CIPD

Championing better work and working lives

REWARD MANAGEMENT SURVEY

In-work poverty and financial support

Survey report

April 2022

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 160,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

In-work poverty and financial support

About this section

This section is the last in a series of five based on findings from the CIPD's eighteenth UK *Reward Management* survey. This research focused on the provision of employee benefits. Each section explores a different aspect:

1. career and professional development benefits; financial benefits; health and wellbeing benefits; and paid leave benefits
2. personal and family benefits; social benefits; technology benefits; transport benefits; and summary
3. benefit choice; home and workplace benefits; and recruitment and retention benefits
4. employee financial wellbeing
5. in-work poverty.

Our survey took place in October 2021 and 280 reward professionals responded spanning the private (70%), public (15%) and voluntary (15%) sectors. Responses were complemented by focus group discussions with expert practitioners, to delve into the stories behind the numbers. The aim of our research is to provide a benchmarking resource on current and emerging practice in the areas of both employee benefits and financial wellbeing and to explore the implications for practice.

The research reveals a wide range of employee benefits provided by employers, either to all or some workers. For the purpose of our analysis, we explore these in the first two sections of our report. This section explores the following:

- the state of employee financial wellbeing
- how in-work poverty affects performance
- employer responsibilities
- awareness of in-work poverty
- the role of external stakeholders
- employee demand for financial wellbeing support.

Overview

On behalf of the CIPD, YouGov surveyed 2,557 employees regarding their financial wellbeing between 22 December 2021 and 15 January 2022. The research finds that 28% of people said money worries had impacted their work performance. The most common mental and physical symptoms caused by money worries were lost sleep, health problems, and finding it hard to concentrate or make decisions at work. Those earning less than £20,000 a year were most likely (34%) to say that money worries had affected their work. This group was also less likely to report that their pay would be sufficient to cope with a sudden financial emergency costing £300 or would be enough to help them save for their retirement.

Since the start of 2020, 24% of employees said their financial wellbeing had improved, while 29% said it worsened. However, among those earning less than £20,000, 36% say that their financial wellbeing had worsened. Even among those earning more than

£60,000, 20% said that their financial wellbeing is now worse. The main reasons for why people feel worse off are: an increase in cost of living (74%); becoming more anxious about their financial situation (29%); and earning less at work (22%).

Over this period, 26% of employees have cut back on the amount they spend on non-essentials, 14% have reduced the amount of money spent on essentials, while 12% have lost sleep due to worrying about money. Again, lower-paid workers are more likely to have done these. For example, among those earning less than £20,000, 36% have cut back on non-essentials, while 18% have cut back on essentials.

While 61% of employees say that they are keeping up with all bills and credit commitments without any difficulties, just 44% of those earning less than £20,000 and 59% of those earning between £20,000 and £39,999 claim the same.

Overall, our survey finds many workers are currently struggling with money and there is a concern that continued rising inflation could tip more people into in-work poverty. But how prepared are employers to deal with a possible increase in financial distress among their employees?

Key findings

Most respondents to the CIPD *Reward Management* survey believe employers do have a role in promoting employee financial wellbeing and reducing the risk of in-work poverty. Nearly all (96%) agree that organisations have a responsibility to provide a fair and liveable income to their workers. Supporting in-work progression to help people increase their earning potential is also endorsed by a high proportion (87%). Most (70%) also agree that employers have a responsibility to support financial wellbeing by offering and signposting benefits and financial education.

However, just because a respondent thinks that an employer has a role to play, it doesn't necessarily mean that their organisation carries it out. For example, while 96% believe employers have a responsibility to provide a fair and liveable income, Section 4 highlights that fewer employers regularly review their pay decisions to ensure fairness (81%), while Section 1 shows that even fewer (69%) offer a minimum wage equivalent to, or higher than, the real Living Wage.

Most (60%) agree their organisation offers a good level of benefits and a generous pension scheme, with public sector respondents most likely to agree (73%). In terms of employer action, when it comes to workplace pensions, Section 1 shows 62% contribute at least 6% of pay to a workplace pension; 34% offer a contribution-matching plan, and 17% have an auto-escalation plan.

However, 32% believe that some of their employees face in-work poverty. While only 26% of respondents from the private services sector believe that this is an issue for their organisation, this percentage rises to 39% in the retail, hospitality, catering, leisure, and cleaning subsector, many of whom 'strongly agree' that this is an issue.

A minority (28%) of respondents 'agree' that their senior management is aware of the issue of in-work poverty, though just 7% 'strongly agree'. By contrast, 36% of respondents believe that senior management is unaware of it, a percentage that jumps to 61% for retail, hospitality, catering, leisure, and cleaning firms.

Few either 'strongly agree' (6%) or simply 'agree' (28%) that external stakeholders, such as customers or investors, care about in-work poverty. Across the board, the most common response is to 'neither agree nor disagree' (43%), suggesting that either external stakeholders are not concerned about this issue, or if they are, they are not doing a good job of expressing it to businesses.

Despite the wide range of financial wellbeing benefits on offer, just 3% believe their organisation's support is excellent, while a further 26% rate it as 'good'. Instead, most rate their offering as simply 'average' (39%) or 'poor' (10%). One in five (21%) admit their employer does not offer any such support. These results are troubling given that 33% of employers report that there has been a rise in demand from employees for financial wellbeing support and 49% believe their workers' financial wellbeing has fallen since the start of 2020.

The state of employee financial wellbeing – is pay enough?

The CIPD/YouGov financial wellbeing survey found that:

- 76% of employees said that their pay was enough to support an acceptable standard of living, without having to go into debt to pay for food and bills
- 63% said their pay was enough to cope with a sudden financial emergency costing £300 (that is, without having to use any savings)
- 47% said that their pay was enough to help them save for their retirement.

However, there are variations.

For example, among those earning less than £20,000 a year, the survey found:

- 56% said that their pay was enough to support an acceptable standard of living
- 34% said their pay was enough to cope with a sudden financial emergency costing £300
- 21% said that their pay was enough to help them save for their retirement.

While 72% of employees agree with the statement that their job protects them from falling into poverty, 10% disagree (the rest neither agreeing nor disagreeing). By earnings, the proportion disagreeing increases to 18% among those earning less than £20,000 a year; even among those earning between £20,000 and £39,999 per year, 11% disagree with the statement. Of those reporting a constant struggle to keep up to date with their bills, the proportion disagreeing jumps to 30%; the percentage is 19% among those reporting money worries to have affected how they do their job.

