INCLUSION AT THE CROSSROADS

A financial inclusion action plan for social care employers

WAGESTREAM

CARE ENGLAND
Representing independent care providers

CONTENTS

FOREWORD

by Care England

Social care continues to face a significant workforce challenge, with the latest Skills for Care report finding 131,000 vacancies in the sector. Inclusivity is important for every industry, but for one struggling to attract enough people into its services, it is vital.

Care work is a destination career for a diverse group of people, so we need to ensure we are inclusive in the way we attract and look after our staff. Not only will this help solve the vacancy challenge and improve engagement across the board, it will ensure the sector is responding correctly to the needs of an increasingly diverse population.

Initiatives to improve workplace inclusivity can take many forms, addressing the issue from many different angles. One area less prominent than others, which has become increasingly relevant since the cost-of-living crisis and the Covid pandemic, is financial inclusion.

Financial inclusion is defined as access to useful and affordable products and services. It enables people to find ways to better manage their transactions and expenses, and reduce the risk of debt. However, due to various societal, cultural, and economic constructs, low to moderate income employees may fall into the reverse – financial exclusion. Certain demographic groups are more vulnerable to financial exclusion, with lower pay and variable incomes being key predictors. Women, especially those from ethnic minority backgrounds, are disproportionately affected.

Organisations wanting to provide support to their workers to avoid financial exclusion can put measures into place which ease this financial pressure. These measures can empower employees to make sustainable life changes that ultimately benefit both themselves and their employers, leading to improved recruitment and retention, higher employee engagement, and increased productivity.

Despite the actions care providers can take to support their teams, responsibility does not sit on their shoulders alone. Poor commissioning practice can have a devastating effect on the ability to create stable and secure work practices. In home care services, work may be commissioned by the minute, leaving staff with volatile shift patterns. It is vital that, for the sector to deliver consistent planned work patterns or guaranteed hours, problematic commissioning is identified and put to a stop.

This report, produced in collaboration with financial benefits platform Wagestream, draws on a survey of 1,718 social care employees, to explore their experiences of work and pay, financial resilience, and financial inclusion. The research focussed on how experiences vary by gender, ethnicity and age, with the aim of creating greater understanding for employers about their employees' financial health and ways in which they can help them to improve it.

The report reveals how in the social care sector, the workforce is predominantly female, with a higher proportion of ethnic minority employees compared to the general population. It is also typical in the sector to have higher than average levels of irregular and variable work patterns, shift work, and seasonal changes, all of which can impact an employee's financial security.

The results and employee feedback within the report provide the base from which social care organisations can look at their employees through a financial inclusion lens and take positive action to improve their wellbeing. Barchester Healthcare, Lifeways Group, HC-One, Bupa Care Services and Home Instead have kindly shared case studies on their experience and insight to bring to life how they are encouraging financial inclusion for their employees so they can thrive at work.

I'd like to thank Wagestream and all of those who have contributed to this eye-opening report. These are invaluable findings for our sector to take on board.

Professor Martin Green OBE,
CEO, *Care England*

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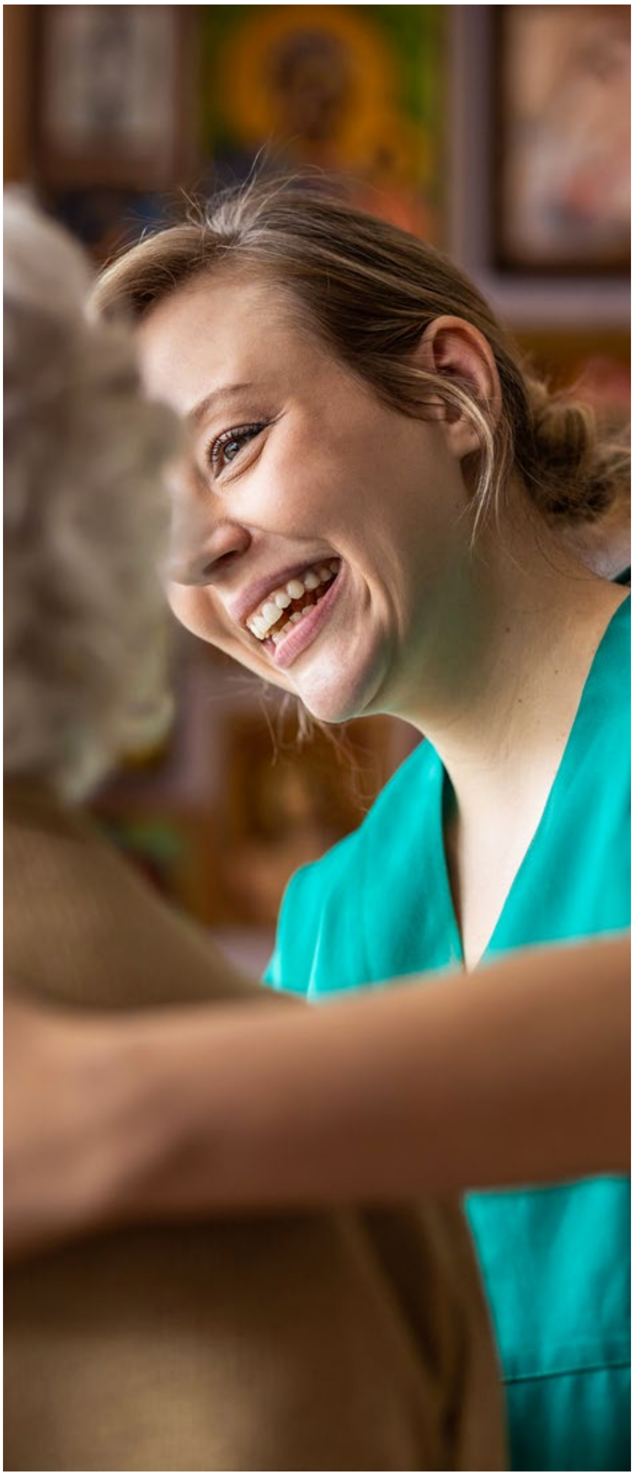


ACKNOWLEDGEMENTS

Many people contributed to this research, and in particular, we'd like to thank the following individuals and organisations for their contributions.

From our very first discussion, the team at Care England pushed Wagestream to explore, understand and qualify our social care sector data. We're incredibly grateful for this collaboration which ultimately led to this paper. We especially thank, Richard Ayres for tirelessly championing the importance of detailed, demographic research and for coordinating the employer case studies that bring important employer perspectives to this report. Thanks also to Professor Martin Green OBE, CEO of Care England, for introducing this paper and for clearly articulating the challenges and opportunities this data presents to employers.

To the employers who generously shared their inclusion stories for our report – Genevieve Glover, Chief People Officer at Barchester Healthcare; Rebecca Pearson, General Manager at Bupa Care Services; Andrea Kinkade, CEO at Lifeways Group; Tasneem Bhopalwala, ED&I Lead at HC-One; and Martin Jones MBE, CEO UK & International at Home Instead – we thank you. The work you're doing is inspiring.

Thank you to Ann O'Neill, Co-Founder of Adora Digital Health and Dr Karen Morton, Senior NHS Gynaecologist and Menopause Specialist, for your fascinating insights into menopause in the care sector.

Several standout contributors at Wagestream also made sure this report would see the light of day. Thank you to Evelyn Mackinnon for reviewing the roughest of drafts and putting in the work to understand what this report was trying to say when it was in its infancy.

Thank you to Alex Ramamurthy for holding hours of interviews with employers, to help find those shining examples of best practice. Thank you to Sophie Cuttiford for your gifted editing and all the finishing touches that help bring this report to life. And thanks to Laura Bilsby for taking a huge amount of content and laying it out in a way that feels digestible and easy to read.

Finally, thank you to the 1,718 Wagestream members who took part in this research survey. Your voices are so important.

Emily Trant
Chief Impact Officer, *Wagestream*

WAGESTREAM

Whilst advisory input has been sought from these individuals, the research and the content of the report is Wagestream's own.

Genevieve Glover, Chief People Officer, *Barchester Healthcare*

Rebecca Pearson, General Manager, *Bupa Care Services*

Martin Jones MBE, CEO UK & International, *Home Instead*

Tasneem Bhopalwala, ED&I Lead, *HC-One*

Andrea Kinkade, CEO, *Lifeways Group*

EXECUTIVE SUMMARY

In this research, we explore the experience of work, financial resilience and financial inclusion and how this differs based on gender and ethnicity in the care sector. Financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs. It is an essential part of participating equally in society and often a hidden facet of inequality.

We've analysed data from 1,718 survey respondents who work in social care. Our sample reflects the demographic makeup of social care workers in the UK; they are predominantly women and many are in part-time work. Ethnic minorities are proportionately represented.

Within our dataset of similar workers, inequality is persistent. **Far more women than men work in the social care sector and, in particular, respondents from ethnic minority backgrounds are subject to more variable work hours, are more likely to be financially excluded, and are more likely to use subprime (high cost) credit products.** Low and variable pay is a driving factor for financial exclusion which is why we have worked to explore the intersectional experience of gender and ethnicity throughout our analysis.

5 key findings paint a worrying picture of financial inequality within the sector:

FINDING 1:
Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.

FINDING 2:
Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers. And not just by a little bit.

FINDING 3:
Individuals from ethnic minority backgrounds are missing out – they are a third as likely to receive state support compared to their white peers with similar income.

FINDING 4:
Women-led and ethnic minority households are more likely to lack adequate savings, and are depleting their savings to cope with income volatility.

FINDING 5:
Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.

There are opportunities for employers to take positive action. For example, flexible working can be helpful and is sought after to manage complex work/life schedules, but potentially harmful when imposed on individuals to meet business rather than individual needs. Flexible hours can lead to variable pay, which is a core driver of financial exclusion. The simple act of setting steady and sufficient hours for all workers – with flexibility in the delivery of those hours – could be a formidable component of an employer's equality, diversity and inclusion strategy. At the end of this report we make 4 key recommendations for employers:

RECOMMENDATION 1:
Aim to meet the standard for living hours, as provided by the Living Wage foundation.

RECOMMENDATION 2:
Provide support for your workforce to discover and apply for state assistance they're entitled to receive.

RECOMMENDATION 3:
Implement a payroll savings programme and ideally structure it on an opt-out basis so that employees build up savings by default.

RECOMMENDATION 4:
Review your workplace policies and benefits through the lens of DE&I and prioritise providing financial security benefits that are useful and accessible for the whole workforce.

BACKGROUND

Women and ethnic minorities are powering the UK's social care sector

This section gives a detailed overview of the gender and ethnic breakdown of the UK's social care workforce – of which there has been limited research to date. It's based on a proportionally representative sample of 1,718 individuals who use the Wagestream app, and completed an in-app survey in summer 2023. Wagestream is a financial wellbeing toolkit designed for shift-based and deskless workers. All survey respondents work for employers who place value on employee financial wellbeing, and who have invested in providing a wide range of useful and accessible benefits to their workforce.

Our respondents are representative of the demographic makeup of social care workers in the UK.

The significant majority (80.2%) identified as women; 18.9% identified as men and the remaining ~1% either self-identified in another way or chose not to say.

The majority come from a white ethnic background (73.1%), over a quarter (25.8%) come from an ethnic minority background and the remainder chose not to say. This is representative of the UK social care sector, but is not reflective of the overall UK population.[1] Data from the most recent census (2021) shows that in the UK 81.7% of individuals identify as white and 18.3% come from an ethnic minority background.[2] The social care sector has 10% fewer workers from a white background and 40% more workers from an ethnic minority background than is reflected in the general population.

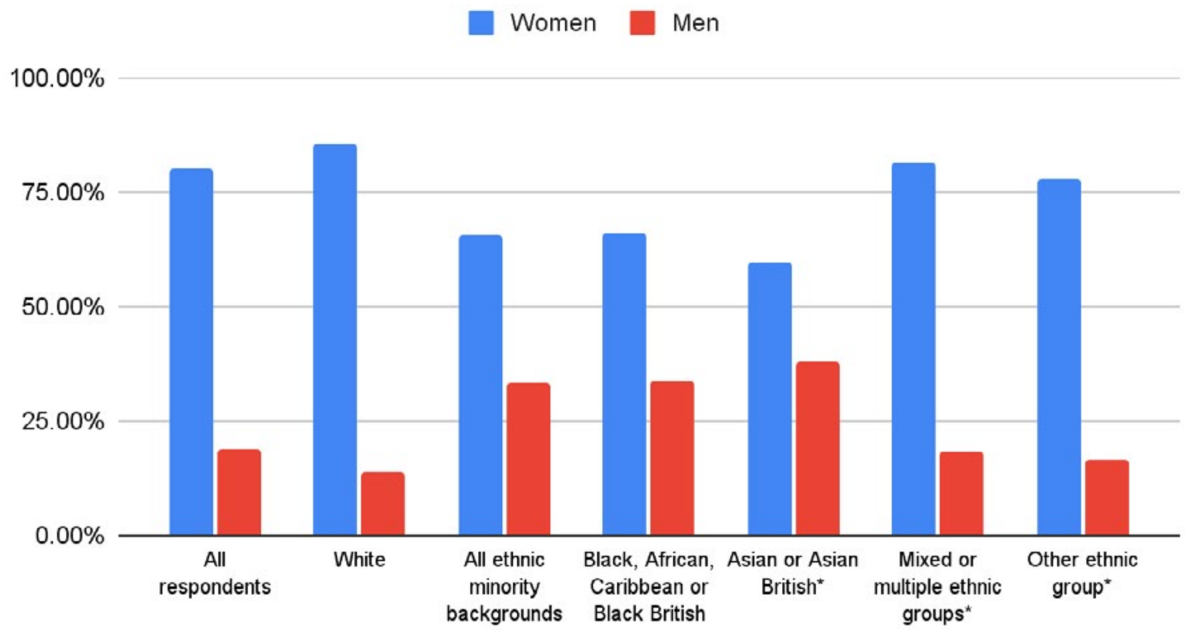
A NOTE ON GENDER DATA

Half a percent (0.5%) of respondents chose not to provide their gender. A further 0.4% of all respondents identified as non-binary, or chose to self-describe in a different way. Whilst we've listened for their voices and specific experience within this research, the number of respondents is too low to draw any firm conclusions across most of the data. Where this is the case, we have avoided commenting on the specific experience of this group.

