Keeping pace?
Financial insecurity in the modern workforce

Nick Bacon
Professor of Human Resource Management
Cass Business School, City University London

Kim Hoque
Professor of Human Resource Management
Warwick Business School

Cass Business School
CITY UNIVERSITY LONDON

unum
Because everyone needs a back-up plan

Executive Summary

Over the past 30 years, our lives have changed dramatically. 1983 saw the introduction of the first mobile phone – practically a stone age device compared with today's smartphones. In the same year, we saw the birth of breakfast TV. And over the past 30 years, we have seen both the birth and death of the CD.

In 1983, we elected our first female Prime Minister, and by 2012 women represented more than half the UK workforce. Today, we are more educated and fulfil more skilled jobs than ever before. But while salaries have more than doubled, many of us are struggling to maintain the same standard of living.

Keeping pace? Financial insecurity in the modern workforce was commissioned by Income Protection provider Unum, to investigate whether employee benefits have kept pace with the demographic changes in today's workforce. It shines a light on the financial insecurity that today's employees face against the backdrop of a potential triple dip recession.

It finds significant gaps have opened up between employer-provided benefits and the protection required by the modern workforce. As a result, today's employees are less financially secure than they were 30 years ago.

The reduced financial protection is due to falling real wages; the decline in generous occupational pensions; reduction in statutory labour market protection and the continued reform of state welfare benefits.

In addition, the research highlights how women are disproportionately affected.

The demographics of the modern workforce are changing towards employees that both need, and attach higher value, to financial benefits. This research highlights that the ratio of wages to benefits in compensation packages is outdated.

We outline a series of recommendations for both employers and the Government to ensure that today's workforce is adequately protected.

Overview of findings

- The UK workforce today compared to 30 years ago is older, more feminised and has a greater number of disabled and foreign-born workers:
  - The number of people working beyond state retirement age has almost doubled from 753,000 in 1993 to 1.4m in 2011.
  - Female participation has increased by 12% from 54.5% in 1982 to 66% in 2012.
  - Disability and long term illness affected 32% of people in 2011, compared to 21% in 1972, often leading to job loss and limited chances of re-entering employment.
  - The number of migrant workers has doubled in the past 15 years.
- During a similar period, employee benefits have also changed:
  - There is far less protection for employees who leave the workplace due to age or ill health; today fewer employers offer generous occupational pensions or occupational sick pay.
  - However, Government legislation has encouraged more employers to provide childcare vouchers and opportunities for flexible working, and initiatives to improve workers' health and wellbeing, such as encouraging physical activity and providing advice on healthy lifestyles.
- While people falling out of work due to illness or disability have not been ably supported for some time, the economic downturn after 2008 has increased financial insecurity by leading to:
  - Increased unemployment
  - Growing underemployment
  - Declining real wages
  - Reductions in statutory labour market protection against dismissal and redundancy
  - Continued reform of state welfare benefits

Recommendations to business

i. UK plc needs to provide greater help for employees to plan for old age

a. The Dilnot Report means that employees need to provide for social care in old age. Employers should consider partnering with insurers to develop and offer group social care protection to help employees save to meet the first £75,000 of care costs, or any subsequent increase in individual contributions.

b. Women are in greater need of help from their employer since in old age they have higher disability rates than men, live longer, and have greater caring responsibilities.

ii. Provide greater support for people with long-term illnesses and disabilities

a. Providing greater investment in specialist vocational support for rehabilitation back into work and aiding job retention after the onset of disability and illness.

b. Offering Group Income Protection to increase security and improve access to specialist vocational and medical support.

c. Providing health and wellbeing provisions to help reduce, as far as possible, the onset of some disabilities and illness in adulthood.

d. Making workplace adaptations and designing jobs around individual needs in order to help disabled people remain in employment, and help more disabled people into work, where appropriate.

iii. Increased access to occupational health and wellbeing services and financial protection

a. To help people work into older age, employers need to support early diagnosis of health problems and promote healthier lifestyles.

b. A greater range of financial protection, provided at work, will help to increase financial security throughout employees' working lives

c. Again, there is a greater need for women who more regularly take on caring roles, have higher disability rates in old age and longer life expectancies.

iv. Provide elective private medical insurance

a. The increasing demands of an aging population and the escalating costs of new drug treatments place greater demand on the NHS. Today the NHS provides good support for acute conditions. However, in future, employees may require private medical insurance to ensure similar levels of access to services and new drug treatments.

b. Women have a greater need for private medical insurance as they tend to take on a greater proportion of caring responsibilities for children and older relatives, and ill-health impacts these activities.

v. Greater pension provision, to help support employees to save for retirement and further consideration of how to address gender inequalities in old age

a. Employers should contribute a higher proportion of salaries to workplace pension schemes to provide greater security in old age.

b. Auto-enrolment will not sufficiently address gender inequalities in old age as women's contributions to pensions are affected by career breaks to have children, part-time work and low pay. This suggests employers should address parental leave and occupational segregation in the labour market.

c. In addition, auto-enrolment does not cover new employers and small firms for several years. Such employers should encourage auto-enrolment as soon as possible.

vi. Offer flexible working to all employees in 2014 and consider removing the 26 week qualifying period and the limit of one request in any 12-month period

a. To support the ageing workforce.

b. To support the 'sandwich generation' - the increasing proportion of employees with caring responsibilities for both children and older relatives, which disproportionately affects women.

Recommendations to government

vii. Ensure the requisite tax breaks are in place to encourage the adoption of benefits to protect the modern workforce from the insecurities of job loss, old age and ill health

a. There is little evidence in the last 30 years that a sufficient proportion of employers will offer these provisions without leadership from government.

Peter O'Donnell, CEO of Unum UK, commented: "More than ever, people are looking to their employers to provide the financial protection they need. From our experience, we know that employees with the right support in place stay in work for longer, and find it easier to transition back to work, should they leave the workforce. A better protected workforce is good for the employer, as well as the employee."

Insecurity Old and New

Although a review of developments in British society is beyond the scope of this report, it is important to acknowledge the nature of the workforce demographics post 1945 that shaped employer-provided benefits to increase financial security for employees. Employer-provided benefits developed in light of the labour market demographics of the time, particularly the notion of full-time and secure employment for men engaged in blue collar occupations in large corporations. Workforce demographics have changed notably since then, with increased female labour market participation from the 1960s and de-industrialisation from the late 1970s. These factors led to a shift from full-time male employment in manufacturing towards part-time female employment in the service sector. Employment legislation from the 1990s onwards recognised this in seeking to increase financial security, promote fairer treatment and to supplement the low wages of 'flexible workers', many of them women in part-time jobs.

However, the long and deep economic downturn following the financial crisis of 2008 has increased labour market insecurity in three key ways. First, unemployment has increased while real wages have declined. Earnings growth has lagged behind inflation since the middle of 2009, leading to a cut in the real value of pay. Whereas earnings growth outstripped inflation by 3% at the start of 2001, earnings lagged behind inflation by 1.4% at the end of 2012 (Office for National Statistics). Employees are acutely aware of increased financial insecurity as a result. Second, ongoing UK government reforms to state welfare benefits are increasing perceptions of financial insecurity and awareness of the implications of unemployment, disability and ill health. Third, employees may be feeling less secure as the UK Government's Employment Law Review reduces statutory labour market protection around unfair dismissal, collective redundancies and changes to terms and conditions (BIS 2013). These developments combined suggest employees are becoming increasingly aware of the need to make alternative provisions to protect their income, welfare and wellbeing into old age.

As individual employees become increasingly aware of the requirement to protect themselves against the consequences of sickness and job loss, it should also be recognised that employers have traditionally played a role in helping minimise financial insecurity by providing benefits such as sick pay and, in some cases, Income Protection. The economic downturn has, however, increased pressure on employers to control the costs of providing such benefits at the very time employees are most in need of them. Despite these short-term pressures, employers will arguably need to play a central role in providing benefits that help workers to deal with increased financial insecurity in the years ahead. In doing so, employers must consider the needs of a workforce that is older, feminised, contains a significant proportion of disabled people, and is increasingly foreign-born. Employers that play this role effectively will increase their ability to recruit and retain a highly-skilled workforce.

This report explores the issues identified above in three sections. The first section outlines key demographic changes in the UK workforce over the past 20 to 30 years. The second section reviews changes in employer-provided benefits over the same period. The third section considers whether employer-provided benefits match the requirements of the modern workforce.

1. Key Changes in UK Workforce Demographics

- Over the past 20 to 30 years the UK workforce has increased in size, is more educated, and is more likely to work in the service sector, in managerial/professional and caring/leisure service roles
- The demographic composition of the workforce has changed in important respects. The modern workforce is older and is more likely to be female, have a long standing illness or disability, and be foreign-born
- Important social changes include smaller households and an increase in living alone. People are leaving home, marrying and having a first child at a later age, in part because housing and childcare costs have increased

This section identifies the key demographic changes in the UK's workforce over the past 20 to 30 years. It is organised by first considering the labour market in terms of the supply and demand for labour (labour force size, employment, redundancies and job security, full-time and part-time work, changes in demand by occupation, sector and skills). It then outlines the demographic composition of the workforce with respect to age, gender, nationality and disability.

