

FINANCIAL WELLBEING GUIDE 2023

UPDATED STRATEGIES
TO SUPPORT EMPLOYEES
DURING THE COST OF
LIVING CRISIS

MANCHESTER
1824

The University of Manchester
Alliance Manchester Business School

**The National
Forum for
Health and
Wellbeing
at Work**



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FOREWORD

The economic impacts of the pandemic, the Ukraine conflict, global supply chain problems and sharply rising food and energy prices are reverberating across the world in a cost of living crisis that is plunging millions of people into poverty.

This crisis threatens to erode people's health and wellbeing – even prior to the pandemic money worries were a leading cause of stress which can have a significant impact on our physical and mental health.

The crisis is also disproportionately affecting those in diverse groups and is worsening existing inequalities, with the poorest families most affected by price rises given that food and energy bills are a bigger portion of their monthly outgoings.

Financial concerns are also harming productivity. Recent CIPD research has found that in the UK over a quarter of employees say money worries affect their ability to do their job, rising to one in three admitting to a drop in productivity due to financial worries.



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At the National Forum for Health and Wellbeing at Work, we recognise that financial wellbeing is now, more than ever before, an essential part of a holistic approach to employee wellbeing. Whilst not directly the responsibility for an employer to 'fix' employee financial problems, it can play a unique role in supporting the prevention of issues and provide focused and meaningful assistance when a personal crisis appears.

This guide redefines the current challenge of supporting employee financial wellbeing in the context of the cost of living crisis. We urge organisations to take a strategic approach to supporting the longer term financial health of their employees. The foundation of fair pay needs to be bolstered with other inclusive and preventative interventions such as education, guidance, flexibility and, importantly, an overall supportive workplace culture.

This guide is relevant to HR and wellbeing professionals in organisations of any size in the public and private sector. It offers implementable actions and areas of emerging practice relevant to organisations starting out on their financial wellbeing journey, as well as to those wishing to expand their offering.

INTRODUCTION

As the National Forum for Health and Wellbeing at Work, we produced our first financial wellbeing guide in 2020. Looking back to that time it was clear that financial matters were already becoming the main concern for many employees and their families.

It would have been difficult to predict the situation we find ourselves in three years later. Thankfully, the worst of the Covid-19 restrictions are over and for most people day-to-day life can seem back to normal, at least on the surface. However, despite that veneer of familiarity, one crisis has unrelentingly moved to another - the cost of living crisis.

Whilst this guide is not a commentary on the causes behind the current situation, we should acknowledge that conflict in the Ukraine and spiralling energy prices, the fallout from years of pandemic responses, global supply chain problems, changes in work (e.g. a rising informal economy and platform working) and generationally high inflation are all having a substantial impact on the mental, emotional, and financial health of employees.

In our previous guide, created in the context of the early months of Covid-19, we set out an evidence-based approach to identify the scale of the problem and develop action plans based on employee need. We suggested a leader-led approach to challenge stigma around financial wellbeing.

This new guide redefines the current challenge of supporting employee financial wellbeing in the context of the cost of living crisis. Employers are rightly concerned and some have responded swiftly with initiatives to alleviate the initial impacts of rising inflation (much as they did during Covid), for example by implementing cost of living pay rises or one-off payments, offering subsidised meals, or signposting employees to specialist support or guidance.

But with money worries set to continue, a data led approach remains key to ensure interventions are targeted where they can make a difference and, importantly, are offered within the context of an inclusive, proactive approach to protecting and enhancing colleague financial health.

The cost of living crisis is defined by the Institute for Government as "the fall in 'real' disposable incomes (that is, adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. It is being caused predominantly by high inflation outstripping wage and benefit increases and has been further exacerbated by recent tax increases".

Source: <https://www.instituteforgovernment.org.uk/explainer/cost-living-crisis>

EXECUTIVE SUMMARY

Despite the unprecedented global events of recent years, circumstances such as illness, bereavement and divorce are still the chief reasons for a personal financial crisis and underscore the need for a strategic, inclusive approach to offering support.

Financial wellbeing remains by far the most neglected area of an organisation's health and wellbeing activity, with fewer than half of HR professionals reporting that their organisation promotes it to a large or moderate extent.

This gap has huge consequences. Financial problems can impact on mental and physical health, relationships, performance at work, and overall quality of life. The relationship between financial and broader wellbeing is also reciprocal. A vicious circle can be created whereby financial concerns drive poor mental health, and chronic mental and physical ill health then affects people's capacity to work and reduces earnings.

