

A background image showing a diagonal wire against a light blue sky. Five small brown birds are perched on the wire at various points. The word 'divided' is written in large white letters, and 'together' is written in large green letters, both partially obscured by the wire and birds.

divided

together

How UK HR teams are reuniting a
workforce divided by Covid-19

HR
Edition



foreword

“

If boardrooms aren't prepared to listen to the feedback and information that HR leaders have been gathering we could be stepping into an even bigger mental, physical and business health crisis than the one we just walked away from during isolation

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As we launch this report, the easing of the UK's lockdown is picking up pace: shops and pubs are open as a return to normal looks a little clearer. The impact of more than 100 days of lockdown is matched only by the uncertainty of trying to adapt to a new way of commuting, shopping and working.

The first hurdle in coming to grips with the emotional, financial and physical toll that this will take will be getting back to work. While attention is, quite rightly, focussed on ensuring businesses are 'Covid Secure', there will quickly need to be a focus on the wellbeing of those who are returning to work, whether that is into the workplace or from furlough.

This presents a significant challenge to senior business leaders who will want to understand how they can help to rebuild a happy, cohesive and engaged team.

Companies are already familiar with the cost of ill health. We know that mental health absenteeism as well as presenteeism – when someone is in work but mentally not there – is costing businesses millions each year in productivity. As such, leaders are starting to value the impact that a better quality of life and preventative measures to improve the physical and mental health of their employees can have on the health of their business.

This attitude echoes across the pages of this report by those HR leaders surveyed saying they have increased spending on wellbeing during lockdown - and that they intend to continue this investment after the crisis.

An increased focus on wellbeing will be vital as our research uncovers that this time apart has divided workforces. Those on furlough have felt isolated, those with children have been stressed and those going into work see themselves as being taken for granted.

HR leaders know this, and they understand there is a huge task ahead to make their people feel equally valued and supported. That's why in Divided Together, we've set out to discover how HR leaders are responding to this crisis. This insight for time-pressured HR teams will help them give attention to the most profitable areas, as well as compete with rivals on recruitment and retention strategies.

Those working in HR have been put under pressure throughout Covid-19 – and while the intensity of the decisions they've made – furlough, remote working, redundancies may begin to fade, the importance of this role will not.

There is a huge job in front of them – and indeed anyone who has a responsibility for a team of people at work. The hard work of bringing teams together, closing the divide and supporting the mental, physical and financial wellbeing of employees begins now.

Dave Capper, CEO



executive summary

Divided Together is an exploration of how Covid-19 restrictions have impacted the wellbeing of the UK workforce and how HR teams are responding. As a return to the workplace gets closer, measuring the impact of Covid-19 on employees and how businesses are responding is becoming more important.

The findings of this report not only reveal the extent of the issues but the lengths to which HR teams are going to invest and innovate to resolve the issues that Covid-19 has caused. While budgets are tighter than ever, it is encouraging that **35%** of businesses have increased their spending on wellbeing, with **94%** attributing it directly to Covid-19.

Throughout this report, we see how HR teams have not only been reacting to but meeting their issues head on. By taking on the challenge, many HR teams have been able to make, or plan for, shifts in the following areas:

- Corporate wellbeing spend
- Health of employees
- The future of the workplace

Lockdown has challenged employees like never before, and HR teams are well aware of the problems facing the workforce; our research found that **21%** of HR leaders have received reports of tensions in the workplace and **42%** say the mental wellbeing of their staff has been negatively impacted by the pandemic.

This is in line with our employee-focused research which revealed that **50%** of workers said their mental health had deteriorated in the past few months. As a result of this, **40%** of HR leaders expect a fragmented workplace when they return to the office.

Work is underway to tackle these issues, with **46%** of HR leaders saying they have already altered their wellbeing programmes. But this is just the start. We found that changes could be rapid and drastic. The biggest of these could be that **60%** of HR leaders believe it is likely Covid-19 will spell the end of the centralised workplace.

In five years' time, we could be looking back at Covid-19 as the catalyst for a workplace revolution. The HR leaders we asked expect that there will be a rise in flexible working hours with many workforces made up of temporary or freelance employees. From this report, it is clear that easing out of lockdown is just the first step in the journey towards a completely different outlook on how we balance our work and lives.