Figure 1 provides an overall summary of the main changes in the UK workforce across the past 30 years from a number of different perspectives. First, compared to 20 to 30 years ago, both labour supply and demand have increased and economic participation rates have risen, though after 2008 employment insecurity increased due to redundancies and under-employment. Demand for labour has increased in particular in the service sector, for managers/professionals and caring/leisure service roles, and for more educated/skilled employees. Second, the demographic composition of the workforce has changed in important respects. The modern workforce is older, more likely to be female, have a long standing illness or disability, and be foreign-born. Third, in terms of labour market outcomes, real earnings and hours have declined, the cost of living has increased and sickness/absence levels have fallen. Fourth, looking beyond the workplace, people are more likely to be living in a smaller household and living alone, and living as a lone parent. People are also leaving home, marrying and having their first child at a later age. Housing and childcare costs have increased and healthcare outcomes have improved, adding to longevity.

Figure 1 Changes in the characteristics of the UK workforce in the last 20 to 30 years.

	The workforce 20-30 years ago	The modern workforce
Labour supply and demand		
UK population (census)	55.1m[1]	63.2m[11]
UK labour force size (all people aged 16 and over)	26.9m	32.1m[12]
Employment rate (aged 16-64)	65.9%	71.1%
Proportion of employees working in manufacturing	17.2% of employment[2]	7.9% of employment[13]
Proportion of employees managerial, professional, associate professional and technical	33%[2]	42%[13]
Proportion of workforce with: Degree or above No qualifications	 24%[3] 18%[3]	 34%[13] 11%[13]
Workforce demographics		
Average age of retirement: Men Women	 63.7 years[4] 60.7 years[4]	 64.8 years[12] 62.6 years[12]
Number of people of state pension age and above in employment	753,000[5]	1.4m[11]
Male employment rate (aged 16-64)	77.7%	76.3%
Female employment rate (aged 16-64)	54.2%	66.0%
Gap between the female and male employment rate	24.4%[6]	10.5%[12]
Proportion of people reporting a long-standing illness or disability	29%[1]	32%[11]
Proportion of employees foreign-born	7%[7]	14%[12]

Social change		
Average (mean) household size	2.91 persons[10] 2.7 persons[1]	2.35 persons[11]
Single person households: Adults aged 25-44 living alone Adults aged 45-64 living alone	 4% 9%	 10%[11] 16%[11]
Lone parent family	13%[1]	22%[11]
Average age leaving home: Adults aged 20-34 living with parents	2.4m[7]	2.96m[11]
Average age first marrying: Women Men	 23.1[1] 25.4[1]	 30[14] 32.1[14]
Percentage of live births by age group of mother: (England and Wales) Under 25 25-34 35 and over	 39.1 53.3 7.7	 23.7[11] 56.3[11] 20.0[11]
Ratio of average earnings to cost of housing	3.1[2]	4.3[13]

Notes: The workforce 20-30 years ago is based on 1983 data other than: 1 1981, 2 1990, 3 2000, 4 1984, 5 1983, 6 1982, 7 1997, 8 2001, 9 1993, 10 1971.
The modern workforce is based on 2013 data other than: 11 2011, 12 2012, 13 2010, 14 2009.

Labour supply and demand

The UK labour force

Both the UK population and labour force have increased in size over the past 30 years. The UK Census records a population increase of 14.7% from 55.1m residents in 1981 to 63.2m residents in 2011. According to the Office for National Statistics (ONS) Labour Force Survey, the size of the UK labour force, calculated as people aged 16 and over either in employment or unemployed, has increased by almost one-fifth (19.38%) from 26.9m in 1983 to 32.2m in 2012. The increased size of the labour force reflects population change and the effects of life expectancy, birth rates and migration. The overall employment rate of all people aged 16 to 64 increased from 65.9% in 1983 to 71.5% at the end of 2012, although this has fallen back slightly from its pre-recession high of 73% in 2008. ONS (2011) projections indicate the working age population is projected to increase to 40.1m in 2015 and 41.6m in 2020.

Employment and employment security

Despite the economic recession following the 2008 financial crisis, both employment and economic activity rates are higher in 2012 than in 1983. Labour force participation rates increased during the period of strong economic growth around the millennium. Although the redundancy rate increased in 2008 it remains below the level in 2001(Table 1). Unemployment has not increased as much as expected since 2008. The likely reason for this is because real earnings have reduced (described later) allowing a greater proportion of people to stay in work. Also employers may have learned the lessons of making job cuts too readily. Job loss affected most industrial sectors in the 2008 recession whereas in the 1980s recession it was concentrated in manufacturing.

Table 1 Redundancy rate in the UK

	All Persons	Men	Women
2001	7.9		
2007	4.3		
2008	10.3		
2010	5.9	7.2	4.6
2011	6.6	7.4	5.9
2012	5.8	7.4	4.1

Note: The redundancy rate is the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, multiplied by 1,000. All data fourth quarter Oct-Dec.

Source: Labour Force Survey

In terms of employment security, recent surveys suggest that employees in work feel their jobs are less secure following the 2008 economic downturn. The Workplace Employment Relations Surveys report that the proportion of employees that strongly agreed or agreed with the statement 'I feel my job is secure in this workplace' declined 7% from 67% in 2004 to 60% in 2011 (van Wanrooy et al. 2012, p.9; Kersley et al. 2006).

In the 1990s it became popular to predict the end of the 'job-for-life'. Figures on job tenure , in the last 20 years, however, suggest such predictions were inaccurate. Average job tenure for UK employees increased from 8.1 years working for the same employer in 1992 to 9.4 years in 2011 (Table 2). The proportion of employees working for the same employer for 10 years and more (long-term jobs) increased from just below one in five (18.7%) in 1992 to just over one in five (20.1%) in 2011. Average job tenure increased for both men and women, with the increase for women from 6.3 years in 1992 to 8.7 years in 2011 being particularly large. The overall increase in job tenure also reflects the increased average age of employees and reduced voluntary job exits during the recession (Faggio et al. 2011).

Table 2 Average job tenure UK employees

		1992	2002	2011
All	**Average years**	**8.1**	**8.7**	**9.4**
	Percentages of total employment with job tenure 10 years and over	18.7	19.6	20.1
Men	**Average years**	**9.5**	**9.6**	**9.9**
	Percentages of total employment with job tenure 10 years and over	19.6	20.7	21.0
Women	**Average years**	**6.3**	**7.6**	**8.7**
	Percentages of total employment with job tenure 10 years and over	16.8	18.1	19.0

Source: Spring estimates of the European Labour Force Survey. Data extracted on 18 Mar 2013 12:41 UTC (GMT) from OECD.Stat

Types of employment contract

Approximately a quarter of the modern workforce are employed part-time, with the percentage working part-time increasing slightly in the last 20 years from 24% in 1992 to 27% in 2012. Although a higher proportion of women than men work part-time, the proportion of part-time work taken by men and women has changed. In 1992, women held 83.7% of all part-time jobs and men 16.3%. The proportion of part-time work taken by women had decreased to 73.6% in 2012, with men taking 26.3% of part-time jobs.

The economic downturn from 2008 resulted in the decreased availability of full-time work and an increased availability of part-time work. This has generated significant levels of underemployment. Underemployment is defined as people in employment who wish to work more hours or are searching for a job that offers more hours. ONS estimates that one in ten employees (3.05m employees of a total workforce of 29.41m) would like to work more hours (Table 3). Although the majority (76%) of part-time workers in 2012 were not seeking to work more hours, almost a quarter (24%) of part-time employees did wish to increase their hours. “Estimated underemployment increased by 47%” (980,000 employees) from 2008 to 2012 (BBC News 28 November 2012 - Underemployment affects 10.5% of UK workforce).

Table 3 Underemployment in the UK labour force.

	Underemployed workers (thousands)	Total employees (thousands)	Underemployment rate (percentage)
2000	2,084	27,117	7.7
2004	1,783	28,057	6.4
2008	2,069	29,059	7.1
2012	3,049	28,918	10.5

Labour Force Survey, ONS.

Industrial sectors

The proportion of employees working in different sectors has changed over the last 30 years, a trend projected to continue to 2020. The most striking feature is the long-term structural shift from manufacturing to services. The proportion of employees working in manufacturing declined from 17.2% of employment in 1990 to 7.9% in 2010 (UKCES 2012, p. 41), while the proportion working in the service sector has increased. Business and other services accounted for 22.3% of employment in 1990 and 29.2% in 2010. Non-market services increased from 21.3% to 26.9% in the same period. The share of employment in manufacturing is expected to decline to 7% of the total by 2020 reflecting increased labour productivity in the sector (UKCES 2012).

Occupations

Long term trends in occupational structure show an increase in white collar and more skilled occupations (UKCES 2013, p. 83). Employment in managerial, professional and associate professional roles and technical roles increased as a proportion of all employment from 33% in 1990 to 42% in 2010. Arguably, this highlights the increased importance of knowledge work and the value-added from workers' intellectual capital and tacit knowledge.

In addition, increases are evident in less skilled roles in service work such as caring and leisure services. Employment in these roles increased as a proportion of all employment from 5% in 1990 to 8.9% in 2010.

Declining occupations are those in administrative and secretarial roles, skilled trades and manufacturing operatives. This reflects a combination of factors including the decline in the manufacturing sector and technologically-driven skill change.

Qualifications and skills

The UK has been moving to a more highly skilled economy with today's workers more highly educated than workers 30 years ago. The level of qualifications held by the UK workforce and the average qualifications in each occupation have increased. The UK Commission for Employment and Skills estimates that in the past decade the proportion of the economically active population with no qualifications has fallen by a third and the proportion with a degree level qualification or above has increased by more than half (UKCES 2012b). A similar level of increase in skill levels is projected by 2020 (UKCES 2012c).

