Flexible Work and Rewards Survey: 2021 Design and Budget Priorities
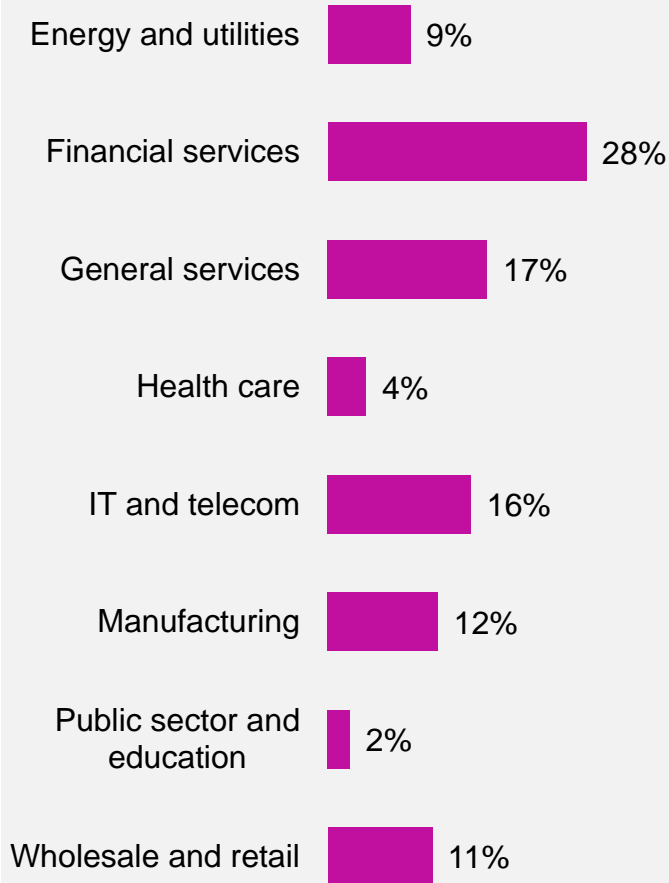
Results – UK

November 6, 2020

Willis Towers Watson

About the survey

Industry

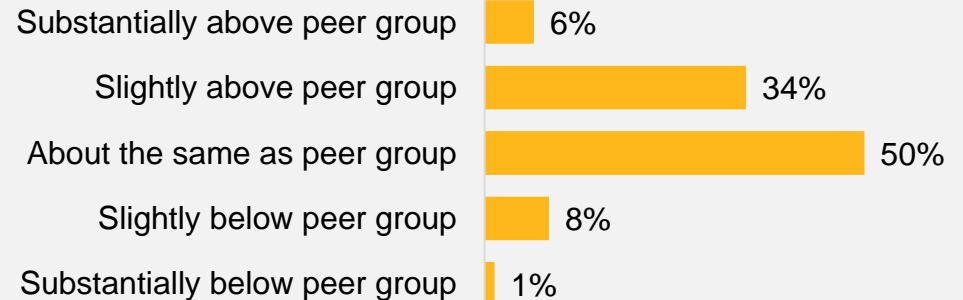|	
Energy and utilities	9%
Financial services	28%
General services	17%
Health care	4%
IT and telecom	16%
Manufacturing	12%
Public sector and education	2%
Wholesale and retail	11%

167 respondents completed the survey

2.41M employees at responding organizations

Financial performance during the past year

Substantially above peer group	6%
Slightly above peer group	34%
About the same as peer group	50%
Slightly below peer group	8%
Substantially below peer group	1%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

About the survey

Which statement best describes your total organization?

42% **Domestic.** Majority of operations are in home country and mainly supply the domestic market; may have small operations with a few functions in other countries

18% **International.** Multifunction operations across an entire region (Asia Pacific, Europe, Latin America, North America, etc.) or in several countries on different continents

40% **Global.** Significant operations (i.e., majority of functions) represented on three or more continents

From what perspective would you like to complete this survey? (*For International or Global organizations)*

Local policies and programs: Provide responses about activities taking place in your country

Multinational governance and policies: Provide responses from a headquarters perspective in terms of your company's "general policy" across all countries in which you operate even if not everything applies in every country

54%

46%
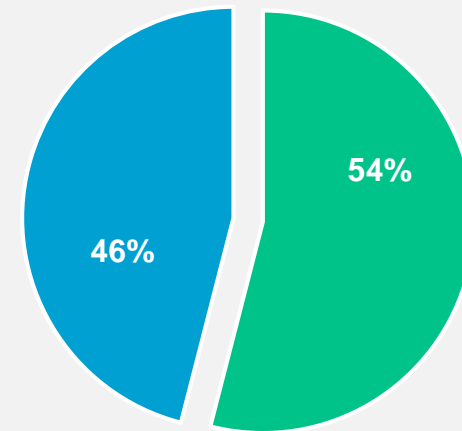
- Local policies and programs
- Multinational governance and policies

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Executive summary

|	
01 Trend ↗ (P6-P10)	▪ There's been a **sharp uptick in the number of employees working from home or using other flexible work arrangements.** Employers expect this to persist through first quarter of 2021 ▪ **Employee safety concerns have been the main reason** for this shift but over time employee **retention**, **engagement** and productivity are increasing in importance as well

02 Policies
 	
(P11-P16)
	▪ **Organizations have been adapting to this by** Instituting **formal policies** around flexible work arrangements
	  • Many have put these policies in place **only recently or intend to add them very soon**
	  • These new policies are likely to be **permanent**
	  • Eligibility for these policies are driven by **job function** and **discretion,** but at some organizations **everyone** will continue to be eligible

03 Impact
 	
(P17-P22)
	▪ **The likely immediate impact of these policies:**
	  • Reductions in real estate and commuting expenses, partially offset by increases in subsidies and allowances for flexible work arrangements
	  • No immediately change in how people are paid
	  • Not seen as a first step to offshoring in the immediate future

04 Future	▪ The longer term trends however are **around the way the changing workplace effects the business** and **Talent and Rewards opportunities** required to support a more flexible workplace in the future. These changes touch the **role of the manager, job architecture** and **pay and benefits**

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Trend

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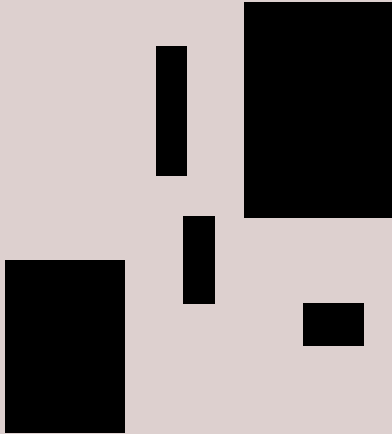
Organizations experienced a dramatic uptick in the proportion of employees working remotely and/or using other flexible work arrangements

What is the approximate percentage of workers at your organization using the following alternative work arrangements last year? Currently? In Q1 of 2021?

		Last Year	Currently	Q1 of 2021
	Telecommuting / Working from home (WFH)	20%	73%	64%
	Working from anywhere	8%	25%	23%
	Compressed workweek	6%	7%	8%
	Flextime	15%	21%	23%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

On average, organizations currently have over half of full-time employees working remotely/from home

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?

Three years ago	**Currently**	**In three years**
5% / 77%	51% / 32%	37% / 43%

■ Full-time employees working in-person or on site   ■ Full-time employees working remotely/from home
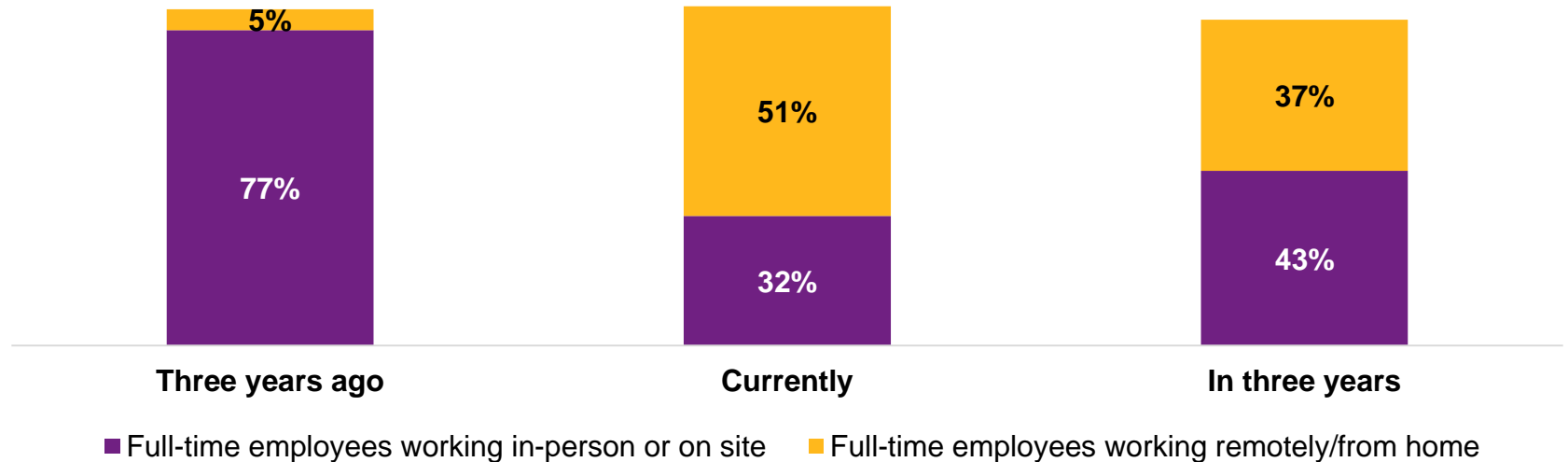
Respondents expect the proportion of their workforce who are full-time employees working from home in three years to be about **30% below** current levels, but over **7x** what it was three years ago