Money concerns affect performance

Overall, 28% of employees surveyed said that financial worries had affected their ability to do their job. The most common symptoms of these concerns were lost sleep; health problems (such as stress or anxiety); finding it hard to concentrate/make decisions at work; and spending time during the working day dealing with money problems.

Those earning less than £20,000 (34%) and those earning between £20,000 and £39,999 (31%) are more likely to say that money worries had affected their work. By employee demographics, other groups that are more likely to report financial concerns having had an impact include: those with a disability (43%), 25–34-year-old workers (41%), LGB employees (37%), those with more than one job (35%), public sector workers (32%), and women (30%).

At the time of our survey, 36% of those reporting money troubles had affected their work performance said this happened as recently as the past month.

Financial wellbeing has worsened for many employees

Since the start of 2020, 24% of employees said their financial wellbeing had improved while 29% said it has worsened; the rest said there had been no change. However, 36% of those earning less than £20,000 and 34% of those earning between £20,000 and £39,999 said that their financial wellbeing had deteriorated over this period. Even 20% of employees earning more than £60,000 a year say that their financial wellbeing has worsened.

By employee demographics, groups more likely to report their financial wellbeing has worsened include those with a disability (40%), those with more than one job (39%), LGB employees (36%), public sector workers (35%), women (32%), and 35–44-year-old workers (31%).

When asked what the main reasons were for this drop in financial wellbeing, 74% say it's due to an increase in their cost of living; 29% say it's because they are now more anxious about their current and/or future financial situation; and 22% say it is because they are earning less money from their main employer/other employers. By pay, the percentages of employees mentioning the cost of living is similar across the pay bands. However, higher earners are more likely to say that they are now more anxious about their financial situation, while lower-paid workers are more likely to say that they are earning less.

Since January 2020:

- 26% of employees have cut back on the amount of money spent on non-essentials
- 14% of respondents have reduced the amount of money spent on essentials (such as food, energy, and so on)
- 12% of workers have lost sleep due to worrying about money
- 9% have used a 'buy now, pay later' scheme to make an online purchase
- 7% had to borrow money from family and friends.

Again, lower-paid workers are more likely to have taken these actions. For example, 36% of those earning less than £20,000 and 28% of those earning between £20,000 and £39,999 have cut back on non-essentials, while 18% of those earning less than £20,000 have cut back on essentials.

While 61% of employees say that they are keeping up with all bills and credit commitments without any difficulties, just 44% of those earning less than £20,000 and 59% of those earning between £20,000 and £39,999 claim the same.

Employer responsibilities

Most employers see a role in providing a fair and liveable income

Figure 1 shows that nearly all our respondents (96%) agree that organisations have a responsibility to provide a fair and liveable income to their workers; most respondents 'strongly agree' with this suggestion (65%), with the remaining simply agreeing (31%). There is not much variation in these figures by sector or organisation size.

However, just because a respondent thinks an employer has a role doesn't necessarily mean their organisation carries it out. While 96% of employers believe employers have a responsibility in providing a fair and liveable income, Section 4 highlights that when it comes to 'fair pay', only 81% of employers regularly review their pay structures, levels, and increases to ensure fairness. We would encourage HR teams to explore regularly how pay is managed in their organisation, otherwise they cannot be confident that their pay decisions are fair and delivering value for money.

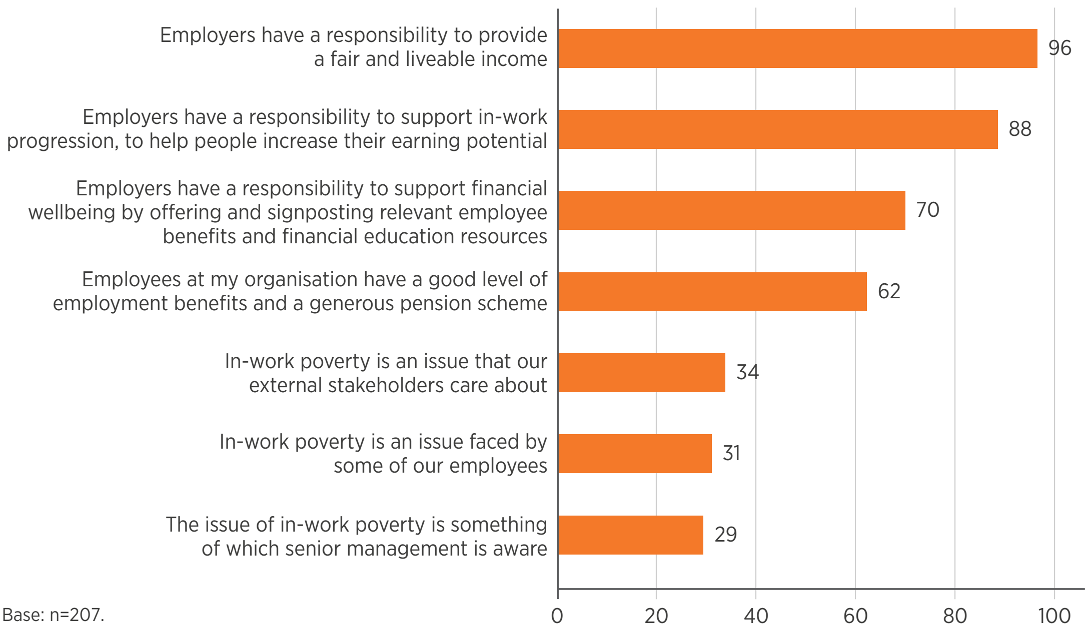
This 'say–do' gap is even higher when it comes to paying a 'liveable income'. Section 1 of the report highlights that just 69% of employers currently offer a minimum wage that is equivalent to, or higher than, the real Living Wage.

However, the good news is that it is not philosophical objections holding progress back. Just 1% of our respondents believe employers do not have a responsibility to provide a wage that is both fair and liveable. If practical challenges can be overcome, we could see more offering a liveable income in the future.

