Research² found that 3.8 million people could come back into the workforce if they were able to adopt hybrid working. This could potentially boost GDP by £48bn a year, with parents, carers and disabled people among those who could benefit from more hybrid working.

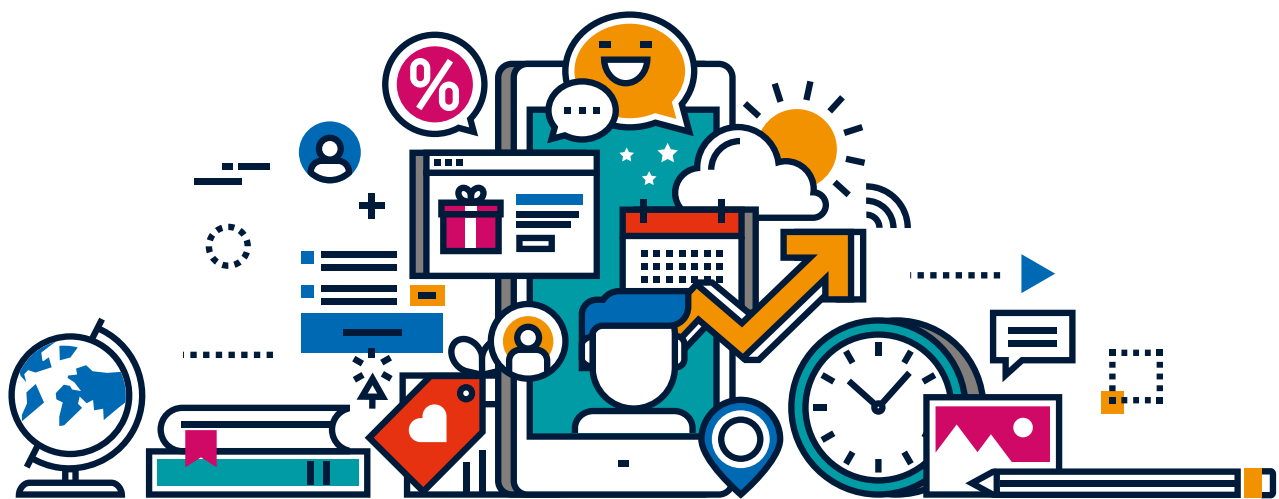
But a rethink of the way we work requires a rethink on the benefits front too. Traditional benefits such as season ticket loans and onsite gyms become much less relevant when someone only comes into the office one or two days a week.

In a competitive labour market, the hybrid workforce wants benefits that work for them, whether that's a 24/7 virtual GP service or a flexible childcare package that flips between home and the office.

Benefits communications must also fit the new work model. Digital enables an organisation to connect with employees wherever they are but it may require greater personalisation to really engage them with their benefits.

It's also important to be aware that it's not a one-size-fits-all approach. Hybrid working covers a variety of different arrangements and, as many organisations will be running a combination of workplace-based and hybrid employees, there will be further complexities to consider around benefits.

Ultimately, putting employees at the heart of the approach will be key to success on the benefits front, especially as the UK is only at the beginning of this transformational process.



¹ [Business and individual attitudes towards the future of homeworking, UK - Office for National Statistics \(ons.gov.uk\)](#)

² [More hybrid working to bring 3.8 million Brits into employment - Virgin Media O2](#)





What benefits do employees want for hybrid working?

A shift to hybrid working means employees need a different set of benefits, with new propositions coming to the fore as more traditional ones fall out of favour. The pandemic has also influenced employees' expectations from work and life, and this is another important factor in determining future benefits.

Some changes are obvious. Instead of location-specific offerings, employees want to be able to use their benefits wherever they are. This might mean introducing online fitness classes or a gym membership that can be used across a broad range of centres, or access to financial advice at the employee's choice of time and location.