A more highly qualified UK workforce suggests employees are well equipped to fill the jobs of the future. However, employees may also find themselves over-skilled, over-qualified and under-employed in roles that do not make full use of their skills and abilities. Previous estimates suggest that between a third and a half of UK workers possess qualifications at a higher level than required for their job (Brinkley et al. 2009; Felstead et al. 2007), while the UKCES (2012d, p.93) estimates the figure to be 16% (almost 4.5m people). Over-skilled employees are more likely to be found in smaller establishments and in the hotels and restaurants sector, where a large number of people with level 3 and 4 qualifications are in low-paid elementary occupations.

Workforce demographics

The aging workforce

The aging UK workforce is the most significant demographic change in the last 30 years, with people now working to an older age. This is the result of several factors including longer life expectancy, relatively low birth rates, increased state pension age, the economic climate and women's employment patterns (ONS 2013). Life expectancy has increased in part due to improvements in the diagnosis and treatment of disease. Cancer survival rates have doubled in the last 40 years (Oxford Economics 2012). Mortality rates from coronary heart disease, stroke and related disease have fallen. Death rates from cardio vascular disease have fallen by 44% in just ten years after the millennium for people under 75 years of age (British Heart Foundation 2012, p. 14).

Longer life expectancy at aged 65 will result in an increase from 17 to 24% in the proportion of people aged 65 and over between 2010 and 2051. Life expectancy for men aged 65 in 1981 was calculated as 14 years on average. By 2051 this is projected to be 25.9 years. Women aged 65 in 1981 could expect to live for a further 18 years. However, women aged 65 in 2051 are expected to live for a further 28.3 years (ONS 2013 Pension Trends Chapter 2).

In terms of the impact of this on the labour market, projections suggest that a third of workers will be over 50 by 2020 (Postnote 2011), with the number of people aged 50 or over increasing by 23.5% in 15 years from 2005 to 2020, from 19.8m to 24.5m (Madouros 2006).

Reflecting this, the average age of leaving the labour market (the ONS preferred proxy for retirement) is increasing. In the last 30 years, the average age of retirement for men has increased from 63.7 years in 1984 to 64.8 years in 2012. In the same period, the average age of retirement for women has increased from 60.7 years to 62.6 years.

In addition, the number of people working beyond state retirement age has almost doubled in the last two decades, increasing from 753,000 in 1993 to 1.4m in 2011 (ONS 2012b). In the last decade, the proportion of both men and women working beyond state retirement age has increased by approximately four%. Employees beyond state retirement age are more likely than other employees to be working part-time and to have changed to part-time employment with their existing employer.

The increased employment rate of older people in the last 20 years is mainly due to the rising employment rate amongst older women (ONS 2013, p. 10). In the last 20 years, employment rates have increased for both men and women who are 25 years old or above (Table 4). Employment rates in the age category 50 to state pension age (65 for men and over 60 but under 62 for women depending on their date of birth) have seen notable increases for both men and women, but the figure is particularly high for women. The proportion of older women in employment is expected to increase further as the state pension age for women is raised to align with that for men.

During the same period the employment rate and the proportion of young people (both male and female) in the labour force between the ages of 16 and 24 has declined. This was initially due to higher participation rates in further and higher education but has more recently been due to increased youth unemployment since 2008.

Table 4 UK employment rates by sex and age, 1992, 2002 and 2012 (percentages)

Men	16-17	18-24	25-34	35-49	50-SPA	SPA+
1992	48.8	69.9	83.7	86.5	65.8	8.1
2002	40.5	72.8	87.8	88.4	70.4	7.7
2012	22.0	61.0	86.2	88.2	72.3	12.0
Change 1992-2012	**-26.8**	**-8.9**	**+2.5**	**+1.7**	**+6.5**	**+3.9**
Women	16-17	18-24	25-34	35-49	50-SPA	SPA+
1992	49.3	64.2	64.3	72.4	58.5	7.9
2002	47.1	66.4	71.2	75.2	65.6	8.9
2012	27.4	57.9	71.0	76.0	69.9	11.6
Change 1992-2012	-21.9	-6.3	+6.7	+3.6	+11.4	+3.7

Source: Data is third quarter, Labour Force Survey, ONS (2013).

Gender

The modern workforce is increasingly female, with female participation in the UK labour market having increased in the last 30 years while male participation has decreased. The female employment rate increased from 54.5% in 1982 to 66% in 2012 (Table 5). In the same period the male employment rate fell from 78.9% to 76.5%. As a result, the gap between the female and male employment rate has narrowed from 24.4% in 1982 to 10.5% in 2012. Since the start of the recession the number of economically active women has increased, probably as a result of the raising of women's state pension age, whereas male economic activity has decreased.

Table 5 UK employment, unemployment and economic inactivity rates: by sex, 1972 to 2012 (percentages)

	Male employment	Female employment	Male unemployment	Female unemployment	Male inactivity	Female inactivity
1972	91.0	53.3	3.8	5.1	5.4	43.8
1982	78.9	54.5	11.6	9.6	10.5	39.7
1992	76.1	61.8	11.8	7.6	13.7	33.1
2002	79.0	66.5	5.8	4.6	16.2	30.3
2012	76.5	66.0	8.2	7.4	16.5	28.6

Rates based on population aged 16-64 except for unemployment rates, which are for the economically active population aged 16 and over. Three-month rolling quarters, all Jul-Sept except 2002 which is Jun-Aug; seasonally adjusted data.

Source: Labour Force Survey, Office for National Statistics

The labour force participation rates of prime age men (25 to 49) have traditionally been the highest. This has declined markedly in the last 30 years, however. Whereas 96% of prime age men were in employment in 1984, this decreased to less than 92% in 2005 (Madouros 2006). The decline of manufacturing occupations (as described earlier) traditionally dominated by men is an important explanation of this. During the same period, the labour force participation rates of prime age women (25 to 49) increased. Given that younger women with high educational attainment have a strong attachment to the labour market, and given ongoing improvements in female educational attainment, the gender labour market participation gap may narrow further in the years ahead.

Disability

The proportion of people self-reporting illness or disability increased in the 1970s and has remained relatively constant since 1981 (Table 6). Almost a third (32%) of people in the UK reported a long standing illness or disability in 2011 and almost a fifth (19%) reported a limiting long standing illness or disability. Although age-specific rates of limiting longstanding illness or disability have declined slightly in the last 30 years, the aging of the UK population had led to an overall increase in the proportion of people with these conditions.

Table 6 Trends in self-reported illness and disability (percentages)

	1972	1981	1985	1991	2001	2011
Long standing illness or disability						
All	21	29	30	31	32	32
Men	20	28	29	31	32	31
Women	21	30	31	32	31	33
All						
16-44	13	21	22	23	22	22
45-64	30	41	43	41	43	42
65-74	48	55	56	58	57	58
75 and over	62	67	63	65	63	68
Limiting long standing illness or disability						
All		17	17	18	19	19
Men		16	16	17	18	18
Women		19	18	18	19	20
All						
16-44		11	10	10	11	12
45-64		26	26	25	27	25
65-74		38	38	37	36	36
75 and over		52	48	49	46	47

Source: General Lifestyle Survey, Office for National Statistics. ONS (2013c).

Table 7 shows some of the employment implications of having a long term illness or disability. At the end of 2012 less than three in ten (29%) working age people with work-limiting disabilities were in employment, compared to more than four in ten working age people (43%) without a long term disability. Notwithstanding legislative changes to encourage the employment of disabled people and changes to benefits to increase incentives to work there is little evidence to date that a significantly greater number of disabled people have been able to find employment.

Table 7 Economic activity of people with disabilities aged 16-59/64: levels Oct-Dec 2012 United Kingdom (thousands) not seasonally adjusted (row percentage in brackets)

	Economically active (percentages)	In employment (percentages)	Unemployed (percentages)	Economically inactive (percentages)	Total
People with work-limiting disabilities	2,849 (34)	2,434 (29)	415 (5)	2,768 (33)	8,466
People with disabilities that limit their day-to-day activities	3,540 (36)	3,134 (32)	407 (4)	2,779 (28)	9,860
All people with a long-term health problem or disability	4,494 (37)	3,975 (33)	519 (4)	3,059 (25)	12,047
Not long-term disabled	26,022 (46)	24,128 (43)	1,894 (3)	4,638 (8)	56,682

Source: ONS

It is difficult to develop projections for the numbers of people with various kinds of disabilities given uncertainty about potential changes in the age-specific rates of any particular condition. One implication of population aging is that there will be more disability-free years as the onset of disability is pushed back, but also more disability-affected years as we live longer (Murphy et al. 2012). Given this, the number of older people with a disability is likely to increase. Life expectancy when older people enter institutional care is also increasing along with the financial costs of social care in old age.

Migration

Migration accounted for one half of the increase in the UK population between 1991 and 2011 (Cangiano 2012). Between 500,000 and 600,000 people have migrated each year into the UK between 2002 and 2012 (Source: Long-term International Migration - Office for National Statistics). As a result, the proportion of foreign-born people has increased in both the overall working age population and among those in employment. The proportion of employees that are foreign-born has doubled in fifteen years, from just over 7% in 1997 to just over 14% in 2012.

In terms of the occupations and sectors in which immigrants are employed, immigrants are more likely than UK-born people to work in both high skilled occupations (managerial and professional roles) as well as low skilled occupations (bar work and waiting tables) (Table 8), and are more likely to be employed in health and in hotels and restaurants (Wadsworth 2012). Migrant workers have higher levels of educational qualifications and higher average hourly wages than UK-born workers (Rienzo 2012).