Layering ethnicity and gender data offers important context. Over 85% of respondents from a white background are women, whereas we see more representation of men from ethnic minority backgrounds. A third (33.3%) of individuals from ethnic minority backgrounds are men, more than twice the rate of men from white backgrounds (13.3%). Research from the Work Foundation shows that this profile reflects the general demographic makeup of hourly and shift based workers in the UK.[3] Their data shows that white women and ethnic minority men and women are most likely to be in forms of insecure work, including lower pay and variable hours.

1 Workforce Intelligence, Skills for Care, "The state of the adult social care sector and workforce in England", 2023
https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf
2 ONS, "Census results", 2021
https://census.gov.uk/census-2021-results
3 Rebecca Florisson, Work Foundation, Lancaster University, "The Insecure Work Index: Two decades of insecurity", 2022
https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/UKInsecureWorkIndex.pdf

Chart: Gender and ethnicity



**Indicative only where noted; these numbers are below our statistical significance threshold*

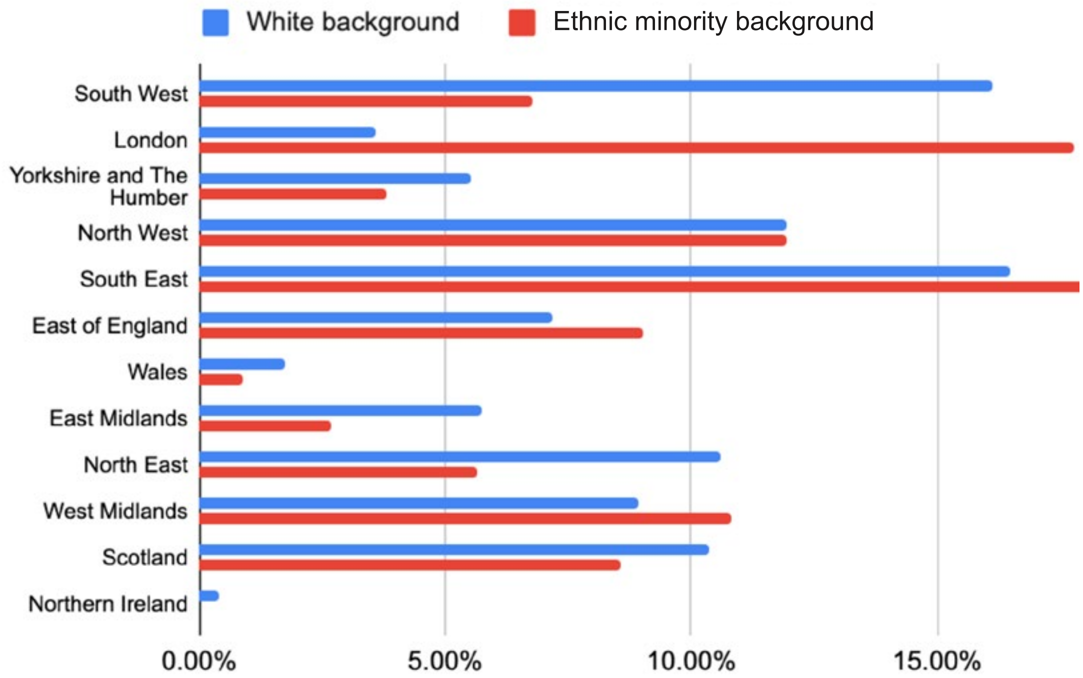
A NOTE ON ETHNICITY - DATA, WRITING AND INTERSECTIONALITY

For our data collection, we used the UK government data standard for collecting equality data.[4] In this report, we use the UK government guide to writing about ethnicity, including how we describe ethnic minorities and different ethnic groups.[5] We received 444 responses from ethnic minorities, and so in most cases we report on the aggregate data results for this group. Where there is a particular discrepancy between different ethnic minority groups, we note it and comment if the result is statistically significant or not, based on the sample size. We calculate that we need a minimum sample size of 68 to be significant given Wagestream's base of 2 million UK-based employees, with a 90% confidence level and 10% margin of error. This means that when we look at the intersectionality of gender and ethnicity we are sometimes below this threshold and will clarify if the data is reliable or if the sample size is too small.

4 GOV.UK, "Equality information"
https://design-system.service.gov.uk/patterns/equality-information/
5 GOV.UK, "Writing about ethnicity", December 2021
https://www.ethnicity-facts-figures.service.gov.uk/style-guide/writing-about-ethnicity

Respondents were spread across the UK with the most popular regions being the South East (17%) and South West (14%), followed by the North West (12%), then Scotland, West Midlands and North East (each at around 9%).

Chart: Geography of respondents



**Figures for London and South East are statistically significant; total numbers for other locations fall below our statistical significance threshold for individuals from ethnic minority backgrounds and should be read with caution.*

London accounts for just over 7% of all respondents, but nearly a fifth (17.8%) of individuals from an ethnic minority background. In a city that's so costly it has its own living wage calculation, it's worth noting this uneven distribution of workers.[6] Only 3.5% of workers from a white background reported being based in London. For clarity, this doesn't mean that they are not working in London– data from Skills for Care shows that London accounts for 13.5% of all filled posts – only that in our data set we found a surprisingly low proportion of white workers who live in London. Given the high proportion of zero-hour contracts in London (48%), this may indicate that individuals from ethnic minority backgrounds are substantially more likely to be engaged in precarious work.[7]

Respondents came from a broad range of age groups.

- 18.5% were age 29 or younger (vs 17% Skills for Care)
- 28.7% were between 30-39 (vs 20%)
- 44.0% were 40-59 (vs 46%)
- 8.6% were 60+ (vs 17%)
- Just 0.06% didn't give their age range

6 London Real Living Wage for 2024/25 is £13.15ph compared to the UK Real Living Wage of £12.00ph.
7 Workforce Intelligence, Skills for Care, "Adult social care workforce estimates, 2023 https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/Workforce-estimates.aspx

The age profile of our respondents is a very similar shape to ONS data on all UK workers, with just slightly fewer younger workers and slightly more older workers. However, when compared with sector data from Skills for Care, our sample has a higher proportion of workers aged 30 to 39 (28.7% vs 20%) and a lower proportion of workers aged 60+ (8.6% vs 17%). This might be reflective of digital awareness or comfort with the app-based Wagestream service, or perhaps also the lower likelihood of older workers to engage with a tool to help manage their day to day finances, when perhaps, they are looking to retirement options and longer term planning.

Despite these minor differences, one point is clear: Women and ethnic minority workers are the majority powering the frontline workforce in the UK.

A more nuanced view is created when age, gender and ethnicity data is layered.
For example:

- Respondents from ethnic minority backgrounds were more likely to be younger or middle of the age range, and respondents from white backgrounds were more than twice as likely to be older.

- In our dataset we see proportionately more younger men and older women. The majority (59%) of men are 39 or younger; the majority (56%) of women are 40 and older.

- Proportionally more women from ethnic minority backgrounds are younger or middle aged workers, and proportionately fewer are older workers compared to women from white backgrounds.

The shape of the charts, on page 15, show how men from all backgrounds are clustered towards 39 and younger whereas women are more evenly spread, with a particular concentration of white women aged 50 and over.

MENOPAUSE:

Stopping the Drain of Care Sector Talent

Menopause is a significant challenge for the Care Sector. Research suggests that 1 in 10 women leave work due to peri/menopause. ***"With women over 50 representing the fastest growing segment of the workforce, menopause support offers an opportunity to retain experienced staff,"*** says Ann O'Neill. ***"By taking proactive steps, employers can improve employee wellbeing, retention, and overall productivity."***

The Challenges women face

There are 3 fundamental issues says Dr Karen Morton

LACK OF AWARENESS

Women – and work colleagues - are unaware that symptoms usually start in your 40s, during the perimenopause phase, while periods are still happening. Menopause wasn't taught in schools until 2022, contributing to this knowledge gap.

OVERWHELMING SYMPTOMS

A wide range of nearly 40 recognised symptoms can significantly impact daily life and work performance for around 75% of women. Common issues include hot flushes, sleep disturbance with consequent exhaustion, brain fog, headaches, anxiety, and low mood. As time goes on, additional physical symptoms like needing to rush to the toilet all the time and frequent urine infections become more common.

INSUFFICIENT HEALTHCARE SUPPORT

Access to menopause expertise within the NHS is patchy at best. Menopause only became mandatory during medical training in 2024, so, many healthcare professionals lack knowledge. 63% of women reported average, poor, or very poor quality menopause care in a recent review. Standard 10-minute GP appointments are often insufficient to address the complexities of menopause, particularly as all aspects of a woman's health and life circumstances need to be taken into account. Around half of GP appointments involve waiting 2-7 days, and waiting lists to see a women's health specialist are 18 weeks, up from from 4.8 weeks in 2012. A survey by the Royal College of Obstetricians and Gynaecologists (RCOG) found nearly 80% of women waiting reported negative impacts on their work, social life, and mental health.

"We offer peer support and expert Q&As at our live webinars. Our app is available 24/7. We're proud to cut waiting times for diagnosis and treatment, with access to NHS-trained menopause gynaecologists and women's health GPs at a lower cost of £75 (paid for by a workplace or individual women), when the UK average is around £250 plus."

Ann O'Neill

Low-burden workplace solutions

"These challenges can affect women's work performance, absenteeism, and decisions to leave their jobs," says Ann O'Neill. ***"Yet simple solutions can be very effective."***

DEVELOP A MENOPAUSE POLICY

This helps managers and employees understand what support is available, and makes conversations easier.

PROVIDE EDUCATION AND AWARENESS

Information for all employees can foster understanding and reduce stigma. 52% of women would be uncomfortable discussing menopause with a male manager, and 17% with a female manager.

OFFER PRACTICAL SUPPORT

A CIPD survey shows women most value straightforward adjustments such as flexible working arrangements (e.g., later start times for sleep issues), temperature control options (fans, air conditioning), taking unplanned late starts after sleep disturbances, and additional breaks if needed.

PARTNER WITH EXTERNAL PROVIDERS

A recent report from the LSE recommended this as an effective, pragmatic approach.
"At Adora we aim to make things easier for women going through peri/menopause, and their employers", says Ann O'Neill. "We offer peer support and expert Q&As at our live webinars. Our app is available 24/7. We're proud to cut waiting times for diagnosis and treatment, with access to NHS-trained menopause gynaecologists and women's health GPs at a lower cost of £75 (paid for by a workplace or individual women), when the UK average is around £250 plus."