“Easing out of lockdown is just the first step in the journey towards a completely different outlook on how we balance our work and lives”

corporate wellbeing spend

With the UK facing severe economic turbulence, many businesses will be forensically monitoring the bottom line.

From our research, we know a third (32%) of HR teams see finance as the biggest barrier to adapting to the new economic climate. And with 59% saying they expect there to be a recession that negatively impacts their organisation, the challenge around budgets will only increase. HR leaders can – and arguably are – successfully showing how spending on wellbeing has a positive impact on that bottom line.

As such there is still a clear desire from businesses to devote more resources to the wellbeing of their employees. Just as 35% say they have increased spending on wellbeing during lockdown, the same percentage say they expect spending on wellbeing to increase in the coming months, with 78% saying mental health will be the primary area of focus for this investment.

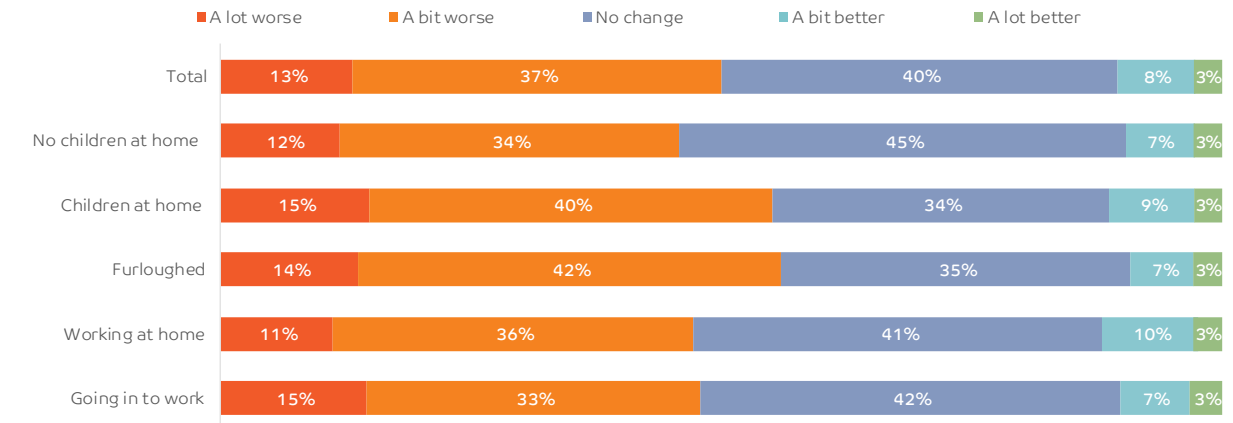
For most HR teams (94%), Covid-19 has been the trigger for this increase in spending. With the average annual spend per employee standing at £150 this could be just the start. There is a significant number of businesses (14%) that spend more than £2,000 a year on each employee; while these may be larger businesses, it is an extensive gulf between companies.

This means that for more than a quarter (28%) of those we asked that did not have a wellbeing programme in place there is even more catching up to do. These businesses will be in a difficult position when it comes to dealing with the mental health of employees that has declined during this crisis.

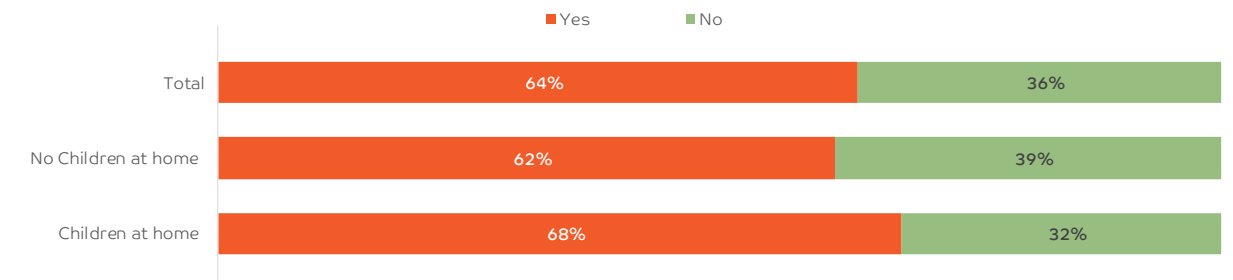
Within the current climate, wellbeing strategies have a large part to play in the recovery of the UK economy and the wellbeing of its workers. And despite 88% of HR leaders believing that current policies have met the needs of staff at this time, our insight from this report tells us that there is an appetite for investment in both time and finance.