Note: Ratios calculated using actual numbers not rounded numbers.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations currently provide alternative work arrangements due to employee safety concerns

To what extent are the following reasons your organization currently provides alternative work arrangements?
(For those currently using any alternative work arrangements)

	To a very great extent - 5	4	3	Not at all - 1 / 2
Employee safety concerns	72%	14%	5%	9%
Maintain or increase employee engagement	16%	39%	27%	18%
Improve inclusion and diversity	16%	33%	23%	28%
Promote employee retention	15%	37%	25%	23%
Security concerns	9%	15%	14%	62%
Maintain or enhance business process transformation	7%	19%	26%	48%
Maintain or enhance productivity	7%	33%	29%	31%
Focus on cost savings/management	1%	6%	17%	75%

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

46% of organizations have conducted an **audit to identify any issues** that have arisen with respect to those employees who are currently working remotely
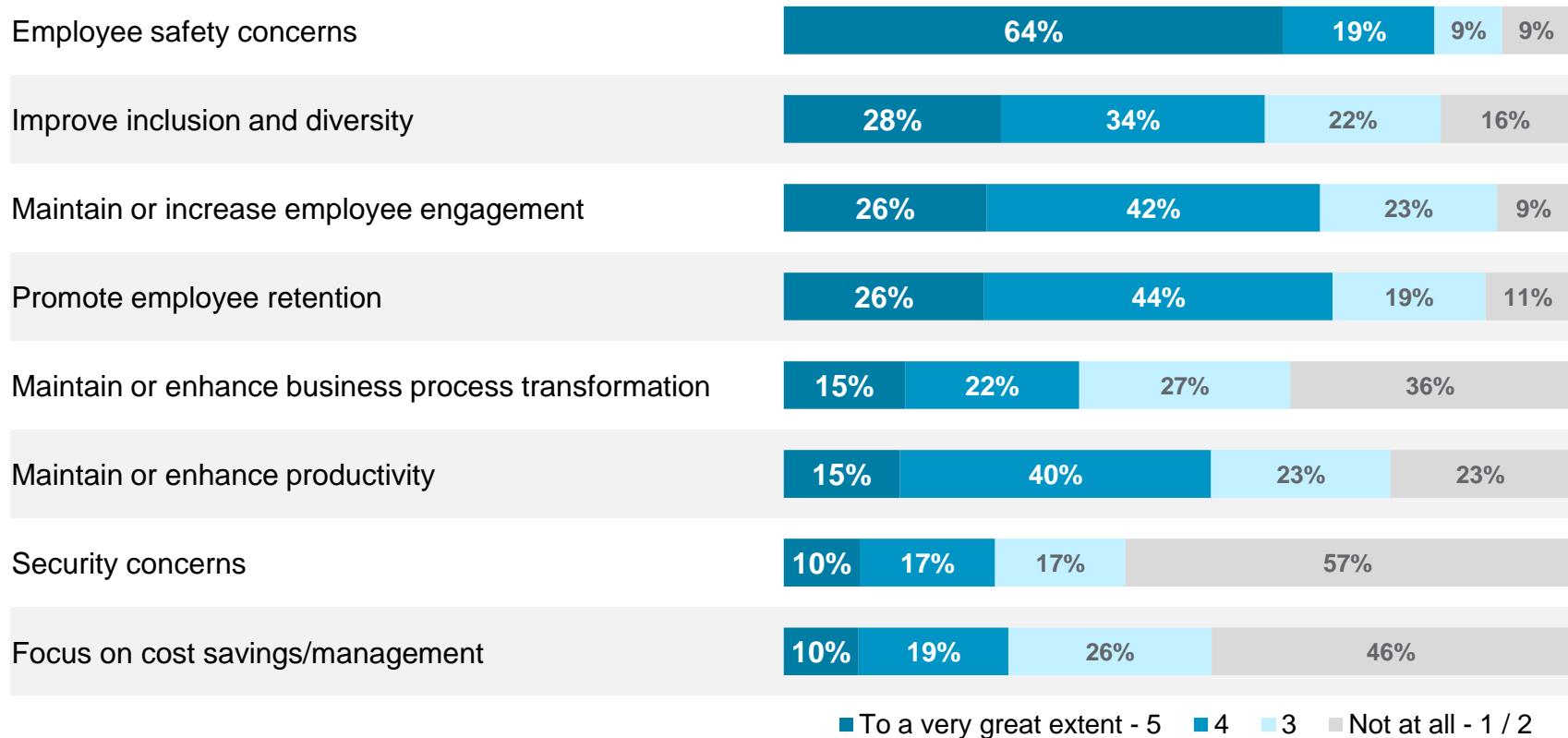
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations expect to provide alternative work arrangements in Q1 of 2021 due to employee safety concerns

To what extent are each of the following reasons you expect your organization to provide alternative work arrangements to employees in Q1 of 2021? *(For those expecting to use any alternative work arrangements in Q1 of 2021)*

Reason	To a very great extent - 5	4	3	Not at all - 1 / 2
Employee safety concerns	64%	19%	9%	9%
Improve inclusion and diversity	28%	34%	22%	16%
Maintain or increase employee engagement	26%	42%	23%	9%
Promote employee retention	26%	44%	19%	11%
Maintain or enhance business process transformation	15%	22%	27%	36%
Maintain or enhance productivity	15%	40%	23%	23%
Security concerns	10%	17%	17%	57%
Focus on cost savings/management	10%	19%	26%	46%

■ To a very great extent - 5   ■ 4   ■ 3   ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

As safety considerations continue to remain important, employee engagement and retention increase in importance for providing alternative work arrangements

To what extent are the following reasons your organization <u>currently</u> provides alternative work arrangements? In <u>Q1 of 2021</u>? *(For those expecting to use any alternative work arrangements in Q1 of 2021)*