Our survey of employees finds that they value being paid a fair and liveable wage. Ninety per cent of workers said that earning enough to allow them and their family/loved ones to enjoy a reasonable and dignified lifestyle was important to their financial wellbeing. Similarly, 80% said feeling fairly rewarded for their efforts through pay rises, bonuses, promotions, and so on, was also important. Also, when we asked respondents what their employer could do to improve their financial wellbeing apart from increasing pay, 35% said they would like it to ensure its pay decisions were fair and consistent.

More information can be found in Table 1 in the Appendix.

Figure 1: How far employers agree with the following financial wellbeing statements (%)



Base: n=207.

A high proportion of respondents (87%) believe employers should support in-work progression to help people increase their earning potential, again with very little disagreement and little variation among different sectors, though smaller and medium-sized employers (SMEs) are less likely to agree with the suggestion (84%) than large ones (94%). Also, organisations that either see themselves or their staff as 'a lot worse off' financially since the start of 2020 are a lot less likely to 'strongly agree' with this idea. Those who are 'a little worse off' give similar responses to all the other organisations.

One way of supporting in-work progression is to provide training and career development opportunities focused on helping low earners increase their earning potential. As reported in Section 1, 47% of employers surveyed already offer this to some or all of their employees, with a further 3% planning to offer this by October 2022.

Most employees would welcome the opportunity to develop their career – 57% of CIPD survey respondents said being able to develop and progress their career and increase their future pay is an important aspect of their financial wellbeing. However, just 42% of those earning less than £20,000 think the same, compared with 69% of those earning £60,000 and over.

One reason why low-wage workers might be less interested in career development is that they might be more preoccupied with how much they earn now compared with their future pay prospects. Or it could be that they are more likely to have had a negative educational experience while at school and so aren't interested in further study. Or it might be because they are more likely to work part-time, and so find it is difficult to find the hours to study. That said, those with more than one job are more likely to rate this as important (64%), possibly because they see the need.

More information can be found in Table 2 in the Appendix.

There is a little less agreement about employers' responsibility to support financial wellbeing by offering and signposting benefits and financial education. While 71% 'agree' or 'strongly agree', 22% 'neither agree nor disagree'. There is little variation among different organisation types, although it is notable that, overall, while 6% of respondents do not support the proposition, this figure jumps to 15% in the legal, financial, technology and other professional services sector.

More information can be found in Table 3 in the Appendix.

Most senior managers are unaware of in-work poverty

Overall, just 7% 'strongly agree' that their senior management is aware of the issue of in-work poverty, while a further 21% simply 'agree'. By contrast, 36% of respondents believe that senior management is unaware of this problem.

Not a single respondent from the retail, hospitality, catering, leisure and cleaning subsector 'strongly agrees' and only 11% 'agree' that senior management is conscious of this challenge, while 61% believe that senior management is unaware.

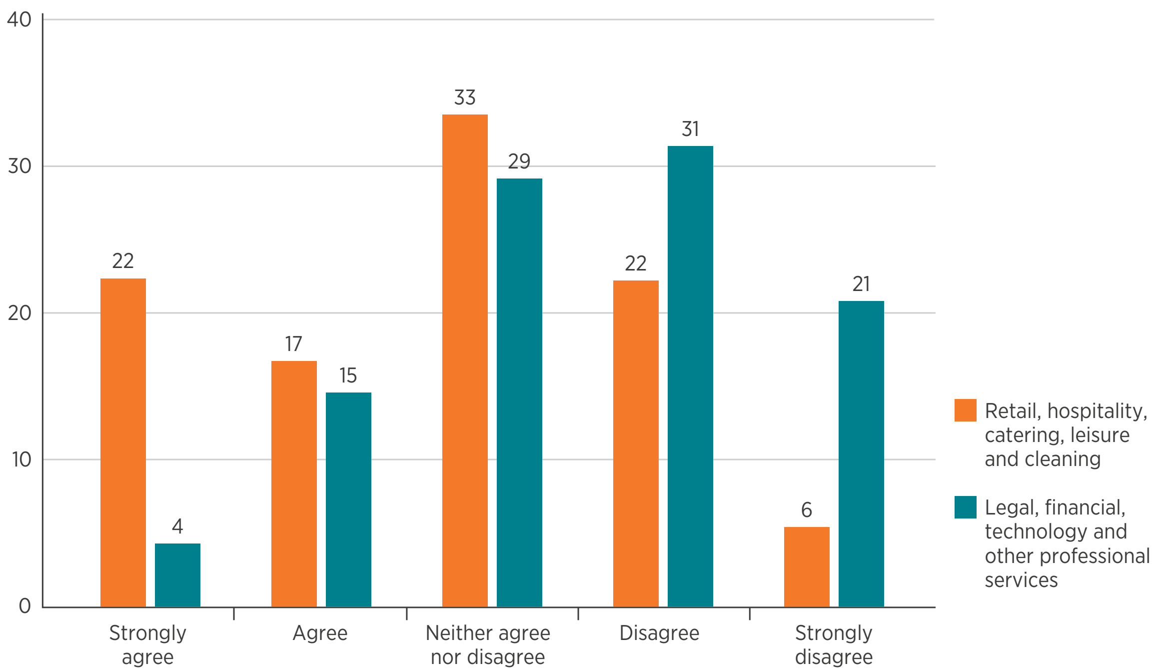
It appears that management in smaller organisations may be more aware of the problem, since 31% of SMEs agree with the statement – contrasted with only 26% in large organisations. The other side of that coin is that 31% of SMEs believe that management is unaware of this problem, but 47% of large organisations share that opinion.

More information can be found in Table 4 in the Appendix.

Almost a third (32%) of our survey respondents believe that some of their employees face in-work poverty, but as might be expected, there is considerable variation between different sectors. Although only 26% of respondents from the private services sector believe that this is an issue for their organisation, Figure 2 indicates that among the retail, hospitality, catering, leisure, and cleaning subsector, that figure rises to 39% – many of whom 'strongly agree' that this is an issue. By contrast, the equivalent figure among the legal, financial and technology and other professional services subsector is 19%.

The CIPD survey of employees finds that while 68% of them feel in control of their finances, this percentage is lower for those employed in the wholesale and retail (63%) and hotels and restaurant (60%) sectors. Similarly, when asked if their pay was enough to support an acceptable standard of living, without having to go into debt to pay for food and bills, 76% said it was; this percentage was lower for those working in the wholesale and retail (68%) and hotels and restaurant (71%) sectors.

