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The University of Manchester  
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The  
National  
Forum for  
Health & Wellbeing  
at Work



# Financial Wellbeing Guide

# Foreword

## COVID-19 has amplified many existing concerns and inequalities across society.

Prior to the pandemic, financial worries were already the leading cause of stress for people across the UK, with a number of surveys showing that increasing numbers of people in work were reporting stress due to money worries. Women in low paid sectors such as care, cashiering, catering, cleaning and clerical work were often particularly affected, and a single unexpected event, such as the breakdown of an essential household appliance, could lead to lowly paid individuals and families falling into ongoing poverty.



These issues have been exacerbated and other groups, including younger people, black, Asian and minority ethnic groups and people with disabilities are also facing particular concerns in current and future labour markets.

At the time of writing, a 20% reduction in the UK's GDP has been announced for April 2020. A survey published in June 2020 in 'People Management' shows that nearly two-thirds of UK employees have taken, or seen a member of their household take, a pay cut and almost four-fifths of those affected said it had affected their mental wellbeing.

Financial wellbeing is now, more than ever before, a crucial part of a holistic approach to employee wellbeing.

There is a pressing need for every organisation to engage with employees to review and develop existing and new benefits; and for smaller organisations in particular to signpost employees to external services and products. Many organisations are also missing the opportunity to use their reward packages to promote their overall workplace wellbeing programmes.

This guide, which will be subject to ongoing review and the inclusion of case studies as the effects on employment of the pandemic become clearer, can be used by organisations of any size and at any stage of their financial wellbeing journey. It has been developed by members of the National Forum for Health and Wellbeing at Work, a voluntary body of c40 major employers committed to enhancing

health and wellbeing in all employment sectors. The National Forum's work to date has explored the role of line managers, emails and other technologies on employee health and wellbeing, as well as empathy and compassion in the workplace and the future role of millennials.

My particular thanks go to Lee Crowley, Jessica Scrimshaw from NHS Employers, Charles Cotton from CIPD, Tony Vickers-Byrne from the Royal Society for Public Health, Nick Davison from John Lewis Partnership and David Roomes from Rolls Royce who formed the sub-group of the National Forum which developed this guide.

### **Professor Sir Cary Cooper**

Co-Chair of the National Forum for Health & Wellbeing at Work and 50th Anniversary Professor of Organisational Psychology and Health at Alliance Manchester Business School



# Introduction

This guide, aimed at all people managers in every employment sector, aims to dispel the myth that financial wellbeing is an issue just for lower paid staff. Life events such as divorce/separation, bereavement, illness, job loss, sudden financial loss or expenditure, gambling and other forms of addiction can affect anyone.



It is a practical, step by step guide to help organisations to take action, covering:

- 1** how financial wellbeing activity fits within a broader employee wellbeing strategy
- 2** identifying the level of the problem within the organisation, including any individuals, teams or groups of employees who are particularly at risk
- 3** engaging employees and managers in identifying appropriate action
- 4** how managers can have sensitive conversations with staff about the 'M' word
- 5** ensuring employees are aware of existing resources such as employee assistance programmes and sector-specific charities
- 6** a list of external resources available to all organisations wishing to support the financial wellbeing of their employees
- 7** the difference between financial crisis - with signposting to potential internal and external support - and the ongoing behaviour change required to plan and manage personal finances effectively
- 8** evaluating and reviewing the effectiveness of the programme

## An increasing trend...

Before the appearance of COVID-19, there was clear evidence emerging from several surveys that financial worries were increasing across all sectors.