Cost of living crisis

These issues are brought into even sharper focus by the ongoing cost of living crisis. Employers cannot realistically just offer more money to help employees. Instead, fair pay needs to be bolstered with other targeted interventions such as education, guidance, flexibility and a supportive, inclusive workplace culture.

Indeed, there are many ways that colleagues can be offered support without making large investments. Just talking about money in an open and empathetic way can make all the difference. Sharing stories and being signposted towards support can also have a massive impact.

Evaluating financial wellbeing strategy – the five red flags

In this report we discuss how if you recognise any of the following in your organisation then you may not be properly evaluating financial wellbeing:

Taking a narrow approach to measurement
Specific internal data about the state of the workforce's financial affairs is understandably hard to come by. But lack of evidence is not evidence of a lack of a problem.

Underestimating barriers to disclosure
Research shows that a clear majority of employees with money worries would not tell their employer. Therefore, waiting for direct disclosure from employees may be too late.

Negative unintended consequences of support
Seeing high take-up of particular financial support resources could be telling you something.

Poorly communicated benefits or unclear signposts to support

It can be common for employees to be unaware of the full range of benefit options available to them.

Ignoring the links to your learning and development programmes
Access to training and development opportunities are key to enabling employees to acquire the skills and experience to grow in their careers and enhance their earning potential.



What should employers consider when offering help?

There are two fundamental principles that successful financial support programmes contain. Firstly, an inclusive approach such as tailoring offerings to the differing financial priorities of the individual workforce. And secondly, a continued focus on preventative measures such as flexible working, financial education, progression, reward and fair pay.



What is financial wellbeing?

Financial wellbeing, at its core, is about feeling in control of your money and being hopeful about your financial future. People who experience financial wellbeing worry less about money which has a positive influence on their overall mental and physical health and on their relationships with others.

In this report we identify four areas of financial wellbeing which are relevant to all organisations:

1. Reward and benefits

Fair pay and providing meaningful benefits, products and services that help reduce living costs or give financial protection.

2. In-work progression

Raising overall financial health through equitable, inclusive approaches to career progression, and access to development programmes.

3. Education

Financial wellbeing and literacy programmes, combined with access to practical guidance and tools so that employees develop the skills to manage their finances.

4. Support

Signposting employees to internal and external sources of help such as the payroll or HR team (who can help with questions or issues relating to pay), the Employee Assistance Programme (given financial difficulty places a significant strain on emotional and mental wellbeing), and government sites (for guidance on a variety of money and debt management topics)

We go on to identify four dimensions of financial wellbeing in the workplace which are relevant to all organisations and emphasise the importance of an inclusive approach, with a focus on prevention. We conclude our report with six questions employers can use to help pinpoint opportunities to enhance their wellbeing strategy.



WHY DOES FINANCIAL WELLBEING REMAIN SUCH AN IMPORTANT TOPIC?

Financial wellbeing remains by far the most neglected area of an organisation's health and wellbeing activity according to the latest CIPD/Simplyhealth Health and Wellbeing at Work survey.

Fewer than half (44%) of HR professionals report that their organisation promotes financial wellbeing to a large or moderate extent. This is despite CIPD evidence showing how important financial wellbeing is to employee and organisational health. In the [2021 Health and Wellbeing at Work survey](#), nearly a quarter of respondents reported that poor financial wellbeing was a significant cause of employee stress in their organisation.

Alongside this, employees are feeling the impacts of the growing financial crisis – with 29% occasionally struggling to keep up with bills and financial commitments and 19% of those earning under £20,000 finding this a constant struggle ([CIPD Good Work Index, June 2022](#)).

While low-paid workers are particularly vulnerable to poor financial wellbeing, higher-income earners can also be affected. Recent CIPD roundtables on the topic of reward management practices cited examples of senior employees getting into financial difficulties due to illness, bereavement, or divorce.

Have the specific reasons causing individuals to have financial difficulties fundamentally changed?

In short, no. Despite the events of recent years, the actual circumstances that can create a personal financial crisis remain consistent over time – underscoring the need for strategic, inclusive approaches to offering support. Financial hardship can rapidly escalate as a result of an unexpected expense or a specific event, or it could gradually develop over a period of time.

In addition, we are seeing a growing body of evidence that points to a potential capability gap when it comes to financial management. Research from Financial Capability (Strategy for the UK) reveals that 39% (20.3 million) of UK adults don't feel confident in managing their money. Up to 11.5 million people have less than £100 in savings. Nearly nine million people are in serious debt, yet only a third ask for help.