Figure 2: Do private services sector firms agree that their employees face in-work poverty? (%)



Base: n=66.

It seems that there is a greater problem among large organisations, where 43% believe that their employees may be facing poverty, as opposed to 23% of SMEs. This might be because many firms in the retail, hospitality, catering, leisure, and cleaning subsector are large.

Those organisations that report being 'a lot worse off' financially since the beginning of 2020 are more likely to agree that in-work poverty is a problem (44%). However, this is not universal, and 27% of organisations that report being 'a lot better off' financially also say that in-work poverty is an issue for some employees. As these employers have weathered the economic crisis, hopefully they will at some point be able to share this financial success with their employees.

Our survey indicates that senior managers are more likely to be conscious of in-work poverty (49%) if respondents believe that it is something faced by some employees in their organisation. However, even in these workplaces, a large minority of respondents (37%) disagree that their senior managers are aware of this challenge.

While respondents from the retail, hospitality, catering, leisure, and cleaning subsector were most likely to say (39%) that they thought in-work poverty was an issue faced by some of their employees, they were also the least likely to say (11%) that they thought that this was an issue of which senior management was aware.

More information can be found in Table 5 in the Appendix.

External stakeholders' role very limited

Very few respondents (6%) 'strongly agree' that external stakeholders, such as customers or investors, care about in-work poverty. This figure drops to zero among manufacturing and production organisations. Across the board, the most common response is to 'neither agree nor disagree' (43%), suggesting that either stakeholders are not concerned about this issue, or if they are, they are not doing a particularly good job of making employers aware of their concerns. By contrast, just 34% either 'agree' or 'strongly agree', while only 23% either 'disagree' or 'strongly disagree'.

It is only within the retail, hospitality, catering, leisure, and cleaning subsector where respondents are more likely to 'agree' or 'strongly agree' that their external stakeholders care about this issue (45%) than to 'neither agree nor disagree' (28%).

This finding might reflect the increased awareness of the crucial role played by front-line and key workers during the pandemic in that industry. However, a further 28% of employers in this sector also think that their external stakeholders don't care.

Overall, these findings seem stark when set against work from the Joseph Rowntree Foundation, which makes plain:

> *'Everyone has a role to play in solving UK poverty. Investors have the power to drive change in business practices to move away from poor quality and precarious jobs to progressive workforce practices. This would form the basis of a more productive UK plc, and stop the rising tide of in-work poverty.'*

So far, our findings suggest that this message from late 2018 has yet to get across either to most firms or to their investors.

More information can be found in Table 6 in the Appendix.

Just under half of respondents can spot the signs of in-work poverty

The subtle signs of in-work poverty can be identified by 48% of our respondents. Although those from the manufacturing and production sector are a bit more likely than others to respond positively (53%), the figure remains broadly similar across the board.

There is a consistent trend for respondents from larger organisations to recognise such signs, ranging from 46% among SMEs up to 58% among the very large. Those organisations that have suffered most financially since the start of 2020 are slightly more aware of the signs (53%), as are those employers that report their staff have suffered financially over this period (59%), but this tendency is not pronounced. Image 1 shows that the indicators most mentioned are performance and lateness.

More information can be found in Table 7 in the Appendix.

Image 1: Respondents' opinions on the signs of in-work poverty

Good level of benefits and generous pension scheme

Figure 1 (on page 7) shows that over 60% of respondents agree their organisation offers a good level of benefits and a generous pension scheme, with 17% disagreeing. Those in the public sector are most likely to agree (73%), closely followed by the manufacturing and production sector at 70%. A lower figure of 57% in the private services sector masks an even lower figure in the retail, hospitality, catering, leisure, and cleaning subsector (44%). In addition, this sector is most likely to disagree that the employer offers a good level of benefits and a generous pension scheme (22%) compared with the overall figure (of 17%).

When it comes to workplace pensions, Section 1 of our report finds 62% of employers contribute at least 6% of employee pay to a workplace pension scheme; 34% have a contribution-matching plan, whereby if an employee contributes more to their pension pot the organisation will also increase its contribution for that employee; and 17% have an auto-escalation plan, where the level of an employee's pension contribution rises at regular intervals on a set date until an agreed rate is reached, the increase often being linked to a pay rise. These tend to be provided to all staff rather than being dependent on such factors as location, grade, job, and so on.

More information can be found in Table 8 in the Appendix.

For 83% of respondents in our survey of employees, being able to save for the future was an important aspect of financial wellbeing. However, only 47% agreed that their pay is enough to help them save for retirement. Similarly, while only 40% think that their employer offers a generous pension scheme, this proportion falls to 22% for those employed in hotels and restaurants, and 34% for those working in wholesale and retail.

Patchy financial wellbeing support – 29% rate it as good or excellent

In terms of financial wellbeing benefits, Section 1 of our report shows:

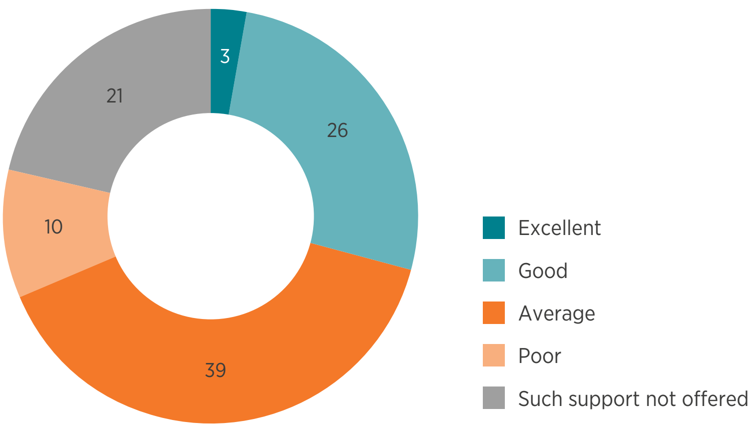
- 57% now provide debt advice/counselling
- 47% alert staff to financial scams

- 41% offer staff access to free financial education, guidance, or advice
- 46% offer discounted shopping
- 45% offer discounted leisure and hospitality
- 41% offer discounted insurance
- 20% offer interest-free welfare loans for financial hardship
- 14% provide earned pay access.

These perks are more likely to be offered to all staff, instead of some.

