

Department for Business, Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

23 May 2018

Dear Sir or Madam,

Consultation: Increasing transparency in the labour market

The Investment & Life Assurance Group (ILAG) is a representative body, with members from across the Life Assurance and Wealth Management Industries.

ILAG members openly share and develop their practical experiences and expertise, applying this practitioner knowledge to the development of their businesses, both individually and collectively, for the benefit of members and their customers.

ILAG is run by practitioners for practitioners, whether by engagement with industry associated bodies or through active consultation.

A list of ILAG members is at the end of this submission.

Overview

The ambition to increase transparency in the workplace is admirable and fully supported by our members.

Ensuring individuals have support, financial security and access to the tools that will help them remain in work is an Industry aspiration, especially for those sectors specialising in the promotion of workplace wellbeing and developing employee assistance programmes.

Clear communication of the benefits available to their employees can only increase the profile of the support that is available and assist with prevention of absenteeism. A workforce that feels supported by its employer and is engaged with the support services available is likely to be more productive and loyal.

The concept of Workplace Statements could be a significant step to delivering transparency, by explaining to employees what they receive from the State and the organisation they work for.

The development of Workplace Statements by the ABI should be commended as part of the BEIS Transparency project. The employer should be the target customer for this initiative, as it is these organisations that will be expected to proactively use the Workplace Statement.

We hope that BEIS is supportive of Workplace Statements.

Clear and concise information

It will be a challenge to ensure Workplace Statements remain simple to understand yet communicate the full picture to employees, as each organisation will need to customise Statements to different employee profiles.

It is also essential that the information is provided at the right time; too often an employee discovers the support available once they are already absent from work through ill-health.

As not all employers provide financial benefits and support services via financial services products many individuals will be reliant on the provisions of the State for help and financial assistance.

To provide an accurate representation it is essential that Workplace Statements include details of the potential support available from the State and any additional benefits provided by the employer.

Workplace Statements should cover:

- Statutory Sick Pay
- Occupational Sick Pay
- Ill health early retirement pensions (Defined Benefit Schemes)
- Group income protection
- State Disability benefits
- Death benefits payable to survivors (lump sum and spouses pensions)
- Other benefits such as Personal Accident and Sickness, Critical Illness and Travel Insurance

Achieving the level of detail required to deliver transparency will present many challenges; benefits will need to be customised to the employer, State provisions will depend on the personal circumstances of each employee and, where applicable, their household income.

Personal calculators are already available for State Benefits:

<https://www.gov.uk/benefits-calculators>

There is no information available to illustrate how successful these calculators are, how often they are used and whether use is limited to the point of needing to claim and not, when planning for the eventuality of long-term sickness.

Modelling of options including worst case scenarios are recommended as part of the Workplace Statement programme of work.

Prevention of unintended consequences

There is a concern that employers providing minimal financial assistance and support services will be reluctant to openly communicate this with their employees. Nevertheless, each employee needs to be fully aware of their situation, should they find themselves in difficulty and in need of support or unable to work and require financial assistance.

Whether the Workplace Statement needs to be mandated (e.g. as gender pay gap reporting is) is a political choice and so a period of non-enforcement e.g. 1 year, may work to assess the need for compulsion.

This ethos should drive how transparency in the workforce is considered and how any remedies are developed and as a minimum the Workplace Statement, when developed, should be best practice within a transparent workplace.

A requirement for all employers to provide a work statement could be considered, but any unintended consequences, such as employee disengagement (where support beyond that provided by the State is minimal) or employee confusion (due to the information provided being too complex) must be fully understood before compulsion is implemented.

Following the launch, the Industry will seek support to ensure organisations embrace the opportunity to communicate with their workforces through Workplace Statements before difficulties arise.

Regular updates

Once implemented Workplace Statements should not just be used at employment commencement, but at regular intervals throughout employment and certainly, not just at the point that the employee is already suffering from ill-health.

Personal circumstances change, and this impacts the eligibility for State Benefits. Employee benefit communications must also reiterate the importance of the nomination paperwork associated with their death benefits.

It is, therefore, vital that employees are fully aware of the benefits available to them and that employers are encouraged to remind employees that their benefit nominations must remain relevant, up-to-date and reflect personal circumstances. Nominations should be reviewed at least annually (as well as when changes to domestic situations occur).

To engage the workforce, transparency in isolation is not a solution. Employees need to be provided with regular information, from the point of employment, which they find useful and can easily understand.

It is important to ensure solutions are fit for purpose, simple to navigate and provide relevant information in a format and at a time that encourages employee engagement.

It is the role of the Industry to deliver the information and materials to employers which facilitate effective employee communications about the benefits available to them.

Yours faithfully,

**Chair, Workplace Benefits: Health & Wellbeing Practitioner Group
Investment & Life Assurance Group**

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