



Impact of COVID-19 on pay, bonuses, benefits, health insurances and employment contracts

From the Reward & Employee Benefits Association



Snapshot survey conducted
17-19 March 2020

Among over 100 UK employers

www.reba.global/research

Introduction

The Reward & Employee Benefits Association (REBA), which represents more than 2,000 HR professionals who are responsible for pay, benefits and wellbeing policies at medium to large UK businesses, conducted a snapshot survey to gain a fast-track insight into the direction of decisions being taken by employers in the face of the huge economic impact of COVID-19 on UK businesses.

The survey went into the field on the same week as the Prime Minister Boris Johnson advised workers across the country to work from home, which meant that employers had to react to sudden change to working practices.

The survey closed before the Chancellor Rishi Sunak announced a package of support for employees on 20 March 2020. In the coming weeks REBA will conduct a second survey to assess the impact of the support package.

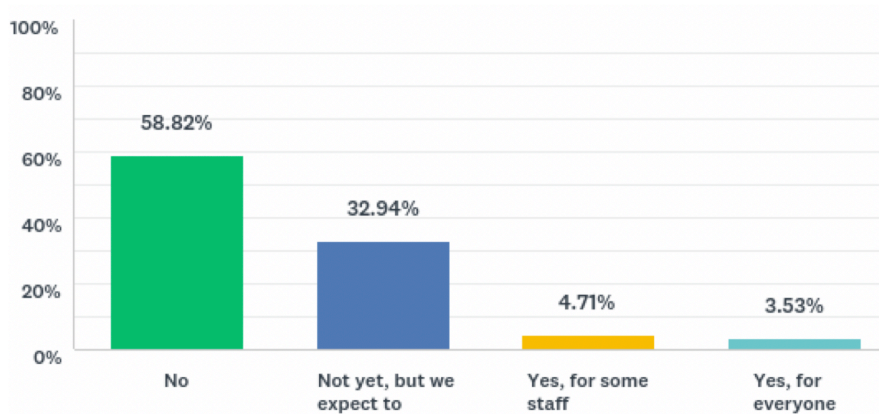
This snapshot survey showed that in the week of 17-19 March there were more questions than answers coming from employers, primarily regarding employee pay as they work to deal with a significant business downturn.

Already many businesses across sectors are planning for an aggressive recovery post coronavirus. The economic dive will be deep and sharp, especially in the service sector, but the comeback could be equally fast. How HR, reward and benefits professionals deal with cuts and freezes now will either help or hamper that comeback. Being too ruthless may damage employer and consumer brands. It would be wise to pause to discuss growth strategies in the near future with the operational side of the business before acting on cuts or reductions. UK employers will need their engaged, talented and adaptable workers.

Changes to employment contracts

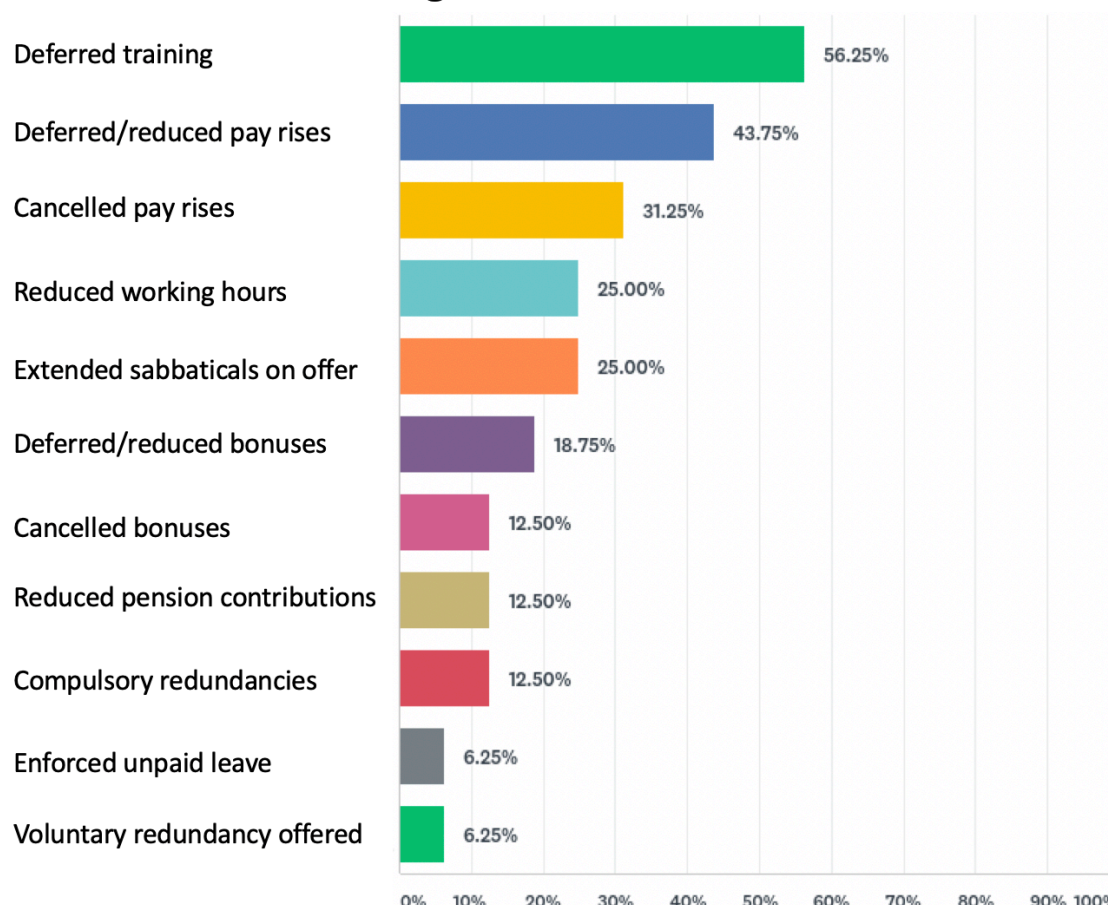
Changing pay would mean changing employee contracts. The survey shows that while most employers (59%) have made no changes to contracts, a significant one in three (33%) employers plan to do so. This is a large number that REBA would expect to rise if there was no external reassurance or support coming from government.