However, despite the wide range of financial wellbeing benefits being provided by employers, and that most in our sample offer a minimum wage that matches or exceeds the real Living Wage, Figure 3 indicates that just 3% of respondents to the *Reward Management* survey believe their organisation's support is 'excellent', while a further 26% rate it as 'good'.

Figure 3: How would you rate the financial wellbeing support offered by your organisation? (%)



Base: n=207.

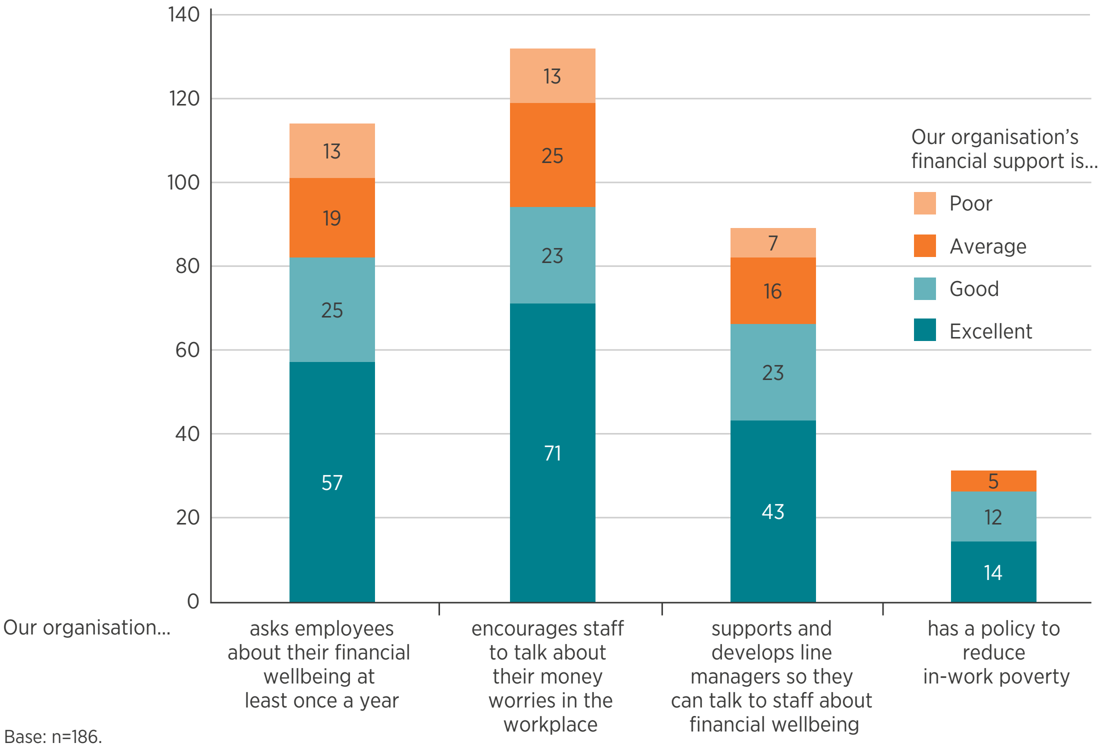
Instead, most (39%) rate their offering as simply 'average' while 10% rate it as 'poor'. One in five (21%) said that their employer does not offer any support.

Our survey of employees finds that most said their employer had either a positive impact (33%) or very positive impact (20%) on their financial wellbeing, though the low paid are less likely to say this. For example, just 33% of those earning between £10,000 and £14,999 think their employer had a positive or very positive impact on their financial wellbeing, while only 36% of those earning between £15,000 and £19,999 said the same. By contrast, 71% of those earning more than £150,000 think their employer is having a positive (31%) or very positive (40%) impact.

Those covered by a financial wellbeing policy were seven times more likely to report a positive impact compared with those who were not covered by such a policy. Of those employees who reported that their main employer had a financial wellbeing policy, just 2% went on to say that their employer had a negative impact on their financial wellbeing. By contrast, among those workers who said that their main employer did not have such a policy, 14% said it had a negative impact on their financial wellbeing.

Figure 4 indicates that respondents who assess their financial wellbeing support as either 'excellent' or 'good' are overall more likely to ask employees about their financial wellbeing at least once a year; encourage staff to talk about their money worries in the workplace; support and develop line managers so that they can talk to staff about financial wellbeing; and have a policy to reduce in-work poverty. For example, 57% of organisations seen as offering 'excellent' support ask staff about their financial wellbeing at least once a year, compared with only 13% of those seen as 'poor'. Similarly, while 71% of 'excellent' organisations encourage staff to talk about money worries, just 13% of those assessed as 'poor' do the same.

Figure 4: Organisations' assessment of financial support compared with specific actions (%)



Base: n=186.

Although the responses across the different sectors are broadly similar, it is notable that not one respondent from the voluntary sector or the retail, hospitality, catering, leisure, and cleaning subsector has rated their support as 'excellent'.

While public sector organisations are most likely to report that they offer such support (88%), they are also more likely to rate the support as 'poor' (15%). Respondents from the manufacturing sector (15%) and the retail, hospitality, catering, leisure, and cleaning subsector (18%) are also likely to rate the service as 'poor'.

Firms in the legal, financial, technology and other professional services are currently most likely to admit that they don't provide any financial wellbeing support (27%) to their staff. However, it is unlikely that no financial wellbeing support is being given by any employer. For example, they must pay their employees, or enrol them in a pension scheme if they earn enough. As such, it's more likely that these employers consider that they offer passive support rather than active support, such as encouraging staff to be open about their money worries or testing their understanding of the pay and benefits on offer. As such, this overall level of support is probably 'poor' rather than non-existent.

Among SMEs, 26% say they do not offer this support, compared with 14% of large organisations. Of those who do provide financial wellbeing support, rating levels are broadly similar in different-sized organisations.

More information can be found in Table 9 in the Appendix.

Demand for financial wellbeing support on the rise

Given the financial impact of the pandemic and the increase in the cost of living, 33% of respondents report that demand from their employees for financial wellbeing support has risen, though in most cases this increase is judged 'moderate' (29%) rather than 'significant' (4%). By contrast, 66% report 'no change'. Only one respondent felt that employee demand for support had fallen 'significantly', and only one thought it had fallen 'moderately'.

This 'moderate' rise in demand is most likely to be seen among manufacturing and production organisations (39%). Smaller organisations are less likely to see such a rise, with 29% of SMEs reporting some increase, and 37% of large organisations doing so.