	Currently	**Q1 of 2021**
Employee safety concerns	86%	83%
Maintain or increase employee engagement	56%	68%
Promote employee retention	51%	70%
Improve inclusion and diversity	49%	61%
Maintain or enhance productivity	40%	54%
Maintain or enhance business process transformation	26%	38%
Security concerns	24%	27%
Focus on cost savings/management	8%	29%
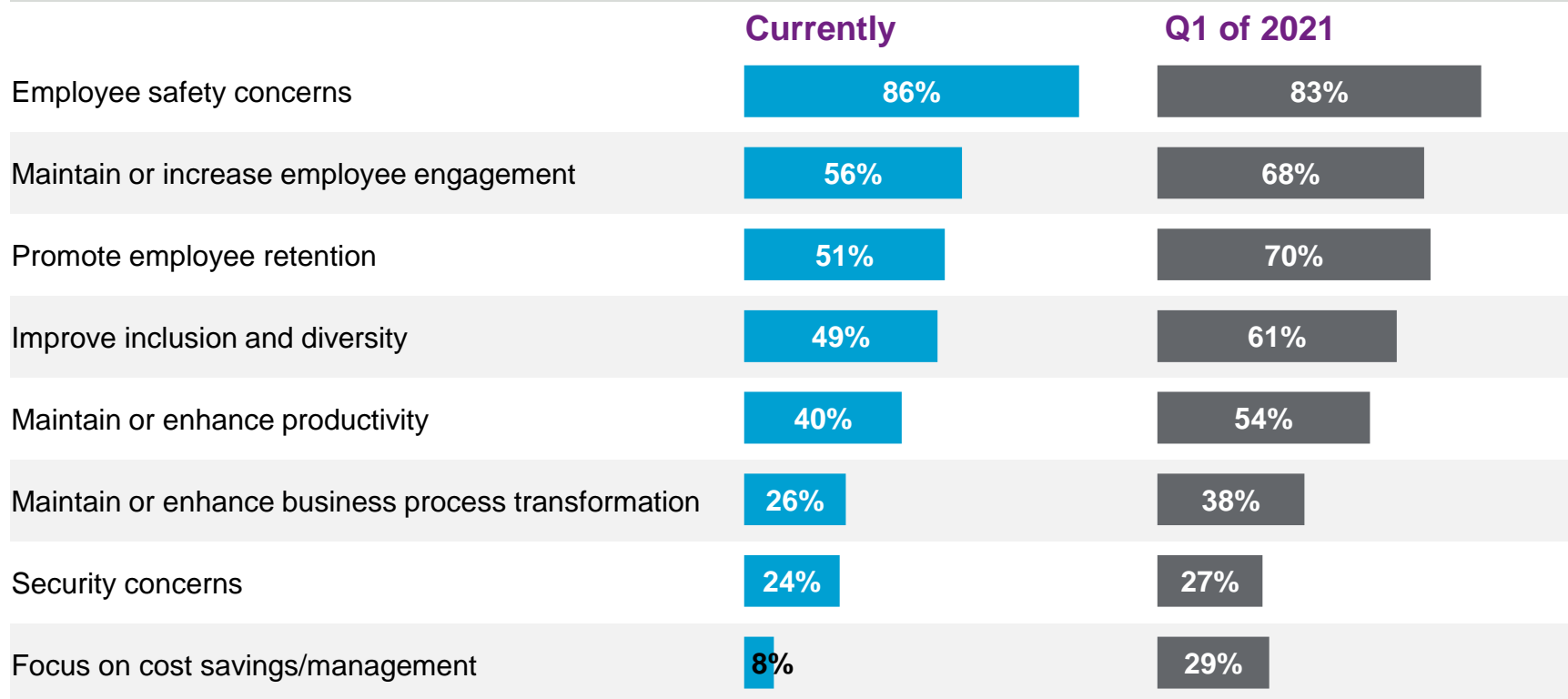
Note: Percentage based on those who responded "To a very great extent – 5" or "4" on a 5 point scale.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Policies
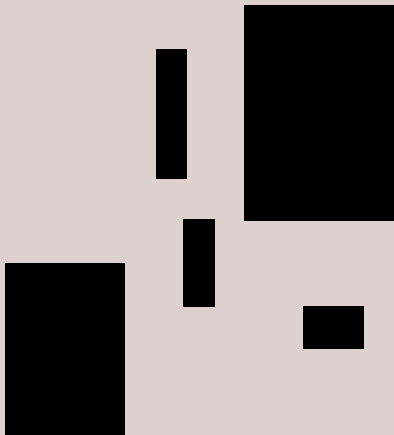
Nearly 3 in 10 organizations do not have a formal policy or set of principles to manage alternative work arrangements

Does your organization have a formal policy or set of principles to manage alternative work arrangements?

- No — 28%
- Yes, we created them in the last 6 months — 15%
- Yes, we created them in the last year — 8%
- Yes, we created them 2 or 3 years ago — 20%
- Yes, we created them more than 3 years ago — 29%
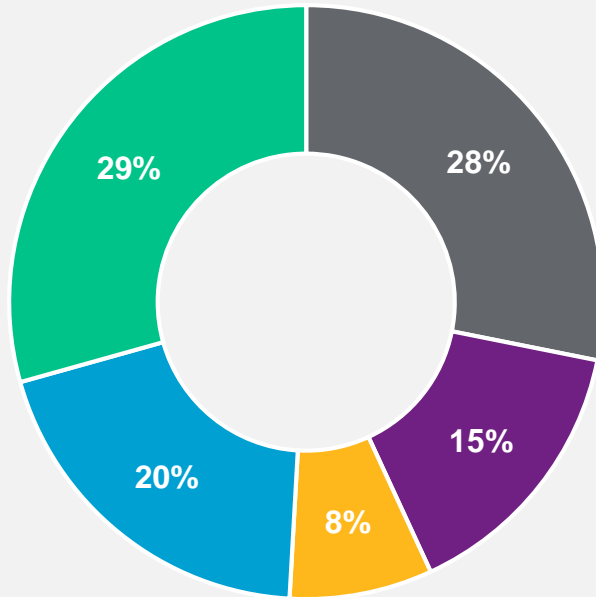
About **1 in 4** just created a formal policy this year

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Three quarters of organizations that do not have a formal policy are planning or considering adopting one to manage alternative work arrangements

Is your organization planning or considering adopting a formal policy or set of principles to manage alternative work arrangements? *(If answer **no** to formal policies or principles)*

Yes, we are **planning** to adopt formal policies or principles to take effect **this year**
19%

Yes, we are **planning** to adopt formal policies or principles to take effect **next year**
38%

Yes, we are **considering** adopting formal policies or principles to take effect **next year**
17%

No, we are neither planning nor considering adopting formal policies or principles
4%

Not sure
21%

100%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Nearly three quarters of organizations with a formal policy are planning or considering making changes to current policies or principles to manage alternative work arrangements

Is your organization planning or considering making any changes to these policies or principles to manage your alternative work arrangements? *(If answer **yes** to formal policies or principles)*
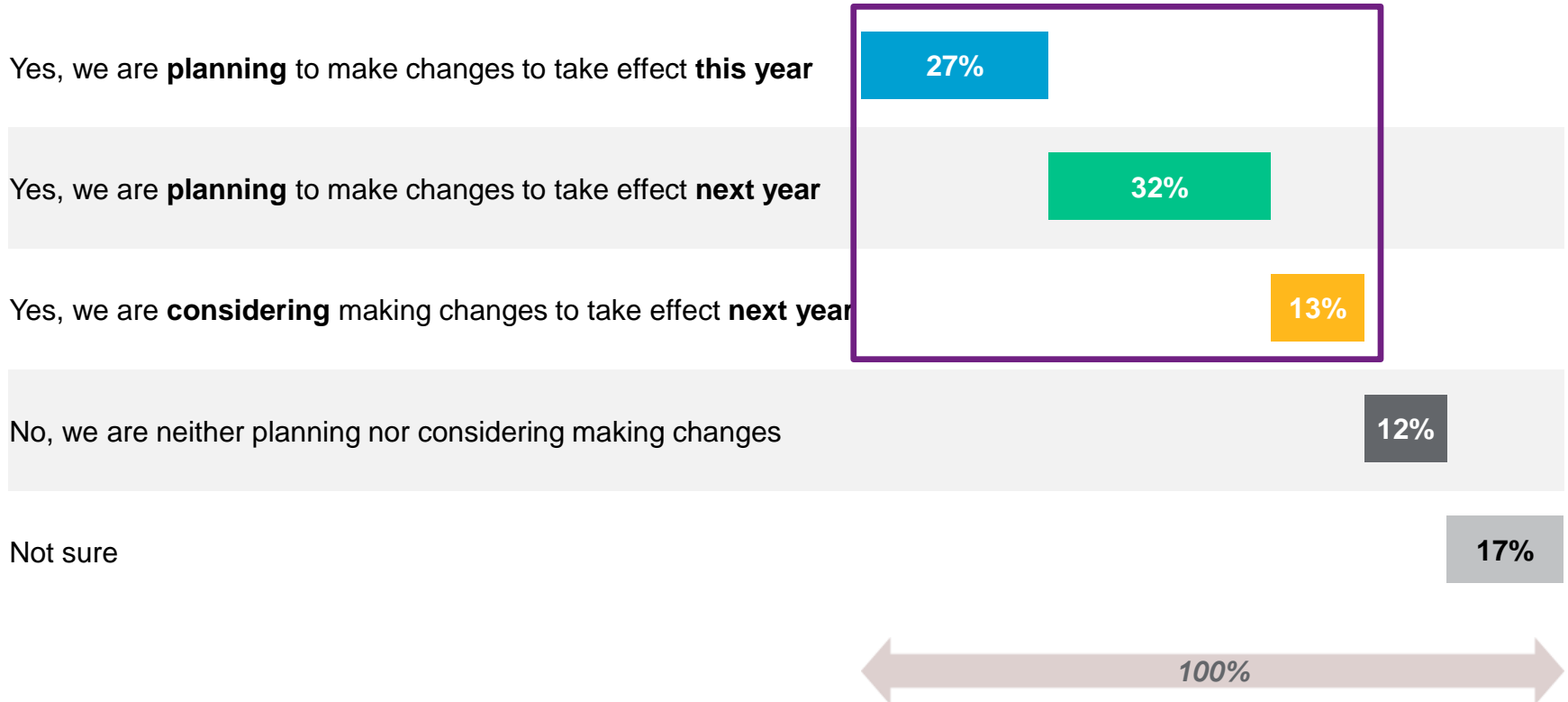
Yes, we are **planning** to make changes to take effect **this year** — 27%

Yes, we are **planning** to make changes to take effect **next year** — 32%

Yes, we are **considering** making changes to take effect **next year** — 13%

No, we are neither planning nor considering making changes — 12%

Not sure — 17%

100%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations with new policies expect these policies or principles to be permanent

Are these policies or principles expected to be permanent? *(If created formal policies in last 6 months or year or answer yes to planning or considering adopting formal policies or principles)*

Yes — 74%

No, they are likely to end by end of 2020 — **0%**

No, they are likely to end by end of June 2021 — **0%**

No, they are likely to end by end of 2021 — **0%**

No, they are temporary but not sure of end date yet — **4%**

Not sure if they are permanent or temporary — **22%**

100%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

At half of organizations all employees are eligible for using alternative work arrangement – otherwise job function and discretion are the most common criteria to determine eligibility

What are the criteria you are using to determine eligibility for using alternative work arrangements now? In the future?

