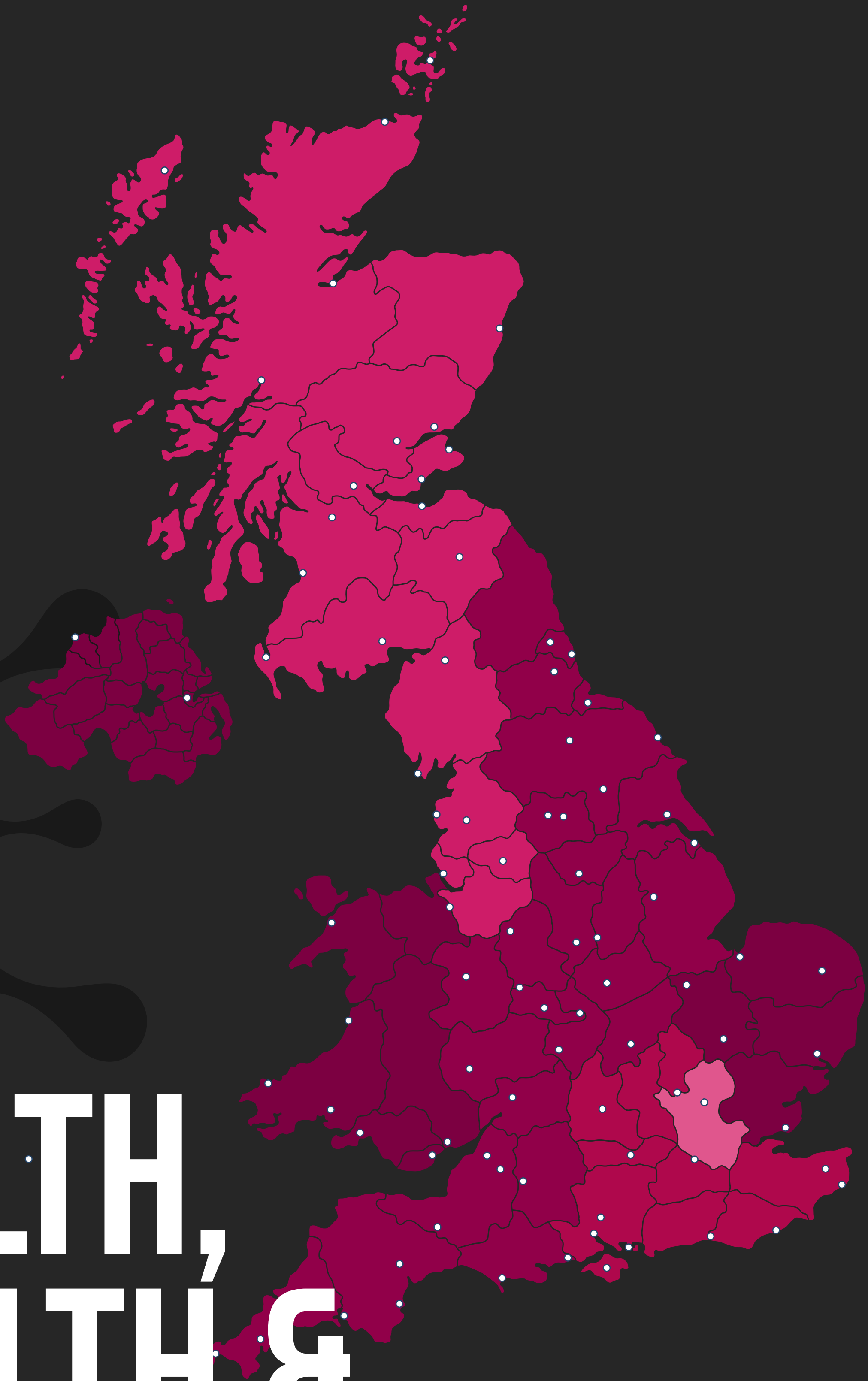
LifeSEARCH



HEALTH, WEALTH & HAPPINESS

REPORT 20/21

Disclaimer

The Health, Wealth & Happiness Index was compiled by the Centre for Economics and Business Research (Cebr) for LifeSearch in January and April 2021 and will be refreshed in the coming quarters. The Index is based on a modelling process taking into account a range of data sources covering health, wealth, and happiness and monitoring changes over time.

Consumer research was carried out by Opinium Research between 5-12 March 2021 among 3,025 UK adults.

INTRODUCTION

EMMA WALKER
Chief Marketing Officer
LifeSearch

In the normal run of things, LifeSearch publish the Health, Wealth and Happiness Report at year's end. In fact, I closed the last report in 2019 - which seems like a lifetime ago - by saying "I can't wait for Health, Wealth and Happiness 2020."

At that point, few could have guessed what was in store.

In the 16 or so months since, I don't think our conceptions of health, wealth and happiness have ever felt so vulnerable, threatened and insecure. Not in living memory, anyway. Certainly not on this scale.

So when the time came to prepare for this, the latest Health, Wealth and Happiness report, LifeSearch decided to drill deeper and lock the UK's pandemic-era health, wealth and happiness trends into history.

We commissioned the Centre for Economics and Business Research (Cebr) to create the foundations of this report and the result is a major new addition to the socio-economic conversation: The Health, Wealth and Happiness Index.

The debuting Index dates back a decade and will henceforth be updated every quarter, tracking these fundamendals of life as we walk the road of recovery.

To complement the macro trends of the Index, we also wanted this report to shine a light on the stories - the snapshots of life for individuals, families, businesses and colleagues during the disruption of a pandemic.

What we found was a tale of two halves, negatives and positives. Some used the pandemic as an opportunity to regroup and level up. Others got swept up. Some tapped new heights in health and raised their financial game. Others struggled to stay afloat.

Health, Wealth and Happiness 20/21 is a story of those who did and those who didn't. Those who could and those who couldn't. Those who got ahead and those who weren't so lucky.

Yet for all the differences, plenty still unites us. Our frustrations, fears and anxieties, sure. But also our priorities, our goals and our hopes.

In that spirit, I'll close by saying that I hope to be regularly in a room, once again, with my friends and family, and with my LifeSearch colleagues who've worked tirelessly on this project.

See you on the other side,

Emma

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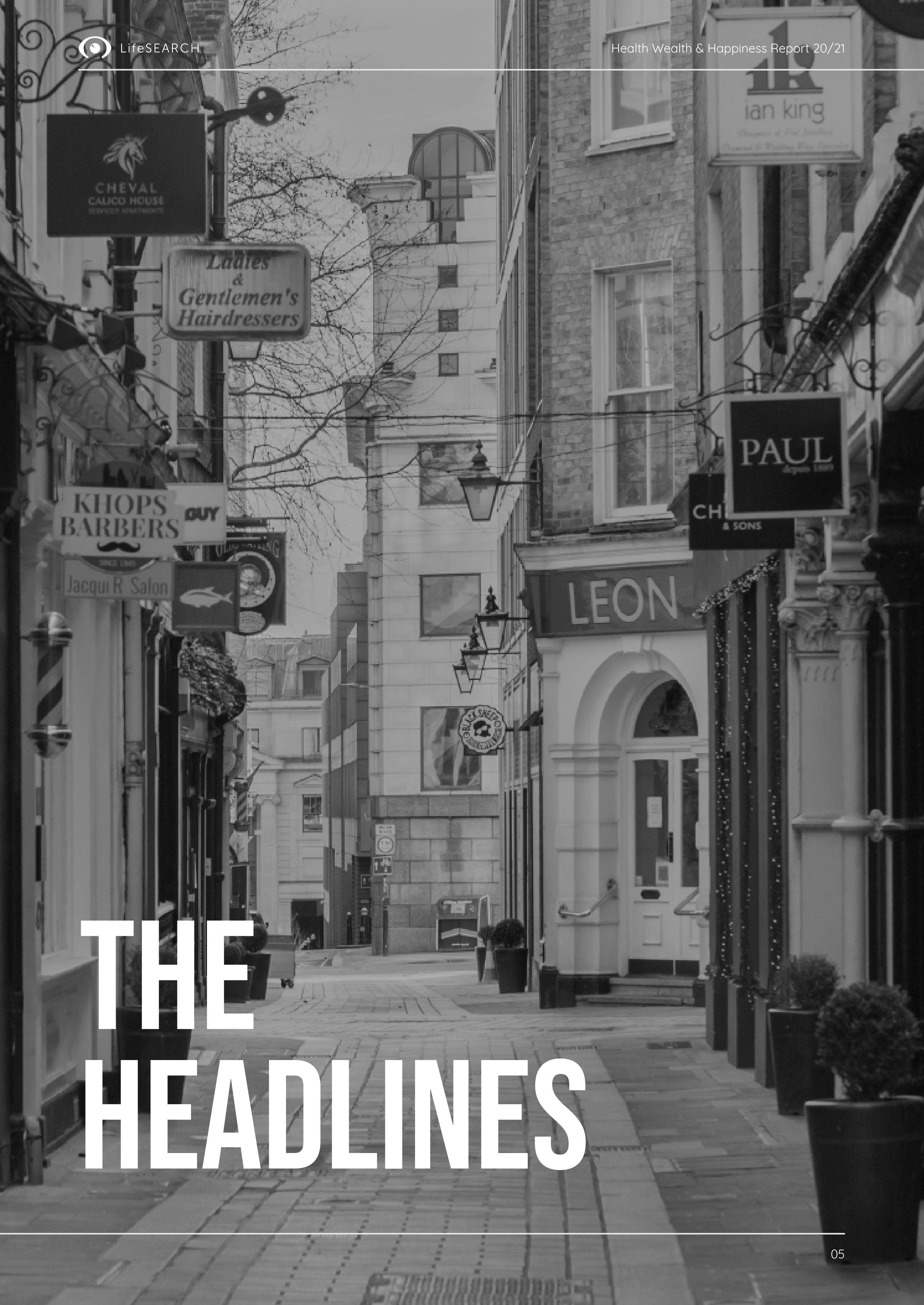
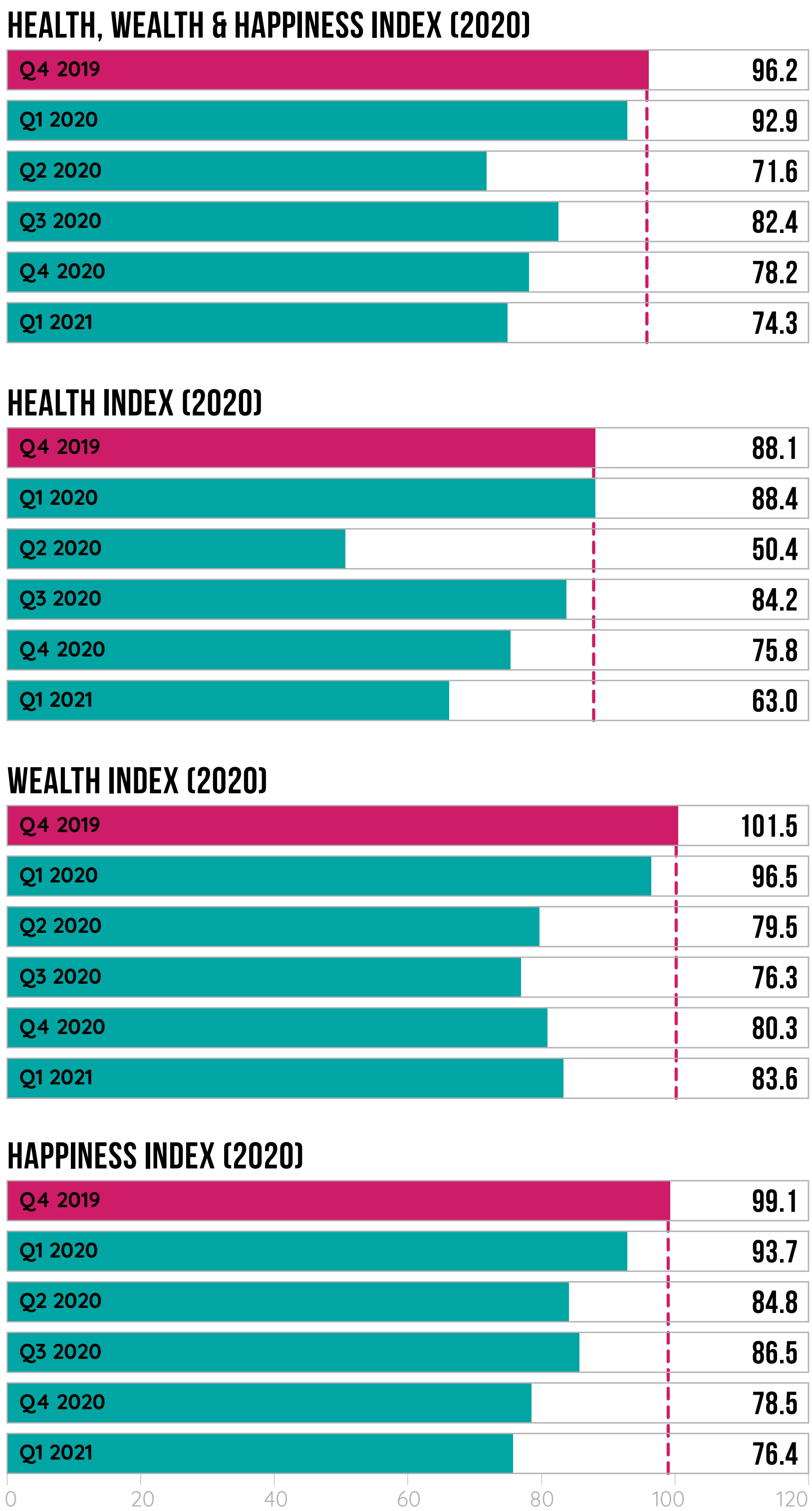


THE HEADLINES

THE HEADLINES

- UK's Health, Wealth and Happiness Index plummeted to its lowest levels in a decade. Q2 2020 marks the lowest level since at least 2011.
- The Health Index tumbled to 50.4 in Q2 2020, a fall of 48% on the preceding quarter and the largest drop on record.
- The Wealth Index suffered significant falls, to 79.5 in Q2, and lower again to 76.3 in Q3, but has not yet fallen as low as the 66.4 seen in Q4 2011.
- The Happiness Index suffered tumultuous falls in 2020. The record low of 78.5 in Q4 was quickly ousted by a new floor of 76.4 in Q1 2021.



A TALE OF TWO HALVES - HEALTH

25%

of Brits say they're generally healthier now than before the start of the pandemic.

29%

of us say we're less healthy - including 32% of women.

25%

or one in four Brits say their diet got better during the pandemic.

36%

say they've been comfort eating more, rising to 43% of women and 49% of 18-34s.

1 IN 4

feel fitter now, rising to 30% for those furloughed and 39% for 18-34s

1 IN 3

or 34% of Brits feel less fit now than pre-Covid, rising to 38% of women.

27%

of the UK population say they drank less alcohol, rising to 30% of women.

21%

drank more alcohol, rising to 24% of 35-54 year olds, and 29% of 18-34 year olds.

14%

of UK population say their mental health has improved over the last year.

39%

say their mental health has gotten worse since the start of the pandemic.

A TALE OF TWO HALVES - WEALTH

29%

of Brits feel better off financially now than before the pandemic.

24%

or nearly a quarter of the UK feel worse off during and as a result of Covid.

24%

say they've saved more money than they otherwise would have.

21%

reviewed their spending. 7% delayed buying homes and cars, and 1% remortgaged.

34%

or more than one in three 18-34 year olds say they're better off.

35%

of part-time workers and 37% of those on furlough say they're worse off.

28%

are not concerned about their finances in future.

72%

are concerned about their finances in future.

34%

or more than one in three people worked extra hours during the pandemic.

20%

of that 34%, one in five said it was because they needed the extra cash.

A TALE OF TWO HALVES - HAPPINESS

16%

say they're happier now than pre-pandemic, rising to 27% among 18-35 year olds.

46%

or nearly half of UK adults are less happy now than before the start of the pandemic.

63%

of UK adults now say their work / life balance is just right, improving on 2019.

31%

or nearly a third found working from home more stressful than the workplace while 34% don't have a suitable home working set-up.

36%

of those made redundant during the pandemic say they're actually happier now.

1 IN 3

of the women who are less happy in 20/21 say have they suffered from anxiety.

52%

of those who worked from home say they have more time for exercise and themselves.

54%

of those who worked from home say they miss work culture.

44 MINUTES

data suggests home working gifts back three quarters of an hour of down time.

NO LET-UP

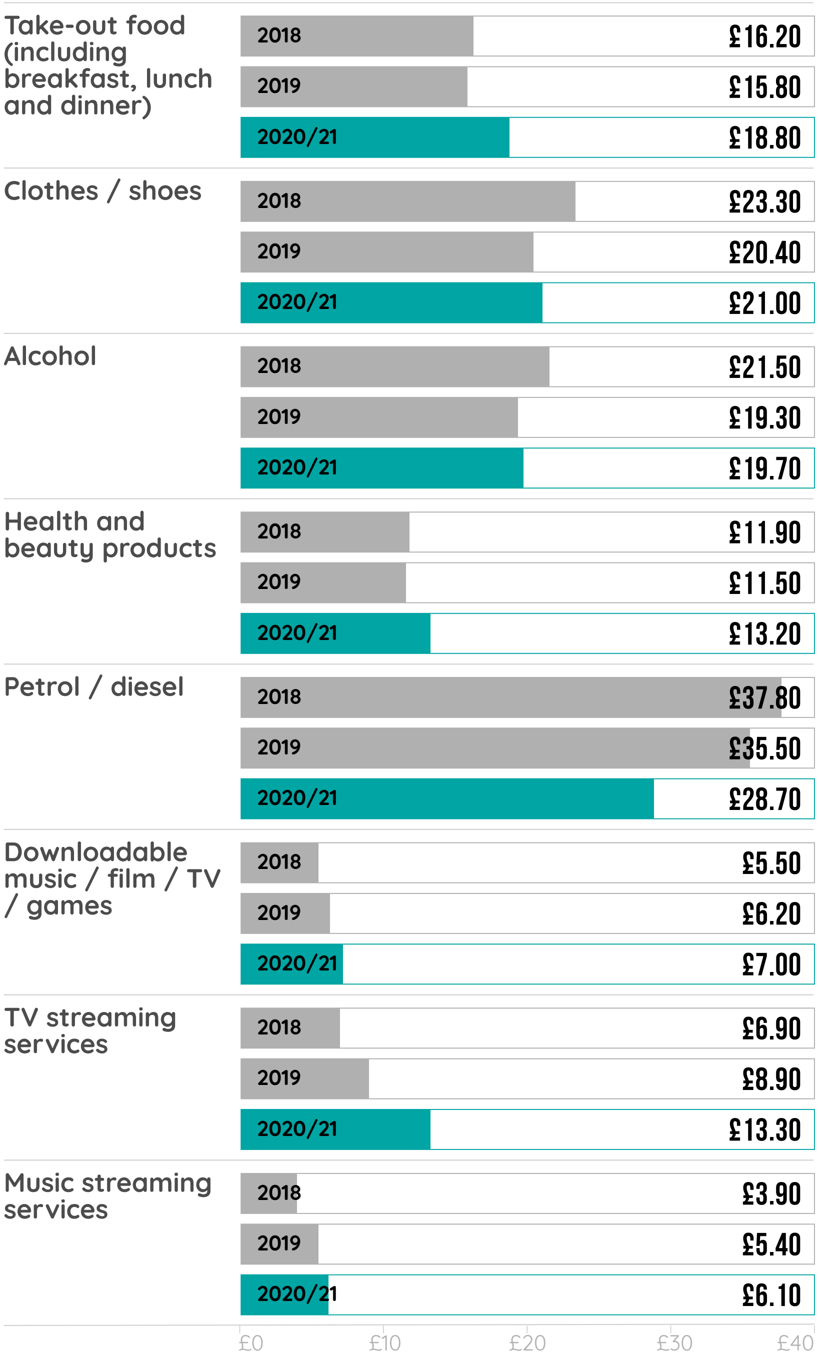
Covid-related fears (financial, health, further lockdowns) dominate future worries list.

MORE HEADLINES - THE PANDEMIC POUND

- Despite Covid, spending habits remained largely on-trend with previous years.
- Nowhere to go and no one to see, yet spending in health and beauty - and clothes and shoes - actually rose on 2019.
- Spend on takeaway food, and more surprisingly take away teas and coffees, leapt to three-year-highs.
- UK alcohol spend is consistent with 2019 (despite hospitality being closed for much of the year).
- Buying / downloading digital media remained on-trend with previous years but TV streaming-spend (Netflix etc) shot up.
- Online grocery shopping doubled its market share, packing a decade of growth into a year (and unsettling several major players).
- With restrictions and travel discouraged, record-low road usage translates in much less spent at the pump.

AVERAGE MONTHLY SPEND COMPARISON

Comparison by year



THE HEALTH, WEALTH & HAPPINESS INDEX

INTRODUCTION

NINA SKERO
Chief Executive
Cebr

When thinking about the past year, health, wealth, and happiness are not the first words that come to mind for most. The health landscape has been rocked by a global pandemic, with restriction measures bringing unprecedented interference in the economic sphere. Meanwhile, from a social perspective, such restrictions have placed a considerable toll on the happiness of many. The new Health, Wealth, and Happiness Index seeks to quantify changes in these variables over time and the extent to which they have been affected over the course of the coronavirus crisis.

The Index takes into account a range of data sources, including publications from the ONS, YouGov, and our own in-house modelling. In constructing the Index, we have sought to include variables with a sufficiently long back history which are also updated frequently, in order to allow for a comprehensive and timely insight into the state of health, wealth, and happiness across the country. The three subindices are averaged to produce the headline Health, Wealth, and Happiness Index. This has given stark results over the past year, including a record fall in Q2 2020, a partial recovery in Q3, and subsequent dips in Q4 and into Q1 2021.

One of the most striking results from the study concerns the apparent disconnect between the Wealth Index and the other two components in recent quarters. While the Health and Happiness Indices both suffered falls in line with each of the bouts of lockdown measures, the Wealth Index has followed a different path. Following a tumble in Q2 2020 and a further dip in Q3, the Wealth Index has since picked up in two consecutive quarters. Amidst the disruption caused by rising coronavirus cases and associated lockdown measures during the winter months, certain key aspects of the economy have held firm. Much of this has been the result of considerable government support, with the unemployment rate being kept in check by the furlough scheme and the stamp duty holiday supporting house prices.

Going forward, the HWH Index will seek to provide an up-to-date estimate of changes across each of the three subsections. In doing so, the Index will add to the body of knowledge surrounding these three aspects that are so pervasive in our day-to-day lives, all the while acknowledging the interactions that exist between them. Such was the momentous, world-altering nature of the coronavirus crisis, we do not expect future editions of the Index to yield such large-scale variation. Nevertheless, the post-crisis recovery represents a salient issue to monitor over the coming months and years, with impacts anticipated across all three branches of health, wealth, and happiness.

THE HEALTH, WEALTH & HAPPINESS INDEX 20/21

The Health, Wealth and Happiness Index slumped to a reading of 71.6 in Q2 2020, a record low fuelled by downturns in each of the three subindices.

This drop represents a quarterly fall of 23%, far outweighing the previous record drop of 5.4% in Q1 2018, when a particularly bad flu season hit and a stock market slump impacted the Wealth Index.

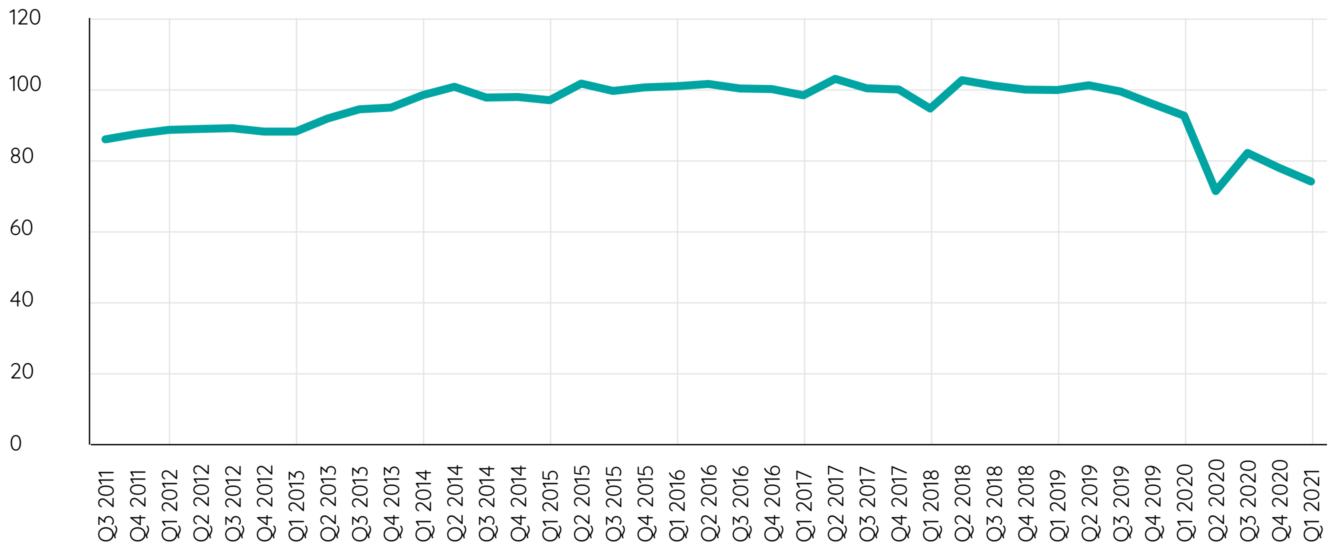
The Index partially recovered in Q3 2020, reaching 82.4 to coincide with the temporary flattening of the curve of coronavirus infections and a tentative return to fuller economic and social activity.

But by Q4, with the arrival of winter, more infections, new virus strains and the return of lockdown we fell again - to 78.2 in Q4. A significant tumble but not as sheer as Q2.

By Q1 2021, with higher death rates than during the first wave, further lockdowns and new strains of the virus, the Health and Happiness indices fell again, causing another drop in the overall Index to 74.3.

Only the Wealth Index saw improvement in Q1 2021, picking up by 3.3 points to 83.6. This was driven by strong growth in both earnings and asset prices.

HEALTH, WEALTH AND HAPPINESS INDEX (2015=100)



Source: Cebr analysis

For full breakdown please see Appendix

HEALTH

THE HEALTH INDEX

In Q2 2020, in the eye of the first wave of coronavirus cases and an unprecedented nationwide lockdown, the Health Index tumbled to 50.4 - its lowest level in the series.

The previous quarter it had stood at 88.4, so the 43.0% fall is the largest quarterly demise on show.

The largest slump prior was between Q4 2017 and Q1 2018, when a particularly bad flu season drove a 14.8% decline.

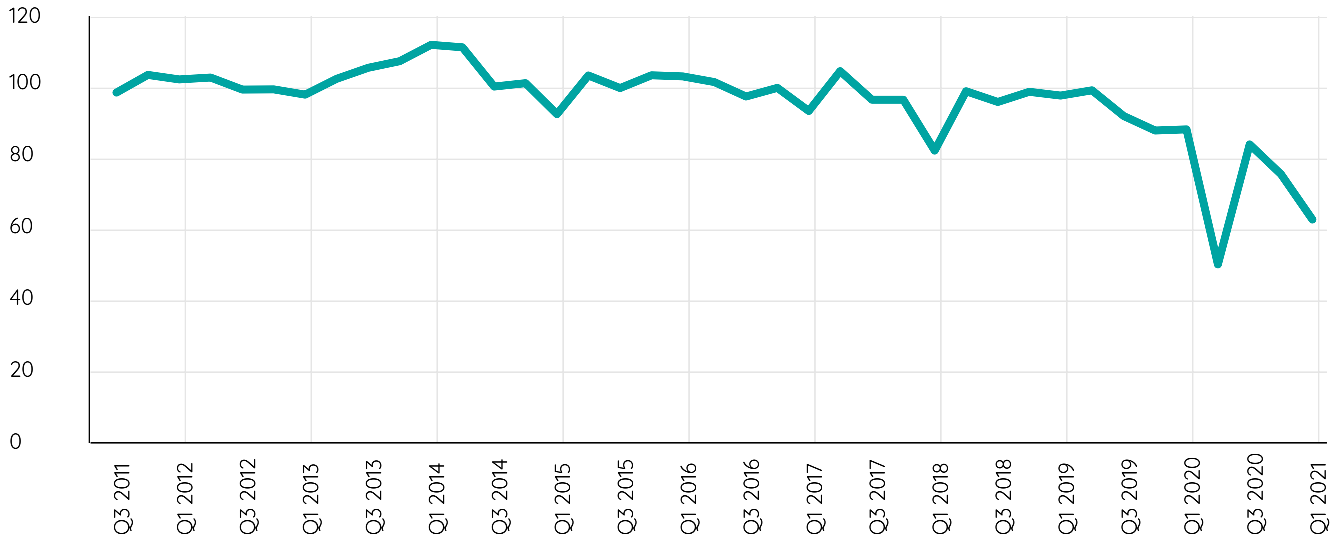
The Health Index also suffered its largest ever year-on-year fall in Q2 2020, down 49.4% on the same period in 2019. The previous record was 17.4% in Q1 2015 - a drop, once again, attributed to flu.

The impact of the pandemic on the UK's death rate is the key driver of the decline. Covid-19 had a tangible effect on excess deaths in the UK, not only from the virus itself but because the health service struggled to maintain business-as-usual activity.

By Q1 2021, the Health Index read 63.0, marking a second consecutive quarterly fall on account of more daily deaths than even during the first wave. The total number of deaths in January and February 2021 were 29.4% and 34.7% higher, respectively, than in the same months a year prior.

On this basis the Index would have fallen lower if it weren't for the excess deaths threshold changing during the winter months.