It is perhaps inevitable that the greatest increase in 'significant' demand is seen by organisations which see themselves (13%) and their staff (19%) as 'a lot worse off'. It is possible that if we were to ask the same question again in March 2022, more employers would report an increase in demand for financial wellbeing support.

More information can be found in Table 10 in the Appendix.

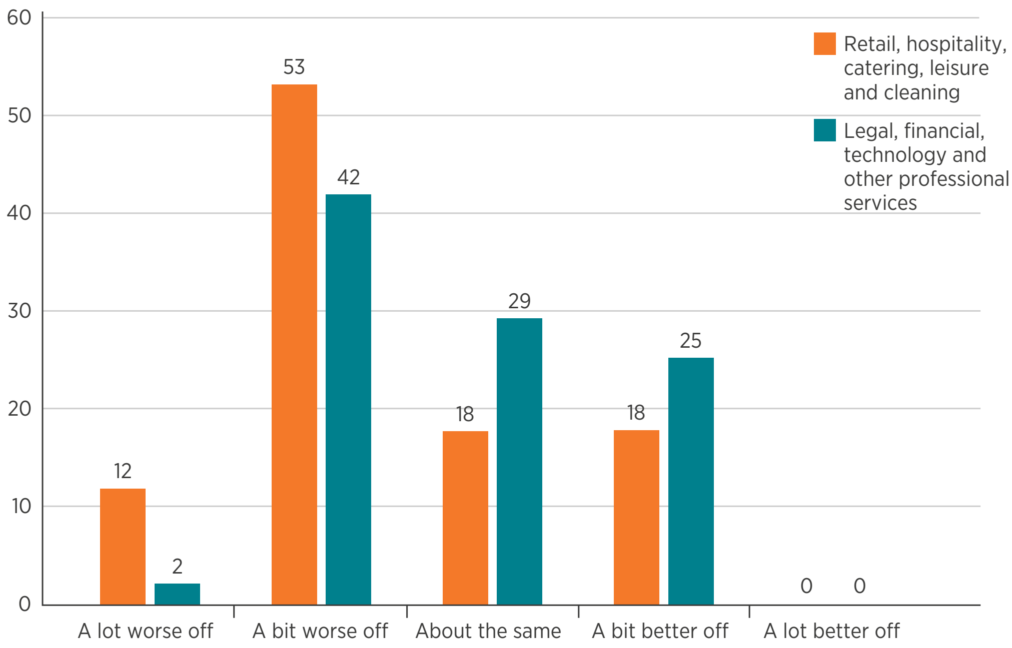
Half think employees are now worse off

Almost half of respondents (49%) think their employees' financial wellbeing has worsened since the start of 2020, with 6% of respondents believing their staff are 'a lot worse off' and a further 43% considering them to be a 'little worse off'. This is backed up by our survey of employees, which finds that 29% report they are worse off, especially those that earn less than £20,000 a year (36%), are on in-work benefits (37%), have a disability (40%) or are divorced (40%); this is driven mostly by an increase in living costs.

Employers in the public sector or retail, hospitality, catering, leisure, and cleaning subsector are twice as likely as average to report staff being 'a lot worse off' (12%). They are also much more likely than others to report people being 'a little worse off' (56% and 53% respectively). Our employee survey finds that 35% of those working in the public sector are now worse off in terms of their financial wellbeing, while 32% of those in wholesale and retail and 35% in hotels and restaurants report the same.

A sizeable minority of those in the private services sector are deemed to be better off (23%), a considerably higher figure than any other sector. Figure 5 shows how this differs between the retail, hospitality, catering, leisure, and cleaning subsector and the legal, financial, technology and other professional services subsector. Our survey of employees also shows that 25% of private sector workers claim that their financial wellbeing has improved since January 2020, though it also finds 28% of them reporting that it is now worse.

Figure 5: How employees' financial wellbeing changed in private services sector (%)



Base: n=119.

An organisation's own financial situation has a strong bearing on that of its staff. Among organisations that report being 'a lot worse off', 74% of their staff are also seen as worse off to a greater or lesser extent. The figure is 57% among organisations 'a little worse off'.

More information can be found in Table 11 in the Appendix.

Conclusion and recommendations

Our research shows that, for a significant proportion of the workforce, work isn't living up to its promise of protecting people from in-work poverty and supporting good financial wellbeing. While it's unfair to blame employers for this entirely, it's clear that there's more they could do to support their workforces. That's why in February 2022 the CIPD launched its in-work poverty hub, with the support of the Joseph Rowntree Foundation. Our hub focuses on three areas where people professionals can help make a difference. We recommend that organisations:

- **Pay a fair and living wage.** By this we mean a wage that gives employees a chance to lead a dignified life, with access to the opportunities and choices needed to participate fully in society. Processes and outcomes connected to pay decisions should also be regularly assessed and reviewed by reward and people professionals to ensure these pay decisions are fair and don't disadvantage or discriminate against a particular group.
- **Provide financial wellbeing benefits,** which can include employee benefits that help incomes go further, signposting relevant financial advice and guidance, and creating a safe place to talk about money worries. Employers who can dedicate more resources could consider a financial education programme that targets interventions at key moments in working lives – for example, ahead of maternity leave, the purchase of a new home, or preparing for retirement.

- **Take steps to improve in-work progression.** This doesn't just happen naturally – people need a clear path to follow, access to the right training and a supportive line manager. Employers therefore need to promote a culture of lifelong learning and show people of all ages and stages of their careers a clear path to progression if they want it. They also need to invest in targeted training and development to help people fulfil their potential. They should put in place a clear pay structure and ensure everyone in your organisation (particularly those in the lowest-paid roles) knows what they need to do if they want to take on higher-paid roles.

The good news is that many organisations already see the need to do something, and most are already doing lots of things to support financial wellbeing. We recommend HR teams help their employers assess what is already being done to promote workplace financial wellbeing and bring this together so that it supports the organisation's business and wellbeing strategies. The assessment can also be used to show where the gaps in support exist, how they can be filled, and by when.

During the pandemic, many employers intervened to protect the physical and mental wellbeing of their employees. Considering the current cost-of-living crisis, employers need to demonstrate as much energy and creativity in helping to protect the financial wellbeing of their people.