Typical triggers and catalysts of a personal financial crisis can be:

- > Relationship changes from breakdown, separation, or divorce to remarriage, or caring for an extended new family or a new baby
- > Changes to household income e.g. as a result of losing a partner's income
- > Changes to working hours
- > Having carer responsibilities
- > Moving home
- > An unexpected expense (e.g. to replace or fix expensive items such as a washing machine, cooker or car)
- > Illness and/or longer-term health problems
- > Bereavement
- > Addictions or gambling



*(Money and Mental Health Policy Institute fact sheet, original source from the research, Holkar M. Mental health problems and financial difficulty. Money and Mental Health Policy Institute. 2019. Derived from Adult Psychiatric Morbidity Survey 2014: covers England only).

The impacts of poor financial wellbeing in the workplace

Like any other sources of unmanageable stress, financial problems can impact on mental and physical health, relationships, performance at work, and overall quality of life. [The CIPD's 2021 evidence review on financial wellbeing](#) demonstrates plenty of research to confirm this with direct links to stress and emotional exhaustion. About half of people in need of debt advice are struggling with their mental health which is over double the national rate*.

Impacts of this can be heightened with unpredictable working hours making it hard to uphold commitments to family and friends (vital informal support networks) or to access other sources of support.

The relationship between financial and broader wellbeing is also reciprocal, and can create a vicious circle with the financial concerns driving poor mental health, while chronic mental and physical ill health can affect people's capacity to work and reduce their earnings. This can lead to, or exacerbate, financial distress.

The CIPD's latest [Reward Management survey findings](#) show a clear link between poor financial wellbeing and performance: 28% of respondents reported that money worries negatively affected their work performance, especially those earning less than £20,000 a year (34%), and even those earning more than £60,000 were not immune (20%). Examples included finding it hard to concentrate or make decisions at work (11%) or spending time away from work to deal with money problems (10%).

Over-medicalising financial wellbeing

There is an unhelpful tendency to over medicalise the reactions associated with poor financial health and difficulty. It is completely normal to feel low and worried by these situations. We want to encourage positive action to deal with the causes, not mask the symptoms.

It is really important that employers do not feel a need to try and 'fix' people's mental health when it relates to money. It is normal to experience significant stress around money, particularly when facing financial difficulties and challenges.

Supportive responses should ideally raise awareness of common behavioural responses to financial worries (e.g. avoidant behaviours, disturbed sleep patterns, numbing behaviours) and offer practical guidance and support on how to address these.



MOVING TOWARDS A STRATEGIC RESPONSE

Recent CIPD research has shown that increasing wages is the most common response to the cost of living crisis. In the private sector 38% of organisations increased pay and 16% provided bonuses or allowances to cover the cost of living increase.

So, is financial wellbeing simply about paying higher wages (whether that is manageable or not by an organisation)? Yes and no. Paying a wage that is both equitable, fair and liveable (for example benchmarked with the real living wage) is an unquestionable foundation of employee financial wellbeing and can help prevent employees from falling into difficulties in the first place, and this guide firmly advocates for that.

However, employers cannot realistically solve the current crisis by offering more money – increasing salaries in line with inflation isn't sustainable for many organisations, and, as we've noted above, financial crisis can impact employees in all income brackets.

As such, the foundation of fair pay needs to be bolstered with other targeted interventions such as education, guidance and flexibility. Importantly, a supportive and inclusive workplace culture is also crucial.

In support of this a recent CIPD study showed that 29% of employers are introducing more flexible working, while 23% highlight how employee benefits packages can help with rising prices.

With employers grappling with rising business costs, sizeable wage increases are simply not viable for many. But there are other ways in which colleagues can be offered support without the firm needing to make large investments:

- > Talking about money – sometimes an open, empathetic conversation can make all the difference
- > Sharing stories – ensuring colleagues understand they are not alone and ideally understand from others' experiences of how they've managed money worries
- > Signposting to support – emphasising what benefits and support you do have. You can also ensure colleagues are aware of external charities and government funded support and resources which are freely available (see page 33)

Meanwhile, financial wellbeing and protecting employees from in-work poverty is seen as a vital element of a responsible employer's Environment, Social and Governance (ESG) strategy.

This perspective is also backed up by CIPD research – employees working for an employer with a financial wellbeing policy are much more likely to say their job protects them from poverty (82% working for an employer with a policy versus 66% of those working for an employer without one).

Taking a lead from mental wellbeing

Organisations should look to share stories, make the conversation more normal and give people confidence to acknowledge their challenges and curate support from both internal and external sources.

The lesson learnt from mental health support is that it should be integrated through the practices and woven into the culture of the organisation – not merely bolted on as a 'nice to have' on specific observance days.