Have you made significant contractual changes to protect your business in the longer term due to COVID-19?



How employers plan to manage pay budgets via contract changes

Changes made to employee contracts to protect businesses in the longer term due to COVID-19



The most notable change expected to employee contracts would be deferred, reduced or cancelled pay rises. REBA has seen a marked increase in queries coming in from employers wanting to know what other businesses are doing about forthcoming pay reviews.

Bonuses are also under the spotlight. Almost one in five employers expect to defer or reduce bonuses. A smaller number plan to cancel bonuses, perhaps indicating that employers see the current situation as temporary and they will need to retain vital staff to prepare for a post-coronavirus business recovery.

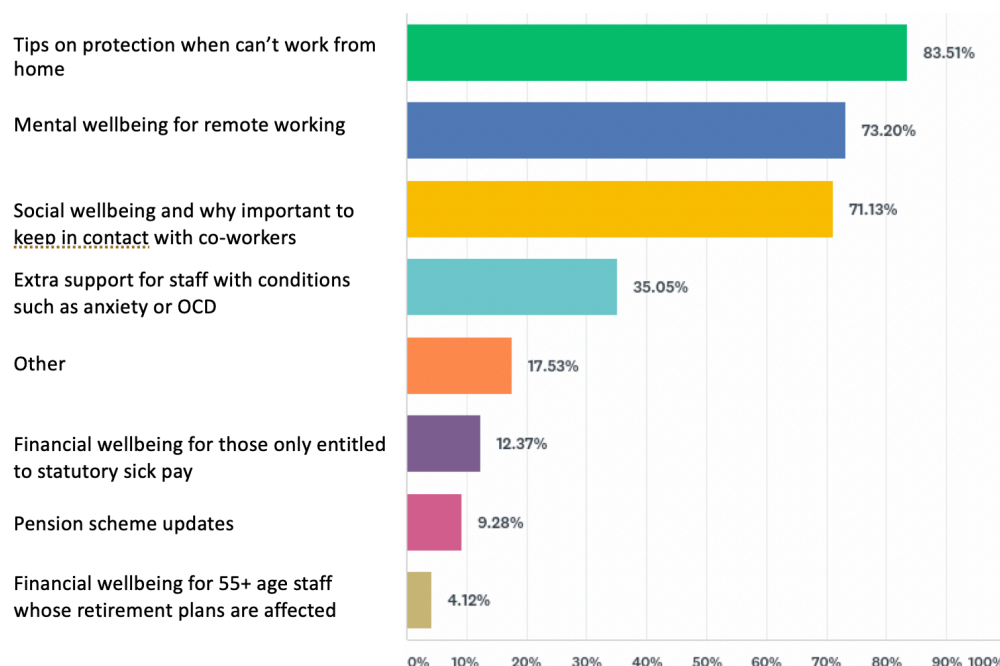
A few employers are looking to reduce pensions contributions. But this will depend on whether employment contracts will allow this, or if this would fall foul of auto-enrolment legislation.

As in the 2008 economic downturn, some employers have been quick to turn to reduced hours and enforced unpaid leave as a temporary way to reduce wage bills.