“Just as 35% say they have increased wellbeing spending during lockdown, the same percentage say they expect spending on wellbeing to increase in the coming months”

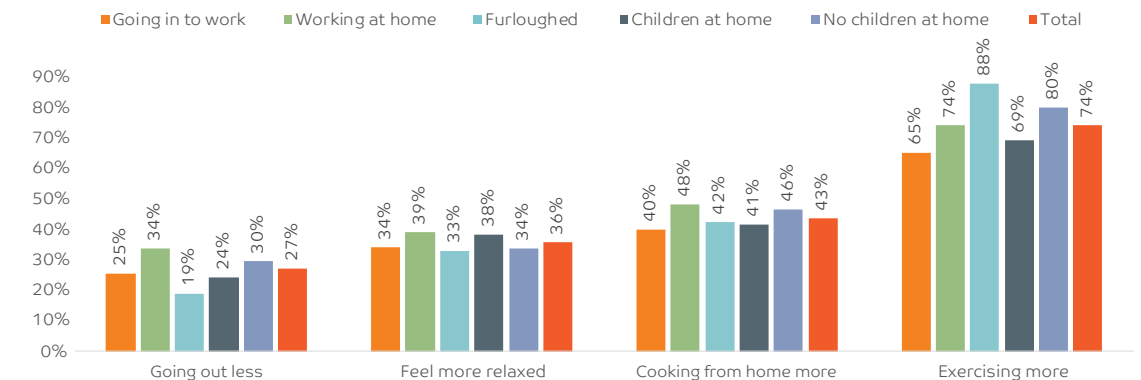
How do you think your mental health and wellbeing has changed, if at all, since the lockdown started?



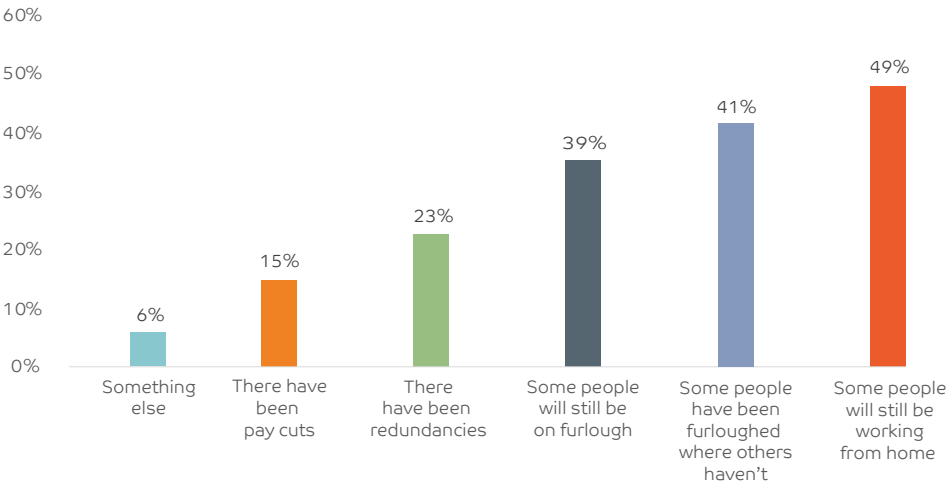
Are you worried about the prospect of losing your job at the end of your furlough period?