Tomorrow's Company, an independent, not-for-profit think tank, published research in 2019 which identified that:

# 61%

61% of all low paid employees were women, concentrated in care, cashiering, catering, cleaning and clerical work

# £195

4m people in work in the UK were living below the poverty line of £195 income per week for a lone parent with two children

# 6.2m

6.2 m people lived in the 'poverty zone', defined as less than 10% above or below the poverty line, where having to replace a broken fridge or washing machine could plunge a family into ongoing poverty, where pay day loans might be the only alternative



25% of women and 16% of men were in low paid work

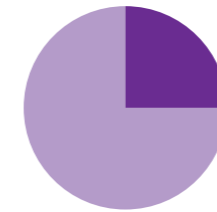
# 2.9m

2.9m children in poverty were in working households

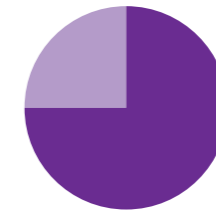
# 40%

money was now the biggest cause of stress amongst people in the UK, with 40% of people saying they were worried about money, higher than health, relationships or career

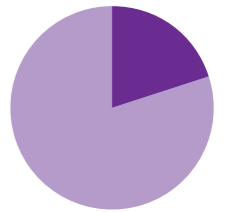
The CIPD's Health and Wellbeing Survey for 2019, based on replies from over 1,000 organisations across the UK and in reference to 3.3m employees, identified that:



a quarter of organisations said poor financial wellbeing was a significant cause of employee stress



three-quarters said employees did not have the knowledge and skills to make the right reward and benefit choices to meet their financial needs



less than a quarter of organisations critically assessed the quality of wellbeing outcomes

It is likely that financial security could become worse for those: returning to work from furlough who have been on less than full pay; who have had to cut their working hours due to caring responsibilities; and who are in households where a partner is receiving a smaller wage or has been made redundant.

Another CIPD survey – this time of just under 1,200 employers carried out around the same time in April 2020 – asked organisations which three concerns, if any, were most commonly reported by employees as a result of the coronavirus pandemic. By then, 38% of private sector employers said that their employees were reporting their financial concerns to them.

## The guide covers:

- Identifying the scale of the problem in your organisation
- Reducing the stigma for employees to come forward
- Gaining senior leadership buy in
- Developing, evaluating and celebrating your strategy, which in turn is part of your overall business strategy
- Minimum expectations of all employers and examples of effective practice

### Note on terminology:

For this guide the term 'employee' has been deliberately used throughout. Within an organisation there may, however, be a range of employment arrangements – for example 'workers' – which will need to be considered and may result in some differences in benefits. The contribution of 'workers' and other types of staff to a successful organisation should be recognised and this guide also encourages employers to look at how they can also boost the financial wellbeing of these individuals. For more information on employment status definitions please go to <https://www.gov.uk/employment-status>

# Section 1

## Understand...

All of us will probably be aware of the statistic that approximately 1 in 4 of us will experience a problem with our mental health each year. Many employers are more switched on than ever before about the concerns and impact of poor mental health on their organisations, as well as the opportunities that a good employer can create for positive mental health.



Just as we all have mental health, sometimes good and sometimes not so good, we also all have financial health – which can also vary from time to time. But most of us are unaware of the financial wellbeing of our employees, a major risk considering the impact it has on them personally as well as on our organisations.

A recent CIPD survey of more than 1,000 workers in April 2020 found that 43% of them reported that their mental health had worsened since the start of the COVID-19 lockdown. Given that 36% of UK employees already had money worries (The Employers' Guide to Financial Wellbeing; Salary Finance 2019-20) prior to COVID-19 and one quarter of employees report money worries affecting their ability to do the job (Employee Financial Wellbeing; CIPD 2017), this should be a key concern for all employers, both large and small. Distracted employees are a worry in any organisation – whether that be impacting the direct service to customers, leading to poor decision-making by managers or even impacting on safety critical functions.

Just as with mental health, we should be cautious about making assumptions about which individuals or group of employees might have financial concerns – it may not be whom we expect.

The survey from Salary Finance in 2019 found that the three groups with the highest rate of financial concerns are those earning less than £10k per annum, between £10 -15k and then, more surprisingly, those earning more than £100k.

The lack of open discussion is a key issue in appreciating the scale of the problem. We understandably live in a culture of privacy, particularly about personal finance, whether that be our own or when managing other people's information. When does a healthy approach to confidentiality, however, lead to the more negative feeling of stigma and shame when support is needed?