Employers want support and guidance for staff

Most questions coming from REBA members relate to how to support staff newly working from home. This is such an enormous workplace shift that business leaders, line managers and teams will take time to get used a fundamentally different way of working.

Have you offered staff support or guidance with any of the following due to COVID-19?



Once employers come to terms with many employees working from home, REBA would expect to see more focus on those workers not able to work at home, and especially for those employees working in risky conditions where they might be exposed to COVID-19 or the anxious public.

Social wellbeing support may extend more robustly to consider those who are disabled, recently bereaved, divorced, living alone or dealing with domestic abuse who are now at home fulltime without the daily contact of colleagues.

At the time of this survey UK schools had not yet been closed.

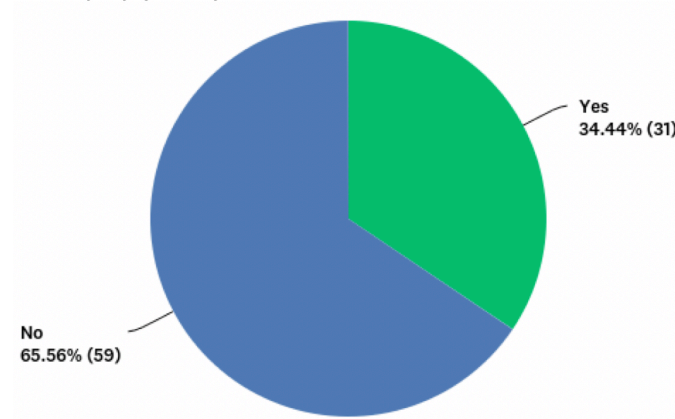
Many employers are actively supporting the financial wellbeing of their staff at this time. However, there will be many businesses that are simply unable to provide these benefits both in the short and longer term.

How changes to Statutory Sick Pay affected decisions

Sick pay broadly falls into two categories – contractual and statutory. The three-day qualification period for Statutory Sick Pay (SSP) has been relaxed so that it applies from day one. Eligibility requirements have also been extended to anyone unable to work because they have been advised to self-isolate (regardless of whether they have symptoms). This is to ensure that anyone who needs to self-isolate does so. This also applies to people caring for those within the same household who display COVID-19 symptoms and are self-isolating as a result.

The main issue with SSP, however, is the fact that it only pays £94.25 a week, which is unlikely to cover most people's costs.

Have you made any changes to your sick pay policy as a result of COVID-19?



Our survey found that more than one-third of employers (34%) have made changes to their sick pay policies as a result of COVID-19 – many for the better.

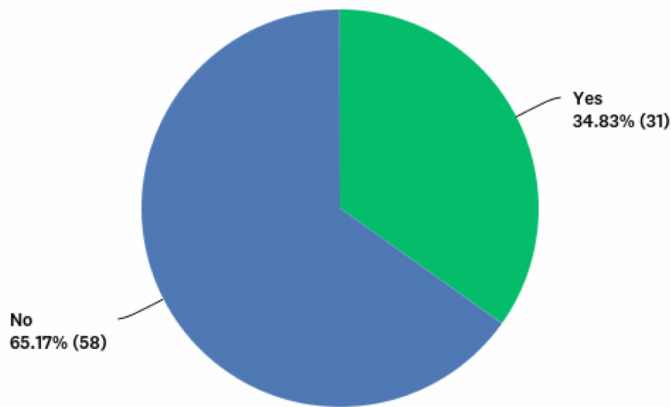
Measures being taken include:

- full pay for anyone in isolation regardless of their contractual position, to encourage self-isolation – although this policy will be kept under review
- offering full pay to everyone
- 10 additional days of paid leave for anyone diagnosed or who is a carer
- relaxed the need for GP certificates
- including new joiners in full-pay sick leave policies.

Changes to wellbeing plans and support from health insurers

The survey shows REBA members have been proactive with regards to using employee benefits and wellbeing programmes to support employees.

Have you done anything new or different in your wellbeing programme as a result of COVID-19?

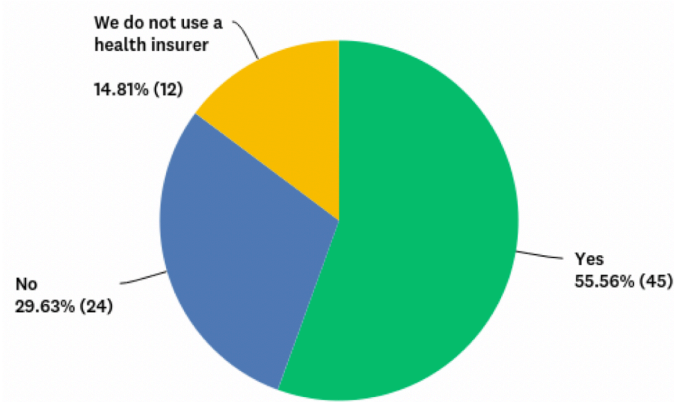


Several respondents have added virtual GP services to their employee benefits packages, while others have extended existing virtual GP services to all staff regardless of who qualified to receive this benefit previously. Most employers have put out communications to remind workforces of what is on offer and how to access these health benefits.