Ann O'Neill, Menopause Champion and Co-founder of *Adora Digital Health*

Dr Karen Morton, Senior NHS Gynaecologist and Menopause Specialist

Chart: Women, by ethnicity and age

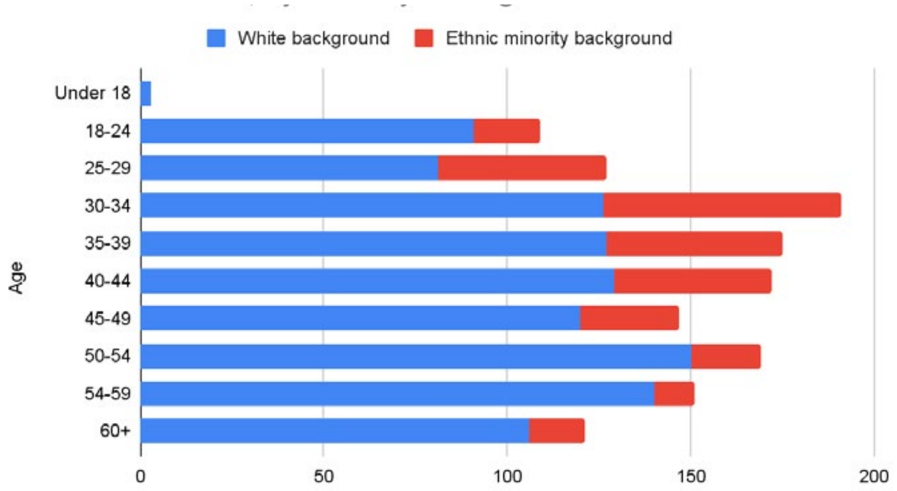


Chart: Men, by ethnicity and age

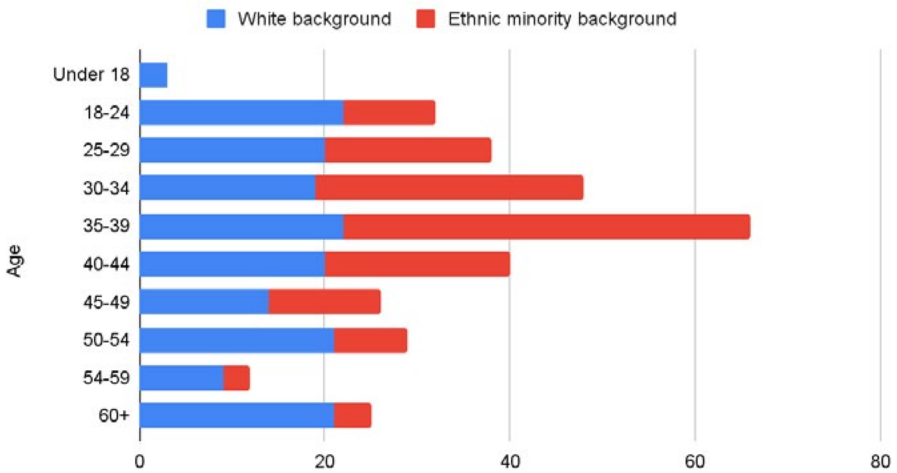
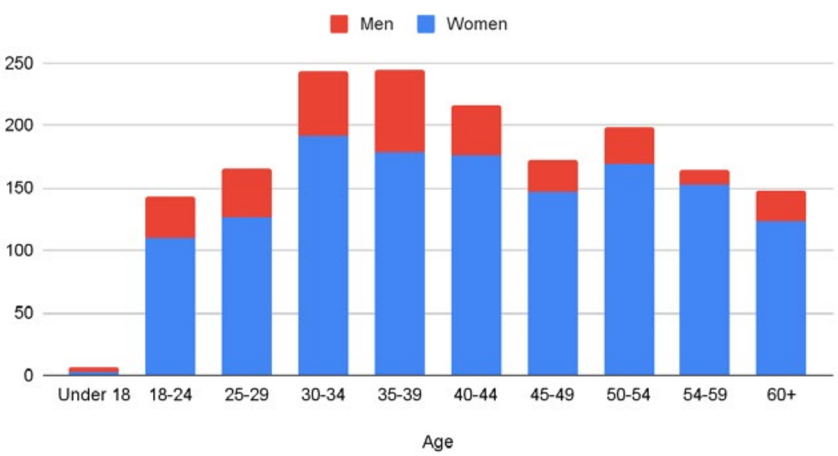


Chart: Women and men by age



HCRG Care Group

AN INNOVATIVE APPROACH TO MENOPAUSE SUPPORT

With its workforce comprising over 90% women, and 54% being aged 46 and over, HCRG care group recognised the significant impact menopause was likely having on its employees. At a 2022 employee engagement event, the need for enhanced support around menopause was raised, prompting the organisation to take action.

The project aimed to develop a comprehensive support package for employees experiencing menopause, focusing on alleviating the financial burden of Hormone Replacement Therapy (HRT) and addressing broader workplace challenges related to menopause.

With a £10,000 grant from the organisation's innovation fund, HCRG Care Group launched a pilot program to reimburse the cost of HRT prescriptions. The success of this pilot led to the permanent adoption of the reimbursement scheme.

During the six months post-launch, 181 colleagues claimed a total of £2,731.3 in HRT prescription costs. During this period the organisation noticed a reduction in sickness absence, with sickness rates dropping from 5.43% to 3.63%. Employee retention improved too, with turnover reducing from 13.07% to 11.28%, with financial pressures no longer among the top reasons for leaving.

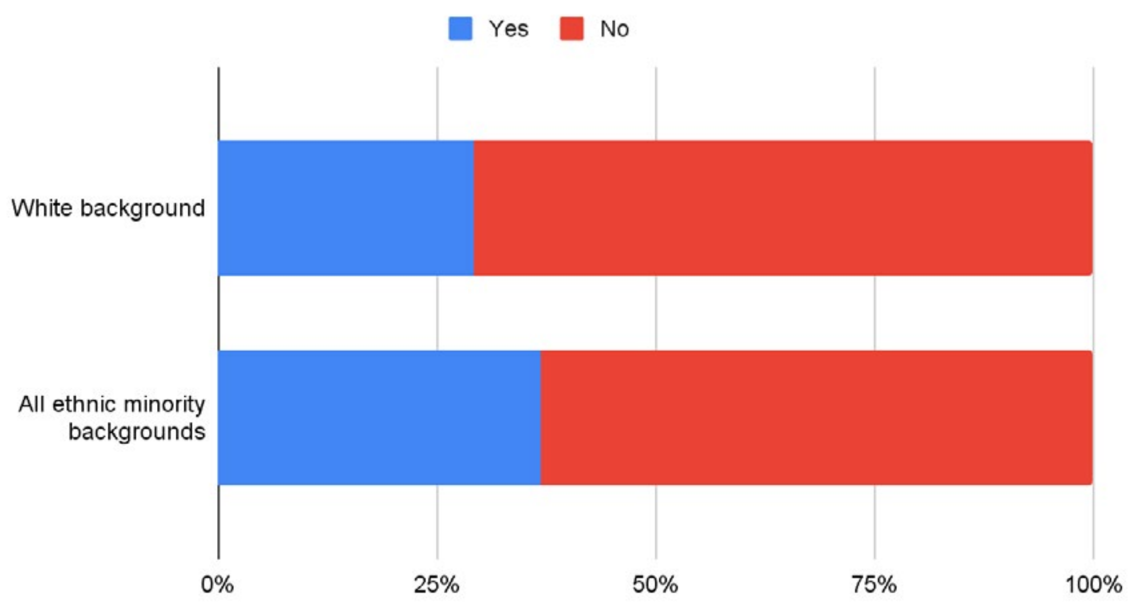
As one of the first organisations to extend such a scheme to its workforce, HCRG is leading the way in this important area of support. Paul Lundbeck, Director of People Services says: "We have been thrilled with the success of this financial initiative that supports our colleagues during their menopause journey and raises awareness within the wider workforce about menopause-related issues. We continue to strive towards providing innovative solutions that directly benefit our colleagues and promoting our organisation as an inclusive and supportive place to work."

SETTING THE SCENE: WORK & PAY

Finding One: Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.

31.3% report that their working hours change a lot. Respondents from ethnic minority backgrounds are much more likely to report their work hours change a lot (36.9%) compared to their white colleagues (29.2%). This is a particularly important point. In our research, we are comparing the experience of workers who have similar jobs and pay, and yet a stark difference in experience. We can and should take comfort from the fact that the majority of respondents don't experience this volatility, and that the care sector compares favourably to other sectors such as hospitality and retail, where this pattern is reversed. For the 3 in 10 workers who do experience volatility in their working hours, there's an opportunity for employers to do more.

Chart: Do your work hours change a lot?



The number one reason for volatile hours, by a significant margin, is the employer and where this is the case, respondents report instability, uncertainty and financial anxiety. Over half (57.5%) of respondents who experience volatile hours reported: “Whether I work more or less depends on my employer’s needs and availability of shifts”. This pattern is much more prevalent in social care compared to the NHS, where it impacts less than half (47.2%) of workers. This gap of 10 percentage points is significant; workers in social care are a fifth more likely to experience volatile hours compared to their NHS peers.

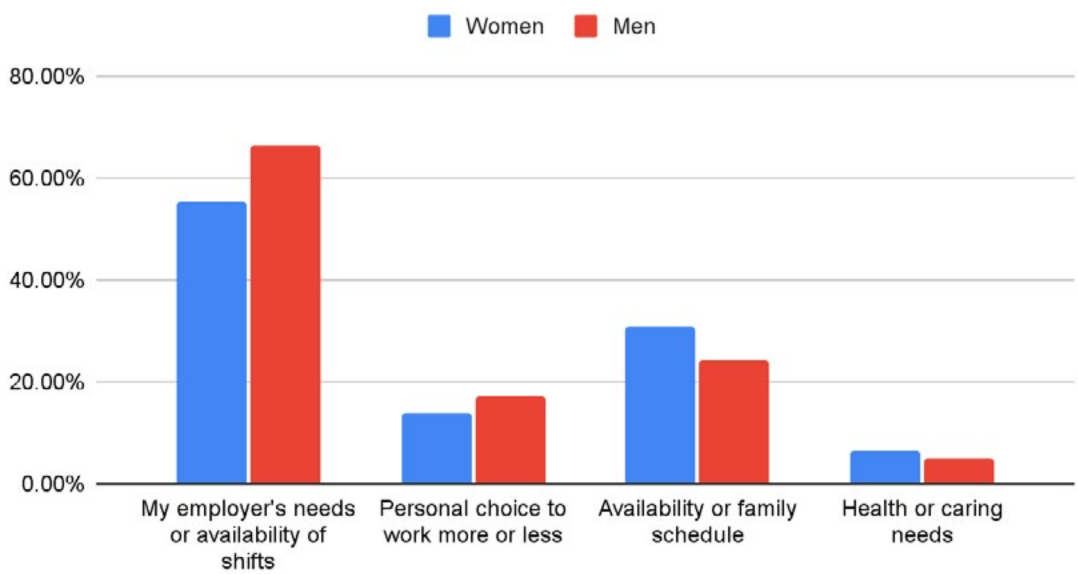
This employer-set volatility is unique in our research in that it’s more likely to impact men than women. Just over half (55%) of women report this is a factor, compared to two thirds (66%) of men. Women are on the other hand, more likely to experience volatility in respect to the needs of their family. Almost a third of women (31%) report this is a factor compared to around a quarter (24%) of men.

“Work is reducing my hours alot which is impacting my pay. I cant afford basic needs for me and my family.”

“My work keeps cutting my work hours per week to be shorter and shorter”

“Work is brilliant, I love it but the stress of being so financially unstable makes me feel depressed”

Chart: My work hours change a lot because...



Note: *respondents could report more than one answer. The proportion of men and women who report volatility in their working hours is roughly similar. The chart above looks at the reasons reported, for the subset of respondents who report volatility.*

Ethnicity doesn’t appear to play a role in **why** volatile hours are occurring, only that they are more likely to occur for individuals from ethnic minority backgrounds across nearly all reasons.

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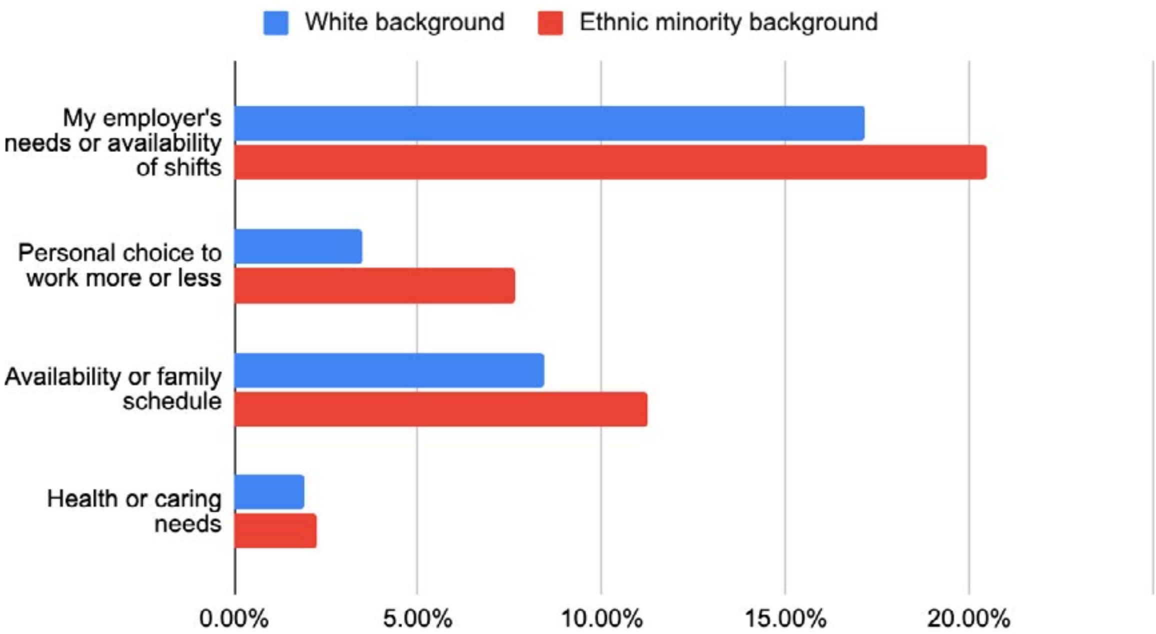
Chart: My work hours change a lot because...



***Note:** respondents could report more than one answer. That chart above shows the total proportion of respondents who provided this answer. This shows the impact of the higher proportion of respondents from an ethnic minority background who experience volatility, and how this volatility is evenly distributed across all reasons.*

As shown here, the main reason why people experience volatility in their working hours is due to their employer's policies and practices. Individuals from ethnic minority backgrounds are slightly more likely to report that their employer is a cause of volatility compared to their colleagues from white backgrounds.