Currently
*Respondents who have policies or principles **in place now***

Future
*Respondents who are **planning or considering putting policies or principles in place** or **making changes** to existing policies or principles*

Currently	Criteria	Rank	Criteria	Future
52%	All employees are eligible	1	All employees are eligible	48%
34%	Job function (e.g., technology, support services, call center)	2	Job function (e.g., technology, support services, call center)	44%
24%	Discretionary	3	Health concerns	18%
20%	Health concerns		Discretionary	15%
13%	Job type and level (e.g. senior professional)		Job type and level (e.g. senior professional)	12%
2%	Performance-based		Performance-based	5%
0%	Years of service		Years of service	0%
3%	Other		Other	6%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Impact

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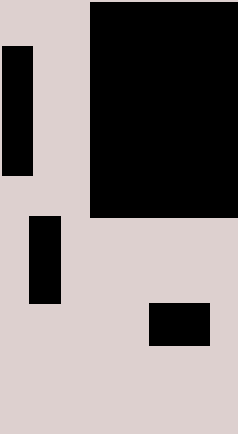
Working from home or working from anywhere is not seen as the first step to offshoring jobs in the near

What proportion of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years? *(For those that have workers Telecommuting or Working from anywhere in Q1 of 2021)*

None	Less than 10%	10% to 19%	20% to 29%	30% to 49%	50% to 74%	75% or more	Not sure
47%	21%	3%	1%	1%	1%	0%	26%
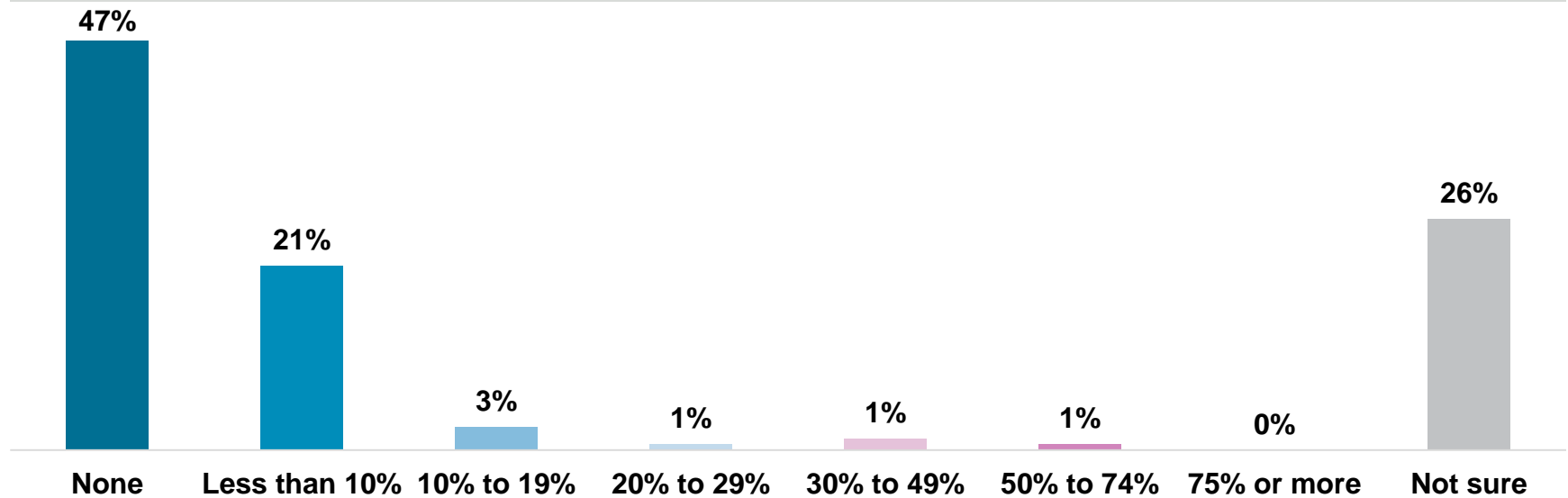
On average, organizations expect about **3%** of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Over 7 in 10 will pay fully remote workers the same as in-office employees regardless of worker's actual locations for all jobs

Which of the following best describes how pay will be determined for employees who are allowed to work fully remote – working from anywhere in 2021? *(For those expecting to allow employees to work from anywhere in 2021)*
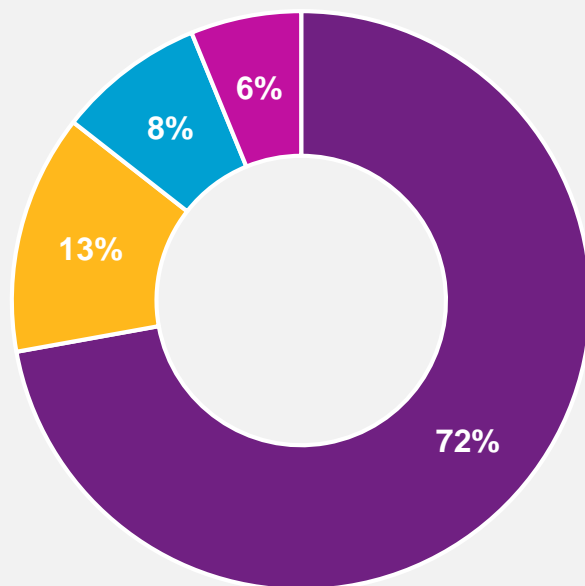
- Same as in-office employees regardless of worker's actual location for all jobs

- Based on location (e.g. city/ area) of remote worker for all jobs

- Same as in-office employees regardless of worker's actual location for hot skills, critical roles while based on location (e.g., city / area) for most roles

- Other

6%

8%

13%

72%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Many organizations expect a decrease in commuting to work and real estate expenses in 2021 – partially offset by increases in allowances for working from home

Few organizations expect substantial changes to pay and benefits

What is the anticipated budget impact in 2021 of your flexible/remote working policy?

	Real estate expenses	Expenses for commuting to work (e.g. transportation, meals or company cars)	Allowances and subsidies for working from home	Pay	Benefits	Overall Costs
Small increase (5% to 20%)/Significant increase (20% or more)	3%	3%	25%	3%	11%	7%
Stay the same (less than 5% change)	61%	44%	72%	93%	85%	64%
Significant reduction (20% or more)/Small reduction (5% to 20%)	37%	52%	3%	3%	3%	30%

- ■ Small increase (5% to 20%)/Significant increase (20% or more)
- ■ Stay the same (less than 5% change)
- ■ Significant reduction (20% or more)/Small reduction (5% to 20%)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Over the next 3 years, most organizations expect declines in commuting to work or real estate expenses

Some of these savings could be used to help facilitate necessary changes to Total Rewards programs

What is the anticipated budget impact over the next 3 years of your flexible/remote working policy?

	Real estate expenses	Expenses for commuting to work (e.g. transportation, meals or company cars)	Allowances and subsidies for working from home	Pay	Benefits	Overall Costs
Small increase (5% to 20%)/Significant increase (20% or more)	3%	3%	27%	9%	20%	9%
Stay the same (less than 5% change)	38%	43%	66%	81%	75%	55%
Significant reduction (20% or more)/Small reduction (5% to 20%)	60%	54%	7%	9%	5%	35%

■ Small increase (5% to 20%)/Significant increase (20% or more)

■ Stay the same (less than 5% change)

■ Significant reduction (20% or more)/Small reduction (5% to 20%)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Organizations are more likely to cover expenses for supplemental computer equipment

Does your organization cover expenses in the following areas? *(For those providing any of the following options for working remotely: working from anywhere, telecommuting or working from home)*

		Average value*	Cap*
Supplemental computer equipment (e.g., external monitor, docking station, headset, etc.)	13% / 23% / 13% / 49%	$ 278.50	$ 228.50 (n=22)
Furniture	6% / 19% / 13% / 60%	$ 227.50 (n=24)	$ 162.50 (n=16)
Computer/Laptop	10% / 8% / 6% / 75%	$ 915.00 (n=19)	n/a (n=5)
Wireless mobile device and service	6% / 4% / 86%	n/a (n=4)	n/a (n=2)
Internet	4% / 6% / 89%	n/a (n=8)	n/a (n=5)
Electricity	4% / 93%	n/a (n=3)	n/a (n=0)

Legend:
- ■ Reimbursement with no cap
- ■ Reimbursement with cap
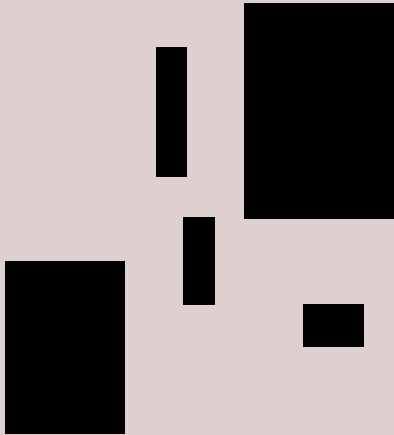- ■ One off allowance
- ■ Annual allowance
- ■ No

Note: *Sample size <25. Numbers for percentages below 3% not shown.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Future

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Nearly 3 in 5 organizations are effective at recognizing the need to create a more agile and flexible workforce

To what extent is your organization effective at the following?