HEALTH INDEX (2015=100)



Source: Cebr analysis

For full breakdown please see Appendix

MENTAL HEALTH

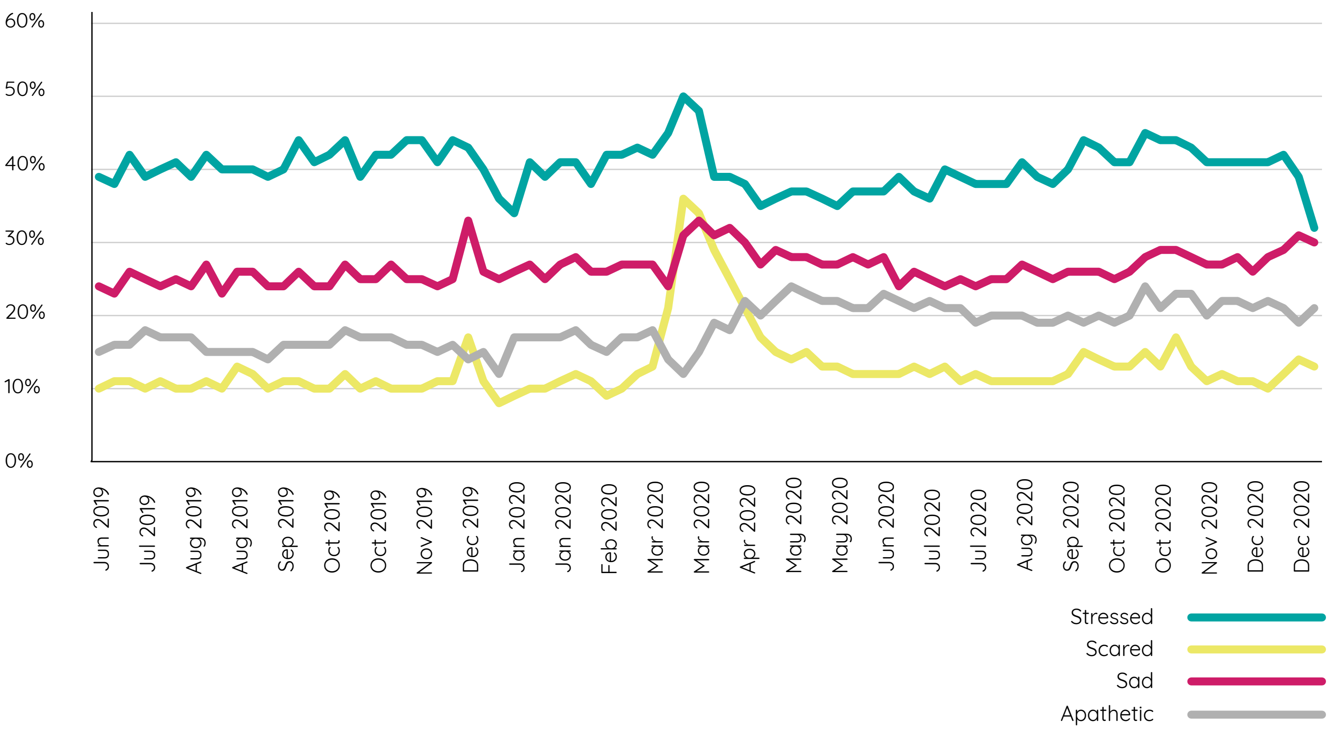
At a macro level it's no revelation to report that the pandemic - and the measures taken in its name - took (and will continue to take) a significant toll on mental health in the UK.

Weekly survey data published by YouGov points to considerable spikes in the proportion of the UK population experiencing elevated feelings of stress, scaredness, sadness, and apathy during the pandemic.

On each of these measures we saw respective all-time highs of 50%, 36%, 33%, and 24% in 2020.

Doubling down, the Office for National Statistics (ONS) reported that severe anxiety reached new levels during lockdowns. Before the pandemic, an average of 20.3% of the population reported high levels of anxiety. During the first week of the first lockdown, this shot to 50.0% and averaged 34.8% between then and the remainder of the year.

PERCENTAGE OF UK ADULTS REPORTING FEELINGS OF STRESS, SADNESS, FEAR & APATHY (06.2019. - 12.2020.)



Source: YouGov

For full breakdown please see Appendix

UK HEALTH 20/21

THE POSITIVE SPIN

PHYSICAL HEALTH

A lot of us (47%) say our physical health hasn't changed since the start of the pandemic. In fact, one in four (25%) say we've either gotten "a little healthier" (19%) or "a lot healthier" (6%).

Nearly a third (31%) of full-time workers report improved physical health during the pandemic. At 32%, better health was even more prevalent for parents of young (under 18) children and a poll-topping 41% of those aged 18-34.

Some 33% of those furloughed during the Covid crisis say they too feel healthier.

In broad brushstrokes there's also a correlation between income and better health. The likelihood of feeling healthier takes a big leap north if you earn over £50,000 per year.

Over one in three (34%) in the £70,000 - £80,000 per year income bracket got healthier during the pandemic, a similar rate to the very highest earners.

31%

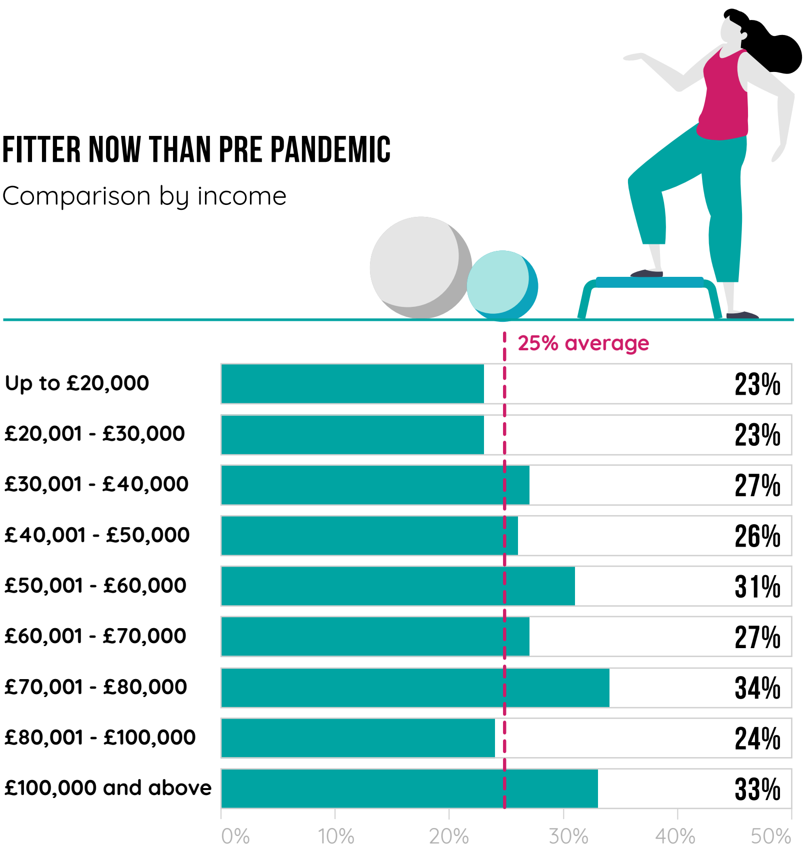
of full-time workers report better health now than pre pandemic

33%

of furloughed workers say they feel fitter now than pre pandemic

FITTER NOW THAN PRE PANDEMIC

Comparison by income



WORK/ LIFE BALANCE

Despite the wholesale shock of Covid and more flux to working patterns than seen in living memory, the nation's work/ life balance has somehow improved, continuing its already-positive trajectory.

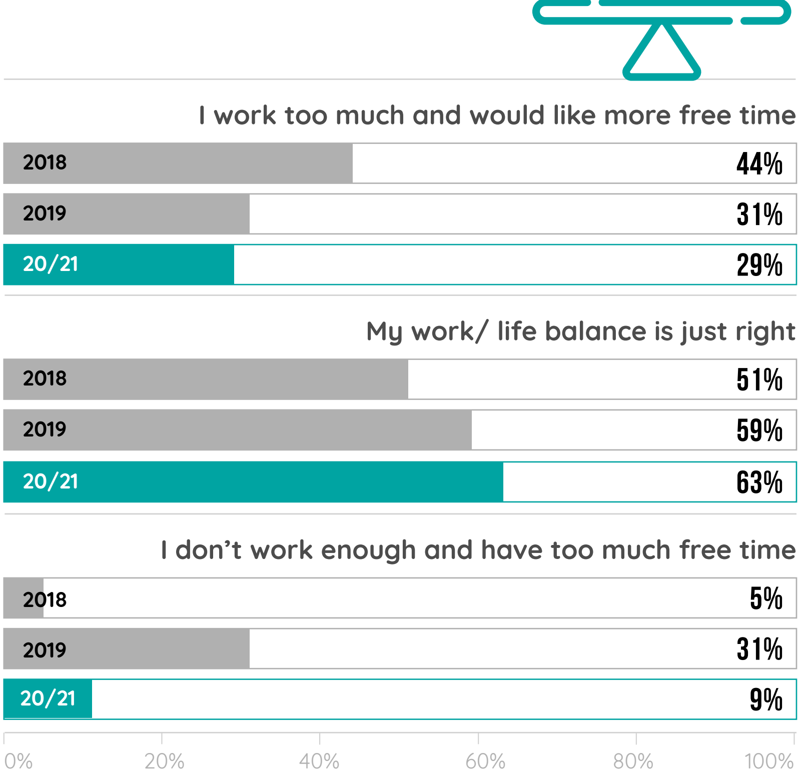
Approaching two-thirds of us (63%) say we have our work/ life balance "just right" - up on 59% in 2019.

This revelation tells a more positive story than did Harvard Business Review in February 2021.

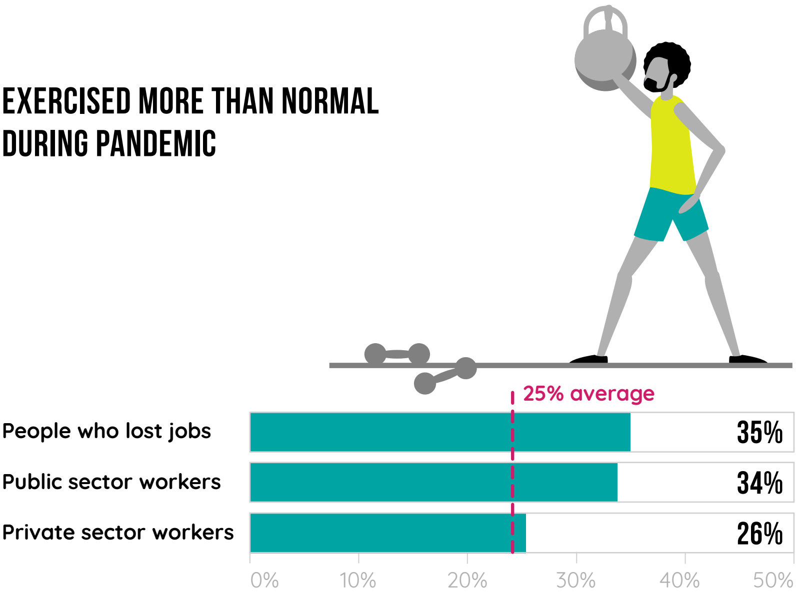
The HBR article asserted that Covid-era work burnout was affecting as many as 89% globally.

WORK/ LIFE BALANCE

Comparison by year



EXERCISED MORE THAN NORMAL DURING PANDEMIC



Footnote: https://hbr.org/2021/02/beyond-burned-out

WORKING FROM HOME WINS

The positives in the work/ life balance stakes are even more surprising given that many of us have actually worked longer days and more hours than usual.

When asked why people have worked more hours, the two highest ranking answers were that work had gotten busier (43%), and the would-be commute had become productive time (25%).

Even with the additional load, and the unknowns of the situation, a hefty 41% of us say was, at worst, no more stressful than working at the workplace.

And the older we are, the more likely we are to see working from home as the less stressful of the two.

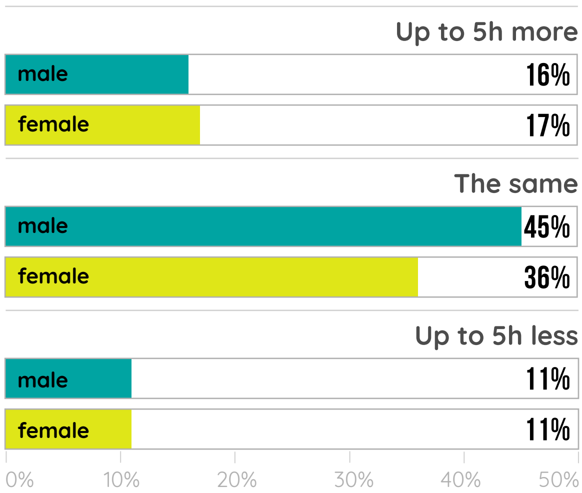
Despite the much-reported stress and burnout of parents trying to juggle work and life responsibilities, they're among the biggest advocates for the stresslessness of working from home.

Although the majority agree that home-working is 'as' or 'more' efficient, it seems younger workers and women especially value having some separation between the two.

Emma Walker
Chief Marketing Officer, LifeSearch

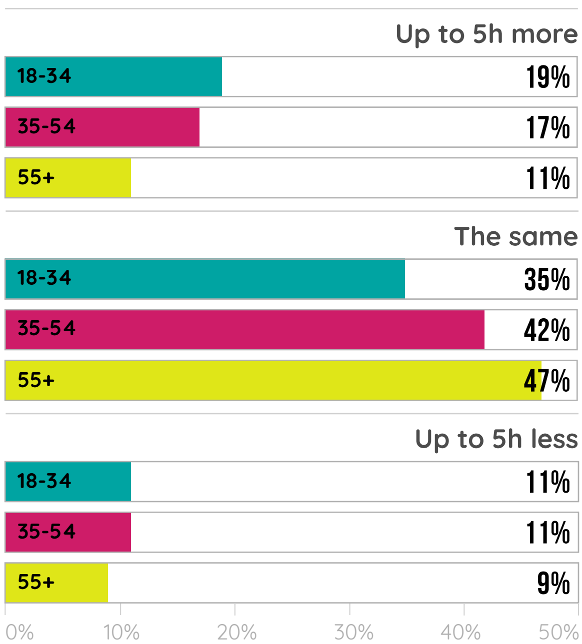
WORKING MORE OR LESS? PANDEMIC VERSUS PRE PANDEMIC

Comparison by gender



WORKING MORE OR LESS? PANDEMIC VERSUS PRE PANDEMIC

Comparison by age



WORKING FROM HOME WINS

For those who could work from home, many had to rapidly establish brand new routines to accommodate home working and family duties. For many, that also meant carving out physical space to work the job indefinitely in comfort. All that in the context of an unprecedented health crisis and social restrictions.

It seems a recipe for stress yet, on the whole, the transition went well. First up, more people than didn't (41%) say their employers met the challenge and supported workers adequately or well.

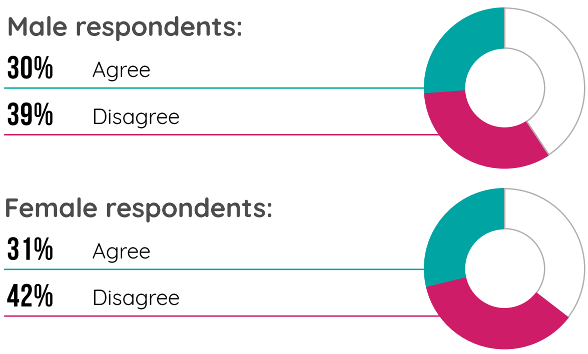
From the data, it seems employers in some locations fared better than others.

Now to effectiveness and more say they're 'as effective' or 'more effective' at their jobs from home. In fact, the older we are the more we're likely to say we carry out work more effectively from home than the workplace.

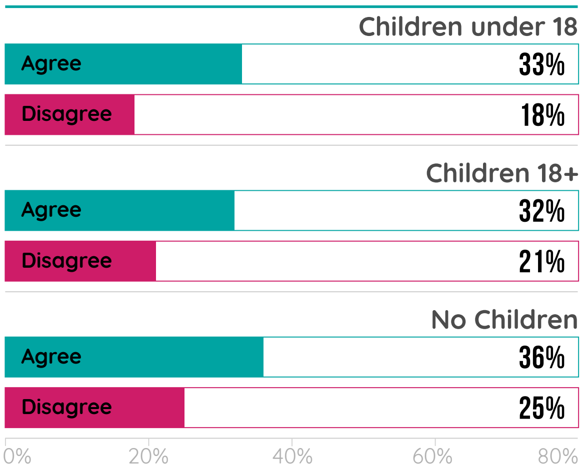
A majority of parents, both of younger children and adult children, say they're as or more effective at their jobs when working from home. Splice by income bracket and high earners are especially keen on the home-working option.

Interestingly, more people disagree than agree that they struggled to balance out home working and childcare duties. It also seems men struggled with it more than women.

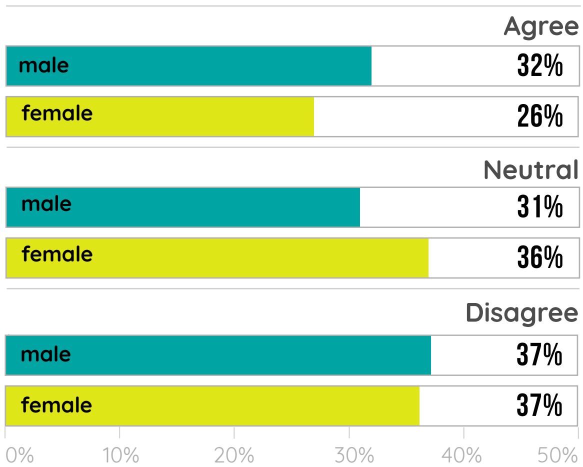
WORKING FROM HOME IS MORE STRESSFUL



WORKING FROM IS MORE EFFECTIVE



I HAVE STRUGGLED TO BALANCE WORK WITH HOME SCHOOLING / CHILDCARE DUTIES



STRESS RELIEF - A SNAPSHOT

THROUGHOUT THE PANDEMIC ...

18%

of men took to cooking and baking.

31%

of women read more books, as did nearly a third (32%) of over 55s.

24%

of the British population embraced DIY.

13%

in the East Midlands turned to podcasts.

34%

of Londoners did more exercise.

26%

of Scots watched news less, as did 37% in Northern Ireland.

15%

of Bristolians embraced yoga and meditation.

31%

of people in Wales took to cooking and baking.

9%

of the high earners (100,000+p/y) sought professional counselling (average was 4%)

22%

of young people 18-34 cut back or stopped using social media

UK HEALTH 20/21

THE IMPACT

MENTAL HEALTH

You've read it everywhere, including in our data here, and it's no surprise that we in the UK (like much of the rest of the world) have suffered great damage to our mental health through Covid's lockdowns, isolation, restrictions and our enforced separation from loved ones.

The Institute for Fiscal Studies (IFS) described mental health as "one of the greatest casualties" of the pandemic, stating that "mental health in the UK measures 8% lower than it would have without a pandemic."

Our data reflects that and more. When asked to gauge their mental health now versus before the pandemic, 39% of our respondents say it's 'worse'. But a look at the demographic splits and we see some extremes.

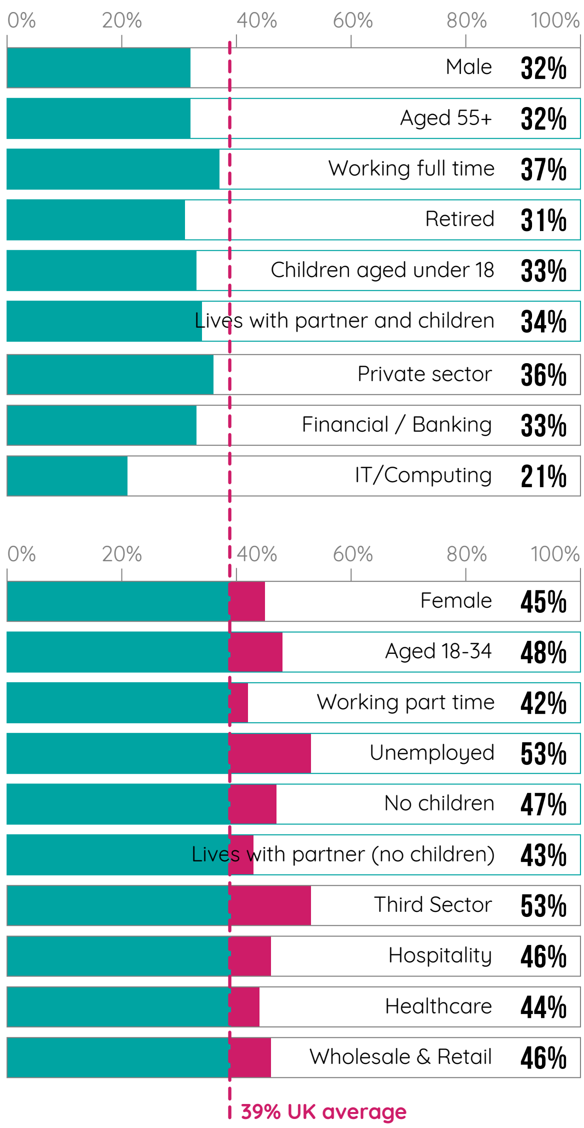
There are conclusions to be drawn from these mental health trends: there are those who suffered even poorer mental health (beyond the 39% national average) and those for whom poor mental health wasn't as biting (i.e. below the 39% baseline).

Poor mental health, in general, hasn't been as pronounced for parents and those with bigger families, or for those more likely to have a degree of economic security and greater financial freedom.

Compare those groups with the unemployed, younger folks, those economically affected by the pandemic, lower and part-time earners and those less likely to live in fuller households.

MENTAL HEALTH IS WORSE THAN BEFORE

General Comparison



Footnote:
https://www.standard.co.uk/news/uk/uk-global-happiness-ranking-mental-health-covid-pandemic-b925069.html
https://www.newscientist.com/article/2272006-pandemics-damage-to-uk-education-and-mental-health-will-last-a-decade/#ixzz6qUZ0KIVX

WOMEN'S MENTAL HEALTH

When it comes to mental health, the struggle for women - all across the piste - appears to have been far greater than for men.

If we take the two major groups more affected by poor mental health, 18-34s and women, it throws up questions as yet unanswered. At least satisfactorily.

In 18-34s - certainly at the younger end - we can assume there's less financial security, more career insecurity and they're less likely to have a circle of loved ones in immediate proximity.

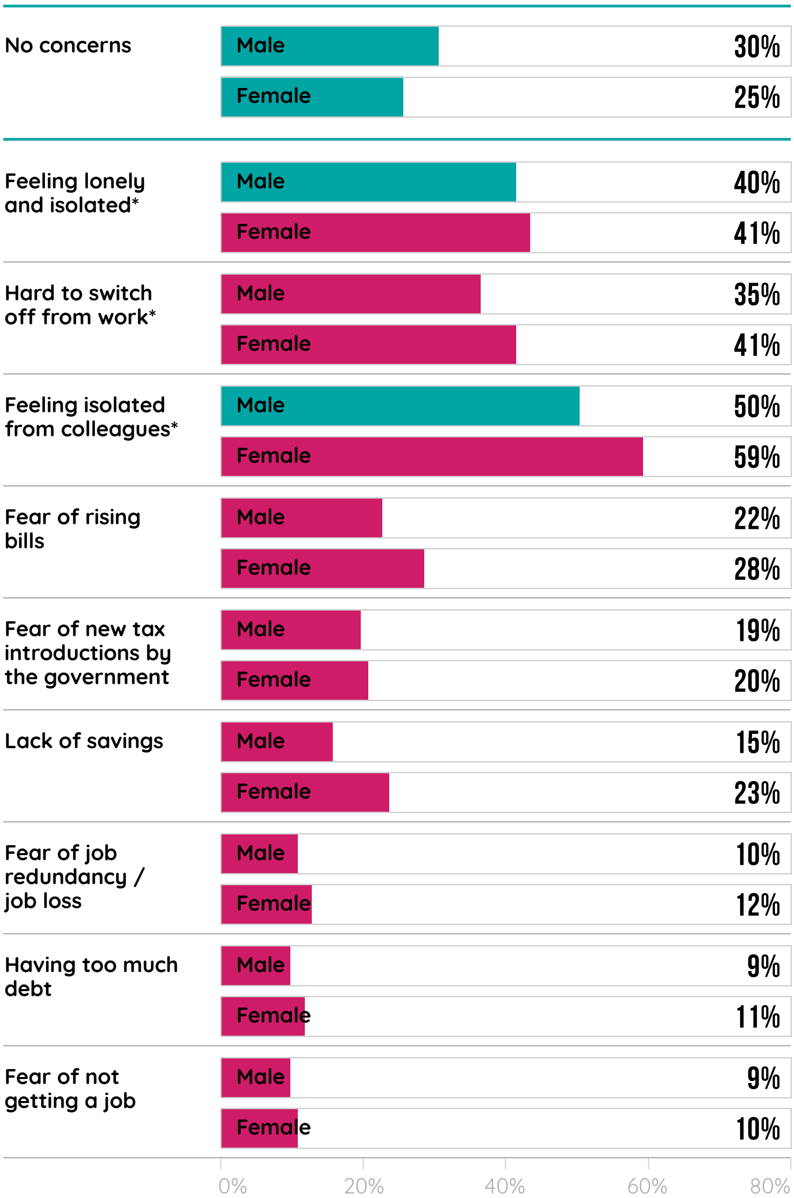
At an arbitrary level it's a lot easier to explain the negative experience for youngsters than it is women.

Obviously our data is general. Few have had it easy. In March 2021, to coincide with a year of lockdown, the British Academy compiled more than 500 pieces of evidence to review the impact of the pandemic on the UK's mental health.

The paper predicted that Covid will cast "a decade-long shadow" on our mental health, and that things may get worse before they get better.

FEELINGS AND FEARS COMPARISON

Comparison by gender



* those who worked from home during the pandemic

COMFORT EATING

On the surface, it's not a slam dunk to state that comfort eating is detrimental to physical health. Comfort eating is relative, and there's a big difference between extra kebabs and extra quinoa.

Our consumer survey hadn't scope to be this specific.

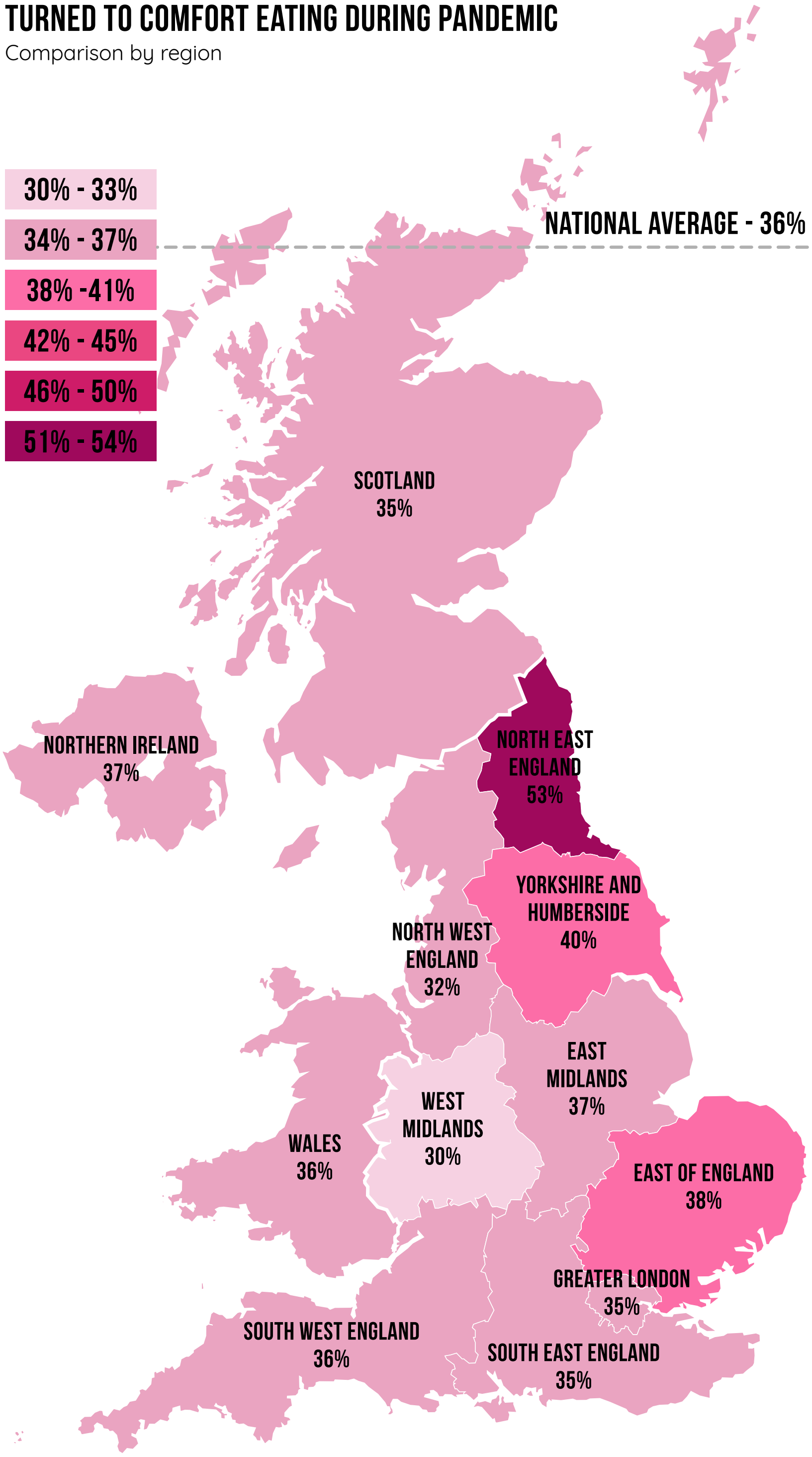
So while the term can't infer poorer physical health, we can be somewhat certain that by defining it 'comfort eating', respondents have chosen to link it to their mental wellbeing.

ONS data from late 2020 found that, at the beginning of the first lockdown, women spent 55% more time than men on unpaid childcare. By October, women spent 99% more time than men on unpaid childcare.

Emma Walker
Chief Marketing Officer, LifeSearch

TURNED TO COMFORT EATING DURING PANDEMIC

Comparison by region



ALCOHOL

There are different ways to appraise the nation's drinking habits in the pandemic era.

Look back at this report's headlines and our alcohol spend is very similar this year to last. With only that data we can infer that the UK mostly kept a lid on our drinking.

But remember that hospitality venues were shuttered for much of the year - opportunities to drink socially were few and far between.