Digital health products such as virtual GPs, physio and coaching services have all seen increased take-up in the last year. Many of these may already have been part of existing benefits such as private medical insurance, but their value and visibility has increased substantially.

As well as replicating existing benefits, hybrid working brings new needs. To help create a good remote working environment, organisations are beginning to provide benefits that will resonate with employees regularly working from home, such as free or discounted broadband, energy allowances and home improvement discounts.

On-site services aren't completely defunct though. Not every organisation has moved to a fully hybrid model and, even where they have, employers are keen to ensure the workplace remains an attractive destination.

What are employees' expectations?

The pandemic has also played a large part in employees' benefit expectations. The world has changed over the last couple of years, with attitudes to work and life shifting fundamentally.

Understandably, health and wellbeing are more important than ever, with employees looking to their employer for benefits such as medical insurance and health information and support. Mental health in particular became a workplace priority during the pandemic's lockdowns, and the impact of poor physical, financial and social wellbeing have all been brought into focus.

There's also been a shift towards a more human approach, with family benefits becoming more popular. This includes extending healthcare to family members but also expanding policies around miscarriage, fertility and shared parental leave.

The pandemic has also accelerated a number of benefits trends that were already in motion. Diversity, equity and inclusion (DEI) is now a workplace priority, and this is reflected in the breadth of wellbeing topics covered, running from the menopause and men's health, through to mental health and ethnicity. It's also seen in the more democratic approach to benefits. Some firms that might previously have paid a percentage of an employees' gym membership fee are now offering a fixed amount to spend on anything health related, which can encourage more employees to get involved with managing their own fitness.

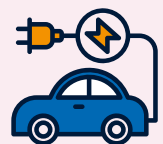
Increased awareness of climate change and other environmental, social and governance values, partly driven by the pandemic, is also creating demand for more sustainable benefits, from green pensions to electric vehicles.

Driving the sustainable travel trend

One trend that's emerged from the pandemic is demand for electric cars, with several participants at our round table reporting significant take-ups when they rolled out new schemes in 2021.

This may seem counterintuitive at a time when fewer people are commuting but, alongside the appeal of the tax breaks, electric cars fit several of the shifts that have taken place during the pandemic. Zero emissions make them a great choice for employees wanting to live more sustainably and, with lower running costs, they also suit those looking to save money as well as the planet. New ultra-low emission zone regulations in several UK cities have also helped to raise awareness of electric vehicles.

These trends were also seen among those who prefer two wheels to four, with many participants reporting a renewed interest in their cycle-to-work schemes.





Chapter 2: How are wellbeing priorities shifting?

The shift to hybrid working may have come out of one of the biggest health crises we've ever seen, but it has potential health and wellbeing issues of its own. Ensuring the right measures are in place to prevent these issues is essential.

Without the right support, working remotely can potentially lead to a variety of health problems. A badly set-up workstation can result in musculoskeletal problems while working alone can cause loneliness and isolation, potentially leading to mental health issues such as depression and anxiety.

Poor wellbeing behaviours can also creep in. Bad habits such as working long hours, overdependence on technology and not taking breaks can fuel poor physical and mental health and lead to burnout.

Workforces are also likely to experience higher levels of serious illnesses as a result of missed screenings and delayed diagnoses during the pandemic. Managing the effects of delayed diagnosis in a hybrid working environment could be a challenge.

Awareness of these potential trends enables organisations to adapt their employee support and put the right safeguards in place. Switching ergonomic assessments from the workplace to home is simple, with online services now readily available, and additional wellbeing support can help employees build good health habits.

It's also important to provide line managers with training to ensure they can support employees. Managing a team remotely requires different skills, especially around identifying that someone is struggling with their health. Being able to spot this and signpost support can make a big difference.

Policies should also reflect changes to working practices. Setting guidelines around when emails are sent, breaks between video calls and even Zoom-free days – and ensuring that managers follow the rules – will encourage digital wellbeing and reduce the risk of burnout.