Employee assistance programmes (EAPs), which are common in the UK, are being extended to more workforces globally or being upgraded to a better quality service. Signposting and re-communicating the EAP seems a popular action by many employers.

Some employers are looking to broach the topic of ensuring staff have updated life assurance beneficiaries, while many have been double checking group medical and life insurances for exclusions around pandemics.

Have you been satisfied with your health insurer's response to the COVID-19 outbreak to date?



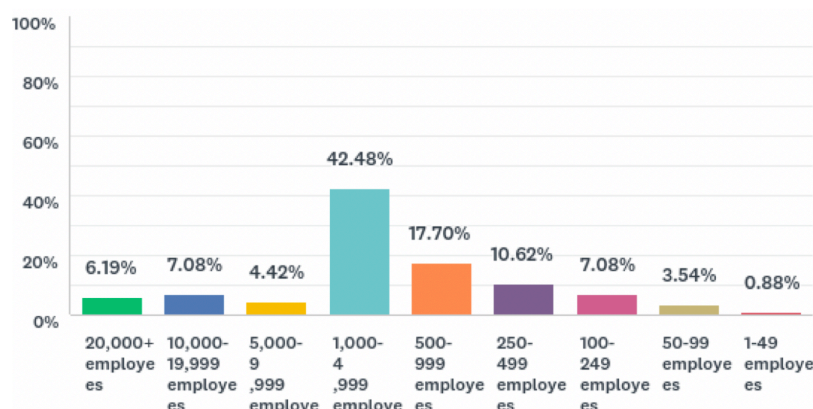
Like employers, some insurers have been slow to respond to this fast-moving coronavirus pandemic, which has left nearly a third of employers feeling they have not got the response they wanted.

About the survey:

This survey had 111 responses from employers representing roughly a collective total of 750,000 workers and took place between 4pm on 17 March and 4pm on 19 March 2020. It was conducted by the Reward & Employee Benefits Association among its 2,000 Professional Members. Responses primarily represent medium to large workforces:

- 60% of responding businesses had more than 1,000 employees.
- 28% had 250-999 employees.

How many UK-based staff does your organisation employ?



REBA would like to thank its members responding to this survey:

Aberdeen International Airport, Activate Learning, Ageas Insurance, Aggregate Industries, Air Products, Anaplan, Angel Trains, Anglian Water Services, BAM Construct UK, Beazley, Blackhawk Network, Bombardier Transportation, Brambles, Browne Jacobson LLP, BSI, Burberry, Byes Contracting, Cabot Credit Management, CDK, Chesterfield Royal Hospital, City & Guilds, City Plumbing, Computershare, Connect Group, Co-op, CooperVision, Costain, Cushman & Wakefield, DHL International, DHL Supply Chain, Direct Line Group, Discovery, Dogs Trust, Donnington Grove Vets, DWP, Edgewell Personal Care, Engie, Epping Forest District Council, ETI, Fidelity International, Financial Conduct Authority, Financial Ombudsman Service, Fourfront Group, Getronics, GoDaddy, Grosvenor, Headlam Group, Hogan Lovells, Honeywell, Hymans Robertson, Hyperion Insurance Group, IHG, Imagination Technologies, J D A Software UK, Jaguar Land Rover, John Lewis Partnership, Johnson Matthey, L'Occitane, Lendlease, Lewmar, Low & Bonar, Lululemon Athletica, McCormick, Medallia, Ministry of Defence, Mizuho International, MOD Defence Equipment & Support, Molson Coors Beverage Company, Nando's UK, Norfolk Constabulary, Nottingham City Council, Ocado Retail, OFWAT, Ornuo Foods UK, Overbury, Oxera, Ricoh UK, SAS UK, SDL, Sky, Slaughter and May, SLB, Sovereign Housing Association, Standard Life Aberdeen, Takeda, Terumo Aortic, Thesis Asset Management, Thirteen, Thomas Miller, Thomson Reuters, Three, UCB, Uniper, University of Manchester, University of Salford, UTB, Value Retail, Virgin Media, VMware UK, VWFS, Withers Worldwide, Wells Fargo, Wickes, William Grant & Sons, William Hill, Workday, Zurich