EVALUATING YOUR FINANCIAL WELLBEING STRATEGY – FIVE RED FLAGS AND WHAT TO DO ABOUT THEM

Many organisations will have existing and planned-for financial wellbeing resources. However if you recognise any of the following five red flags in your organisation you may not be realising the full benefits of your investment.

¹ CIPD Employee Financial Wellbeing Guide

² REBA/WEALTH at Work. (2022) Financial wellbeing research 2022: Navigate financial resilience for a sustainable future. Reward & Employee Benefits Association/WEALTH at Work cited in CIPD Financial Wellbeing guide



TAKING A NARROW APPROACH TO MEASUREMENT

Specific internal data about the state of your workforce's financial affairs is understandably hard to come by. The scarcity of internal information may suggest that there is no issue of concern – but lack of evidence is not evidence of a lack of a problem.

Understanding the make-up of your workforce and being thoughtful and creative to really understand their needs can inform a more targeted, personalised approach to offering support rather than blanket interventions.

Note, of course, that GDPR data privacy rules must be complied with at all times when gathering sensitive information.

Fujitsu is a global leader in technology and business solutions with 124,000 staff in over 100 countries and in the UK employs approximately 6,500 people. Enhanced understanding of their employee segments most vulnerable to financial difficulty helped inform enhancements to flexible benefits options.

This was supplemented with a dedicated campaign and educational webinar series tailored to the needs of a multi-generational workforce – from approaches to paying off student debt to preparing for retirement.

Importantly this was bolstered with an innovative podcast series for managers designed to build their confidence in tackling these sensitive conversations, from listening with empathy, to appropriate ways to signpost sources of support.

Potential approaches:

- > Run basic analysis of your workforce demographic relative to some of the latest research findings cited across this report. For instance, a one-off payment might offer immediate, short-term relief to younger employees but may be less helpful for older employees who might benefit more from pension related support
- > Review outcomes of equal pay audits, and analyse pay information relative to workforce characteristics or benefits eligibility criteria to identify hotspots
- > Your payroll department, EAP (Employee Assistance Provider) or suppliers of any financial related benefits can also share insights on queries or take-up levels for benefits and support programmes. Low sign-up to pensions and saving schemes, or take up of pay advances or hardship loans, may indicate low levels of understanding or financial distress¹
- > Explore alternative data sources such as health risk assessment data which are increasingly offering targeted assessments of money concerns alongside other stressors
- > Partner with your unions or employee representatives to provide specific insight into the concerns their members are raising
- > Only 10% of employees state that their employer has asked them if they would like support with their financial wellbeing². Consider a direct survey option to colleagues, either as a standalone survey or as part of a broader engagement census, or do anonymous checks alongside related campaigns or events. For instance the Financial Wellbeing evidence review by the CIPD offers a set of validated, reliable measures of financial wellbeing that can be used in employee surveys



2 UNDER-ESTIMATING BARRIERS TO DISCLOSURE

Wagestream research* has revealed that 68% of UK employees with money worries would not tell their employer. Therefore, waiting for direct disclosure from employees may be too late.

Also, organisations must consider the diversity of their employees when communicating their support offering and tailor messages accordingly.

Key considerations:

- > Individuals may face actual, or perceived, stigma leading to embarrassment and even concerns for their job security, which may exacerbate anxiety
- > Employees may be unaware of sources of support offered at work and may be too afraid to ask for fear of bringing unwanted attention on themselves
- > In some industries, such as financial services and banking, specific considerations must be made with regards to roles that are externally regulated. The organisation should provide transparent guidance so that concerned employees can navigate the support appropriately
- > Risks vary depending on geography, age, gender, ethnicity and disability. Employees most vulnerable to financial hardship and in-work poverty include those who work part time, live in rented accommodation, head single parent families, have a member of their family with a disability, have three or more children, or are in household headed by someone from an ethnic minority group

*<https://wagestream.com/en/state-of-financial-wellbeing>

Signs of financial difficulty

Financial wellbeing, at its core, is about feeling in control of your money and being hopeful about your financial future. People who experience financial wellbeing worry less about money which has a positive influence on their overall mental and physical health and on their relationships with others.