Understanding other reasons for volatile earnings may offer context on associated levels of stress and in some instances, lack thereof. For example, ethnic minority workers are also more likely to report discretion in choosing to work more or less, including a willingness or need for money (personal choice) or family schedule and availability. This flexibility, where working hours or shift patterns are adjusted to support the needs of individuals, carries meaningful upside for the employee and has been the topic of important legislation over the last few years.[8]

Nonetheless, volatile hours, and therefore volatile pay, creates shaky foundations for financial security. Research from the Aspen Institute in the US finds that income volatility disrupts important household consumption, leads to late payment of bills, increases the risk of food insecurity, and can lead to utility disruptions and housing instability.[9]

Unpredictable income also means that individuals end up paying more for certain essential services and therefore are less able to put money aside into savings.[10] This is also linked with a higher risk of falling into problem debt, and a higher need for credit products to smooth out peaks and troughs in income while keeping consumption steady.[11]

8 UK Government guidelines on flexible working are available at https://www.gov.uk/flexible-working
9 Joanna Smith-Ramani, David Mitchell, Katherine Lucas McKay, Aspen Institute, "Income Volatility, Why it destabilizes working families and how philanthropy can make a difference", 2017 https://www.aspeninstitute.org/wp-content/uploads/2017/12/AFN_2017_Income-Volatility_Final.pdf
10 University of Bristol, with support from Fair By Design, "The Poverty Premium in 2022, Progress & Problems, Executive Summary", April 2023
https://fairbydesign.com/wp-content/uploads/The-Poverty-Premium-in-2022-Executive-Summary_FINAL.
11 Policy in Practice, "Universal Credit and income volatility: how councils can help", July 2023 https://policyinpractice.co.uk/universal-credit-and-income-volatility-how-councils-can-help/

Sara Davies, Senior Research Fellow at the University of Bristol has written about this.[12] She explains: ***"[Some] bills are cheaper if you pay by direct debit. But if a household's income fluctuates due to insecure work, then paying when you get the bill is the financially responsible, but more expensive, method."***

In this context, our finding that ethnic minorities are more likely to experience volatility in their working hours makes it an urgent priority for employers to consider the implications of their policies related to minimum contracted hours, shift notice periods and shift cancellation – and how those policies connect to their diversity, equity and inclusion efforts.

Commissioning practice should also be considered. Professor Martin Green OBE, CEO of Care England states: ***"Despite the actions care providers can take to support their teams, responsibility does not sit on their shoulders alone. Poor commissioning practice can have a devastating effect on the ability to create stable and secure work practices. In home care services, work may be commissioned by the minute, leaving staff with volatile shift patterns. It is vital that, for the sector to deliver consistent planned work patterns or guaranteed hours, problematic commissioning is identified and put to a stop."***

VOLATILE HOURS AND PAY

In our dataset, men report earning the most take home pay. For clarity, this reflects monthly take home pay rather than the hourly rate of pay, and so this is influenced by how many hours individuals in each group are able or choosing to work. This is why gaining an understanding of volatile hours is so important.

Although men on average report the highest levels of pay, this appears to be driven by working more hours. Or, put another way, being less likely to work part-time hours. More than 1 in 5 (22.1%) of women report working fewer than 25 hours per week, compared to just 1 in 10 men (10.5%).

"I am a single parent and only work when my child is at school"

"I'm a single parent with bad health so cannot work more hours otherwise I'm hospitalised . . . bills and school fees etc keep coming no wonder everyone has bad mental health now"

"Nursery fees. I pay £90 a day for her and I earn £100 a day. Can't work more a day as it's only open 8-5."

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12 Sara Davies, "Four things that cost more if you're already poor", September 2022 https://theconversation.com/four-things-that-cost-more-if-youre-already-poor-and-some-simple-ways-to-help-fix-this-188320

Barchester Healthcare

CELEBRATING DIVERSITY TO DELIVER TOP QUALITY CARE

A leading provider of care services in the UK, Barchester's 20,000-strong workforce is incredibly diverse. With 122 nationalities working across its 264 sites, the organisation is committed to ensuring every one of its colleagues feels included.

Truly understanding the wants and needs of its workforce is key, so Barchester places great focus on gathering feedback from its people. The company conducts an annual engagement survey and rigorously benchmarks its benefits and rewards against other employers, both within and outside the care sector. Insights from these activities are then compiled into a proposal which is presented to the board. The aim of this is to ensure Barchester offers rewards and benefits that resonate with its diverse employee base while maintaining competitiveness.

The organisation's comprehensive support extends to both health and financial wellbeing. As well as paying its staff above the National Living Wage, Barchester offers staff a shift scheduling policy with advanced notice of between 8 - 12 weeks, minimum contracted hours and the ability to work flexibly. Additionally, sick pay support, access to financial advice, staff loans and hardship payments also provide employees with stability and security in their financial lives.

To ensure its benefits are as inclusive as possible, data is imperative. Currently undergoing a digital transformation, Barchester hopes that increased digitisation will not only enhance the working experience of its people, but also provide better data to target support more effectively. This data will support the work of Inclusion @ Barchester, a working group launched in June 2023 to drive inclusion strategies forward across the organisation.

Through these strategies, Barchester will continue to build a supportive and inclusive workplace, ensuring its workforce thrives while delivering high-quality care to its residents and patients. In CPO Genevieve Glover's words: "Our quality of care has improved year on year and how we build on this is through our people. If you get the right people in the right area of the business with the right support in place, top quality of care will come."

FINANCIAL RESILIENCE

Finding 2: Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to white peers. And not just by a little bit.

We asked people if they typically receive enough money on payday to pay all their usual bills and expenses, including any extra sources of money such as state benefits, student loans, pension, or income from a partner or family member.

"Very difficult to manage bills when hours are chopped and changed every week"

"I need a bigger contract to ensure I earn enough without relying on overtime to cover my bills and debts."

"I have less income than needed to cover majority of my bills so we have to go without food, gas, electricity and even sometimes water."

The impact of shaky financial foundations is clear. Almost two thirds (62.4%) of respondents from white backgrounds can usually or always pay their bills, vs just over half (51.7%) of respondents from ethnic minority backgrounds. This is particularly acute for respondents from black, African, Caribbean or black British backgrounds; less than half (47.3%) can afford to pay their bills reliably.

People power highlight: BARCHESTER

Myself & my husband just wanted to write in to let you know how helpful Mary* was yesterday. We came in to visit my father in-law, when we were in his room Mary came in and introduced herself to us & told us her job role is care coordinator. We spoke to Mary about my father in law & the foods that do not agree with him. Mary was great, she told us that she would put it in his care plan and make sure that all the carers knew about this. We were offered a drink, but we were taking my father in law downstairs to have a cup of tea. We discussed a few other things with Mary, she was very kind and helpful and she knew exactly what was needed and she wrote it all down. Nothing was too much trouble, she also said if anything else was to come up if she wasn't in then to please speak with someone else. My father in law is still settling in, but having kind caring staff like Mary looking after him makes us feel happy we have made the right choice for him. We just wanted to share our experience and to say how lovely she was taking the time to understand what we had said & coming up with some solutions with no problem at all. Thank you.

*Name changed for confidentiality

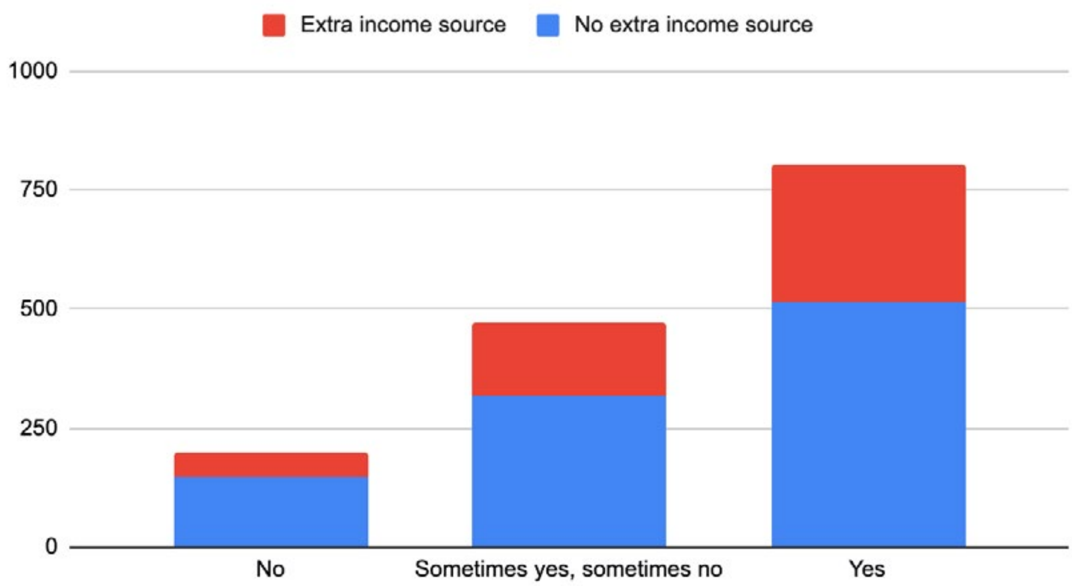
and pay even predictable bills.

To understand this fully, consider that people who always pay their bills on time are less likely to need credit products. Conversely, those with access to credit may find it easier to manage timely payments due to the flexibility these tools provide. Without a savings buffer or with mismatched bill cycles, such as a 4-weekly pay cycle, paying bills on time becomes more challenging.

Access to recurring financial support also plays a role. Receiving financial support is positively correlated with being able to pay bills on time. Amongst those who can regularly pay their bills, nearly 4 in 10 (36%) report that they have another source of money. Perhaps unsurprisingly, this number is substantially lower when we look at the individuals who usually cannot pay their bills. Just over a quarter (26%) of this group report another source of money.

Chart: On payday do you receive enough to pay your bills?

"I ask for more hours and look for extra work when we are struggling financially, but get burnt out easily and can't maintain it."



Going deeper and looking at the intersectional experience of gender and ethnicity offers more insight.

Group	Usually / never able to pay pay their typical bills	Often / always able to pay their typical bills
Women, white background	11.8%	62.1%
Women, ethnic minority background	14.6%	49.3%
Men, white background	4.3%	65.6%
Men, ethnic minority background	16.1%	56.6%

Both women and men from ethnic minority backgrounds are less likely to report they can pay their usual bills compared to their white peers.

The gap in outcomes between white men and ethnic minority women is pronounced. White men are a third more likely to be able to pay their bills on time compared to ethnic minority women. It's worth remembering that this data compares individuals in the same or similar job roles with the same or similar earnings.

Finding 3: Individuals from ethnic minority backgrounds are missing out – they are a third as likely to receive state support compared to their white peers with similar income.

Individuals from ethnic minority backgrounds are receiving far less financial support than their white peers. They're missing out on access to state support such as Universal Credit, Carer's Allowance, Healthy Start, Tax Free Childcare, Free School Meals, Warm Home Discount, Free TV licence, Social tariffs on water and broadband, Council Tax Support and more.

Women are twice as likely to be receiving some form of state benefit compared to men. It's probable that this is linked to the higher likelihood of being a carer in their personal lives; across the Wagestream membership we find that women are more than twice as likely to be looking after dependent children and 7x more likely to be a single parent. 14.7% of women and 7.1% of men receive a state benefit. When layering ethnicity data, a clearer picture emerges; the gender gap starts to close and the ethnicity gap is much more stark.

	Access to state benefits
Women, white background	16.6%
Women, ethnic minority background	6.9%
Men, white background	10.5%
Men, ethnic minority background	3.4%

Note: These results fall below our threshold for statistical significance and should be interpreted with caution.

Individuals from white backgrounds are almost three times as likely to be receiving some form of state benefit compared to individuals from ethnic minority backgrounds. 15.7% of individuals from white backgrounds receive a state benefit compared to just 5.6% of individuals from ethnic minority backgrounds.

Hours worked and level of pay do not appear to explain this gap. They were nearly identical for individuals from all backgrounds; there was no variation based on ethnicity.

Recent research from Policy in Practice estimates that around £23bn in state support goes unclaimed each year[13] - this figure eclipses the estimated £7.3bn that the government loses due to benefits fraud or error.[14] One of the biggest reasons why people miss out on state support is a simple lack of awareness. They don't know or don't think they're entitled to state support.

13 Policy in Practice, "Missing out 2024: £23 billion of support is unclaimed each year", April 2024 https://policyinpractice.co.uk/missing-out-2024
14 Department for Work and Pensions, "Fraud and error in the benefit system: financial year 2022 to 2023 estimates", May 2023 https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2022-to-2023-estimates

A NOTE ON IMMIGRATION, ETHNICITY AND STATE BENEFITS

In this research we asked participants about their ethnicity. We did not ask about their country of birth, or their immigration status. We make no assumptions about any correlation between ethnicity and immigration status. However, we do note that there is a significant gap in access to state benefits for individuals from ethnic minority backgrounds, and we also note the social care sector's track record of international staff recruitment.[15] It is certainly possible that these points are linked. Individuals who are new to the UK typically must have indefinite leave to remain, settled status or full UK citizenship to access state benefits. Individuals on a work visa typically will not be able to access state benefits. Organisations should consider these points when interpreting our findings, and assessing if this particular finding is relevant to their workforce.

Lack of access to state support might explain why individuals from ethnic minority back-grounds are more likely to struggle to pay their regular bills.

Employers can address this gap in access through targeted communication to employees to raise awareness and by providing support to help individuals who struggle with the application process.

15 Workforce Intelligence, Skills for Care, "The state of the adult social care sector and workforce in England", 2023 https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf

Lifeways

USING TECHNOLOGY TO DRIVE STAFF SATISFACTION AND ENGAGEMENT

Lifeways is the UK's largest supported living specialist, supporting over 5,000 people to lead more fulfilling, independent lives. With a bold vision of becoming both the provider and employer of choice by 2026, the organisation is undergoing transformative change, with much of this focussed on the wellbeing and inclusion of its 10,000 team members.