Health insurance and the pandemic



Health insurers stepped up to the plate during the pandemic, with more than £218m paid out in Covid-19 related group life insurance claims by the end of June 2021, according to industry body Group Risk Development. And, while medical insurers were forced to press pause on treatment as private hospitals supported the NHS, they ramped up their digital services during the pandemic.

These benefits are likely to be equally important going forward too. Missed screenings and concerns about visiting the GP during the pandemic mean that serious conditions such as cancer and heart disease are likely to be diagnosed at a later stage. This is expected to lead to more claims on group risk and medical insurances over the next five to 10 years.

The value of these benefits was also noted by round table participants, with many saying that employees were looking to increase their cover, especially on critical illness insurance and life insurance.





Chapter 3: How to reshape benefits for a hybrid workforce

With employee needs and expectations shifting, organisations must reshape their benefits packages to support staff and secure the best talent. And further changes may be necessary as more is learnt about this new way of working.

Data is king when determining what works with take-up and usage rates, staff surveys and industry benchmarks showing which benefits are appreciated and which might need a rethink.

The scale of the change means it's also important to overlay these results with details of how employees are working. An organisation where there's a mixture of employees permanently in the workplace and others working between home and office will require a different approach – and potentially two sets of benefits – to one where there's a wholesale shift to hybrid working.

It may also be necessary to have a benefit tidy-up. Over the course of the pandemic, insurers launched, or raised the profile of, all sorts of additional services such as virtual GPs, EAPs and health information. Reviewing these will remove the confusion and cost that comes with benefit duplication and help to ensure that employees have straightforward access to best in breed.

A review is also a great opportunity to ensure benefits align with corporate policies on everything from DEI to ESG. Switching from lease cars to electric ones or introducing a wellbeing pot instead of gym membership can support and amplify broader corporate philosophies.

It's also good to think about how to get value from the benefits on offer. Managers have a key role to play in hybrid working, both in terms of the way they manage but also in identifying potential issues and signposting relevant benefits. Providing them with training can help to boost benefit effectiveness.

Greater flexibility in the way employees work may also necessitate a more fluid benefits programme. Organisations were already moving away from annual benefit windows but the pandemic and the introduction of hybrid working has only served to accelerate this trend.

Five dos and don'ts when reshaping benefits

- Do test the water by asking employees what they would like in their benefits package.
- Don't be afraid to put together different benefits for different groups of employees.
- Do review current benefits to remove duplication as this can cause confusion and add to costs.
- Don't just think products – training managers to manage employees remotely and promote the range of benefits will improve take-up.
- Do think about how the benefits on offer align with the organisation's broader corporate policies.





Chapter 4: Future evolution

Employee benefits may be undergoing significant change but, with so much still unknown about hybrid working, this is likely to be just the beginning of a transitional phase.

Initial steps will probably seek to replicate existing benefits, introducing new initiatives that suit employees working from home or adding greater flexibility to the way they are delivered. However, organisations are already looking beyond this first phase.

New benefits could emerge that better suit hybrid working or meet a need that never arose when employees were based in the workplace. These benefits could also reflect the needs of new groups of employees that could potentially be attracted as a result of hybrid working. For instance, more support around caring responsibilities for both parents and carers.

The question of location-based pay is also up for discussion. The tradition of paying London weighting for employees based in the capital becomes largely irrelevant when they work from home, especially as some are already choosing to move out of the commuter belt. Identifying an expenses model which is fair to all employees and recognises the business-related costs employees might now incur is also a priority.

The way benefits perform will also influence future change. Group risk benefits are a good example of this. With more claims expected over the next few years as a result of missed diagnoses during the pandemic, there could be greater focus on prevention to curb future anticipated increases in claims and premiums.

Appetite for wellbeing benefits is unlikely to wane, especially given the new risks hybrid working brings. But already employers are looking for more sophisticated offerings that combine all elements of health and wellbeing on a single platform which is accessible from anywhere. This will enable employees to be supported to make meaningful changes to their lifestyle and health behaviours.