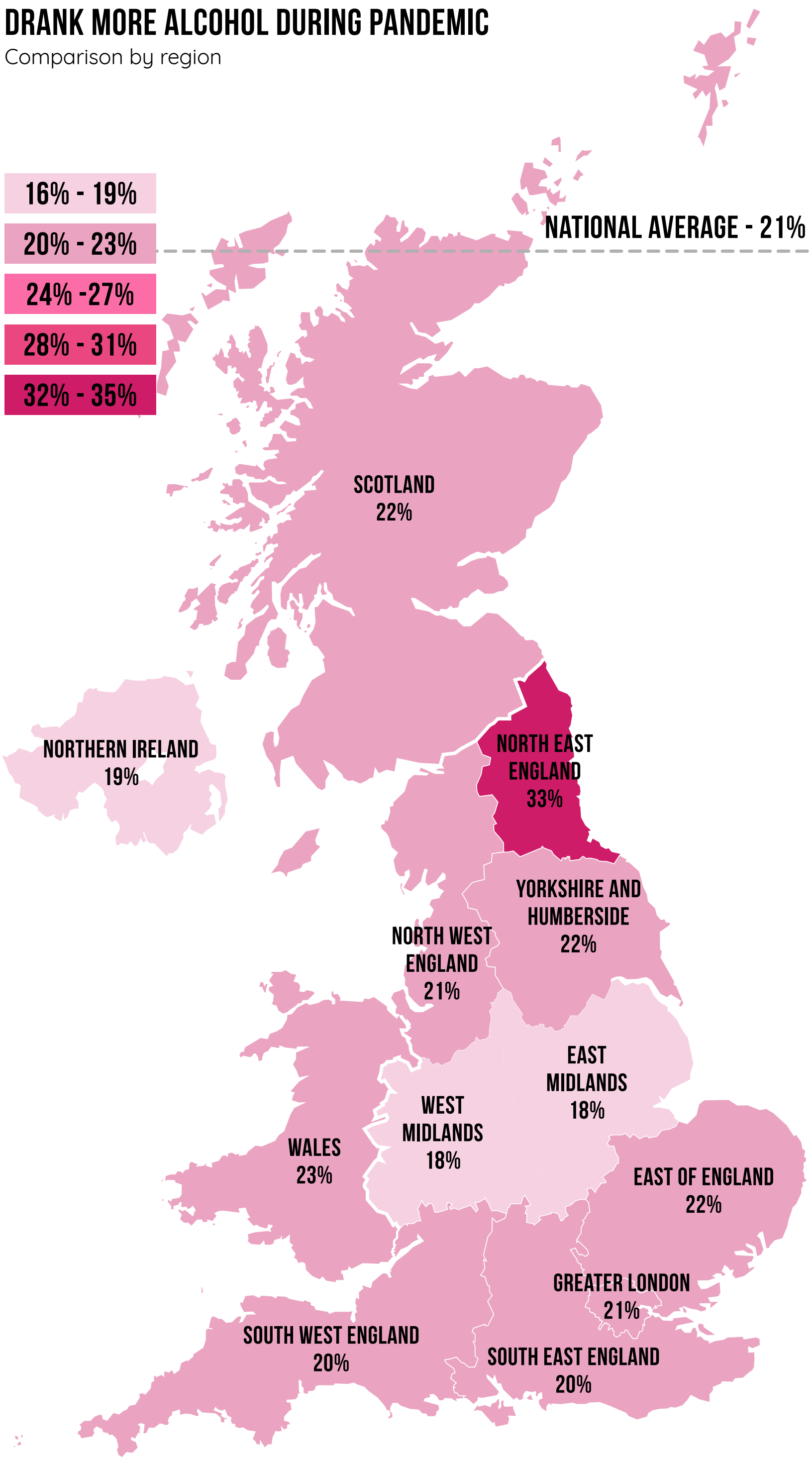
Also, it's a lot less expensive to buy alcohol in a shop than in a pub or club.

With that, spend data alone perhaps masks the extent to which the UK has used booze as a crutch during dark times.

This data paints a more vivid and perhaps more realistic picture; in showing that one in five increased their alcohol consumption nationwide, rising to one in three in the North East.

DRANK MORE ALCOHOL DURING PANDEMIC

Comparison by region



SELF CARE

When asked if people feel more or less healthy, specifically in relation to diet, now or before the pandemic, the national average showed that 29% of people say 'less'.

Once again there's a huge gender gap here: one in four men (25%) feel they've let their diet slip, but that rises to nearly one in three women (32%).

We see a similar gulf between those who live in a more nuclear family set-up versus those who live alone. One in four people (25%) who live with a partner and child/ children said their diet suffered during the pandemic, but this rises significantly to over one in three (34%) for those who live alone.

In fact, across the board, Brits who live with at least one other person have maintained healthier eating habits than single occupants.

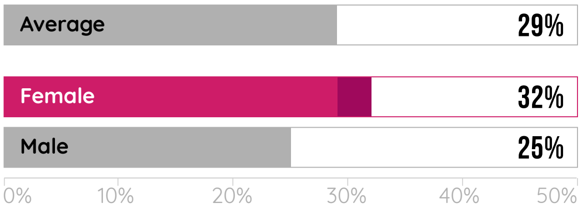
This marries with our data on comfort eating. Some 43% of women and 49% of 18-34s said they turned to comfort eating versus a national average of 36%.

Further data shows that certain key groups report being less physically fit now than before the pandemic: older age groups and, once again, women.

Another correlation pops up with salary. It seems higher earners stayed on top of their physical fitness more so than lower earners.

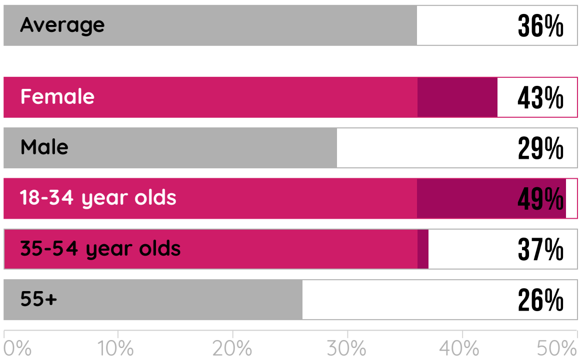
LESS HEALTHY NOW THAN BEFORE PANDEMIC

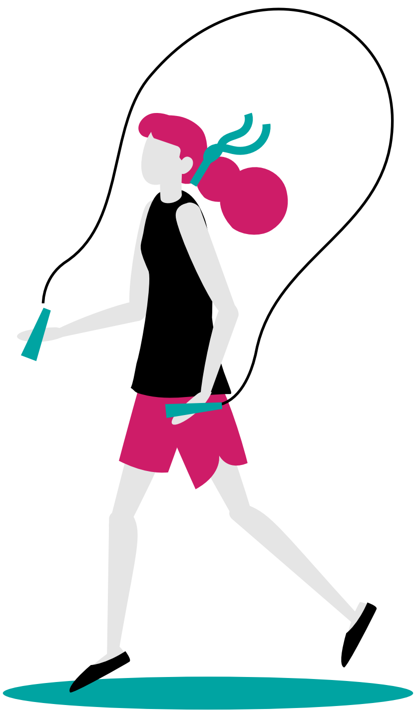
Comparison by gender



TURNED TO COMFORT EATING DURING PANDEMIC

Comparisons by gender and age





PARENTS AND THE PANDEMIC

The much-reported burnout for parents is hard to find in the data. At least in the general data.

While we can see that parents (of younger kids) were much more likely than the national average to seek counselling through the pandemic, they were much likely than average to report feeling financially better off than before the pandemic.

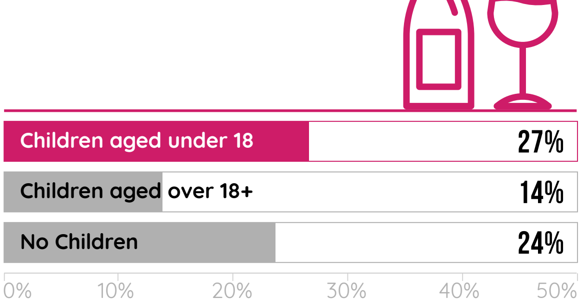
Over one in three (35%) parents of younger kids say they're financially better off now compared to 27% and 26% of parents of older kids and non-parents respectively.

Parents of younger children were also more likely to have paid off debt than other parent status groups (12% versus 9% average). They were more likely to have drawn up a budget (12% versus 8% average), source help from a financial adviser (5% versus 3% average), review existing insurance policies (8% versus 5%), and investigate both critical illness insurance (6% versus 2%) and life insurance (9% versus 4%).

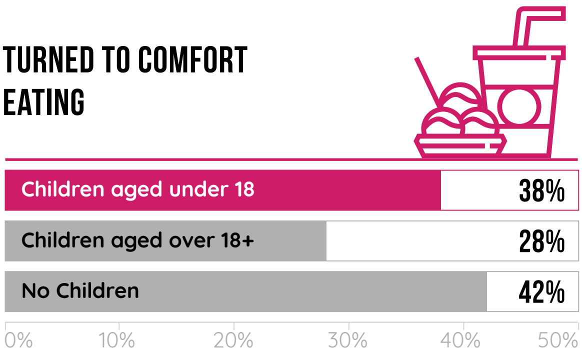
However, of the three parent status groups, parents of young kids were less likely to have saved money during the pandemic (21% versus 24% average) and more likely to have delayed a big ticket purchase (10% versus 7% average) or remortgaged (3% versus 1% average).

They were also more likely to turn to alcohol and comfort eating than parents of older children but once again non-parents were right up there with them.

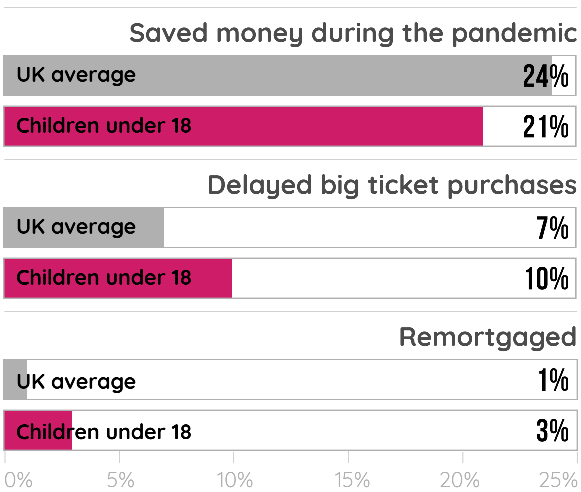
USED MORE ALCOHOL DURING THE PANDEMIC



TURNED TO COMFORT EATING



PANDEMIC IMPACTS ON PARENTS WITH YOUNG CHILDREN



WEALTH

THE WEALTH INDEX

Although government support measures, notably the Coronavirus Job Retention Scheme (CJRS), have been pivotal to protecting livelihoods throughout the pandemic, there has still been a considerable impact across earnings and wealth.

From Q2 2019 to Q2 2020 the Index fell 22.3%. Although the floor is not an all-time-low - as we've seen in the other indices - it is by far the biggest slide in the history of the series.

By Q1 2021, the Wealth Index stands out as the only channel to witness an increase. A second consecutive increase in fact.

However, Q1's 3.3 point rise to 83.6 is still 17.6% below the pre-pandemic value from Q4 2019.

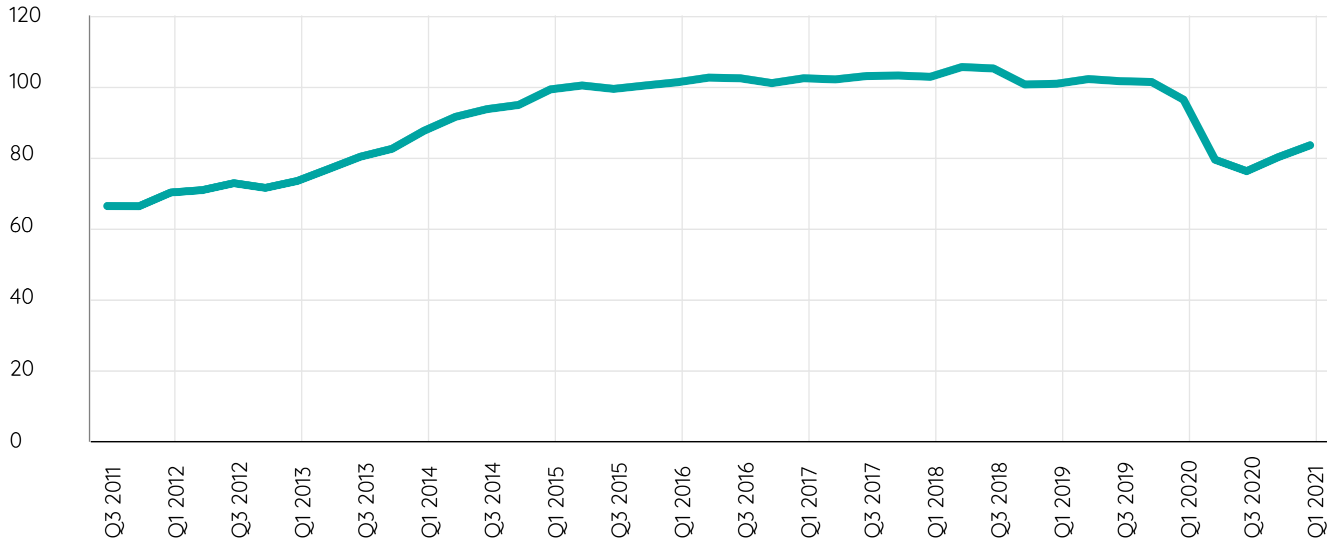
Although it looks like the labour market has remained resilient, the furlough scheme has essentially 'frozen' it.

The termination of the furlough scheme (currently scheduled for the end of September) remains a major threat to households' livelihoods as you'll read in the Future Threats section later.

By September, while much economic activity may have returned on account of looser restrictions - we are due to see an uptick in the unemployment rate.

Cebr forecasts point to a peak rate of 5.9%, occurring in Q4. If so, this will put downward pressure on the Index later this year.

WEALTH INDEX (2015=100)



Source: Cebr analysis

For full breakdown please see Appendix

UK WEALTH 20/21

THE POSITIVE SPIN

BETTER OFF?

Despite financial darkness for many through 2020, there was also some light.

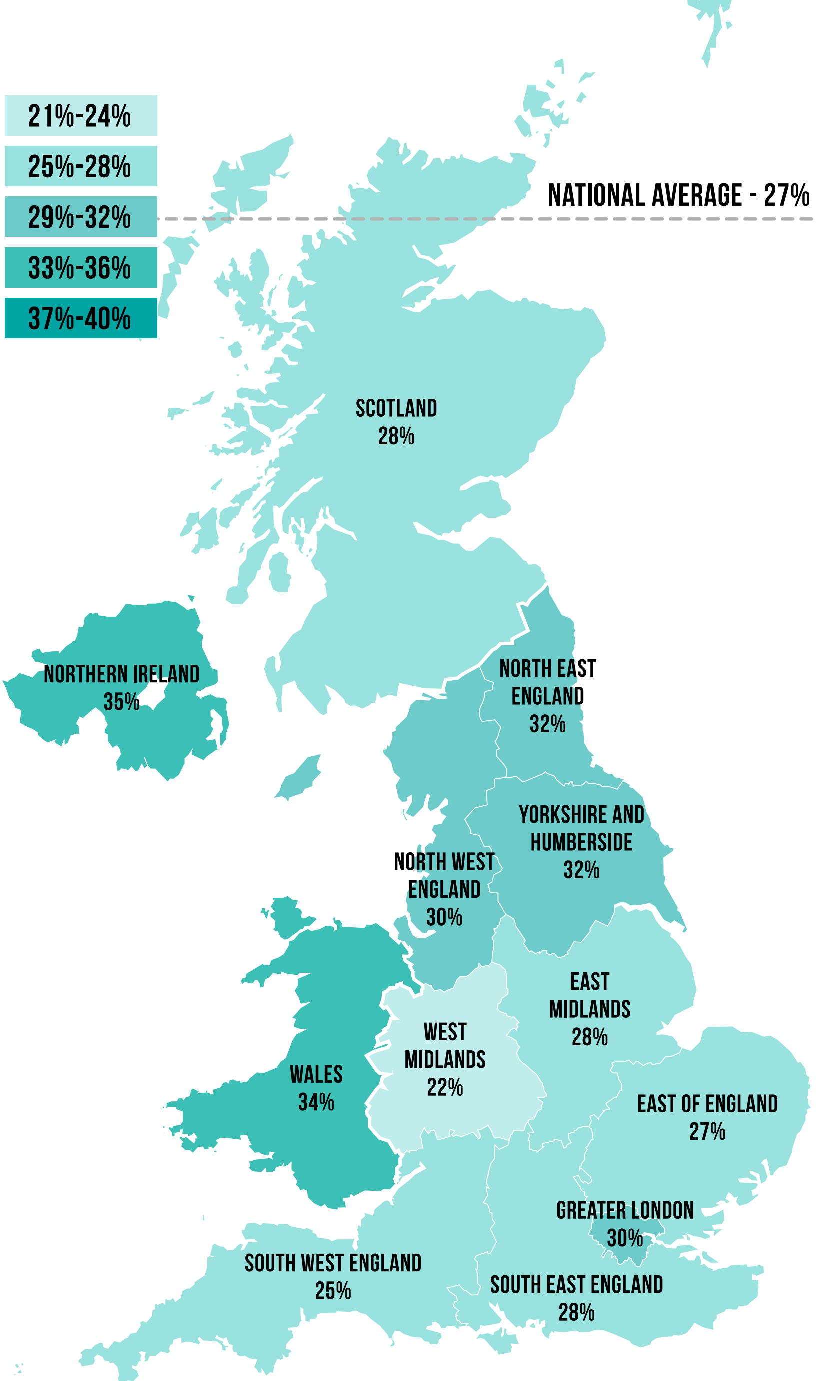
Nearly three in ten (29%) say they feel better off now than before the pandemic.

And while these have been trying times for many in the 18-34 age group, more than a third (34%) say they're in better financial shape now than pre Covid.

The pandemic experience for UK peoples of different ethnic heritage was perhaps even more extreme. Scan the QR code on the back of this report or go to lifesearch.com/hwh for a more detailed look

Emma Walker
Chief Marketing Officer, LifeSearch

FINANCIALLY BETTER OFF NOW THAN PRE PANDEMIC
Comparison by region



AS YOU WERE

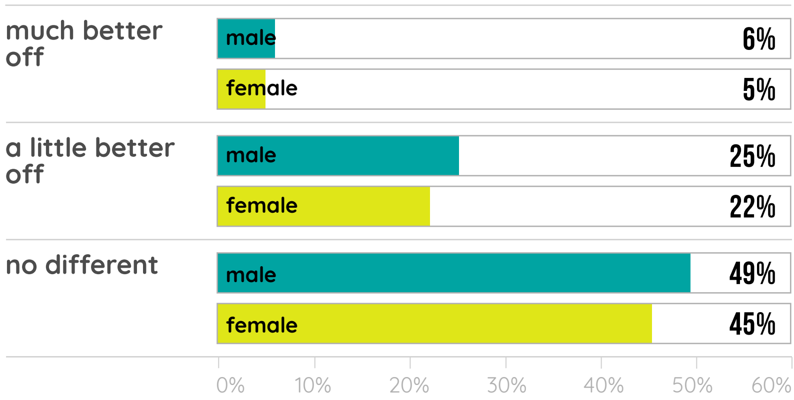
Following on from those who are better off, nearly half of us (47%), say our financial status hasn't changed since the start of the pandemic.

Further data confirms this with 44% saying they haven't felt the need to alter spending habits, or take proactive or protective financial measures during or as a result of the crisis.

Seeing no change in financial position correlates with age: the older one is the less the likelihood of them having changed spending patterns or financial behaviour during the pandemic.

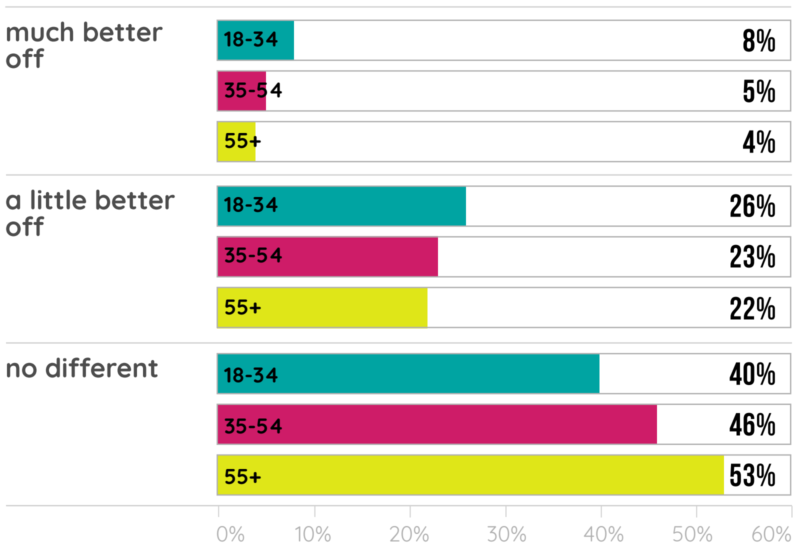
RATE YOUR / YOUR HOUSEHOLD'S FINANCIAL STATE SINCE THE START OF PANDEMIC

Comparison by gender



RATE YOUR / YOUR HOUSEHOLD'S FINANCIAL STATE SINCE THE START OF PANDEMIC

Comparison by age



SAVINGS AND CHANGE

Nearly one in four of us (24%) say we saved more money during the pandemic, rising to nearly one in three (31%) of 18-34 year olds.

All but workers in the lowest two income brackets (less than £30,000 per year) saved more cash above the national average.

By income bracket, those who earn between £40,000 and £60,000 were most likely to have saved more than they otherwise would have.

In the previous page, we learned that 44% of people didn't feel the need to alter their financial behaviour during or as a result of the pandemic. That leaves 56% who did but there are positives within that too.

Nearly one in ten (9%) of us say we paid down more debt during Covid than we otherwise would have, rising to 11% of 18-34 year olds.

This one proactive financial move outmuscles two reactive financial moves combined: the 7% who say they put off buying big-ticket items and the 1% who remortgaged their homes.

The extent of younger folks' financial gains during Covid are a welcome surprised, but the September end of the furlough scheme could set progress back significantly.

Emma Walker
Chief Marketing Officer, LifeSearch

24% **saved more money than usual during pandemic**

31% **of UK 18-34 year olds say they saved more money than usual during the pandemic**

1/10 **say they paid down more debt than usual during the pandemic.**

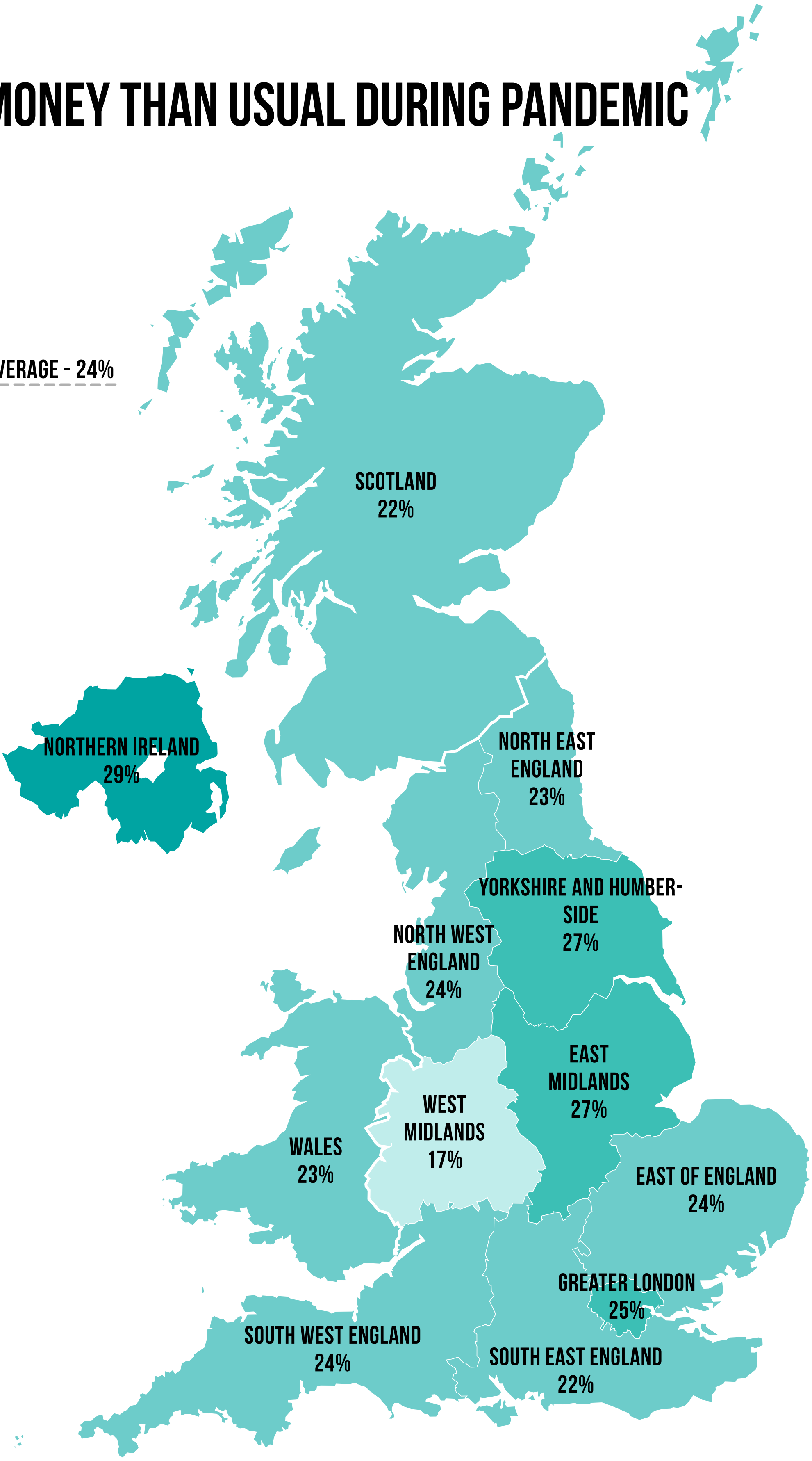
This rises to 11% of 18-34 year olds

SAVED MORE MONEY THAN USUAL DURING PANDEMIC

COMPARISON BY REGION

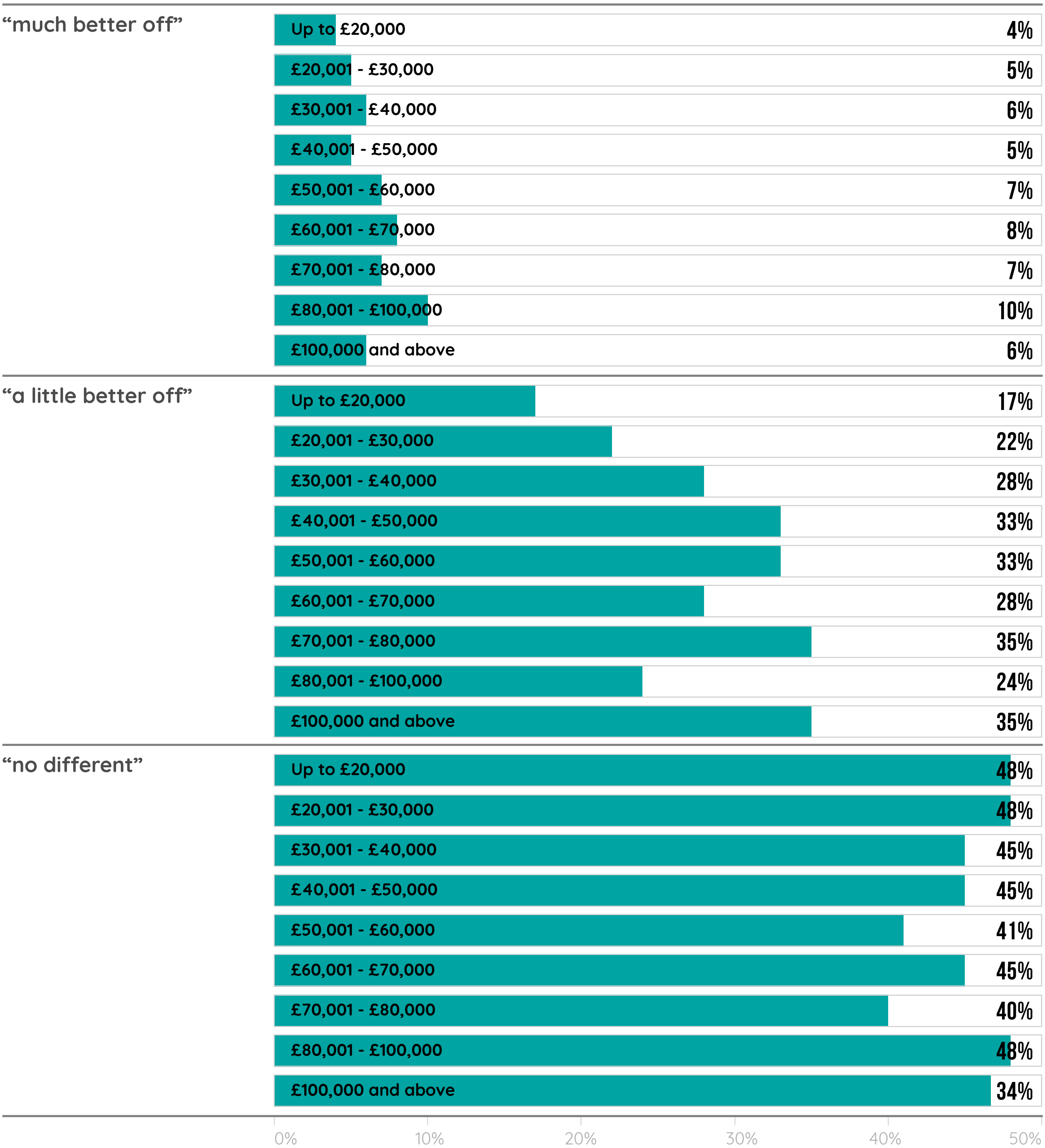
16%-18%
19%-21%
22%-24%
25%-27%
28%-30%
31%-33%

UK AVERAGE - 24%



FINANCIALLY BETTER OFF NOW VERSUS PRE PANDEMIC

COMPARISON BY INCOME



UK WEALTH 20/21

THE IMPACT

BEYOND FURLOUGH

LifeSearch survey data exactly correlates with the official tally - that 16% of UK workers were furloughed during 2020. In numbers, by January 2021, that meant well over 11 million workers.

Furlough rates were highest in the youngest portion of the workforce, 18-34 year olds, who were also most affected by job losses, redundancies and reduced hours.

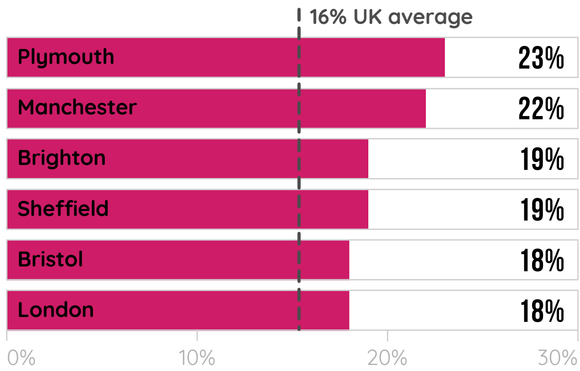
All in, over one in three (34%) people in the UK had their careers negatively impacted as a result of the pandemic. One in five (17%) say their hours and/ or pay were reduced but this average reflects that fact that 18-34s and 35-54s were more heavily hit (at 22%) than employees aged 55-and-over.

A further 6% say they lost a job or were made redundant and this again ties with the UK unem-ployment rate from November 2020 through January 2021.

By salary, workers who earn between £40,000 and £60,000 show the highest furlough ratio, but a considerable 9% of those who earn £100,000 per year were also furloughed.

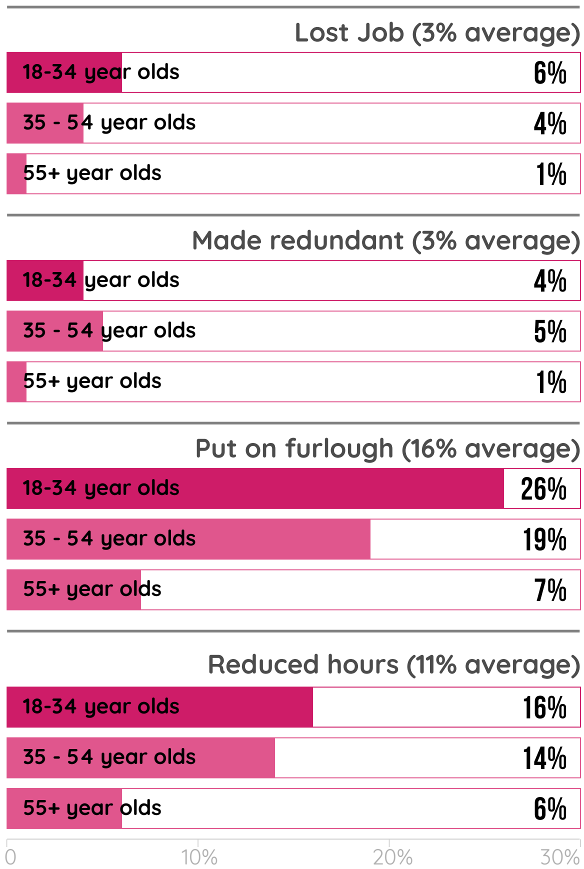
On the next page you'll see a snapshot of negative job implications by sector.