It can also be linked to other potentially stigmatising circumstances, such as domestic violence and abuse, where control of money can be an aspect of

abuse. An employee struggling with money may even be an indicator of coercive control by an abusive partner. Business in The Community and Public Health England have produced a practical employers' toolkit which can provide more support around this often overlooked topic. <https://www.bitc.org.uk/toolkit/domestic-abuse-toolkit/>

One element is clear - financial wellbeing is not easy to diagnose, either on an individual basis or at an organisational workforce level – so how can it be identified in your organisation?

Thankfully, with the topic gathering more momentum for employers, and organisations seeing the opportunities that new technology and services could provide in this space, we are able to draw upon more useful data and insight than ever before from across the UK economy.

CIPD (2017) reported that amongst employees earning £45-60k, one fifth reported that financial concerns affected their job, rising to one third for those earning £35-45k.

Barclays (Financial Wellbeing: The Last Taboo in the Workplace? 2014) also reported that money worries are unevenly distributed through the workforce. Generation X typically see the greatest levels of financial related stress, being sandwiched between children growing up (but still at home) and caring responsibilities for elder relatives.

Some basic analysis of your workforce demographic compared to the latest available research will give a reasonable picture of the potential type and scale of concerns. Research may also be gathered by sector. For example, the Bank Workers Charity provides a rich source of industry data for financial services organisations.

Specific internal data for an organisation can be trickier to collect as personal financial concerns tend to sit historically within the 'don't ask, don't tell' category, although this view is changing.

## Sources to consider:

### Absence

The Health and Safety Executive reports that in 2017/18, and for the first time, stress, depression or anxiety accounted for the majority of all working days lost due to ill health. Even where financial concerns are not being recorded separately, there is a strong relationship between poor mental health and poor financial health, as both a cause and effect.

### Disciplinary cases

Although care should be taken in making exact correlations between cases of workplace theft or fraud and financial difficulty, trends in this data may be useful to understand.

### Take up of company benefits and pensions

Low engagement with key financial benefits, such as saving schemes or pensions, may indicate concerns about financial literacy, capability and confidence across employees. If referenced with the demographic analysis, this could draw some helpful indications. By contrast, an increase in engagement with such benefits as company hardship loans or pay advances may indicate a problem.

### Employee assistance programmes (EAP)

The extent to which EAP data usage will identify financial concerns as a specific reason for an employee making contact with the service may be variable by provider. If you have an EAP service, then you should investigate this with the provider. The Institute of Employment Studies 2019 return on investment tool on removing barriers to employer workplace health promotion provides useful research on EAPs.

### Employee engagement surveys

It may still be unusual to ask a direct question to an individual about his or her financial concerns. Given, however, the increased focus on the topic for both employers and employees it could be a real missed opportunity. In addition, employee focus groups may be a productive way to gather feedback on the topic, whilst understanding ideas about solutions – not just problems.

### Line managers

Often managers will have been involved in situations with employees that relate to financial matters, directly or indirectly, and some specific engagement with them as a group may help to gather some (anonymised) 'real life' stories to support other data.

### Health risk assessment (HRA) technology

The development of employee HRA technology is becoming more common and many organisations offer resources such as online assessments or specific apps (particularly around mental health). HRA providers can offer targeted assessment of money concerns as an individual stressor and, given enough employee take up, will provide aggregated data to identify hotspot areas of concern through both an organisational and geographic lens.

### Trade unions and other employee representative groups

Many unions will already have a focus on financial wellbeing and may be able to provide some specific insight into the concerns they are seeing. For example, as unions may have a financial relationship with members (such as with a credit union), they may already gather feedback on issues such as use of payday loans.

### Anonymised financial profiling from partner organisations

In some circumstances, anonymised financial profiling of the workforce can be possible, for example where an external financial services organisation already has strong direct engagement with the employees. This approach can balance privacy and providing useful trends so that support and advice is targeted for greatest impact.

In the case of Police Mutual, they can use existing data to establish how able the workforce is to withstand a 'financial shock' (such as an interest rate rise) and this can be used to 'get ahead of the curve' with education and proactive support.