Regularly reviewing what's on offer, how it performs and what employees want and expect will ensure that benefits remain relevant and engaging, however work changes.





Quiz

1. What percentage of the UK's workforce worked from home in 2020?

- A. 81%
- B. 71%
- C. 37%
- D. 35%

2. How many people could come back into the workforce if they were able to adopt hybrid working?

- A. 4.8 million
- B. 3.8 million
- C. 2.8 million
- D. 0.8 million

3. What percentage of employees who experienced homeworking want to adopt hybrid working?

- A. 100%
- B. 85%
- C. 40%
- D. 0%

4. Which digital benefits have become more popular during the pandemic?

- A. Virtual GP, online physiotherapy and coaching services
- B. Employee surveillance tools
- C. Free games and selfie filters
- D. Back massages

5. How are organisations reflecting their sustainability policies in their employee benefits?

- A. Moving benefit selection to every two years
- B. Providing tablets to replace paper
- C. Offering bonuses for staycations
- D. Introducing electric cars and green pensions

6. How can poor wellbeing behaviours affect employees working at home?

- A. Poor physical health, including musculoskeletal problems
- B. Poor mental health, such as depression and anxiety
- C. Burnout
- D. All of these

7. How much did insurers pay in Covid-19 related group life claims by the end of June 2021?

- A. Nothing – Covid-19 was excluded
- B. £55 million
- C. £218 million
- D. £312 million

8. Why are insurers expecting to see more group risk claims over the next five to 10 years?

- A. Missed screenings and late diagnoses of serious conditions such as heart disease and cancer
- B. Insurers froze claims payments during the pandemic
- C. New conditions were added to group income protection policies
- D. Poor health and lifestyle habits among millennials

9. What has caused an increase in health and wellbeing benefit duplication over the course of the pandemic?

- A. Fewer restrictions over benefit procurement led to benefit ranges growing
- B. More health and wellbeing start-ups during the pandemic meant more new services
- C. Insurers launched additional services such as virtual GPs, EAPs and health information
- D. Social Media sparked employee demand for more health and wellbeing tools

10. Why might group risk products adopt a greater focus on prevention in the future?

- A. To counter increases in claims and premiums resulting from missed diagnoses
- B. To support the NHS as it deals with the treatment waiting lists
- C. To ensure that everyone in the UK has eaten at least one plant-based meal
- D. Low demand for products will require insurers to reposition their proposition

1. C, 2. B, 3. B, 4. A, 5. D, 6. D, 7. C, 8. A, 9. C, 10. A.

Quiz: The answers



Who we are

YuLife

YuLife is life insurance that inspires life. We have shifted group risk insurance to a proactive model where our policies decrease risk by helping individuals live healthier lives. The YuLife app encourages positive daily habits like walking and meditating by rewarding individuals with Avios miles, vouchers and gift cards.

At the same time, YuLife members have access to telemedicine and mental health support to help prevent illness. YuLife provides a simple, cost-effective way for businesses from high-growth fintechs like Curve to established retailers like Co-op to provide financial security while also helping their people live well and take care of themselves.

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Reward & Employee Benefits Association

REBA is the professional networking community for reward and benefits practitioners. We make members' working lives easier by saving them time, money and effort through sharing experience, ideas, data and insight with each other. We help members to pursue best practice, increase professionalism in the industry and prepare for upcoming changes. REBA also lobbies government on members' behalf.

What REBA does:

- Runs regular conferences and networking events, both face-to-face and virtually, through webinars and online platforms
- Produces benchmarking research, insight & data reports and analysis
- Delivers information that reward and benefits practitioners need to know, both online and in our daily emails
- Helps with supplier shortlisting and research
- Supports the reward and benefits community through our rebaLINK peer-to-peer networking platform.

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