

# Employer action plan

**Opportunity:**

Volatile working hours create shaky financial foundations. Lower earners are more likely to experience volatility, and this links to worse financial outcomes.

**Recommendation:**

Aim to meet the standard for living hours, as provided by the Living Wage Foundation.

The Living Wage Foundation has created a standard for employers called Living Hours.<sup>1</sup> In it they outline three commitments employers should make to provide financial stability for employees.

The Living Hours standard calls on employers to provide the right to:

1. Decent notice period for shifts: of at least 4 weeks' notice, with guaranteed payment if shifts are cancelled within this notice period
2. The right to a contract that reflects accurate hours worked
3. A guaranteed minimum of 16 hours a week (unless the worker requests otherwise)

**Opportunity:**

A regular savings habit is strongly correlated with better financial satisfaction and lower financial worries. Lower earners have 8x less savings than higher earners and are more likely to have £0 in savings.

**Recommendation:**

Implement a payroll savings programme and ideally structure it on an opt-out basis so that employees build up savings by default.

Access to an appropriate savings product is an important component of financial inclusion. There's a strong evidence base that payroll autosave is a highly effective way to get individuals on low and variable income to create a savings habit and start building a savings buffer.<sup>2</sup> Recent research from Nest Insight shows that savings participation can reach as high as 71% of eligible employees with this approach.

Wagestream has been an active participant in this savings research trial, and as such can already implement opt-out payroll savings for employers. There are also many other pathways to delivering a successful payroll savings programme. Nest Insight has written a guide for employers outlining different options for making this work, and the technical and regulatory considerations for each one.<sup>3</sup>

<sup>1</sup> Living Wage Foundation standard for living hours, <https://livingwage.org.uk/living-hours>

<sup>2</sup> Nest Insight, Opt-out autosave at work, September 2023 <https://www.nestinsight.org.uk/wp-content/uploads/2023/09/Opt-out-autosave-at-work.pdf>

<sup>3</sup> Nest Insight, Getting Employees Started with Saving, April 2023 <https://www.nestinsight.org.uk/wp-content/uploads/2023/04/getting-employees-started-with-saving.pdf>

**Opportunity:**

There's an action gap when it comes to implementing well known financial behaviours. Individuals know what they should be doing, but struggle to make it happen.

**Recommendation:**

Review your workplace financial wellbeing programme and benefits through the lens of how action-oriented they are and prioritise providing financial security benefits that are useful and accessible for the whole workforce.

Be aware that the financial circumstances and needs of the HR team who assess these offerings will often be very different from the financial circumstances and needs of the workers who use them.

This recommendation is explored in more detail in the following section.

## Financial wellbeing toolkit

Focus on providing a wellbeing toolkit that's tailored to the needs of your workforce and considers their circumstances including volatility of earnings. Financial education can be helpful, but unless it's paired with actionable and accessible financial security tools it's likely it will fall short of the mark.

**When considering a financial wellbeing offering, ask the following questions:**

- How does this create financial inclusion for women and individuals from ethnic minority backgrounds?
- How does this work for individuals on variable pay?
- What access to financial products do individuals need to have to successfully use this?
- What proportion of the workforce will be able to use this?
- Are there any particular groups who are more or less likely to benefit from this?