Table 8 Occupational distribution of immigrants and UK-born, 2012

	Percentage of UK-born	Percentage of immigrants	Percentage of occupation who are immigrants
Managerial	10.1	8.8	12.7
Professional	19.0	23.0	16.7
Assistant professional	14.7	11.7	11.7
Administrative	11.5	7.7	10.0
Skilled trades	11.2	9.3	12.2
Personal service	9.0	8.2	13.2
Sales	8.5	6.7	11.6
Processing	6.3	8.4	18.4
Elementary occupations	9.9	16.2	21.4

Source: Table 3 in Wadsworth 2012, LFS data.

Immigration has helped offset the impact of the aging of the UK workforce because, on average, migrant employees are slightly younger than UK-born employees (Rienzo 2012). Migration projections are particularly uncertain as trends will depend on several factors such as the relative attractiveness of the UK for high skilled migrants and government policy on immigration.

Social change

Family and household structure

Notable changes have taken place in family and household structures in the past 30 years or so. Average household size has declined from 2.7 to 2.35 people from 1981 to 2011. This is largely explained by the increased proportion of adults living alone rising from 8% to 13% in the same period (ONS 2013c). Among 16 to 64 years olds the proportion living alone has doubled from 15% in 1981 to 30% in 2011.

The types of families with dependent children (aged 16 or less, or aged 16 to 18 in full-time education) have also changed in the past 30 years. Among families with dependent children, the proportion of families with parents married or cohabiting has declined from 87% in 1981 to 78% in 2011. Lone parent families (mainly mothers) accounted for 13% of families with dependent children in 1981 and this increased to 22% in 2011. This is mainly the result of motherhood among single women rather than an increase in the number of mothers who are widowed, divorced or separated (ONS 2013c).

The proportion of women aged 18 to 49 who are married has declined from 70% in 1983 to 47% in 2011. The proportion of single women aged 18 to 49 who have never married has more than doubled from 21% to 43% in the same period. In contrast, the proportion of single women aged 18 to 49 who are cohabiting has more than doubled from 14% in 1985 to 36% in 2011. As these figures suggest many cohabiting couples do not get married, with 16% of adults aged 16 to 59 reporting in 2011 that a previous cohabitation had not ended in marriage.

The average age at which people are first married has increased from 1981 to 2009 by almost seven years for women and men. Women (first) married at an average age of 23.1 in 1981 and 30 in 2009. The average age of first marriage for men was 25.4 in 1981 and 32.1 in 2009.

Women are having children later although the UK has not witnessed a collapse in childbearing. The proportion of children born to mothers under 25 years of age reduced from almost two in five (39.6%) in 1981 to less than a quarter (23.7%) in 2011 (ONS (2013) Live Births in England and Wales by Characteristics of Mother 1, 2011). In the same period the proportion of children born to mothers aged 35 and over tripled from 6.5% to 20%.

These changes likely reflect increased participation in education, career development, and housing issues to be considered before marriage and having children. As a result, people are starting families in their 30s rather than 20s. The economic downturn after 2008 increased employment insecurity and the real cost of living as real wages declined. This may have further delayed marriage and further pushed the age at which people are having children into later life.

Changing Lifestyles

Technological change in the last 20 years has been remarkable. The proportion of households with access to a computer increased from 9% in 1984 to 80% in 2011 (2011 General Lifestyle Survey). In the last few years, the number of adults accessing the internet every day doubled from 16m in 2006 to 33m adults in 2012. The majority (87%) of 16 to 24 year olds and almost a half (48%) of all adults used social networking sites in 2012. In 2012, almost of third of adults accessed the Internet by mobile phone each day (Statistical bulletin: Internet Access - Households and Individuals, 2012 part two).

The cost of living

The costs of childcare have increased faster than real wages. In the last 10 years the cost of a nursery place for a child under two increased by 77% from 2003 to 2013 (Daycare Trust and Family and Parenting Institute, 2013). The average nursery cost for a child under two is now £106.38 per week for a part-time place (25 hours). A full-time place costs £11,000 for a year.

Housing has also become less affordable. The ratio of house prices to the income of mortgage borrowers provides a widely used indicator of housing affordability for owner-occupation. In the last two decades this ratio has increased by one-third making house purchasing less affordable. In 1990, UK average house prices at £59,785 were 3.1 times average annual earnings of £19,576 (Keep 2012). This had increased in 2010 with UK average house prices at £251,634 becoming 4.3 times average household income of £57,996. The ratio is highest in London and the South East (4.7 in each case).

Purchasing housing has become less affordable for employees with lower incomes in particular. This is calculated by the ratio of lower quartile house prices to lower quartile individual full-time earnings. This increased in England from 3.6 in 1997 to 6.5 in 2011 (Keep 2012).

The costs of higher education have also shifted from the state to students and parents, not least with the introduction of university fees of up to £9,000.

Summary

In the past 20 to 30 years important demographic changes have taken place with an aging workforce, increased female participation, an increase in people with disability and long-standing illness, and increased migration. The economic downturn post 2008 marks an important departure from the past in breaking the assumption of rising living standards with real wages outstripping inflation. Although levels of unemployment have not increased as much as expected there have been increases in financial insecurity, under-employment and skills under-utilisation. Employees are becoming more aware of financial insecurity as welfare benefits are reformed and statutory labour market protection is reduced. Younger employees entering the labour market face extensive education costs for high-skilled jobs, have an increased prospect of employment that does not make use of their skills, and limited chances to purchase property to underpin their long-term security. The ability to plan for family life, children and retirement are areas of increased financial uncertainty for the modern workforce.

2. Key Changes in Employer-Provided Benefits

- Large employers 20 to 30 years ago provided generous occupational pensions, occupational sick pay and concentrated on workplace risk assessment to improve health and safety. These benefits provided for full-time male employees in blue collar occupations and large unionised workplaces
- There is little overall evidence of improvement in the coverage of employer-provided benefits as workforce demographics have changed, other than where legislation has encouraged the provision of childcare vouchers and the right to request flexible working
- Some aspects of traditional employer-provision have also deteriorated with fewer employers offering generous occupational pensions and sick pay

This section considers how employer-provided benefits have changed in the last 20 to 30 years. It is organised by classifying benefits as covering protection (pensions, maternity pay, Income Protection, medical care), time away from work (sick pay, parental leave, work-life balance) and services (health and well-being, financial planning and company cars). This will provide the basis to identify gaps in provision for the modern workforce in section 3.

Figure 2 outlines key changes to employer-provided benefits in the last 20 to 30 years. There is little overall evidence of improvement in the coverage of employer-provided benefits other than where legislation has encouraged the provision of childcare vouchers and the right to request flexible working. Large employers 20 to 30 years ago provided generous occupational pensions, occupational sick pay and concentrated on workplace risk assessment to improve health and safety. These benefits had developed to meet the requirements of full-time male employees in blue collar occupations and large unionised workplaces. Workplace demographics have changed significantly, as we have established, and employers today do provide more childcare provisions, flexible working and recently more provisions for employee health and wellbeing. However, some aspects of traditional employer-provision have also deteriorated with fewer employers offering generous occupational pensions and sick pay.

Figure 2 Key changes in employer-provided benefits

	Employer-provided benefits 20-30 years ago	Modern employer-provided benefits
Protection		
Proportion of employees belonging to defined benefit occupational pension schemes	46%[1]	30%[8]
Company-paid private medical insurance all cover subscribers	3.5m[2]	3.96m[9]
Group Income Protection	4.63% (1.1m)	6.78% (1.75m to 2m)
Time away from work		
Occupational sick pay policy for all or some staff	90%[2]	48%[10]
Proportion of mothers receiving some occupational maternity pay on childbirth	42%[4]	32%[11]
Employer-supported childcare	4%[3]	9%[8]
Work-life balance practices: Currently working flexibly, or has done so in last 12 months Flexi-time Regular home working Compressed working week Term-time working	 51%[5] 24%[6] 20%[6] 6%[6] 14%[6]	 60%[8] 23%[8] 13%[8] 10%[8] 10%[8]
Services		
Workplace schemes to improve health and well-being: Health advice/ events Counselling/ EAP Health screening/ checks Occupational health service	N/A	 18%[8] 16%[8] 13%[8] 13%[8]
Employers offering financial education and/or advice to employees	23%[7]	16.9%[9]
Employees with company cars	848,000	970,000[10]

Notes: Employer-provided benefits 20-30 years ago are based on 1983 data other than: 1 1997, 2 1995, 3 1988, 4 2002, 5 2003, 6 2000, 7 2006, 12 1979.
Modern employer-provided benefits are based on 2013 data other than: 8 2011, 9 2012, 10 2010, 11 2008.

Protection

Pensions

The aging population described in section 1 has led to ongoing debates over the future of pension schemes. The number of active members in occupational pension schemes in 2010 (8.3m members) had declined to a level last recorded in the 1950s (ONS 2013). Levels of membership reflect both the availability of occupational pension schemes and the take-up of membership. Among full-time employees, almost a third of men (32%) and more than a quarter of women (26%) reported their employer had no scheme in 2011 (Table 9). Men and women employed part-time are more likely to report their employer had no pension scheme than full-time employees. In terms of uptake, more than half of men (53%) and women (58%) working full-time were members of occupational pension schemes in 2011 compared to just 38% of women and 15% of men working part-time (ONS 2013c).