Recognizing our need to create a more agile and flexible work force
| 9% | 48% | 28% | 16% |

Integrating contingent workers with specialized skills into our work teams
| 5% | 35% | 43% | 17% |

Retaining critical talent (employees and contingent workers) with needed technology skills
| 4% | 40% | 45% | 11% |

Integrating automation with talent
| 2% | 19% | 44% | 35% |

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

But they struggle to be effective because of shortcomings in strategy, systems and other factors

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Only 1 in 10 organizations have an integrated digital and business strategy

Which of the following best describes the current state of your organization digital strategy?
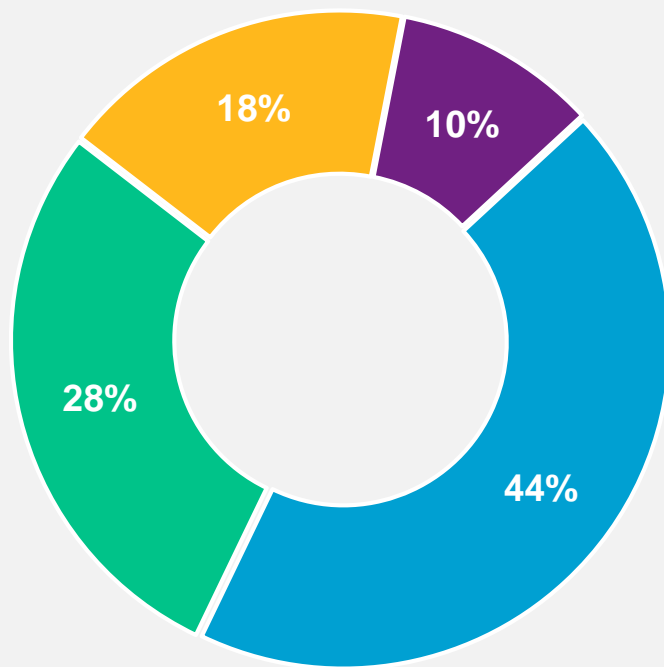
- 10% — We have an integrated digital and business strategy enabling new sources of value with digital capabilities embedded in the organization's value chain.

- 44% — We have a well-developed digital strategy that is clearly aligned with business strategy.

- 28% — We have a digital strategy, but it is not clear how that is aligned with our business strategy.

- 18% — We have a very basic, reactive digital strategy with rudimentary digital capabilities.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Over half of organizations have provided employees with digital tools and technologies to help them to be more productive

But fewer say employees and senior leaders are effective at using them

To what extent are the following applicable to your organization's digital efforts?

We have provided our employees with digital tools, such as mobile and web apps. to help them be more productive

18%	37%	25%	20%

Accountability for success of our digital ambitions is owned by all our leadership

15%	31%	30%	23%

Our employees are quite proficient in using digital tools

11%	34%	38%	17%

Senior leaders are effective at using new technologies and non-employee talent to change the way work is done in every area from customer interaction to internal work processes
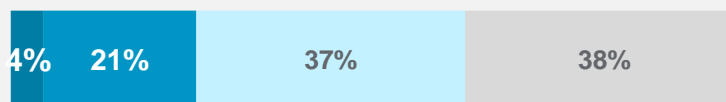
4%	21%	37%	38%

■ To a very great extent - 5   ■ 4   ■ 3   ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

# Only 3 in 10 organizations report their managers are effective at using alternatives ways of getting work done, and only 1 in 5 are effective at removing obstacles to delivering work

To what extent are managers in your organization effective at the following?

Helping workers on their team focus equally on what our customers will need tomorrow and what they require today

| 9% | 27% | 37% | 27% |
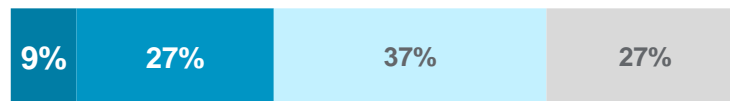
Communicating and leading change around the new combinations of humans and automated workers

| 4% | 13% | 38% | 45% |

Coordinating the delivery of work using multiple alternatives (e.g., employees, independent contractors, AI, etc.)

| 3% | 28% | 45% | 24% |
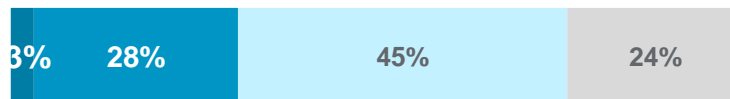
Removing obstacles to doing work with speed and efficiency
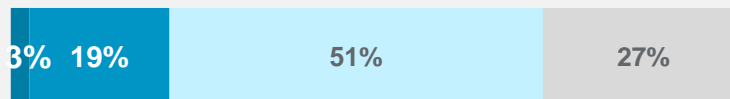
| 3% | 19% | 51% | 27% |

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

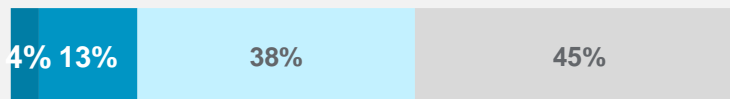Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Nearly 3 in 5 organizations are recognizing that new requirements for work require a hybrid model for rewards and pay

In what ways are your rewards and pay philosophy shifting due to new ways of working?

We are recognizing that new requirements for work require a hybrid model — **56%**

We are not concerned with where work gets done for most roles — **41%**

We are providing additional benefits to promote workplace flexibility (e.g. backup daycare, subsidies for daycare or virtual learning, subsidies or reimbursement of costs for working from home) — **25%**

We are setting pay levels by first determining the market value of skills and then applying a geographic differential based on the where the employee is located — **19%**

We are starting to plan a segmented philosophy based on job families — **15%**

We are considering national pay structures and levels — **14%**

We are starting to plan for new rewards based on high demand skills — **10%**

Other — **4%**

None, we are maintaining our current rewards approach — **22%**

Two fifths of organizations appear to be **embracing flexible work** and just under **a quarter** are **aligning some benefits** with this philosophy

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Only 1 in 8 organizations think that their current job architecture and job leveling process support developing a flexible and agile workforce to a very great extent: Twice as many say it does not support this at all

To what extent do the current job architecture and job leveling process at your organization support developing a flexible and agile workforce?