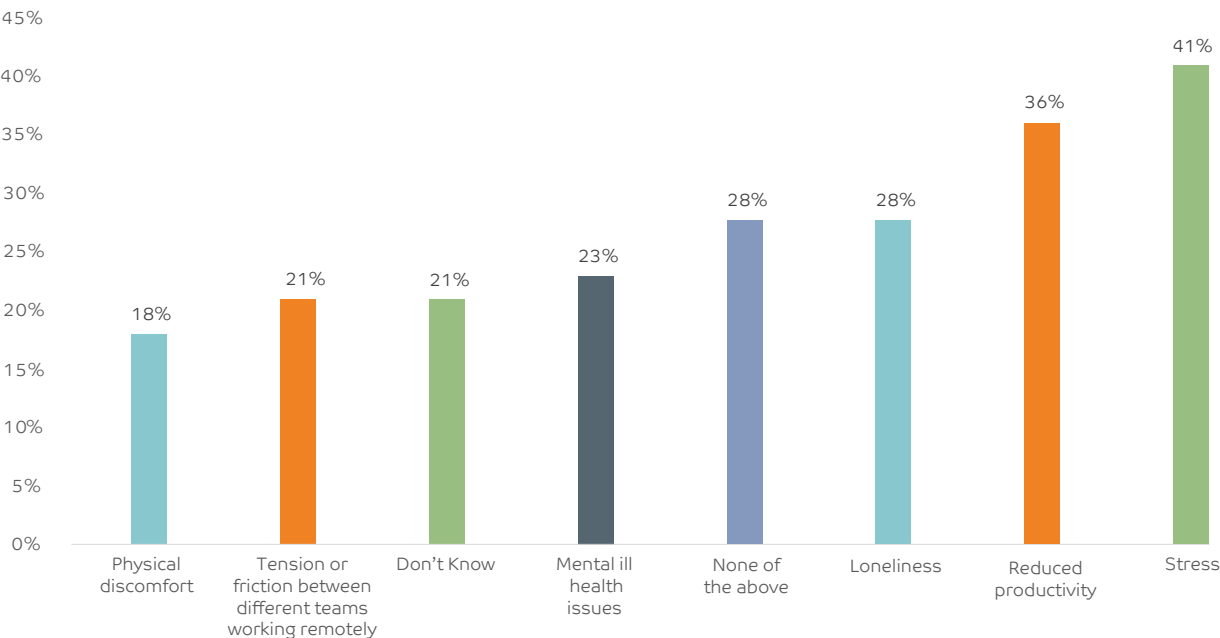
If you feel your physical health has got better since the lockdown started, why?



You said you anticipate increased levels of tension between employees/teams over the next few months. What do you see as the source of this?



Which, if any, of the following issues have been reported by the staff since the lockdown began, as a result of new ways of working?



health of employees

During this time, HR teams have been monitoring, recording and reacting to how the workforce responds to the pandemic.

Despite a quarter (28%) of businesses not having a wellbeing programme in place, the research reveals that HR leaders are largely in tune with their teams.

Almost three quarters (72%) have received reports of issues in the workplace. This includes more than two in five (42%) that have recorded a deterioration in employee health during this time, with 41% reporting stress and 36% reporting reduced productivity. This is in line with the 50% of employees that reported a fall in mental health in earlier research for our Divided Together series.

However, the impact doesn't stop there. HR leaders anticipate the negative effects of lockdown to be higher levels of stress (36%); lower levels of productivity (34%); lower levels of wellbeing (28%) and increased loneliness (22%). Contrastingly, 65% of HR leaders still rate the mental health of their staff as at least good.

Growing divisions in the workforce have also been noted. A fifth (21%) of HR leaders have already received reports of tension in the

workplace and 44% expect this to grow in the future.

These divisions were highlighted in detail from our employee-focused research. More than two in five (42%) home workers admitted that they are envious of colleagues' homes and workspaces; 48% of those already going into work believe that post-lockdown they will be left behind while others at their company receive special treatment and 57% of those on furlough are worried about returning to their usual routine. These divisions are exacerbated by 35% of workers that believe those on furlough have less to worry about.

The points of tension identified by employees are mirrored by HR leaders. In the next few months, 49% of HR leaders who anticipate increased levels of tension attribute this to people still working from home with 41% blaming furlough. Having a smaller effect will be redundancies (23%) and pay cuts (15%).