### Pay

Data around how much you pay your employees can help you identify workplace financial wellbeing risks. For instance, are you paying your employees a liveable wage? If not, what steps can you take to increase base pay? Research by the Living Wage Foundation indicates that paying a living wage can help boost the business, despite increasing the size of the payroll. These additional costs can also be mitigated by improving employee performance through job, work and organisational redesign, which helps boost productivity and allows pay to increase at an affordable level. Analysing your pay information by protected characteristics, such as gender and ethnicity, will also help identify whether how you manage, develop and reward your people creates poor financial wellbeing and, if so, what steps you should take to tackle it.

Living Wage Foundation <https://www.livingwage.org.uk/good-for-business>

The clear conclusion is that all organisations will have employees with financial concerns (and they are most likely not telling you directly). The exact scale and focus of the issues will vary by employer due to demographics, salary and other factors. Given, however, that Salary Finance (2019) estimates that employee financial concerns create a cost burden of 9-13% of salary cost for the employer, then it "cannot" be ignored, particularly with the additional pressures caused by the pandemic.

# Section 2

## Open up...

Personal financial concerns rarely fix themselves. They seldom get better if ignored – in fact quite the opposite. For most people talking about their financial situation, outside of a very small circle of trusted family or friends, is, at best, awkward. Then throw into the mix problem debt and other curveballs and it becomes truly shameful and to be avoided at all costs.



The Bank Workers' Charity (Employee Financial Wellbeing - Time to do more: 2017) identifies this stigma as a particular concern and reports:

"Employees are often reluctant to talk about their finances at work, especially when they're in difficulty. And this discomfort can be magnified in the financial sector where employees can feel doubly uncomfortable as they work for an organisation whose central purpose is to manage money."

Many employers have made progress in moving forward with a culture of increased openness about mental health and reducing that stigma. Financial health, however, remains one of the most difficult subjects to tackle. For employers this topic can also be especially awkward as it may suggest questions should be asked about remuneration levels directly. Pay and benefits should, of course, be equitable but, as we have seen from the previous section, the data demonstrates that more pay does not necessarily equate to less concerns for an individual.

### The importance of a wider organisational wellbeing strategy and culture

The stigma is real, and part of a complicated cultural and psychological relationship between employee and employer. Just as an employer may feel nervous tackling this topic due to the perceived connection to their relative pay levels, a 'well paid' colleague may feel reluctant to come forward with their own concerns due to acute embarrassment. Breaking down this stigma requires a thoughtful and varied approach, which goes to the heart of feelings of trust and engagement with an organisation.

To be meaningful and effective, a financial wellbeing strategy should be integrated into a wider supportive wellbeing strategy and culture within an organisation.

The CIPD (Employee Financial Wellbeing: 2017) survey shows that:

"When employees are satisfied with their pay, happy with their career and would be very confident in revealing a mental health problem at work, they are more comfortable in discussing their financial affairs with their HR/payroll department than those who are not. This suggests that employers could encourage employee trust by looking to ensure that pay and career decisions are seen as objective and fostering an open and tolerant working culture."

Somewhat reassuringly, over 70% of employees trust their employer (Salary Finance: 2019), which provides a good foundation to work from.

The three key areas of focus are required to reduce stigma:

- Senior leader sponsorship and endorsement
  - Clearly set the supportive cultural direction, be open about the issue, create trust and actively support practical strategies
- Line manager confidence and capability
  - Upskill managers to be confident to talk about financial matters if/when appropriate and ensure they can back this up with signposting to relevant internal and external resources
- Colleague financial literacy through education and engagement
  - Make available meaningful and engaging education, guidance, products and confidential support that colleagues can easily use

# Section 3

## Lead the way...

Ensuring your senior leaders understand the need to support the financial wellbeing of all your employees is essential to embedding a sustainable, relevant and impactful approach in your organisation.



To build a business case effectively for financial wellbeing within your overall wellbeing programme, you should focus on the specific priorities and context of your organisation by:

- demonstrating the scale and impact of the issue for your workforce, using the data and information you gathered in section 1
- considering the broader wellbeing strategy and business strategy of the organisation, and explore how improving financial wellbeing will contribute to the overall success of the organisation
- understanding the existing and future priorities and challenges of senior leaders, and build your case to appeal to this group
- exploring the risks to the organisation if no action is taken to improve financial wellbeing
- incorporating the external evidence base to demonstrate the case for taking action and the potential benefits of doing so

### Evidence base

The evidence base demonstrates that poor financial wellbeing impacts not only on the individual's health, but also has significant implications for their productivity and performance at work. Incorporating this evidence into your business case will strengthen your argument and help you to appeal to the organisation's priorities.