CITIES WITH HIGHEST FURLOUGH RATES



NEGATIVE JOB EXPERIENCES DURING PANDEMIC

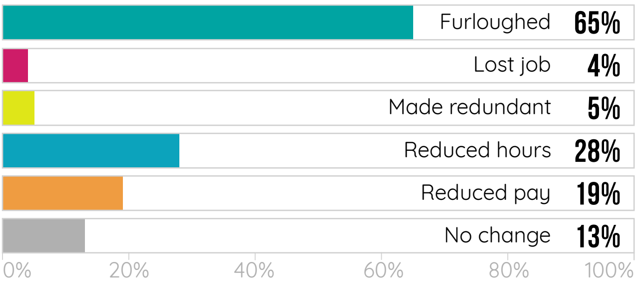
Comparison by age



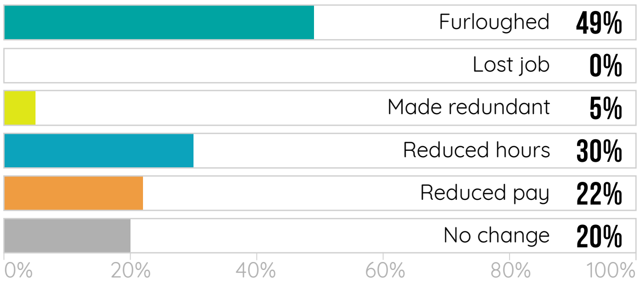
Footnote:
https://www.bbc.com/news/business-56198359

EMPLOYEE IMPACT BY INDUSTRY

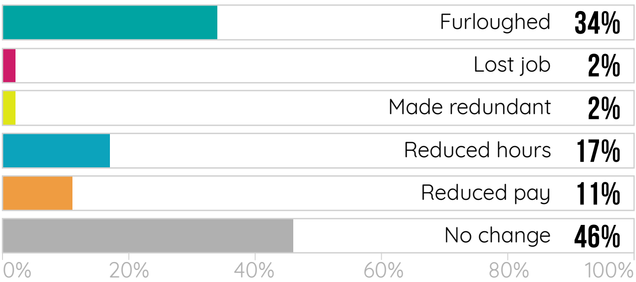
HOSPITALITY & LEISURE



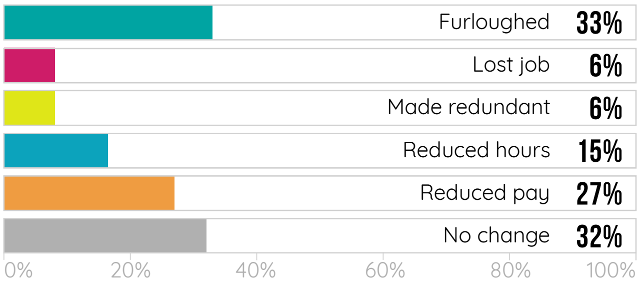
FOOD & DRINKS INDUSTRY



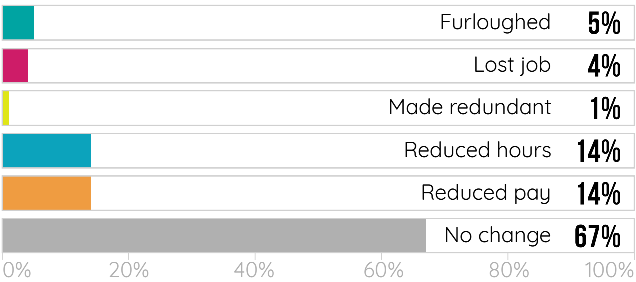
RETAIL



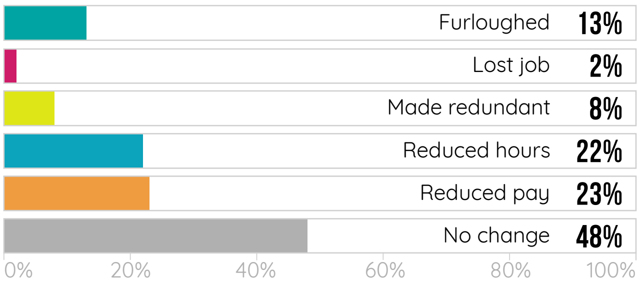
CONSTRUCTION



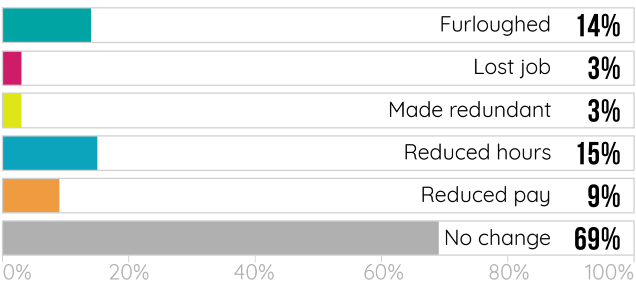
FINANCIAL SERVICES/ BANKING



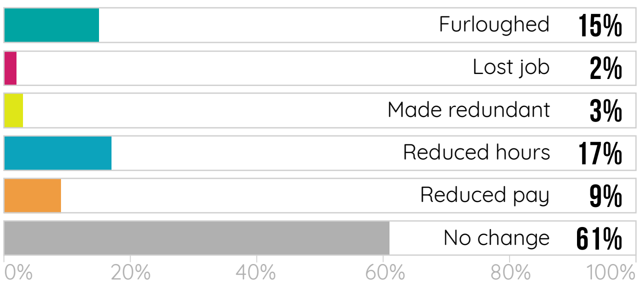
IT/ COMPUTING



HEALTHCARE



EDUCATION



WORSE OFF

The national average of people who felt ‘worse off’ financially as a result of the pandemic was just shy of one in four - or 24% - but once again some extremes are at play.

In the ‘higher’ social group ABC1, more than one in three (34%) say they’re ‘a little’ or ‘much better’ off now than pre pandemic. Conversely, in the ‘lower’ socio-economic grouping C2DE, people are much more likely to be ‘a little’ worse off (17%). Or for more than one in ten (11%) - ‘much’ worse off.

Out of those 18-34 year olds who report being less happy this year than pre pandemic, ‘unstable finances’ was the kicker for over one in four (27%). Just one in ten (10%) over 55s attribute their loss of happiness to ‘unstable finances’.

In the adjacent chapter spinning positives on people’s wealth, we mentioned those who paid debt and saved money.

Inevitably, this hasn’t been the case for everyone.

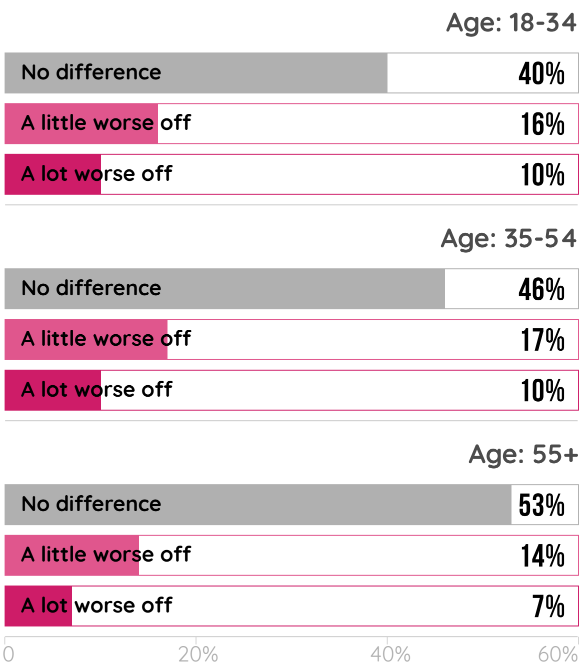
The national average for those who say they’ve saved more money during the pandemic is 24%.

And despite far fewer spending opportunities, the two lowest income brackets fell short, with just 18% of those earning less than £20,000 and 19% of those earning between £20,000 and £30,000 saying they were able to save more.

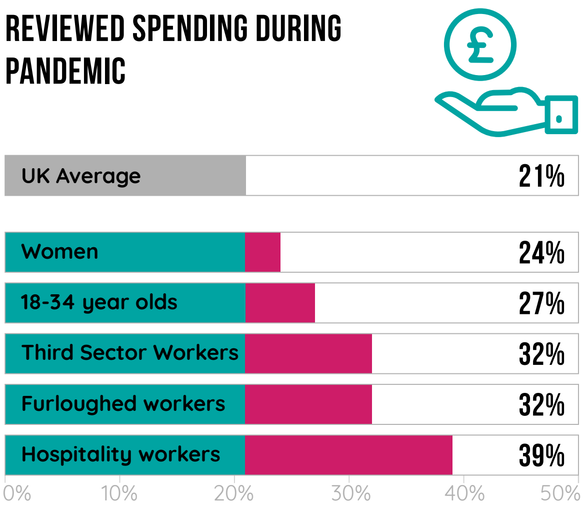
For those 18-34 year olds who worked more during the pandemic, over a quarter (26%) said they did so because they needed extra cash, while 17% say it was to ensure job safety. In both cases this is more than older age groups.

WORSE OFF

Comparison by age



REVIEWED SPENDING DURING PANDEMIC



SPENDING REVIEW

Nationally, one in five (21%) Brits report that they reviewed their spending habits during the pandemic. Once again this was more prominent for women (24%) and higher still for 18-34 year olds (27%).

On its face we can't describe one reviewing their spending as inherently negative, but it's telling that part-time workers and the unemployed reviewed their expenditure at higher-than-average levels (29% in each category). Also, nearly one in three (32%) third sector (charity) workers reviewed their spending, the same percentage as for furloughed workers, rising to 39% of hospitality workers.

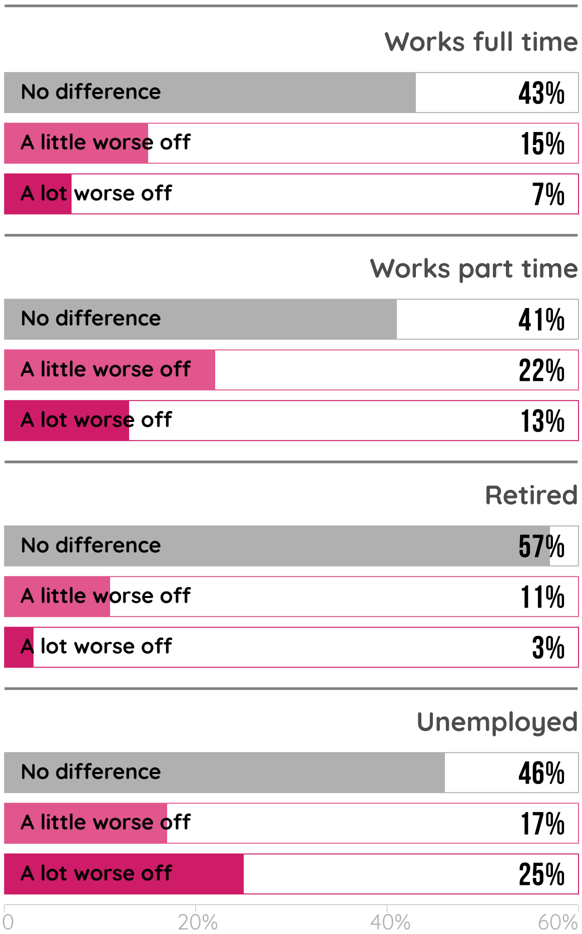
Interestingly, when dissected strictly by salary bracket, there was little difference from low earners to high for those who reviewed their spending, put off big ticket purchases, or remortgaged.

One key difference when split by salary, however, is that higher earners were more likely to explore what we might perhaps define as progressive financial behaviours.

People earning £40,000 per year or more were considerably more likely to change where and how they save money; review their existing insurance products; consult financial planners; draw up new budgets and explore new insurance / protection options.

WORSE OFF

Comparison by employment status



HAPPINESS

THE HAPPINESS INDEX

Like the Health and Wealth indices, the Happiness Index too suffered dramatic drops throughout 2020.

With unprecedented uncertainty and restrictions unparalleled in living memory, the Happiness Index fell 9.5% between Q1 and Q2 2020, reaching a then record low of 84.8.

This is the largest percentage drop in the history of the series, with the previous record a 5.9% drop in Q4 2019. This dip came during a fraught General Election campaign and instability over the mechanics of Brexit.

In Q4 2020 came another 9.3% drop and the country hit a new record low reading of 78.5. By Q1 2021, we hit a new low of 76.4 - 17.3 points lower than in the same quarter in 2020 and an annual fall of 18.5%.

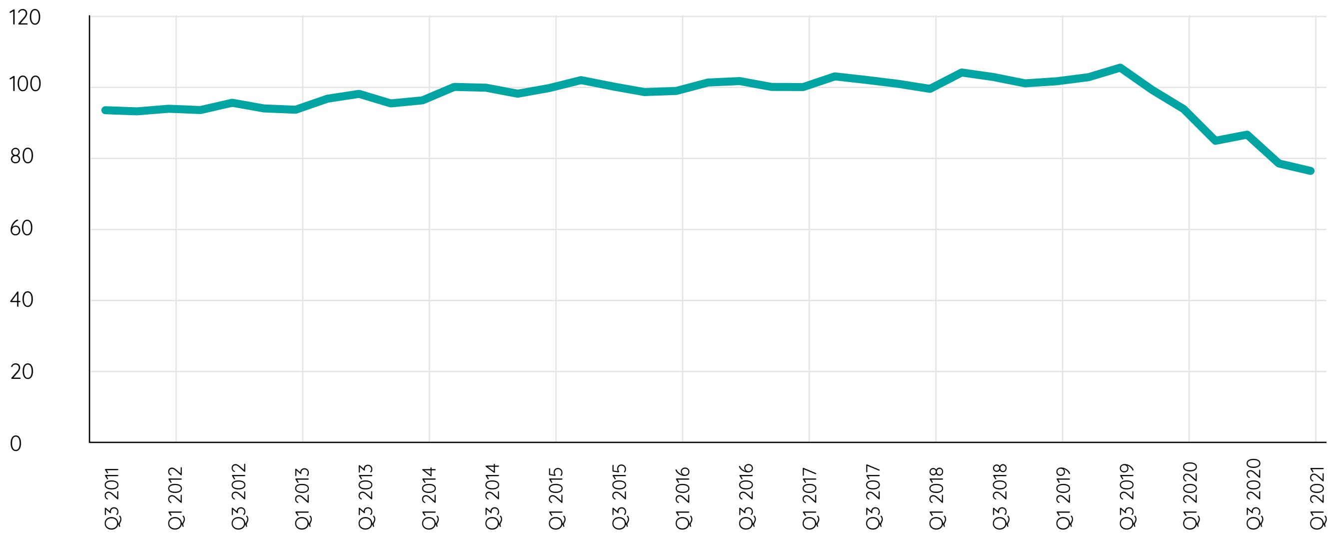
There is a clear and obvious correlation between the implementation of lockdown measures and falling levels of happiness. ONS personal wellbeing data points to a noticeable decline in individuals' own assessments of their life satisfaction and happiness, coupled with a rise in apathy.

Ranking one's life satisfaction on a scale of 1-10 - with 1 representing least satisfied and 10 most satisfied - the pre-Covid quarterly average stood at 7.6. In Q2, 2020, this measure fell to just 7.0, setting a then record low.

In January and February 2021, life satisfaction levels hit considerable lows with 57% of the population saying that their wellbeing is being affected by Covid-19.

This is actually the highest percentage since the pandemic began.

THE HAPPINESS INDEX (2015=100)



Source: Cebr analysis

For full breakdown please see Appendix

THE HAPPINESS INDEX

Individuals' estimates of their own happiness have reached new lows during the pandemic.

Sentiment data from YouGov shows that the proportion of the UK population reporting feelings of happiness averaged just 39.8% during Q2 2020, considerably down from the 44.5% reported in the previous quarter. Conversely, there were significant upticks in feelings of frustration (42% average) and boredom (35.7% average) throughout Q2.

Further ONS data suggests that nearly one in five (19.2%) adults were experiencing some form of depression amidst the initial UK lockdown - double the nearly one in ten (9.2%) prior to the pandemic.

The slight uptick in the Happiness Index between Q2 and Q3, to 86.5 coincided with the lifting of restrictions and reopening of the economy over late summer.

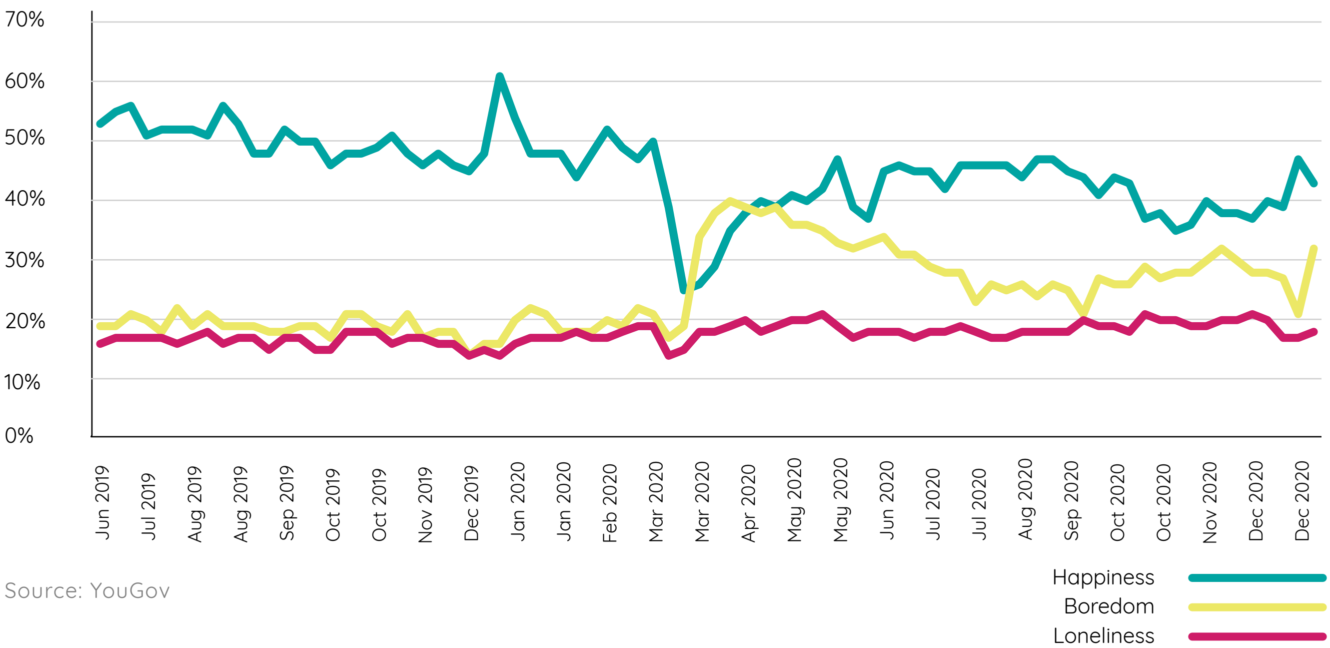
With the return of more freedoms to move and socialise, the prevalence of feelings such as sadness, apathy, boredom, and loneliness naturally reversed.

But the improvement in the Happiness Index was short lived. By early Q4, the implementation of new measures to slow the spread of coronavirus triggered more restrictions, starting with localised lockdowns in regions, and in cities such as Liverpool and Manchester.

The emergence of new strains of Covid-19 soon led to further restrictions and ultimately national lockdowns in all four nations by November.

Once again this knocked the indicators composing the Happiness Index and loneliness increased to an even higher level than in Q2 - 19.2% versus 18.8%. These factors combined pushed the Index to its record low - 78.5 in Q4 and, as you've read, further still to 76.4 in Q1 2021.

UK ADULTS REPORTING FEELINGS OF HAPPINESS, BOREDOM, LONELINESS



Source: YouGov

For full breakdown please see Appendix

UK HAPPINESS 20/21

THE POSITIVE SPIN

HAPPINESS

Catastrophe and uncertainty. A global pandemic and an overhaul of life as we know it. While it sounds like the kind of backdrop that'd force a change in our happiness priorities, it largely did not.

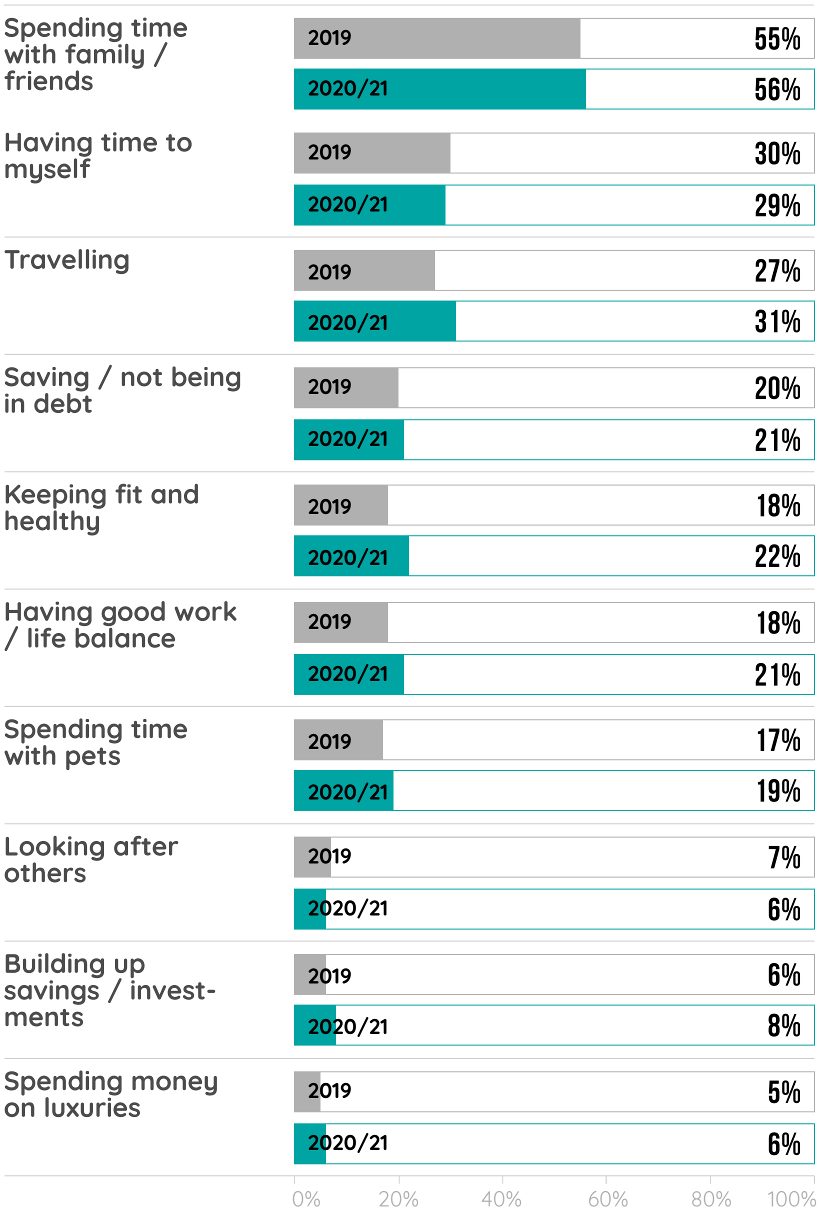
Answers to the question 'what makes you happiest' from 20/21 reflect those of 2019. The very subtle differences between the two years are understandable, given Covid's sweeping impact.

In broad brushstrokes, the same three things still make us happiest: 'spending time with friends and family', 'travelling' and 'having time to myself'.

Only 'Travelling' has risen - to replace 'having time to myself' - and this time around the desire to travel is much more pronounced for women than men, and for over 55s than younger age groups.

WHAT MAKES YOU MOST HAPPY

2020/21 versus 2019



SMALL SHIFTS

Nuanced changes to what makes us happy include more men and more young people chasing financial security via savings and investments.

Younger people (18-34) are more likely to glean happiness in caring for others than they were in 2019.

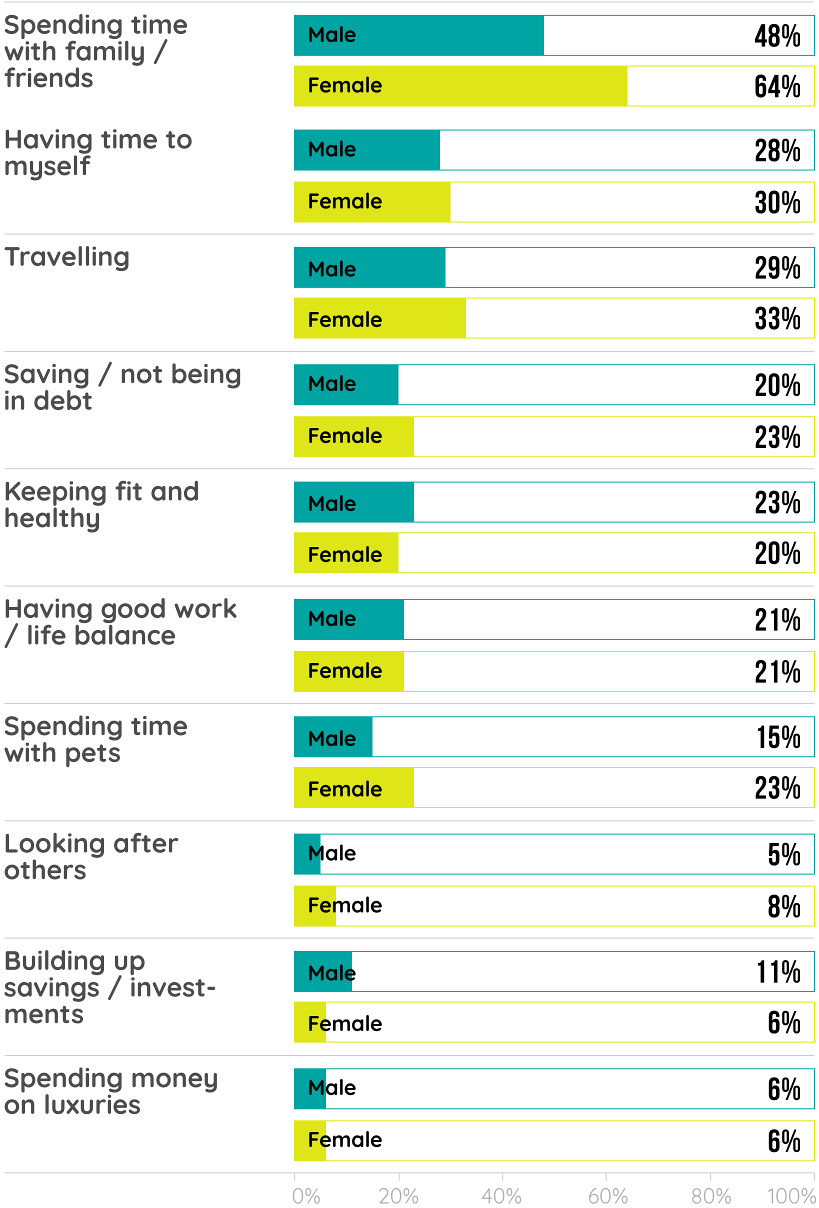
Women are more likely now than they were in 2019 to find happiness in spending time with pets.

There's more emphasis on keeping fit and healthy this time around, particularly for men and the over 55s.

And interestingly, 35-54 year olds are twice as likely as they were in 2019 to look for happiness in luxury items.

WHAT MAKES YOU MOST HAPPY

Comparison by gender



ARE WE ... HAPPIER?

Against all odds, large chunks of the UK population do report being happier now than before the pandemic began. The Health, Wealth and Happiness Index suggests that workers, on average, have clawed back an extra 44 minutes of down time per day - so there is that.

And although the social and financial damage caused by Covid has hit younger people hard, over one in four (27%) 18-34 year olds say they're actually 'a little' or 'much' happier than they were prior to March 2020.

There's small geographic discrepancies too. Around one in five residents in the south of England (London 22%, the South East 19% and the South West 19%) say their happiness has increased.

Residents in Scotland (45%) and Northern Ireland (57%) are most likely to report no change in their happiness status, positive or negative.

Similarly, general happiness has increased for over one in five (23%) full time workers, including one in four who work in the public sector (25%). Nearly a quarter (24%) of parents who have young kids report being happier now than pre pandemic.

The stat of the piece, however, is that over one third - a substantial 36% - of people who were made redundant as a consequence of the pandemic say they're 'a little' or 'much' happier now than before.

Similarly, around one in four who were furloughed (24%), had hours reduced (24%), or pay reduced (23%) are 'a little' or 'much' happier now.

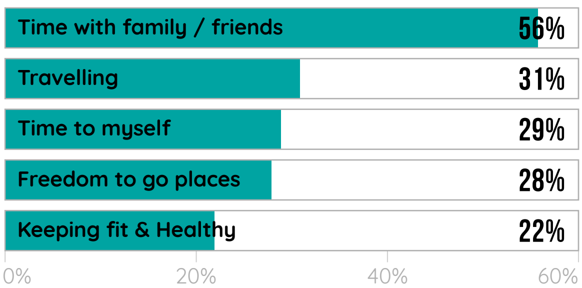
1 IN 4

18-34 year olds say they're 'a little' or 'much' happier than they were prior to March 2020.