Job Architecture – Groups jobs based on utilization of similar knowledge and skills, e.g. HR, Finance, IT, Engineering
Job Levelling – Groups jobs based on relative size and value, e.g., Senior Professional, Supervisors
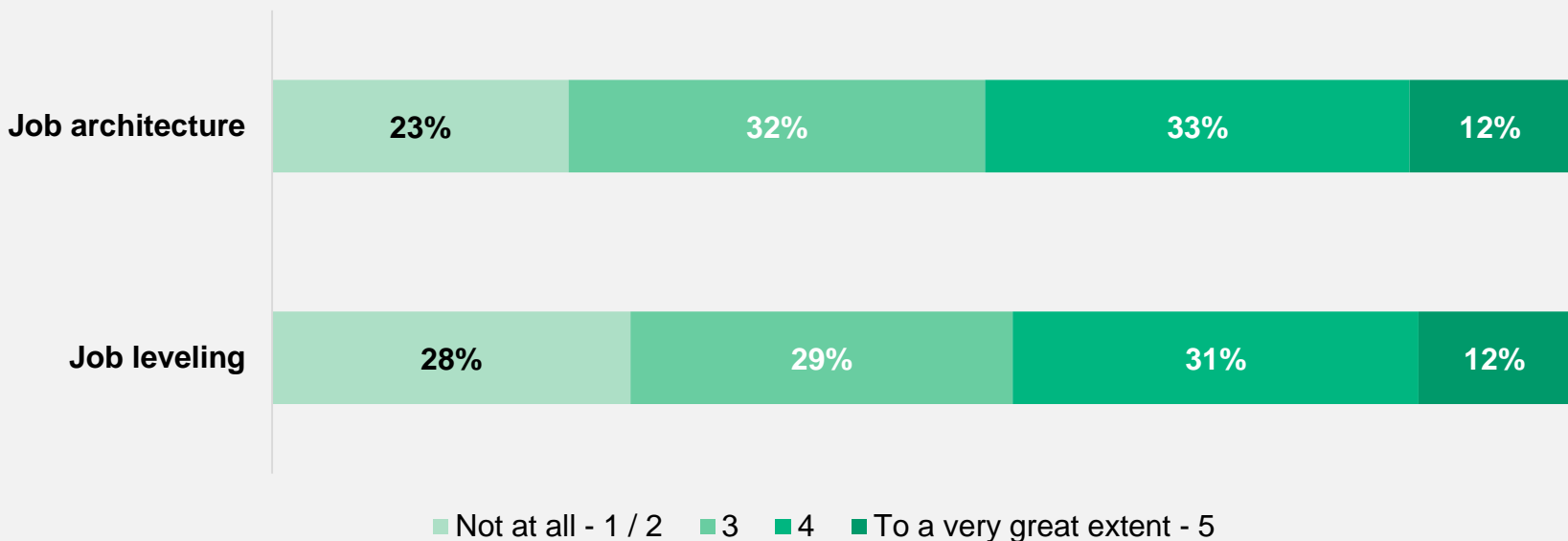
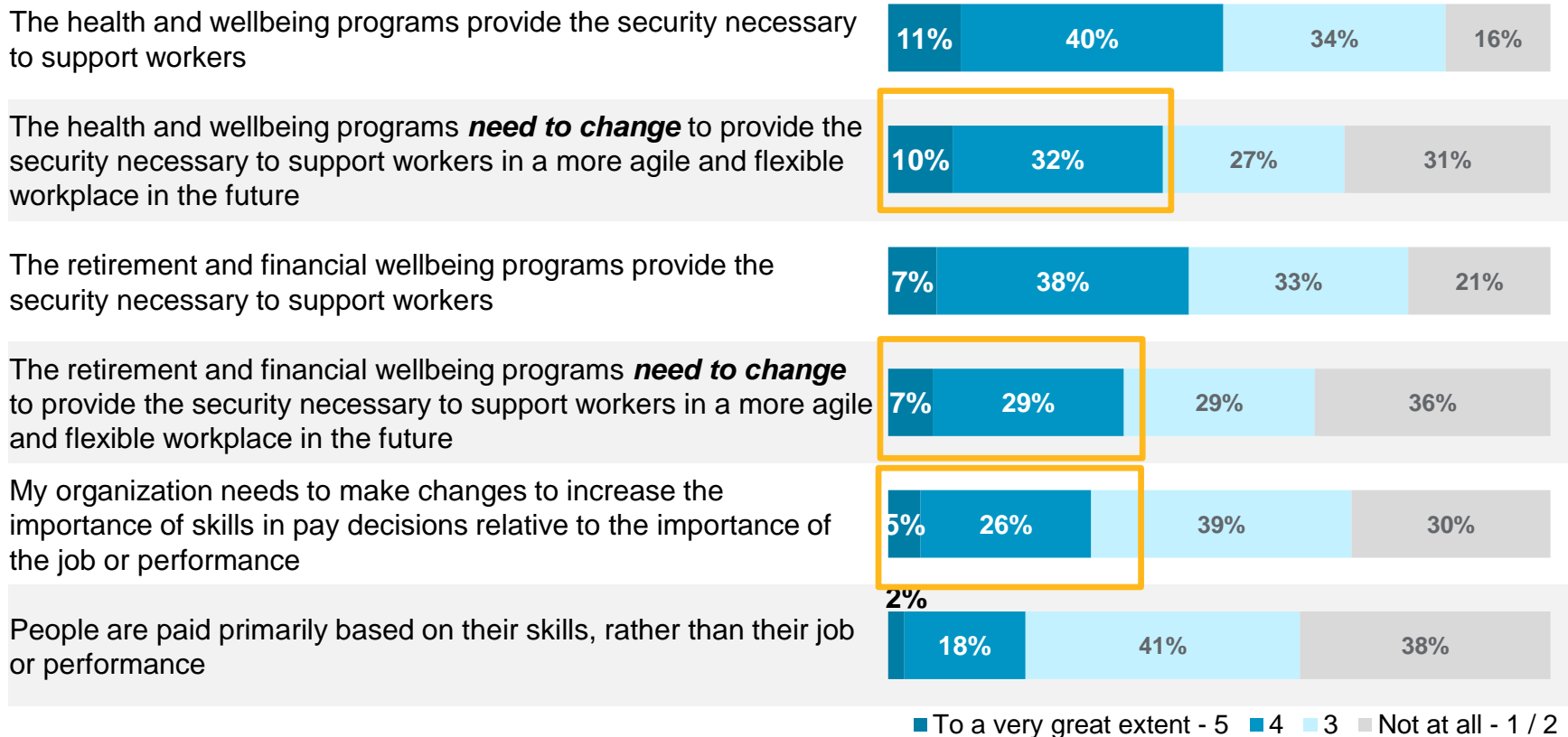|	Not at all - 1 / 2	3	4	To a very great extent - 5
Job architecture	23%	32%	33%	12%
Job leveling	28%	29%	31%	12%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

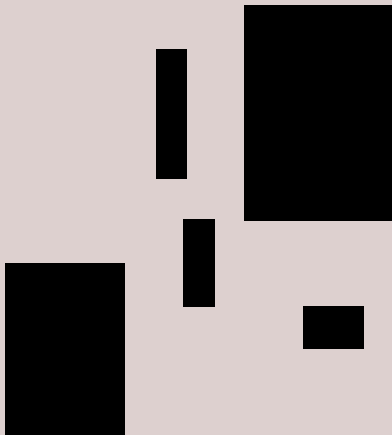# Most organizations agree that their benefits programs provide the security necessary to support workers now

Those pursuing more flexible work arrangements may require changes to pay and benefits programs in the future

To what extent do you agree with the following statements about the pay and benefits programs at your organization?

Statement	To a very great extent - 5	4	3	Not at all - 1 / 2
The health and wellbeing programs provide the security necessary to support workers	11%	40%	34%	16%
The health and wellbeing programs *need to change* to provide the security necessary to support workers in a more agile and flexible workplace in the future	10%	32%	27%	31%
The retirement and financial wellbeing programs provide the security necessary to support workers	7%	38%	33%	21%
The retirement and financial wellbeing programs *need to change* to provide the security necessary to support workers in a more agile and flexible workplace in the future	7%	29%	29%	36%
My organization needs to make changes to increase the importance of skills in pay decisions relative to the importance of the job or performance	5%	26%	39%	30%
People are paid primarily based on their skills, rather than their job or performance	2%	18%	41%	38%

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Appendix

Use of automation continues to grow as more organizations are taking up automation for greater proportion of work
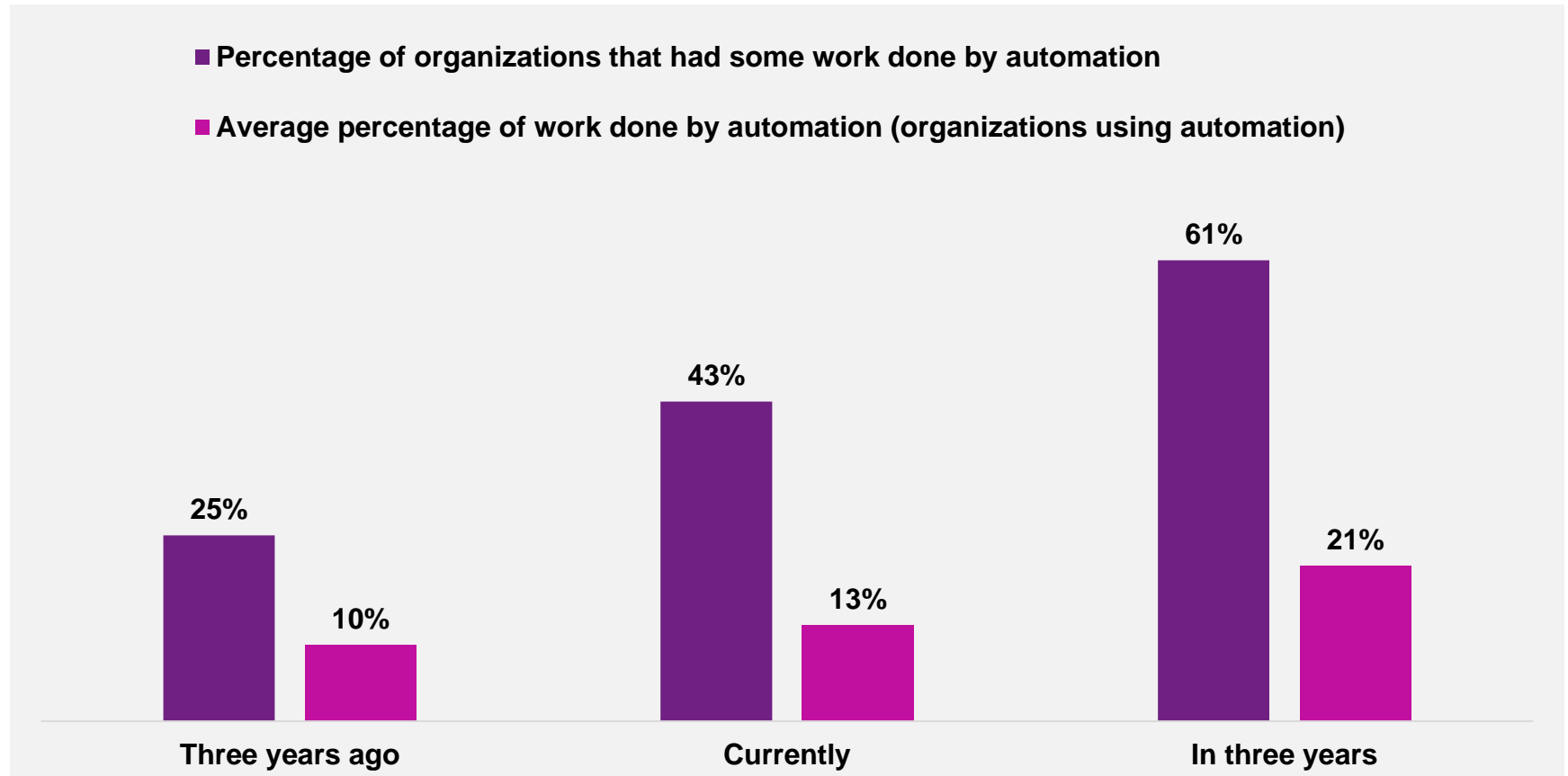
- ■ Percentage of organizations that had some work done by automation
- ■ Average percentage of work done by automation (organizations using automation)