Signs financial help may be needed for an individual (adapted from Accord)

- > Refusal of credit
- > Using payday loans to make ends meet before next pay day
- > Only ever paying the interest on credit cards
- > Declined card transactions and maxed out credit limits
- > Using an overdraft regularly to make everyday purchases such as food or expected monthly bills
- > Defaulting on rent or mortgage payments
- > Regular home expenses always adding up to more than you earn

Signs an employee may be struggling financially (adapted from CIPD Financial Wellbeing Guide 2023)

- > Changes in employee behaviours or altered mood
- > Higher absence or presenteeism
- > Lower productivity or lower quality work
- > More distraction or less focus and attention to detail
- > Increased overtime working
- > Delayed retirement plans



As part of Talk Money Week, an initiative set up by the Money and Pensions Service, a global investment bank ran a panel where senior leaders and employees talked candidly about money worries. This was followed by a series of short bite-sized webinars which covered money saving tips, practical ways to budget, and sources of support for financial wellbeing.

The role of leaders was also critical in this campaign. By joining these events either as co-hosts to share their stories or as participant observers, they signalled to colleagues this area needn't be a taboo. HR leaders were also given advance notice of the campaign and asked to encourage their teams to join in the sessions and to normalise these conversations amongst their teams.

3 NEGATIVE UNINTENDED CONSEQUENCES OF SUPPORT

High levels of take-up of a particular financial support offering could be an encouraging indicator that awareness campaigns are working or that the initiative is serving a need. It could also signal an opportunity for enhanced financial education interventions, such as a focus on budgeting practices or managing debt.

More practically, it could point to an opportunity to rethink payroll processing – such as moving to a fortnightly rather than monthly payment for certain employee segments.

Some factors to consider:

- > Are the repeated or over-use of certain financial support resources telling you something? For example, are employees becoming reliant on salary advance schemes and would they benefit from a more sustainable solution?
- > It's popular in the UK to run the payroll process earlier in December to account for Christmas shopping but it leaves a big gap before January pay day. Could a more sophisticated approach help colleagues to start the New Year more financially stable?
- > Are employees regularly encouraged to check they're claiming every benefit they are entitled to?

Manchester City Council, one of the largest local authorities in the UK, partners with credit unions and salary finance to offer a range of practical financial support to employees. These include saving schemes via a salary sacrifice, loans tailored to individual circumstances, and an advance on earned pay.

To avoid over-reliance on emergency support, the Council also offers financial education programmes with its partners to help colleagues take control of their finances, offering resources from budget planners to guides on saving and managing debt.

The Council's EAP offers all employees one to one counselling on a range of topics including debt management. Alongside this, its employee benefits platform hosts a complete staff benefits package, including discounts with major supermarkets and high street shops, and discounts with mobile phone contracts.

As part of its financial wellbeing proposition, Fujitsu created the 'Lifesight financial education programme', available to all employees.

This included a range of webinars on topics such as pensions, mortgages, debt, savings and investments and budgeting. Alongside this, personalised support was offered in areas such as mortgage services, will writing, financial assessments via EAP and employee discounts.





4 POORLY COMMUNICATED BENEFITS OR UNCLEAR SIGNPOSTS TO SUPPORT

It can be common for employees to be unaware of the full range of benefit options available to them. The CIPD Reward Management Survey 2022 found that only 43% of organisations had communicated why they offered particular benefits to their workers.

While many companies increasingly offer flexible schemes, there is typically a short fixed annual enrolment window in which these selections can be made, and selections are 'locked in' until the following year.

That said, there may be other prerequisites, discounts and year round benefits offerings which colleagues can make use of outside of this enrolment window. These can help increase spending power and / or protection from financial shock.

Key considerations:

- > Are the benefits well communicated across the whole organisation?
- > Are there 'hard to reach' colleague groups, such as frontline staff who may not be typically browsing the company intranet, and how might they be engaged differently?
- > Is there an enrolment window for certain options and is the build up to this adequately promoted?
- > What percentage of employees changed their benefits selection from the prior year? This is a useful measure alongside overall take-up. If it's low, it may indicate a lack of intentional engagement with the programme that needs addressing

Many employers are also seeing higher employer medical costs, due to overstretched post-pandemic national health care systems, aging populations and worsening health. This is where proactive health screening programmes can help detect any health risks or issues early and ensure colleagues are offered appropriate support to manage these, ideally resulting in fewer claims at a later stage.

Data on benefits take-up can inform which programmes need to be communicated and when, reinforcing availability at key engagement times such as retail discounts ahead of the festive season or childcare offers during school breaks.*

Financial advice

Financial guidance can be subjective and one person's opinion may not work for someone else in different circumstances.

The challenge for wellbeing champions, or those in a similar role, is that they must not offer financial advice in the strictly regulated definition. Not only could well-meaning amateurs cause problems for both individuals, and the organisation, by overstepping, they could also discredit the wider financial support programme.

If this feels like a grey area in your organisation then some clear expectations and boundaries are needed. Two key priorities are paying a fair and liveable wage and providing secure working hours. Without these, this level of support will be of limited value, in particular for employees on a low income.