Central to this change has been significant investment in technology. The introduction of digital rostering and care management software has revolutionised employee and customer experience. By alleviating administrative burdens, staff can manage their schedules more effectively and give even more focus to delivering exceptional support.

In the words of CEO Andrea Kinkade: "We are caring people, so we need to make sure we care about each other as well". This approach has also seen Lifeways enhancing its benefits and wellbeing offering, to ensure every colleague feels supported and confident in their role from their first day. Investment in a new Leadership and Learning team has introduced enhanced development programmes and managerial/leadership training, alongside improved training for new starters. A thorough review of its EAP and efforts to raise the majority of salaries to the real Living Wage have also helped to foster a more stable and cohesive workforce.

Lifeways' employee base is predominantly female, but includes a wide age range from 16 to 80, with a mix of ethnicities. As such, the next stage of its transformation will delve deeper into the specific needs of these diverse groups.

More data is needed here, so Lifeways again plans to leverage technology to gather and analyse information to better understand individual team member requirements. A newly formed DE&I team, made up of team members and leaders from across Lifeways, will support this initiative, by identifying what matters to different groups of colleagues, the changes they wish to see, and relaying their findings to the executive board. Recognising the importance of feedback during any period of change, Lifeways also makes use of team member surveys, roadshows and breakfast clubs to gauge employee sentiments, provide appropriate support, and measure the success of its efforts.

As a result of its efforts to improve team member experience, Lifeways has already achieved better retention rates, a significant reduction in agency staff usage, and faster recruitment.

SAVINGS

Finding 4: Women-led and ethnic minority households are more likely to lack adequate savings, and are depleting their savings to cope with income volatility.

Having some savings set aside is an essential building block of financial wellbeing. Without savings, any sort of financial shock can quickly turn into problem debt. Research from StepChange found that if a household has just £1,000 saved, this reduces the likelihood of getting into problem debt by nearly half.[16]

Savings can also create peace of mind and improve general wellbeing. Individuals who have savings are more likely to report higher levels of life satisfaction and overall wellbeing – which is linked to increased productivity at work.[17]

In addition for women, a lack of savings can be an exacerbating factor for the gender pensions pay gap. Research by the Nest Corporation suggests that the single biggest factor determining pension outcomes is the ability to make ongoing contributions.[18] A liquidity squeeze that leads people to stop making contributions can have an amplified impact on retirement savings. The age profile of the social care sector makes this even more important to understand. According to the most recent government briefing on the pensions pay gap:

"The [gender pensions pay gap] is smallest for those aged 35-39 (10%) and then increases to 47% for those aged 45-49. The [gap] then decreases again in the later years of working life. This pattern is similar to the trajectory of the Gender Pay Gap which shows a relatively small gap until the age of 40 when it approximately triples due to different labour market trajectories of men and women."[19]

A NOTE ON HOUSEHOLD FINANCIAL ROLES

In our research we asked respondents about their household financial role. The significant majority of respondents – over 8 in 10 – report that they are the main or only bill payer. Results about household finances are filtered to only include these respondents. There was no significant difference in likelihood to be the main or only bill payer based on gender or ethnicity. The only characteristic that impacted this likelihood was age. The majority of respondents who are filtered out from these questions are 24 or younger.

16 StepChange, "Tackling the coronavirus personal debt crisis", November 2020 https://www.stepchange.org/Portals/0/assets/pdf/tackling-the-coronavirus-personal-debt-crisis.pdf
17 Nest Insight, "Workplace emergency saving, A landscape review of existing evidence", July 2021 https://www.nestinsight.org.uk/wp-content/uploads/2021/07/Workplace-emergency-saving-a-landscape-review-of-existing-evidence.pdf
18 Invisible Worker Podcast, Interview with Helen Dean CBE, Nest Corporation CEO (2015-2024), July 2024 https://finwellforum.com/en/invisibleworker/pensions-auto-enrolment
19 DWP Official Statistics: "The Gender Pensions Gap in Private Pensions", June 2023 https://www.gov.uk/government/statistics/gender-pensions-gap-in-private-pensions/the-gender-pensions-gap-in-private-pensions

Almost all households (92.7%) in our dataset are falling short of UK government recommended savings levels, leaving them vulnerable to common financial shocks such as time off work for illness or injury, losing their job or another source of money, fixing or replacing a major appliance, an increase in rent or mortgage payments, or large winter fuel bills.

Around 1 in 13 white households meet the UK government recommended minimum savings levels, but this drops to just 1 in 16 for ethnic minority households. Flipping this lens to look at gender, around 1 in 14 female-led households meet this recommendation compared to 1 in 12 male-led households.

SAVINGS IN THE UK – STATUS AND RECOMMENDATIONS

Current picture: Nationally representative data from Money and Pensions Service suggests that 17% of households have £0 saved.[20]	**Our data:** In our data more than twice as many respondents (37.0%) report £0 savings.
The bare minimum: Research from the debt charity StepChange found that if a household has £1,000 in savings they are half as likely to experience problem debt.	**Our data:** In our data only a fifth (20.2%) of respondents had household savings of £1,000 or more.
Recommended minimum: The government recommends households should have at least three months of essential outgoings saved.[21] According to research from Nimblefins, the average household's essential spending ranges from £1.7k to £3.3k per month, equating to target savings of £5.1k to £9.9k.[22]	**Our data:** In our data around 1 in 14 households (7.3%) report £5,000 or more in savings.

When we look at the other extreme – households who have £50 or less in savings – the picture is different but still worrying.

Over half (52.6%) of female-led households have £50 or less, including the 4 in 10 who have £0 in savings. Whereas around 4 in 10 (41.6%) male-led households have £50 or less, including the 3 in 10 with £0 in savings. **Women make up the significant majority of the social care workforce and are faring worse than their male peers with equivalent roles and pay.**

At this end of the scale, individuals from ethnic minority backgrounds are much less likely to have £0 or very little in savings. Around 4 in 10 (38.5%) ethnic minority households have £50 or less, including 2 in 10 who have £0. Whereas over half (54.3%) of white households are below this threshold including more than 4 in 10 who have nothing saved at all.

20 Money and Pensions Service, "One in six UK adults have no savings", November 2022
https://maps.org.uk/2022/11/07/one-in-six-uk-adults-have-no-savings/
21 Money Helper, "Emergency savings - how much is enough?
https://www.moneyhelper.org.uk/en/savings/types-of-savings/emergency-savings-how-much-is-enough
22 Nimblefins, "Average UK household budget", April 2024
https://www.nimblefins.co.uk/average-uk-household-budget

White households are more at risk of a financial shock, and may have more of a need to use credit products such as overdrafts, credit cards, and payday loans to handle unplanned expenses or dips in earnings.

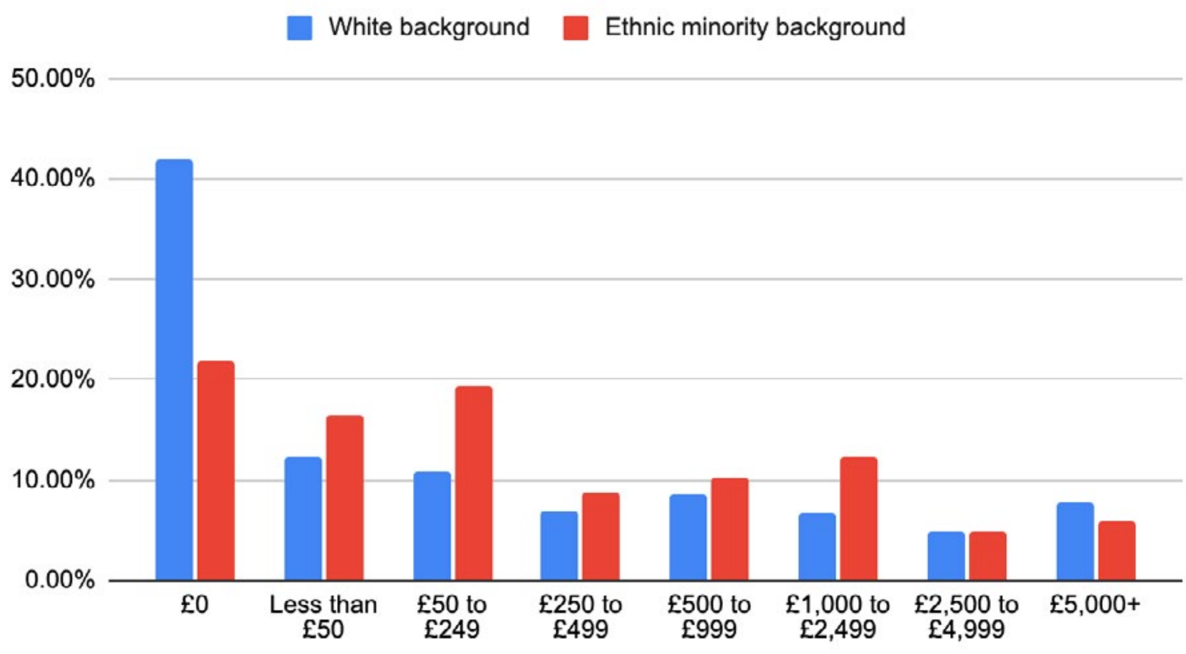
Research from the FINRA foundation in the USA shows that maintaining a savings balance of just $100 USD is strongly correlated with avoiding high cost credit, maintaining housing stability and keeping utilities switched on.[23] People who could maintain this balance were 83% less likely to use high cost credit.

Our analysis on credit in the next section shows that although white households are more likely to have zero or very low savings balances, they do not seem to be at a disadvantage when it comes to access or usage of credit; perhaps their higher access to state benefits is playing a role in providing a baseline of financial stability.

"Honestly I wish more had been taught at school. I have always just lived to my income never saved never managed to get on top no matter what I tried."

"Worked hard all my life and cannot afford to retire yet"

Chart: Household savings



Ethnic minority households were almost a third more likely to have modest levels of savings, ranging from £250 to £1,000. But our analysis into credit and spending patterns shows this might be a double edged sword, since they are depleting their savings to pay for their essentials and to cope with volatile work hours.

23 FINRA, "Savings: a little can make a big difference", December 2020 https://about.saverlife.org/research-posts/finra

Nearly 4 in 10 (36.7%) individuals from ethnic minority backgrounds report that they use their savings to pay for everyday essentials, compared to less than a fifth (17.5%) of individuals from white backgrounds. **Ethnic minorities are more than twice as likely as their white peers to be depleting savings to pay for the cost of living.**

Using savings to pay for everyday essentials has a major impact on financial stress. Wagestream's 'State of Financial Wellbeing' research programme measures how frequently individuals worry about money. This research identified that those who use their savings to pay for everyday essentials worry more frequently about money than those who do not. The difference is a whopping 50 days per year, or almost one extra day per week spent worrying about money.[24] The burden of this stress is being shouldered disproportionately by ethnic minority households.

"Both my partner and I have only just gotten back into a position where we can start saving. It is very early doors right now and im excited to build a future, slowly."

"I try to save from my salary and try not to go overboard on spending unnecessarily"

"We are trying to buy/rent our first house but seems impossible"

One common method for managing peaks and troughs in earnings and expenses is through access to credit. We'll explore this in the next section.

24 Wagestream, "State of Financial Wellbeing: UK Workplace Report", 2022 https://wagestream.com/en/state-of-financial-wellbeing

Home Instead

PUTTING FEEDBACK FIRST

Home Instead is the largest provider of home care in the UK, serving over 14,000 clients from 255 franchised offices. What sets Home Instead apart is its focus on relationship-led care, with a strong commitment to helping care professionals bring the best version of themselves to work. This means ensuring its people feel engaged, supported and valued in their employment.

Benefits are generally decided at a national level, with the aim of all care professionals having the same experience of being a Home Instead representative, regardless of the franchise they work for. To ensure this symmetry of experience, gathering feedback from across the group is crucial. A care professional Council made up of colleagues from across the network comes together with the board twice a year, who listen to feedback and feed this into their annual strategy. All employees are also invited to take part in an annual survey. The group is also developing an app for care professionals that will facilitate faster feedback on new initiatives.

When it comes to financial wellbeing policies, one consistent piece of feedback is the need for flexibility. In response, Home Instead recently moved to a blended contract approach, meaning care professionals have the option of choosing a guaranteed hour contract or a flexible contract, depending on their personal needs. In Martin Jones MBE, CEO UK & International's words: "From feedback we know that a lot of care professionals love zero hour contracts, they love having that flexibility.

What is needed is better regulation around zero hours to stop employers from taking advantage of staff, but good employers use it really well in conjunction with their people."

The majority of offices also pay the real Living Wage and several franchises offer Wagestream.

This financial benefits platform gives user financial stability and predictability through a range of features such as savings with competitive interest rates, budgeting support, flexible pay, free debt advice, a benefits checker and access to exclusive discounts.

By providing access to benefits that offer financial flexibility and control, along with competitive pay and rewards, Home Instead ensures it remains a desirable place to work. The success of its wellbeing initiatives are clear from the most recent feedback survey, where 92% of employees said they would recommend Home Instead as an employer.

ACCESS TO FINANCIAL PRODUCTS

FINDING 5: Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.

This finding is important. Even within a dataset of workers whose jobs have similar characteristics we still find that ethnicity is a driving factor of financial exclusion.

The latest research estimates that 1 in 7 UK adults are financially excluded—around 14% of all UK adults.[25] Wagestream research from 2023 suggests that this figure may be more than twice as high in particular sectors such as retail, hospitality, and social care.[26] Financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs.