Table 9 Occupational pension scheme availability and membership 2011 (percentages)

	Men full-time	Men part-time	Women full-time	Women part-time
Member	53	15	58	38
Not a member	11	10	12	12
Not eligible	3	13	4	6
Employer has no scheme	32	60	26	44

Source: ONS (2013c)

Occupational pension scheme membership also varies by age with younger employees aged 18 to 24 less likely to be members than older employees. Employees in routine and manual occupations are also less likely to be members than those in managerial/ professional and intermediate occupations. In line with this, employees with lower earnings are less likely than those with higher earnings to belong to occupational pension schemes (ONS 2013c).

Occupational pension schemes are either defined benefit schemes where the employer bears the risk or defined contribution schemes where employees bear the risk. Traditionally large public sector employers provided defined benefit schemes and the private sector offered a mixture of defined benefit and defined contribution schemes. In just fourteen years from 1997 to 2011 the proportion of employees belonging to defined benefit (DB) occupational schemes declined from 46% to 30%. In the same period the proportion of employees in defined contribution (DC) schemes (occupational and group personal) increased from 10% to 16%.

Many pension schemes closed their doors to new members, affecting entrants into the labour market (young people and immigrant workers for example). Concentrating on private sector occupational pension schemes, almost half (49%) of active members in DB schemes open to new members had joined before 1980 and only 13% of active members had joined from 2000 onwards (Table 10).

Table 10 Proportion of active members of private sector occupational pension schemes: by scheme's foundation date, status and benefit structure, UK 2010 (percentages)

	Defined Benefit		Defined Contribution	
	Open DB	Closed DB	Open DC	Closed DC
Before 1980	49	64	6	3
1980 –1989	21	17	34	59
1990 –1999	17	13	23	21
2000 and after	13	6	36	17

Source: Occupational Pension Schemes Survey, Office for National Statistics

Recent legislation requires automatic enrolment into a qualifying scheme such as the National Employment Savings Trust (NEST). Smaller employers are likely to make greater use of NEST as these are least likely to provide occupational pension schemes, although auto-enrolment is not required of smaller employers until 2017 to 2018.

Employer-provided private medical insurance

The majority of people covered by private medical insurance (PMI) in the UK have it provided as part of their compensation and benefits package. Subscriptions are lower for company plans than individual plans. Company-paid plans accounted for 74.4% of the PMI market at the end of 2011 (Competition Commission 2013 citing Laing and Buisson, Healthcare Market Review 2011–2012). This reflected an increase in the corporate share of the PMI market from approximately 60% in the mid 1980s. At the end of 2011, more than one in ten (11.1%, 3.96m) of the UK population were enrolled in company plans. This reflected an increase from just over 3.5m in 1995. However, the numbers covered decreased by 8% from a high point of 4.32m in 2008 prior to the recession. This is mainly attributed to firms going out of business or downsizing. Just less than two-thirds (64%, 1.9m) of company-paid subscribers work in large firms (employing 250 people or more) and just over a third (36%, 1.07m) work in SMEs. Although many firms may have considered reducing the costs of PMI by introducing an excess or reducing the number of employees covered, the extent to which they have done so is currently unclear. Few appear to have withdrawn provision entirely.

As suggested above, company-paid PMI plans are more likely to be made available to employees of large firms compared to those in SMEs. Analysis of the earlier General Household Surveys (1995) also showed important occupational differences (ONS 2007). Higher levels of coverage by company paid schemes were reported among professionals (40% were covered), employers and managers (44%) compared to other occupational grades. A variety of small scale recent studies continue to show that many company-paid plans are only available to senior-level employees.

Income Protection

An estimated 1.75m to 2.0m employees were covered by employer-provided Group Income Protection by the end of 2012. The higher estimate of 2.0m is equivalent to 6.78% of 29.5m employees and the lower estimate is equivalent to 5.93% of employees. The proportion of employees covered has increased slightly from 4.63% in 1983 (1.1m out of 23.8m employees). High earning executives are more likely to be covered by group Income Protection than employees in lower skilled occupations even though the latter are at greater risk of sickness absence. In companies with group Income Protection insurance only one in seven employees are covered. Relatively few SMEs provide group Income Protection for their staff.

Time away from work

Occupational sick pay

Many employers provide occupational sick pay (OSP) in excess of statutory sick pay entitlements. It is difficult to find reliable estimates but intermittent UK government-funded and nationally representative surveys suggest a decline in the proportion of employers providing OSP. The proportion of employers offering OSP as a normal entitlement for some staff has been estimated at 90% in 1988 (DSS 1988), 85% in 1994 (DSS 1994) and 48% in 2010 (Young and Bhaumik 2011). In addition to the presence of OSP the scope of sick pay is also important. In 2010, among employers that paid OSP the average maximum length of time covered by any OSP was 67 working days, with 100% of salary paid for an average of 52 working days (Young and Bhaumik 2011). More than two-thirds (68%) of employers providing OSP made the same level of payments throughout the period of absence and almost a quarter of employers reduced payments over the maximum time period allowed (Young and Bhaumik 2011).

It is difficult to be confident in these overall estimates although surveys do report consistent findings regarding the characteristics associated with OSP provision. Employers are more likely to offer OSP if they are large organisations, in the public sector, employ a low proportion of part-time workers, have low staff turnover, and use systems to manage sickness absence (Young and Bhaumik 2011). The duration of OSP at full pay is more than three times longer in the public than the private sector, at 26 weeks compared to 8 weeks (Young and Bhaumik 2011).

Reductions in OSP likely reflect concerted attempts by employers to reduce sickness absence. Sickness absence rates (the percentage of usual hours lost due to sickness absences) have declined in the last 20 years with employees on average taking 2.7 days fewer off due to sickness each year in 2011 compared to 1993 (ONS, Labour Force Survey). The sickness absence rate has fallen almost every year since 2003. Most commentators believe it is unlikely to fall much further as a result of managing short-term sickness absence and a concerted attempt will be required to improve long term health conditions.

Minor illness such as coughs and colds were the most common cause of sickness absence in 2011 and musculoskeletal problems caused the greatest number of days lost (almost a quarter of all days lost) as this involved longer durations of absence. Women have higher sickness absence rates than men. Sickness absence rates are higher in the public than the private sector where under-reporting is considered widespread. Sickness absence rates increase with age.

Occupational maternity pay

There is a positive association between the availability of occupational maternity pay (OMP) and the likelihood that women will return to work after childbirth. Surveys suggest, however, that the proportion of mothers receiving some OMP declined from 42% in 2002 to 29% in 2006 before increasing to 32% in 2008 (Chanfreau et al. 2011; Hudson et al. 2004; Smeaton and March 2006). Although less than a third (32%) of mothers in 2008 received OMP, this proportion increased if: they worked for large private sector employers or in the public sector; their workplace had a recognised trade union; their employer had a range of family friendly practices; they had higher earnings; they worked more than 30 hours; or they had worked for their employer for more than five years. The proportion of employers providing OMP with full pay for part of the time increased from 53% in 2006 to 63% in 2008 (Chanfreau et al. 2011).

Employer-supported childcare

Employers may support childcare through childcare vouchers, directly contracted childcare or workplace nurseries. Prior to the reform of Income Tax and National Insurance contributions in 2005 the level of employer provision was very low. Estimates vary but suggest in 1988 only 4% (Callender et al. 1996) to 2.5% (Kazimirski et al. 2006) of organisations offered employer-supported childcare (nursery or childcare subsidy), and according to the Workplace Employment Relations Survey 4% in 1998, and 6% in 2004 (Kersley et al. 2006, p. 256). In 2011, this had increased mainly through the introduction of childcare vouchers to 9% of families using financial help for childcare from an employer. This ranged from 15% if both couples were working, 5% of couples with one parent working, and 3% of working lone parents (Huskinson et al. 2013). Families with lower incomes were much less likely to report receiving employer support than families with higher incomes. Childcare vouchers through salary sacrifice are the most widely offered provision although they only provide for less than two-thirds of the average cost of a childcare place. There is less evidence of employer engagement in the provision of childcare arrangements. Employer-supported childcare is more likely to be provided by larger organisations, organisations in London and organisations with a higher proportion of female employees. Employees taking up childcare support are (unsurprisingly) more likely to be women, working full-time, and in professional or managerial occupations.

Work-life balance practices

Employers may provide a range of practices intended to help staff balance their work demands with life outside work. Part-time working and flexi-time are the two most common forms of flexibility used by employees, with the increased use of part-time working the most notable change (Table 11). More employees reported working flexibly in 2011. This is mainly explained by the increased provision of part-time working although, as noted earlier, this includes increased underemployment among people who wish to work more hours or are searching for a job that offers more hours.

Table 11 Employees taking up flexible working arrangements (percentages)

	2000	2003	2006	2011
Part-time working	24	28	26	32
Flexi-time	24	26	26	23
Temporary reduced hours	N/A	13	10	8
Regular home working	20	11	10	13
Compressed working week	6	11	8	10
Annualised hours	2	6	6	5
Job-share	4	6	6	4
Term-time working	14	15	13	10
Not worked flexibly in last 12 months	-	49	44	40
Currently working flexibly, or has done so in last 12 months	-	51	56	60

Source: UK Government Work-Life Balance Survey data reported in Tipping et al. (2012), p. 66.