*<https://www.aon.com/getmedia/adeffd79-9fb7-461c-ac67-8b95890f6625/impact-of-inflation-on-employee-benefits.pdf>





In a manufacturing organisation, an engineer was struggling with his finances and had reached rock-bottom mentally and emotionally. However, rather than try to simply subdue those negative emotions, time was set aside by a group of volunteers, including a mental health practitioner, financial advisor and debt advice charity, to offer a very hands-on method of support.

This group sat with their colleague and, one-by-one, opened all the letters he had been avoiding and worked with him to call all those he owed money to, there and then. This resulted in an immediate reduction in some of the debt (particularly from additional charges) and created a sustainable repayment plan.

How could this experience then be scaled up to help more people? The answer was a series of 'Get a Handle of Your Financial Wellbeing' events arranged twice a year. During these events, the same experts volunteered their time and set up private drop-in booths, where employees could get practical hands-on support.

These events proved extremely successful and the social aspect of the event also helped to break down stigma. The impact of helping someone talk directly with their lenders proved very powerful.

As part of Talk Money Week the Benefits team at one company held a live session which signposted colleagues to benefits available throughout the year.

A key aspect of this session was also to communicate external support available to colleagues, reflecting the fact that employees may prefer to access independent sources of help such as via the EAP, Step Change, Citizens Advice, National Debtline, or Money Helper.

Manchester City Council undertook an extensive promotions campaign to ensure that the financial wellbeing offering and benefits available to staff were effectively communicated to their large and varied workforce.

This encompassed a digital campaign via corporate messaging, and newsletters and financial education webinars from providers to build knowledge, confidence and signpost back to internal support.

Engagement was targeted in the form of letters and roadshows to deliver face-to-face messages to those in harder to reach roles, such as offline and frontline staff, as well as those in lower-income positions. The campaign also included tailored messaging and advice around the importance of support from line managers.





5 IGNORING THE LINKS TO YOUR LEARNING AND DEVELOPMENT PROGRAMMES

Access to training and development opportunities are key to enabling employees to acquire the skills and experience to grow in their careers and enhance their earning potential.

An important aspect of this is equipping managers to have the skills and confidence to have meaningful development conversations, linked to overall aspects of colleague wellbeing – including, if needed, those that veer into financial difficulty.

Key aspects to consider:

- > Can employees easily access development and training resources, career development planning tools or mentoring programmes?
- > Can colleagues access information about job openings, apprenticeship/secondment opportunities or special projects that can help them develop their skills and experience?
- > Are employees encouraged to have regular development conversations with their managers to openly discuss development areas, career aspirations and opportunities?
- > Are managers given the training and resources to equip them to have supportive, meaningful conversations with colleagues about factors impacting on their performance in and out of work - including their wellbeing?
- > Are managers encouraged to be compassionate and flexible in how they support their teams?

A large retail bank recognised an opportunity to enhance their wellbeing offering to colleagues by establishing stronger links to their existing client facing financial support teams but also via community outreach programmes and a newly established social mobility colleague networking group.

The purpose of the colleague networking group was to support the career progression of colleagues from lower socio-economic backgrounds, and included mentoring and education initiatives to tackle barriers to development and promotion. As part of these efforts, the organisation also signed up as a member of Progress Together to support wider industry efforts to promote more inclusion.





WHAT SHOULD EMPLOYERS CONSIDER WHEN OFFERING HELP?

Building a meaningful programme of support for colleagues can be a challenge for employers, given that the signs of financial poor health can be unclear and there is a natural inclination to tackle the more obvious immediate concerns and focus less on a longer-term view.



We recommend employers start with a holistic definition of financial wellbeing* and consider the factors that impact on an individual’s wellbeing – such as behaviours, mindset, skills and access to guidance. We have identified four dimensions to financial wellbeing in the workplace which are relevant to all organisations, and explore each with a focus on inclusion and prevention.

1. Reward and benefits

This includes fair pay, meaningful benefits that help reduce living costs (for example employee discounts), or which give financial protection, including pensions, and flexibility in the provision of products and services such as financial coaching, loans etc.

It is important to ensure pay policies and decisions are fair, that they do not disadvantage particular groups, and are compliant with local legislation. We recommend accessing the CIPD’s “Financial wellbeing guide” for a comprehensive summary of the most common financial wellbeing benefits on offer. Access to flexible working and a broader organisational culture which promotes and enables flexible working practices, is an important aspect of the full benefits and rewards offering. Working flexibly can enable employees to earn more by fitting work around their caring responsibilities but can also help with managing travel, and household and childcare costs.