Appendix

Table 1: Employers have a responsibility to provide a fair and liveable income (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	65	31	3	1	0
By sector					
Manufacturing and production	81	9	6	3	0
Private services sector, of which:	63	34	3	0	0
Retail, hospitality, catering, leisure and cleaning	50	44	6	0	0
Legal, financial, technology and other professional services	60	35	4	0	0
Other private sector	69	30	2	0	0
Public sector	62	35	0	4	0
Voluntary, community and not-for-profit	59	38	0	0	3
By size					
SME (<250)	68	27	4	1	1
Large (250–9,999)	56	41	2	2	0
Very large (10,000+)	73	27	0	0	0
Organisation's financial situation compared with start of 2020					
A lot worse off	59	29	6	3	3
A bit worse off	62	38	0	0	0
About the same	76	22	2	0	0
A bit better off	54	39	5	2	0
A lot better off	74	26	0	0	0
Employees' financial situation compared with start of 2020					
A lot worse off	35	47	6	6	6
A bit worse off	65	34	2	0	0
About the same	69	27	3	1	0
A bit better off	67	28	5	0	0
A lot better off	71	29	0	0	0

Base: n=207.

Table 2: Employers have a responsibility to support in-work progression, to help people increase their earning potential (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	44	43	11	1	0
By sector					
Manufacturing and production	48	36	15	0	0
Private services sector, of which:	45	43	9	3	0
Retail, hospitality, catering, leisure and cleaning	33	56	6	6	0
Legal, financial, technology and other professional services	44	50	6	0	0
Other private sector	50	33	13	4	0
Public sector	38	54	8	0	0
Voluntary, community and not-for-profit	41	41	17	0	0
By size					
SME (<250)	45	39	14	2	0
Large (250–9,999)	38	56	6	0	0
Very large (10,000+)	67	25	0	8	0
Organisation's financial situation compared with start of 2020					
A lot worse off	29	59	12	0	0
A bit worse off	51	41	5	3	0
About the same	52	32	13	3	0
A bit better off	46	44	11	0	0
A lot better off	32	53	16	0	0
Employees' financial situation compared with start of 2020					
A lot worse off	18	71	12	0	0
A bit worse off	44	48	8	0	0
About the same	46	38	13	4	0
A bit better off	52	36	12	0	0
A lot better off	43	43	14	0	0

Base: n=208.

Table 3: Employers have a responsibility to support financial wellbeing by offering and signposting relevant employee benefits and financial education resources (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	28	43	22	6	2
By sector					
Manufacturing and production	30	45	18	3	3
Private services sector, of which:	27	36	27	8	2
Retail, hospitality, catering, leisure and cleaning	22	33	39	6	0
Legal, financial, technology and other professional services	23	38	25	15	0
Other private sector	33	35	25	4	4
Public sector	23	58	12	4	4
Voluntary, community and not-for-profit	31	55	14	0	0
By size					
SME (<250)	28	41	23	5	2
Large (250–9,999)	23	47	22	6	2
Very large (10,000+)	50	33	8	8	0
Organisation’s financial situation compared with start of 2020					
A lot worse off	24	41	26	6	3
A bit worse off	27	46	22	5	0
About the same	34	44	18	3	0
A bit better off	28	39	26	5	2
A lot better off	16	42	16	16	11
Employees’ financial situation compared with start of 2020					
A lot worse off	12	47	29	12	0
A bit worse off	29	50	19	2	0
About the same	28	39	23	9	3
A bit better off	33	37	21	5	5
A lot better off	29	43	29	0	0

Base: n=209.

Table 4: The issue of in-work poverty is something of which senior management is aware (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	7	21	35	27	9
By sector					
Manufacturing and production	9	18	33	33	6
Private services sector, of which:	8	21	38	24	9
Retail, hospitality, catering, leisure and cleaning	0	11	28	50	11
Legal, financial, technology and other professional services	4	31	44	13	8
Other private sector	13	15	36	26	9
Public sector	4	12	42	35	8
Voluntary, community and not-for-profit	7	34	21	24	14
By size					
SME (<250)	8	23	37	19	12
Large (250–9,999)	6	20	27	44	3
Very large (10,000+)	0	8	58	25	8
Organisation's financial situation compared with start of 2020					
A lot worse off	0	35	32	29	3
A bit worse off	3	24	35	30	8
About the same	10	19	32	29	10
A bit better off	12	12	35	26	14
A lot better off	5	21	53	16	5
Employees' financial situation compared with start of 2020					
A lot worse off	6	29	24	35	6
A bit worse off	3	25	33	31	8
About the same	10	20	33	25	13
A bit better off	10	19	43	24	5
A lot better off	0	0	71	14	14

Base: n=207.

Table 5: In-work poverty is an issue faced by some of our employees (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	8	24	32	24	13
By sector					
Manufacturing and production	6	33	30	18	12
Private services sector, of which:	8	18	29	29	16
Retail, hospitality, catering, leisure and cleaning	22	17	33	22	6
Legal, financial, technology and other professional services	4	15	29	31	21
Other private sector	8	23	26	28	15
Public sector	12	23	50	12	4
Voluntary, community and not-for-profit	3	34	31	24	7
By size					
SME (<250)	2	21	34	27	16
Large (250–9,999)	14	29	29	21	8
Very large (10,000+)	33	25	25	17	0
Organisation's financial situation compared with start of 2020					
A lot worse off	6	38	26	18	12
A bit worse off	6	17	33	31	14
About the same	10	18	33	27	12
A bit better off	7	26	37	23	7
A lot better off	11	16	21	21	32
Employees' financial situation compared with start of 2020					
A lot worse off	6	29	47	18	0
A bit worse off	13	25	30	18	15
About the same	6	23	34	26	11
A bit better off	5	21	19	36	19
A lot better off	0	29	71	0	0

Base: n=207.