1 IN 3

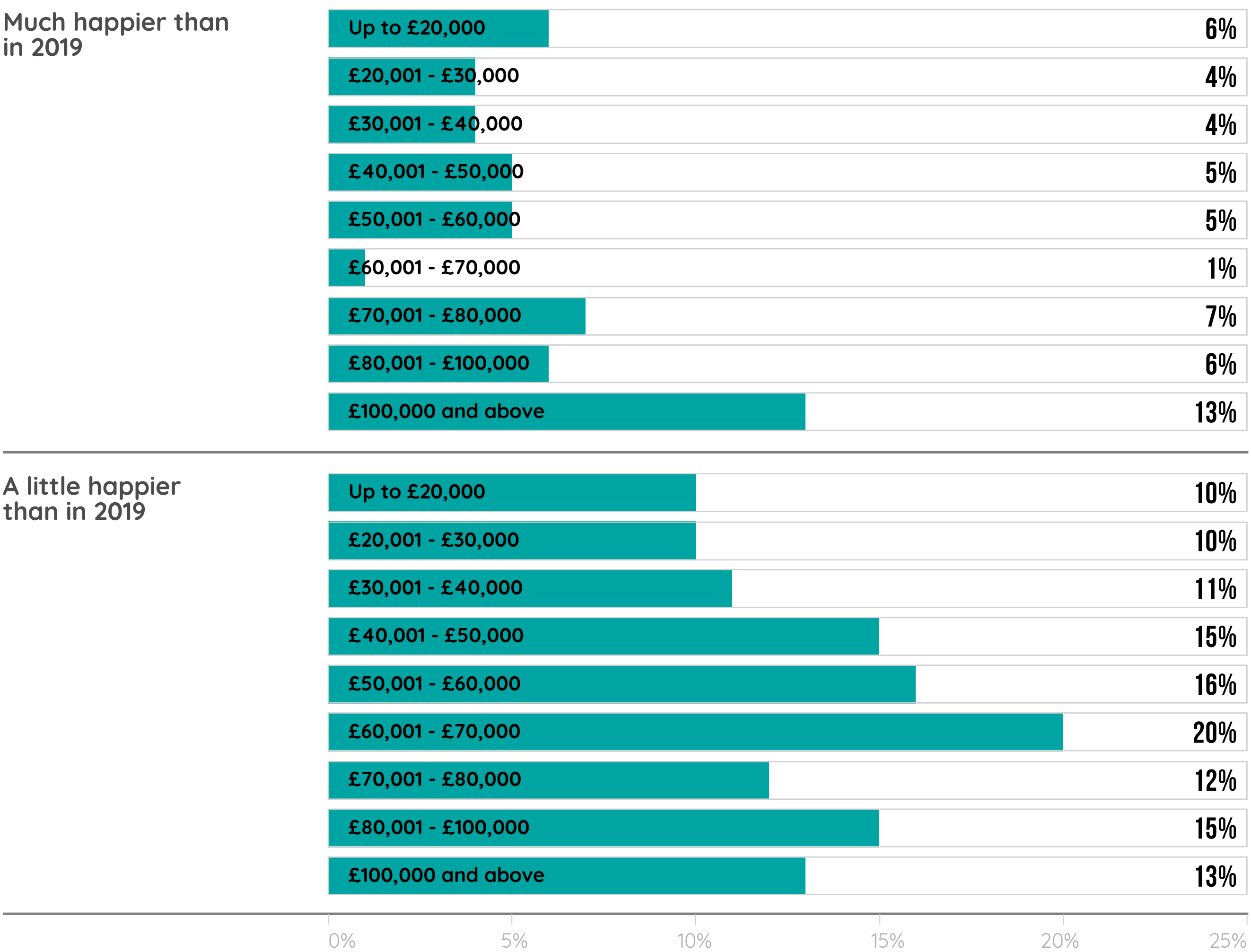
or 36% of those made redundant are 'a little' or 'much' happier now than pre pandemic

TOP-5 THINGS THAT MAKE US HAPPIEST (2020)



HAPPINESS COMPARISON - 2020/21 VERSUS 2019

COMPARISON BY INCOME



UK HAPPINESS 20/21

THE IMPACT

HAPPINESSLESS

In the last section we spin the happiness positives - showing groups where happiness has increased. Large numbers of parents, 18-34 year olds, public sector workers and high earners say they're 'a little' or 'much' happier now compared to before the pandemic.

Those stats are valid, but misleading to state without qualification. The truth is that these are minorities of demographic subsets. The UK population, as a whole, is not happier now than pre pandemic.

At the risk of sounding human, how could we be?

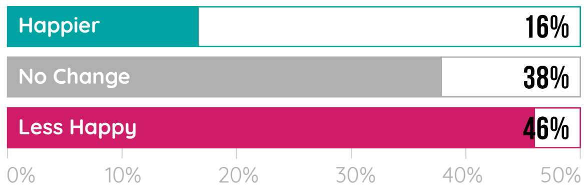
By now you've read the Happiness Index and know that national happiness hasn't plummeted this low as far back as the series goes.

Across almost every demographic and split, our happiness took a pounding during the pandemic. In total, 46% of us say we're less happy now than before.

Once again this rises for women to nearly half (49%). Female happiness is at a particularly low ebb and, once again, the female pandemic experience seems notably worse than the male one.

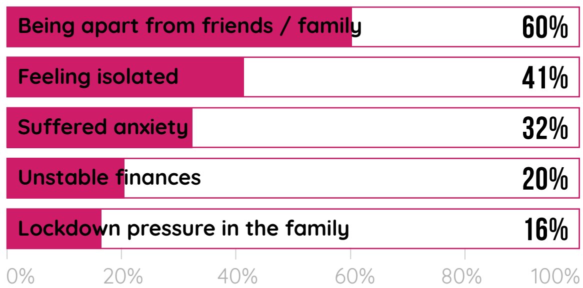
HAPPINESS IN THE UK

General population



TOP 5 THINGS TO NEGATIVELY IMPACT HAPPINESS

People who say they're less happy than pre Covid



HAPPINESS: UK VERSUS THE WORLD

The natural reaction to the overarching statement - that the UK is less happy now than before the pandemic - might be to award LifeSearch the prize for most obvious statement of the decade.

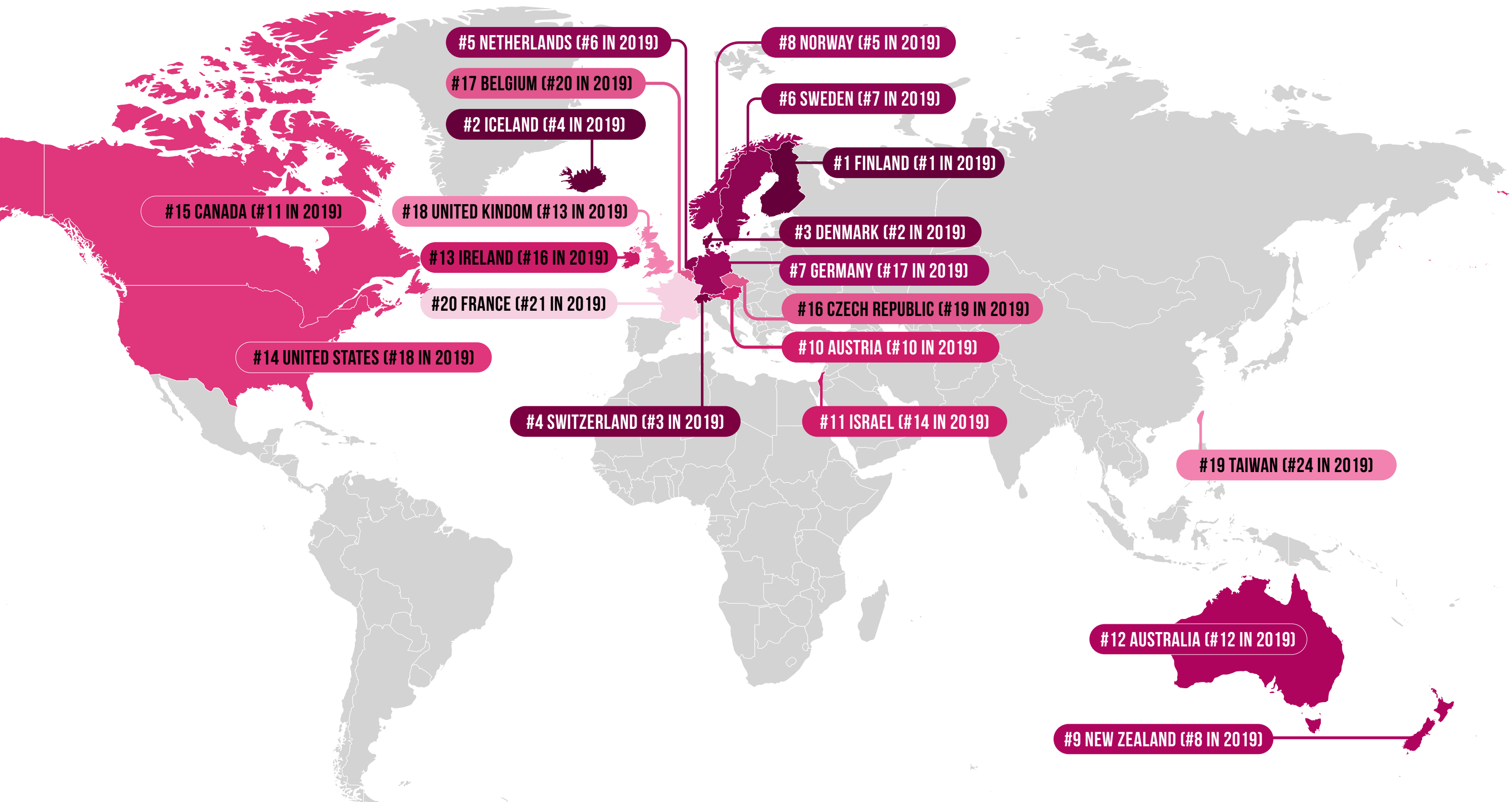
But there's a but.

In March 2021, as it has been every year for the last nine, the World Happiness Report was published; ranking nation states' happiness; built of a number of social, cultural and economic factors.

In the Report, the UK fell five places to 18th on the global list.

We experienced one of the most dramatic drops in national happiness compared to others.

And this year's Report wasn't just a case of who fell least: 26 countries actually showed significant increases in national happiness, while the negative emotions experienced on our shores weren't observed to the same extremes elsewhere.



THE SPECIFICS OF OUR UNHAPPINESS

The reasons behind our declining happiness are logical and understandable, but the splits are worth noting.

Once again it's women and young people who felt the pressures of Covid more intensely than men and the older age groups.

In both, 'Feeling isolated' and 'Suffered anxiety', women and younger folks dwarf the national average.

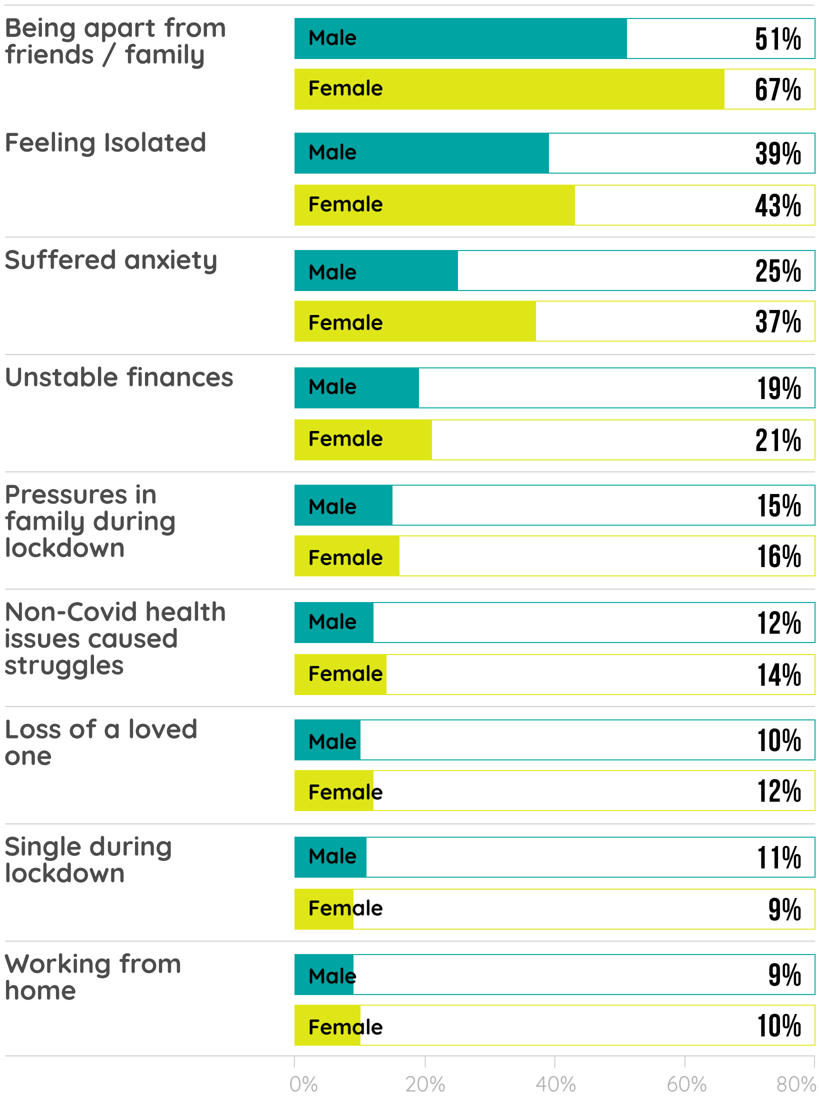
Women were 50% more likely to suffer anxiety than men, and considerably more likely to report feeling isolated (43% versus 39%).

Women are much more likely to feel the strain of 'being apart from friends and family' and slightly more likely to have felt the burden of family pressure.

We also know women feel isolated from work colleagues to a greater extent than men.

REASONS FOR BEING LESS HAPPY

Comparison by gender



Footnote:
https://www.standard.co.uk/news/uk/uk-global-happiness-ranking-mental-health-covid-pandemic-b925069.html
https://www.newscientist.com/article/2272006-pandemics-damage-to-uk-education-and-mental-health-will-last-a-decade/#ixzz6qUZ0KlVX

THE SPECIFICS OF UNHAPPINESS

Still at work, or not as the case was for many during 2020, those 18-35 year olds who worked from home during the pandemic were more likely to feel generally cut off from colleagues than their older counterparts. Over 55s, however, are most likely to report feeling generally isolated.

Staying with isolation in the over 55s, over two-thirds (68%) attribute their loss of happiness during the pandemic to 'being apart from friends and family'. This is echoed elsewhere with over two thirds of retired people (68%) and those with children over 18 (68%) saying that 'being apart from loved ones' caused them most unhappiness.

"I FEEL CUT OFF FROM MY COLLEAGUES"

1. BY GENDER

Agree		Disagree	
45%	Male	Male	23%
46%	Female	Female	29%

2. BY AGE

Agree		Disagree	
49%	18-34	18-34	23%
43%	35-54	35-54	26%
45%	55+	55+	30%

3. BY PARENT STATUS

Agree		Disagree	
45%	Children under 18	Children under 18	22%
43%	Children over 18	Children over 18	30%
48%	No Children	No Children	27%

BOOZE AND BREAKUPS

Of those who say they're less happy now than before the pandemic, one in 50 (2%) attributed it to 'Separating/ divorcing from a partner'. On face value that's a low proportion, but it of course translates as a lot of relationships ending because of or during the pressure of Covid.

This may tie in with the fact that Stewarts, a leading British law firm, logged a 122% increase in enquiries and applications concerning divorce. The charity Citizen's Advice reported a major spike in online searches for advice on how to end a relationship.

We asked people what measures they have taken since the start of the pandemic to fill the void left by social restrictions, and to ease the pressures of the time. In the adjacent section on Happiness we saw sizable percentages of people who embraced new hobbies; DIY; exercise; reading and so on.

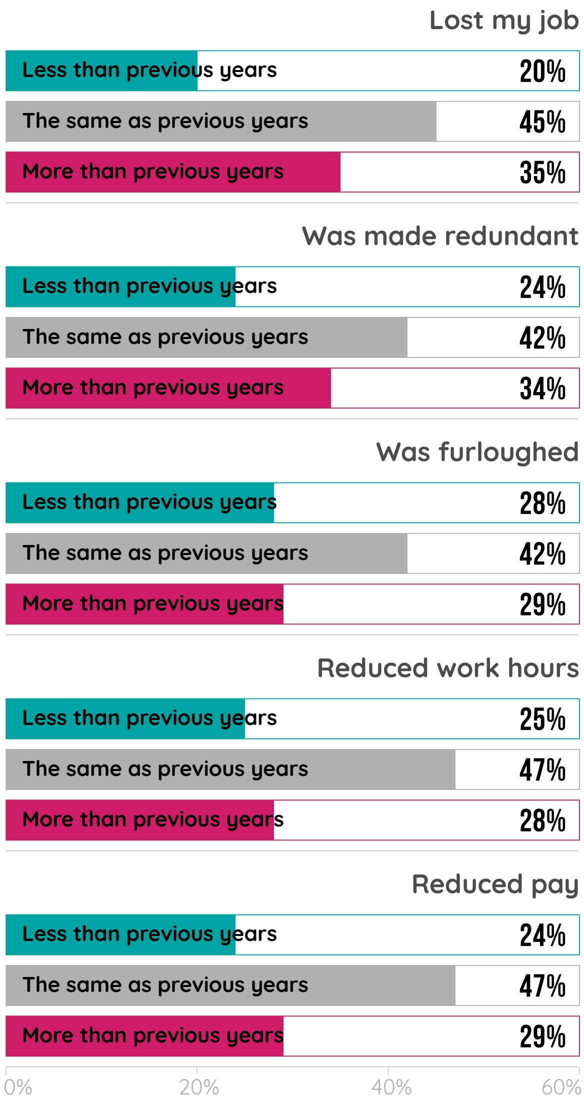
But suffice to say not all our coping mechanisms were obviously positive.

As you've read, more than one in three (36%) took to comfort eating, rising to 43% of females, 46% of the unemployed and nearly half (49%) of 18-34 year olds.

Nationally, one in five (21%) of us drank more alcohol, but this rises significantly among 18-34 year olds (29%), and is even more evident in those whose employment was negatively impacted by the pandemic.

ALCOHOL INTAKE IN COMPARISON TO PREVIOUS YEARS

Where jobs impacted by pandemic



Footnote:
https://www.bbc.com/worklife/article/20201203-why-the-pandemic-is-causing-spikes-in-break-ups-and-divorces

VOID OF SOLUTIONS

We learned previously that 26% of people did more exercise ... but another 26% of people did less. This rises to 29% among over 55s, while those who live alone were much more likely to do less or abandon exercise (33%) during the pandemic than those who live in fuller households.

We can read that one in seven people (14%) did more wellbeing activities (such as yoga and meditation) than they have in previous years. However, more - nearly one in four (24%) - actually did less, or abandoned, wellness activity.

Nearly one in three people (32%) also dialled down their use of professional help and counselling services during the pandemic.

This sounds like an understandable move for practical reasons but with virtual appointments hitting all-time-highs in 2020, logistics alone might not be enough to explain the dip. Many groups did use more counselling and professional help services and facilities above the national baseline of 9% during the pandemic.

Our data suggests that the numbers who sought professional counselling dipped during the pandemic, despite a much-hyped 'boom' in online counselling through spring and summer 2020.

Emma Walker
Chief Marketing Officer, LifeSearch

1 IN 5

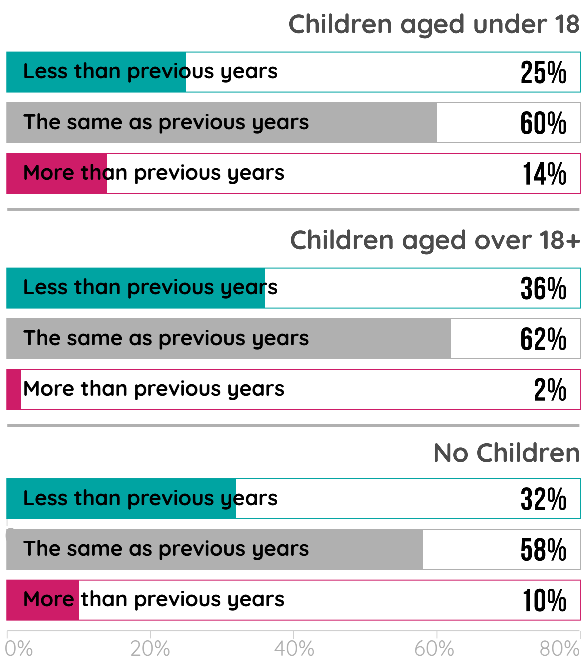
or 21% of us drank more alcohol, rising significantly (29%) among 18-34 year olds.

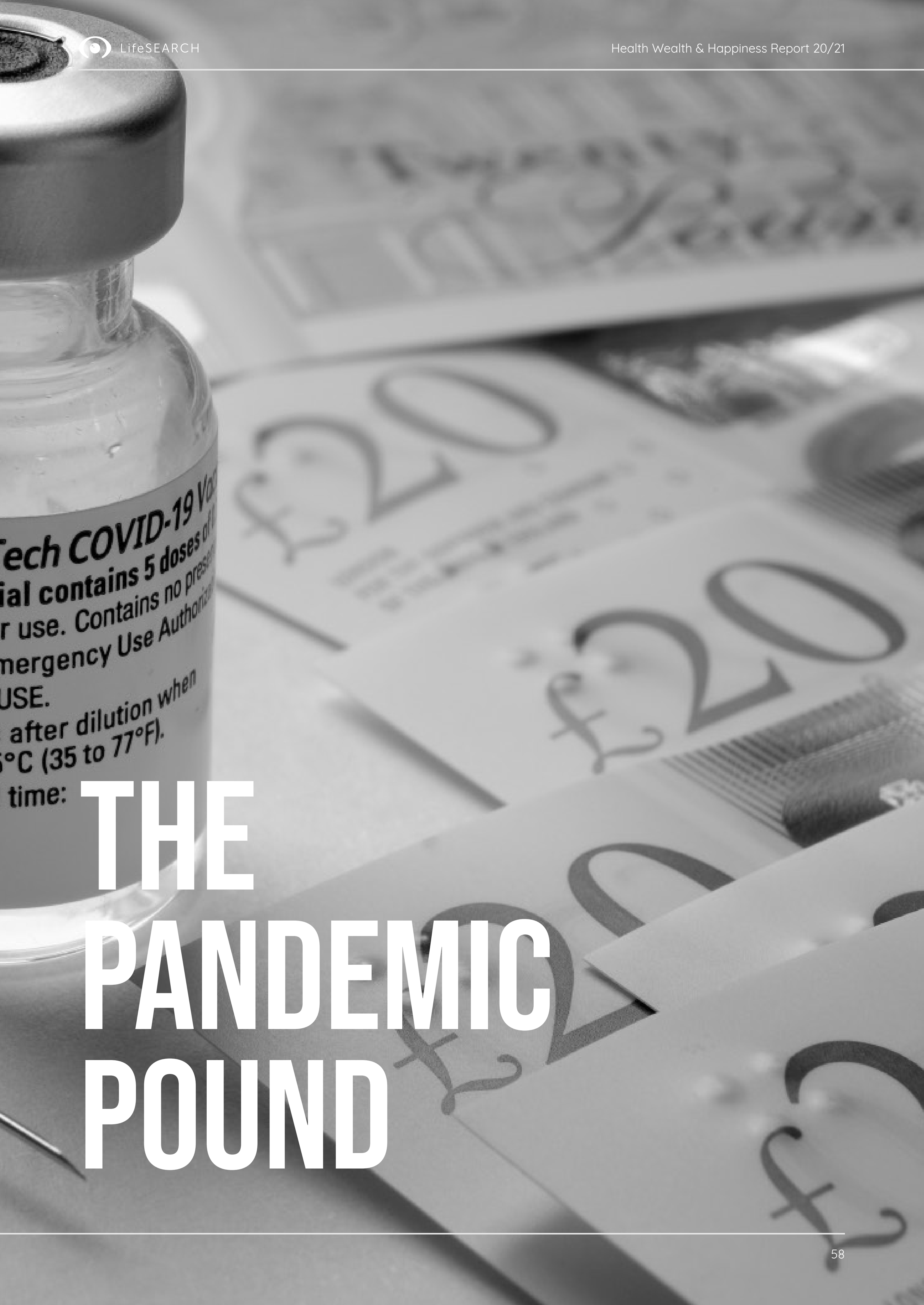
49%

of 18-34 year olds took to comfort eating during the pandemic versus a national average of 36%.

PEOPLE SEEKING PROFESSIONAL COUNSELLING

Comparison by parent status





THE PANDEMIC POUND

THE PANDEMIC POUND

Many of us didn't have people to see, places to go and things to do throughout the pandemic, yet it didn't affect what we spent on clothes and shoes, or health and beauty products, which rose by 3% and 15% respectively.

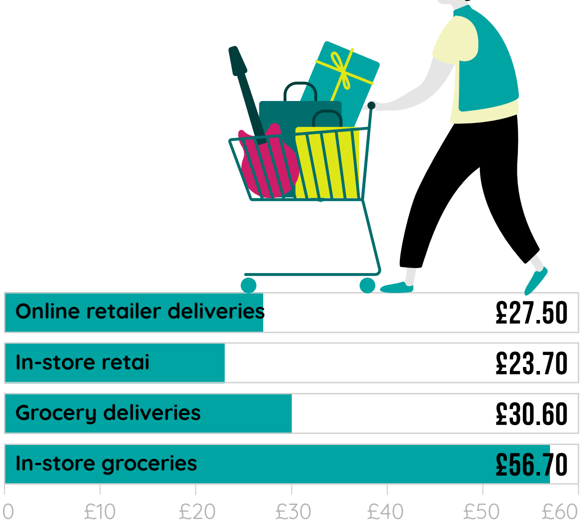
With movement restricted, fear pulsing, bitty opening patterns and different rules for different regions/ home nations throughout 20/21, e-commerce is the obvious winner.

Online grocery sales are for now lower than in-store, but the uptick is huge. Online grocery bagged an all-time record 15.4% share of the market in the four weeks to 21 February 2021, up nearly 100% on its 8.7% prior to the pandemic.

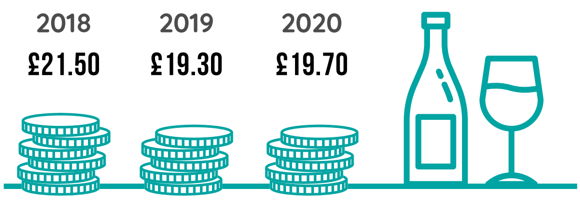
Consensus in 2021 holds that online grocery shopping is here to stay. Years of growth in that space condensed in a handful of months and, by late August, according to research by Waitrose, more than three quarters of people in the UK now do at least some online grocery shopping.

Separate research from O2 found that almost half of consumers feel their shopping habits will change permanently after the pandemic. An interesting sidenote from February 2021 was that, for the first time in a decade, Aldi and Lidl – who don't do home delivery – lost market share after enjoying a relentless march to the top of UK grocery.

BRITISH SPEND PATTERNS DURING THE PANDEMIC



ALCOHOL SPEND



Footnote:
https://www.theguardian.com/business/2021/mar/02/aldi-and-lidl-lose-out-as-uk-online-grocery-sales-hit-new-heights
https://www.bbc.com/news/uk-wales-53840920
https://www.bbc.com/news/business-53402767

FOOD AND DRINK, IN-STORE AND ONLINE

Alcohol spend rose only slightly on 2019 and was actually down overall on the 2018 average. In the average month, the average man outspent the average woman (£22.50 versus £17) and parents of young children outspent parents of older children and non parents.

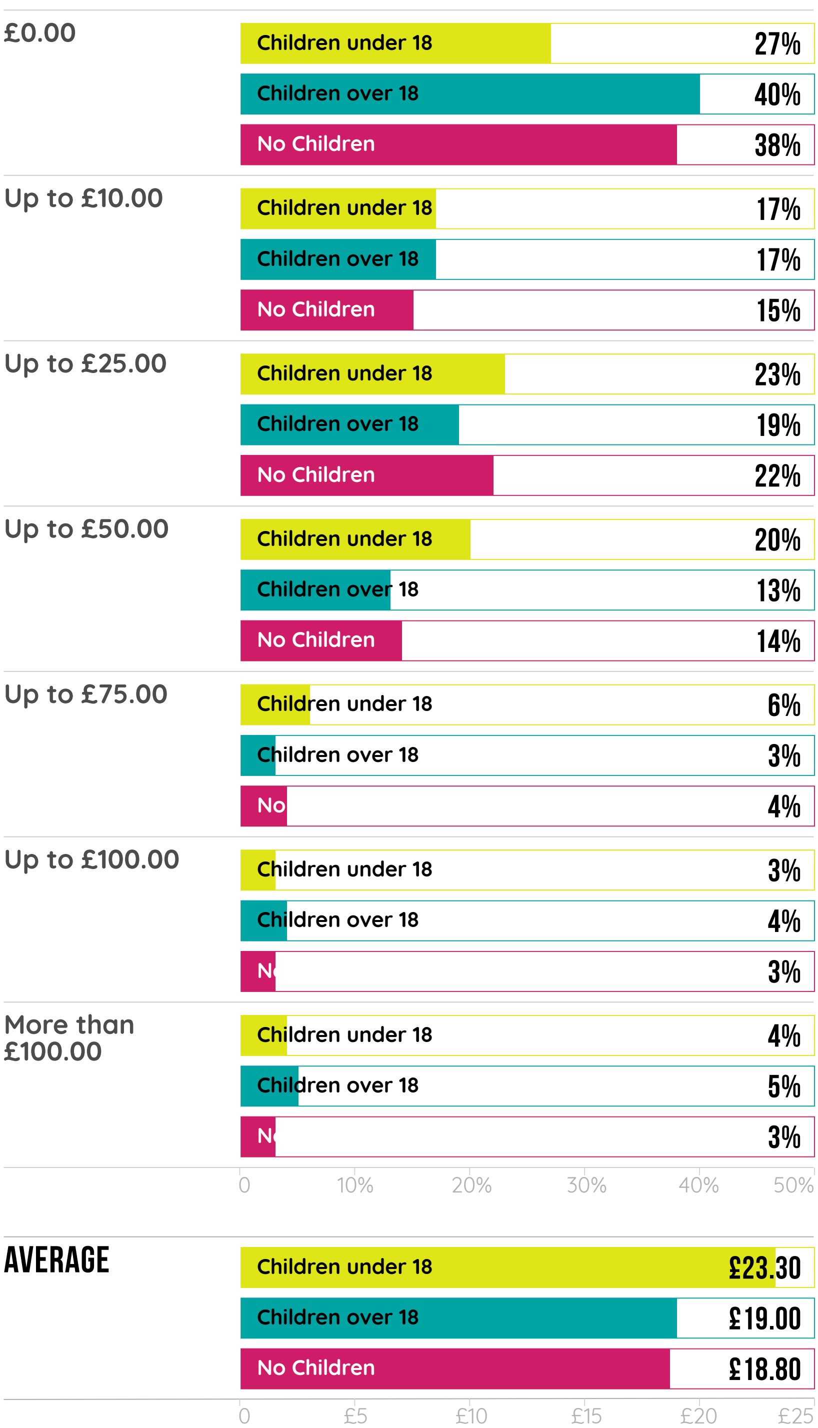
Our increased monthly spend of £3 on takeaway food is under-standable given the situation. At 19%, the increase on 2019's spend is considerable but there are even bigger extremes at play.

Among 18-34 year olds, the monthly spend on takeaway food was £10 higher than the national average at £28.80. Similarly, Londoners led the charge on takeaway food spending with an average monthly spend of £23.60.

The pandemic has been a major driver of UK delivery firm Deliveroo's march to the London Stock Exchange.

MONTHLY ALCOHOL SPEND

Comparison by parent status



Footnote:
https://news.sky.com/story/chancellor-hails-british-tech-success-deliveroo-as-it-confirms-london-ipo-pick-12235393

STREAM ON

We did spend more in the average month in 20/21 than previous years on TV subscriptions, music downloads and gaming/ media downloads, but the increases are largely on-trend, year to year.