2. In work progression

Balance fixing the day-to-day with raising overall financial health through equitable, inclusive approaches to career progression and access to development programmes. It is also important here to be clear about how salaries are set and how pay rises and promotions can be achieved.

3. Education

Set up financial wellbeing and literacy programmes, combined with access to practical guidance and tools, so that employees develop the skills to manage their finances; for example, making the most of everyday spending or saving enough for retirement. Set medium to longer term financial goals, such as saving for a travel or a milestone celebration, and foster sustainable behaviour change around budgeting, spending and saving habits. This can also include raising awareness of financial scams and how to avoid falling victim to them.

4. Support

Signpost employees to internal and external sources of help, including payroll or HR for questions or issues relating to pay, or the EAP for emotional and practical support. Employees should ideally also be made aware of free, confidential and independent money and debt advice services from debt charities and government bodies (see page 33). An important aspect here is the key role played by managers in opening up conversations and in signposting to supportive resources, tools and services.

Key concept

Supportive and skilled line managers are key, as they are more likely to enable a culture of flexibility, have supportive conversations about financial wellbeing, and have effective career conversations to help their teams progress into higher skilled and more highly paid roles. Consider how you can train and equip your managers with the right skills, resources and tools to support their staff.

*For a detailed definition see: [CIPD - Financial Wellbeing Evidence Review, 2021, p2&3](#)





BUILDING YOUR FINANCIAL WELLBEING STRATEGY

Below are key elements to help identify priority areas of focus in your current financial wellbeing strategy.

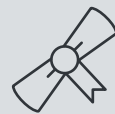
1. INCLUSIVE APPROACH



Rewards and benefits

- > Ensure pay is fair and aligned to external best practice such as the real living wage.
- > Offer flexible working for all from day one, and have the necessary processes in place and managers who are equipped to effectively implement them.
- > Offer a range of flexible benefits, where possible, giving employees the option to select those that best apply to their financial needs and best reflect their current life events. For example health cover, support for carers and those with other dependents.
- > Understand the potential negative consequences of bonus payments, or pay increments, for individuals on benefit schemes, and how that might impact progression incentives too.
- > Regularly communicate benefits, perks and discounts outside of the enrolment window and make them easy to access.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



Education

- > Apply segmentation to inform your training needs analysis, using pay information, DEI characteristics and benefits eligibility criteria to identify key financial concerns for each employee group. Design training interventions that reflect the multi-generational, diverse profile of your organisation.
- > Normalise conversations about money with campaigns, and leader led events and podcasts, using these as an opportunity to promote available support. Sharing real life stories of hardship and accessing support helps drive awareness.
- > Train managers so they have the skills and confidence to lead supportive conversations with their teams about their financial wellbeing and where to access help.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



Support

- > Emphasise personalised support available internally, such as EAP, and externally, e.g. via charities or third parties, so employees can make informed choices about who to turn to.
- > Ensure workplace adjustments are fair and practical for all, ensuring people with caring responsibilities, or health needs, can work.
- > Ensure dignity and discretion when offering support.
- > Educate managers around spotting signs of financial difficulty and how to manage supportive conversations.
- > Consider financial first aid options such as one-off salary advances, or hardship grants towards unexpected bills, for example, to replace a cooker, significant car repair etc.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



In work progression

- > Be clear about how salaries are set, how pay rises can be achieved and what employees need to do to progress into higher paying roles.
- > Ensure inclusive equitable access to programmes and opportunities so that, for example, older workers, those with disabilities, or those working part time, aren't overlooked.
- > Address any barriers to training uptake, for example, travel, parking or accommodation costs.
- > Partner with social mobility employee networking groups to offer mentoring, coaching or webinars focused on tackling confidence, or motivational barriers to career progression.
- > Ensure those who work flexibly are not overlooked for development or promotion opportunities. Consider options like job sharing, compressed hours, hybrid working, flexible start / finish times.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES





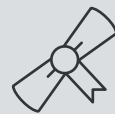
2. PREVENTATIVE MEASURES



Rewards and benefits

- > Monitor queries into your payroll department and any requests for salary advances, or take up of debt consolidation linked to payroll, where offered. These could indicate a need to bolster capability in financial management.
- > Respond to requests for extra shifts or overtime.
- > Design jobs with flexibility in mind as standard, recognising that flexibility is role dependent.
- > Encourage managers to accommodate hybrid working and flexible working requests, even if for a temporary period – remembering these can help manage household costs.
- > Consider flexible working champions, or similar, to help promote flexible working practices and share personal success stories.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