Financial inclusion is particularly important for individuals whose financial resilience is low – for example driven by low or unpredictable income, lack of savings or both. In these circumstances, access to useful and affordable financial services and products, can be a lifeline to help individuals maintain smooth spending and essential consumption across peaks and troughs in income.

The drivers of financial exclusion disproportionately impact women from all ethnic backgrounds and men from ethnic minority backgrounds. For example, low and variable income is a predictor of financial exclusion and women from all ethnic backgrounds and men from ethnic minority backgrounds do the majority of the low paid work in the UK.[27] This trend is also reflected in the demographics of the social care sector, both in our own research and in industry data.[28]

We find only minimal differences in how men and women experience financial exclusion in this data set, but it's important to remember that **low pay overall is an indicator of financial exclusion and dramatically more women than men are in lower paid work.**

25 LexisNexis, "Financial Inclusion: Up to date analysis of access to affordable financial services across the UK", 2021
https://images.solutions.lexisnexis.com/Web/LexisNexis/%7B35c89fb9-7ac2-4c87-b58c-7d0a635734f2%7D_financial-inclusion-wp-uk.pdf
26 Wagestream, "Unlocking the Pay Cycle", 2023
https://www.fincap.org.uk/en/insights/unlocking-the-pay-cycle
27 PwC, Totally Money, "Overlooked and financially under-served", 2022
https://www.pwc.co.uk/industries/assets/financially-under-served-report-2022.pdf
28 Workforce Intelligence, Skills for Care, "The state of the adult social care sector and workforce in England", 2023
https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx

Across the board we saw high levels of discomfort with credit products, with over a fifth of all respondents (20.4%) choosing 'fear of getting into a debt trap' as their reason not to use a particular product. This points to a structural design problem, where financial products are not being created to match the needs and circumstances of the workers in our dataset. A large part of the financial exclusion we observed was driven by self-exclusion on the basis of fear, poor past experience and lack of confidence.

For example, respondents from ethnic minority backgrounds were over 8 percentage points more likely to self-exclude from overdrafts compared to their white peers.

All of this creates a doubling down of financial exclusion for ethnic minority workers in the UK. Individuals from ethnic minority backgrounds are more likely to be in lower paid work than individuals from white backgrounds. And then when looking at the experience of financial exclusion for people earning low to moderate incomes, individuals from ethnic minority backgrounds are more likely to be financially excluded from both prime and subprime financial products. We explore these points further in this section.

People power highlight: LIFEWAYS

Elizabeth is a Lifeways support worker who went above and beyond to facilitate a reunion between one of their residents, Paul, and his adoptive father. Paul is in his mid-fifties and is non-verbal. He has been in residential care for over 30 years and hadn't seen his adoptive father Peter for several years over the pandemic.Elizabeth wanted to help Paul have a family reunion and with the help of Lifeways Registered Manager Gemma, she coordinated a complex travel plan to safely get Paul to his Dad's home on the Isle of Islay.

Several cars, trains and planes later, Paul was finally met by Peter – who's in his eighties – at Islay's tiny airport. "Paul's dad just ran towards him," recalls Elizabeth. "Paul wrapped his arms around his dad and it was just amazing. And I knew then that I made a difference in both of these people's lives for the better. It was lovely."

Read the full story at https://lifeways.co.uk/news/there-wasnt-a-dry-eye-paul-who-we-support-reunites-with-his-adoptive-family-after-three-years

FINANCIAL INCLUSION IS A DIVERSITY, DIVERSITY, EQUITY AND INCLUSION CHALLENGE

We gain further insight when looking at who uses particular financial products, who doesn't and why.

As noted already, financial inclusion is particularly important for individuals whose financial resilience is low. **The drivers of financial exclusion disproportionately impact women from all ethnic backgrounds and men from ethnic minority backgrounds.**

Unfortunately, low and variable income can often precede, predict and propel further financial exclusion. Firstly, because individuals can struggle to meet affordability criteria as their income bounces above and below the thresholds that financial services firms set. The simple option for firms is to refuse to accept customers who have this income profile, rather than trying to understand them more deeply. Secondly, the specific needs and circumstances of individuals on variable pay – and often variable paydays – aren't factored into product design decisions, so the products that do exist often don't meet the needs of individuals who experience variable pay. The lack of options and access can drive an excluded workforce towards high cost alternatives, or towards no alternative at all if costs are prohibitive.[29] Women from all ethnic backgrounds and men from ethnic minority backgrounds do the majority of the low paid work in the UK.

"Since work messed up sick pay once, made me get a loan, my finances have been impacted severely, I can't seem to get out of been behind on some bills"

"I'm tired of thinking about money and just want enough to live without ever having to think about it."

29 PwC, Totally Money, "Overlooked and financially under-served", 2022 https://www.pwc.co.uk/industries/assets/financially-under-served-report-2022.pdf

Another predictor is having a thin or distressed credit file. In the table below we show examples of who is impacted by thin or distressed credit files and why it's a priority for diversity, equity and inclusion.

Thin credit file or no credit file
Impacts individuals who either have no credit footprint, or not enough data for mainstream lenders to make a credit assessment. Examples of individual circumstances include: - Recently immigrated - Recently separated from a partner, where their partner previously handled all their finances. This is statistically more likely to impact women, and particularly women from ethnic minority backgrounds - New to the workforce and lack formal financial backgrounds through difficult personal circumstances, for example prison and care leavers - Ex-armed forces personnel, particularly those posted abroad or at sea for significant periods of time

Distressed credit file
Impacts individuals with prior experience with financial difficulties; as a result they can't access fairly-priced financial services, or at all. Anyone who has filed an IVA or used a debt management service in the past six years, for instance, will not be able to take out an overdraft, loan or credit card. Examples of individual circumstances include: - Recovering from addiction - Struggled with or are currently experiencing mental health difficulties[30] - Living in impoverished areas, where their credit file is impacted by home address This final point is particularly important for diversity, equity and inclusion because lower-income households are more likely to have one or more of the following characteristics:[31] -Women-led, single parent households - One or more individuals have a disability -Residents from an ethnic minority background

30 Research from the Money and Mental Health Policy Institute suggests that people experiencing mental health problems are three and a half times more likely to be in problem debt than people without mental health problems.
https://www.moneyandmentalhealth.org/money-and-mental-health-facts/#:~:text=People%20with%20mental%20health%20problems,mental%20health%20problems%20(5%25).

31 Sara Davies and David Collings, University of Bristol, "The Inequality of Poverty: Exploring the link between the poverty premium and protected characteristics", February 2021
https://www.bristol.ac.uk/media-library/sites/geography/pfrc/The-Inequality-of-Poverty-Full-Report.pdf

FINANCIAL PRODUCTS: WHAT THEY ARE, HOW THEY WORK, WHO HAS ACCESS

Financial products are typically classified on a scale from prime to subprime. Prime products are the most affordable, and are generally available to borrowers who have a low risk profile, such as a strong repayment history, high income, or very good credit score. Near-prime is the next category, followed by subprime and very subprime. Very subprime products are the most widely available and also the most expensive. They are designed for borrowers where the risk information is either very high, or unknown. It's this latter point that catches out so many of our research respondents.

People power highlight: HOME INSTEAD

Michael sought Home Instead care after sustaining a brain injury. His Care Professional Richard knew how much Michael liked sport, and with a season ticket for Sheffield Wednesday, he was a huge fan of 'The Owls'.

While Michael's health condition meant that life had to change, Richard saw no reason why he couldn't continue watching The Owls and took him to watch a match for the first time since his injury.

But it wasn't just any match. Michael got the chance to meet some of the players afterwards, including the club's captain. It was a day he'll never forget.

Going to watch the football was something Michael never thought he'd do again. But with Richard's support, Michael could continue experiencing the joy of watching the beautiful game.

In our data we find that ethnic minority respondents are more likely to use very subprime credit products such as rent-to-own, payday loans and store credit cards. They are also more likely to use informal forms of borrowing – whether from friends, family or other sources. Access to prime or mainstream credit products is fairly similar, although individuals from white backgrounds are slightly more likely to have access to mainstream credit products that are typically used for short term income smoothing.

A-Z of financial products available in the open market for short term income smoothing[32]

Description[33]	
Buy Now Pay Later (BNPL): "Buy now, pay later" (BNPL) is a financial service that allows consumers to make purchases and defer payment until a later date, often with the option to pay in instalments.	BNPL is free to use, but if you miss a repayment most providers charge late payment fees.
Credit Cards: a financial instrument that allows consumers to make purchases on credit, up to a predetermined credit limit, with the understanding that they will repay the borrowed amount along with interest charges or fees at a later date, typically on a monthly basis.	Typical standard credit card rates, known as the annual percentage rate (APR), are usually around 18% to 20%.
Overdrafts: let you borrow money through your current account by taking out more money than you have in the account – in other words you go "overdrawn". There's usually a charge for this.	Banks and building societies charge between 15% and 40% APR (annual percentage rate) for using your overdraft.
Payday loans: short-term loans originally designed to tide people over until their next payday. Nowadays many payday loans are for 3 or more months, and sometimes more than 12 months. The money is paid directly into your bank account, and you repay in full with interest and charges at the end of the month.	There's a maximum daily cost of 0.8% per day. Over a year, the average annual percentage interest rate of charge (APR) could be up to 1,500%.
Pawn shops: businesses where people can bring in valuable items as collateral to obtain short-term loans, and if they repay the loan plus interest within a certain period, they can retrieve their belongings; otherwise, the pawn shop may sell the items to recover the loan.	Typical pawn shop rates could sit anywhere between 3% and 10% per month for the duration of your loan. Depending on the length of the loan this works out to an APR of over 100%.
Rent-to-own: companies which sell household items, such as appliances, furniture and electronics, through 'hire purchase agreements'. These agreements involve customers paying off the price of the product as well as interest, in weekly payments.	Interest rates can be as high as 99.9%, and missed payments are subject to fees of £10-12 per occasion.
Store credit cards: a type of credit card issued by specific retail stores or brands, enabling customers to make purchases at those establishments on credit. These cards often offer rewards or discounts for in-store purchases but typically come with higher interest rates than traditional credit cards.	Typical store credit card rates, known as the annual percentage rate (APR), are usually around 22% to 30%.

32 This table only includes products that are widely available in the open market and does not include offerings via an employer
33 Definitions and example rates sourced from www.moneysavingexpert.com, www.moneyhelper.org.uk, www.citizensadvice.org.uk, www.suttonsandrobertsons.com, www.finder.com

KEY FINDINGS

Savings:
Although we covered savings earlier in this report it's worth reiterating once more. Nearly 4 in 10 (36.7%) individuals from ethnic minority backgrounds within the social care sector report that they use their savings to pay for everyday essentials, compared to less than a fifth (17.5%) of white respondents. It's clear in the data that ethnic minority respondents are more likely to struggle to pay their bills so this could be an early sign that savings levels are being depleted.

Borrowing from friends or family:
Close to 4 in 10 (36.9%) of all respondents borrow money from friends or family, much higher than the national benchmark of around 1 in 10.[34] Usage is nearly 5 percentage points higher for ethnic minority respondents (40.3%) compared to white respondents (35.6%). Whilst some borrowing from friends or family can be benign, this can sometimes be a euphemism for forms of illegal money lending. Borrowing from friends or family can also cause interpersonal issues, guilt, insecurity and lack of control.[35]

Borrowing from an individual (not friends or family):
Overall usage is too low for statistically significant conclusions about ethnicity (N=121). Within the limited data set, people from ethnic minority backgrounds are more than three times as likely to report borrowing from someone who is neither friends nor family at 9.9% compared to 2.6% of people from a white background. Whilst we didn't explicitly use the term 'loan shark' in our question set, it's hard to imagine that this sort of borrowing is completely benign. Research from IPSOS suggests that more than 3 million people have turned to an unlicensed or unauthorised money lender in the last three years, roughly 7% of the adult population.[36]

Subprime credit products:
Overall usage is too low for statistically significant conclusions. Within the limited dataset, people from ethnic minority backgrounds consistently reported higher usage of payday loans, rent-to-own and pawn shops compared to people from white backgrounds. The difference was just a few percentage points, but in relative terms this represents a doubling of usage. These products are also consistently more likely to be used by men than women.

DIMINISHING SUBPRIME CREDIT
For the majority of subprime options – payday loans, catalogues, rent to own, pawn shops – not enough respondents use these products to allow for meaningful further analysis along the lines of gender and ethnicity. This result, in itself, is a success. The Wagestream toolkit is designed to give individuals an alternative choice for how to manage their money, including the option to be paid for completed work at any point in the pay cycle. A clear outcome is that individuals are dramatically less likely to want or need to use expensive forms of credit. Between 85% to 90% of Wagestream members surveyed report that, where they previously used payday loans, they no longer do so after 3 months of using the app.[37]

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34 FCA, "Financial Lives 2020 survey: the impact of coronavirus", February 2021
https://www.fca.org.uk/publications/financial-lives/financial-lives-2020-survey-impact-coronavirus
35 Dr David Young, University of Salford, "Income insecurity and the relational coping strategies of low-income households in the UK", February 2022
https://salford-repository.worktribe.com/output/1331290/income-insecurity-and-the-relational-coping-strategies-of-low-income-households-in-the-uk
36 Fair 4 All Finance, "As one door closes", June 2023 https://fair4allfinance.org.uk/as-one-door-closes-illegal-money-lending/
37 20,000 Wagestream members surveyed between January - July 2023

Catalogues:

Catalogues are somewhat of an outlier. The Financial Conduct Authority's analysis of high cost credit reveals that "consumers using catalogue credit are drawn from a wider socio-economic group and have on average higher credit scores than other high-cost credit products."[38] In our data, respondents from white backgrounds are three times as likely to use catalogues (21.1% vs 6.8%) compared to ethnic minority respondents. Gender is also a factor. Nearly a quarter of white women (23.0%) report using catalogues, a statistically significant finding. Indicative findings show that fewer than 1 in 10 white men (9.4%), and 1 in 13 (7.5%) ethnic minority women use catalogues compared to 1 in 20 ethnic minority men (4.7%).