	Three years ago	Currently	In three years
Percentage of organizations	25%	43%	61%
Average percentage of work	10%	13%	21%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Use of non-employee talent has decreased and is expected to remain unchanged in three years

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?

4.2%

2.9%

2.9%

% of the workforce

Three years ago   Currently   In three years
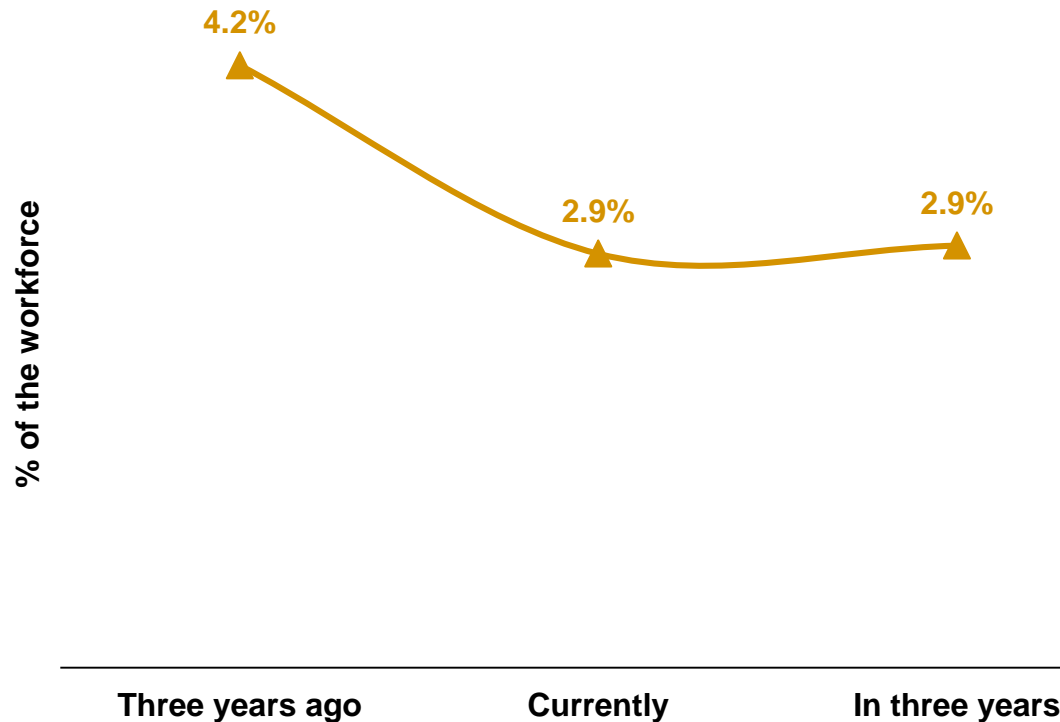
Free agent workers
(e.g. contractors, contractors hired from a talent platform, workers on loan from other organizations)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

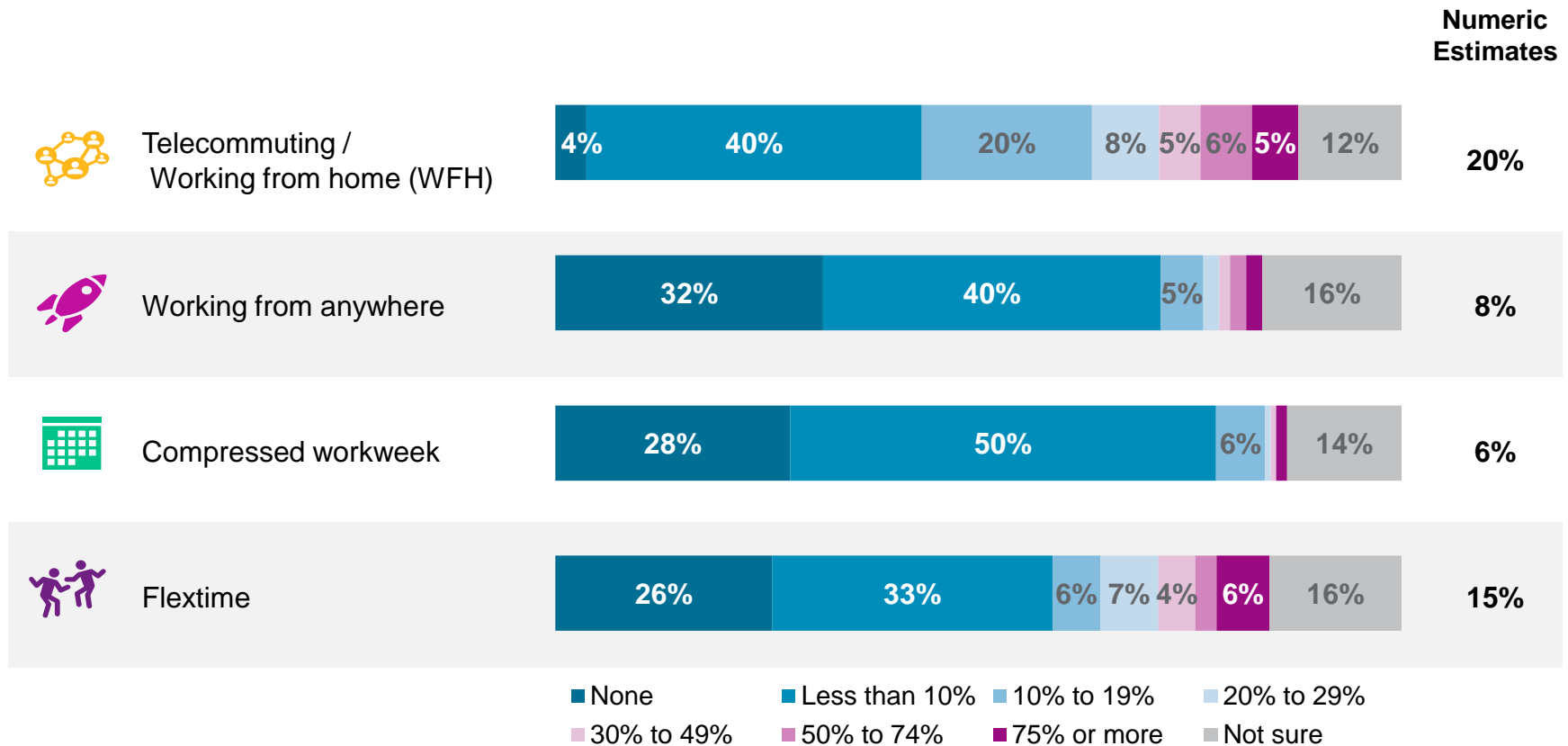# More workers were working from home and using flextime than other types of alternative work arrangements last year

What is the approximate percentage of workers at your organization using the following alternative work arrangements last year?