This picture of declining mental health and growing tension in the workplace will be concerning for HR leaders, but it is one they are reacting positively to and planning for. The difficulty for HR leaders will be mending the rifts, easing the tension and solving the mental health challenges that have become more prevalent during the last few months. The work that is put in now to heal those rifts will pave the way for a future workforce that is ready for bigger alterations to the way it works.

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future of the the workforce

It is possible that the Covid-19 crisis has had an even greater role in shaping our future than we realise. It has not only shifted our priorities and the way that we work in the present, but it has opened the eyes of employers previously sceptical of alternative ways of working.

The findings of our research, both employee and HR focused, reveal that Covid-19 has increased strains and stresses on the workforce, but there is a longer game here. Covid-19 has delivered evidence for the benefits of different ways of working into the hands of businesses. Never before have HR leaders had such tangible data to make the case for revolution in the workplace.

Many HR leaders (**60%**) say that it is likely Covid-19 will spell the end of the office at their organisation, with **68%** saying this would benefit their organisation and **66%** saying it would benefit employees. An even larger percentage (**82%**) say that allowing staff to work flexibly and choose their own hours will benefit the organisation.

These seismic shifts in attitude are matched by smaller but equally important changes, such as increased training (**87%**), allowing more staff

to work part-time or on reduced hours (**80%**) or introducing shift working (**72%**), thought to bring a positive impact to the organisation if implemented.

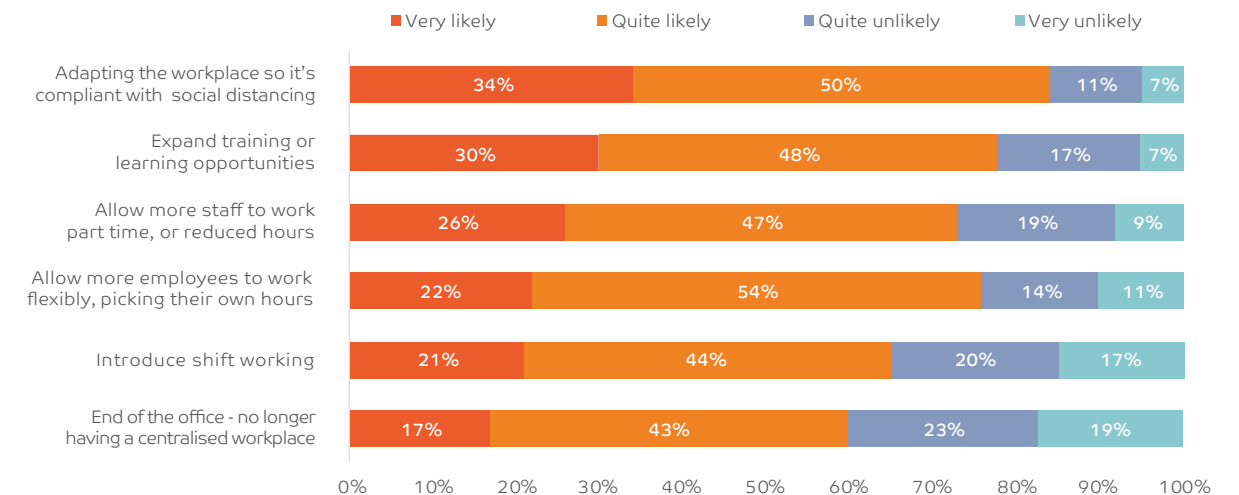
If such alterations were made, they would not only bring a positive impact for the business, but employees too. Almost nine in 10 (**87%**) HR leaders believe that expanding training would have a positive effect on employee wellbeing, while **79%** say allowing more staff to work part-time or on reduced hours and two thirds (**67%**) say introducing shift working will improve employee wellbeing.

With **75%** of HR leaders anticipating a return to normality by the end of 2020, there appears to be a self-imposed deadline in place which is accelerating the pace of change. The transformation of where and how we work could be rapid and far reaching, and not just isolated to a few trend setters.