Table 6: In-work poverty is an issue that our external stakeholders care about (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	6	28	43	15	8
By sector					
Manufacturing and production	0	21	52	18	9
Private services sector, of which:	8	28	41	14	10
Retail, hospitality, catering, leisure and cleaning	6	39	28	22	6
Legal, financial, technology and other professional services	4	33	46	10	6
Other private sector	11	19	41	15	15
Public sector	4	31	46	15	4
Voluntary, community and not-for-profit	7	34	41	14	3
By size					
SME (<250)	6	24	46	14	9
Large (250–9,999)	6	33	38	16	8
Very large (10,000+)	0	42	42	17	0
Organisation's financial situation compared with start of 2020					
A lot worse off	9	35	29	24	3
A bit worse off	0	27	51	19	3
About the same	12	23	40	13	12
A bit better off	2	25	49	14	11
A lot better off	5	37	47	0	11
Employees' financial situation compared with start of 2020					
A lot worse off	6	24	41	29	0
A bit worse off	6	34	37	16	6
About the same	9	21	48	15	8
A bit better off	0	38	36	10	17
A lot better off	0	0	100	0	0

Base: n=208.

Table 7: Do you know how to spot the subtle signs that an employee might be living in poverty? (%)

	Yes	No
All	48	52
By sector		
Manufacturing and production	53	47
Private services sector, of which:	47	53
Retail, hospitality, catering, leisure and cleaning	44	56
Legal, financial, technology and other professional services	46	54
Other private sector	49	51
Public sector	46	54
Voluntary, community and not-for-profit	48	52
By size		
SME (<250)	46	54
Large (250–9,999)	50	50
Very large (10,000+)	58	42
Organisation's financial situation compared with start of 2020		
A lot worse off	53	47
A bit worse off	49	51
About the same	47	53
A bit better off	46	54
A lot better off	47	53
Employees' financial situation compared with start of 2020		
A lot worse off	59	41
A bit worse off	46	54
About the same	43	58
A bit better off	63	37
A lot better off	14	86

Base: n=210.

Table 8: Employees at my organisation have a good level of employment benefits and a generous pension scheme (%)

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
All	21	41	22	9	8
By sector					
Manufacturing and production	27	42	9	12	9
Private services sector, of which:	19	38	27	8	8
Retail, hospitality, catering, leisure and cleaning	6	39	33	17	6
Legal, financial, technology and other professional services	19	42	23	6	10
Other private sector	24	33	28	7	7
Public sector	23	50	12	12	4
Voluntary, community and not-for-profit	17	45	24	7	7
By size					
SME (<250)	20	39	22	8	10
Large (250–9,999)	16	50	22	9	3
Very large (10,000+)	50	8	17	17	8
Organisation's financial situation compared with start of 2020					
A lot worse off	15	32	32	9	12
A bit worse off	16	51	11	16	5
About the same	22	40	22	10	7
A bit better off	25	44	19	5	7
A lot better off	26	26	32	5	11
Employees' financial situation compared with start of 2020					
A lot worse off	6	35	29	12	18
A bit worse off	16	53	15	8	8
About the same	21	34	24	13	9
A bit better off	33	43	24	0	0
A lot better off	14	14	29	29	14

Base: n=208.

Table 9: How would you rate the financial wellbeing support offered by your organisation? (%)

	Excellent	Good	Average	Poor	Such support not offered
All	3	26	39	10	21
By sector					
Manufacturing and production	6	21	39	15	18
Private services sector, of which:	3	29	35	8	24
Retail, hospitality, catering, leisure and cleaning	0	24	35	18	24
Legal, financial, technology and other professional services	4	33	29	6	27
Other private sector	4	26	41	7	22
Public sector	4	23	46	15	12
Voluntary, community and not-for-profit	0	24	48	7	21
By size					
SME (<250)	3	24	41	6	26
Large (250–9,999)	3	31	34	17	14
Very large (10,000+)	8	25	42	17	8
Organisation's financial situation compared with start of 2020					
A lot worse off	0	24	26	18	32
A bit worse off	5	32	35	16	11
About the same	5	20	47	5	23
A bit better off	4	36	30	7	23
A lot better off	0	5	74	11	11
Employees' financial situation compared with start of 2020					
A lot worse off	0	29	6	12	53
A bit worse off	2	27	48	10	13
About the same	5	19	39	13	25
A bit better off	5	39	39	7	10
A lot better off	0	14	43	0	43

Base: n=207.

Table 10: Compared with the start of 2020, how has demand for financial wellbeing support from your organisation's employees changed? (%)

	Increased significantly	Increased moderately	No change	Fallen moderately	Fallen significantly
All	4	29	66	0	0
By sector					
Manufacturing and production	3	39	55	3	0
Private services sector, of which:	4	24	72	0	0
Retail, hospitality, catering, leisure and cleaning	6	29	65	0	0
Legal, financial, technology and other professional services	2	23	75	0	0
Other private sector	6	24	71	0	0
Public sector	4	35	58	0	4
Voluntary, community and not-for-profit	3	31	66	0	0
By size					
SME (<250)	3	26	71	0	0
Large (250–9,999)	5	32	63	0	0
Very large (10,000+)	8	42	33	8	8
Organisation's financial situation compared with start of 2020					
A lot worse off	13	16	72	0	0
A bit worse off	5	22	70	3	0
About the same	3	31	64	0	2
A bit better off	0	41	59	0	0
A lot better off	0	21	79	0	0
Employees' financial situation compared with start of 2020					
A lot worse off	19	13	69	0	0
A bit worse off	8	33	56	2	2
About the same	0	24	76	0	0
A bit better off	0	36	64	0	0
A lot better off	0	43	57	0	0

Base: n=204.

Table 11: Compared with the start of 2020, how do you think your employees' financial wellbeing may have changed? (%)

	A lot worse off	A bit worse off	About the same	A bit better off	A lot better off	Don't know
All	6	43	30	16	2	3
By sector						
Manufacturing and production	6	41	32	9	6	6
Private services sector, of which:	5	40	29	21	2	3
Retail, hospitality, catering, leisure and cleaning	12	53	18	18	0	0
Legal, financial, technology and other professional services	2	42	29	25	0	2
Other private sector	6	35	33	19	4	4
Public sector	12	56	28	4	0	0
Voluntary, community and not-for-profit	3	45	31	14	0	7
By size						
SME (<250)	2	41	33	18	2	5
Large (250–9,999)	13	44	28	13	3	0
Very large (10,000+)	8	58	8	17	0	8
Organisation's financial situation compared with start of 2020						
A lot worse off	18	56	18	6	0	3
A bit worse off	3	54	35	8	0	0
About the same	7	34	33	16	3	7
A bit better off	2	42	31	20	2	4
A lot better off	0	32	32	37	0	0

Base: n=207.

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