- Financial worries affect 36 % of employees<sup>1</sup>
- Financial wellbeing is an issue which affects the UK workforce across all age groups and can affect employees on higher salaries as well as lower salaries<sup>2</sup>
- Financial security has deteriorated since the arrival of COVID-19<sup>3</sup>

<sup>1 2 6 8 9</sup> <https://www.salaryfinance.com/uk/financial-wellbeing-guide/>

<sup>3</sup> [https://www.cipd.co.uk/Community/blogs/b/reward\\_blog/posts/workplace-money-matters-ensuring-the-financial-wellbeing-of-employees-is-more-important-now-than-ever](https://www.cipd.co.uk/Community/blogs/b/reward_blog/posts/workplace-money-matters-ensuring-the-financial-wellbeing-of-employees-is-more-important-now-than-ever)

<sup>4 5 7</sup> [https://www.cipd.co.uk/Images/financial-well-being-employee-view-report\\_tcm18-17439.pdf](https://www.cipd.co.uk/Images/financial-well-being-employee-view-report_tcm18-17439.pdf)

## The impact of poor financial wellbeing

### Productivity and performance

- 1 in 4 employees say that financial concerns have affected their ability to do their job<sup>4</sup>
- 10% of employees found it hard to concentrate or make decisions at work<sup>5</sup>
- 2.7 working hours per person per week are spent dealing with money worries<sup>6</sup>

### Health

Employees with poor financial wellbeing are:

- 14.6 times more likely to have sleepless nights<sup>7</sup>
- over 4x times more likely to have anxiety and/or depression<sup>8</sup>
- taking one day of sickness absence per year relating to financial worries<sup>9</sup>

In addition to the facts and statistics, consider how you could demonstrate the moral argument or corporate social responsibility argument for financial wellbeing. For example, could it raise morale, enhance your customer and investor brands, improve staff engagement, build loyalty and trust, retain staff, be included as part of your employee value proposition at recruitment, and does it mirror your organisation's values and approach?



# Section 4

## Develop a plan...

To develop your financial wellbeing strategy as part of your overall wellbeing strategy, and to meet the needs of your employees and the context of your organisation, there are some key questions and ideas to consider.



### Funding and resourcing

- What funding do you have available? See section 5 for some ideas ranging from small-scale interventions for small businesses to ambitious plans for multi-national organisations.
- What can you achieve and manage in-house, and what do you need to commission an external provider to do?
- How could you incorporate your financial wellbeing offer/strategy with your broader activities around employee wellbeing and reward?
- What other wellbeing or people interventions do you have in place already, and how can this complement and be integrated? Do mental health first aiders/champions, for example, know where to signpost employees who have money problems; how will you involve your occupational health provider and/or EAP service?

### Stakeholders and communication

- Who else do you need to be involved to enable and empower staff to seek the support they need? Trade union representatives, employee networks, line managers and senior leaders all have important roles to play.
- How will you communicate your financial wellbeing offer along with your overall approach to wellbeing? In this era of social distancing, face to face meetings with staff will be difficult.
- What training and guidance do line managers need to be able to signpost and support employees with financial wellbeing problems?
- How will the board/senior leaders in the organisation role model the importance of financial wellbeing and demonstrate support for the approach?
- How can you maximise uptake of support by employees who need it most? Can you target your communication strategies or include them in other key communications – e.g. alongside payslips.

### Developing a relevant offer

- Consider the data you gathered in section 1 about the needs of your staff. What types of financial wellbeing interventions does your data suggest your staff need? Financial education, loans, products, pay advances?
- Think about offering a range of solutions or options around financial wellbeing to support employees with different needs.
- Consider the need to include both support for employees in difficulty/crisis as well as a longer-term preventative and educational focus.
- How does your financial wellbeing offer fit with and sit with your overall approach to pay and reward?
- How does your desired approach demonstrate the organisation's values and culture?