In fact, we saw the same 13% increase in gaming/ media downloads in 2020/ 2021 as we did in 2019 versus 2018. And despite this year's higher spend on music streaming services, it actually represents a dropoff in the trajectory carved from 2018 to 2019.

Maybe we're all just a bit savvier in finding free media. Or maybe the slowdown in spending on music and media is a result of the mammoth rise of streaming.

Fairly obviously, TV streaming (Netflix et al) fits a lockdown situation like a glove. Now the average person (not household) spends £10.30 on streaming services every month, which represents a 49% uplift on 2019 and 200% on 2018.

In March 2020, Netflix's share price was $360. By January 2021, the share price was tickling $600. There's an obvious element of timing here too. As much as Netflix is to streaming what Hoover is to vacuum cleaners, there has been aggressive movement all across this space.

Lockdown aside, the zeitgeist is primed for the maturity of streaming platforms. The diffusion of interests in a borderless world has facilitated gains for Amazon Prime, Disney Plus, Hulu, HBO Max, and NBC's Peacock, not to mention the dozens of niche-interest digital subscription operators - Gaia, for example, or the WWE Network which was sold to NBC's Peacock in January 2021 as part of a $1bn deal.

13%

increase in gaming/ media downloads in 2020/ 2021 versus 2018

200%

increase in TV streaming (Netflix et al) in 2020/21 versus 2018

LESS / MORE FUEL IN THE TANK

A notable change in spending patterns concerns fuel. It's a bit of a no-brainer - with the commute on hiatus, leisure activities suspended, and an edict to travel less in general, fewer cars on the road means less spent at the pump.

According to the TomTom Traffic Index, congestion in the UK's biggest cities dropped by 24% last year. The reduction in traffic levels was much more obvious during peak times. In the 8am to 9am and 4.30pm to 5.30pm timeslots, traffic levels fell by 35%.

More surprising, however, is that we've kept steady with our takeaway tea and coffee spend on 2019 at £7.40 per person per average month.

This despite the lockdown and despite hospitality restrictions that have turned the sector upside down.

It seems younger people were seriously caffeinated throughout the pandemic.

PETROL SPEND PATTERN COMPARISON

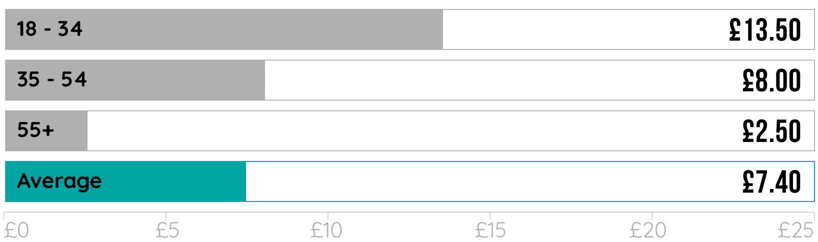
Comparison by year

TEA AND COFFEE - AVERAGE MONTHLY SPEND IN 2020/21)

Comparison by gender

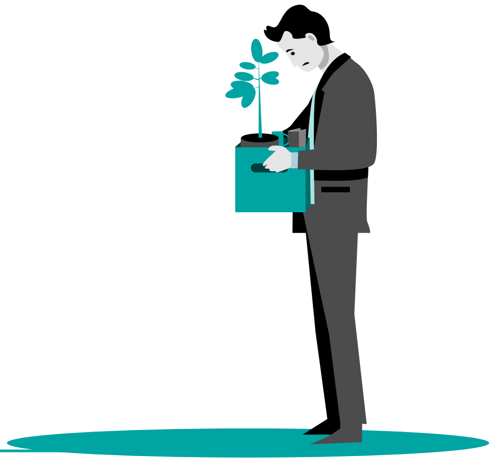
TEA AND COFFEE - AVERAGE MONTHLY SPEND IN 2020/21

Comparison by age



FUTURE THREATS

TO HEALTH, WEALTH & HAPPINESS



SPIKE IN UNEMPLOYMENT

Likelihood: High

Timescale: < 3 months

The Coronavirus Job Retention Scheme has been pivotal to protecting jobs, livelihoods, and businesses during the pandemic. It will continue to be a lifeline as we journey back to normal.

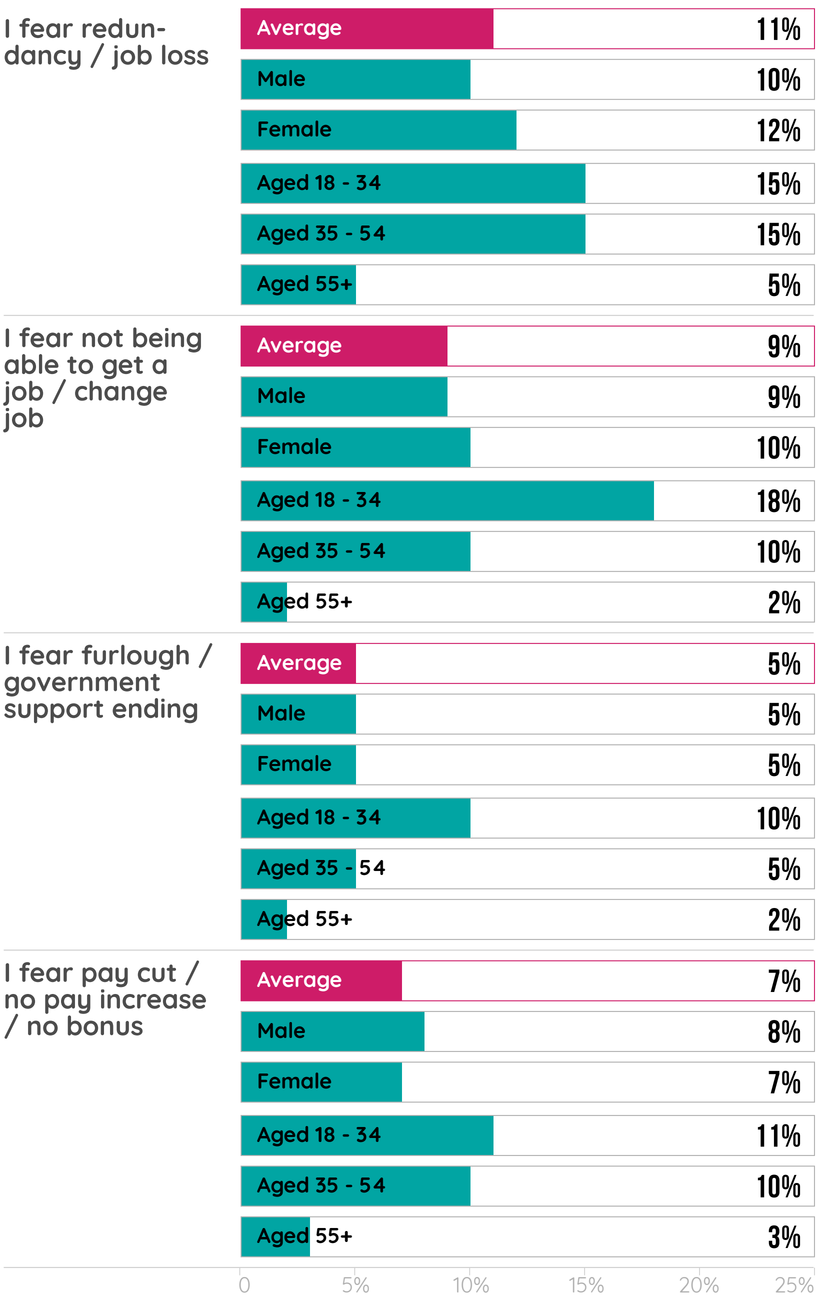
The Government has repeatedly extended its support scheme. At the time of writing, the extension lasts until 30th September 2021.

Unfortunately, measures have not protected all. For some businesses/ job types it came too late. For others, being shielded from the direct implications of the pandemic were welcome but the additional costs to remain operational - with enhanced safety measures in play - in an environment of subdued customer confidence and economic activity - was too much to bear.

A wave of redundancies and thus unemployment is expected to hit and to remain in-play for a considerable period. This could leave many reliant on social security for income and limit incomes for some who remain in employment.

OUR SURVEY SAYS

How fearful are the UK?



DIP IN HOUSE PRICES

Likelihood: Medium

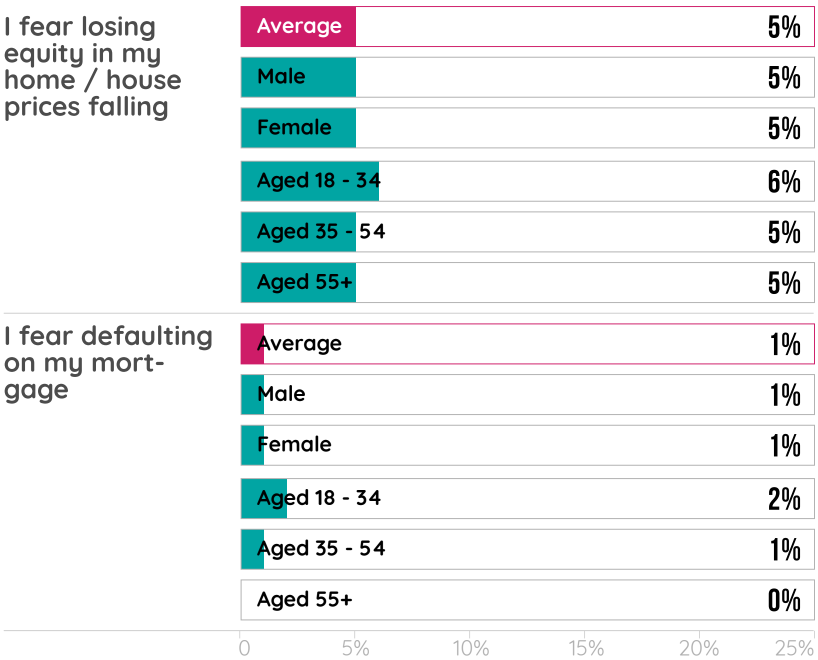
Timescale: 3 - 12 months

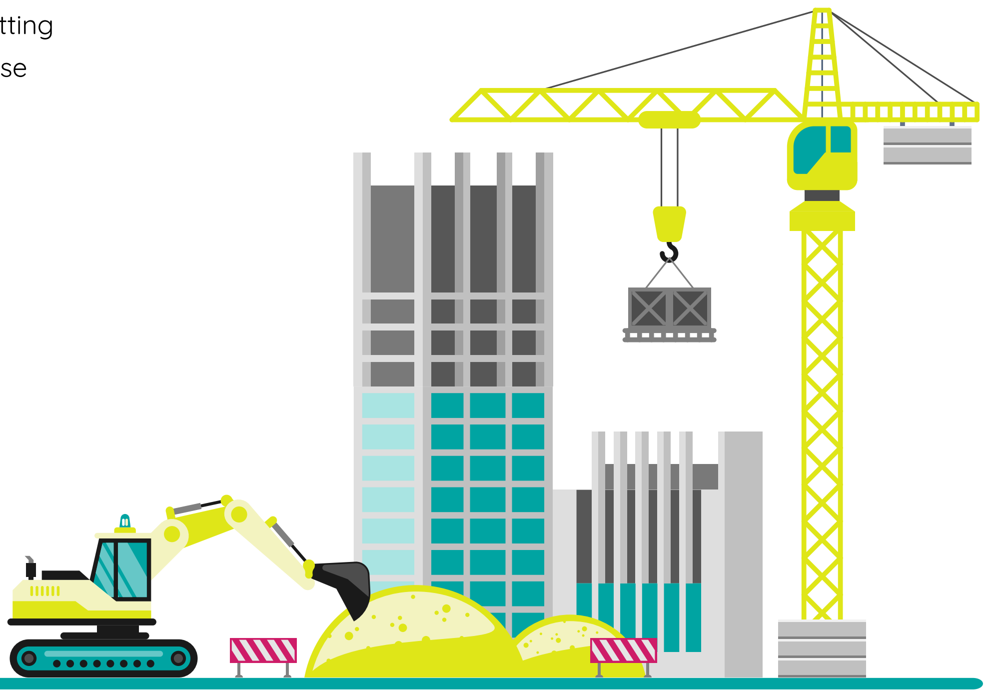
The UK housing market enjoyed a strong year in 2020, certainly stronger than was commensurate with the broader economic situation. However, 2021 and beyond look rather more uncertain, with conditions pointing at the potential for an annual fall in house prices.

This possibility is strongly linked with the furlough scheme and the shape and speed of the national recovery. Waves of uncertainty and spikes in unemployment will likely increase the number of mortgage defaults, thus putting downward pressure on house prices and denting overall wealth levels.

OUR SURVEY SAYS

How fearful are the UK?





INFLATIONARY PRESSURE

Likelihood: Medium

Timescale: 3 - 12 months

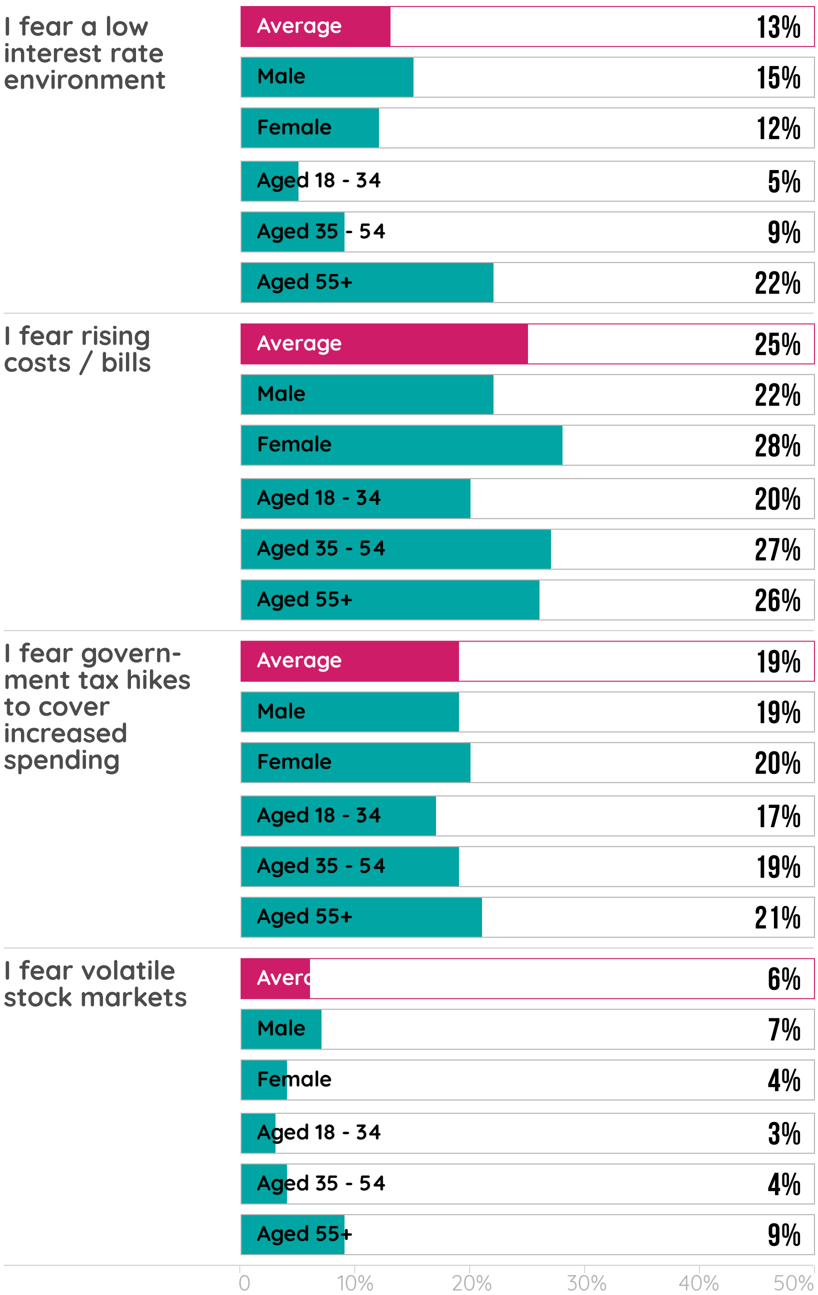
Large-scale fiscal and monetary policy measures have been required to stabilise and support the economy throughout the coronavirus crisis. But a potential longer-term consequence of such policy is that of upward price pressure.

The economy has essentially been kept in decent shape by artificial means. With curtailed economic activity, during and after, we could land in an environment where we effectively have too much money chasing too few goods. This increases the likelihood of rising prices.

Higher inflation will reduce consumers' real spending power unless wage growth can keep up. Because widespread wage growth in the coming months looks implausible, plus an uncertain tax situation to service debt, we face the possibility of a drop in living standards.

OUR SURVEY SAYS

How fearful are the UK?



TECHNOLOGICAL ENCROACHMENT

Likelihood: Medium

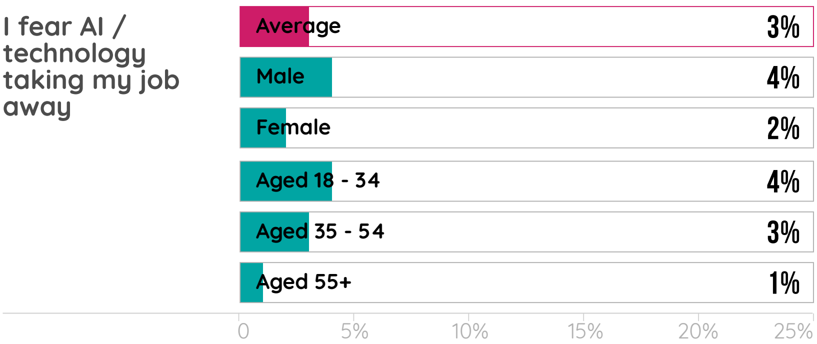
Timescale: > 12 months

The pandemic has accelerated adoption of technology across all aspects of life, particularly with reference to remote working, and the rapid digitalisation in various life and learning sectors - government, finance, health and education, for example.

As reliance on technology increases, and indeed technological advancement continues, so too does the possibility of technological encroachment, which poses a risk, long-term, to certain jobs, particularly those jobs that involve repetition and processes.

OUR SURVEY SAYS

How fearful are the UK?



ANOTHER PANDEMIC

Likelihood: High
Timescale: indefinitely

No one wants to read this part, but the conditions for another global pandemic remain with us. They were with us before Covid and they'll be with us after. The likelihood of another pandemic is, according to scientists, a case of 'not if but when'.

Major viruses have been appearing with more frequency and prevalence over the last generation. Think SARS, Ebola, MRSA, CJD (mad cow disease), bird flu, swine flu, lyme disease. There was a huge escalation in viral outbreaks during the 1980s and the threat has grown ever since.

Coronavirus was the first to touch the entire world, but localised viruses - such as those in the list above - have previously disrupted whole countries and regions. The Ebola outbreak in West Africa, for example, was largely attributed to a single contact with a bat.

And there's the key. Almost exclusively, these viral strains originate in animals before jumping to humans. It's estimated that up to 75% of new viral strains are 'zoonotic' in origin. It's said there are an estimated 1.7m currently undiscovered viruses that exist in mammals and avian hosts, and at least half of those have the ability to affect humans.

So what have we done to create perfect pandemic conditions? Human effects on climate, encroachment on wildlife habitats, global travel, the decimation of established ecosystems - we can loosely attribute the greater threat of virus germination and transmission to globalisation.

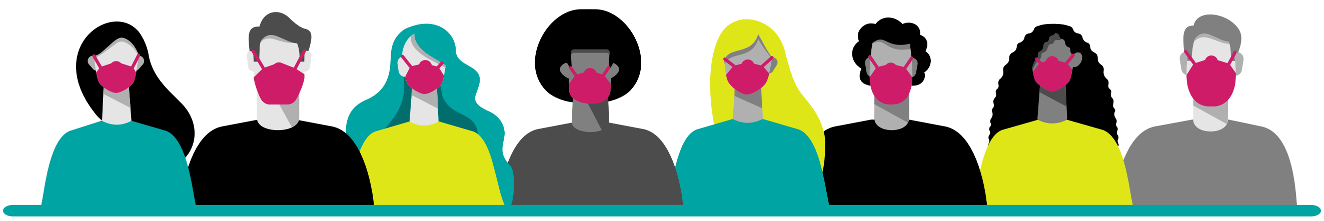
Humans have changed three quarters of the earth's land identity. As we push predators out, vermin thrive. As we reduce diversity in ecosystems, we lose species which protect us and favour ones that make us sick.

The risk of another pandemic is large. It'll take a herculean effort - and billions in cost - to begin the proactive measures necessary to reduce risk. It'll take a full-frontal assault on deeply established commercial, travel and trade habits everywhere.

It's a bit like trying to get all the toothpaste in the world back in the tube.

Whether governments have an appetite to invest billions into (what could be construed as) a hypothetical while they're reeling from the devastation and cost of the present pandemic feels like a stretch, certainly short term.

Footnote:
https://www.bbc.com/future/article/20210111-what-could-the-next-pandemic-be



FUTURE OPPORTUNITIES

IN HEALTH, WEALTH & HAPPINESS

RELEASE OF PENT-UP DEMAND

Likelihood: Medium
Timescale: 3 - 12 months

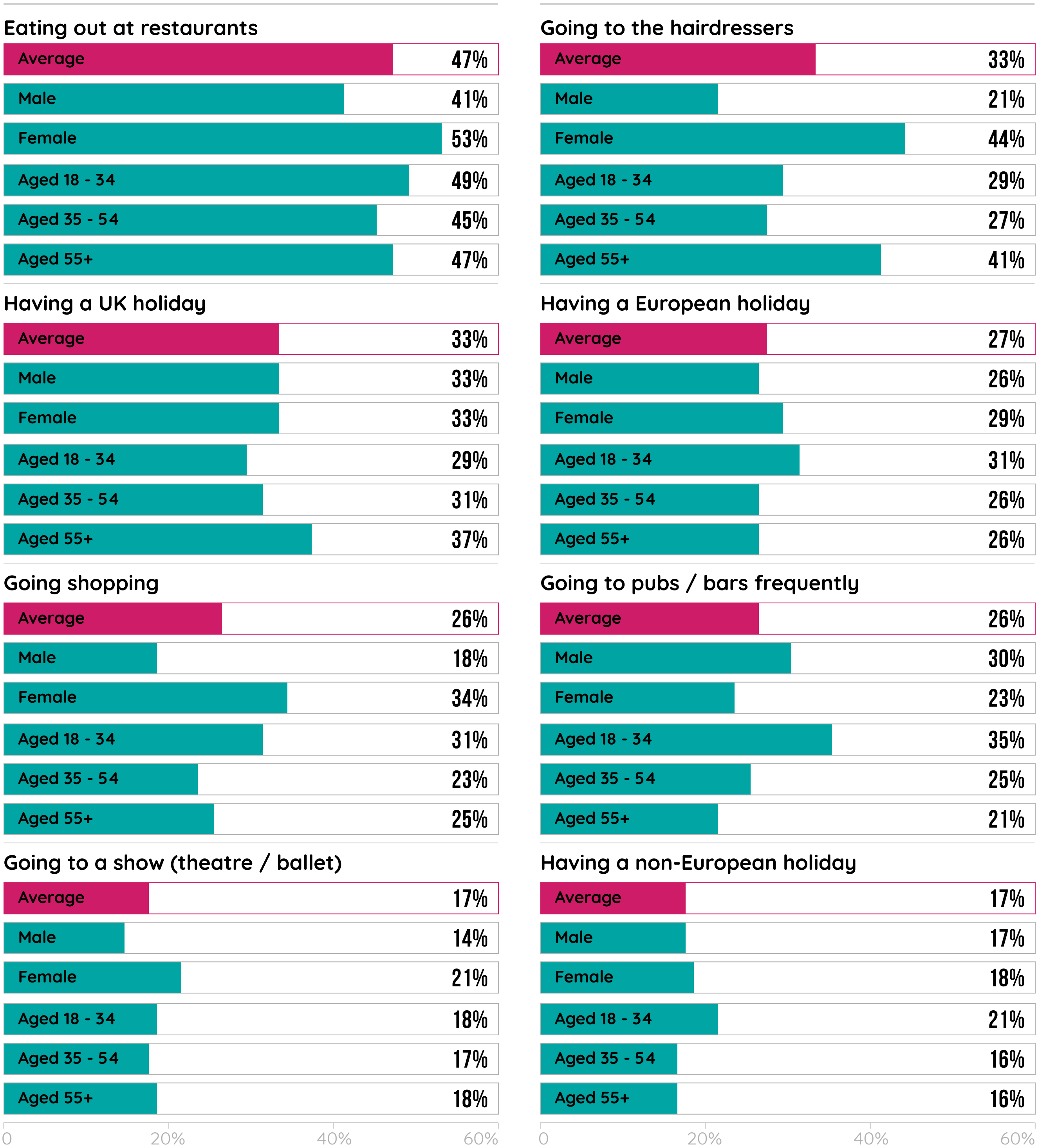
The economic recovery will be largely consumer led. It'll be powered by pent-up demand and we'll rely on those who saved money over the pandemic to lead the charge.

Having suffered nearly well over a year of restrictions, consumers are hungry to explore, meet, connect, spend and splurge on activities that have been off-limits for a long time.

The hope and expectation is that consumers, those you've met in this report who have saved money during the pandemic, will also have greater means with which to spend. This is almost a national necessity if we're to increase national prosperity.

In March 2021, before new lockdown easing measures came into play, survey respondents told us what they're most excited about doing once restrictions end. See next page for the results.

I MOST LOOK FORWARD TO ...



CONTINUED ADOPTION OF FLEXIBLE WORKING PATTERNS

Likelihood: Medium
Timescale: > 12 months

As mentioned above, and as we all now know, the pandemic has accelerated adoption of technology and this has - by necessity more than by design - facilitated new working practices. Working from home has been relatively successful.

Though a return to office work is likely once social distancing measures cease, the expectation is that some (not all) workers will have much greater flexibility in their working environments, perhaps retiring the rigid traditions of old.

The absence of a regular commute offers an opportunity to fit in more leisure and family time, eliminate unnecessary travel and incidental costs, and refine a more optimum work/ life balance.

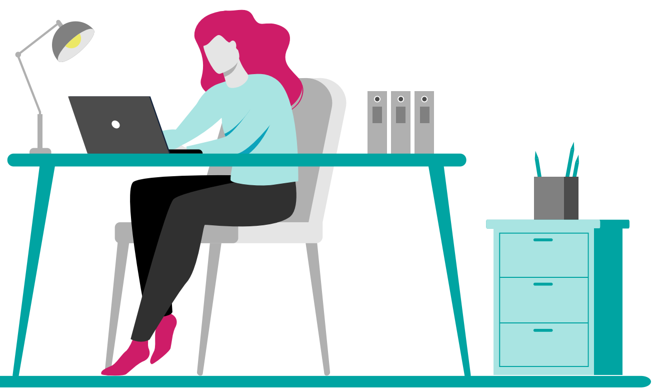
Obviously this refers to a hybrid model by choice, not the extreme of working from home in a pandemic. The graphs don't compare apples to apples, yet the concept will still need to be implemented and managed with caution.

Beyond 2021, the percentage of workers around the world that is permanently working from home is expected to double.

Given an uncertain future, the relative general efficacy of home working, and the fact a huge portion of the population had a crash course in it, few are surprised that the world's biggest institutions plan to implement a hybrid model of working going forward.

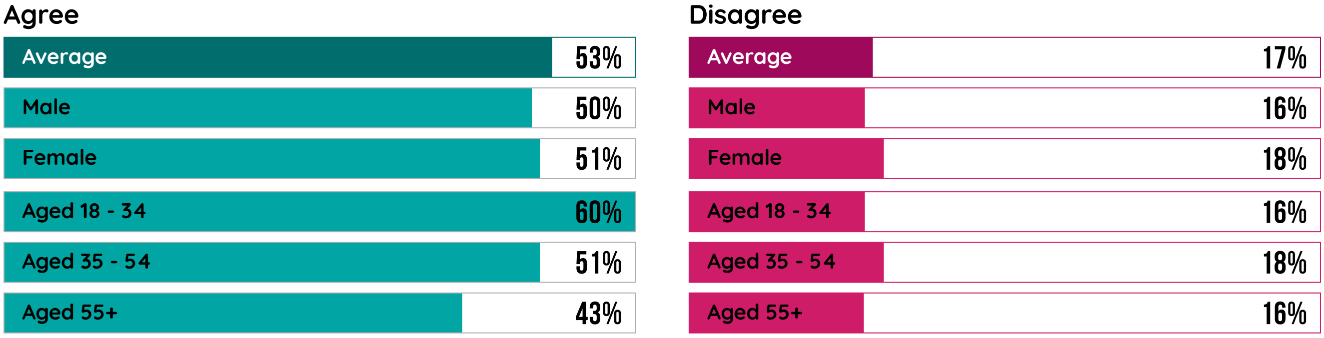
Throughout February 2021, The Financial Times contacted more than 20 large UK companies, and most said they anticipated introducing hybrid models of working in which staff split their time between the office and home.

But a look back at the data noting those who felt most isolated and who most missed colleagues and work culture and we may see large portions of young people, 18-34, resist home working, or enforced home working at least.

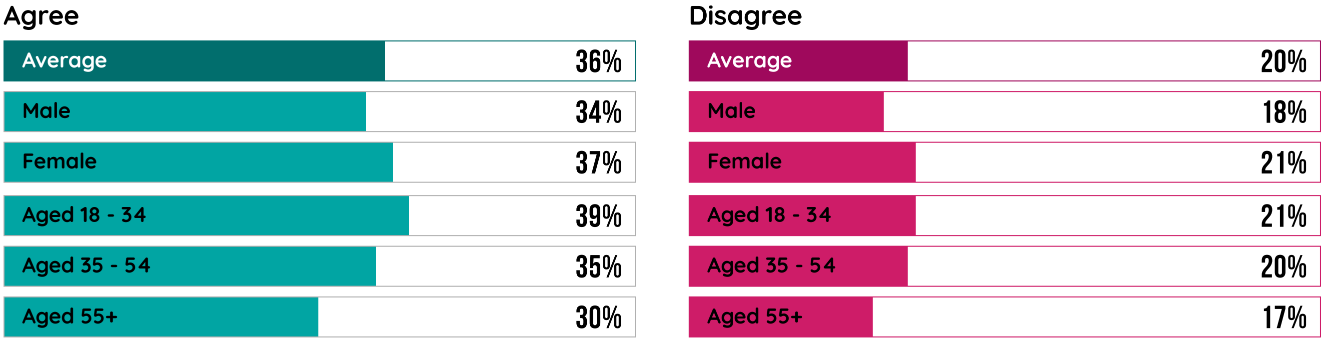


WORKING FROM HOME - THE VERDICT

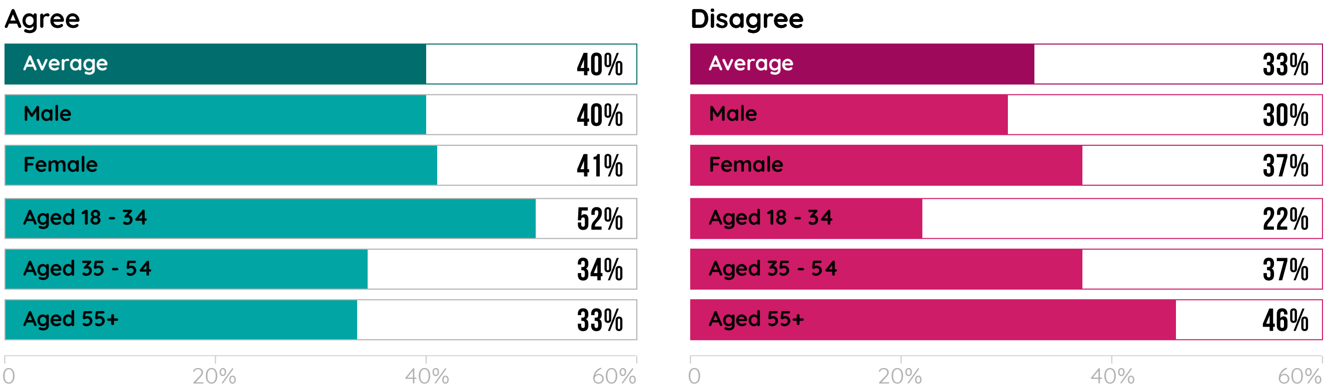
1. IT ALLOWS MORE TIME FOR EXERCISE AND PERSONAL TIME:



2. IT INCREASES WORK EFFECTIVENESS:



3. IT INCREASES FEELINGS OF ISOLATION:



THE EXPERT VIEW

NINA SKERO
Chief Executive
Cebr

The recovery from the coronavirus crisis may take some time. Indeed, in terms of gross domestic product, Cebr does not expect the UK to recover to pre-crisis levels of output until 2022.