Services

Occupational health and well-being provisions

Changes in employment from the manufacturing to the service sector have resulted in a shift from health protection to the promotion of health and fitness at work. Employer provisions to promote health and well-being are one of several health and well-being indicators established by the UK Government following Dame Carol Black's review of the health of the working population (Black 2008). Although it is not yet possible to track changes in these benefits, it is important to consider recent benchmarks for discussion in section 3 as to whether these are currently sufficient. Given that approximately a fifth or fewer of employers reported providing the benefits listed in table 12 there is scope for considerable improvement. Larger firms are more likely to report each of these initiatives than smaller firms. For example, 48% of large organisations (with 250 employees or more) reported a subsidised canteen or restaurant, compared to 33% of medium-sized firms (51 to 249 employees) and 21% of small firms (50 or less employees). Public sector employers and employers recognising trade unions are more likely to report each initiative. Men account for 73% of take-up in the cycle-to-work scheme (Cycle to Work Alliance 2011).

Table 12 Health and well-being initiatives reported by employers in the last 12 months (percentages of respondents citing each)

Subsidised canteen or restaurant	21
Measures to encourage activity such as running, cycling and walking	20
Health advice or events to raise awareness about healthy lifestyles	18
Advice or support to give up smoking	17
Access to counselling or other employee assistance programme	16
Healthy food choices available in vending machines or staff canteen	14
Health screening or health checks	13
Access to occupational health services	13
Loans or discounts on bicycle purchases	10
Weight loss advice or programmes	7
Free or subsidised gym membership	6
Health and well-being section on the intranet	5
Fitness classes at work	3

Source: Adapted from Figure 3.1 in Young and Bhaumik (2012) p.20

The lack of comprehensive occupational health services in the UK reflects the exclusion of occupational health from the National Health Service on inception and reliance on employers to make sufficient provision (FOM 2010). Recent figures are not available but little may have changed since research conducted in 1992 reported that only just over a half (53%) of employees had access to any health professional at work (a doctor, nurse, hygienist, or other health professionals, e.g. consultant, chiropodist, haematologist). Just over a third (36%) of employees in the private sector did not have such access compared to almost all (98%) public sector employees (OHAC 2000). Company size also appears important with only 5% of small firms using health professionals compared to 68% of large firms.

Financial planning

In order to improve financial capability the Financial Service Authority (FSA) among others has encouraged employers to consider using trained professionals to provide financial education as part of their benefits package. Although financial capability is positively associated with psychological health and may help reduce stress-related illness, surveys suggest that only around 16% of employers offer financial education to employees. Although not representative, CIPD surveys suggest the proportion of employers offering financial education and/or advice to employees decreased from 23% in 2006 to 16.9% in 2012 (CIPD 2012). This may reflect the impact of government expenditure restrictions on the FSA's 'Making the most of your money' campaign that began in 2006 and aimed to deliver financial education workshops to 4m employees by 2011. Employers in the public sector and larger organisations are more likely to provide financial education for employees. It should be noted that 53.4% of employers according to the 2012 CIPD survey provided access to debt advisers, counselling and guidance. This may reflect increased financial difficulties many employees have experienced as a result of declining real wages - evidenced to some degree by the development of the pay day loans market.

Company cars

The number of employees provided with company cars has changed little in the past 30 years. In 1983-84 the Inland Revenue records that 848,000 employees paid for company cars as a taxable benefit and in 2009-10 this increased only slightly to 970,000 employees (Inland Revenue Expenses and Benefits Survey, ONS). The number of employees in receipt of a taxable fuel allowance decreased from 495,000 to 270,000 in the same period. Overall, the taxation of company cars and fuel allowances as benefits in kind has restricted employee demand and employer provision of these benefits.

3. Employee Benefits and the Modern Workforce

- Significant deficits have opened between employer-provided benefits and the protection the modern workforce requires, given changes in the demographic characteristics of workers and increased financial insecurity
- A substantial increase is required in employer-provided benefits to improve protection, help with time away from work, and raise levels of health and well-being
- The UK Government has a role to play in ensuring the requisite tax breaks are in place to encourage the adoption of benefits to protect the modern workforce from the insecurities of job loss, old age and ill health

This section combines the insights developed in sections one and two to evaluate whether current employer-provided benefits meet the needs of the modern workforce, and if they do not, how employers could better meet these needs. Changing demographics are important for employer-provided benefits because the needs and preferences of the modern workforce are likely to reflect their individual characteristics. Section 1 identified the increased labour market participation of older people, women and migrants, and the continued labour market exclusion of disabled people. Section 2 reported little evidence of improvement in the coverage of employer-provided benefits.

The headline implication is the ratio of benefits to wages that employers offer needs to shift towards the former. This is because older people, women, and disabled people are all more likely than younger people, men, and non-disabled people to attach greater value to employer-provided benefits. In addition, employer-provided protection is more important for the modern workforce as a result of increased financial insecurity.

Aging workforce and employer-provided benefits

The number of people working beyond state retirement age almost doubled from 753,000 in 1993 to 1.4m in 2011. The aging workforce has the following implications for employer-provided benefits.

- More needs to be done on pensions. Auto-enrolment into defined contribution schemes shifts the risk from employers to employees and will not address gender inequalities in old age. Roll out continues to leave employees of new employers and small firms uncovered for several years
- Employees will likely require help in financial planning for old age. Returns to defined contribution schemes are uncertain while the need to provide for social care in old age, given that retirement is further away and out of mind
- The value of medical insurance to an aging workforce increases and more employers should consider providing this benefit
- Flexible working is required for older employees and for employees with caring responsibilities for older people
- Occupational health and wellbeing provisions are more important to help people work into older age

The female workforce and employer-provided benefits

Female participation in the workforce increased from 54.5% in 1982 to 66% in 2012. Increased female participation has the following implications for employer-provided benefits.

- Gender inequalities in old age will likely persist as women's contributions to pensions are affected by career breaks to have children, part-time work and low pay. Employers still need to further consider how women will increase pension savings for old age
- Helping women plan for social care costs in old age is particularly important as women in old age have higher disability rates than men and live longer
- The value of medical insurance for women is likely to be higher than for men as women take on more caring responsibilities for children and relatives, and more employers should consider providing this benefit for female employees
- Flexible working is particularly important for female labour market participation and more employers need to make this provision
- Occupational health and wellbeing provisions are likely to be important for women, not least given their caring roles outside work. The higher disability rates for women in old age and longer life expectancies than men suggest health and wellbeing benefits have long-term value for women in particular
- Disability, long-term illness and employer-provided benefits

Almost a third (32%) of people in the UK reported a long standing illness or disability in 2011 and almost a fifth (19%) reported a limiting long standing illness or disability. Supporting employees with the onset of disability and illness requires greater investment in specialist vocational support for rehabilitation back into work, in order to aid job retention.

- More employers should offer group Income Protection and private medical insurance to increase security and improve access to specialist vocational and medical support
- Increased provision of health and wellbeing benefits should help reduce the onset of some disabilities and illness in adulthood and employers should increase these provisions
- Employers need to do more to help disabled people retain jobs and help disabled people into work by increasing provision of workplace adaptations and designing jobs around individual needs

Migration and employer-provided benefits

The proportion of employees that are foreign-born increased from 7% in 1997 to 14% in 2012. It is important to discuss different groups of migrants separately in terms of short-term/temporary migration and long-term permanent migration to consider the implications of increased immigration for employer-provided benefits. In essence, the larger the proportion of a firm's workforce that is accounted for by short-term migrants not intending to remain permanently in the UK who travel without their family, the lower the importance of employer benefit provision. For other forms of migrants, however, certain (though not perhaps all) forms of benefit provision might be equally necessary.

- Migrants in the UK for a short period of time (as is the case with a lot of young migrants from the EU for example) are not likely to consider benefit provision a matter of importance – it is unlikely to be what attracts/ retains them. Many are single and unlikely to require time off work to look after family members who are not in the UK. Pensions and health provisions are also unlikely to be preferred to cash, and Income Protection is unlikely to be a priority in the event of job loss as they are likely to leave the UK
- Migrants intending to stay for a lengthy/indefinite period of time are more likely to bring their families and are likely to have benefit preferences similar to UK-born workers. Non UK-born female employees will be equally in need of time off to look after children (though not older dependents as these older relatives will be in their home country and therefore beyond the help of the migrant). They will also be equally in need of other benefits such as pensions and Income Protection
- In addition, different forms of benefit might be important across the stages of migration. On arrival and in the first few years migrants may require help in improving language skills, with finding housing, understanding the school system if they bring children with them, understanding the housing benefit system, tax credits and so on if they are entitled to them. Employers may usefully provide relocation benefits to help integration. Large employers may be able to draw on the relocation services developed for managers undertaking overseas assignments

The remainder of this section explores these arguments with regard to employer-provided benefits that cover protection, time away from work and services.

Protection

Pensions

The introduction of auto-enrolment in the 2012 workplace pension reforms is an important step. The UK Government has taken the lead to address the declining provision of occupational pensions. This was particularly important given increased life expectancy and female poverty in old age. Auto-enrolment is expected to increase the number of private sector employees saving for retirement. The Department for Work and Pensions estimates 6 to 9 million workers will start saving into a pension with employer contributions for the first time, including many women, low-paid and part-time workers. However, auto-enrolment has limitations. Implementation is staged and will not affect employees in small firms until 2015-2017 and new employers (after April 2012) until 2018. It is also unclear whether defined contribution pensions will provide adequate income for future generations of pensioners (ONS 2013, p. 24). Even if defined contribution pensions perform well, there is likely to be significant variation in scheme performance based upon the funds in which pensions are invested (ONS 2013, p. 27).