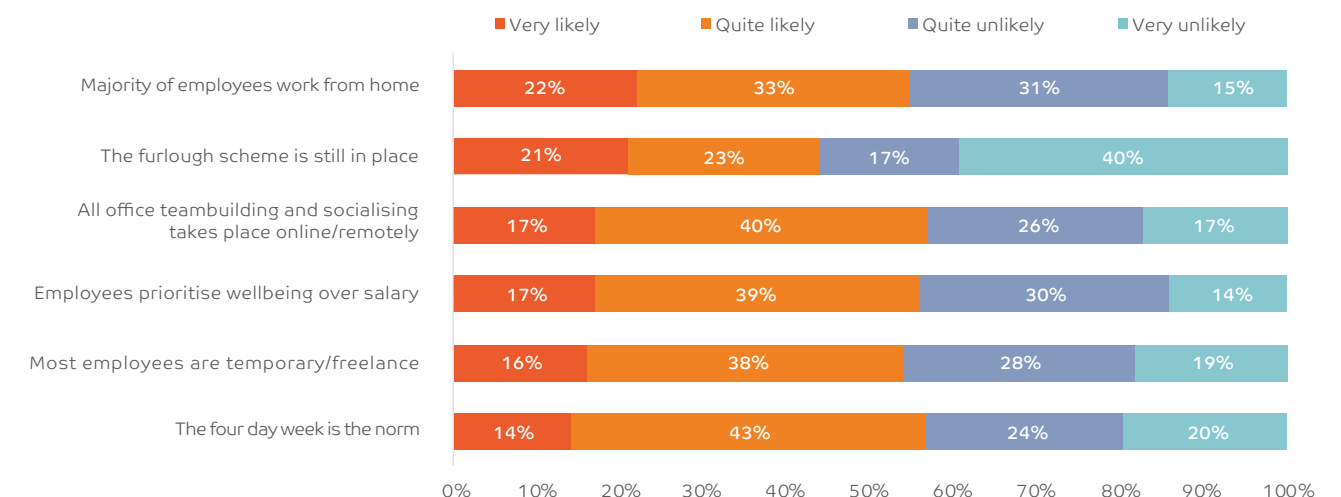
Of course, this is just the start as the moves made today will set the foundations for tomorrow. In five-years' time, HR leaders expect to be dealing with four-day weeks (**57%**), prioritising wellbeing over salary (**62%**), a largely temporary or freelance workforce (**58%**) and office socials being held online (**65%**).

There will also be a new emphasis placed on employers. With **30%** of HR leaders saying that employees will find it harder to maintain a work-life balance, more than a third (**37%**) say employers will be under pressure to support the wellbeing of their staff.

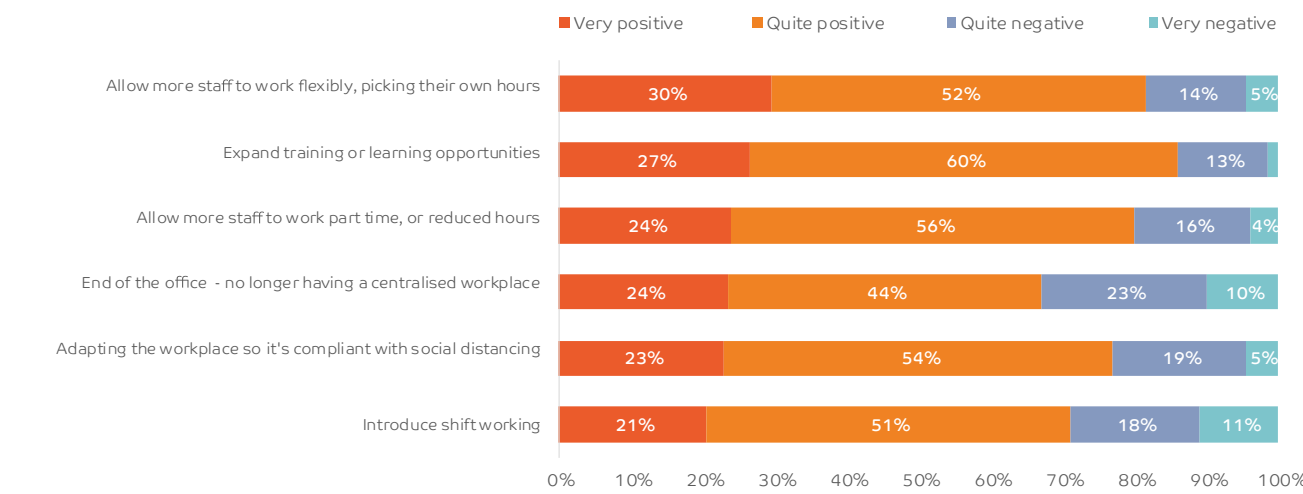
How likely is it that your organisation will implement the following changes?