Nevertheless, there are emerging signs of an uptick in activity, as restrictions are eased and consumers are able to return to some semblance of 'normality'. Looking ahead, we anticipate this increase in activity to bring considerable impacts across all three strands of health, wealth, and happiness.

In terms of the immediate future, the vaccine rollout stands as the most pivotal factor behind any potential improvement in outcomes, be they economic outcomes or those associated with health, wealth, and happiness. Successful vaccination of a sufficient proportion of the population has been an important factor in slowing the spread of Covid-19, reducing domestic caseloads, and allowing for restrictions to be lifted. So long as this trend continues, and the lifting of restrictions is not delayed, economic activity is set to increase markedly. All else equal, this should put upward pressure on the Wealth Index.

Meanwhile, by definition, the protection offered by the vaccine should help to improve the Health Index, from the dual perspectives of decreasing the prevalence of the disease, as well as reducing death rates. As for happiness, this is perhaps less of a concrete measure, though insofar as the vaccine will prevent further bouts of restriction measures and put people at ease in terms of their own infection risk, we should expect less of a mental burden to be placed on individuals.

There are some downside risks to consider, however. Some of the resilience displayed by the economy so far has been the result of government intervention, demonstrated most pertinently by the furlough scheme. This has been a success in protecting individuals' jobs and livelihoods in the face of subdued activity levels and has been crucial in keeping the unemployment rate low. Nevertheless, there comes a time when this support must be withdrawn, with the scheme set to wind down from July, before being cut off fully at the end of September. The withdrawal of support for wages is likely to prove too much of a cost pressure for some businesses, having faced a considerable period of turbulence. As such, we expect a spike in redundancies towards the back end of 2021, resulting in an uptick in the unemployment rate. We currently anticipate this to reach a peak level of 5.9% in Q4. With this set to bring a degree of labour market fragility, the Wealth Index is likely to be adversely affected.

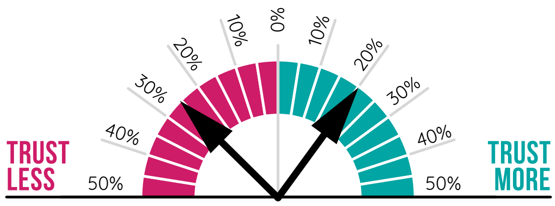
TRUSTOMETERS

HOW HAS OUR TRUST IN INSTITUTIONS, (SOCIAL) MEDIA AND EACH OTHER BEEN IMPACTED?

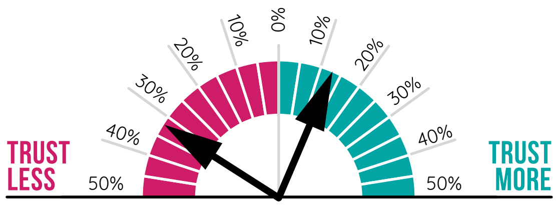
OUR NEIGHBOURS (ADHERING TO LOCKDOWN RULES)

Community cohesion projects may be the order of the day once life returns to some kind of normal. The perception of neighbours breaking lockdown rules seems particularly pronounced for women and in Wales. Interestingly, charity sector workers have a lot less trust in their neighbours nowadays.

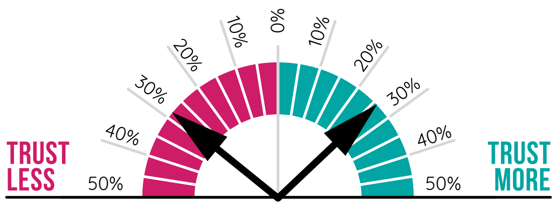
MALE



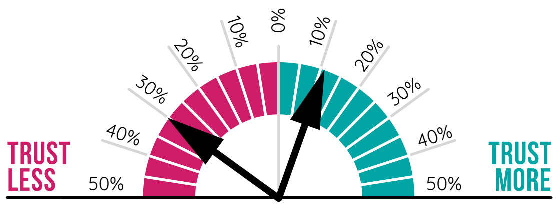
FEMALE



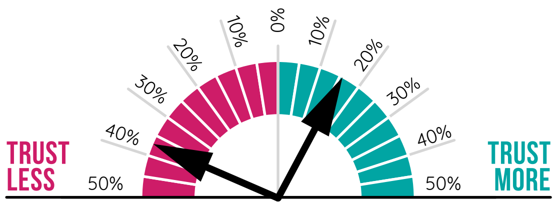
18-34 YEAR OLDS



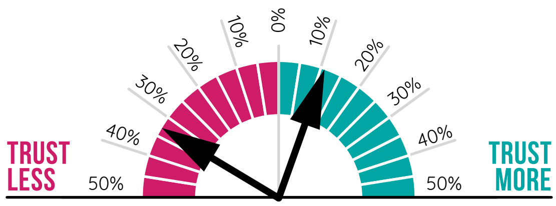
55+ YEAR OLDS



WALES



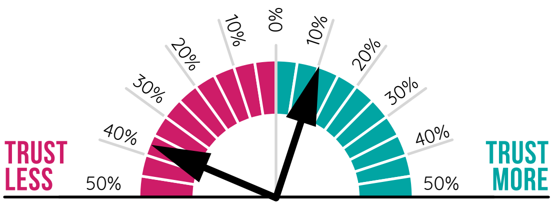
THIRD SECTOR WORKERS



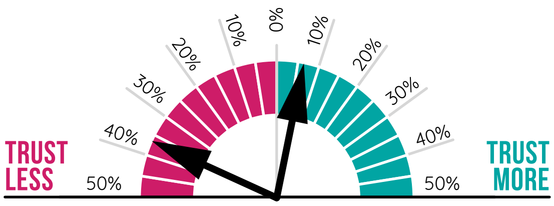
SOCIAL MEDIA PLATFORMS

Trust in social media platforms has reached something of a low, especially in the core 18-34 age group and with women, who are heavier social media users than men. With fake news, (anti) virus and vaccine chatter and a violently polarising US Election marking platforms' recent past, it seems there's a lot of fences to mend.

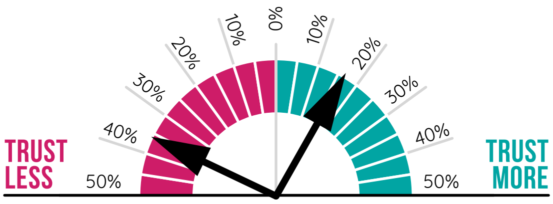
MALE



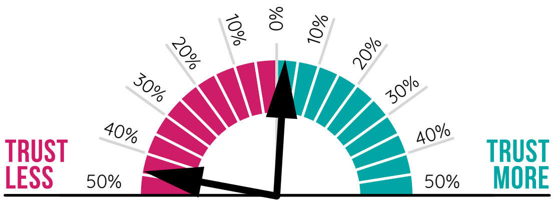
FEMALE



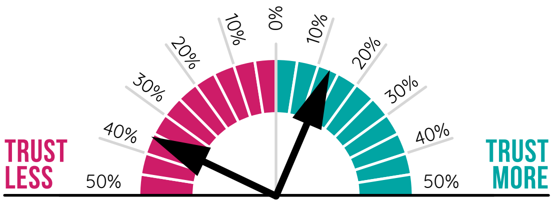
18-34 YEAR OLDS



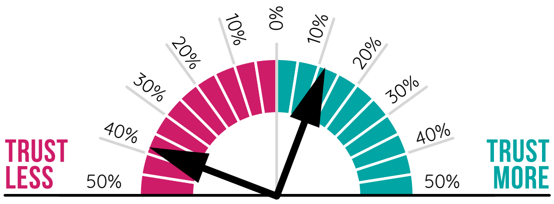
55+ YEAR OLDS



LOST JOB



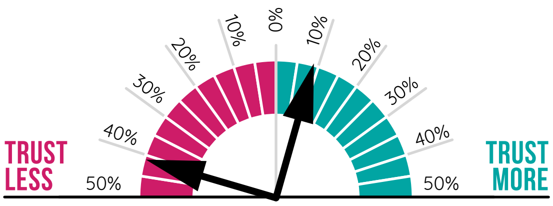
PUT ON FURLOUGH



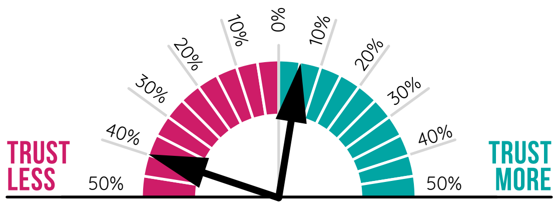
SOCIAL MEDIA INFLUENCERS

The success of a social media influencer's brand and business depends on maintaining a high level of trust with the audience. By default, older age groups aren't likely to rate social media influencers as trustworthy vehicles, but a drop in reputation among younger and female advocates could be telling in days to come.

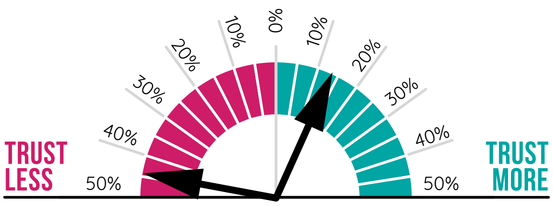
MALE



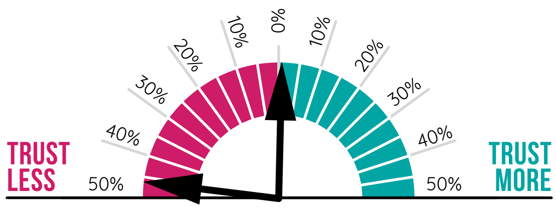
FEMALE



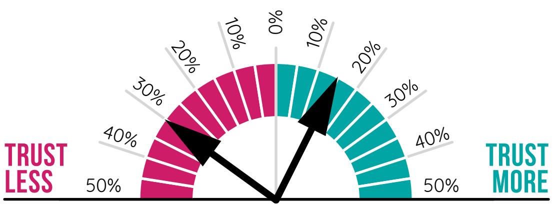
18-34 YEAR OLDS



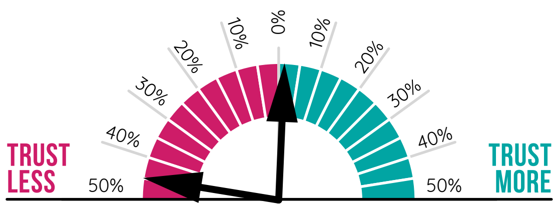
55+ YEAR OLDS



CHILDREN AGED UNDER 18



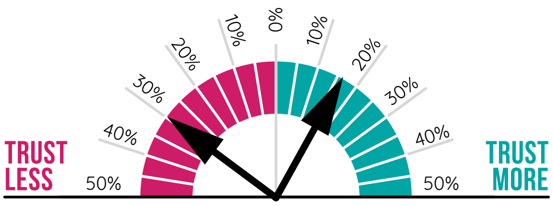
CHILDREN AGED 18+



TRADITIONAL NEWS MEDIA

Like social media, trust in traditional media has spluttered too. Although news outlets are hanging on with some groups - men and Londoners for example - a sore loss of trust among older people, women and in localised spots suggest suggests the pandemic has done little to reverse traditional news media's longterm decline.

MALE



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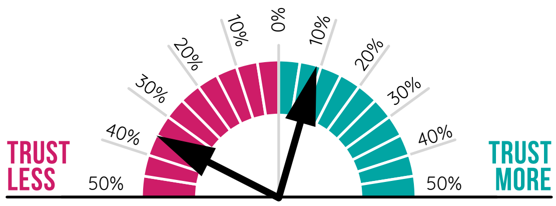
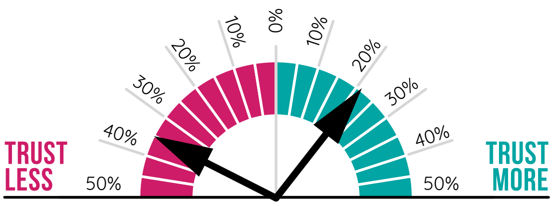
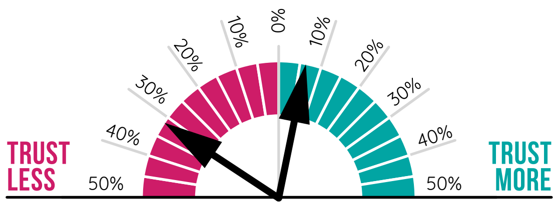


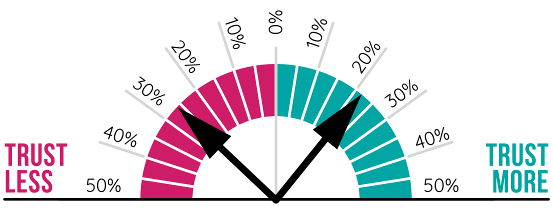
18-34 YEAR OLDS



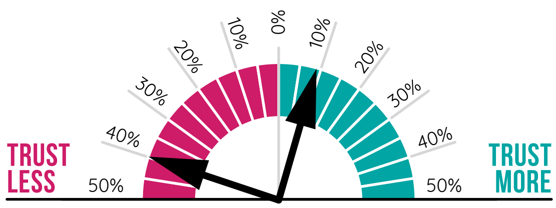
55+ YEAR OLDS



LONDON



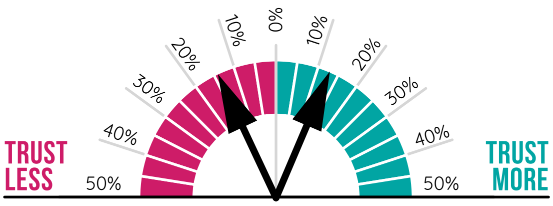
SHEFFIELD



FINANCIAL ADVISERS

Financial advisers came off reasonably well in our survey. Data shows that a substantial percentage of the UK consulted with financial advisers during the pandemic. And it seems their trust rating is on the ups, particularly with younger people

MALE



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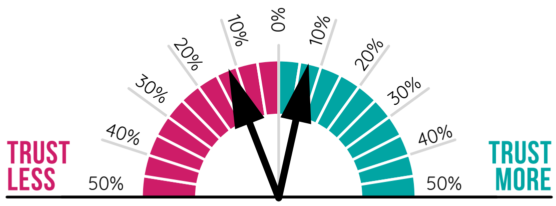
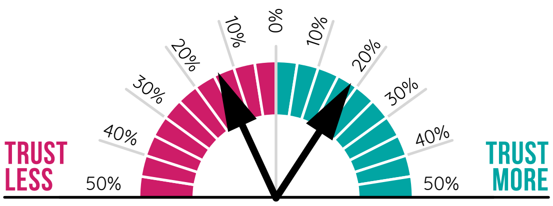


18-34 YEAR OLDS



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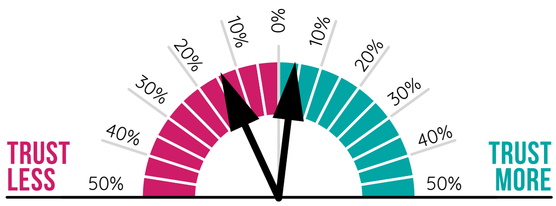
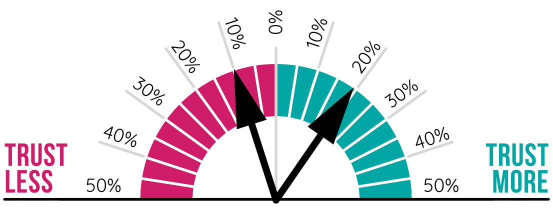
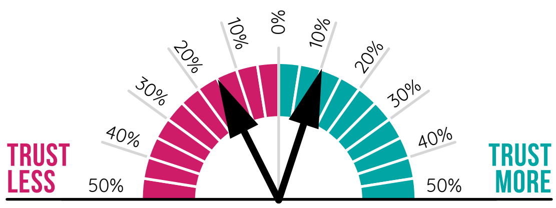


CHILDREN AGED UNDER 18



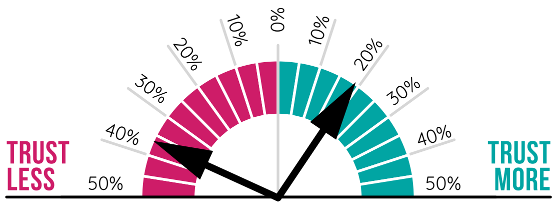
NO CHILDREN



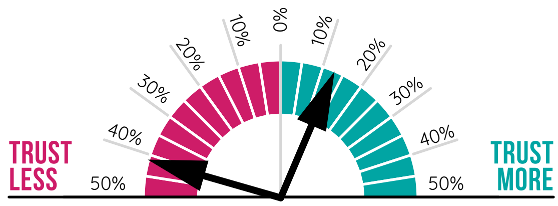
THE UK GOVERNMENT

The UK government has lost a lot of ground with all demographic subsets. The UK government's handling of the pandemic - especially early on - has been a point of sharp debate. The trust gaps in Wales and particularly Scotland, though telling, are perhaps not surprising. But loss of trust in the over 55s - where support traditionally lies - may be most damaging in days to come.

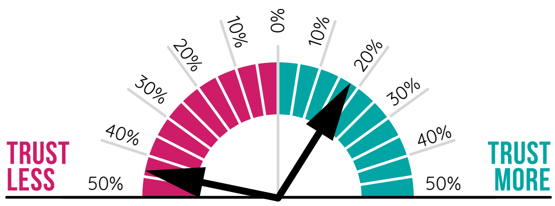
MALE



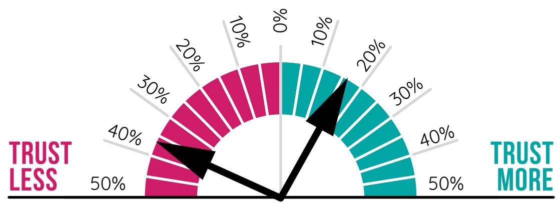
FEMALE



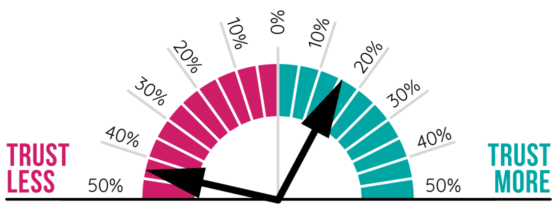
18-34 YEAR OLDS



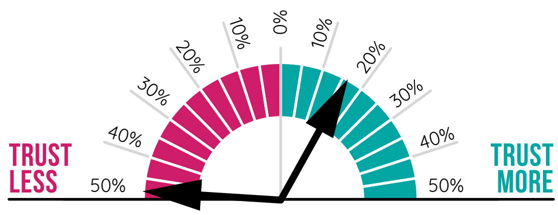
55+ YEAR OLDS



WALES



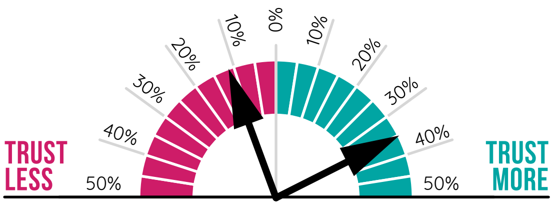
SCOTLAND



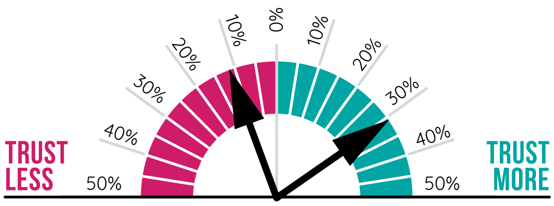
DOCTORS

Only two groups came out way ahead in the trust stakes and, on the surface, it's easy to see why. Doctors' equity has understandably shot up regardless of age, stage and status.

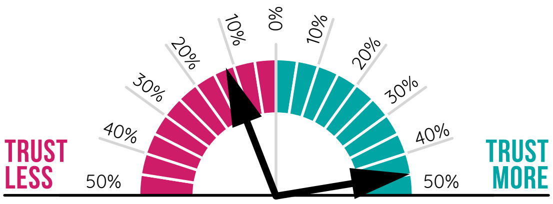
MALE



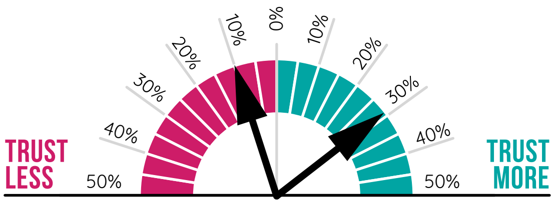
FEMALE



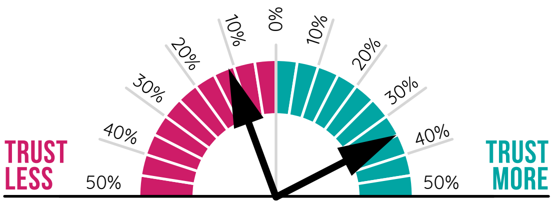
18-34 YEAR OLDS



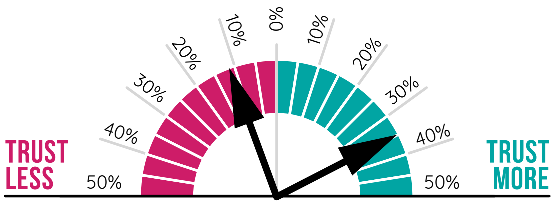
55+ YEAR OLDS



CHILDREN UNDER 18



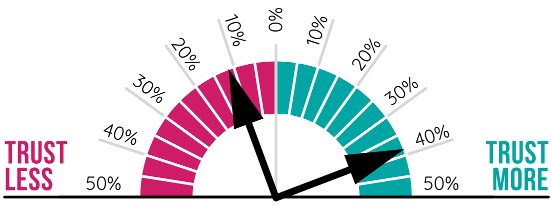
NO CHILDREN



SCIENTISTS

Alongside doctors, scientists' trust rating has risen across the board. We expected this for doctors but because science and scientists modelled virus transmission rates - and had a heavy hand in many unpopular measures in the name of Covid - this is perhaps more surprising. Maybe it's the vaccine effect, after all science did that too.

MALE



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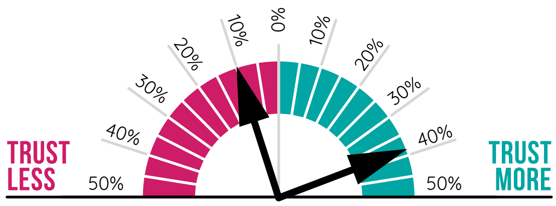
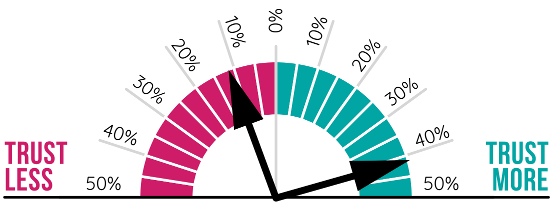
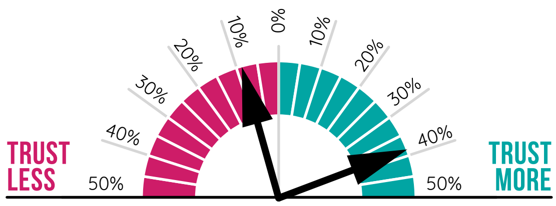


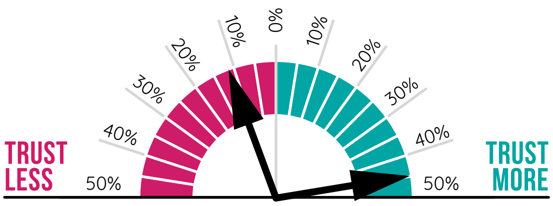
18-34 YEAR OLDS



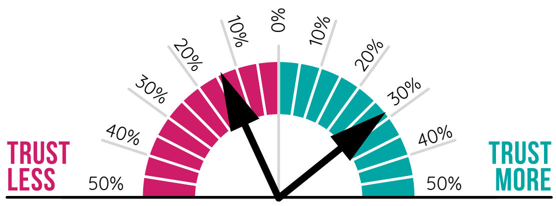
55+ YEAR OLDS



LONDON

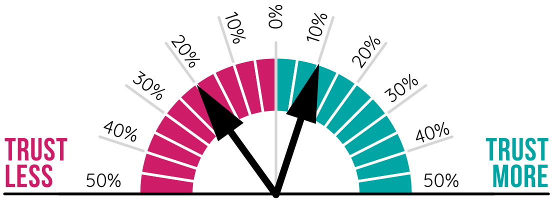


NORTHERN IRELAND

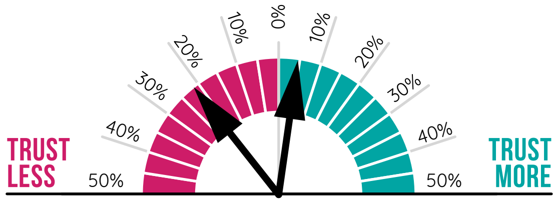


INSURANCE PROVIDERS

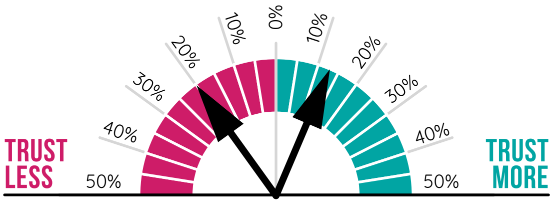
MALE



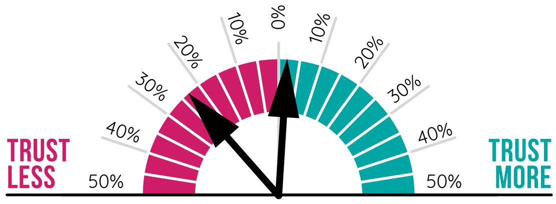
FEMALE



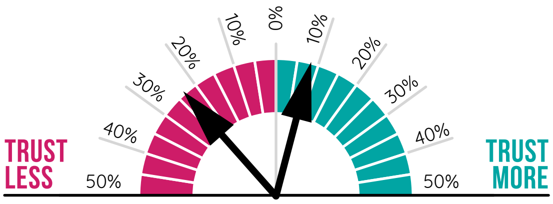
18-34 YEAR OLDS



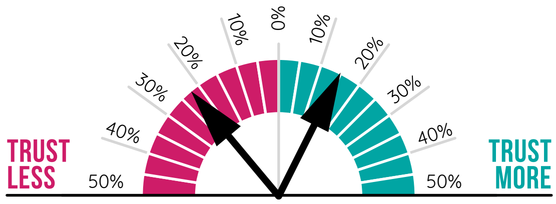
55+ YEAR OLDS



£70,000 - £80,000 PER YEAR

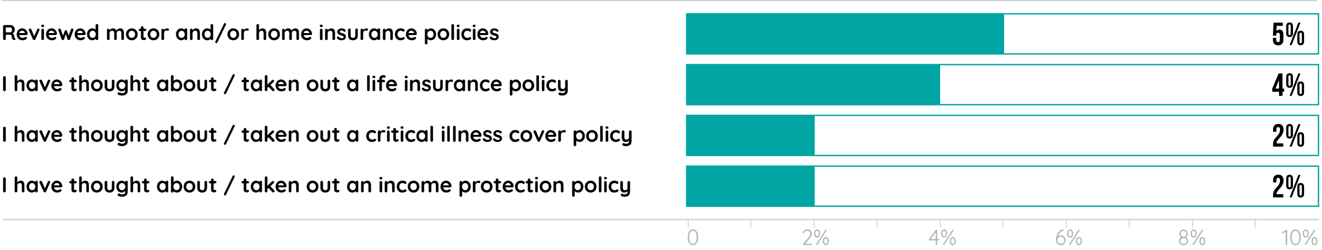


OVER A £100,000 PER YEAR

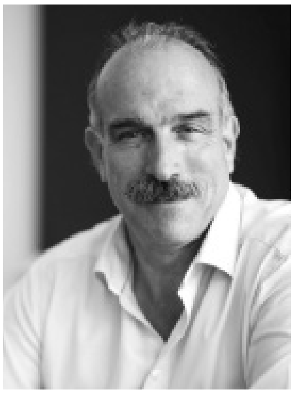


RELATIVELY FEW MOVED TOWARDS PROTECTION/ INSURANCE DURING THE PANDEMIC

UK population as a whole



THE FUTURE IN PROTECTION / INSURANCE



TOM BAIGRIE

Founder & CEO
LifeSearch

The data compiled in the name of this report throws up insights and takeaways our industry needs to pay attention to.

In March 2021, at the first-ever virtual LifeSearch Awards, I stood on a stage and announced the names of people and companies that really stepped up for the protection industry, going above and beyond for customers during the darkest of times.

In early lockdown, as the pandemic's force began to hit, many industry norms and conventions collapsed. Yet through improvising, agile thinking and innovation - concepts our industry isn't often known for - we did meet the challenge of the moment.

But it's clear from this report that we - and our fellows in general insurance - are still deeply mistrusted by sections of our public.

From the data, it looks like one in five people have had a negative experience, or perhaps more likely read a damning news story, that put the insurer in the role of villain. Women are even less likely to trust insurers, the 55 and overs less likely still. Ditto the higher earners.

The pandemic, and all the measures and uncertainty in its wake, created an environment of anxiety about tomorrow. It made us all think 'what if'. Bad news landed on us hourly as we did what we could to keep calm and carry on. I'm sure we all have worried and do worry to some extent about loved ones, health, mental health, jobs, the economy, our future.

Protection is there to assuage, as much as is possible, some of those worries. It's there so that, if / when catastrophe strikes, there's a financial cushion. There may be chaos but we at least won't have to worry about the finances.