Education

- > Leverage existing, freely available resources and signpost these to employees (see page 33 for examples).
- > Provide access to quality education on a range of financial topics, from day-to-day money management, handling debt, being financially resilient and saving for the future.
- > Ensure training programmes also link to broader themes outside the realm of finances alone - such as empathy, compassion, resilience and boundaries in helping others. These are important transferable skills in the workplace and key to having supportive conversations.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



Support

- > Secure buy-in from senior leaders and task them with the role of promoting internal and external support available.
- > Work in partnership with local staff representatives and encourage staff who are members of a union or professional body to be aware of the support they can access through membership.
- > Offer financial wellbeing and mental health support to employees' families where possible, for example via EAP.
- > Develop a comprehensive communication and engagement strategy and deploy awareness campaigns throughout the year. Encourage colleagues to take note of support available, even if they don't need it now, so that they can signpost it to others at a time of need.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



In work progression

- > Raise awareness of internal job boards and use these to advertise apprenticeships, secondments or work shadowing/ work experience opportunities to expose employees to roles in other areas of their organisation.
- > Promote access to career development tools, support and mentoring as part of any financial wellbeing campaigns.
- > Develop managers to have supportive career development conversations and agree personalised development plans to support their teams to progress.
- > Consider paid time off or sponsorship programmes to allow employees to work towards a professional qualification.
- > For organisations that cannot invest in learning and development, enlist skilled staff to pass on their knowledge through mentoring, work experience or informal webinars.

EMERGING PRACTICES > > > > > > > ESTABLISHED PROGRAMMES



As you look to maintain and improve your financial wellbeing strategy, ask yourself these questions to ensure it stays relevant and effective



Are you listening?

Listen to your employees and learn what their financial priorities and challenges are. Things may have changed since you last checked in.



Are you making assumptions?

Make no assumptions. Bust common misconceptions such as, all women want support for caring, or all higher earners don't need financial wellbeing support.



Are you offering a valuable range of options to enable financial wellbeing?

As you review your offering, ensure you consider all four dimensions of financial wellbeing in the workplace: rewards and benefits, in work progression, education and support.



Are your managers and HR teams confident?

Equip your line managers and HR teams to show empathy and be able to signpost to support. Have new managers been hired recently or do existing managers need a refresher?



Are you gathering feedback?

Continue to seek feedback from employees about the support available and evolve your offerings based on this.



Are you measuring?

Measure the uptake and impact of financial wellbeing offerings by different groups so you can identify where there are gaps and unmet needs.

→ Examples of possible measures and evaluation considerations can also be found in the [CIPD Financial Wellbeing guide](#)



SUMMARY

Organisations focused on supporting their employees during this time of crisis are facing the reality that pay is a factor and fairness of pay (such as a real living wage), is central to their reward strategy. Those that wish to take a strategic approach to supporting the longer term financial health of their employees must also consider inclusive, preventative interventions addressing financial capability, benefits and support offering, as well as the broader development and learning culture which enables career progression and enhanced earning potential.

As ever, managers play a crucial role in directly offering support and spotting the need for support in the first place. Investment in knowledge, skills and confidence for that group is key to getting this right.

For organisations that have been on a similar journey with mental wellbeing, many comparisons can be drawn and lessons learnt;

from addressing stigma, to opening up the conversation, listening empathetically, and reminding employees that no matter how hopeless their situation seems, there is help available.

It is important to create a culture where it is normal to ask for help and re-enforce key messages such as facing money worries head on, speaking up and accessing support on offer. This will, in turn, assist in driving awareness and utilisation of resources, tools, guidance and practical support to help employees take control of their finances and ease the stress.

Every organisation tends to find its own 'best-fit' strategy and developing the right approach takes time and ongoing maintenance. This guide provides a comprehensive foundation to review, plan and update a meaningful financial wellbeing programme, designed to support colleagues against the backdrop of the cost of living crisis and serves to also make them more resilient.





RESOURCES

Reports & guidance

[NFHW - Financial Wellbeing Guide, Feb 2020](#)

[CIPD - Employee Financial Wellbeing Guide, 2023](#)

[AON - Impact of inflation on Employee Benefits, 2022](#)

[JRF - Employers & cost of living, Taking action to support your employees](#)

[NHS Employers cost of living online hub](#)

[Step Change Dept Charity Briefing, 2022](#)

[Business in the Community - Cost of living action plan for businesses](#)

Free support & guidance

[StepChange Debt Charity](#)

[Citizens Advice](#)

[National Debtline](#)

[Money Helper \(Money & Pensions Service\)](#)

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