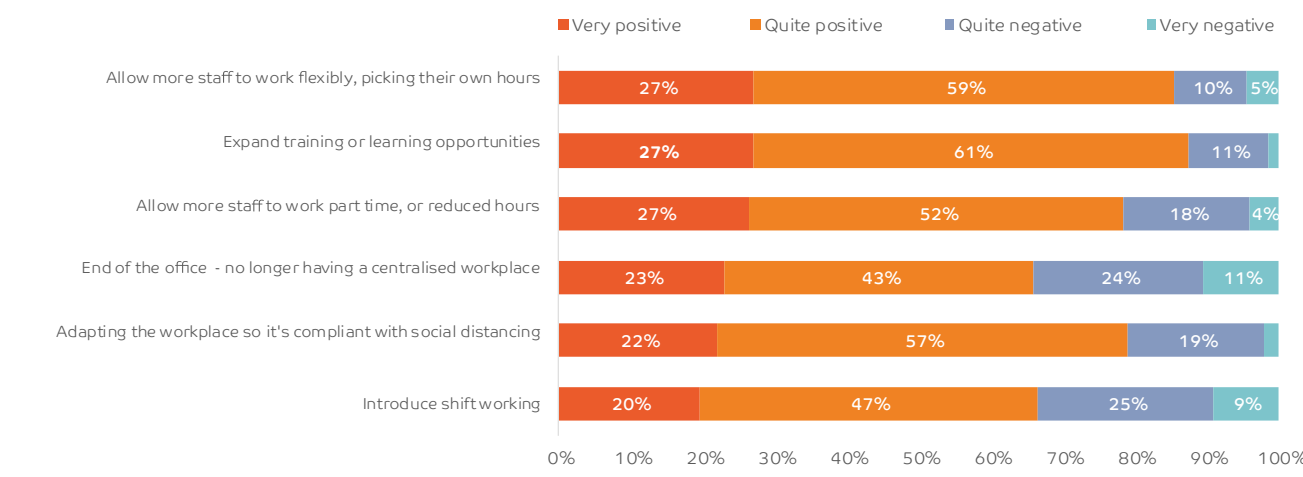
Please think now about the way we work in five years time. How likely do you think it is that each of the following are a commonplace in your organisation then?



Below is a list of possible changes to the way we work. For each, please say how positive or negative it would be for **your organisation** if it was adopted.



Below is a list of possible changes to the way we work. For each, please say how positive or negative it would be for **employee wellbeing** if it was adopted.



HR leaders and employees understand and expect that companies will have to step up and make wellbeing a priority, whether it's getting extra support for wellbeing (**34%** HR leaders, **28%** workers), mental health (**34%** HR leaders, **29%** workers), physical health (**21%** HR leaders, **21%** workers) or financial management (**17%** HR leaders, **17%** workers).

Covid-19 has fundamentally changed the way the UK works, feels, and thinks. Recognising this change and then bringing in support packages and guidance is likely to be the focus for business leaders across all parts of the country and economy.

While they are concerned about the present, HR leaders are optimistic and realistic about revolution in the workplace. The end of the office, increased

wellbeing support and moving with the employee rather than dictating to them is pointing us towards a healthier, more productive future. This is a world that is geared towards the health of the workforce becoming the wealth of the company.

If we continue on this trajectory then in five years' time we can look back and see that we have tackled the wellbeing of employees head on, healed the tensions in the workplace and fulfilled the predictions given by HR leaders in this report.

By doing this, we can avert a major health crisis in the UK workforce, transforming business for the modern age and balancing work with life while continuing to make steps in the right direction to a better, healthier future for individuals and business.

“We can avert a major health crisis in the UK workforce, transforming business for the modern age and balancing work with life”

Get in touch today.

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