# Section 5

## Measure and celebrate success...



- How can you demonstrate the value of investment? Consider the costs associated with your interventions and the impact on employee health and performance.
- How can you use the data you gather in section 1 to provide a baseline and drill down where appropriate across the organisation to measure the impact and evaluate your approach?
- How can you gather additional data from employees about their experience of the various financial wellbeing interventions?
- Is there a difference in the success of the interventions for different protected characteristic groups?
- Line managers and senior leaders to be personally involved in collecting qualitative feedback on the impact of the actions on individuals.
- How can you incorporate evaluation into existing processes, such as engagement surveys and team events and meetings?
- Consider that there could be an increase in staff reporting financial wellbeing issues once your organisation takes a proactive approach.
- Develop an internal communication programme, with agreed case studies if possible, of the real impact of the organisation's actions on individuals.
- Include the actions in your organisation's annual report.
- Departmental reports and end of year messages can also celebrate success across the organisation in embedding financial wellbeing initiatives.
- Provide information in recruitment literature.
- Consider participating in local and national employee wellbeing awards.
- Learn from other organisations in your sector and share your own learning.

# Section 6

## Steps employers can take to boost financial wellbeing

Below are some actions that employers can take to improve the financial wellbeing of their employees, according to the size of the organisation. Clearly the actions are not exclusive to each sector. All organisations should check regularly that their pay and reward strategy/package is effective by: engaging with employees and, where relevant, their representatives; offering fair and transparent benefits which are applied consistently; conducting anonymised employee surveys to determine the level of need; and directing individuals to internal and external sources of help and education, such as free online calculators/ modellers and use of comparison sites/consumer forums when making decisions to save, spend or invest their money.



### SMEs

- Let employees know the value of their overall reward package, for example where you offer benefits other than pay, so they can ensure they get the most from them.
- Use an 'employee champion' to deliver financial wellbeing messages, information and guidance sources to their peers.

### Larger organisations

- Promote and facilitate proactive financial wellbeing with the use of online pension, saving, budgeting modellers/calculators.
- Host financial education events or workshops to focus employees on certain topics, especially long-term financial provision.
- Consider offering voluntary benefits that offer employees discounts and savings.
- Segment your workforce to help target wellbeing interventions at different career stages and earning brackets.
- Package financial education within your overall health and wellbeing strategy.
- Train line managers to provide employees with information about their reward package and to signpost them to financial guidance at times of significant employee life events, such as becoming a parent.
- Invest in an external provider to deliver a holistic financial education programme to employees.
- Identify a proactive 'executive champion' from the senior leadership team.

### Large multi-site organisation with multiple job roles

- Involve employee representatives in information dissemination.
- Brand your organisation's financial wellbeing approach and launch the concept organisation-wide.
- Link financial wellbeing messages to HR systems in order to harness significant life events in employee lifecycles, such as promotion.

And don't forget that the Employment Rights (Miscellaneous Amendments) Regulations 2019 and Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018 come into force in April 2020. The 2019 regulations allow all employees (including casual workers) to receive a written statement of employment particulars, and the 2018 regulations require the particulars to be issued on the first day of employment (rather than the current deadline of within two months of starting). The new requirements for employers include letting employees know the value of their overall reward package. This could be a useful time for organisations to launch new financial and other wellbeing initiatives.

### External sources of information for employees during COVID-19

The coronavirus pandemic has impacted on financial wellbeing in many ways, including through a fall in income or an increase in financial scams. In response, various organisations have created resources to help people deal with the financial fallout and we would recommend that employers proactively point their employees to these sites for information, advice and guidance. Examples include:

- The Money and Pensions Service <https://www.moneyadviceservice.org.uk/en/categories/coronavirus-information>
- The Pensions Advisory Service <https://www.pensionsadvisoryservice.org.uk/about-pensions/when-things-change/coronavirus-how-will-this-affect-my-pension-or-investments>
- Financial Conduct Authority <https://www.fca.org.uk/coronavirus-support>
- ACAS <https://www.acas.org.uk/coronavirus>

# Section 7

In summary...