Prime credit products:

Credit cards and overdrafts are the most commonly used prime credit products in the UK. Nationally around half of British adults use an overdraft facility, and almost 70% have a credit card.[39][40] Within our dataset individuals were much less likely to use either of these products than UK norms; only 31.5% of our respondents use an overdraft, and just 44.6% use a credit card. In total, 58.5% of our respondents use one or both of these products. A nearly identical proportion of respondents from all ethnic backgrounds had access to one or both prime credit products. When looking only at overdrafts we find that respondents from a white background are much more likely to have access to this product (33.5% vs 26.4%).

CREDIT CARDS AND FINANCIAL HEALTH

We used the FinHealth Score™ methodology, created by the Financial Health Network, to assign respondents a financial health score.[41] This methodology looks at an individual's financial health across spending, saving, borrowing and planning. Based on the score, participants are then categorised as financially healthy, coping, or vulnerable.

We tested for correlations in our data and found that credit cards are also the only financial product where usage positively correlates with financial health score. Individuals who are financially healthy are the most likely to report they use a credit card (51.0% of financially healthy individuals have a credit card), and this drops very slightly to 49.9% for financially coping and then further to 35.7% for financially vulnerable. Every single other product we reviewed had higher usage amongst individuals who were coping or vulnerable.

38 Andrew Bailey, FCA, "High-cost credit: what next?
https://www.fca.org.uk/news/speeches/high-cost-credit-what-next
39 Data shared by the FCA High Cost Credit review shows 26m out of 52m account holders use an overdraft, June 2019
https://www.fca.org.uk/news/press-releases/fca-confirms-biggest-shake-up-overdraft-market
40 UK Finance, "UK Payments Market Summary", June 2021
https://www.ukfinance.org.uk/sites/default/files/uploads/SUMMARY-UK-Payment-Markets-2021-FINAL.pdf
41 The FinHealth Score methodology is freely available at https://finhealthnetwork.org/tools/financial-health-score/finhealth-score-methodology/

Bupa
USING ACTIVE LISTENING TO REDUCE TURNOVER RATES

Bupa Care Services, employing over 10,000 people across the UK, has seen a significant boost in employee satisfaction over the past three years, with engagement scores rising by over 20%.

Active listening has been a core component of Bupa's engagement strategy. This has enabled the organisation to better understand the diverse needs of its workforce and to roll out tangible support in response. It involves biannual Pulse surveys which promote transparency and open communication between employees and 'This Is Me' - a new initiative that encourages employees to share more granular information about themselves.

In response, a series of benefits to improve workforce health and wellbeing have been introduced. All Care Services colleagues now have access to Bupa's comprehensive healthcare benefits, including remote GP and physiotherapy services, mental health support and an annual allowance to select specific health products such as dental care and menopause plans.

Financial wellbeing support has also been key. One of Bupa's most popular benefits, financial wellbeing platform Wagestream, is designed to give employees more predictability, control and flexibility over their finances. In direct response to survey feedback, Bupa also worked with its frontline teams to co-design a new sick pay benefit, which offers up to 50% of average earnings through a combination of statutory sick pay and employer contributions. Finally, having learnt that a common challenge faced by staff was difficulty paying rental deposits, Bupa has also launched a loan scheme, offering staff interest-free loans, with repayments deducted directly from salary. This has been hugely popular with colleagues.

Bupa's holistic approach to employee benefits has not only enhanced job satisfaction, but it has also reduced turnover. In the three months to July, rolling turnover was down to 18%, compared with the sector average of 28%. In the words of General Manager Rebecca Pearson: "The potential of people is huge, so if you can find a way to unlock that potential it will give your business a real edge. Job satisfaction in care always used to be about the hourly rate, but what we're trying to do is really listen to our people and understand where we can help them as an employer. The impact of this improved benefits package is really showing in employee engagement and turnover rates."

FINANCIAL EXCLUSION IN ACTION INCLUDING SELF-EXCLUSION

There are lots of reasons not to use a particular financial product. Maybe the way it works is unsuitable for what you need. For example, you wouldn't use a payday loan to finance a long-term home renovation. Nor would it make sense to use a five year term loan to bridge the gap between a bill being due and getting your normal pay. These are perfectly logical reasons not to use a particular product.

"I'm worried I may lose my job and everything will come crashing down"

Other reasons why you wouldn't use a product start to cross into financial exclusion. Financial exclusion can be about access and affordability, but it can also be about confidence, capability and product design.

Examples:

ACCESS AND AFFORDABILITY

You might want to use a credit card for your everyday spending – but you can't get a credit card because of your credit profile. Or, the only credit card you qualify for comes with an APR that's unaffordable for you.

CONFIDENCE, CAPABILITY AND PRODUCT DESIGN

A poor experience using a credit card in the past may have resulted in financial difficulty. Perhaps you've grown up being warned against credit or deliberately avoid. Perhaps you're paid every 4 weeks, which makes it difficult to manage the fixed monthly repayment date that comes as standard with a credit card.

In our survey we asked respondents if they had ever used each financial product, or if they currently or intended to use them. For those who indicated they don't and don't plan to use a product, we asked why not. Respondents could choose reasons related to price, access and experience such as

1. 'too expensive'
2. 'not available to me'
3. 'bad experience using this in the past'
4. 'I don't want this product'.

Across the board we saw high levels of discomfort with credit products overall, with over a fifth of all respondents (20.4%) choosing 'fear of getting into a debt trap' as their reason not to use a particular product.

A NOTE ON DEBT TRAPS

A debt trap refers to a situation in which a person takes on debt and finds it difficult to pay off that debt, and thus takes on more debt in an attempt to pay off the existing obligations. This leads to a cycle where the debtor becomes increasingly entangled in a growing amount of debt, often due to high interest rates and fees that make it difficult to break free.

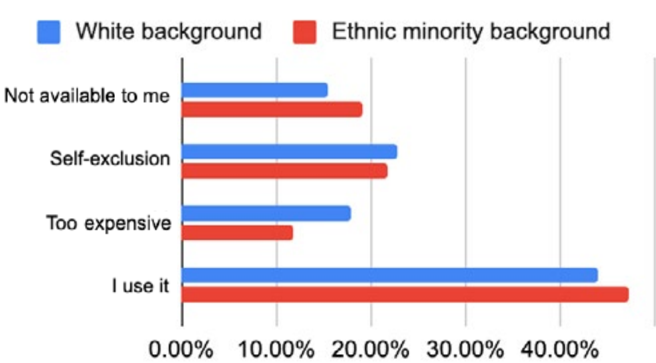
Several factors or situations can contribute to a debt trap:

1. **HIGH INTEREST RATES:** Borrowing from sources that charge exorbitant interest rates can quickly escalate the amount owed.
2. **LOW MINIMUM PAYMENTS:** By only paying the minimum amount due on credit cards, for example, the principal amount might barely decrease, and interest continues to accumulate. Some credit cards can negatively amortise, where the minimum payment is too low to cover the amount of interest due, leading the loan amount to increase over time rather than decrease.
3. **ROLLOVER LOANS:** This is common with payday loans where borrowers take a new loan to pay off the previous one, incurring additional fees and interest in the process.
4. **UNFORESEEN EXPENSES:** Unexpected expenses can push individuals to borrow more, especially if they lack savings.
5. **LOW INCOME:** If one's earnings are not sufficient to cover basic expenses and debt payments, they might find themselves continually borrowing to make ends meet.

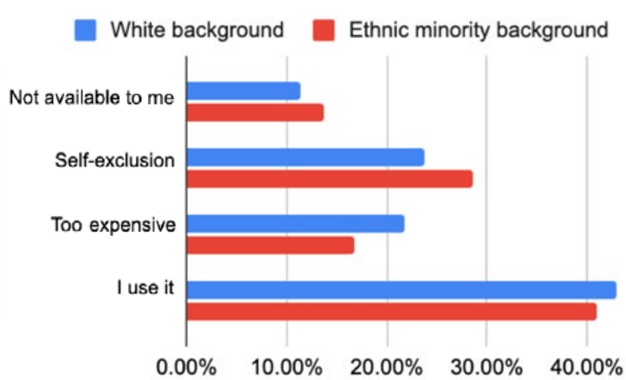
Some products are structurally impossible to create a debt trap as defined above, so we interpret these responses as fear of repeat or recurrent usage. It's clear that the majority of respondents understood this structural point and, for example, this response was much less likely to be chosen for pawn shops and rent-to-own (9.9% and 12.3%) compared to Buy Now Pay Later where nearly a third of respondents stated this fear (32.6%) or credit cards (26.1%).[42]

Looking at more affordable forms of credit such as overdrafts, credit cards, BNPL and loans, we see a slightly different picture.

CREDIT CARD

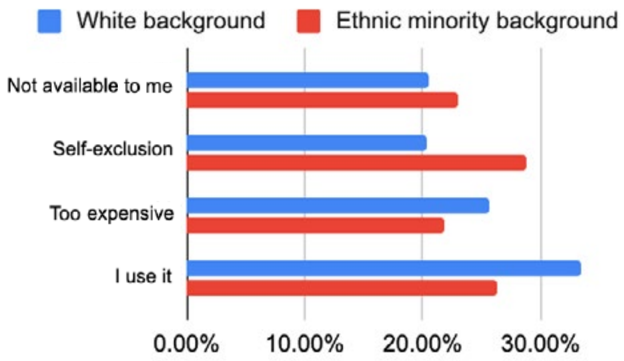


BNPL

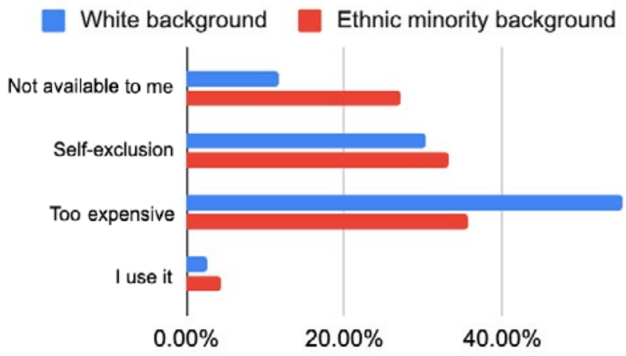


42 Buy Now Pay Later is also structurally impossible to create a debt trap, but it's clear that people can rapidly over consume and overspend using this, and end up having to take out other forms of credit to pay back their BNPL spending.

OVERDRAFT



LOANS

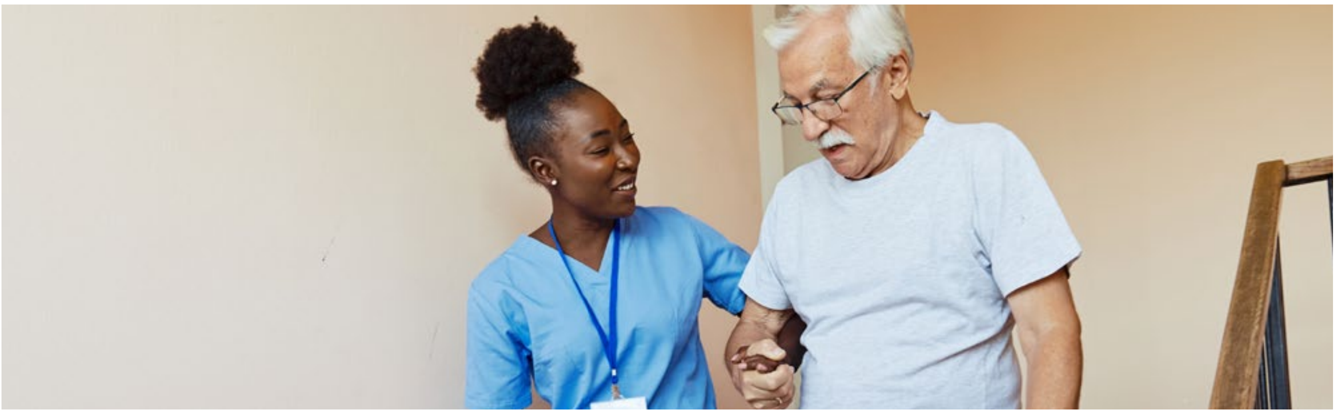


However, there are differences in how respondents from different ethnic backgrounds experienced financial exclusion, including self-exclusion. In every case, individuals from ethnic minority backgrounds are more likely to report that they cannot access these products ('not available to me') and in the majority of cases they are also more likely to self-exclude on the basis of poor past experience or fear of misuse.

This points to one of the components of financial exclusion, which is confidence. In this particular instance better product design could alleviate a fair amount of this concern. For example, one simple design change that we've introduced at Wagestream is a credit card that allows you to set your own repayment date based on your payday. For individuals on 4-weekly pay cycles this would help enormously, since there would never be a gap between payday and your credit card repayment date. This product feature is not only better for individuals, but also directly tackles the specific financial exclusion that is more prevalent amongst individuals from ethnic minority backgrounds.