Given increased female labour force participation, the gender implications of auto-enrolment should also be considered. Women's contributions to pensions are affected by career breaks to have children, part-time work and low pay. As a result, women are likely to have lower pension savings than men. This matters because of higher female life expectancy, higher female disability in old age and the increasing number of divorced older women without a shared pension. This suggests the Government and employers still need to further consider how women will increase pension savings for old age. Increasing the state pension would, for example, have a larger beneficial impact for women.

Either way, there is an important role for employers to play in supporting auto-enrolment. Many workers regard pensions as too complicated and are deterred from planning and preparing for later life (Pensions Advisory Service 2012, p. 753). Employers therefore have a major role to play in helping workers save for old age and in particular in helping women do so.

Social Care

The pensions that will be required by the aging workforce also need to be considered alongside the increasing costs of social care. Pension incomes will be insufficient to meet the rising costs of social care as the population ages. In the wake of the Dilnot Report, the responsibility for financing social care in old age will be shared between the state and the individual. Proposed Government legislation for a £75,000 cap on means-tested adult social care from April 2017 suggests people will need help in developing later-life saving plans. This suggests an opportunity for employers to provide schemes to help workers finance social care in old age in the same manner that they help provide for old age through occupational pensions.

It may be considered unlikely, however, that employers will help workers save for social care at a time when many of them have transferred the risks of pension provision onto employees through the shift from defined benefit to defined contribution pensions. Nevertheless, enlightened employers that take a lead in helping workers plan for social care costs in their old age may gain advantages in terms of recruitment and retention. Group social care insurance may be added to employer benefit packages if such a market can be developed. This may include provision for an employees' spouse to help address gender inequalities in old age.

In developing auto-enrolment to deal with the inadequacies of occupational pensions, the UK Government has a set a potentially important precedent. It recognises that too few employers will help workers provide for old age and workers will not provide for themselves. Whether the state is willing to extend this principle and encourage group/occupational social care insurance at some point in the future remains to be seen.

Income Protection

Many employers have not offered Income Protection in the past, leaving employees to decide whether or not to purchase such insurance. During the 2008 recession, however, employees showed a willingness to reduce their incomes in return for employment security. This may suggest a shift in attitudes from wages to attaching greater value to benefits such as Income Protection. The economic theory of compensating wage differentials suggests that employees will be required to pay for increased benefits with lower wages. Employers may have a unique opportunity prior to the economy improving to hold conversations about increasing Income Protection rather than wages. This may allow employers to offer greater protection without increasing their wage and benefit costs as the economy recovers.

One key argument in favour of Income Protection is that insecurity has increased as a result of changes to state welfare benefits and reduced statutory labour market protection. As welfare benefits are restricted with increasing means testing and stringent work capability assessments in the Welfare Reform Act 2012 the financial implications of illness, disability or unemployment have increased in severity. Income-related means tests increase the financial costs of job loss for employees with assets such as homes and savings. The Institute for Fiscal Studies calculates the proportion of welfare payments for the working age population that involve means-tested benefits increased from less than a quarter (26%) in 1978-9 to fourth-fifths (80%) in 2012-13 (IFS 2013). Such changes provide added incentive for employees with assets above the thresholds for working age benefits to prefer more insurance against risk.

Many group Income Protection schemes do not include all staff but are offered only to high earning managers and professionals. Lower income employees also appear to require Income Protection but are less able to afford it. Employers have the scope, however, to make such protection affordable by extending group Income Protection schemes. Such schemes account for half of the IP market but only one in ten employees are covered. Employers can purchase insurance more cheaply than individuals because risks are pooled and they can therefore insure high risk individuals who may not be able to afford insurance individually. Unless employers take a lead it is likely that employees will not make such provisions for themselves. The traditional argument for

Income Protection to protect family and dependents still holds for many people, while the increase in single person households and decline in the proportion of people with family on whom they can depend suggests further need for Income Protection.

It is difficult to gauge employer appetite for extending Income Protection. The lower than expected redundancy rates following the 2008 crisis may indicate labour hoarding as employers have sought to retain the skilled employees they will need when the economy begins to recover. This may indicate a willingness to take a long-term view of staff welfare.

If employers fail to increase the coverage of Income Protection as welfare state provisions are reduced then leadership from the Government may be required. Once again, the principle of auto-enrolment has a set a potentially important precedent. Either way, with Income Protection likely to prove increasingly popular with the workforce, it is possible that forward-thinking employers will gain a first mover advantage in their employee recruitment activities if they offer such protection as part of their benefits package.

Private Medical Insurance

Workforce aging and increased female labour force participation both suggest that the demand for healthcare services will increase. It is unlikely UK Government health expenditure will keep pace with rising demand despite protecting the health budget from spending reductions. This suggests rising demand for employer-provided PMI to cover health care costs. As most PMI is employer-provided, partly because subscriptions for company policies are lower than for individual policies, it is helpful to meet rising demand through group products.

The main impediment is that employers in the recession have sought to reduce costs, and PMI adds an average 1.5% to employment costs (£865 per employee on average each year). Many employers provide PMI as an additional benefit for senior managers and executives. Extending PMI to cover other employees given the value of this benefit for the aging workforce, female employees and disabled people and those with long standing illness could lead to labour market advantages by making the employer more attractive to prospective employees as the economy recovers and the labour market tightens.

The costs of extending PMI may be affected by demographic changes. The aging workforce may increase premiums although living healthier for longer may reduce them. In addition, increased female labour market participation may raise the demand to add dependents to PMI policies, although the increase in single people living alone is likely to decrease demand for this. Employers will need to carefully consider these countervailing issues.

In the past 20 years providing PMI has shown itself to be an important requirement in recruiting and retaining staff in sectors where competitors provide it as standard (the financial and legal sectors for example). Regarding it as part of a broader commitment to occupational health and wellbeing may be a more compelling case for those not already providing PMI to staff, with effective intervention and quick treatment benefiting employers by minimising sickness absence and helping staff return to work.

Time away from work

The aging of the UK population/workforce and increased female participation both suggest that flexible working will remain an important benefit for the modern workforce. The importance of working time flexibility for women and parents is well rehearsed. The UK Government's consultation on shared parental leave and pay to encourage shared parenting will inform the Children and Families Bill 2013. Hopefully employers will support further positive measures in this area.

Flexibility to meet the needs of the aging population will also become increasingly important in the years ahead. This has two important dimensions - helping older people remain in work and providing employees with flexibility to care for older relatives.

Flexible working

Employers may encourage working into older age by allowing transition into flexible working. This may involve: changing job roles; reducing working hours or altering them to meet commitments outside work; the provision of less strenuous work; and reducing travelling demands. The Government announcement to extend the right to request flexible working to all employees in 2014 is welcomed. Some older people will be required to work out of financial necessity as they have not built-up sufficient savings for older life. Flexible working may also be required to persuade wealthier older people to remain in work by choice if companies wish to retain their skills. The Government proposes to retain the 26 week qualifying period before gaining the statutory right to request flexible working and continuing to limit employees to one request in any 12 months. These restrictions may have a negative impact on older workers seeking to re-enter the labour market or employees with age related health conditions remaining in work if they need more frequent adaptations.

The flexibility to care

In addition to providing flexible working for older employees, it is also required by employees with caring responsibilities for older people. On top of considerations around paid social care, the proportion of employees providing unpaid care for older people is likely to rise as the population ages. Almost one in ten carers (9%) give up work (300,000 each year) and a further 7% reduce their hours to enable them to provide care (Carers UK, DWP and Ipsos Mori 2009). Many older workers require flexibility to meet other caring commitments with women approaching retirement traditionally leaving the labour market to care for older relatives. Should employers wish to retain these employees' skills and experience, it will be increasingly necessary to provide them with arrangements for flexible working. In extending the right to request flexible working to all employees in 2014, the 26 week qualifying period before gaining the statutory right to request flexible working may prevent people with care responsibilities from re-entering employment, and limiting employees to one request in any 12 months may disadvantage employees caring for older people if they require more frequent adaptations.

Services

Health

The demographic changes outlined in this report highlight the importance of employer initiatives to promote health and wellbeing. Initiatives focussing on prevention and rehabilitation may enable older people to remain in work by addressing the onset of work and age related health problems. Occupationally-related poor health traditionally causes workers in manual occupations to cease working. In addition, although older people are staying healthier for longer after the traditional retirement age, several health issues are still connected with age. The likelihood of hearing loss, for example, increases with age and if left unaddressed can result in early departure from the workforce. Employers wishing to retain the services of older workers will therefore need to provide support in terms of the early identification of health-related problems and in terms of workplace adaptations. Such actions require an integrated approach to health and wellbeing to support working into older age.

The UK Government March 2013 Budget announced tax relief up to £500 on health interventions encouraging return-to-work after sickness. Plans were also announced for a new Health and Work Assessment and Advisory Service. These changes should help increase employer provision of health and wellbeing initiatives. Much will depend on the effective administration of this new service and details are yet to be announced. The most innovative employers should be able to link across health interventions and draw down provisions in group Income Protection and private medical insurance given the specialist treatment and support for rehabilitation provided under these policies.

Financial planning

Increased take-up of benefits designed to increase protection appears to rely heavily on increasing financial capability in the modern workforce. Large employers have encouraged the Money Advice Service and Citizens Advice Bureau into the workplace. There are significant unresolved issues around the capacity of these organisations to fulfil their remit in this regard should more employers make use of them. Helping employees in this way, however, may help protect the health and wellbeing of employees facing financial difficulties.