Numeric Estimates

Arrangement		Numeric Estimates
Telecommuting / Working from home (WFH)	4% · 40% · 20% · 8% · 5% · 6% · 5% · 12%	**20%**
Working from anywhere	32% · 40% · 5% · 16%	**8%**
Compressed workweek	28% · 50% · 6% · 14%	**6%**
Flextime	26% · 33% · 6% · 7% · 4% · 6% · 16%	**15%**

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
- ■ 30% to 49%
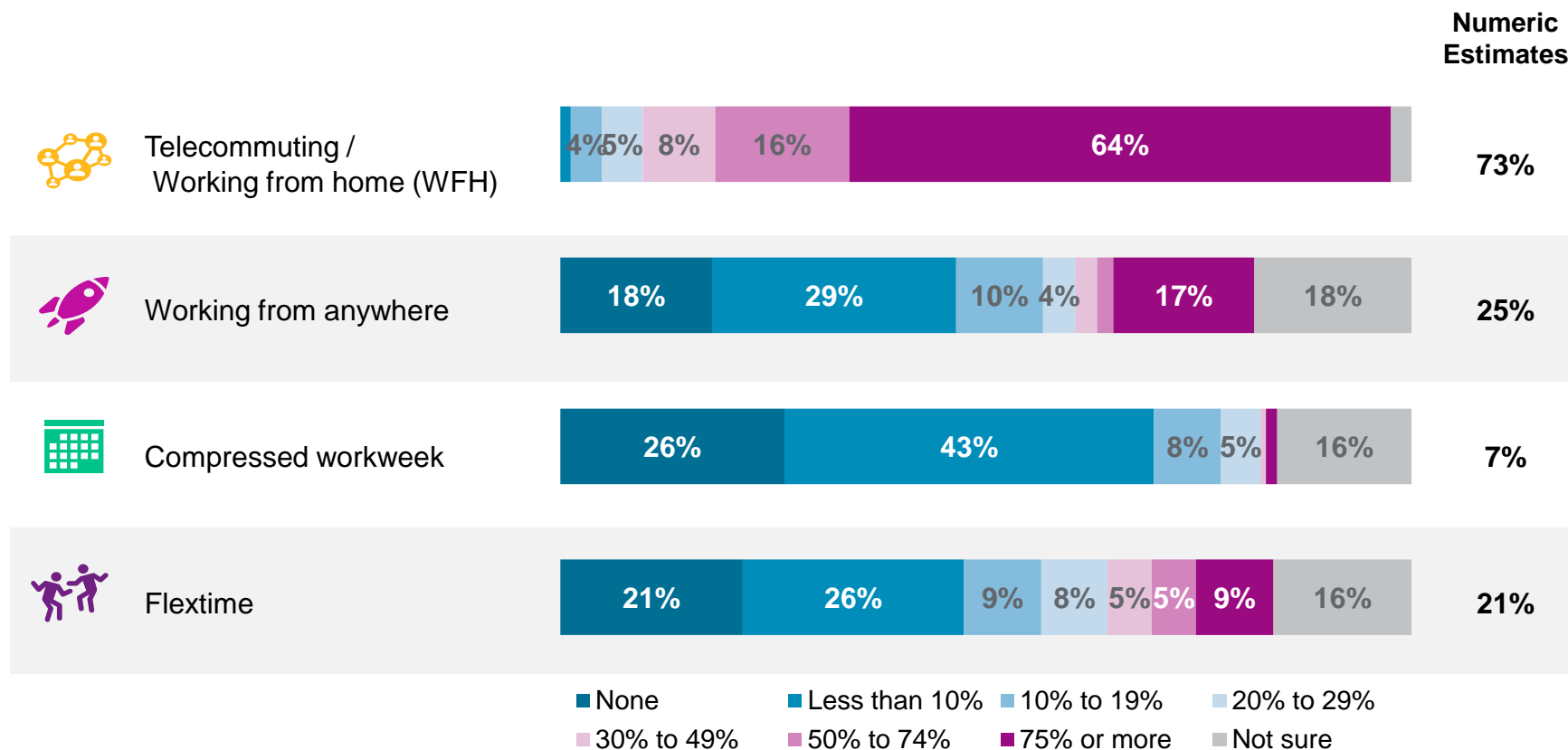- ■ 50% to 74%
- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Three quarters of workers are working from home; many are also working from anywhere and using flextime

What is the approximate percentage of workers at your organization currently using the following alternative work arrangements?

Numeric Estimates

Category	Chart	Numeric Estimate
Telecommuting / Working from home (WFH)	4% 5% 8% 16% 64%	**73%**
Working from anywhere	18% 29% 10% 4% 17% 18%	**25%**
Compressed workweek	26% 43% 8% 5% 16%	**7%**
Flextime	21% 26% 9% 8% 5% 5% 9% 16%	**21%**

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
- ■ 30% to 49%
- ■ 50% to 74%
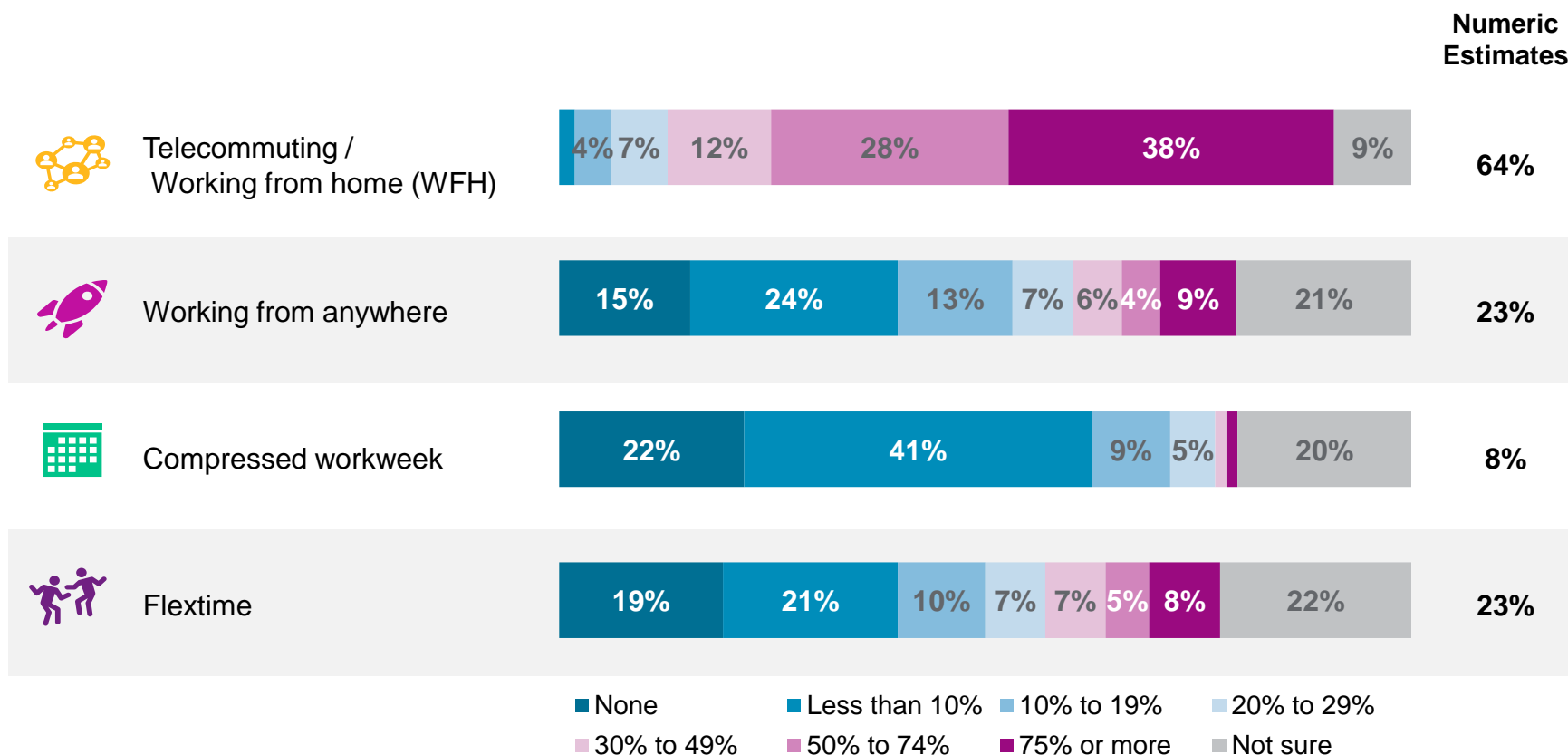- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Over 3 in 5 workers are expected to work from home in Q1 of 2021

What is the approximate percentage of workers at your organization that you expect to be using the following alternative work arrangements in Q1 of 2021?

		Numeric Estimates
Telecommuting / Working from home (WFH)	4% 7% 12% 28% 38% 9%	**64%**
Working from anywhere	15% 24% 13% 7% 6% 4% 9% 21%	**23%**
Compressed workweek	22% 41% 9% 5% 20%	**8%**
Flextime	19% 21% 10% 7% 7% 5% 8% 22%	**23%**

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
- ■ 30% to 49%
- ■ 50% to 74%
- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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