Despite there being minimal differences in how men and women experience financial exclusion in this data set, it's important to remember that low pay overall is an indicator of financial exclusion and **dramatically more women than men are in lower paid work.**

All of this creates a doubling down of financial exclusion for ethnic minority workers in the UK. Individuals from ethnic minority backgrounds are more likely to be in lower paid work than individuals from white backgrounds. And then when looking at the experience of financial exclusion for people earning low to moderate incomes, individuals from ethnic minority backgrounds are more likely to be financially excluded from both prime and subprime financial products.



RECOMMENDATIONS & CLOSING COMMENTS

Throughout this research it's clear that particular groups of workers are experiencing multiple intersecting challenges. It's also clear that employers have a role to play – and have the potential to alleviate or even eliminate some of these challenges. Our interviews with Barchester Healthcare, Bupa Care Services, Lifeways Group, HC-One and Home Instead demonstrate that employers in social care recognise this role and are investing to make a positive change in the lives of their employees.

The commitment shown so far lays a strong foundation for even greater positive change. We believe the industry can build on this by implementing the following recommendations:

CHALLENGE:

Volatile working hours create shaky financial foundations.

The social care workforce is predominantly made up of women and has a more diverse ethnic profile than other industries. Both of these groups are at a higher risk of unpredictable working hours, which creates shaky financial foundations.

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.[43] 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).

Our finding that ethnic minorities are more likely to experience volatility in their working hours makes it an urgent priority for employers to consider the implications of their policies related to minimum contracted hours, shift notice periods and shift cancellation – and how those policies connect to their diversity, equity and inclusion efforts.

Employers should also work to identify and put a stop to problematic commissioning, which is creating unnecessary volatility for employees.

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43 https://www.livingwage.org.uk/living-hours

CHALLENGE:

Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers, but are much less likely to receive state support.

RECOMMENDATION:

Provide support for your workforce to discover and apply for state assistance they're entitled to receive.

There are several high quality calculators available that help people identify the full range of benefits and discounts that are available.

The Wagestream app integrates with the Inbest calculator, which provides comprehensive coverage of benefits, discounts and grants including specific support based on local area.[44] In the first 6 months of 2024 this calculator helped Wagestream app members discover £114m in benefits entitlement. The government keeps a list of benefits calculators at www.gov.uk/benefits-calculators.

Where you're already offering a financial wellbeing programme or access to any financial products, consider integrating a benefits calculator into your existing channels and online journeys. This should be supported by regular communication about the support that's available, and case studies highlighting the impact of getting this right.

CHALLENGE:

Only 1 in 14 households have adequate savings, and women are more likely to have nothing saved at all.

There is a high proportion of part-time workers in social care.[45] Irregular and part-time hours can make it more challenging to save – but more necessary to have rainy day savings to smooth peaks and troughs.

Ethnic minority households with modest savings are depleting their savings to cope with income volatility.

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.[46] Recent research from Nest Insight shows that savings participation can reach as high as 71% of a workforce with this approach.

44 https://inbest.ai/
45 48% of social care workers are part-time, compared to 32% in all industries. 22% are on zero-hours contracts. See: Workforce Intelligence, Skills for Care, "The state of the adult social care sector and workforce in England", 2023 https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx

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.[47]

CHALLENGE:

Social care has a more diverse workforce profile than other sectors. Women and individuals from ethnic minority backgrounds are more prominent in social care than in other sectors, and have specific needs that should be addressed.

For example, menopause is a major life event for women, and individuals from ethnic minority backgrounds are more likely to be financially excluded compared to their white peers.

RECOMMENDATION:

Review your workplace policies and benefits through the lens of DE&I.

Implementing a menopause policy and support that helps keep women in work will have a substantial impact on their financial wellbeing.

More broadly, prioritise providing financial security benefits that are useful and accessible for the whole workforce.

To do this well, plan to include your DE&I leaders, committees and working groups in assessing your policies and benefits. This is particularly important for any policies or benefits that connect to financial inclusion, financial resilience or financial wellbeing.

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

WORKPLACE POLICIES AND BENEFITS THROUGH THE LENS OF DIVERSITY, EQUITY AND INCLUSION

In this paper we looked at how volatile hours can be a driver of financial exclusion and how they create more of a need for credit products to smooth peaks and troughs in earnings. We also showed that particular groups of people are more likely to be financially excluded than others.

We've already recommended an approach to tackle volatile hours. Now we call for employers to review their workplace policies and benefits further and to think about the potential impact of the following:

47 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

FINANCIAL WELLBEING TOOLKIT:

Employers have certainly sharpened their focus on financial wellbeing following the Cost of Living crisis. But financial wellbeing programmes can be more than a knee jerk reaction to higher costs. Getting this right can create immediate pathways for financial resilience, ultimately leading to longer term wellbeing. 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 is important, but unless it's paired with actionable and accessible financial security tools it's likely it will fall short of the mark.

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

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

Nest Insight has written a report on the potential of two potential financial wellbeing tools – earned wage access and workplace loans – to improve low- and moderate-income employees' financial footings.[48] This research maps how these two products fit into employees' financial lives, and where they are most likely to have a positive impact.

Additional components of a financial wellbeing toolkit may also include the following:

EMPLOYER LOANS:

Employers can offer zero interest payroll deducted loans of up to £10,000 with no tax implications.[49] This might be a lifeline for employees who are otherwise financially excluded and unable to access any form of credit. Employers will need to consider the process for requesting a loan, if they are for specific purposes or generally available, administering the loan, whether repayment terms will flex with earnings, and how to handle leavers.

WORKPLACE LOANS:

Separate from employer loans, workplace loan providers can offer affordable and inclusive loans and credit building products that are designed to safely help individuals access credit where they need it, and build their credit profile in order to open up lower cost mainstream credit options in the future. These products tend to come with APRs that are better than open-market options.

48 Nest Insight, "Bridging Financial Gaps for Workers", July 2023 https://www.nestinsight.org.uk/wp-content/uploads/2023/07/Bridging-financial-gaps-for-workers.pdf
49 GOV.UK, "Expenses and benefits: loans provided to employees" https://www.gov.uk/expenses-and-benefits-loans-provided-to-employees/whats-exempt

SICK PAY POLICIES AND BENEFITS:

Employers should consider how their sick pay policies and benefits might impact different groups of employees, and whether these policies and benefits are helping to create financial stability and financial inclusion. The UK has one of the lowest rates of statutory sick pay (SSP) across all OECD countries.[50] Taking sick leave for two weeks would put 91% of front line workers under financial pressure, while 28% would have to choose between heating and eating.[51]

INSURANCE BENEFITS:

Lower income households pay more for their insurance, not only due to underwriting practices but also due to a need to spread the cost of annual premiums over the year. Employers are in a unique position of being able to procure group insurance benefits that eliminate some of the data and underwriting biases faced by lower income workers and particularly individuals from ethnic minority backgrounds.[52]

TASNEEM BHOPALWALA, EQUALITY, DIVERSITY AND INCLUSION LEAD AT HC-ONE:

"In my first six months, I have spoken to so many different people, at different levels across different pockets of the business, different territories and regions and one thing is for sure - people are passionate about the subject matter and have a lot of appetite to learn more about EDI. They also want to get it right, and that's why the awareness piece is so important and moving that awareness into action is most critical. There needs to be an understanding of diversity and what it means to embed inclusive behaviours so we can bring our best authentic selves to work. Particularly in the care sector, we also need to consider how embracing diversity translates to caring for residents and their families. If we understand ourselves and our own identities, along with the identities of others, we can embrace and capitalise on our differences to ensure colleagues, residents and their families are getting exactly the type of support and care that they uniquely need to feel that they belong and can thrive."

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50 Nye Cominetti, Charlie McCurdy, Gregory Thwaites & Rui Vieira-Marques, Resolution Foundation, "Low Pay Britain 2023 : Improving low-paid work through higher minimum standards", April 2023 https://economy2030.resolutionfoundation.org/reports/low-pay-britain-2023/
51 https://www.hrmagazine.co.uk/content/news/frontline-workers-unable-to-afford-sick-days/
52 University of Bristol, with support from Fair By Design, "The Poverty Premium in 2022, Progress & Problems, Executive Summary", April 2023
https://fairbydesign.com/wp-content/uploads/The-Poverty-Premium-in-2022-Executive-Summary_FINAL.pdf

CLOSING COMMENTS

Our dataset reveals ongoing inequality among similar workers, particularly affecting women in social care. Despite playing a vital role in the sector, women face low financial resilience, with a disproportionate reliance on low-paid, part-time work, exacerbated by employer working patterns and corresponding income volatility. The fact that women in the sector face an overall lack of savings compounds issues at both the emotional and practical level – the challenge of managing day-to-day expenses only serving to increase financial anxiety.

We should recognise that alongside the prevalence of sector specific challenges for women in social care, there are several additional societal burdens. Maternity leave often results in reduced earnings and contributes to the pension pay gap, impacting long-term financial security. Additionally, the effects of menopause can exacerbate workplace challenges and health-related absences, while the burden of caregiving responsibilities often falls disproportionately on women.

At the intersection of gender and ethnicity we see the most stark findings. Respondents from ethnic minority backgrounds are subject to more variable work hours, are more likely to be financially excluded, more likely to use subprime credit products, the most likely to struggle to pay their usual bills and disproportionately missing out on state support.

However, we've also explored the potential for employers to alleviate, or even eliminate, much of this disparity. There's a clear business case for solving this challenge for employees.

PRODUCTIVITY - Research from the CIPD suggests that over 1 in 4 employees say money worries impact their ability to do their job.[53]

RETENTION - About 20% of employee churn can be attributed to financial stress.[54]

RECRUITMENT - Over three quarters of employees say they would likely move to another employer who cares more about their financial wellbeing.[55]

In addressing the persistent inequalities in work, pay, and financial inclusion, employers have a unique opportunity to foster both fairness and business growth. By tackling these disparities, especially among women and ethnic minority workers, businesses can create a more stable and satisfied workforce. The benefits extend beyond ethics, offering practical gains in productivity, retention, and recruitment.

By committing to the recommendations in this report, the social care sector can lead the way in building a more equitable environment. This will not only support employees' financial wellbeing but also strengthen the industry's resilience and future.

53 CIPD, "Reward management survey: Financial wellbeing and organisational support", April 2022 cipd.co.uk/Images/financial-wellbeing-organisational-support_tcm18-108774.pdf
54 EY, "On-demand pay: payroll that works for all", September 2020 assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/emeiafinancial-services/ey-on-demand-pay.pdf
55 CIPD, "Employee financial wellbeing: A practical guide", February 2023 cipd.co.uk/Images/employee-financial-wellbeing_tcm18-113886.pdf

APPENDIX
RESEARCH METHODOLOGY

This paper is based on a survey sample of individuals who use the Wagestream app. By definition the survey respondents are employed, since Wagestream is exclusively available as an employee benefit.

We surveyed over 11,000 people, asking them about their experience of work, pay, saving and credit. This report was created by analysing the 1,718 responses from the social care sector.

Survey responses were completely anonymous and therefore our findings are based on self-reported data. The only data we captured automatically was the employer name and sector. In order to maintain anonymity and to ensure we weren't inadvertently processing special category personal data, we restricted the survey to app members who work for companies of 500+ employees.

Alongside our own data, we have benchmarked responses against an industry-standard framework for measuring health, and have compared with national data sets from ONS where appropriate.

HOW WAS THE RESEARCH SET UP AND STRUCTURED?

We designed the question set to deliver quantitative results that would allow us to measure the factors that relate to financial exclusion. The survey was also structured and set up to mitigate bias and ensure high-quality responses.

1. An independent expert in behavioural economics reviewed the question set to ensure it was presented in a way that would not introduce bias.
2. We used pre-defined survey answers that typically followed a Likert scale format.
3. Where it wasn't suitable to use a Likert scale we randomised the response order so as to remove any bias related to the ordering of responses.
4. As much as possible we included the options for individuals to respond with "don't know / prefer not to say", so that we could cut noise out of the survey data.
5. We included an optional free text question "Do you have anything else you'd like to tell us about your experience of work and money?"

HOW WERE RESPONSES COLLECTED?

We ran the survey over a one month period in Q3 2023, through the Wagestream app.

1. We offered a prize draw incentive of 5 prizes of £50 gift vouchers.
2. On average, the survey took just over 21 minutes to complete.
3. Individuals were prompted to take the survey no more than once.
4. This prompt occurred while they were actively using the Wagestream app.
5. 11,117 individuals fully completed our survey including 1,718 social care workers.

ABOUT WAGESTREAM & CARE ENGLAND

ABOUT WAGESTREAM

One thousand employers - like Asda, Bupa, Burger King, Pizza Express and the NHS - make work more rewarding, by offering financial benefits through the Wagestream platform.

Three million people use Wagestream to manage budgeting, get paid when they choose, save for a rainy day, chat to money coaches, access exclusive discounts, and more - all in one app.

Wagestream is a B Corporation, built with the Fair By Design financial inclusion campaign.

ABOUT CARE ENGLAND

Care England, the largest and most diverse representative body for independent providers of adult social care, works on behalf of small, medium and large providers and speaks with a single unified voice for both its members and the wider sector.

Our aim is to ensure that, at all levels, the voice of the independent care sector is properly heard. We strive to support providers to continue delivering high-quality care despite the significant pressures we see today.

WAGESTREAM

CARE ENGLAND

Representing independent care providers