Connecting some dots and, despite the angst, flux and economic misfortune of the pandemic, only very small percentages, 3% and under, went looking for the peace-of-mind protection offers.

I can use this space in the Health, Wealth & Happiness 20/21 report to try and convince everyone that we mainly do good in our industry. I can highlight examples of the last year where we broke the mould for our customers and took drastic new steps to ease our reliance on the medical professions.

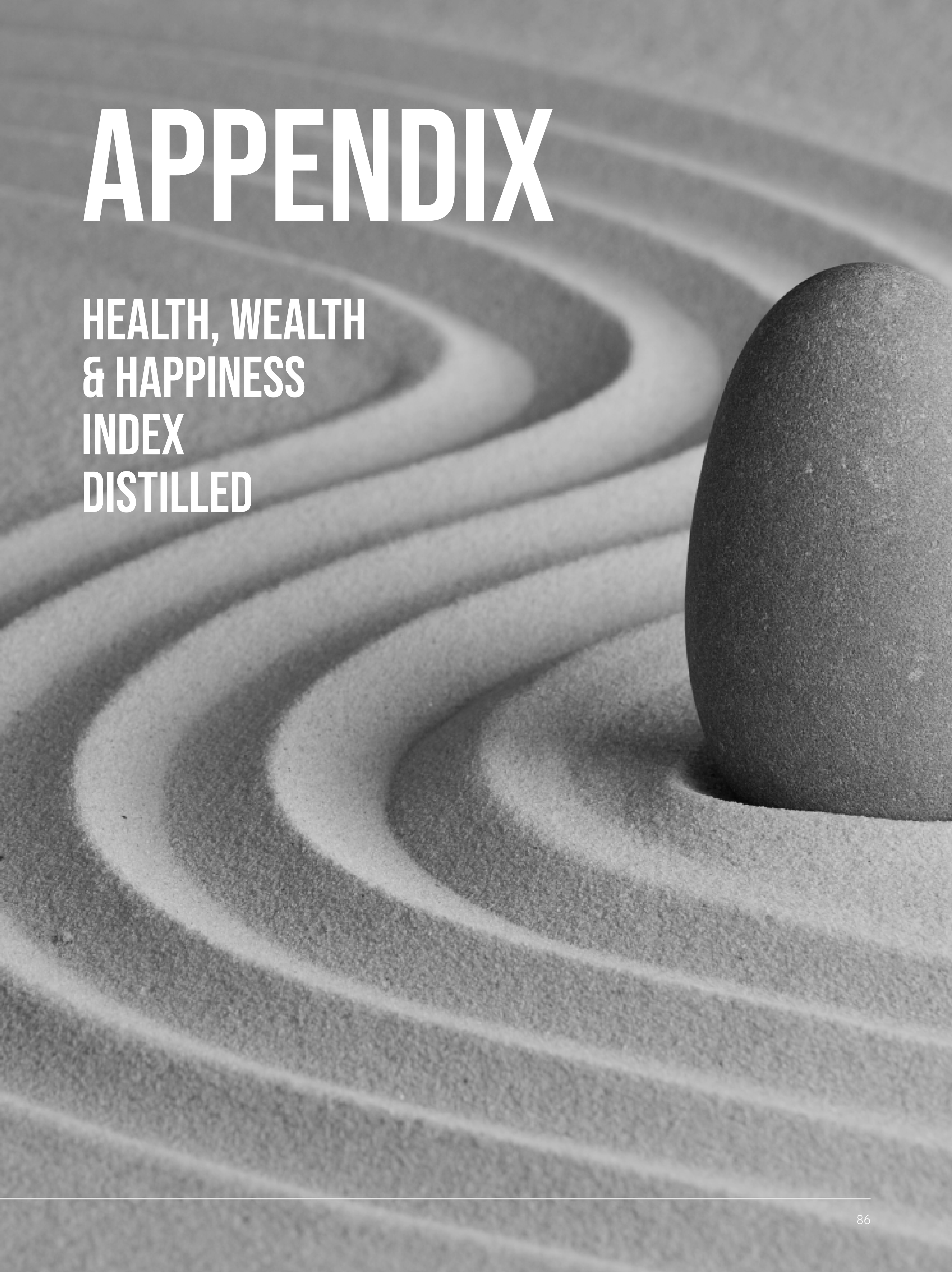
But I'm sure the bad stories made more waves than the good. And I doubt one man on a soapbox would turn the tide.

It's clear we aren't fondly thought of by a sizeable chunk of the populace. And it's imperative we address it now, at a critical moment for our industry and our national recovery.

Because the protection industry has work to do right now. The Covid fumes are likely to blow for a long time. The legacy of whole industries shutting down, government borrowing, and suppressed wages may be evident in inflation, unemployment, low house prices, the price of goods, taxes, and the economy for many years. We're looking at instability on a new scale.

As it did after the 2007/8 financial crisis, the UK will entrust much of its recovery to consumers and to entrepreneurs. Basically, the public will lead our economic rehab. So now more than ever, protecting the individuals at the business-end of our economy - and our national recovery - is just about the only way to inject a modicum of security into the future.

Focus now, and we can ensure income protection, critical illness cover and business protection become staples of best practice baked into our Covid recovery. We can convalesce the right way, the secure way, if only we can address those deep-rooted issues of trust.



APPENDIX

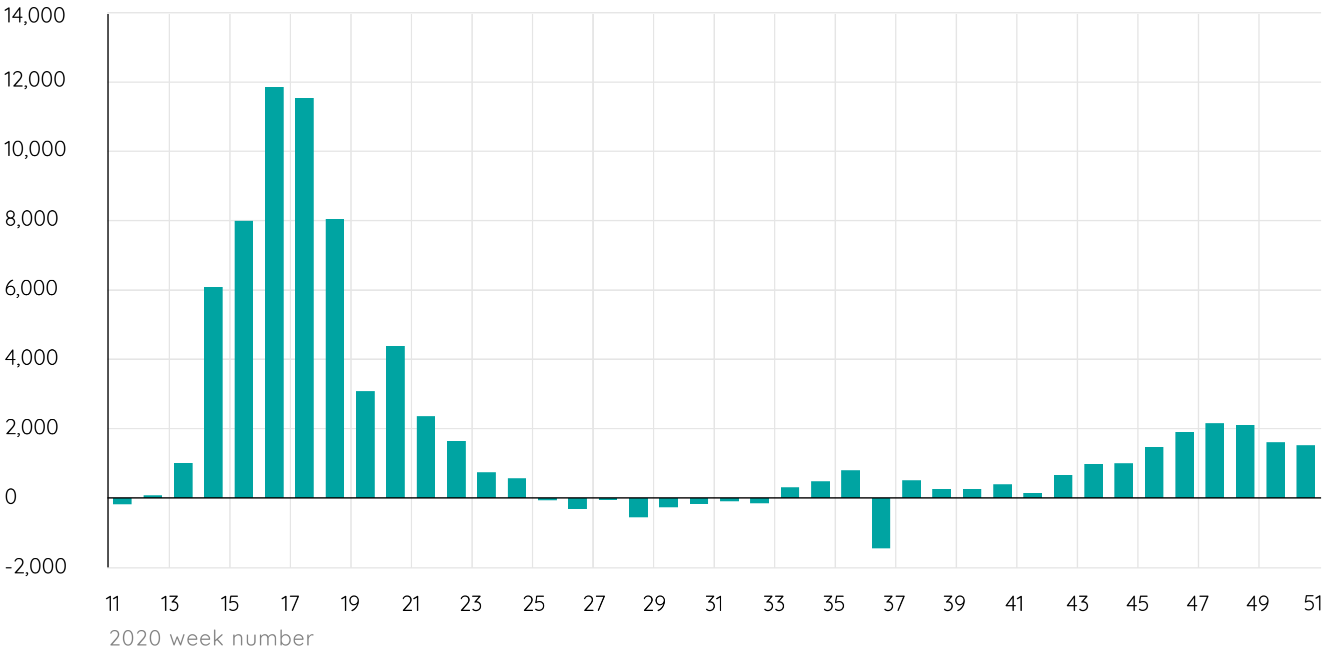
HEALTH, WEALTH & HAPPINESS INDEX DISTILLED

THE HEALTH INDEX

As illustrated below, the peak of excess deaths occurred in early April, before falling gradually over the course of Q2. In the summer months, coronavirus case numbers receded drastically. In fact, the UK's death rate was lower than historic averages, as indicated by the negative excess death figures.

Those perceived improvements in the health situation drove the Health Index's recovery in Q3, to 84.2 - near pre-pandemic levels. But the reprieve was short-lived as winter brought with it a new spike in cases plus new strains of virus. Cue once again the subdued activity associated with lockdown.

NUMBER OF WEEKLY EXCESS DEATHS, MARCH 2020 - DECEMBER 2020



Source: Office for National Statistics (ONS)

THE HEALTH INDEX

Although the scale of the surge in deaths was less severe in Q4 than Q2, the increase is enough to stand out in a series of seasonally adjusted UK deaths. A further fall to 75.8 in Q4 - a quarter-on-quarter fall of 10.0% - is the third largest fall in the history of the series.

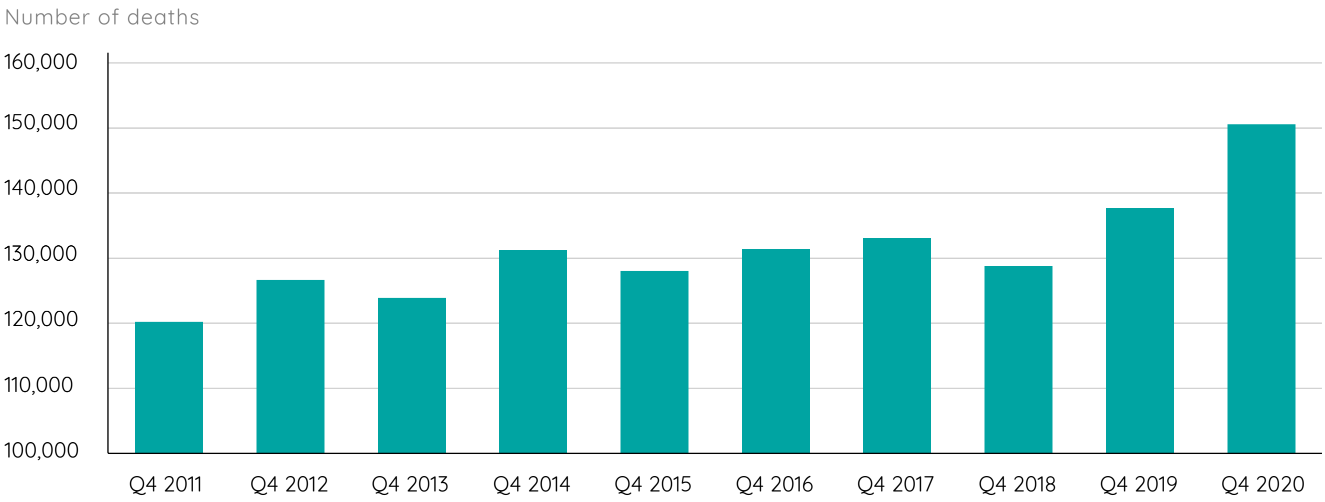
Covid's impact everywhere

Although some areas of health - seemingly unconnected to coronavirus - saw a moderate improvement in 2020, gains are largely a result of measures and norms established during the pandemic.

Sick leave, for example. In any given week in spring 2020, an estimated 0.6% of the population was off work through illness or injury. By summer this was 0.4%. These rates are considerably lower than the 2011-2019 average of 1.0%.

Most likely this was driven by a shift to home working patterns, lockdown and social distancing measures. With less human contact - particularly the avoidance of human-dense places such as workplaces, public transport and leisure venues - common bugs and illnesses were suppressed.

SEASONALLY ADJUSTED DEATHS IN FOURTH QUARTER



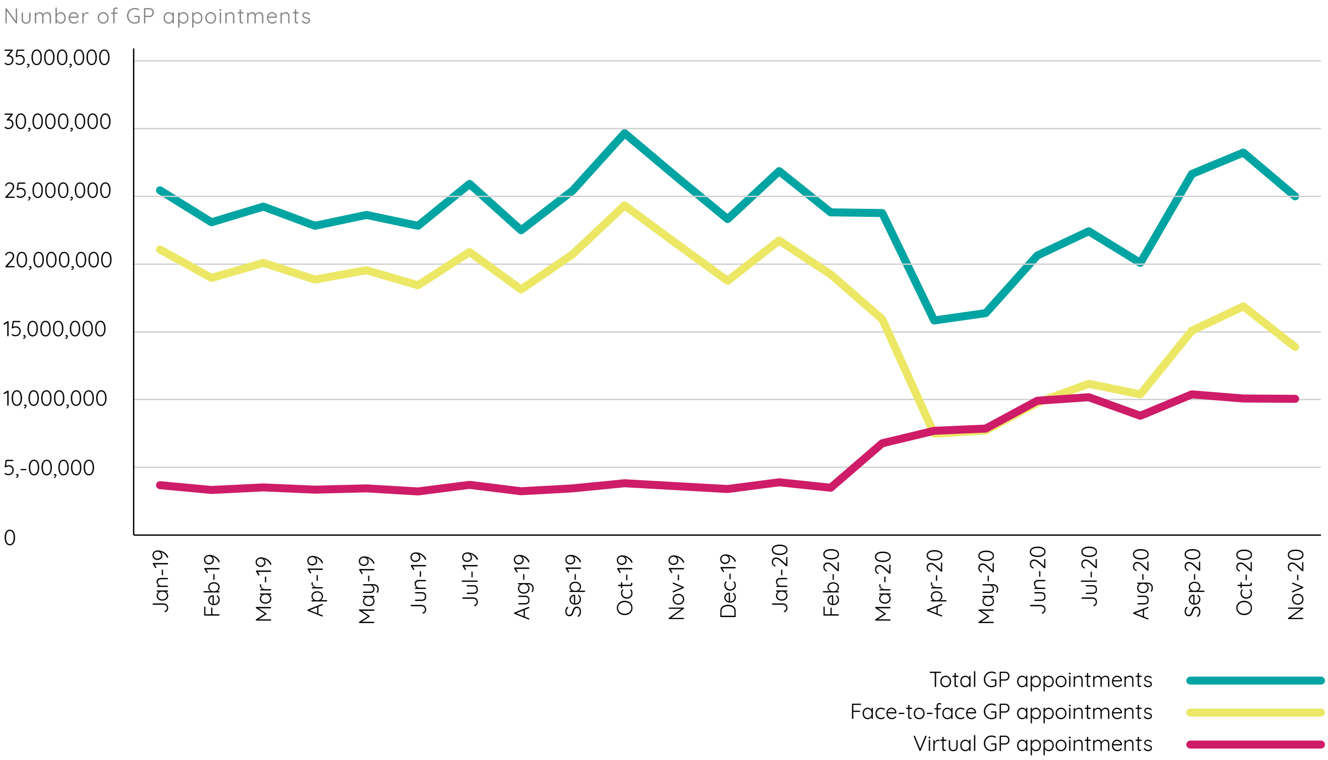
Source: Office for National Statistics (ONS)

THE HEALTH INDEX

Other tracked markers of health felt downward pressure in 2020, coinciding with pandemic norms. For obvious reasons, there were fewer general hospital admissions. A&E admissions fell 56.6% year-on-year. And in April 2020, GP appointments fell 30.6% versus April 2019 - although virtual appointments did swing from 3.5 million per month in 2019 to a high of 10.8 million by September 2020.

No one would claim that these 2020 markers of health paint a positive picture. Missing out on vital medical consultations is never a good thing. In a sense, these markers being suppressed actually saved the 2020 Health Index from falling to lower lows.

NUMBER OF GP APPOINTMENTS, JANUARY 2019 - NOVEMBER 2020



Source: NHS Digital

THE WEALTH INDEX - UNEMPLOYMENT

March 2020. Almost overnight the social order changed and the economy we knew lost its shape. Many businesses across many sectors were immediately untenable given the social and physical restrictions placed on life and thus business. The ramifications for employees were mixed, with many facing uncertain wages, hours and futures.

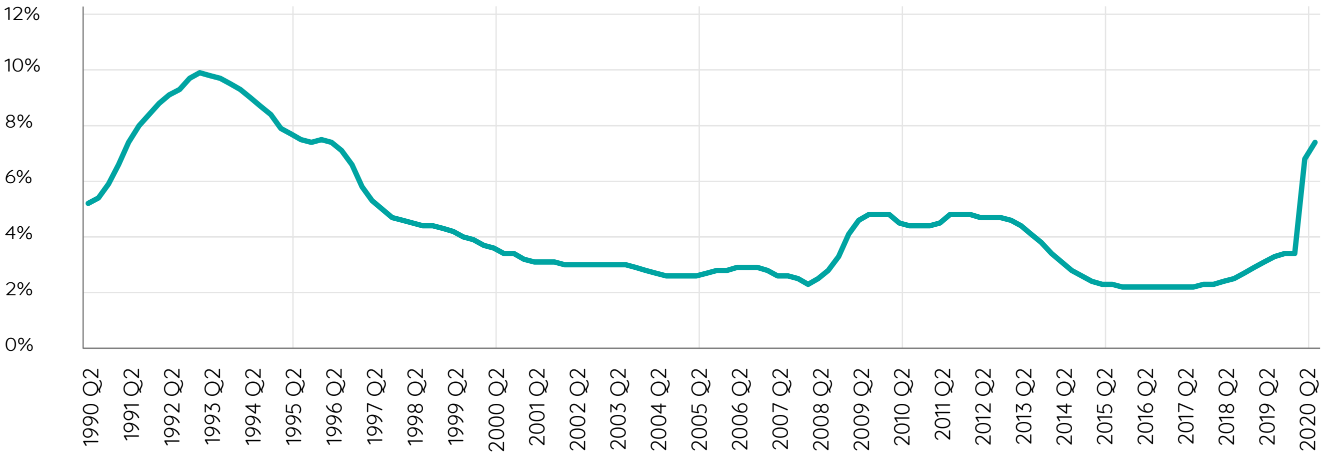
Part of the narrative in 2020 was that the slump in economic activity didn't immediately translate into increased unemployment. But the relatively slow increase in the UK's unemployment rate is primarily because of government action.

Support measures ensured that the UK's headline unemployment rate barely moved between Q1 and Q2 2020, increasing by just 0.1 percentage point to 4.1%. However, changes to the scheme - requiring higher employer contributions as well as a prolonged period of limited business activity - have since seen the unemployment rate pick up, prompting some downward pressure on the Wealth Index.

Labour market fragility swiftly led to an uptick in the number of social security claimants, as layoffs and reductions in income forced many to seek state assistance. This was particularly the case for the self-employed, freelancers, and those in the gig economy, with government support for these worker groups arriving some time after the initial package, which focused on conventionally employed workers.

This manifested in a sharp increase in the claimant count rate, which picked up from 3.4% to 6.6% between Q1 and Q2, before increasing further to 7.2% in Q3. This marks the highest rate on this measure since the 7.4% recorded in Q2 1996, when the claimant count was still recovering from the recession of the early 1990s.

CLAIMANT COUNT RATE, SEASONALLY ADJUSTED, 1990 - 2020



Source: ONS

THE WEALTH INDEX - SUPPRESSED WAGES

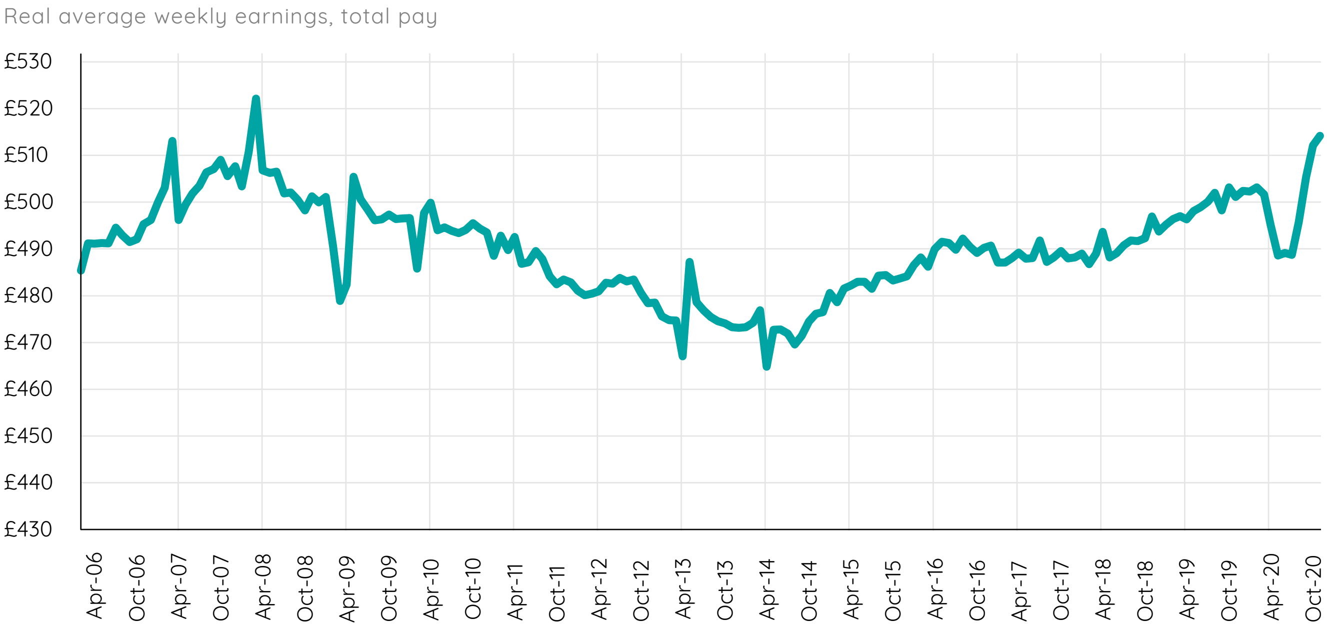
Recently (spring 2021) the CJRS has been extended until the end of September 2021. When the scheme terminates, we're highly likely to see a wave of macroeconomic fragility and a considerable spike in the unemployment rate. This will most likely put downward pressure on the Wealth Index towards the end of this year

Furloughed workers are only guaranteed a proportion of their wages, so this too put downward pressure on the Wealth Index in 2020.

So did the lack of wage growth, the temporary pay cuts, and the cuts to working hours - which reached a 28-year low.

August's return to year-on-year growth was fuelled by the return of furloughed workers. This growth continued into early Q4, with real terms average weekly earnings reaching a more than 12-year high of £514 in October. This is one source of Index uptick in Q4.

AVERAGE WEEKLY EARNINGS, TOTAL PAY, OCTOBER 2006 - OCTOBER 2020



Source: ONS

THE WEALTH INDEX - SPENDING AND SAVING

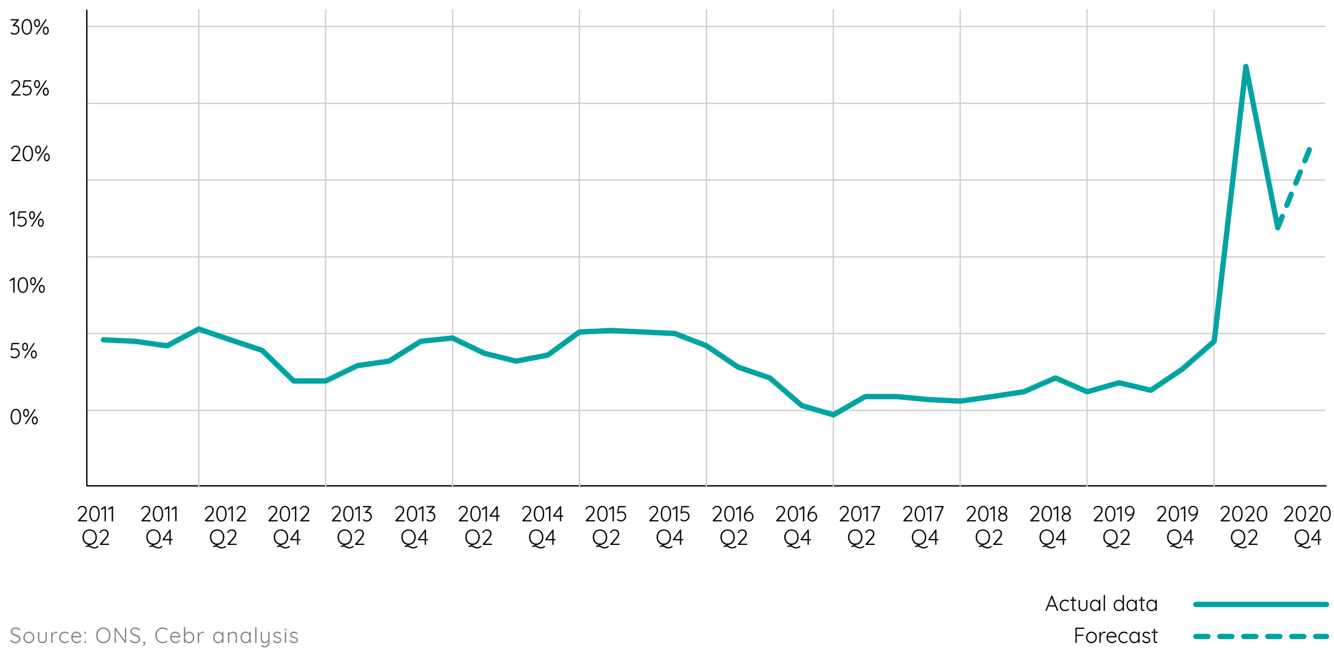
A fragile labour market and weakened earnings could have decimated household finances. But the impact was cushioned because of the enforced reduction in spending opportunities. Expenditure across a diverse range of categories - such as transport, leisure, and hospitality - fell dramatically.

Plus, the economic uncertainty brought a shift away from non-essential spending and towards precautionary saving, hence a record surge in household saving which reached 25.9% in Q2. This added to household wealth and helped to subdue a further fall in the Wealth Index.

As the economy reopened in Q3, spending tentatively increased and saving subsided, providing less of a shield for the Wealth Index. The corresponding drop is also attributable to, by then, steadily increasing unemployment and claimant count rates.

The reimplementation of lockdown in Q4 once again switched on people's tendency to save, while switching off spending opportunities. But since lockdown was eased during Q4, plus the holiday season and pent-up demand over Christmas, the savings ratio was less extreme than in Q2.

HOUSEHOLDS' SAVING RATIO, SEASONALLY ADJUSTED, 2011 - 2020



Source: ONS, Cebr analysis

THE WEALTH INDEX - EQUITIES

The uptick in equity markets represents another factor behind the slight improvement in the Wealth Index in Q4. Despite a major crash at the dawn of the pandemic, markets have since rallied, with many indices now exceeding their pre-pandemic levels.

Developments in the property market pushed up the Wealth Index in Q4. Not only did UK house prices remain resilient amidst the wider economic crisis, they actually rose significantly during the second half of 2020. Figures from Zoopla point to a near three-year high rate of house price growth. In October, for instance, prices had increased by 3.5% annually.

This is down to pent-up demand from spring being released in autumn, plus the fact that many people reassessed their housing needs through the lens of the pandemic and the shift to remote working.

The changes to stamp duty, which look set to run for most of 2021, have also been key and encouraged a wave of housing market activity. When the temporary changes to stamp duty end, the prospect of a fall in house prices is a distinct possibility. House prices are likely to be further dented by general economic fragility when the furlough scheme winds down, so we anticipate more downward pressure on the Wealth Index by late 2021.

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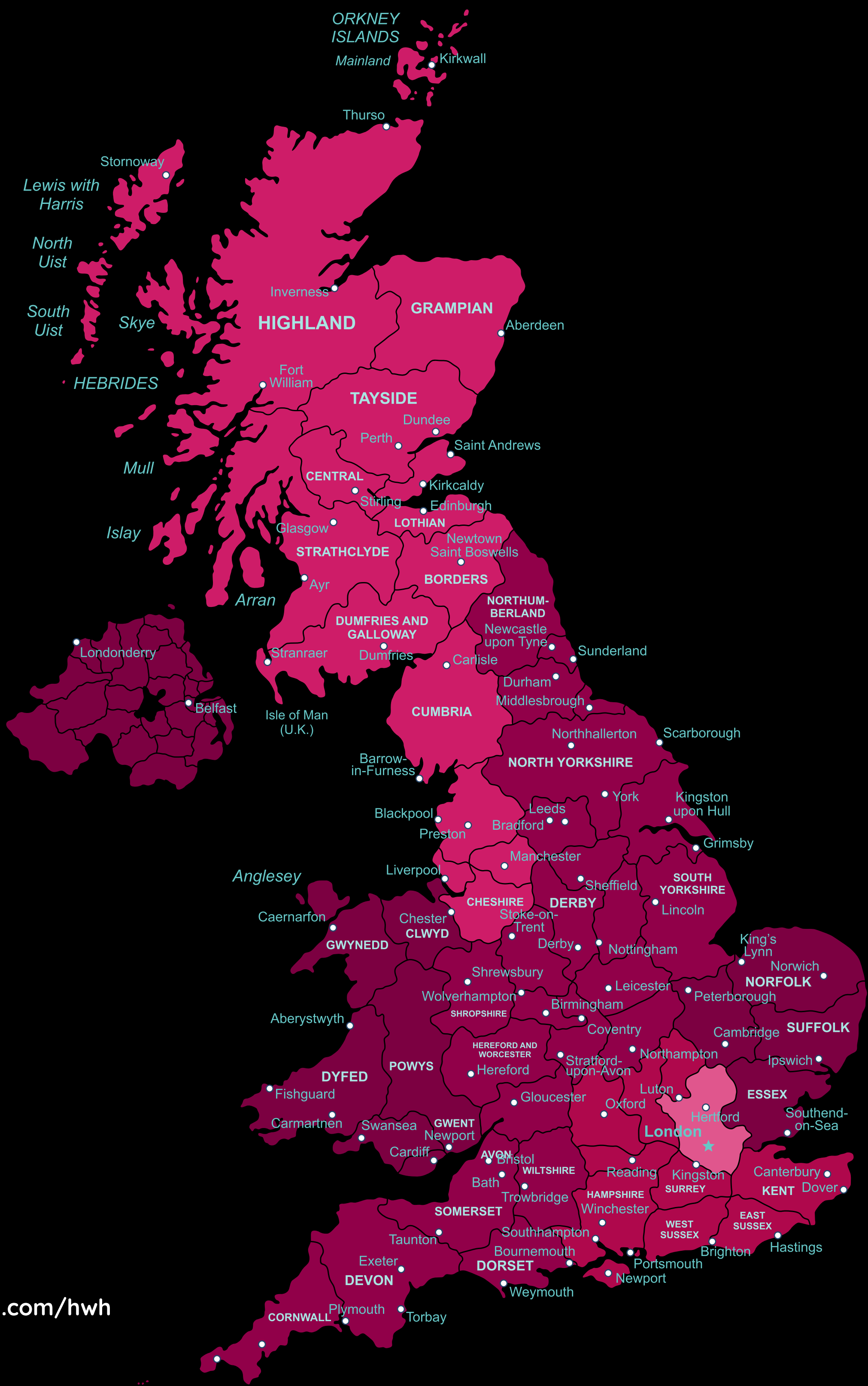

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