Yesterday's benefits offered today

This section has suggested employers increase a range of benefits. In order to control costs it is also helpful to identify benefits offered today that appear less important for the modern workforce. Although the CIPD Reward Management Survey 2012 does not contain reliable estimates of the extent to which benefits are provided by UK employers, many of the benefits offered by firms responding to the survey appear trivial in the light of demographic changes and increased labour market insecurity. Selective examples of what may be regarded as 'yesterday's benefits' offered by responding firms to all employees include free tea and coffee (offered by 63% of respondents as a benefit), Christmas party/lunch (59.6%), dress-down days (41.7%), company picnics/barbecue (20.8%), Christmas hampers/vouchers (17%), and a social club (13.2%). These provisions are mainly to improve workplace climate and develop aspects of corporate culture. Classifying these provisions as benefits is inappropriate and such expenditure may be usefully redirected to providing benefits to increase protection for employees, covering time away from work and improving the services outlined above.

In addition, other provisions described as benefits (CIPD 2012) are core HRD activities to ensure an organisation contains adequate skills and for succession planning. This includes training and career development (offered by 65.2% of respondents as a benefit) and formal coaching/mentoring (18.1%). Classifying these provisions as benefits distracts attention from provisions that are required by the modern workforce to protect themselves from the insecurities of job loss, old age and ill health. Employer-provided benefits for the modern workforce need to move beyond 'perks' and initiatives to improve workplace climate and essential HRD activities.

Conclusions

Significant deficits have opened between the demographics of the modern workplace and employer-provided benefits. Not enough employers are offering benefits that are appropriate for a modern workforce that is older, feminised, and contains a significant proportion of disabled people and foreign-born workers. Increased financial insecurity after 2008 suggests employees are increasingly aware of the importance of employer-provided benefits that provide greater protection from the insecurities of job loss, old age and ill health. At a time when employers need to control labour costs, they face significant challenges in improving the benefits they provide for the modern workforce. A significant increase in employer-provided benefits to improve protection, help with time away from work and raise levels of health and well-being is required. The UK Government has a role to play in ensuring the requisite tax breaks are in place to encourage the adoption of benefits to reduce financial insecurity. Employers for their part need to move beyond 'perks' offered to the privileged few, and provide greater protection for the modern workforce.

References

Action on Hearing Loss (2012) Written evidence to the House of Lords Public Service and Demographic Change Committee. House of Lords, London.

Age UK (2012) Written evidence to the House of Lords Public Service and Demographic Change Committee. House of Lords, London.

BIS (2013) Employment Law 2013: Progress on Reform. Department for Business Innovation and & Skills.

Black, C. (2008) Working for a Healthier Tomorrow. The Stationary Office.

Black, C. and Frost, D. (2011) Health at Work- an independent review of sickness absence. Department for Work and Pensions.

Brinkley, I., Fouth, R., Mahdon, M. and Theodoropoulou, S. (2009) Knowledge Workers and Knowledge Work. The Work Foundation, London.

British Heart Foundation (2012) Coronary Heart Disease Statistics 2012 Edition. British Heart Foundation, London.

British Society of Population Studies (2012) Written evidence to the House of Lords Public Service and Demographic Change Committee.

Cangiano, A. (2012) The impact of migration on UK population growth. Migration Observatory Briefing, COMPAS, University of Oxford, UK.

Carers UK, DWP and Ipsos MORI (2009) One million give up work to care.

Chanfreau, J., Gowland, S., Lancaster, Z., Poole, E., Tipping, S. and Toomse, M. (2011) Maternity and Paternity Rights and Women Returners Survey 2009/10. Research Report No 777, Department for Work and Pensions.

CIPD (2012) Workplace Financial Education: A guide for employers. London: CIPD.

CIPD (2012) Reward Management Survey. London: CIPD.

Competition Commission (2013) Appendix F Employers' private healthcare schemes.

Cully, M., Woodland, S., O'Reilly, A. And Dix, G. (1999) Britain at Work. London, Routledge.

Cycle to Work Alliance (2011) Behavioural Impact Analysis. Cycle to Work Alliance and Westminster Advisers, London.

Daycare Trust and Family and Parenting Institute (2013) Childcare Costs Survey 2013. London.

DSS (1988) Occupational Sick Pay Schemes. IFF Research Ltd, Department of Social Security Research Report. London, HMSO.

DSS (1994) Statutory Sick Pay: The response of employers to the 1991 changes. Department of Social Security Research Report No. 24. London, HMSO.

Eurofound (2010) Demographic change and work in Europe. European Foundation for the Improvement of Living and Working Conditions, Dublin.

Faggio, G., Gregg, P. and Wadsworth, J. (2011) 'Job tenure and job turnover' in P. Gregg and J. Wadsworth (eds) The Labour Market in Winter. Oxford, Oxford University Press.

Felstead, A., Gallie, D., Green, F. and Zhou, Y. (2007) Skills at Work, 1986 – 2006. ESRC Centre on Skills, Knowledge and Organisational Performance, Oxford / Cardiff.

FOM (2010) Future Directions for Occupational Health Care in the UK: A strategic overview. Faculty of Occupational Medicine of the Royal College of Physicians, London.

Hudson, M., Lissenburgh, S. and Sahin-Dikmen, M. (2004) Maternity and Paternity Rights in Britain 2002: Survey of Parents. Department for Work and Pensions, HMSO.

Huskinson, T., Pye, J., Medien, K., Dobie, S., Ferguson, C., Gardner, C., Gilby, N., Littlewood, M. and D'Souza, J. (2013) Childcare and early years survey of parents 2011. Ipsos/Mori.

IFS (2013) 70th anniversary of the Beveridge report: where now for welfare? Institute of Fiscal Studies.

Kazimirski, A., Smith, R. Mogensen, E. and Lemetti, F. (2006) Monitoring of the Reform of the Income Tax and National Insurance Rules for Employer-Supported Childcare: A study of Provision and Experiences of Employers. HM Revenue & Customs.

Keep, M. (2012) Regional house prices: affordability and income ratios. House of Commons Library Standard Note: SN/SG/1992.

Kersley et al. (2006) Inside the Workplace. London, Routledge.

Madouros, V. (2006) Projections of the UK labour force, 2006 to 2010. Labour Market Trends, January. Office for National Statistics.

Matthews, L. (2011) Unlimited Potential. Action on Hearing Loss: London.

Metcalf, H. and Meadows, P. (2010) Second survey of employers' policies, practices and preferences relating to age, 2010. Employment Relations Research Series No. 110. Department for Business, Innovation and Skills and the Department for Work and Pensions.

Murphy, M., Grundy, E., Hancock, R., Wittenberg, R., Comas-Herrera, A., Pickard, L. M., Lindesay, J., Curry, C. and Malley, J. (2012) Modelling Ageing Populations to 2030 (MAP2030) NDA Findings 14.

OHAC (2000) Occupational Health Advisory Committee report and recommendations on improving access to occupational health support. Health and Safety Executive.

ONS (2007) ONS General Household Survey - Private medical insurance. Last date modified 8 Feb 2007. Date accessed 25 March 2013.

ONS (2011) Hours worked in the labour market – 2011. Office for National Statistics.

ONS (2011) National Population projections - 2010. Office for National Statistics.

ONS (2012) Sickness Absence in the Labour Market, April 2012. Office for National Statistics.

ONS (2012b) Older Workers in the Labour Market, 2012. Office for National Statistics.

ONS (2013) Pension Trends. Office for National Statistics.

ONS (2013b) Long-term international migration within the UK. Migration Statistics Quarterly Report, February 2013 release.

ONS (2013c) An overview of 40 years of data -General Lifestyle Survey Overview - a report on the 2011 General Lifestyle Survey. Office for National Statistics.

Oxford Economics (2012) Can Work Will Work.

Pensions Advisory Service (2012) Written evidence to the House of Lords Public Service and Demographic Change Committee. House of Lords, London.

PEROSH (2012) Sustainable workplaces of the future – European Research Challenges for occupational safety and health. Partnership for European Research in Occupational Safety and Health, Belgium.

Postnote (2011) An Aging Workforce. Parliamentary Office of Science and Technology, No 391, October, Houses of Parliament.

Schweitzer, M. and Tinsley, D. (2004) The UK labour force participation rate: business cycle and trend influence. Working Paper 228, Bank of England.

Smeaton, D. and Marsh, A. (2006) Maternity and paternity rights and benefits: survey of parents 2005. Employment Relations Research Series No. 50, URN 06/836. Department of Trade and Industry.

Tipping, S., Chanfreau, J., Perry, J. and Tait, C. (2012) The Fourth Work-Life Balance Employee Survey. Employment Relations Research Series 122. Department for Business Innovation & Skills.

UKCES (2012) Working Futures 2010-2020. Evidence Report 41. UK Commission for Employment and Skills. London.

UKCES (2012b) Big Challenges Bring Big Rewards. UK Commission for Employment and Skills. London.

UKCES (2012c) UK Skill Levels and International Competitiveness. UK Commission for Employment and Skills. London.

UKCES (2012d) UK Commission's Employer Skills Survey 2011: UK Results. UK Commission for Employment and Skills. London.

van Wanrooy, B., Bewley, H., Bryson, A., Forth, J., Freeth, S., Stokes, L. and Wood, S. (2012) The 2011 Workplace Employment Relations Study First Findings. Department for Business Innovation and Skills.

Wadsworth, J. (2012) Immigration and the UK Labour Market: The latest evidence from economic research. Centre for Economic Performance, LSE.

Young, V. and Bhaumik, C. (2011) Health and well-being at work: a survey of employers.

Department for Work and Pensions, Research Report No 750.